

**Navarro College District  
Corsicana, Texas**

**Comprehensive Annual Financial Report  
Years Ended August 31, 2015 and 2014**



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



## **INTRODUCTORY SECTION**



# Navarro College District

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December 14, 2015

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, 2015, is hereby submitted.

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

Whitley Penn, LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the District’s financial statements for the years ended August 31, 2015 and 2014. The report of independent auditors is located at the front of the financial section of this report.

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

## **PROFILE OF THE DISTRICT**

The District was established as a public community college in an election held in Navarro County, Texas, on July 16, 1946. The District operates as a community college under the Constitution of the State of Texas and the Texas Education Code. The District is governed by an elected seven-member Board of Trustees (hereinafter called the “Board”). At each election (the second Saturday in May in odd-numbered years), two Trustees are elected, one at-large and one for a single place, to serve six-year terms. Every third election, three Trustees are elected, with one at-large. The Board holds regularly scheduled meetings on the third Thursday of each month unless otherwise announced. Board meetings are held in Atrium B located in the Cook Education Center 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 are in compliance with the Open Meetings Act. Agenda items requiring action are based on a majority vote of a quorum (four members) of the Board of Trustees.

### **CORSICANA CAMPUS**

3200 W. 7th Ave.

Corsicana, TX 75110

(800) 628-2776

### **WAXAHACHIE CAMPUS**

1900 John Arden Dr.

Waxahachie, TX 75165

(972) 937-7612

### **MIDLOTHIAN CAMPUS**

899 Mount Zion Road

Midlothian, TX 76065

(972) 775-7200

### **SOUTH CAMPUS**

901 N. MLK Jr. Blvd.

Mexia, TX 76667

(254) 562-3848

### **FAIRFIELD CENTER**

961 E. Commerce St

Fairfield, TX 75840

(903) 389-7983

In general, the Board provides policy direction and sets goals for the District consistent with the District's role and mission. Besides general Board business, trustees are charged with numerous statutory regulations, including ordering elections and issuing bonds. The Board also is responsible for appointing the District President, setting the tax rate, and causing the preparation and adoption of the budget for the ensuing fiscal year.

## **LOCAL ECONOMY AND OUTLOOK**

The District is well positioned for growth due to the geographical location of the Corsicana Campus between Dallas and Houston on Interstate 45 and between Waco and Tyler on State Highway 31 and with the Ellis County campuses located just south of the Dallas/Fort Worth Metroplex. Student enrollment statewide is experiencing a downward trend among community colleges; however, Navarro College is still among the top performers.

Navarro County's (the 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, as evidenced by a \$33 million (less than 1%) increase in the assessed value of the District during the past fiscal year.

### **Navarro County**

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

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

The estimated population of Navarro County in 2015 was 48,550, with the city of Corsicana having an estimated 2015 population of 23,850. Corsicana is home to more than sixty industries, including 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).

New development and re-development throughout the downtown area of Corsicana and surrounding areas, has allowed Corsicana to become a hub for the dining, entertainment, and medical needs of the north central Texas region.

Top employers in Navarro County are:

<b>Company Name</b>	<b>Nature of Business</b>	<b>Number of Employees</b>
Navarro College (includes part-time)	Education	1,090
Corsicana ISD	Education	811
Russell Stover Candies	Candy Manufacturing	850*
Corsicana Independent School District	Government/ Education	811
Navarro Regional Hospital	Hospital	350
Kohl's Distribution Center	Retail Distribution	315
Guardian Industries	Glass Manufacturing	318
Navarro County	Government/ County	284
City of Corsicana (includes part-time)	Government/ City	284
Corsicana Bedding	Bedding	257
Oil City Iron Works	Castings	255
Tru-Serve/ True Value Distribution Center	Distribution/ Hardware	180
Collin Street Bakery	Food	150*
Heritage Oaks/Heritage Oaks West	Nursing Facility	72
*Employee number may vary significantly in accordance with seasonal employment. (A number of employers include full-time and part-time employees.)		

### **Ellis County**

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

The North Central Texas Council of Governments projects that Ellis County, a major part of our service area, continues to grow dramatically, with an estimated total population of 161,010 in 2015. The 2015 estimated population of Waxahachie was 32,670 and the 2015 estimated population of Midlothian was 21,610. Ellis County is projected to have a population of 252,768 by 2035, an increase of over 60%. In addition, the county has a diverse employment and manufacturing base.

Waxahachie is conveniently located at the crossroads of Interstate 35E and U.S. Highway 287. Waxahachie hosts hundreds of festivals and events, large and small, each year. There are large events like the Bob Phillips Texas Country Reporter Festival, Crape Myrtle Festival, and Waxahachie's Cinco De Mayo Festival. Historical events include the Gingerbread Trail Tour of Homes, Annual Chautauqua Assembly, WWII Veterans' Day Reenactment, and the Christmas Candlelight Tour of Homes. Annual events in Midlothian include the Business Expo, Balloon Festival and Fly-In, the Fall Festival, and the Holiday Parade.

Waxahachie continues to be an attractive area for developers and individuals to locate. The City of Waxahachie provides a 25% tax exemption up to \$25,000 to update historic properties approved by the Heritage Preservation Commission. The new five-story Baylor Scott & White Medical Center, was completed with a new medical office building located next to it were completed in 2015. Several other new businesses opened in Waxahachie in 2015, including Jakes Wayback Burgers and Popeye's Chicken. A new Hobby Lobby, Academy Sporting Goods, and Canes Chicken began construction during 2015.

Midlothian is a growing community in northwest Ellis County. The city is centrally located south of both Dallas and Fort Worth. Transportation accessibility is a unique asset for Midlothian businesses being located at the intersection of two major state highways (67 & 287) and in the vicinity of four interstate highways (I-20, I-35E, I-35W, & I-45). Rail transportation is a prime strength of the area with both Union Pacific and Burlington Northern railroads serving the area. The major employers in Midlothian are Gerdau, Midlothian ISD, Target Corporation, Wal-Mart, Toys”R”Us Warehouse, City of Midlothian, Ash Grove Cement, Holcim Texas, Methodist Medical Center, Texas Industries, Ennis, Inc., Martech, Inc., QuikTrip Warehouse, and MidTexas International.

Ennis is located 25 miles south of downtown Dallas on I-45, with a historic downtown shopping district, quality bed and breakfast inns and lodges, and four large auditoriums for meetings, reunions or other large events. Tourists are drawn to the 40-mile “Official Bluebonnet Trail of Texas” and to the National Polka Festival held each May. Other attractions include the Ennis Railroad and Cultural Heritage Museum, the Autumn Days in Ennis Fall Festival in October, and the December Christmas Parade of Lights. The Texas Motorplex, located on Highway 287, is home of the world speed record of 333.95 miles per hour. 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 ASMO Manufacturing, Inc., Advanced Drainage Systems, Atlas Sondolier, Inc., CVS Pharmacy Distribution Center, Ennis Extruded Products, Inc., Leggett & Plat Corp., Inc., PetSmart Distribution Center, Polyguard Products, Inc., and Sterilite Corp. of Texas.

### **Limestone County**

The Mexia Campus is located on North Martin Luther King Boulevard in Mexia, the largest city in Limestone County. Limestone County is approximately 30 miles east of Waco, Texas and has a total area of 933 square miles and the 2014 population was 23,524. The 2014 population for the city of Mexia was 7,459. 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, the Limestone County Airport, and the Gibbs Memorial Library. The Mexia State Supported Living Center, a 215-acre state supported living center, providing campus-based direct services to 310 individuals with intellectual or developmental disabilities, is a major employer in the area with approximately 1,600 employees. The area is predominantly utilized for farming and ranching.

### **Freestone County**

The Fairfield Career and Technical Center is located in Fairfield, Texas, in Freestone County. 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 2014 estimated population of 19,762, of which 2,898 reside in the city of Fairfield. Other cities in Freestone County are Teague, Wortham, and Streetman. In 1969, a power plant was built near Fairfield and a dam was built creating Fairfield Lake as a cooling system for the plant. The Fairfield Lake State Park was opened to the public in 1972. Freestone County is primarily a livestock county with limited row-crop farming.

## 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 \$45.9 million in awards was processed in fiscal year 2015. 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:

- Articulated credit for Career and Technical programs is offered in area high schools to prepare students for the workforce in career technical fields. These, along with technical training and placement for students in industries located across the District's service area, help to provide educated workers for the labor force. New programs planned in the coming months at the Fairfield Career and Technical Education Center include workforce and continuing education courses, Petroleum Technology, Power Plant Operations, Accounting, and Criminal Justice, as well as Industrial Technology, Accounting and Police Academy.
- The Navarro College Cook Education Center is equipped with a 60-foot domed planetarium. Visitors experience the thrill of exploration and the power of the human imagination in the areas of earth and space sciences through a variety of annual planetarium programs. In addition to supporting Navarro College as a multifaceted audio-visual theater, the planetarium continues to serve as an educational magnet for the 31 surrounding independent school districts, serving over 20,000 students annually.
- The addition of an exhibit space entitled "Hunters and Gatherers" opened during FY 2015 and is an additional attraction to local school districts, out of town visitors, and the local community.
- Also located in the Cook Education Center is the Pearce Civil War & Western Art Museum. The Civil War collection contains over 15,000 original documents written by Presidents, officers, common soldiers, civilians, and family members left on the home front. It is a balanced collection, documenting both the Northern and Southern experiences of the Civil War. The Western Art collection is home to more than 200 original works by acknowledged masters as well as up-and-coming artists in the western art genre. The collection includes works of art from members of the National Academy of Western Art, the Cowboy Artists of America, the Western Artists of America, and the National Sculpture Society, among others. The Civil War and Western Art galleries welcome tour groups, school groups from elementary-age children to college students, and the general public. In previous years, the Pearce Museum has hosted the Western Artists of America Show and Sale. Communication is ongoing with other groups to host similar shows.
- The "Open Door to Success" program continues to assist in identifying students with potential to succeed who are not enrolling in college for a variety of reasons. This program provides individualized counseling attention and financial assistance to qualifying students.
- 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.

- Fire, emergency medical service, and police academies provide a trained workforce to the cities, municipalities, and agencies within the College's service area, as well as the entire State of Texas. The Navarro College Police Academy has maintained a 100% pass rate of the Texas Commission on Law Enforcement Basic Peace Officer exam since January 2012. In the fall of 2015, the Police Academy in Corsicana moved from an off-campus facility to the Bain Center on the Corsicana campus to be in close proximity to the Criminal Justice program. In October 2015, at the request of the Johnson county Sheriff's office, an evening academy was implemented in Johnson County with 25 cadets. Continuing education classes, including a Dispatcher class requested by the city of Corsicana, are also offered in these areas to assist in meeting certification requirements.
- Workforce education classes are offered in partnership with local business and industry to upgrade the skills of incumbent employees and meet new-hire needs. Navarro College has been awarded Texas Workforce Commission Skills Development Grants to train veterans for advanced manufacturing jobs, employees of a local small business, and to re-tool employees of local manufacturers.
- In an effort to provide technical students in Welding Technology, Petroleum Technology and Industrial Technology the opportunity to develop additional marketable skills, introductory and intermediate Drafting classes are being developed and will be offered as options in each of the programs. New classroom computers and 3-D printers are being added at the Fairfield, Waxahachie, and Corsicana campuses to provide enhanced training experiences with new technology.
- In October 2015, the Occupational Therapy Assistant Program (OTA) received full accreditation from the Accreditation Council for Occupational Therapy Education accrediting agency for its Midlothian campus site. This location, coupled with the existing program at the Corsicana campus, doubles the number of students served each semester in these programs.
- A Massage Therapy program is currently being offered on the Corsicana and Waxahachie Campuses. Enrollment is exceeding expectations creating opportunities for staff and faculty to be innovative with program offerings and deliveries.
- In January 2015, the District hosted the second annual MLK Breakfast to commemorate the life and works of Dr. Martin Luther King. It was well attended and received favorable comments from faculty, staff, and the community as a whole.
- In an effort to engage and inform the community, the District held its second annual "Town Hall Meeting" in May 2015. It was well attended and included a presentation by the District President and was followed with a facilitated roundtable discussion session.

## **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 the enrollment forecasts. Also included is 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, 2015, provided no instances of material weakness in the internal control structure.

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

State statutes require an annual audit by independent certified public accountants. In FY 2014, following the arrival of a new District President and the College's practice of periodic rotation of auditing firms, the College solicited a Request for Qualifications (RFQ) and after a thorough review of respondents, selected and engaged Whitley Penn, LLP as its independent audit firm for an initial three-year period.

## **MAJOR INITIATIVES**

### Academic Program Enhancements:

Navarro College began the SACSCOC Reaffirmation process in 2014 and will be completed in June, 2016. The Compliance Certification report was submitted in March, 2015 and the SACSCOC on-site visit was October, 2015. The on-site committee identified only three areas of concerns or recommendations. The College's response to the recommendations will be reviewed by the SACSCOC Board of Directors in June, 2016. A vote to approve reaccreditation is expected.

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:

- The Texas A&M University at Commerce - Navarro College Partnership continues to receive recognition as an outstanding program with emphasis on teacher education. Beginning in spring 2014, three new degrees were added at the Corsicana site. The new degree offerings included a Bachelor of Science in Computer Science, Computer Information Systems, and Environmental Science and were delivered via the web and some face-to-face classwork. The partnership has produced 2,115 graduates, with 1,584 Bachelor of Science in Interdisciplinary Studies, 215 Bachelor in Applied Arts and Sciences (BAAS), 88 Bachelor of Science in Criminal Justice, 33 Bachelor of Business Administration (BBA), 18 Bachelor of Science in Instructional Training and Design (TDEV), 17 Bachelor of Science in Liberal Studies (BSLS), 42 Bachelor of General

Studies (BGS), 1 in Bachelor of Science in Environmental Science, and 117 Master's degrees conferred through fall 2015.

- The District has partnered with the Waxahachie Independent School District (WISD) since 2007 for 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. 437 students are currently registered with Navarro College through this program and in spring 2015, eighty-four students graduated with their Associate degrees. Several other students finished their Associate degrees in the summer.
- The Maypearl Panther Academy began in fall 2013. This program accepts a cohort of high-performing ninth grade students who follow an established plan to complete the Associates degree while in high school.
- The District offers academic dual credit classes at the majority of high schools in Ellis, Limestone, Freestone, and Leon counties. The unofficial number of students enrolling in all Academic dual credit, including Waxahachie Global High and Red Oak Hawk Scholars Academy for fall 2015 is expected to exceed 1900.
- Since fall 2013, the District has partnered with Ennis High School to offer academic classes in the evenings two nights per week.
- Enrollment in online instruction continues to be a strong initiative. More than forty degree and certificate programs offered by the District can be attained online. The course quality evaluation process which was developed in 2012 by the Online Instruction Committee, includes a comprehensive set of standards for online courses. These standards allow the District the continuous monitoring of the quality of courses for the period ahead.
- The District has increased its emphasis and promotion of the Fine Arts programs by hiring two faculty/band directors and one choir director. We also hired a new highly qualified art instructor. Significant emphasis is being placed on promoting and growing the fine arts program. There are plans to increase the number of students in the band for the next fiscal year. Additionally, a dance program is scheduled to be introduced in the spring 2016 semester.
- The Navarro College Career and Technical Center at Fairfield includes instruction in welding and oil & gas programs. Future course offering expansion will include workforce and continuing education courses, Petroleum Technology, Power Plant Operations, Accounting, and Criminal Justice.
- The Midlothian Higher Education Center, located on the District's Midlothian campus, continues to increase in enrollment, offerings and graduations. Two University partners offer seven different Bachelors and three Masters Degrees that complete at the Midlothian Campus of Navarro College.
- 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. Table top exercises on weather related emergencies were held on the Corsicana campus with representatives from other campuses in attendance. Emergency lockdown, evacuation, and shelter drills were held at campus locations to prepare the campus community in proper response during an emergency.
- The District engaged the services of CampusWorks (consultant firm) to assess all four components of the technological infrastructure (instructional, information security, administrative, physical infrastructure). The District has implemented upgrades in many areas of the technological infrastructure in conjunction with this assessment.
- Navarro College partnered with the American Honors organization to provide leadership and international recognition and enhancement of the current honors program for Navarro College. American Honors is a nationally recognized 2+2 program where students earn an Associate degree with honors and have the opportunity to transfer to a top 4-year university to complete their Bachelor's degree. The District started a pilot program during fiscal year 2015.
- As part of the reaccreditation process, the District developed a Quality Enhancement Plan (QEP). This plan had to be a new initiative, be institutionally driven, impact student learning, be financially sustainable, involve all campuses, and be measurable. During FY 2015, using various modes of data research (focus groups, surveys, public presentations) and including all stakeholders; faculty, staff, students, and community members, the District selected the QEP topic, TEAM<sup>(2)</sup>, Together Everyone Achieves Math Mastery. Resources were identified to equip TEAM<sup>(2)</sup> Centers to provide tutoring and additional resources to students.
- The District provides several initiatives devoted to serving and supporting the academic needs of the students enrolled within the District. These initiatives include such programs as online and face-to-face tutoring, academic advising, university-transfer assistance, faculty-centered student advising, personal and career counseling, TRIO Student Support Services, and Carl Perkins Career services. Testing services are provided not only for placement, but for diagnostics, educational progress and completion, and university transfer support. In addition, Disability Services provides accommodations to enhance student success in the classroom and beyond.
- In addition, the Student Life department has several initiatives designed to help stimulate student leadership and development. These include an active Student Government Association on each of the Corsicana and Waxahachie Campuses, a wide variety of student clubs, honor societies, and other organizations, as well as a busy programming schedule of student activities provided and designed around the needs of both on-campus resident and commuter students. In addition, Intramurals provides an outlet for students who may not be in athletics but who may have interest in athletic competition for recreational purposes.

#### Athletic Program Achievements:

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

- The basketball team finished the 2014-15 year with a record of 11-19. Five student-athletes transferred to university basketball programs.

- The baseball team had a record of 31-18 for the 2015 season. They were Region XIV East Zone Champions. A total of 10 student-athletes were named to the all-conference team, and 17 transferred to university programs.
- The soccer team finished 16-5-1 as a national semifinalist for the second consecutive season at the NJCAA Division 1 Women's Soccer Tournament in Melbourne, FL. They were Region XIV Champions for the eighth time and District Champions for the seventh time in program history. Two student-athletes were named All-Region and All-American.
- The softball team qualified for the NJCAA Division I Women's Softball Tournament in St. George, UT with a 39-24 record after winning Region XIV's East Zone and earning an NJCAA Tournament at-large bid for finishing runner-up at the Region XIV Tournament. Eight student-athletes were named to the All-East Conference team and five were named to the All-Region teams. Four student-athletes transferred to university programs.
- The football team finished with a 7-3 record as a semifinalist in the Southwest Junior College Football Conference playoffs. A total of 20 student-athletes transferred to university programs. One student-athlete was named as the NJCAA's Offensive Player of the Year. Three student-athletes were named to the NJCAA All-American team. Three student-athletes were named to the All-Region XIV team and a total of 16 were named to the all-conference team.
- The cheerleaders won the 2015 NCA National Championship. This group has brought home an NCA National Championship in 12 of the last 14 years, and won Grand National Championships for the last four years.
- The volleyball team qualified for the Region XIV Tournament with a 23-9 record. Five student-athletes were named to the all-conference team. Four student-athletes transferred to four-year programs.
- Academics are stressed by the Navarro College administration and coaching staff. Success is evidenced by having 28 athletes named to the 2014-2015 Region XIV All-Academic Team and 11 players named as NJCAA Academic All-Americans. The softball, soccer and baseball teams earned recognition as NJCAA Academic Teams of the Year.

#### Construction and Expansion Projects:

In May 2015, the Beautique and Books and the Small Business Development Center opened for normal operations after renovation of the building purchased in 2014. The Beautique and Books provides both soft goods and a "We Proudly Serve" Starbucks sales operation.

In the summer of 2015, minor renovations were completed at the Fairfield Career and Technical Center which provided two additional classrooms, one computer lab, two office spaces, and a conference room for a total of over 3,700 square feet of student and staff space.

#### **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, 2014. This was the fourteenth consecutive year (2001 through 2014) that the College has achieved this prestigious award. To be awarded a Certificate of Achievement, a government 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 it 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 the Accounting Department. In addition, various members of the President's Cabinet provided information for inclusion in the transmittal letter, that added value to the overall comprehensiveness of the report. Appreciation is also expressed to the accounting firm of Whitley Penn, LLP for their assistance in the timely completion of the audit. Due credit should also be given to the Board of Trustees and the District President for their interest in planning and conducting the operations of the District in a professional manner.

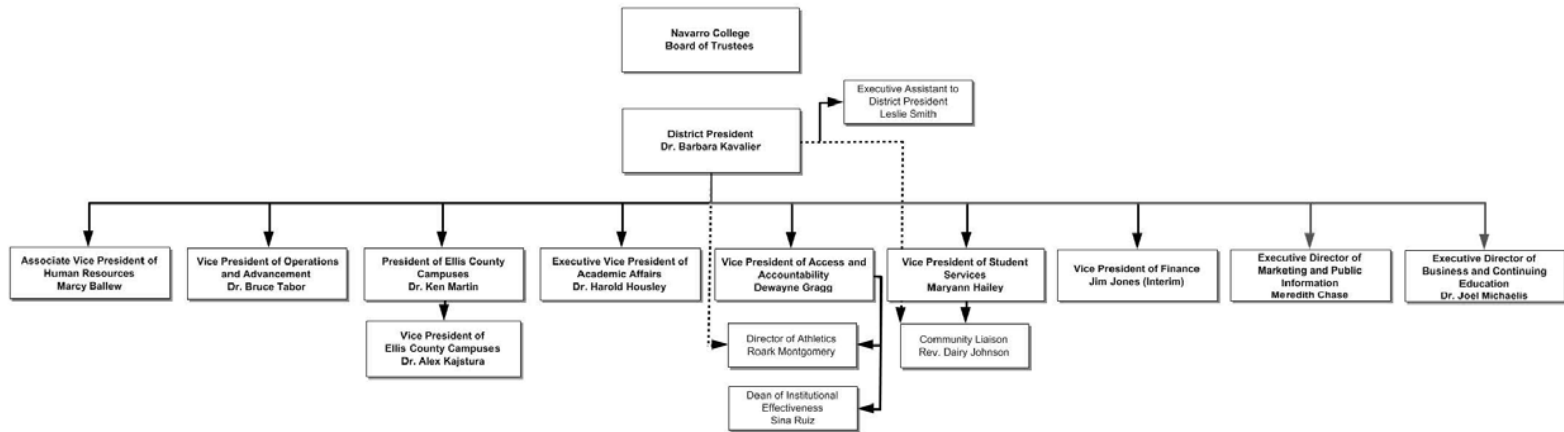
Respectfully submitted,

A handwritten signature in black ink, appearing to read 'James Jones', with a long horizontal flourish extending to the right.

James Jones  
Interim Vice President for Finance and Administration



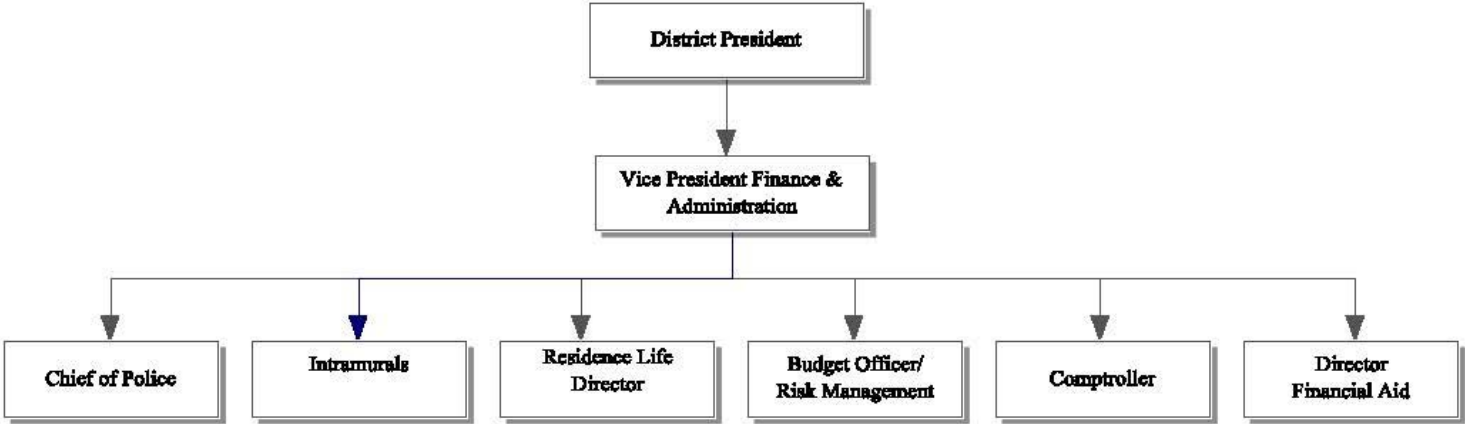
### District President



**NAVARRO COLLEGE DISTRICT  
Organization Chart**



**Vice President, Finance and Administration**



**Navarro College District**  
**Principal Officials**  
**Year Ended August 31, 2015**

**Board of Trustees**

Officers

Lloyd D. Huffman	Chairman
Phil Judson	Vice-Chairman
Richard L. Aldama	Secretary/Treasurer

Members	Term Expires
Faith D. Holt	Corsicana, Texas 2019
Lloyd D. Huffman	Corsicana, Texas 2017
Billy Todd McGraw	Blooming Grove, Texas 2019
Loran Seely	Corsicana, Texas 2019
Richard L. Aldama	Corsicana, Texas 2021
Phil Judson	Corsicana, Texas 2017
A. L. Atkeisson	Kerens, Texas 2021

**Executive Officers**

Barbara Kavalier, Ph.D.	District President
Kenneth Martin, Ed.D.	President, Ellis County Campuses
Harold Housley, Ph.D.	Executive Vice President, Academic Affairs
Jim Jones	Interim Vice President, Finance and Administration
Bruce Tabor, Ed.D.	Vice President, Operations and Institutional Advancement
Mary Ann Hailey	Vice President, Student Services
Dewayne Gragg	Vice President, Access and Accountability
Marcy Ballew	Associate Vice President, Human Resources

**Business Officers**

Jim Jones	Interim Vice President, Finance and Administration
Aaron York Langston, CPA	Comptroller

**Navarro College District**

**Board of Trustees**



Sitting: Phil Judson, Lloyd D. Huffman, Faith D. Holt, Richard L. Aldama  
Standing: Loran Seely, Billy Todd McGraw, A.L. Atkeisson

**District President**



Barbara Kavalier, Ph.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, 2014**

Executive Director/CEO



## **Financial Section**



## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees  
Navarro College District  
Corsicana, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Navarro College District (the “District”) as of and for the years ended August 31, 2015 and 2014, 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, 2015 and 2014. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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

We believe that the audit evidence we have obtained, along with the report of the other auditors, is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Navarro College District as of August 31, 2015 and 2014, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 2 and Note 22 to the financial statements, the College adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of August 31, 2015. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 15 and the pension information on pages 54 and 56 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 introductory section, supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and the *Uniform Grant Management Standards*, and are also not a required part of the basic financial statements.

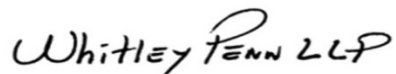
The supplementary information, including the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting

and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and schedules of expenditures of federal and state awards is 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 14, 2015 on our consideration of the District's internal control over financial reporting and on our tests on its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Houston, Texas  
December 14, 2015



# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Navarro College District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2015. 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 xv of this report.

### *Financial Highlights*

- Received donation of building improvements to the Hunters' Gatherers' Exhibit from the Navarro College Foundation in the amount of \$535,587
- Received donation of band instruments from the Navarro College Foundation in the amount of \$50,000
- Reduced total debt by \$2,385,000
- Implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*

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

The District is proud to present its financial statements for the fiscal years ended August 31, 2015 and 2014. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. As demonstrated by the statements and schedules included in the financial section of this report, the District continues meeting its responsibility for sound financial management.

### *Statements of Net Position*

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

**NAVARRO COLLEGE DISTRICT**

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

**Statements of Net Position**

	<b>August 31,</b>			<b>Amount of Change 2014 to 2015</b>	<b>Percentage of Change 2014 to 2015</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>		
<b>Assets</b>					
Current assets	\$ 32,955,782	\$ 30,317,739	\$ 37,475,035	\$ 2,638,043	8.70%
Capital assets	66,246,999	66,717,766	66,615,427	(470,767)	(0.71%)
<b>Total assets</b>	<b>\$99,202,781</b>	<b>\$ 97,035,505</b>	<b>\$104,090,462</b>	<b>\$ 2,167,276</b>	<b>2.23%</b>
<b>Total deferred outflows of resources</b>					
	\$ 2,201,638	\$ 874,539	\$ 937,759	\$ 1,327,099	151.75%
Current liabilities	\$ 18,371,990	\$ 17,818,227	\$ 22,130,271	\$ 553,763	3.11%
Noncurrent liabilities	36,355,362	32,254,026	34,655,026	4,101,336	12.72%
<b>Total liabilities</b>	<b>\$54,727,352</b>	<b>\$ 50,072,253</b>	<b>\$ 56,785,297</b>	<b>\$ 4,655,099</b>	<b>9.30%</b>
<b>Total deferred inflows of resources</b>					
	\$ 2,052,161	-	-	\$ 2,052,161	-
<b>Net position</b>					
Net investment in capital assets	\$ 37,553,998	\$ 35,321,947	\$ 32,024,197	\$ 2,232,051	6.32%
Restricted - expendable	2,447,086	2,372,830	2,901,585	74,256	3.13%
Unrestricted	4,623,822	10,143,014	13,317,142	(5,519,192)	(54.41%)
<b>Total net position</b>	<b>\$44,624,906</b>	<b>\$ 47,837,791</b>	<b>\$ 48,242,924</b>	<b>\$ (3,212,885)</b>	<b>(6.72%)</b>

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.

Financial Analysis from 2014 to 2015

Current assets increased by \$2,638,043 or 8.7%, due to increases of \$1,807,377 in cash and cash equivalents; \$538,133 in inventories; \$376,083 in prepaid expenses; and a decrease of (\$83,550) in



# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

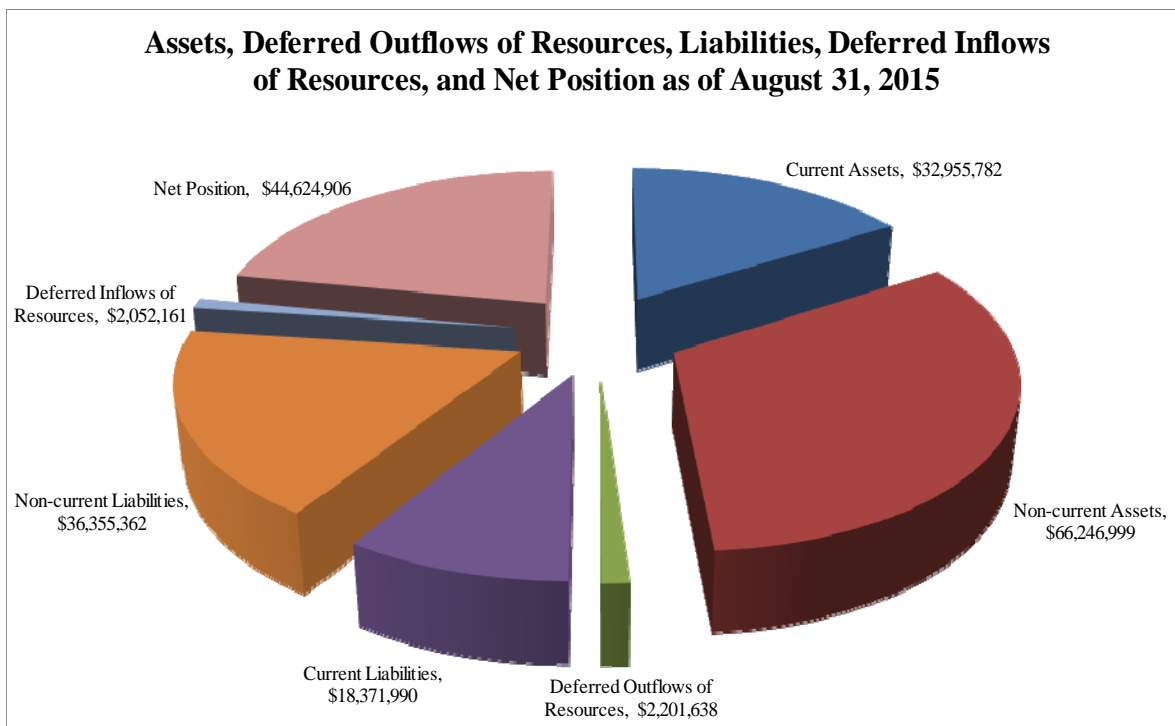
accounts receivable. The increase in cash is largely due to the District making a decision not to increase infrastructure (purchase or build new buildings) during fiscal year 2015.

Capital assets show a decrease of (\$470,767) or (0.71%) after depreciation.

Total liabilities increased to \$54,727,352 from \$50,072,253, for an increase of \$4,655,099 or 9.30%. During 2015, the District implemented a new accounting standard; GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The new standard required the District to recognize their share of the Teacher's Retirement System of Texas (TRS) pension liability. As a result, the District recognized a net pension liability in the amount of \$6,708,538. Other increases were noted in accounts payable of \$902,245 and compensated absences of \$37,682. The decreases in loans of (\$75,000), capital leases of (\$46,116) and bonds payable of (\$2,451,316) are due to scheduled debt service payments and amortization of bond premiums. The increases are offset by decreases of (\$40,834) in accrued claims and judgments; (\$287,557) in unearned revenue; (\$21,204) in accrued liabilities; and (\$71,339) in funds held for others.

GASB Statements No. 68 and 71 were implemented during fiscal year 2015 which resulted in an increase to deferred outflows of \$1,327,099 or 151.75%. Additionally, deferred inflows were added to the Statement of Net Position in the amount of \$2,052,161.

In summary, the total net position of the District reflected a decrease of (\$3,212,885) to a total of \$44,624,906 at August 31, 2015. This change can be attributed to an increase of \$2,232,051 in net investment in capital assets, an increase of \$74,256 in expendable restricted assets which are offset by a decrease of (\$5,519,192) in unrestricted net position. The majority of the change in unrestricted net position can be attributed to a prior period adjustment of (\$7,600,802) to implement GASB Statements No. 68 and 71.



## NAVARRO COLLEGE DISTRICT

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

#### Financial Analysis from 2013 to 2014

Current assets decreased by (\$7,157,296) or 19.10%, due to decreases of (\$6,967,357) in cash, cash equivalents, and restricted cash; (\$372,769) in inventories; (\$285,861) in prepaid expenses; and an increase of \$468,691 in accounts receivable. The decrease in cash is largely due to the expenditures incurred in FY 2014 for the construction of an administration building on the Mexia campus, the purchases of the Fairfield campus and the building to house the District's Small Business Development Corporation office as well as Beau's Beautique which is a second location for the campus bookstore. Other contributors to the decrease in cash are the delayed drawdown of PELL funds and debt service principal and interest payments.

Capital assets show an increase of \$102,339 (after depreciation). One building construction project that began in FY 2013 (Mexia Administration Building) was completed and placed into operation in February 2014.

GASB 65 was implemented during fiscal year 2014 which resulted in a reclassification from bonds payable to deferred outflows to properly reflect the deferred gain on the 2012 refunding as an asset. The amounts reclassified are \$874,539 and \$937,759 for the years ended August 31, 2014 and 2013, respectively.

Total liabilities decreased to \$50,072,253 from \$56,785,297, for a decrease of (\$6,713,044) or (11.82%). This decrease reflects a (\$268,244) decrease in accounts payable; a (\$4,088,269) decrease in unearned revenue; a (\$155,000) decrease in capital leases; a (\$2,376,316) decrease in bonds payable; a (\$22,149) decrease in accrued liabilities; and a (\$12,736) decrease in funds held for others. The decrease in unearned revenue is due to a timing difference in the drawdown of PELL funds that were awarded prior to year-end that are for the next fiscal year, these funds were not requested until after year-end. The decreases in capital leases and bonds payable are due to scheduled debt service payments and amortization of bond premiums. The decreases are offset by increases of \$194,192 in accrued compensated absences and \$15,478 in accrued claims and judgments.

In summary, the total net position of the District reflected a decrease of (\$405,133) to a total of \$47,837,791 at August 31, 2014. Most of this change is due to an increase of \$3,297,750 in net investment in capital assets, which is offset by a decrease of (\$528,755) in expendable restricted assets and a decrease of (\$3,174,128) 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 and are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The statement includes five sections: operating revenues, non-operating revenues, operating expenses, non-operating expenses, and other revenues (expenses) and gains (losses). The purpose of the statement is to present the revenues received by the District, operating and non-operating, and any other revenues, expenses, gains, and losses received or spent by the District.

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

# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Amount of Change 2014 to 2015</u>	<u>Percentage of Change 2014 to 2015</u>
<b>Operating revenues</b>					
Tuition and fees	\$ 17,535,426	\$ 14,029,788	\$ 14,202,493	\$ 3,505,638	24.99%
Sales and services	7,661,698	8,300,881	8,543,455	(639,183)	(7.70%)
Other operating revenues	243,507	155,344	182,078	88,163	56.75%
Total operating revenues	<u>25,440,631</u>	<u>22,486,013</u>	<u>22,928,026</u>	<u>2,954,618</u>	13.14%
<b>Nonoperating revenues</b>					
State appropriations	18,332,879	18,288,097	17,919,724	44,782	0.24%
Maintenance ad valorem property taxes	3,533,309	3,359,627	3,301,143	173,682	5.17%
Grants and contracts	25,113,360	24,766,939	25,183,309	346,421	1.40%
Gifts	867,114	1,414,538	975,840	(547,424)	(38.70%)
Investment income	93,269	129,125	160,404	(35,856)	(27.77%)
Other non-operating revenues	813,949	349,148	291,260	464,801	133.12%
Total nonoperating revenues	<u>48,753,880</u>	<u>48,307,474</u>	<u>47,831,680</u>	<u>446,406</u>	0.92%
Total revenues	<u>74,194,511</u>	<u>70,793,487</u>	<u>70,759,706</u>	<u>3,401,024</u>	4.80%
<b>Operating expenses</b>					
Instruction	21,368,604	20,213,672	19,104,050	1,154,932	5.71%
Public service	279,188	275,807	270,869	3,381	1.23%
Academic support	3,475,922	3,972,411	3,748,138	(496,489)	(12.50%)
Student services	4,245,023	4,360,373	4,608,363	(115,350)	(2.65%)
Institutional support	7,101,168	6,998,131	6,144,442	103,037	1.47%
Operation and maintenance of plant	3,840,350	3,748,746	4,030,618	91,604	2.44%
Scholarships and fellowships	15,670,742	16,571,886	15,761,613	(901,144)	(5.44%)
Auxiliary enterprises	10,609,202	11,825,269	11,504,077	(1,216,067)	(10.28%)
Depreciation expense	2,142,219	1,997,893	1,968,446	144,326	7.22%
Total operating expenses	<u>68,732,418</u>	<u>69,964,188</u>	<u>67,140,616</u>	<u>(1,231,770)</u>	(1.76%)
<b>Nonoperating expenses</b>					
Interest on capital related debt	1,074,176	1,234,432	1,257,512	(160,256)	(12.98%)
Total nonoperating expenses	<u>1,074,176</u>	<u>1,234,432</u>	<u>1,257,512</u>	<u>(160,256)</u>	(12.98%)
Total expenses	<u>69,806,594</u>	<u>71,198,620</u>	<u>68,398,128</u>	<u>(1,392,026)</u>	(1.96%)
Special item	-	-	1,539,061	-	-
Change in net position	4,387,917	(405,133)	3,900,639	4,793,050	(1,183.08%)
Beginning net position	47,837,791	48,242,924	44,342,285	(405,133)	(0.84%)
Prior period adjustment, GASB 68/71	(7,600,802)	-	-	-	(100.00%)
Ending net position	<u>\$ 44,624,906</u>	<u>\$ 47,837,791</u>	<u>\$ 48,242,924</u>	<u>\$ (3,212,885)</u>	(6.72%)

## NAVARRO COLLEGE DISTRICT

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

#### Financial Analysis from 2014 to 2015

The Statement of Revenues, Expenses, and Changes in Net Position reflects a positive year, with a change of \$4,387,917 in net position at year-end before prior period adjustments. Operating revenues increased \$2,954,618 or 13.14%. This change can be attributed to a \$3,505,638 increase in tuition and fees which is a combined result of decreased discounting, the addition of a new technology fee and other tuition increases.

Non-operating revenues increased by \$446,406 or 0.92%. State-appropriated funds reported an increase of \$44,782. Ad valorem taxes increased in the amount of \$173,682. Grants and contracts increased \$346,421. Other non-operating revenues increased by \$464,801. The increases are offset by decreases of (\$547,424) in gifts and (\$35,856) in investment income.

Overall operating expenses decreased by (\$1,231,770) or (1.76%). This decrease is due largely to changes in the following categories: academic support (\$496,489); student services (\$115,350); scholarship and fellowships (\$901,144); and auxiliary enterprises (\$1,216,067). These decreases are offset by the following increases: \$1,154,932 in instruction; \$3,381 in public service; \$91,604 in operation and management of plant; \$103,037 in institutional support; and \$144,326 in depreciation.

Non-operating expenses of interest on capital related debt decreased by (\$160,256) due to regular amortization on principal and interest.

In summary, operational activities provided the District with an increase of \$4,387,917 which was offset by a prior period adjustment to implement GASB 68 of (\$7,600,802) reducing net position to a total of \$44,624,906 at August 31, 2015.

#### Financial Analysis from 2013 to 2014

The Statement of Revenues, Expenses, and Changes in Net Position reflects a negative year, with a change of (\$405,133) in net position at year-end. Operating revenues decreased (\$445,696) or 1.94 % due to enrollment decreases, which affected both tuition and fees and sales and services of educational activities.

Non-operating revenues increased by \$475,794 or 0.99%. State- appropriated funds report an increase of \$368,373. Ad valorem taxes increased slightly in the amount of \$58,484. Gifts increased \$438,698. These increases are offset by decreased federal financial aid funds received on behalf of students from federal and state agencies in the form of student grants, in the amount of (\$416,370). A reduction of (\$31,279) in investment income and an increase of \$57,888 in other non-operating revenues make up the total change in total non-operating revenue.

Overall operating expenses increased by \$2,819,889 or 4.20%. This increase is due largely to changes in the following categories: instruction \$1,109,622; academic support \$224,273; institutional support \$853,689; scholarship and fellowships \$806,590; auxiliary enterprises \$321,192; public service \$4,938; and depreciation \$29,447. The majority of these increases are due to salary adjustments and new positions that were approved by the board for FY 2014. Additionally, the District entered into a partnership with Campus Works to document the business processes currently used by the District, make recommendations how to use new technology to streamline these processes, and assist the District in implementing these recommendations (included in institutional support). The District incurred \$932,693 in expenses for this partnership during fiscal year 2014. These increases are offset by the following reductions: (\$281,872) in operation and management of plant and (\$247,990) in student services.

## NAVARRO COLLEGE DISTRICT

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

Non-operating expenses of interest on capital related debt decreased by (\$23,080) due to regular amortization on principal and interest. The amount reported as interest on capital debt in 2013 was restated to exclude amortization of bond issuance costs pursuant to the implementation of GASB 65.

In summary, operational activities provided the District with a decrease of (\$405,133) reducing net position to a total of \$47,837,791 on August 31, 2014.

#### *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 nonoperating, noninvesting, and noncapital financing purposes. The third section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fourth 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.

#### Navarro College District Statements of Cash Flows

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<b>Amount of Change 2014 to 2015</b>	<b>Percentage of Change 2014 to 2015</b>
Cash provided by (used for):					
Operating activities	\$ (40,965,304)	\$ (40,733,002)	\$ (38,317,572)	\$ (232,302)	0.57%
Noncapital financing activities	47,404,176	40,132,467	48,629,878	7,271,709	18.12%
Investing activities	92,631	129,041	158,963	(36,410)	(28.22%)
Capital and related financing activities	<u>(4,724,126)</u>	<u>(6,495,863)</u>	<u>(11,623,707)</u>	<u>1,771,737</u>	<u>(27.27%)</u>
Net change in cash	1,807,377	(6,967,357)	(1,152,438)	8,774,734	(125.94%)
Cash, beginning of year	<u>13,620,942</u>	<u>20,588,299</u>	<u>21,740,737</u>	<u>(6,967,357)</u>	<u>(33.84%)</u>
Cash, end of year	<u>\$ 15,428,319</u>	<u>\$ 13,620,942</u>	<u>\$ 20,588,299</u>	<u>\$ 1,807,377</u>	13.27%

# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Financial Analysis from 2014 to 2015

An analysis of cash flows shows an overall increase of \$1,807,377 or 13.27% for 2015. The District ended fiscal year 2015 with \$15,428,319 in cash, compared to \$13,620,942 at the end of fiscal year 2014. The increased combined cash flow occurred throughout the year as a result of the District making a decision not to increase infrastructure (purchase or build new buildings) during fiscal year 2015.

### Financial Analysis from 2013 to 2014

An analysis of cash flows shows an overall decrease of (\$6,967,357) or 33.84% for 2014. The District ended fiscal year 2014 with \$13,620,942 in cash, compared to \$20,588,299 at the end of fiscal year 2013. The decreased combined cash flow occurred throughout the year as the funds were expended to complete the construction of the administration building on the Mexia campus, purchase the Fairfield property, the building for Beau's Boutique/SBDC offices and to make scheduled payments for long term debt.

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

#### Debt Administration

As of August 31, 2015, the District had \$24,365,000 of revenue bonds outstanding.

As of August 31, 2015, the forgivable loan balance from the Midlothian Economic Development Center (MEDC) was \$1,200,000.

#### Capital Assets

During fiscal year 2015, the District added \$1,039,237 in furniture and equipment; \$565,758 in other real estate improvements; \$49,268 in building improvements; and \$19,598 in library books. The equipment additions were primarily related to equipment needed to carry out the objectives of the JET, ShaleNET, and Carl Perkins grant programs. The building improvements was a donation from the Navarro College Foundation for the Hunters' Gatherers' Exhibit.

For additional information concerning Capital Assets and Debt Administration, see Notes 6, 7, and 8 in the notes to the financial statements.

#### Risk Management

The Campus Safety and Preparation Committee met quarterly during fiscal year 2015. The following is a list of actions taken by the Committee during fiscal year 2015:

- Sexual Assault prevention training video was made available on website
- Conducted Active Shooter training with Navarro College Department of Public Safety and other local police agencies
- Provided a confidential reporting tool on the college website to provide anonymous crime tips to campus police
- Provided risk management training for student organizations
- Posted Campus Safety Plan poster in every room in every building on all campuses
- Conducted evacuation or lockdown/lockout drills
- Updated emergency exit maps on all campuses

## NAVARRO COLLEGE DISTRICT

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

#### *Economic Outlook*

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

#### *Request for Information*

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

A handwritten signature in blue ink that reads "Aaron York Langston". The signature is written in a cursive style.

Aaron York Langston, CPA  
Comptroller





## **BASIC FINANCIAL STATEMENTS**



# Navarro College District

## Statements of Net Position (Exhibit 1)

August 31, 2015 and 2014

	Primary Government		Component Unit	
	Navarro College District		Navarro College Foundation, Inc.	
	2015	2014	2015	2014
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 15,428,319	\$ 13,620,942	\$ 10,825	\$ 26,292
Restricted cash and cash equivalents	-	-	3,874	51,209
Accounts receivable, net	13,553,338	13,636,888	8,393	11,782
Prepaid expenses	987,433	611,350	7,947	-
Investments	-	-	171,764	137,183
Inventories	2,986,692	2,448,559	-	-
Total current assets	<u>32,955,782</u>	<u>30,317,739</u>	<u>202,803</u>	<u>226,466</u>
<b>Noncurrent assets:</b>				
Long-term investments	-	-	3,611,034	3,826,201
Capital assets, net	66,246,999	66,717,766	8,441,588	8,947,714
Total noncurrent assets	<u>66,246,999</u>	<u>66,717,766</u>	<u>12,052,622</u>	<u>12,773,915</u>
Total assets	<u>99,202,781</u>	<u>97,035,505</u>	<u>12,255,425</u>	<u>13,000,381</u>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	1,005,458	874,539	-	-
Deferred outflows related to pensions	1,196,180	-	-	-
Total deferred outflows of resources	<u>2,201,638</u>	<u>874,539</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	2,801,022	1,898,777	6,461	2,231
Accrued liabilities	262,452	283,656	-	-
Funds held for others	522,288	593,626	-	-
Unearned revenue	11,978,728	12,266,286	-	-
Accrued compensated absences - current portion	136,980	195,154	-	-
Accrued claims and judgments - current portion	20,520	30,728	-	-
Capital lease - current portion	190,000	165,000	-	-
Bonds payable - current portion	2,460,000	2,385,000	-	-
Total current liabilities	<u>18,371,990</u>	<u>17,818,227</u>	<u>6,461</u>	<u>2,231</u>
<b>Noncurrent liabilities:</b>				
Accrued compensated absences	2,369,204	2,273,348	-	-
Accrued claims and judgments	61,560	92,186	-	-
Loan payable	1,200,000	1,275,000	-	-
Capital lease	3,260,000	3,331,116	-	-
Net pension liability	6,708,538	-	-	-
Bonds payable	22,756,060	25,282,376	-	-
Total noncurrent liabilities	<u>36,355,362</u>	<u>32,254,026</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>54,727,352</u>	<u>50,072,253</u>	<u>6,461</u>	<u>2,231</u>
<b>Deferred inflows of resources</b>				
Deferred inflows related to pensions	2,052,161	-	-	-
Total deferred inflows of resources	<u>2,052,161</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net position</b>				
Net investment in capital assets	37,553,998	35,321,947	8,441,588	8,947,714
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	-	-	146,600	146,600
Pearce Museum	-	-	1,322,296	1,322,296
Expendable:				
Scholarships and fellowships	2,057,681	2,006,219	2,152,935	2,418,869
Debt service	389,405	366,611	-	-
Unrestricted	4,623,822	10,143,014	185,545	141,462
Total net position	<u>\$ 44,624,906</u>	<u>\$ 47,837,791</u>	<u>\$ 12,248,964</u>	<u>\$ 12,976,941</u>

See accompanying notes to the financial statements.

**Navarro College District**

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

**Years Ended August 31, 2015 and 2014**

	Primary Government		Component Unit	
	Navarro College District		Navarro College Foundation, Inc.	
	2015	2014	2015	2014
<b>Operating revenues:</b>				
Tuition and fees (net of scholarship allowances and discounts of \$4,402,352 and \$5,805,411, respectively)	\$ 17,535,426	\$ 14,029,788	\$ -	\$ -
Gifts	-	-	283,286	479,806
Sales and services of educational activities	474,901	521,857	-	-
Auxiliary enterprises (net of scholarship allowances and discounts of \$1,886,722 and \$2,488,033, respectively)	7,186,797	7,779,024	-	-
Other operating revenues	243,507	155,344	-	-
Total operating revenues	25,440,631	22,486,013	283,286	479,806
<b>Operating expenses:</b>				
Instruction	21,368,604	20,213,672	-	-
Public service	279,188	275,807	-	-
Academic support	3,475,922	3,972,411	-	-
Student services	4,245,023	4,360,373	-	-
Institutional support	7,101,168	6,998,131	146,530	191,721
Operation and maintenance of plant	3,840,350	3,748,746	-	-
Scholarships and fellowships	15,670,742	16,571,886	331,602	398,358
Auxiliary enterprises	10,609,202	11,825,269	-	-
Depreciation	2,142,219	1,997,893	-	2,086
Total operating expenses	68,732,418	69,964,188	478,132	592,165
Operating income (loss)	(43,291,787)	(47,478,175)	(194,846)	(112,359)
<b>Nonoperating revenues (expenses):</b>				
State appropriations	18,332,879	18,288,097	-	-
Ad valorem property taxes for maintenance and operations	3,533,309	3,359,627	-	-
Federal grants and contracts	22,684,063	22,588,765	-	-
State grants and contracts	2,352,975	2,083,489	-	-
Local grants and contracts	76,322	94,685	-	-
Investment income	93,269	129,125	52,456	439,758
Gifts	867,114	1,414,538	-	-
Interest on capital asset-related debt	(1,074,176)	(1,234,432)	-	-
Other nonoperating revenues (expenses), net	813,949	349,148	(585,587)	-
Net nonoperating revenues	47,679,704	47,073,042	(533,131)	439,758
Increase (decrease) in net position	4,387,917	(405,133)	(727,977)	327,399
Net position - beginning of year	47,837,791	48,242,924	12,976,941	12,649,542
Prior period adjustment, GASB 68/71 restatement	(7,600,802)			
Net position - end of year	\$ 44,624,906	\$ 47,837,791	\$ 12,248,964	\$ 12,976,941

See accompanying notes to the financial statements.

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

**Years Ended August 31, 2015 and 2014**

	Primary Government Navarro College District	
	2015	2014
<b>Cash flows from operating activities</b>		
Receipts from students and other customers	\$ 26,264,107	\$ 33,631,949
Receipts from third-party student loans	12,827,052	25,032,877
Other receipts	243,506	155,344
Loans issued to students	(15,600,070)	(26,400,688)
Payments to employees	(30,514,829)	(30,683,168)
Payments to suppliers and students	(34,185,070)	(42,469,316)
Net cash provided by (used in) operating activities	(40,965,304)	(40,733,002)
<b>Cash flows from noncapital financing activities</b>		
Receipts of state appropriations	16,388,325	16,445,281
Receipts from ad valorem property taxes for maintenance and operation	3,533,532	3,376,265
Receipts of grants and contracts	26,544,430	18,547,235
Receipts from gifts and others for other than capital purposes	937,889	1,763,686
Net cash provided by (used in) noncapital financing activities	47,404,176	40,132,467
<b>Cash flows from capital and related financing activities</b>		
Proceeds from capital donation	-	51,854
Purchases of capital assets	(1,098,599)	(2,761,316)
Payments on capital debt principal	(2,530,000)	(2,465,000)
Payments on capital debt interest	(1,095,527)	(1,321,401)
Net cash provided by (used in) capital and related financing activities	(4,724,126)	(6,495,863)
<b>Cash flows from investing activities</b>		
Receipts from interest on investments	92,631	129,041
Net cash provided by (used in) investing activities	92,631	129,041
Net increase (decrease) in cash and cash equivalents	1,807,377	(6,967,357)
Cash and cash equivalents - beginning of year	13,620,942	20,588,299
Cash and cash equivalents - end of year	\$ 15,428,319	\$ 13,620,942
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating income (loss)	\$(43,291,787)	\$(47,478,175)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation expense	2,142,219	1,997,893
On-behalf payments	1,944,554	1,842,816
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in receivables, net	(1,306,922)	1,052,837
(Increase) decrease in prepaid expenses	(376,083)	285,861
(Increase) decrease in inventories	(538,133)	372,769
(Increase) decrease in deferred outflows of resources - pension	(559,447)	63,220
Increase (decrease) in accounts payable	899,215	392,841
Increase (decrease) in accrued liabilities	146	(1,496)
Increase (decrease) in funds held for others	(71,338)	(12,736)
Increase (decrease) in unearned revenue	(327,740)	541,498
Increase (decrease) in accrued compensated absences	37,682	194,192
Increase (decrease) in accrued claims and judgments	(40,834)	15,478
Increase (decrease) in net pension liability	(1,528,997)	-
Increase (decrease) in deferred inflows of resources - pension	2,052,161	-
Net cash used in operating activities	\$(40,965,304)	\$(40,733,002)
<b>Noncash investing, capital and financing activities:</b>		
State appropriations on-behalf payments	\$ 1,944,554	\$ 1,842,816
Contributed real estate improvements and equipment	\$ 585,587	\$ -
Forgiveness of loan payable	\$ 75,000	\$ -

See accompanying notes to the financial statements.



**Navarro College District**  
**Notes to Financial Statements**  
**August 31, 2015 and 2014**

**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 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. However, the majority of resources, or income thereon that the Foundation holds and invests, are for the benefit of the District or its constituents. Because the net position of the Foundation compared to the District is significant, because substantially all resources held by the Foundation can only be used by, or for the benefit of, the District and because the Foundation has historically provided resources to the District or its constituents, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements. During the years ended August 31, 2015 and 2014, the Foundation expended \$262,885 and \$375,434, 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements also comply with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*.

**A. Basis of Accounting**

The financial statements of the District have been prepared using the economic resource measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when a liability has been incurred. 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

##### 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 nonoperating 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 nonoperating 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 nonexchange and exchange-like transactions - are reported as nonoperating 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. Encumbrances outstanding at year-end that were provided for in the subsequent year's budget are reported as designations of net position since they do not constitute expenditures or liabilities.

##### C. Scholarship Allowances and Discounts

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 nonoperating 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.



# Navarro College District

## Notes to Financial Statements (continued)

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

#### C. Scholarship Allowances and Discounts (continued)

*Texas Public Education Grants:* Certain tuition amounts are required to 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. When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition and fee discount.

*Title IV Program Funds:* Certain Title IV program funds are received by the District to pass through to the students. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as grant revenue and corresponding amounts are recorded as tuition and fees discounts.

#### D. Cash and Cash Equivalents

The District's cash and cash equivalents for purposes of reporting cash flows consist of cash on hand, demand deposits, and certificates of deposit.

#### E. Inventories

Inventories, consisting of bookstore stock and food service supplies, are valued at the lower of cost or market using the average cost method and are charged to expense as consumed.

#### F. Restricted Cash and Cash Equivalents

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

#### G. Capital Assets

Capital assets, which include land, collections, buildings, library books, furniture and equipment and other improvements, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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	15 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, 2015 and 2014, consists of the following amounts which have not yet been earned:

	<u>2015</u>	<u>2014</u>
Tuition and fees	\$ 9,797,053	\$ 10,362,582
Auxiliary	2,152,718	1,903,704
Federal grants	<u>28,957</u>	<u>-</u>
	<u>\$ 11,978,728</u>	<u>\$ 12,266,286</u>

#### I. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. Deferred inflows of resources for the District are deferred charges on refunding debt and amounts related to pension activity. Changes in the net pension liability not included in pension expense in the current year are required to be reported as deferred outflows of resources or deferred inflows of resources related to pension. These deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.

#### J. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. All community colleges will have amounts in Deferred Outflows of Resources called "Deferred outflows related to pensions". Changes in the net pension liability not included in pension expense in the current year are required to be reported as deferred outflows of resources or deferred inflows of resources related to pension. This deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. 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 other 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.

## Navarro College District

### Notes to Financial Statements (continued)

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

##### **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. Use of 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. Actual results could differ from those estimates.

##### **M. Change in Accounting Principle**

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during 2015.

GASBS No. 68 establishes accounting and financial reporting for pensions that are provided to the employees of state and local government employers. GASBS No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. Implementation is reflected in the financial statements and required supplementary information.

GASBS No. 71 amends the transition provisions of GASBS No. 68. GASBS No. 71 requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Implementation is reflected in the financial statements and notes to the financial statements.

##### **N. 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.

## Navarro College District

### Notes to Financial Statements (continued)

#### 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, 2015 and 2014, consist of the following:

	2015	2014
Cash - demand deposits	\$ 14,053,674	\$ 12,369,397
Cash - certificates of deposit	1,368,500	1,245,600
Cash - petty cash on hand	6,145	5,945
Total deposits	\$ 15,428,319	\$ 13,620,942

Deposits and investments of the Foundation at August 31, 2015 and 2014, consist of the following:

	2015	2014
<u>Deposits</u>		
Cash - demand deposits	\$ 14,699	\$ 77,501
Total deposits	14,699	77,501
<u>Investments</u>		
Cash equivalents	84,574	84,739
Certificates of deposit	956,235	1,000,090
U. S. government securities	379,467	481,118
Corporate bonds	527,272	478,972
Marketable equity securities	1,822,525	1,904,279
Other investments	12,725	14,186
Total investments	3,782,798	3,963,384
Total deposits and investments	\$ 3,797,497	\$ 4,040,885

## Navarro College District

### Notes to Financial Statements (continued)

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

*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.

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

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

#### Note 5 - Accounts Receivable

Accounts receivable at August 31, 2015 and 2014, consist of the following:

	<u>2015</u>	<u>2014</u>
Tuition and fees	\$ 6,685,448	\$ 9,995,842
Ad valorem property taxes	236,303	236,526
Federal and state grants	6,329,384	2,778,944
Interest	6,268	5,630
Auxiliary and other	<u>1,707,451</u>	<u>2,031,462</u>
	14,964,854	15,048,404
Less allowance for doubtful accounts	<u>(1,411,516)</u>	<u>(1,411,516)</u>
Accounts receivable, net	<u>\$ 13,553,338</u>	<u>\$ 13,636,888</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, 2015 was as follows:

	Balance September 1, 2014	Additions	Transfers and Retirements	Balance August 31, 2015
Capital assets, not being depreciated:				
Land	\$ 2,641,656	\$ -	\$ -	\$ 2,641,656
Collections	434,339	-	-	434,339
	<u>3,075,995</u>	<u>-</u>	<u>-</u>	<u>3,075,995</u>
Capital assets, being depreciated:				
Buildings and building improvements	74,369,700	49,268	-	74,418,968
Other real estate improvements	7,590,549	565,758	-	8,156,307
Total buildings and other real estate improvements	81,960,249	615,026	-	82,575,275
Library books	1,605,338	19,598	-	1,624,936
Furniture and equipment	6,516,180	1,039,236	(105,587)	7,449,829
	<u>90,081,767</u>	<u>1,673,860</u>	<u>(105,587)</u>	<u>91,650,040</u>
Less accumulated depreciation:				
Buildings and building improvements	(18,215,504)	(1,335,811)	-	(19,551,315)
Other real estate improvements	(2,931,928)	(265,557)	-	(3,197,485)
Total buildings and other real estate improvements	(21,147,432)	(1,601,368)	-	(22,748,800)
Library books	(1,118,521)	(65,001)	-	(1,183,522)
Furniture and equipment	(4,174,043)	(475,851)	103,180	(4,546,714)
	<u>(26,439,996)</u>	<u>(2,142,220)</u>	<u>103,180</u>	<u>(28,479,036)</u>
	<u>63,641,771</u>	<u>(468,360)</u>	<u>(2,407)</u>	<u>63,171,004</u>
	<u>\$ 66,717,766</u>	<u>\$ (468,360)</u>	<u>\$ (2,407)</u>	<u>\$ 66,246,999</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, 2014 was as follows:

	Balance September 1, 2013	Additions	Transfers and Retirements	Balance August 31, 2014
Capital assets, not being depreciated:				
Land	\$ 2,641,656	\$ -	\$ -	\$ 2,641,656
Collections	434,339	-	-	434,339
Construction in progress	169,021	-	(169,021)	-
	<u>3,245,016</u>	<u>-</u>	<u>(169,021)</u>	<u>3,075,995</u>
Capital assets, being depreciated:				
Buildings and building improvements	72,571,286	1,798,414	-	74,369,700
Other real estate improvements	7,268,678	321,871	-	7,590,549
Total buildings and other real estate improvements	79,839,964	2,120,285	-	81,960,249
Library books	1,553,593	51,745	-	1,605,338
Furniture and equipment	6,638,363	97,223	(219,406)	6,516,180
	<u>88,031,920</u>	<u>2,269,253</u>	<u>(219,406)</u>	<u>90,081,767</u>
Less accumulated depreciation:				
Buildings and building improvements	(16,893,699)	(1,321,805)	-	(18,215,504)
Other real estate improvements	(2,666,382)	(265,546)	-	(2,931,928)
Total buildings and other real estate improvements	(19,560,081)	(1,587,351)	-	(21,147,432)
Library books	(1,057,645)	(60,876)	-	(1,118,521)
Furniture and equipment	(4,043,783)	(349,666)	219,406	(4,174,043)
	<u>(24,661,509)</u>	<u>(1,997,893)</u>	<u>219,406</u>	<u>(26,439,996)</u>
	<u>63,370,411</u>	<u>271,360</u>	<u>-</u>	<u>63,641,771</u>
	<u>\$ 66,615,427</u>	<u>\$ 271,360</u>	<u>\$ (169,021)</u>	<u>\$ 66,717,766</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, 2015 was as follows:

	<u>Balance September 1, 2014</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>Balance August 31, 2015</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 506,126	\$ 29,462	\$ (535,588)	\$ -
Collections	<u>8,441,588</u>	<u>-</u>	<u>-</u>	<u>8,441,588</u>
	<u>8,947,714</u>	<u>29,462</u>	<u>(535,588)</u>	<u>8,441,588</u>
Capital assets, being depreciated:				
Furniture and equipment	<u>22,042</u>	<u>-</u>	<u>-</u>	<u>22,042</u>
	<u>22,042</u>	<u>-</u>	<u>-</u>	<u>22,042</u>
Less accumulated depreciation:				
Furniture and equipment	<u>(22,042)</u>	<u>-</u>	<u>-</u>	<u>(22,042)</u>
	<u>(22,042)</u>	<u>-</u>	<u>-</u>	<u>(22,042)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,947,714</u>	<u>\$ 29,462</u>	<u>(535,588)</u>	<u>\$ 8,441,588</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, 2014 was as follows:

	<u>Balance September 1, 2013</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>Balance August 31, 2014</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 186,957	\$ 319,169	\$ -	\$ 506,126
Collections	8,433,938	7,650	-	8,441,588
	<u>8,620,895</u>	<u>326,819</u>	<u>-</u>	<u>8,947,714</u>
Capital assets, being depreciated:				
Furniture and equipment	22,042	-	-	22,042
Leasehold improvements	-	-	-	-
	<u>22,042</u>	<u>-</u>	<u>-</u>	<u>22,042</u>
Less accumulated depreciation:				
Furniture and equipment	(19,956)	(2,086)	-	(22,042)
Leasehold improvements	-	-	-	-
	<u>(19,956)</u>	<u>(2,086)</u>	<u>-</u>	<u>(22,042)</u>
	<u>2,086</u>	<u>(2,086)</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,622,981</u>	<u>\$ 324,733</u>	<u>-</u>	<u>\$ 8,947,714</u>

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 7 - Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2015 was as follows:

	Balance September 1, 2014	Additions	Reductions	Balance August 31, 2015	Due Within One Year
Bonds and loan payable:					
Revenue bonds	\$ 26,750,000	\$ -	\$ (2,385,000)	\$ 24,365,000	\$ 2,460,000
Issuance premiums	917,376	-	(66,316)	851,060	-
Loan payable	1,275,000	-	(75,000)	1,200,000	-
Total bonds and loan payable	28,942,376	-	(2,526,316)	26,416,060	2,460,000
Capital lease	3,496,116	3,530,000	(3,576,116)	3,450,000	190,000
Other liabilities:					
Net pension liability	-	8,237,535	(1,528,997)	6,708,538	-
Compensated absences	2,468,502	361,360	(323,678)	2,506,184	136,980
Claims and judgments	122,914	56,606	(97,440)	82,080	20,520
	<u>\$ 35,029,908</u>	<u>\$ 12,185,501</u>	<u>\$ (8,052,547)</u>	<u>\$ 39,162,862</u>	<u>\$ 2,807,500</u>

Long-term liability activity for the year ended August 31, 2014 was as follows:

	Balance September 1, 2013	Additions	Reductions	Balance August 31, 2014	Due Within One Year
Bonds and loan payable:					
Revenue bonds	\$ 29,060,000	\$ -	\$ (2,310,000)	\$ 26,750,000	\$ 2,385,000
Issuance premiums	983,692	-	(66,316)	917,376	-
Loan payable	1,275,000	-	-	1,275,000	-
Total bonds and loan payable	31,318,692	-	(2,376,316)	28,942,376	2,385,000
Capital lease	3,651,116	-	(155,000)	3,496,116	165,000
Other liabilities:					
Compensated absences	2,274,310	531,273	(337,081)	2,468,502	195,154
Claims and judgments	107,436	58,255	(42,777)	122,914	30,728
	<u>\$ 37,351,554</u>	<u>\$ 589,528</u>	<u>\$ (2,911,174)</u>	<u>\$ 35,029,908</u>	<u>\$ 2,775,882</u>

## Navarro College District

### Notes to Financial Statements (continued)

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

Revenue bonds at August 31, 2015 and 2014, which were all issued to provide funds for the acquisition and construction of major capital facilities, are comprised of the following individual issues:

	2015	2014
\$3,550,000 series 2006 revenue bonds due in annual installments of \$95,000 to \$245,000 through May 2027; interest at 3.7%	\$ 2,280,000	\$ 2,445,000
\$3,550,000 series 2007 revenue bonds due in annual installments of \$120,000 to \$250,000 through May 2027; interest at 4.08%	2,445,000	2,600,000
\$4,075,000 series 2009 revenue bonds due in annual installments of \$135,000 to \$300,000 through May 2029; interest at 4.56%	3,180,000	3,340,000
\$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%	16,460,000	18,365,000
	\$ 24,365,000	\$ 26,750,000

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

## Navarro College District

### Notes to Financial Statements (continued)

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

Debt service requirements to amortize revenue bonds payable as of August 31, 2015, are as follows:

For the Year Ended August 31,	Revenue Bonds		Total
	Principal	Interest	
2016	\$ 2,460,000	\$ 942,574	\$ 3,402,574
2017	2,560,000	843,632	3,403,632
2018	1,495,000	740,656	2,235,656
2019	1,540,000	696,976	2,236,976
2020	1,595,000	644,484	2,239,484
2021-2025	8,920,000	2,277,187	11,197,187
2026-2029	5,795,000	447,264	6,242,264
	\$ 24,365,000	\$ 6,592,773	\$ 30,957,773

The District has pledged certain future tuition and fees to repay \$24.4 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 \$31.0 million. Principal and interest paid for the current year and total of pledged tuition and fees were \$3.4 million and \$12.6 million, respectively.

#### Note 8 - Capital Lease Obligations

City of Midlothian, Texas (Ellis County) Combination Tax and Revenue Refunding Bonds (Navarro College District), Series 2014, were issued in December 2014 in the amount of \$3,530,000 to refund the City of Midlothian, Texas (Ellis County) Combination Tax and Revenue Bonds (Navarro College District), Series 2005 originally issued in the aggregate principal amount of \$4,750,000. The new bonds bear interest from 2.0% to 4.0% and are due in annual installments ranging from \$80,000 to \$315,000 through August 15, 2029. The new issue will reduce debt service payments for the District by \$360,311. The bonds are payable by the District pursuant to a lease agreement between the City of Midlothian, Texas and the District.

The District leases a building under a noncancelable capital lease agreement that expires in August 2029. Amortization of assets held under capital leases is included with depreciation expense. Assets under capital leases at August 31, 2015 consisted of the following:

Building	\$ 4,651,416
Less: accumulated amortization	(819,375)
	\$ 3,832,041

# Navarro College District

## Notes to Financial Statements (continued)

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

The future minimum lease obligations and the net present value of future minimum lease payments as of August 31, 2015 are as follows:

<u>Fiscal Year</u>	
2016	\$ 291,675
2017	297,875
2018	298,875
2019	299,775
2020	305,575
2021-2025	1,563,325
2026-2029	<u>1,281,369</u>
Total minimum lease payments	4,338,469
Less amounts representing interest (at rates ranging from 4.0% to 4.6%)	<u>(888,469)</u>
Present value of minimum capital lease payments	<u>\$ 3,450,000</u>

### Note 9 - Employees' Retirement Plan

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

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

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

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

**Navarro College District**

**Notes to Financial Statements (continued)**

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

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

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

	<b>Fiscal Year</b>	
	<b>Contribution Rates</b>	
	<u><b>2014</b></u>	<u><b>2015</b></u>
Member	6.4%	6.7%
Employer	6.8%	6.8%
Non-Employer Contributing Entity (State)	6.8%	6.8%

	<u><b>Measurement Year</b></u>		
	<u><b>Contributions Required and Made</b></u>	<u><b>Pension Expense</b></u>	<b>TRS Contributions Made During Fiscal Year</b>
Member (Employee)	\$ 592,130	-	\$ 1,100,038
District (Employer)	636,733	620,085	656,368
Non-employer contributing entity (State)	466,440	455,292	460,088

## Navarro College District

### Notes to Financial Statements (continued)

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

*Contributions (continued).* As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

*Actuarial Assumptions.* The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

\*Includes Inflation of 3%

## Navarro College District

### Notes to Financial Statements (continued)

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

*Actuarial Assumptions (continued).* The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

*Discount Rate.* The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



## Navarro College District

### Notes to Financial Statements (continued)

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

*Discount Rate (continued).* Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return *
<b>Global Equity</b>			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
<b>Stable Value</b>			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

\* *The Expected Contributions to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.*

*Discount Rate Sensitivity Analysis.* The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportional share of the net pension liability	\$11,987,750	\$6,708,538	\$2,760,670

## 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.* At August 31, 2015, the District reported a liability of \$6,708,538 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 proportional share of the net pension liability	\$ 6,708,538
State's proportionate share of the net pension liability associated with the District	<u>4,924,836</u>
Total	\$ 11,633,374

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 period September 1, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.0251149%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The notes to the financial statements for August 31, 2014 for TRS stated that the change in proportion was immaterial, and, therefore disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, the District recognized pension expense of \$620,085 as well as revenue of \$455,292 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, 2014, the District reported its proportionate share of the TRS' deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 103,750	\$
Changes of assumptions	436,062	-
Net difference between projected and actual earnings on pension plan investments	-	2,050,403
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,758
District contributions subsequent to the measurement date	656,368	-
Total	\$ 1,196,180	\$ 2,052,161

The \$656,368 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, 2016. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended August 31,</b>	<b>Amount</b>
2016	\$ (422,029)
2017	(422,029)
2018	(422,029)
2019	(422,028)
2020	90,572
2021	85,194

*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. The percentages of participant salaries currently contributed by the state and each participant are 6.6% and 6.65%, respectively. The District supplements an additional 1.9%. Since these are individual annuity contracts, the state and the District have no additional or unfunded liability for this program.

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 9 - Employees' Retirement Plan – continued**

*Actual Funding.* Contribution rates as a percentage of compensation and contributions made for TRS and ORP for 2013, 2014, and 2015 are shown in the table below.

Year	Member (TRS/ORP)		State (TRS/ORP)	
	Rate	Amount	Rate	Amount
2015	6.7%/6.65%	\$ 1,381,145	6.8%/6.6%	\$ 1,430,704
2014	6.4%/6.65%	1,312,808	6.8%/6.6%	1,378,111
2013	6.4%/6.65%	1,329,642	6.4%/6%	1,104,377

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

The total payroll for all District employees was \$25,286,729 and \$25,588,991 for the years ended August 31, 2015 and 2014, respectively. The total payroll of employees covered by TRS was \$16,418,480 and \$16,125,155, and the total payroll of employees covered by ORP was \$4,259,192 and \$4,222,535 for the years ended August 31, 2015 and 2014, respectively.

**Note 10 - Compensated Absences**

Full-time employees earn vacation at 6.67 hours per month. 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 \$514,966 and \$499,207 at August 31, 2015 and 2014, 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:

Full Years of Service	Vesting %
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 \$1,935,148 and \$1,913,719 at August 31, 2015 and 2014, respectively. The District recognized an accrued liability for unpaid compensatory time of \$56,070 and \$55,576 at August 31, 2015 and 2014, respectively.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 11 - Risk Management

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

During the year ended August 31, 2015, 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 \$1.5 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2014, the Fund carries a discounted reserve of \$56,905,750 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2015, 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, 2014, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 11 - Risk Management – continued

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

During the year ended August 31, 2015, the District participated in the following TASB Risk Management Fund (the Fund) programs: Auto Liability, Auto Physical Damage, General Liability, Legal Liability, and Property.

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

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2015, 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, 2014, 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, 2015, 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, 2015, 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, 2014, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 12 - Post-Retirement Health Care and Life Insurance Benefits

*Plan Description.* The District contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit postemployment healthcare plan through the Group Benefits Program administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Texas Legislature. ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at [www.ers.state.tx.us](http://www.ers.state.tx.us).

*Funding Policy.* Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the employer and retirees are established and may be amended by the ERS board of trustees. Retirees pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage above the cost charged using a blended rate is known as the implicit rate subsidy. It is measured as the difference between the claims costs for the retirees and the amounts contributed by the retirees determined on a pay-as-you-go basis. State contributions to SRHP made on behalf of the District for the years ended August 31, 2015, 2014 and 2013 were \$314,865, \$553,816, and \$490,784, respectively, and are reported as revenues and expenses in the accompanying financial statements. The District's contributions to SRHP for the years ended August 31, 2015, 2014, and 2013 were \$379,584, \$68,647, and \$54,574, respectively, which equaled the required contributions each year.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 13 - Voluntary Contributory Pension Plan

The District has a contributory, defined contribution, money-purchase pension plan which is administered by the trust department at a local bank. Any employee who has completed one year of service, has attained age 21, and is actively employed on the last day of the plan year is eligible to participate. In order to participate, the employee must agree to contribute 5% of total compensation to the plan. The District then contributes 8% of total compensation to the plan. The employee is 100% vested in their contributions to the plan. Employer contributions to the plan are vested at 20% after one year of service, and then at the rate of 20% per year of service. District contributions were \$1,011,786 and \$991,673 in 2015 and 2014, respectively. Participant contributions were \$623,368 and \$619,798 in 2015 and 2014, 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:

	2015	2014
Assessed valuation of the District	\$ 3,083,281,070	\$ 2,903,869,194
Less: Abatements	43,468,752	21,583,189
Less: Exemptions	122,274,845	116,588,253
Net assessed valuation of the District	\$ 2,917,537,473	\$ 2,765,697,752

Tax rates authorized and assessed during fiscal year 2015 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	0.120200	0.000000	0.120200

Tax rates authorized and assessed during fiscal year 2014 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	0.120200	0.000000	0.120200



**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 14 - Ad Valorem Property Taxes - continued**

Taxes levied for the year ended August 31, 2015 are \$3,504,463. 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, 2015 are as follows:

	Current Operations	Debt Service	Total
Current taxes collected	\$ 3,422,644	\$ -	\$ 3,422,644
Delinquent taxes collected	69,300	-	69,300
Penalties and interest collected	77,622	-	77,622
Total collections	\$ 3,569,566	\$ -	\$ 3,569,566

Taxes levied for the year ended August 31, 2014 are \$3,320,291. 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, 2014 are as follows:

	Current Operations	Debt Service	Total
Current taxes collected	\$ 3,241,206	\$ -	\$ 3,241,206
Delinquent taxes collected	90,307	-	90,307
Penalties and interest collected	58,949	-	58,949
Total collections	\$ 3,390,462	\$ -	\$ 3,390,462

Current tax collections for the years ended August 31, 2015 and 2014 were 97.67% and 97.62%, respectively, of the current tax levy. An allowance for uncollectible taxes is based upon the historical experience in collecting property taxes.

**Note 15 - Budgets**

Each community college district 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 budget, which is prepared on the accrual basis of accounting, is adopted by the District's Board of Trustees. 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 2015 or 2014.

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

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 17 - Contingencies

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

#### Note 18 - Grants and Contracts

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

#### Note 19 - Business Concentrations

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

#### Note 20 - Transactions with Component Unit

The District received contributions from the Foundation for the years ended August 31, 2015 and 2014 in the amount of \$5,973 and \$3,909, respectively. As discussed in Note 1, the Foundation expended \$262,885 and \$375,434 for the years ended August 31, 2015 and 2014, respectively, directly to the District or to the District on behalf of students for scholarships. The District received contributed other real estate improvements and equipment of \$585,587 from the Foundation in 2015.

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

GASB Statement No. 72, *Fair Value Measurement and application*. The requirements of this statement will provide guidance for determining a fair value measurement for financial reporting purposes. Implementation of this statement is planned for fiscal year 2016.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and related assets that are not within the scope of GASB Statement 68, and amendments to certain provisions of GASB Statement 67 and 68*. This statement was issued for implementation in fiscal year 2016.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this statement improve financial reporting and as a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. Implementation of this statement is planned for fiscal year 2016.

# Navarro College District

## Notes to Financial Statements (continued)

### Note 22 - Prior Period Restatement

In the year of implementation of GASB Statement 68, as amended by GASB Statement 71, a restatement to beginning net position was required for the recording of the beginning net pension liability and for the recording of deferred outflows of resources for contributions made subsequent to the measurement date of the beginning net pension liability and the beginning of the reporting entity's fiscal year.

GASBS No. 68 states that "if restatement of all prior period presented is not practical, the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning net position for the earliest period restated and the reason for not restating prior periods presented should be explained." Since community colleges do not have all of the audited beginning balances for deferred inflows of resources and deferred outflows of resources related to pensions required to properly restate fiscal year 2014 financial statements, the restatement will be made directly to the beginning net position in the fiscal year 2015 financial statements as a cumulative effect of a change in accounting principle.

Beginning net position as of September 1, 2014, has been restated for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The effects of these prior period restatements as of September 1, 2014, are described further below.

	<u>September 1, 2014</u>
Total Net Position, as originally stated	\$ 47,837,791
Effects of prior period adjustments:	
Deferred outflows of resources	636,733
Net pension liability	(8,237,535)
Total Net Position, as restated	<u>\$ 40,236,989</u>

### Note 23 - Subsequent Events

The District has evaluated subsequent events from the date of the statements of net position through December 14, 2015, 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 District's Share of Net Pension Liability**

**Year Ended August 31, 2015**

**Teacher Retirement System of Texas**

District's proportion of the net pension liability	0.025%
District's proportionate share of the net pension liability	\$ 6,708,538
State's proportionate share of the net pension liability associated with the District	4,924,836
Total	<u>\$ 11,633,374</u>
District's covered-employee payroll (for Measurement Year)	\$ 16,418,480
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	40.9%
Plan fiduciary net position as a percentage of the total pension liability*	83.25%
Plan's net pension liability as a percentage of covered-employee payroll*	72.89%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net pension liability is calculated using an new methodology and will be presented prospectively in accordance with GASB 68.

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2014.

\* Per TRS' CAFR

**Navarro College District**  
**Schedule of District Contributions**  
**Year Ended August 31, 2015**

**Teachers Retirement System of Texas**

	<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 employee payroll	\$ 16,418,480	\$ 16,125,155
Contributions as a percentage of covered employee payroll	4.00%	3.95%

Note: The amounts presented above are as of the District's most recent fiscal year end. This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**Navarro College District**

**Notes to Required Supplementary Information**

**Year Ended August 31, 2015**

**Notes to Required Supplementary Information**

*Changes in Assumptions.* Modifications to the actuarial methods and assumptions are based on a study of actual experience as adopted on April 8, 2011. The assumptions and methods used in the current valuation are the same except for the following modifications:

- Small reductions in the rates of retirements at most age and service combinations.
- Decrease in the post-retirement rates of mortality for both males and females.
- The salary increase assumption in the first year of employment was reduced.
- The method for determining the actuarial value of assets was modified to a method that sets the actuarial value of assets as the expected actuarial value of assets plus 20% of the difference between the actual market value of the assets and the expected actuarial value of assets.

Amounts reported for 2014 reflect the adoption of a new mortality assumption that the average life expectancy for members over 65 years of age will increase by roughly nine months over the next four years.



**SUPPLEMENTARY INFORMATION**

## Navarro College District

### Schedule of Operating Revenues (Schedule A)

**Year Ended August 31, 2015**  
**(With Totals for the Year Ended August 31, 2014)**

	Unrestricted	Restricted	Total		Total	
			Educational Activities	Auxiliary Enterprises	2015	2014
<b>Tuition and fees:</b>						
State funded credit courses:						
In-district resident tuition	\$ 1,271,966	\$ -	\$ 1,271,966	\$ -	\$ 1,271,966	\$ 1,355,919
Out-of-district resident tuition	6,465,982	-	6,465,982	-	6,465,982	6,155,738
Non-resident tuition	647,025	-	647,025	-	647,025	717,802
TPEG - credit (set aside)	475,112	-	475,112	-	475,112	461,744
State funded continuing education	448,344	-	448,344	-	448,344	399,402
TPEG - non-credit (set aside)	26,292	-	26,292	-	26,292	23,201
Non-state funded educational programs	2,726	-	2,726	-	2,726	17,298
<b>Total tuition</b>	<b>9,337,447</b>	<b>-</b>	<b>9,337,447</b>	<b>-</b>	<b>9,337,447</b>	<b>9,131,104</b>
<b>Fees:</b>						
Building use fees	4,203,104	-	4,203,104	-	4,203,104	3,753,843
Student services fees	2,199,812	-	2,199,812	-	2,199,812	986,917
Laboratory fees	404,582	-	404,582	-	404,582	424,401
Out-of-district fees	5,564,752	-	5,564,752	-	5,564,752	5,344,521
Other fees	228,081	-	228,081	-	228,081	194,413
<b>Total fees</b>	<b>12,600,331</b>	<b>-</b>	<b>12,600,331</b>	<b>-</b>	<b>12,600,331</b>	<b>10,704,095</b>
<b>Scholarship allowances and discounts:</b>						
Scholarship allowance	(3,934,781)	-	(3,934,781)	-	(3,934,781)	(5,005,815)
TPEG awards	(467,571)	-	(467,571)	-	(467,571)	(799,596)
<b>Total scholarship allowances</b>	<b>(4,402,352)</b>	<b>-</b>	<b>(4,402,352)</b>	<b>-</b>	<b>(4,402,352)</b>	<b>(5,805,411)</b>
<b>Total net tuition and fees</b>	<b>17,535,426</b>	<b>-</b>	<b>17,535,426</b>	<b>-</b>	<b>17,535,426</b>	<b>14,029,788</b>
<b>Additional operating revenues:</b>						
Sales and services of educational activities	474,901	-	474,901	-	474,901	521,857
Other operating revenues	243,507	-	243,507	-	243,507	155,344
<b>Total additional operating revenues</b>	<b>718,408</b>	<b>-</b>	<b>718,408</b>	<b>-</b>	<b>718,408</b>	<b>677,201</b>
<b>Auxiliary enterprises:</b>						
Bookstore	-	-	-	4,873,488	4,873,488	5,402,823
less discounts	-	-	-	(1,018,830)	(1,018,830)	(1,368,418)
Dining services	-	-	-	2,148,084	2,148,084	2,643,555
less discounts	-	-	-	(452,813)	(452,813)	(622,008)
Housing	-	-	-	1,990,006	1,990,006	2,149,061
less discounts	-	-	-	(415,079)	(415,079)	(497,607)
Athletic sales and student programs	-	-	-	14,392	14,392	10,302
Gift shop	-	-	-	11,421	11,421	12,320
Other auxiliary enterprises	-	-	-	36,128	36,128	48,996
<b>Total net auxiliary enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,186,797</b>	<b>7,186,797</b>	<b>7,779,024</b>
<b>Total operating revenues</b>	<b>\$ 18,253,834</b>	<b>\$ -</b>	<b>\$ 18,253,834</b>	<b>\$ 7,186,797</b>	<b>\$ 25,440,631</b>	<b>\$ 22,486,013</b>

In accordance with Education Code 56.033, \$501,404 and \$484,945 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2015 and 2014, respectively.

See accompanying independent auditors' report.

**Navarro College District**

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

**Year Ended August 31, 2015  
(With Totals for the Year Ended August 31, 2014)**

	Operating Expenses				Total	
	Salaries and Wages	Benefits		Other Expenses	2015	2014
		State	Local			
<b>Unrestricted - educational activities:</b>						
Instruction	\$ 13,241,973	\$ -	\$ 2,999,988	\$ 1,204,929	\$ 17,446,890	\$ 17,683,976
Public service	31,460	-	7,124	5,377	43,961	47,011
Academic support	2,343,436	-	530,335	423,781	3,297,552	3,806,222
Student services	2,191,393	-	496,178	806,531	3,494,102	3,569,185
Institutional support	3,135,273	-	710,677	2,988,875	6,834,825	6,764,096
Operation and maintenance of plant	757,702	-	171,652	2,859,360	3,788,714	3,700,636
Total unrestricted educational activities	<u>21,701,237</u>	<u>-</u>	<u>4,915,954</u>	<u>8,288,853</u>	<u>34,906,044</u>	<u>35,571,126</u>
<b>Restricted - educational activities:</b>						
Instruction	1,033,298	898,945	131,035	1,858,436	3,921,714	2,529,696
Public service	146,023	2,251	40,340	46,613	235,227	228,796
Academic support	-	178,370	-	-	178,370	166,189
Student services	354,000	158,342	80,868	157,711	750,921	791,188
Institutional support	12,601	200,165	2,402	51,175	266,343	234,035
Operation and maintenance of plant	-	51,636	-	-	51,636	48,110
Scholarships and fellowships	-	-	-	15,670,742	15,670,742	16,571,886
Total restricted educational activities	<u>1,545,922</u>	<u>1,489,709</u>	<u>254,645</u>	<u>17,784,677</u>	<u>21,074,953</u>	<u>20,569,900</u>
Total educational activities	<u>23,247,159</u>	<u>1,489,709</u>	<u>5,170,599</u>	<u>26,073,530</u>	<u>55,980,997</u>	<u>56,141,026</u>
<b>Auxiliary enterprises</b>	<u>2,039,570</u>	<u>-</u>	<u>472,910</u>	<u>8,096,722</u>	<u>10,609,202</u>	<u>11,825,269</u>
<b>Depreciation expense:</b>						
Buildings and other improvements	-	-	-	1,601,368	1,601,368	1,587,351
Equipment and furniture	-	-	-	475,851	475,851	349,666
Library books	-	-	-	65,000	65,000	60,876
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,142,219</u>	<u>2,142,219</u>	<u>1,997,893</u>
Total operating expenses	<u>\$ 25,286,729</u>	<u>\$ 1,489,709</u>	<u>\$ 5,643,509</u>	<u>\$ 36,312,471</u>	<u>\$ 68,732,418</u>	<u>\$ 69,964,188</u>

See accompanying independent auditors' report.

**Navarro College District**

**Schedule of Nonoperating Revenues and Expenses  
(Schedule C)**

**Year Ended August 31, 2015  
(With Totals for the Year Ended August 31, 2014)**

	Unrestricted	Restricted	Auxiliary Enterprises	Total	
				2015	2014
<b>Nonoperating revenues:</b>					
State appropriations:					
Education and general state support	\$ 16,262,313	\$ -	\$ -	\$ 16,262,313	\$ 16,319,691
State group insurance	-	1,489,709	-	1,489,709	1,387,971
State retirement matching	-	580,857	-	580,857	580,435
Total state appropriations	<u>16,262,313</u>	<u>2,070,566</u>	<u>-</u>	<u>18,332,879</u>	<u>18,288,097</u>
Maintenance ad valorem taxes	3,533,309	-	-	3,533,309	3,359,627
Federal grants and contracts	-	22,684,063	-	22,684,063	22,588,765
State grants and contracts	-	2,352,975	-	2,352,975	2,083,489
Local grants and contracts	-	76,322	-	76,322	94,685
Investment income	79,767	6,013	7,489	93,269	129,125
Gifts and donations	-	867,114	-	867,114	1,414,538
Other nonoperating revenues	823,651	-	-	823,651	363,081
Total nonoperating revenues	<u>20,699,040</u>	<u>28,057,053</u>	<u>7,489</u>	<u>48,763,582</u>	<u>48,321,407</u>
<b>Nonoperating expenses:</b>					
Interest on capital related debt	1,074,176	-	-	1,074,176	1,234,432
Other nonoperating expenses	9,702	-	-	9,702	13,933
Total nonoperating expenses	<u>1,083,878</u>	<u>-</u>	<u>-</u>	<u>1,083,878</u>	<u>1,248,365</u>
Net nonoperating revenues	<u>\$ 19,615,162</u>	<u>\$ 28,057,053</u>	<u>\$ 7,489</u>	<u>\$ 47,679,704</u>	<u>\$ 47,073,042</u>

See accompanying independent auditors' report.

**Navarro College District**

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

**Year Ended August 31, 2015**

	Detail by Source				Available for Current Operation	
	Unrestricted	Restricted - Expendable	Net Investment in		Yes	No
			Capital Assets	Total		
Current:						
Unrestricted	\$ 1,291,792	\$ -	\$ -	\$ 1,291,792	\$ 1,291,792	\$ -
Auxiliary	3,332,030	-	-	3,332,030	3,332,030	-
Scholarships and fellowships	-	2,057,681	-	2,057,681	-	2,057,681
Plant:						
Debt service	-	389,405	-	389,405	-	389,405
Investment in plant	-	-	37,553,998	37,553,998	-	37,553,998
 Total net position, August 31, 2015	 4,623,822	 2,447,086	 37,553,998	 44,624,906	 4,623,822	 40,001,084
 Total net position, August 31, 2014, as restated	 <u>2,542,212</u>	 <u>2,372,830</u>	 <u>35,321,947</u>	 <u>40,236,989</u>	 <u>2,542,212</u>	 <u>37,694,777</u>
 Net increase (decrease) in net position	 <u>\$ 2,081,610</u>	 <u>\$ 74,256</u>	 <u>\$ 2,232,051</u>	 <u>\$ 4,387,917</u>	 <u>\$ 2,081,610</u>	 <u>\$ 2,306,307</u>

See accompanying independent auditors' report.

**Navarro College District**

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

**Year Ended August 31, 2015**

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor Number	Federal Expenditures
<b>U.S. Department of Education</b>			
<b>Direct Programs:</b>			
<b>Student Financial Assistance Cluster:</b>			
<i>Federal Supplemental Education Opportunity Grant Program</i>	84.007		\$ 213,512
<i>Federal Work Study Program</i>	84.033		163,665
<i>Federal Pell Grant Program</i>	84.063		19,008,843
<i>Federal Direct Student Loans</i>	84.268		15,600,070
<i>Teacher Education Assistance for College and Higher Education</i>	84.379		<u>3,708</u>
<b>Total Student Financial Assistance Cluster</b>			<u>34,989,798</u>
<b>TRIO Cluster:</b>			
<i>TRIO - Student Support Services</i>	84.042A		<u>388,764</u>
<b>Total Direct Programs</b>			35,378,562
<b>Pass Through From Texas Workforce Commission:</b>			
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Fed Year 1</i>	84.002A	0414AELA02	393,590
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Professional Development</i>	84.002A	0414AELA02	19,503
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Fed Year 2</i>	84.002A	0414AELB02	460
<i>Adult Education &amp; Family Literacy Act (AEFLA) - EL Civics</i>	84.002A	0414AELA02	<u>24,396</u>
<b>Total Pass Through From Texas Workforce Commission</b>			437,949
<b>Pass Through From Texas Higher Education Coordinating Board:</b>			
<i>Vocational Education - Carl Perkins</i>	84.048A	154249	<u>723,475</u>
<b>Total Pass Through From Texas Higher Education Coordinating Board</b>			723,475
<b>Total U. S. Department of Education</b>			<u>\$ 36,539,986</u>

**Navarro College District**

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

<b>Grantor/Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Grantor Number</b>	<b>Federal Expenditures</b>
<b>U. S. Department of Labor</b>			
<b>Pass Through From Pennsylvania College of Technology:</b>			
<i>Trade Adjustment Assistance Community College and Career Training Grant Program Employment and Training Administration ShaleNET Linking Talent to Opportunity</i>	17.282	13SUS-NCC-2012-1	<u>\$ 1,598,374</u>
<b>Total U.S. Department of Labor</b>			<u>1,598,374</u>
<b>U. S. Small Business Administration</b>			
<b>Pass Through From Dallas County Community College District:</b>			
<i>Small Business Development Center</i>	59.037	SBAHQ-15-B-0018	81,959
<i>Small Business Development Center</i>	59.037	SBAHQ-12-B-0051	<u>8,183</u>
<b>Total U. S. Small Business Administration</b>			<u>90,142</u>
<b>U. S. Department of Health and Human Services</b>			
<b>Pass Through From Texas Education Agency:</b>			
<i>Temporary Assistance for Needy Families</i>	93.558	0414AELA02	<u>55,631</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>55,631</u>
<b>Total Federal Awards</b>			<u>\$ 38,284,133</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, 2015**

**Note 1 - Federal Revenue Reconciliation**

Federal revenues for the year ended August 31, 2015 are reported in the basic financial statements as follows:

Federal grants and contracts per Exhibit 2	\$ 22,684,063
Add: Federal Direct Student Loans made	<u>15,600,070</u>
Total per Schedule of Expenditures of Federal Awards	<u>\$ 38,284,133</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, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 OMB Circular A-21, *Cost Principles for Educational Institutions*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.



Navarro College District

Schedule of Expenditures of State Awards  
(Schedule F)

Year Ended August 31, 2015

Grantor/Pass-Through Grantor/ Program Title	Grant Contract Number	Indirect Costs and Expenditures
<b>Texas Higher Education Coordinating Board:</b>		
<i>Texas College Work Study</i>		\$ 61,652
<i>Texas Grant Program</i>		178,897
<i>Texas Education Opportunity Grant</i>		612,241
<i>Texas Tomorrow Fund</i>		65,865
<i>Top 10%</i>		6,600
<i>Nursing Shortage Grant Program Over 70</i>		277,673
<i>Texas Science, Technology, Engineering, and Math Challenge Scholarship Program</i>	13500	28,232
<b>Total Texas Higher Education Coordinating Board</b>		<u>1,231,160</u>
<b>Texas Comptroller of Public Accounts:</b>		
<i>Jobs and Education for Texans-Equipment Petroleum</i>	5464-12 Round 8	262,582
<b>Total Texas Comptroller of Public Accounts</b>		<u>262,582</u>
<b>Texas Workforce Commission:</b>		
<i>Adult Education &amp; Family Literacy Act (AEFLA) State</i>	0414AELA02	143,721
<i>Skills Development - Pactiv</i>	0413SDF002	375,913
<i>Skills Development - Mfg Consortium-Owens</i>	0414SDF001	194,436
<i>Skills Development - CertainTeed</i>	0413SDF000	23,506
<i>Skills Development - Veterans Initiative</i>	0414SDF005	9,034
<i>Skills Development - Americase</i>	0414SSD001	4,234
<b>Total Texas Workforce Commission</b>		<u>750,844</u>
<i>Small Business Development Center</i>	SBAHQ-15-B-0018	104,230
<i>Small Business Development Center</i>	SBAHQ-12-B-0051	4,159
<b>Total Small Business Development Center</b>		<u>108,389</u>
<b>Total State Awards</b>		<u>\$ 2,352,975</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, 2015

#### Note 1 - State Revenue Reconciliation

State revenues for the year ended August 31, 2015 are reported in the basic financial statements as follows:

State grants and contracts per Exhibit 2	<u>\$ 2,352,975</u>
Total per Schedule of Expenditures of State Awards	<u>\$ 2,352,975</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, 2015. The information in this Schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular (Uniform Grant Management Standards)* contained in the State's *Uniform Grant Management Standards*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

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

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



## STATISTICAL SECTION

### **Financial Trends Information**

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

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

### **Revenue Capacity Information**

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

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

### **Debt Capacity Information**

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

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

### **Demographic and Economic Information**

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

- Demographic and Economic Statistics
- Principal Employers

### **Operating Information**

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

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

**Navarro College District**

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

	August 31,			
	<u>2015</u>	<u>2014 (2)</u>	<u>2013 (1)</u>	<u>2012 (1)</u>
Net investment in capital assets	\$ 37,553,998	\$ 35,321,947	\$ 32,024,197	\$ 26,918,301
Restricted	2,447,086	2,372,830	2,901,585	2,963,556
Unrestricted	<u>4,623,822</u>	<u>2,542,212</u>	<u>13,317,142</u>	<u>14,460,428</u>
Total net position	<u>\$ 44,624,906</u>	<u>\$ 40,236,989</u>	<u>\$ 48,242,924</u>	<u>\$ 44,342,285</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

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

**Table 1**

August 31,					
<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 25,643,850	\$ 23,238,115	\$ 22,732,156	\$ 21,529,891	\$ 20,425,989	\$ 21,532,452
3,018,291	3,007,776	3,170,455	3,371,239	3,344,836	3,270,450
<u>11,114,303</u>	<u>10,190,160</u>	<u>6,790,966</u>	<u>5,412,801</u>	<u>5,867,427</u>	<u>4,394,142</u>
<u>\$ 39,776,444</u>	<u>\$ 36,436,051</u>	<u>\$ 32,693,577</u>	<u>\$ 30,313,931</u>	<u>\$ 29,638,252</u>	<u>\$ 29,197,044</u>

**Navarro College District**

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

	For the Year Ended August 31,			
	2014	2014	2013	2012
Tuition and fees (net of discounts)	\$ 17,535,426	\$ 14,029,788	\$ 14,202,493	\$ 15,014,906
Sales and services of educational activities	474,901	521,857	508,065	448,874
Auxiliary enterprises (net of discounts)	7,186,797	7,779,024	8,035,390	8,390,017
Other operating revenues	243,507	155,344	182,078	129,911
Total operating revenues	<u>25,440,631</u>	<u>22,486,013</u>	<u>22,928,026</u>	<u>23,983,708</u>
State appropriations	18,332,879	18,288,097	17,919,724	17,530,761
Ad valorem taxes for maintenance and operations	3,533,309	3,359,627	3,301,143	3,228,761
Federal grants and contracts	22,684,063	22,588,765	23,451,372	24,701,880
State grants and contracts	2,352,975	2,083,489	1,668,721	1,339,234
Local grants and contracts	76,322	94,685	63,216	78,135
Investment income	93,269	129,125	160,404	146,902
Gifts	867,114	1,414,538	975,840	834,579
Other non-operating revenues	813,949	349,148	291,260	62,511
Gain on sale of capital assets	-	-	-	-
Total non-operating revenues	<u>48,753,880</u>	<u>48,307,474</u>	<u>47,831,680</u>	<u>47,922,763</u>
Total revenues	<u>\$ 74,194,511</u>	<u>\$ 70,793,487</u>	<u>\$ 70,759,706</u>	<u>\$ 71,906,471</u>
Tuition and fees (net of discounts)	23.63%	19.82%	20.07%	20.88%
Sales and services of educational activities	0.64%	0.74%	0.72%	0.62%
Auxiliary enterprises (net of discounts)	9.69%	10.99%	11.36%	11.67%
Other operating revenues	0.33%	0.22%	0.26%	0.18%
Total operating revenues	<u>34.29%</u>	<u>31.76%</u>	<u>32.40%</u>	<u>33.35%</u>
State appropriations	24.71%	25.83%	25.32%	24.38%
Ad valorem property taxes for maintenance and operations	4.76%	4.75%	4.67%	4.49%
Federal grants and contracts	30.57%	31.91%	33.14%	34.35%
State grants and contracts	3.17%	2.94%	2.36%	1.86%
Local grants and contracts	0.10%	0.13%	0.09%	0.11%
Investment income	0.13%	0.18%	0.23%	0.20%
Gifts	1.17%	2.00%	1.38%	1.16%
Other non-operating revenues	1.10%	0.49%	0.41%	0.09%
Gain on sale of capital assets	0.00%	0.00%	0.00%	0.00%
Total non-operating revenues	<u>65.71%</u>	<u>68.24%</u>	<u>67.60%</u>	<u>66.65%</u>
Total non-operating revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: Navarro College District's financial statements



**Table 2**

For the Year Ended August 31,					
2011	2010	2009	2008	2007	2006
\$ 13,759,423	\$ 13,325,558	\$ 11,425,170	\$ 10,123,664	\$ 5,361,391	\$ 5,522,555
421,584	373,842	362,637	358,946	323,871	302,157
8,027,928	7,773,268	7,516,783	6,528,184	4,614,339	4,088,933
100,877	98,943	119,684	98,376	177,827	226,393
<u>22,309,812</u>	<u>21,571,611</u>	<u>19,424,274</u>	<u>17,109,170</u>	<u>10,477,428</u>	<u>10,140,038</u>
16,383,691	16,719,942	14,788,419	14,443,224	13,776,780	13,991,286
3,122,756	2,988,424	2,868,682	2,686,447	2,699,632	2,483,723
27,228,331	22,755,722	13,816,025	10,894,527	9,431,603	9,887,235
1,911,420	1,575,161	1,097,098	1,026,892	938,010	638,876
124,667	122,593	261,910	297,581	128,462	105,942
153,555	193,952	279,352	456,823	620,102	481,994
762,018	635,150	699,769	793,110	607,580	608,458
64,560	479,948	-	38,049	8,350	56,748
-	-	-	-	-	484,375
<u>49,750,998</u>	<u>45,470,892</u>	<u>33,811,255</u>	<u>30,636,653</u>	<u>28,210,519</u>	<u>28,738,637</u>
<u>\$ 72,060,810</u>	<u>\$ 67,042,503</u>	<u>\$ 53,235,529</u>	<u>\$ 47,745,823</u>	<u>\$ 38,687,947</u>	<u>\$ 38,878,675</u>
19.09%	19.88%	21.46%	21.20%	13.86%	14.20%
0.59%	0.56%	0.68%	0.75%	0.84%	0.78%
11.14%	11.59%	14.12%	13.67%	11.93%	10.52%
0.14%	0.15%	0.22%	0.21%	0.46%	0.58%
<u>30.96%</u>	<u>32.18%</u>	<u>36.49%</u>	<u>35.83%</u>	<u>27.08%</u>	<u>26.08%</u>
22.74%	24.94%	27.78%	30.25%	35.61%	35.99%
4.33%	4.46%	5.39%	5.63%	6.98%	6.39%
37.79%	33.94%	25.95%	22.82%	24.38%	25.43%
2.65%	2.35%	2.06%	2.15%	2.42%	1.64%
0.17%	0.18%	0.49%	0.62%	0.33%	0.27%
0.21%	0.29%	0.52%	0.96%	1.60%	1.24%
1.06%	0.95%	1.31%	1.66%	1.57%	1.57%
0.09%	0.72%	0.00%	0.08%	0.02%	0.15%
0.00%	0.00%	0.00%	0.00%	0.00%	1.25%
<u>69.04%</u>	<u>67.82%</u>	<u>63.51%</u>	<u>64.17%</u>	<u>72.92%</u>	<u>73.92%</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,			
	2015	2014	2013 (1)	2012 (1)
Instruction	\$ 21,368,604	\$ 20,213,672	\$ 19,104,050	\$ 17,799,800
Public service	279,188	275,807	270,869	281,184
Academic support	3,475,922	3,972,411	3,748,138	3,486,597
Student services	4,245,023	4,360,373	4,608,363	4,031,791
Institutional support	7,101,168	6,998,131	6,144,442	5,191,112
Operation and maintenance of plant	3,840,350	3,748,746	4,030,618	4,122,473
Scholarships and fellowships	15,670,742	16,571,886	15,761,613	16,955,799
Auxiliary enterprises	10,609,202	11,825,269	11,504,077	12,088,998
Depreciation	2,142,219	1,997,893	1,968,446	1,855,608
Total operating expenses	<u>68,732,418</u>	<u>69,964,188</u>	<u>67,140,616</u>	<u>65,813,362</u>
Interest on capital related debt	1,074,176	1,234,432	1,257,512	1,527,268
Total non-operating expenses	<u>1,074,176</u>	<u>1,234,432</u>	<u>1,257,512</u>	<u>1,527,268</u>
Total expenses	<u>\$ 69,806,594</u>	<u>\$ 71,198,620</u>	<u>\$ 68,398,128</u>	<u>\$ 67,340,630</u>
Special item	-	-	1,539,061	-
Change in net position	<u>\$ 4,387,917</u>	<u>\$ (405,133)</u>	<u>\$ 3,900,639</u>	<u>\$ 4,565,841</u>
Instruction	30.61%	28.39%	27.93%	26.43%
Public service	0.40%	0.39%	0.40%	0.42%
Academic support	4.98%	5.58%	5.48%	5.18%
Student services	6.08%	6.12%	6.74%	5.99%
Institutional support	10.17%	9.83%	8.98%	7.71%
Operation and maintenance of plant	5.50%	5.27%	5.89%	6.12%
Scholarships and fellowships (net of discounts)	22.45%	23.28%	23.04%	25.18%
Auxiliary enterprises	15.20%	16.61%	16.82%	17.95%
Depreciation	3.07%	2.81%	2.88%	2.76%
Total operating expenses	<u>98.46%</u>	<u>98.27%</u>	<u>98.16%</u>	<u>97.73%</u>
Interest on capital related debt	1.54%	1.73%	1.84%	2.27%
Total non-operating expenses	<u>1.54%</u>	<u>1.73%</u>	<u>1.84%</u>	<u>2.27%</u>
Total expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

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

Table 3

For the Year Ended August 31,					
2011	2010	2009	2008	2007	2006
\$ 18,167,513	\$ 17,540,069	\$ 16,061,086	\$ 14,955,025	\$ 13,753,775	\$ 13,296,066
228,891	194,113	173,343	157,488	125,816	135,365
3,579,175	3,436,714	3,045,243	2,800,470	2,768,153	3,101,135
3,677,010	3,838,251	3,058,628	2,693,937	2,369,268	2,294,807
5,022,776	5,054,143	4,400,790	4,227,103	4,237,693	3,990,424
4,582,981	3,743,411	3,427,220	3,732,384	3,196,937	3,250,343
17,996,557	16,350,302	8,538,915	7,061,974	1,271,148	2,309,532
11,880,415	10,082,097	9,252,131	8,585,730	7,912,581	7,324,740
1,703,928	1,574,211	1,539,247	1,475,450	1,395,899	1,283,753
66,839,246	61,813,311	49,496,603	45,689,561	37,031,270	36,986,165
1,493,617	1,486,718	1,359,280	1,378,430	1,215,469	1,188,057
1,493,617	1,486,718	1,359,280	1,378,430	1,215,469	1,188,057
<u>\$ 68,332,863</u>	<u>\$ 63,300,029</u>	<u>\$ 50,855,883</u>	<u>\$ 47,067,991</u>	<u>\$ 38,246,739</u>	<u>\$ 38,174,222</u>
-	-	-	-	-	-
<u>\$ 290,805</u>	<u>\$ 8,760,781</u>	<u>\$ 2,379,646</u>	<u>\$ 675,679</u>	<u>\$ 441,208</u>	<u>\$ 704,453</u>
26.59%	27.71%	31.58%	31.77%	35.96%	34.83%
0.33%	0.31%	0.34%	0.33%	0.33%	0.35%
5.24%	5.43%	5.99%	5.95%	7.24%	8.12%
5.38%	6.06%	6.01%	5.72%	6.19%	6.01%
7.35%	7.98%	8.65%	8.98%	11.08%	10.45%
6.71%	5.91%	6.74%	7.93%	8.36%	8.51%
26.34%	25.83%	16.79%	15.00%	3.32%	6.05%
17.39%	15.93%	18.19%	18.24%	20.69%	19.19%
2.49%	2.49%	3.03%	3.13%	3.65%	3.36%
97.81%	97.65%	97.33%	97.07%	96.82%	96.89%
2.19%	2.35%	2.67%	2.93%	3.18%	3.11%
2.19%	2.35%	2.67%	2.93%	3.18%	3.11%
<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	Vehicle Registration Fee
	In-District	Out-of-District			
2015	\$ 444	\$ 972	\$ 14	\$ 288	\$ 15
2014	432	852	11	228	15
2013	432	840	11	228	15
2012	432	840	11	216	10
2011	420	828	11	216	10
2010	384	768	11	204	10
2009	372	744	11	204	10
2008	372	732	10	204	10
2007	372	696	10	204	10
2006	360	648	10	144	10

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

Technology Fee	Total Cost		Increase from Prior Year		Semester Credit Hours
	In-District	Out-of-District	In-District	Out-of-District	
\$ 72	\$ 833	\$ 1,361	21.43%	23.06%	16,129
-	686	1,106	0.00%	1.10%	17,399
-	686	1,094	2.54%	1.58%	19,659
-	669	1,077	1.83%	1.13%	19,463
-	657	1,065	7.88%	7.25%	20,481
-	609	993	2.01%	2.48%	20,602
-	597	969	1.88%	1.36%	18,256
-	586	956	0.00%	5.05%	16,783
-	586	910	14.01%	13.47%	15,663
-	514	802	7.53%	9.86%	14,795

**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	Vehicle Registration Fee
2015	\$ 1,080	\$ 468	\$ 14	\$ 288	\$ 15
2014	1,044	408	11	228	15
2013	1,044	408	11	228	15
2012	972	396	11	216	10
2011	972	396	11	216	10
2010	876	372	11	204	10
2009	811	360	11	204	10
2008	811	348	10	204	10
2007	809	324	10	204	10
2006	773	288	10	144	10

**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>Technology Fee</u>	<u>Total Cost</u>	<u>Increase from Prior Year</u>	<u>Semester Credit Hours</u>
\$ 72	\$ 1,937	13.54%	2,877
-	1,706	0.00%	3,366
-	1,706	6.29%	3,876
-	1,605	0.00%	3,852
-	1,605	8.96%	4,234
-	1,473	5.52%	3,531
-	1,396	0.94%	3,433
-	1,383	1.92%	3,233
-	1,357	10.78%	2,738
-	1,225	13.32%	3,785

**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
2015	\$ 3,083,281,070	\$ 165,743,597	\$ 2,917,537,473
2014	2,903,869,194	138,171,442	2,765,697,752
2013	2,870,855,246	96,595,879	2,774,259,367
2012	2,796,227,018	114,145,881	2,682,081,137
2011	2,731,703,393	116,531,309	2,615,172,084
2010	2,659,140,974	126,618,871	2,532,522,103
2009	2,570,555,700	144,139,000	2,426,416,700
2008	2,386,173,918	167,814,765	2,218,359,153
2007	2,075,341,228	116,607,628	1,958,733,600
2006	1,854,903,155	114,170,514	1,740,732,641

**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
94.62%	\$ 3,083,281,070	0.12020	-	0.12020
95.24%	2,903,869,194	0.12020	-	0.12020
96.64%	2,870,855,246	0.11900	-	0.11900
95.92%	2,796,227,018	0.11900	-	0.11900
95.73%	2,731,703,393	0.11900	-	0.11900
95.24%	2,659,140,974	0.11900	-	0.11900
94.39%	2,570,555,700	0.11900	-	0.11900
92.97%	2,386,173,918	0.12000	-	0.12000
94.38%	2,075,341,228	0.13500	-	0.13500
93.84%	1,854,903,155	0.14050	-	0.14050

## Navarro College District

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

	2015	2014	2013	2012
Navarro College District	\$ 0.1202	\$ 0.1202	\$ 0.1190	\$ 0.1190
County:				
Navarro County	0.6270	0.6270	0.6270	0.6270
Cities:				
Barry	0.3851	0.3851	0.3851	0.3661
Blooming Grove	0.4821	0.4821	0.4821	0.4900
Corsicana	0.6272	0.6272	0.6272	0.6272
Dawson	0.4000	0.4000	0.4000	0.4000
Emhouse	0.2943	0.2943	0.2943	0.2943
Frost	0.5573	0.5657	0.5600	0.5300
Goodlow	0.0897	0.0897	0.0897	0.0897
Kerens	0.6817	0.6817	0.6434	0.6434
Rice	0.5500	0.5351	0.4999	0.4700
Richland	0.2330	0.2330	0.2330	0.2189
School Districts:				
Blooming Grove	1.1300	1.1300	1.1300	1.1300
Corsicana	1.2803	1.2803	1.2830	1.2830
Dawson	1.2900	1.2900	1.2900	1.2900
Frost	1.2404	1.2550	1.2550	1.2550
Kerens	1.1100	1.1100	1.1100	1.1100
Mildred	1.2812	1.2980	1.2906	1.2798
Rice	1.3800	1.4200	1.4200	1.4200

**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**

2011	2010	2009	2008	2007	2006
\$ 0.1190	\$ 0.1190	\$ 0.1190	\$ 0.1200	\$ 0.1350	\$ 0.1405
0.6270	0.6270	0.5828	0.5754	0.5973	0.6243
0.3349	0.3393	0.3237	0.3237	0.3279	0.3345
0.4900	0.4859	0.4653	0.4880	0.5000	0.4940
0.6272	0.6272	0.6272	0.6272	0.6272	0.6272
0.4000	0.3783	0.3783	0.3783	0.4143	0.4516
0.3072	0.3072	0.3072	0.3332	0.3332	0.3341
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
0.0897	0.0897	0.0897	0.8970	0.1000	0.1000
0.6434	0.6434	0.6433	0.6329	0.6584	0.6107
0.4700	0.4200	0.3700	0.3100	0.3200	0.3063
0.2056	0.2056	0.2056	0.2068	0.2009	0.2056
1.1300	1.1200	1.1200	1.1231	1.4530	1.5830
1.2830	1.2830	1.2857	1.2850	1.5038	1.6746
1.2900	1.2900	1.2900	1.2900	1.3700	1.5000
1.2550	1.2321	1.2850	1.1550	1.4600	1.5650
1.1100	1.1200	1.1227	1.1000	1.3060	1.4000
1.2798	1.2498	1.2838	1.2427	1.3027	1.4220
1.4200	1.4200	1.4200	1.1809	1.4882	1.5896

**Navarro College District**

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

Taxpayer	Type of Business	Taxable Assessed Value			
		2015	2014	2013	2012
Energy Transfer Fuel LP	Electric Company	\$ 66,068,120	\$ 61,634,770	\$ 73,136,440	\$ 80,588,880
Nalco Company	Energy Services	56,587,750	49,772,120	-	-
Lone Star Transmission	Electric Company	50,788,550	52,908,350	38,442,150	-
Oncor Electric Delivery	Electric Utility	49,835,890	49,116,350	45,617,500	43,840,090
Guardian Industry - Abated	Glass Manufacturer	45,928,470	48,580,980	46,198,430	47,902,205
Seaway Crude Pipeline LP	Oil Distribution	45,366,960	-	-	-
Russell Stover Candies-Abated	Candy Manufacturer	40,899,980	37,232,300	40,755,175	41,788,490
Union Pacific	RR Company	31,648,440	28,615,140	25,687,460	23,181,290
True Value Co. - Non-Abated	Retail Distribution	27,651,750	29,579,080	29,969,010	30,657,820
Pactiv-Foam - Abated	Foam Manufacturer	24,800,084	-	-	-
Sunoco Pipeline LP	Pipeline company	-	20,287,000	21,311,840	21,707,000
Burlington Northern Santa Fe	Rail Road	-	18,882,520	-	-
Magellan Pipeline Co, LP	Pipeline company	-	-	18,925,180	19,588,170
HD USA 5147	Manufacturer	-	-	-	39,242,590
Corsicana Techonologies Inc.	Manufacturer	-	-	43,215,390	32,423,520
National Industrial Portfolio Borrower	Real Estate Investment	-	-	-	-
Guardian Industry	Glass Manufacturer	-	-	-	-
Home Depot	Retail Distribution	-	-	-	-
Pactiv-Foam	Foam Manufacturer	-	-	-	-
Kohl's Distribution	Retail Distribution	-	-	-	-
TXU Electric	Electric Company	-	-	-	-
TXI Operations LP	Manufacturer	-	-	-	-
SouthWestern Bell Telephone	Telephone Company	-	-	-	-
Tru-Serv Corporation- Non-Abated	Retail Distribution	-	-	-	-
Totals		<u>\$ 439,575,994</u>	<u>\$ 396,608,610</u>	<u>\$ 383,258,575</u>	<u>\$ 380,920,055</u>
Net taxable assessed value		<u>\$ 2,917,537,473</u>	<u>\$ 2,765,697,752</u>	<u>\$ 2,774,259,367</u>	<u>\$ 2,682,081,137</u>

Taxable Assessed Value					
2011	2010	2009	2008	2007	2006
\$ 79,919,230	\$ 73,045,150	\$ -	\$ 29,956,070	\$ 20,924,160	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
42,244,260	43,925,930	-	48,008,780	-	-
47,719,270	22,251,050	35,546,950	36,583,990	-	18,249,660
-	-	-	-	-	-
43,777,148	46,518,140	45,322,760	47,028,340	26,029,795	27,311,080
21,388,410	-	-	-	-	13,088,980
32,844,610	32,697,650	36,338,740	25,173,180	24,754,330	-
-	-	-	-	-	7,491,480
-	-	-	-	16,331,100	-
15,374,710	-	-	-	-	-
20,108,295	21,925,300	19,779,490	19,760,200	16,695,070	-
33,662,336	46,870,610	-	-	-	-
24,295,930	25,664,420	26,541,670	-	14,288,340	-
-	36,936,320	18,241,000	19,051,900	-	-
-	28,643,210	16,285,710	31,867,020	35,066,100	30,321,450
-	-	36,383,870	61,084,750	37,313,868	-
-	-	14,423,940	-	-	14,431,380
-	-	12,848,920	19,001,110	-	11,238,160
-	-	-	-	46,825,980	45,837,720
-	-	-	-	13,809,390	-
-	-	-	-	-	11,558,680
-	-	-	-	-	22,615,740
<u>\$ 361,334,199</u>	<u>\$ 378,477,780</u>	<u>\$ 261,713,050</u>	<u>\$ 337,515,340</u>	<u>\$ 252,038,133</u>	<u>\$ 202,144,330</u>
<u>\$ 2,615,172,084</u>	<u>\$ 2,532,522,103</u>	<u>\$ 2,426,416,700</u>	<u>\$ 2,218,359,153</u>	<u>\$ 1,958,733,600</u>	<u>\$ 1,740,732,641</u>

Navarro College District

Principal Taxpayers  
Last Ten Tax Years  
(Continued)

Taxpayer	Type of Business	Taxable Assessed Value			
		2015	2014	2013	2012
Energy Transfer Fuel LP	Electric Company	2.26%	2.23%	2.64%	3.00%
Nalco Company	Energy Services	1.94%	1.80%	-	-
Lone Star Transmission	Electric Company	1.74%	1.91%	1.39%	-
Oncor Electric Delivery	Electric Utility	1.71%	1.78%	1.64%	1.63%
Guardian Industry - Abated	Glass Manufacturer	1.57%	1.76%	1.67%	1.79%
Seaway Crude Pipeline LP	Oil Distribution	1.55%	-	-	-
Russell Stover Candies-Abated	Candy Manufacturer	1.40%	1.35%	1.47%	1.56%
Union Pacific	RR Company	1.08%	1.03%	0.93%	0.86%
True Value Co. - Non-Abated	Retail Distribution	0.95%	1.07%	1.08%	1.14%
Pactiv-Foam - Abated	Foam Manufacturer	0.85%	-	-	-
Sunoco Pipeline LP	Pipeline company	-	0.73%	0.77%	0.81%
Burlington Northern Santa Fe	Rail Road	-	0.68%	-	-
Magellan Pipeline Co, LP	Pipeline company	-	-	0.68%	0.73%
HD USA 5147	Manufacturer	-	-	-	1.46%
Corsicana Techonolgies Inc.	Manufacturer	-	-	1.56%	1.21%
National Industrial Portfolio Borrower	Real Estate Investment	-	-	-	-
Guardian Industry	Glass Manufacturer	-	-	-	-
Home Depot	Retail Distribution	-	-	-	-
Pactiv-Foam	Foam Manufacturer	-	-	-	-
Kohl's Distribution	Retail Distribution	-	-	-	-
TXU Electric	Electric Company	-	-	-	-
TXI Operations LP	Manufacturer	-	-	-	-
SouthWestern Bell Telephone	Telephone Company	-	-	-	-
Tru-Serv Corporation- Non-Abated	Retail Distribution	-	-	-	-
Totals		15.07%	14.34%	13.81%	14.20%

Source: Navarro County Appraisal District

Taxable Assessed Value						
2011	2010	2009	2008	2007	2006	
3.06%	2.88%	-	1.35%	1.07%	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
1.62%	1.73%	-	2.16%	-	-	
1.82%	0.88%	1.46%	1.65%	-	1.05%	
-	-	-	-	-	-	
1.67%	1.84%	1.87%	2.12%	1.33%	1.57%	
0.82%	-	-	-	-	0.75%	
1.26%	1.29%	1.50%	1.13%	1.26%	-	
-	-	-	-	-	0.43%	
-	-	-	-	0.83%	-	
0.59%	-	-	-	-	-	
0.77%	0.87%	0.82%	0.89%	0.85%	-	
1.29%	1.85%	-	-	-	-	
0.93%	1.01%	1.09%	-	0.73%	-	
-	1.46%	0.75%	0.86%	-	-	
-	1.13%	0.67%	1.44%	1.79%	1.74%	
-	-	1.50%	2.75%	1.90%	-	
-	-	0.59%	-	-	0.83%	
-	-	0.53%	0.86%	-	0.65%	
-	-	-	-	2.39%	2.63%	
-	-	-	-	0.71%	-	
-	-	-	-	-	0.66%	
-	-	-	-	-	1.30%	
13.82%	14.94%	10.79%	15.21%	12.87%	11.61%	

**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>
2015	\$ 3,515,366	\$ (10,903)	\$ 3,504,463
2014	3,330,770	(10,479)	3,320,291
2013	3,308,730	(14,354)	3,294,376
2012	3,192,388	(11,443)	3,180,945
2011	3,112,065	(16,103)	3,095,962
2010	3,013,738	(19,450)	2,994,288
2009	2,886,719	(9,280)	2,877,439
2008	2,661,925	(1,264)	2,660,661
2007	2,644,308	2,237	2,646,545
2006	2,445,735	(11,085)	2,434,650

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

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



**Table 8**

Collections - Year of Levy		Collections in Subsequent Years	Total Collections To Date	
Amount	Percent		Amount	Percent
\$ 3,422,644	97.67%	\$ -	\$ 3,422,644	97.67%
3,241,206	97.62%	33,870	3,275,076	98.64%
3,203,423	97.24%	53,802	3,257,225	98.87%
3,087,590	97.07%	45,575	3,133,165	98.50%
2,999,249	96.88%	44,432	3,043,681	98.31%
2,887,898	96.45%	50,764	2,938,662	98.14%
2,770,640	96.29%	41,687	2,812,327	97.74%
2,568,362	96.53%	46,546	2,614,908	98.28%
2,571,228	97.15%	42,252	2,613,480	98.75%
2,347,645	96.43%	46,751	2,394,396	98.35%

**Navarro College District**

Ratios of Outstanding Debt  
Last Ten Fiscal Years  
(Unaudited)

	August 31,			
	2015	2014	2013 (2)	2012 (2)
<b>General Bonded Debt</b>				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
<b>Other Debt</b>				
Revenue bonds	25,216,060	27,667,376	30,043,692	32,420,009
Notes payable	-	-	-	-
Loans payable	1,200,000	1,275,000	1,275,000	1,500,000
Capital lease obligations	3,450,000	3,496,116	3,651,116	3,801,116
Total other debt	<u>29,866,060</u>	<u>32,438,492</u>	<u>34,969,808</u>	<u>37,721,125</u>
Total outstanding debt	<u>\$ 29,866,060</u>	<u>\$ 32,438,492</u>	<u>\$ 34,969,808</u>	<u>\$ 37,721,125</u>
<b>Total Outstanding Debt Ratios</b>				
Per capita	\$ 620	\$ 675	\$ 700	\$ 785
Per student	1,830	1,905	1,996	2,051
As a percentage of taxable assessed value	1.02%	1.17%	1.26%	1.41%
As a percentage of personal income	1.58%	1.86%	2.08%	2.37%

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

- (1) Fiscal years 2011 and 2010 were restated to properly report total outstanding debt.
- (2) Fiscal years 2013 and 2012 were restated for implementation of GASBS No. 65

**Source:** Navarro College District Finance Department

**Table 9**

August 31,					
2011 (1)	2010 (1)	2009	2008	2007	2006
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26,860,000	27,925,000	29,033,705	25,882,413	26,781,121	23,740,000
-	-	37,302	97,994	154,547	254,122
1,500,000	750,000	-	-	-	-
<u>3,941,116</u>	<u>4,076,116</u>	<u>4,201,116</u>	<u>4,321,116</u>	<u>4,436,116</u>	<u>4,696,384</u>
<u>32,301,116</u>	<u>32,751,116</u>	<u>33,272,123</u>	<u>30,301,523</u>	<u>31,371,784</u>	<u>28,690,506</u>
<u>\$ 32,301,116</u>	<u>\$ 32,751,116</u>	<u>\$ 33,272,123</u>	<u>\$ 30,301,523</u>	<u>\$ 31,371,784</u>	<u>\$ 28,690,506</u>
\$ 677	\$ 662	\$ 673	\$ 613	\$ 635	\$ 591
1,711	1,892	2,313	2,387	2,644	2,560
1.24%	1.29%	1.37%	1.37%	1.60%	1.65%
2.15%	2.31%	2.35%	2.34%	2.62%	2.47%

**Navarro College District**

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

	For the Year Ended August 31,			
	2015	2014	2013	2012
Taxable Assessed Value	<u>\$ 2,917,537,473</u>	<u>\$ 2,765,697,752</u>	<u>\$ 2,774,259,367</u>	<u>\$ 2,682,081,137</u>
<b>General Obligation Bonds</b>				
Statutory tax levy limit for debt service	\$ 14,587,687	\$ 13,828,489	\$ 13,871,297	\$ 13,410,406
Current year debt service requirements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of statutory limit for debt service over current requirements	<u>\$ 14,587,687</u>	<u>\$ 13,828,489</u>	<u>\$ 13,871,297</u>	<u>\$ 13,410,406</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,					
2011	2010	2009	2008	2007	2006
<u>\$ 2,615,172,084</u>	<u>\$ 2,532,522,103</u>	<u>\$ 2,426,416,700</u>	<u>\$ 2,218,359,153</u>	<u>\$ 1,958,733,600</u>	<u>\$ 1,740,732,641</u>
\$ 13,075,860	\$ 12,662,611	\$ 12,132,084	\$ 11,091,796	\$ 9,793,668	\$ 8,703,663
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 13,075,860</u>	<u>\$ 12,662,611</u>	<u>\$ 12,132,084</u>	<u>\$ 11,091,796</u>	<u>\$ 9,793,668</u>	<u>\$ 8,703,663</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
2015	\$ 340,350	\$ 4,203,104	\$ 5,564,752	\$ 1,434,881	\$ 9,022,999	\$ 8,096,722
2014	346,658	3,753,843	5,344,521	1,411,318	10,207,759	9,343,962
2013	348,578	3,816,433	5,624,975	1,477,931	10,545,568	8,923,321
2012	364,230	4,067,828	6,016,339	1,497,785	10,946,951	9,656,662
2011	374,798	3,950,605	5,863,890	1,535,992	10,844,702	9,476,634
2010	349,388	3,667,746	5,125,658	1,396,781	9,738,995	7,875,098
2009	316,725	3,080,219	4,129,212	1,151,811	8,977,605	6,993,133
2008	263,580	2,775,032	3,456,736	939,215	7,707,995	6,569,444
2007	263,768	1,982,253	2,902,250	820,493	7,138,751	5,965,548
2006	237,668	1,638,960	2,501,509	764,721	6,892,938	5,593,455

**Notes:**

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

**Table 11**

			Debt Service Requirements			Coverage Ratio
Net Available	Interest Income	Total	Principal	Interest	Total	
\$ 12,469,364	\$ 93,269	\$ 12,562,633	\$ 2,460,000	\$ 942,574	\$ 3,402,574	3.69
11,720,137	129,125	11,849,262	2,385,000	1,019,449	3,404,449	3.48
12,890,164	160,404	13,050,568	2,310,000	1,088,537	3,398,537	3.84
13,236,471	146,902	13,383,373	1,105,000	1,408,472	2,513,472	5.32
13,093,353	153,555	13,246,908	1,065,000	1,281,713	2,346,713	5.64
12,403,470	119,094	12,522,564	1,055,000	1,326,249	2,381,249	5.26
10,662,439	205,251	10,867,690	870,000	1,178,089	2,048,089	5.31
8,573,114	322,120	8,895,234	845,000	1,205,495	2,050,495	4.34
7,141,967	364,969	7,506,936	670,000	1,107,889	1,777,889	4.22
6,442,341	263,299	6,705,640	300,000	952,620	1,252,620	5.35





**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
2014	48,195	\$ 1,887,318,000	\$ 39,245	5.2%
2013	48,038	1,740,921,000	36,985	5.2%
2012	49,979	1,678,534,727	34,725	7.9%
2011	48,054	1,591,179,000	33,112	9.2%
2010	47,735	1,503,732,000	31,467	9.7%
2009	49,440	1,414,882,000	29,734	9.0%
2008	49,456	1,417,643,000	29,903	8.0%
2007	49,396	1,296,533,000	26,559	5.0%
2006	49,440	1,196,242,000	24,522	5.7%
2005	48,525	1,160,593,000	24,099	5.4%

**Source:** Texas Workforce Commission

**Note:** The 2014 amounts are not yet available.

Navarro College District

Principal Employers  
Last Ten Fiscal Years  
(Unaudited)

Employer	2015		2014		2013		2012	
	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)	1,090	5.02%	1,106	5.21%	1,134	5.50%	1,107	5.43%
Russell Stover Candies (seasonal)	850	3.91%	850	4.00%	795	3.85%	680	3.34%
Corsicana ISD	811	3.73%	811	3.82%	800	3.88%	811	3.98%
Watkins Construction	500	2.30%	-	0.00%	-	0.00%	-	0.00%
Navarro Regional Hospital	350	1.61%	350	1.65%	385	1.87%	354	1.74%
Walmart Super Center	350	1.61%	-	0.00%	-	0.00%	-	0.00%
Guardian Industries, Corp.	318	1.46%	318	1.50%	360	1.75%	318	1.56%
Kohl's Distribution Center	315	1.45%	315	1.48%	333	1.61%	200	0.98%
Navarro County	284	1.31%	284	1.34%	300	1.45%	284	1.39%
City of Corsicana (includes part time)	284	1.31%	284	1.34%	277	1.34%	284	1.39%
Corsicana Bedding	257	1.18%	257	1.21%	449	2.18%	257	1.26%
Oil City Iron Works	255	1.17%	255	1.20%	212	1.03%	172	0.84%
Tru-Serve Distribution Center	180	0.83%	180	0.85%	165	0.80%	149	0.73%
Collin Street Bakery (seasonal)	150	0.69%	150	0.71%	379	1.84%	150	0.74%
Heritage Oaks/Heritage Oaks West	72	0.33%	72	0.34%	245	1.19%	236	1.16%
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%
Trinity Mother Francis Medical Center	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Home Depot Distribution Center (Closed Corsicana Facility)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>Total</b>	<b>6,066</b>	<b>27.92%</b>	<b>5,232</b>	<b>24.63%</b>	<b>5,834</b>	<b>28.28%</b>	<b>5,002</b>	<b>24.54%</b>

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

Table 13

2011		2010		2009		2008		2007		2006	
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
1,064	5.33%	982	4.95%	950	4.75%	886	4.52%	851	4.31%	827	3.97%
680	3.41%	680	3.43%	825	4.12%	825	4.20%	825	4.18%	859	4.12%
811	4.07%	811	4.09%	802	4.01%	802	4.09%	802	4.06%	879	4.22%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
354	1.77%	354	1.78%	350	1.75%	350	1.78%	350	1.77%	377	1.81%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
318	1.59%	318	1.60%	390	1.95%	390	1.99%	390	1.98%	367	1.76%
200	1.00%	200	1.01%	200	1.00%	200	1.02%	200	1.01%	175	0.84%
284	1.42%	284	1.43%	284	1.42%	284	1.45%	284	1.44%	282	1.35%
284	1.42%	284	1.43%	336	1.68%	304	1.55%	304	1.54%	335	1.61%
257	1.29%	257	1.30%	190	0.95%	190	0.97%	190	0.96%	180	0.86%
172	0.86%	172	0.87%	200	1.00%	200	1.02%	200	1.01%	224	1.08%
149	0.75%	149	0.75%	152	0.76%	152	0.77%	152	0.77%	150	0.72%
150	0.75%	150	0.76%	766	3.83%	766	3.90%	766	3.88%	700	3.36%
236	1.18%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
216	1.08%	216	1.09%	250	1.25%	250	1.27%	250	1.27%	-	0.00%
148	0.74%	148	0.75%	170	0.85%	170	0.87%	170	0.86%	146	0.70%
-	0.00%	156	0.79%	156	0.78%	156	0.80%	156	0.79%	120	0.58%
145	0.73%	145	0.73%	250	1.25%	155	0.79%	155	0.79%	-	0.00%
<u>5,468</u>	<u>27.41%</u>	<u>5,306</u>	<u>26.75%</u>	<u>6,271</u>	<u>31.33%</u>	<u>6,080</u>	<u>30.99%</u>	<u>6,045</u>	<u>30.62%</u>	<u>5,621</u>	<u>26.98%</u>

**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
2015	16,262,313	16,316	\$ 997
2014	16,319,691	17,028	958
2013	15,861,991	17,518	905
2012	15,639,707	18,392	850
2011	14,070,243	18,877	745
2010	14,447,465	17,311	835
2009	12,465,236	14,384	867
2008	12,124,659	12,697	955
2007	10,587,066	11,866	892
2006	10,587,066	11,207	945

**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
3,057,872	1,647,476	4,705,348	\$ 3.46
3,258,256	1,616,032	4,874,288	3.35
3,392,912	1,675,572	5,068,484	3.13
3,634,186	1,612,596	5,246,782	2.98
3,682,160	1,833,744	5,515,904	2.55
3,371,872	1,683,760	5,055,632	2.86
2,759,980	1,476,690	4,236,670	2.94
2,512,272	1,191,867	3,704,139	3.27
2,457,624	895,344	3,352,968	3.16
2,450,256	713,896	3,164,152	3.35

**Navarro College District**

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

	2015	2014	2013	2012
<b>Faculty</b>				
Full-Time	128	127	121	122
Part-Time	405	415	446	540
Total	533	542	567	662
Full-Time	24.0%	23.4%	21.3%	18.4%
Part-Time	76.0%	76.6%	78.7%	81.6%
Total	100.0%	100.0%	100.0%	100.0%
Average Annual Faculty Salary	\$ 54,396	\$ 55,602	\$ 53,781	\$ 52,681
<b>Staff and Administrators</b>				
Full-Time	244	244	252	231
Part-Time	94	79	71	94
Total	338	323	323	325
Full-Time	72.2%	75.5%	78.0%	71.1%
Part-Time	27.8%	24.5%	22.0%	28.9%
Total	100.0%	100.0%	100.0%	100.0%

**Table 15**

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
122	123	113	112	112	105
<u>355</u>	<u>364</u>	<u>355</u>	<u>361</u>	<u>326</u>	<u>312</u>
<u>477</u>	<u>487</u>	<u>468</u>	<u>473</u>	<u>438</u>	<u>417</u>
25.6%	25.3%	24.1%	23.7%	25.6%	25.2%
<u>74.4%</u>	<u>74.7%</u>	<u>75.9%</u>	<u>76.3%</u>	<u>74.4%</u>	<u>74.8%</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>\$ 52,138</u>	<u>\$ 50,232</u>	<u>\$ 51,678</u>	<u>\$ 47,585</u>	<u>\$ 49,393</u>	<u>\$ 45,427</u>
230	214	208	196	187	176
<u>95</u>	<u>100</u>	<u>31</u>	<u>132</u>	<u>110</u>	<u>42</u>
<u>325</u>	<u>314</u>	<u>239</u>	<u>328</u>	<u>297</u>	<u>218</u>
70.8%	68.2%	87.0%	59.8%	63.0%	80.7%
<u>29.2%</u>	<u>31.8%</u>	<u>13.0%</u>	<u>40.2%</u>	<u>37.0%</u>	<u>19.3%</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 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Student Classification</b>								
00-30 hours	7,036	70.37%	7,353	71.69%	7,060	69.91%	7,271	69.69%
31-60 hours	1,895	18.95%	1,871	18.24%	1,958	19.39%	2,022	19.38%
> 60 hours	1,068	10.68%	1,033	10.07%	1,080	10.70%	1,140	10.93%
<b>Total</b>	<b>9,999</b>	<b>100.00%</b>	<b>10,257</b>	<b>100.00%</b>	<b>10,098</b>	<b>100.00%</b>	<b>10,433</b>	<b>100.00%</b>
<b>Semester Hour Load</b>								
Less than 3	220	2.20%	251	2.45%	201	1.99%	171	1.64%
3-5 semester hours	1,902	19.02%	1,717	16.74%	1,592	15.77%	1,646	15.78%
6-8 semester hours	2,345	23.45%	2,236	21.80%	2,173	21.52%	2,176	20.86%
9-11 semester hours	1,588	15.88%	1,604	15.64%	1,422	14.08%	1,514	14.51%
12-14 semester hours	2,561	25.61%	2,739	26.70%	2,866	28.38%	3,118	29.89%
15-17 semester hours	1,102	11.02%	1,411	13.76%	1,480	14.66%	1,460	13.99%
18 & over	281	2.81%	299	2.92%	364	3.60%	348	3.34%
<b>Total</b>	<b>9,999</b>	<b>100.00%</b>	<b>10,257</b>	<b>100.00%</b>	<b>10,098</b>	<b>100.00%</b>	<b>10,433</b>	<b>100.00%</b>
<b>Tuition Status</b>								
Texas Resident (in-District)	1,814	18.14%	1,927	18.79%	1,922	19.03%	1,996	19.13%
Texas Resident (out-of-District)	7,920	79.21%	8,052	78.50%	7,883	78.06%	8,102	77.66%
Non-Resident Tuition	265	2.65%	278	2.71%	293	2.90%	335	3.21%
<b>Total</b>	<b>9,999</b>	<b>100.00%</b>	<b>10,257</b>	<b>100.00%</b>	<b>10,098</b>	<b>100.00%</b>	<b>10,433</b>	<b>100.00%</b>



Table 16

Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
7,311	71.92%	6,701	72.84%	6,191	74.34%	5,410	71.56%	6,593	89.02%	5,204	80.67%
1,841	18.11%	1,615	17.55%	1,403	16.85%	1,461	19.33%	406	5.48%	764	11.84%
1,014	9.97%	884	9.61%	734	8.81%	689	9.11%	407	5.50%	483	7.49%
<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>	<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>
159	1.56%	94	1.02%	673	8.08%	385	5.09%	512	6.91%	27	0.42%
1,820	17.90%	1,769	19.23%	1,458	17.51%	1,494	19.76%	1,451	19.59%	1,214	18.82%
1,998	19.65%	1,856	20.17%	1,530	18.37%	1,414	18.70%	1,267	17.11%	1,131	17.53%
1,402	13.79%	1,198	13.02%	1,014	12.18%	885	11.71%	842	11.37%	737	11.42%
2,987	29.38%	2,532	27.52%	2,034	24.42%	1,948	25.77%	2,001	27.02%	2,076	32.18%
1,409	13.86%	1,361	14.79%	1,296	15.56%	1,148	15.19%	1,070	14.45%	980	15.19%
391	3.85%	390	4.24%	323	3.88%	286	3.78%	263	3.55%	286	4.43%
<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>	<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>
2,028	19.95%	1,816	19.74%	1,777	21.34%	1,645	21.76%	1,729	23.35%	1,348	20.90%
7,830	77.02%	7,131	77.51%	6,304	75.70%	5,669	74.99%	5,392	72.81%	4,791	74.27%
308	3.03%	253	2.75%	247	2.97%	246	3.25%	285	3.85%	312	4.84%
<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>	<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>

**Navarro College District**

Student Profile  
Last Ten Fiscal Years  
(Unaudited)

	Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Gender</b>								
Female	5,904	59.05%	6,103	59.50%	6,087	60.28%	6,379	61.14%
Male	4,095	40.95%	4,154	40.50%	4,011	39.72%	4,054	38.86%
Total	<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>
<b>Ethnic Origin</b>								
White	5,710	57.11%	5,672	55.30%	5,759	57.03%	6,048	57.97%
Hispanic	1,795	17.95%	1,929	18.81%	1,774	17.57%	1,639	15.71%
African American	2,109	21.09%	2,333	22.75%	2,200	21.79%	2,375	22.76%
Asian	74	0.74%	70	0.68%	54	0.53%	44	0.42%
Foreign	131	1.31%	129	1.26%	159	1.57%	174	1.67%
Native American	62	0.62%	47	0.46%	61	0.60%	53	0.51%
Other	118	1.18%	77	0.75%	91	0.90%	100	0.96%
Total	<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>
<b>Age</b>								
Under 18	2,474	24.74%	2,428	23.67%	2,206	21.85%	1,891	18.13%
18 - 21	3,855	38.55%	4,052	39.50%	3,959	39.21%	4,204	40.30%
22 - 24	905	9.05%	923	9.00%	972	9.63%	1,050	10.06%
25 - 35	1,587	15.87%	1,657	16.15%	1,704	16.87%	1,924	18.44%
36 - 50	927	9.27%	933	9.10%	1,014	10.04%	1,112	10.66%
51 & over	251	2.51%	264	2.57%	243	2.41%	252	2.42%
Total	<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>
<b>Average Age</b>	23		23		24		24	

Table 17

Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
6,218	61.16%	5,643	61.34%	5,147	61.80%	4,733	62.61%	4,583	61.88%	4,006	62.10%
3,948	38.84%	3,557	38.66%	3,181	38.20%	2,827	37.39%	2,823	38.12%	2,445	37.90%
<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>	<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>
6,151	60.51%	5,636	61.26%	5,303	63.68%	4,842	64.05%	4,802	64.84%	4,170	64.64%
1,492	14.68%	1,363	14.82%	1,183	14.21%	1,451	19.19%	1,332	17.99%	701	10.87%
2,171	21.36%	1,903	20.68%	1,567	18.82%	995	13.16%	956	12.91%	1,295	20.07%
26	0.26%	87	0.95%	67	0.80%	56	0.74%	71	0.96%	48	0.74%
164	1.61%	153	1.66%	156	1.87%	160	2.12%	183	2.47%	204	3.16%
71	0.70%	52	0.57%	52	0.62%	53	0.70%	50	0.68%	33	0.51%
91	0.90%	6	0.07%	-	0.00%	3	0.04%	12	0.16%	-	0.00%
<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>	<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>
1,848	18.18%	1,917	20.84%	2,138	25.67%	1,750	23.15%	1,854	25.03%	1,029	15.95%
4,131	40.64%	3,723	40.47%	3,313	39.78%	3,079	40.73%	2,984	40.29%	2,939	45.56%
990	9.74%	969	10.53%	756	9.08%	654	8.65%	651	8.79%	668	10.35%
1,874	18.43%	1,534	16.67%	1,211	14.54%	1,177	15.57%	1,110	14.99%	1,091	16.91%
1,065	10.48%	898	9.76%	780	9.37%	762	10.08%	702	9.48%	617	9.56%
258	2.54%	159	1.73%	130	1.56%	138	1.83%	105	1.42%	107	1.66%
<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>	<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>
24		23		23		23		23		24	

**Navarro College District**

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

Name	2013 - 2014 Graduate as of Fall 2014				
	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	10	1	1	12	0.77%
2 Lamar University	11	-	-	11	0.71%
3 Midwestern State University	17	1	1	19	1.22%
4 Prairie View A&M University	3	2	1	6	0.39%
5 Sam Houston State University	76	4	2	82	5.27%
6 Stephen F. Austin State University	61	7	4	72	4.62%
7 Sul Ross State University	1	-	-	1	0.06%
8 Sul Ross State University - Rio Grande College	-	-	-	-	0.00%
9 Tarleton State University	149	11	7	167	10.73%
10 Texas A&M International University	-	-	1	1	0.06%
11 Texas A&M University	150	5	5	160	10.28%
12 Texas A&M University at Commerce	182	20	15	217	13.94%
13 Texas A&M University at Corpus Christi	8	1	1	10	0.64%
14 Texas A&M University at Galveston	7	-	1	8	0.51%
15 Texas A&M University at Kingsville	7	1	-	8	0.51%
16 Texas Southern University	6	-	1	7	0.45%
17 Texas State University	101	5	2	108	6.94%
18 Texas Tech University	86	7	1	94	6.04%
19 Texas Woman's University	44	4	-	48	3.08%
20 The University of Texas - Pan American	2	-	-	2	0.13%
21 The University of Texas at Arlington	195	19	8	222	14.26%
22 The University of Texas at Austin	30	1	2	33	2.12%
23 The University of Texas at Dallas	22	-	1	23	1.48%
24 The University of Texas at El Paso	0	-	-	0	0.00%
25 The University of Texas at San Antonio	11	-	-	11	0.71%
26 The University of Texas at Tyler	40	3	1	44	2.83%
27 The University of Texas of the Permian Basin	4	-	-	4	0.26%
28 University of Houston	19	-	1	20	1.28%
29 University of Houston at Downtown	2	1	-	3	0.19%
30 University of Houston at Victoria	3	-	1	4	0.26%
31 University of North Texas	115	2	3	120	7.71%
32 University of North Texas at Dallas	29	2	1	32	2.06%
33 West Texas A&M University	5	3	-	8	0.51%
Totals	<u>1,396</u>	<u>100</u>	<u>61</u>	<u>1,557</u>	<u>100.00%</u>

**Source:** Texas Higher Education Coordinating Board

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

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

2012 - 2013 Graduate as of Fall 2013					2011 - 2012 Graduate as of Fall 2012				
Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
Academic	Technical	Tech-Prep			Academic	Technical	Tech-Prep		
9	2	2	13	0.87%	4	1	-	5	0.32%
7	-	2	9	0.60%	5	-	1	6	0.39%
7	-	1	8	0.54%	11	2	1	14	0.91%
6	2	0	8	0.54%	8	2	1	11	0.71%
104	5	5	114	7.63%	77	6	5	88	5.70%
64	3	2	69	4.62%	86	7	6	99	6.41%
-	1	-	1	0.07%	1	-	-	1	0.06%
-	-	-	-	0.00%	-	-	-	-	0.00%
151	14	13	178	11.91%	125	9	5	139	9.00%
-	-	-	0	0.00%	-	-	-	-	0.00%
136	6	7	149	9.97%	144	7	5	156	10.10%
185	15	3	203	13.59%	230	12	11	253	16.39%
16	-	1	17	1.14%	13	2	-	15	0.97%
3	-	-	3	0.20%	5	-	-	5	0.32%
2	3	-	5	0.33%	1	1	-	2	0.13%
5	-	1	6	0.40%	5	-	-	5	0.32%
77	-	2	79	5.29%	55	-	2	57	3.69%
66	4	2	72	4.82%	63	4	5	72	4.66%
35	4	2	41	2.74%	44	5	2	51	3.30%
2	-	1	3	0.20%	-	-	-	-	0.00%
169	24	8	201	13.45%	194	15	8	217	14.05%
40	1	2	43	2.88%	57	2	1	60	3.89%
33	1	-	34	2.28%	20	1	2	23	1.49%
-	-	-	-	0.00%	-	-	-	-	0.00%
8	1	-	9	0.60%	13	-	1	14	0.91%
38	6	-	44	2.95%	50	3	1	54	3.50%
7	1	-	8	0.54%	11	-	-	11	0.71%
14	-	-	14	0.94%	5	1	1	7	0.45%
2	-	-	2	0.13%	4	-	1	5	0.32%
-	-	-	-	0.00%	-	1	-	1	0.06%
122	7	6	135	9.04%	122	4	4	130	8.42%
20	-	1	21	1.41%	27	3	5	35	2.27%
5	-	-	5	0.33%	7	1	-	8	0.52%
<u>1,333</u>	<u>100</u>	<u>61</u>	<u>1,494</u>	<u>100.00%</u>	<u>1,387</u>	<u>89</u>	<u>68</u>	<u>1,544</u>	<u>100.00%</u>

**Navarro College District**

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

Name	2010 - 2011 Graduate as of Fall 2011				
	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	-	1	10	0.68%
2 Lamar University	12	1	-	13	0.89%
3 Midwestern State University	8	1	1	10	0.68%
4 Prairie View A&M University	5	2	2	9	0.61%
5 Sam Houston State University	79	5	7	91	6.20%
6 Stephen F. Austin State University	75	6	6	87	5.93%
7 Sul Ross State University	1	-	-	1	0.07%
8 Sul Ross State University - Rio Grande College	-	-	-	-	0.00%
9 Tarleton State University	74	7	6	87	5.93%
10 Texas A&M International University	-	-	-	-	0.00%
11 Texas A&M University	117	6	7	130	8.86%
12 Texas A&M University at Commerce	266	12	15	293	19.97%
13 Texas A&M University at Corpus Christi	7	-	-	7	0.48%
14 Texas A&M University at Galveston	6	-	-	6	0.41%
15 Texas A&M University at Kingsville	2	1	-	3	0.20%
16 Texas Southern University	6	-	-	6	0.41%
17 Texas State University	65	2	1	68	4.64%
18 Texas Tech University	68	3	6	77	5.25%
19 Texas Woman's University	32	4	3	39	2.66%
20 The University of Texas - Pan American	1	-	1	2	0.14%
21 The University of Texas at Arlington	166	17	10	193	13.16%
22 The University of Texas at Austin	55	1	7	63	4.29%
23 The University of Texas at Dallas	24	-	-	24	1.64%
24 The University of Texas at El Paso	1	-	-	1	0.07%
25 The University of Texas at San Antonio	15	-	-	15	1.02%
26 The University of Texas at Tyler	41	4	2	47	3.20%
27 The University of Texas of the Permian Basin	2	-	-	2	0.14%
28 University of Houston	22	-	1	23	1.57%
29 University of Houston at Downtown	2	-	-	2	0.14%
30 University of Houston at Victoria	-	-	-	-	0.00%
31 University of North Texas	110	5	8	123	8.38%
32 University of North Texas at Dallas	23	-	1	24	1.64%
33 West Texas A&M University	9	1	1	11	0.75%
<b>Totals</b>	<b>1,303</b>	<b>78</b>	<b>86</b>	<b>1,467</b>	<b>100.00%</b>

**Source:** Texas Higher Education Coordinating Board

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

2009 - 2010 Graduate as of Fall 2010					2008 - 2009 Graduate as of Fall 2009				
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		
10	3	1	14	0.94%	10	1	1	12	0.87%
8	1	-	9	0.61%	8	1	-	9	0.65%
9	-	2	11	0.74%	12	3	2	17	1.23%
7	3	-	10	0.67%	5	-	2	7	0.51%
85	9	4	98	6.60%	81	2	6	89	6.45%
69	2	8	79	5.32%	67	2	5	74	5.36%
2	-	-	2	0.13%	2	-	2	4	0.29%
-	-	-	-	0.00%	-	-	-	-	0.00%
53	9	5	67	4.51%	63	2	10	75	5.43%
-	-	-	-	0.00%	-	-	-	-	0.00%
119	3	6	128	8.63%	125	4	6	135	9.78%
301	4	9	314	21.16%	257	5	11	273	19.78%
6	2	2	10	0.67%	7	2	1	10	0.72%
4	1	-	5	0.34%	6	-	-	6	0.43%
3	-	-	3	0.20%	-	-	-	-	0.00%
7	-	1	8	0.54%	4	1	-	5	0.36%
49	5	4	58	3.91%	41	2	2	45	3.26%
72	1	6	79	5.32%	68	-	5	73	5.29%
22	2	-	24	1.62%	13	4	1	18	1.30%
1	-	-	1	0.07%	1	-	1	2	0.14%
178	24	9	211	14.22%	189	7	7	203	14.71%
62	2	9	73	4.92%	57	-	3	60	4.35%
13	-	4	17	1.15%	17	1	2	20	1.45%
1	-	-	1	0.07%	-	-	-	-	0.00%
8	2	1	11	0.74%	4	-	-	4	0.29%
35	4	5	44	2.96%	41	1	2	44	3.19%
1	-	-	1	0.07%	1	-	-	1	0.07%
14	-	-	14	0.94%	6	-	1	7	0.51%
1	-	-	1	0.07%	1	-	-	1	0.07%
1	-	-	1	0.07%	1	-	-	1	0.07%
133	2	12	147	9.91%	135	-	9	144	10.43%
31	3	2	36	2.43%	26	4	3	33	2.39%
5	1	1	7	0.47%	6	1	1	8	0.58%
<u>1,310</u>	<u>83</u>	<u>91</u>	<u>1,484</u>	<u>100.00%</u>	<u>1,254</u>	<u>43</u>	<u>83</u>	<u>1,380</u>	<u>100.00%</u>





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

Name	2007 - 2008 Graduate as of Fall 2008				
	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	7	2	-	9	0.67%
2 Lamar University	9	1	1	11	0.82%
3 Midwestern State University	16	1	1	18	1.35%
4 Prairie View A&M University	3	-	2	5	0.37%
5 Sam Houston State University	77	3	5	85	6.36%
6 Stephen F. Austin State University	57	-	3	60	4.49%
7 Sul Ross State University	1	-	-	1	0.07%
8 Sul Ross State University - Rio Grande College	-	-	-	-	0.00%
9 Tarleton State University	66	4	9	79	5.91%
10 Texas A&M International University	-	-	-	-	0.00%
11 Texas A&M University	125	-	8	133	9.95%
12 Texas A&M University at Commerce	270	5	8	283	21.17%
13 Texas A&M University at Corpus Christi	4	1	1	6	0.45%
14 Texas A&M University at Galveston	2	-	-	2	0.15%
15 Texas A&M University at Kingsville	3	-	-	3	0.22%
16 Texas Southern University	7	-	1	8	0.60%
17 Texas State University	50	-	3	53	3.96%
18 Texas Tech University	65	-	2	67	5.01%
19 Texas Woman's University	20	4	1	25	1.87%
20 The University of Texas - Pan American	-	-	1	1	0.07%
21 The University of Texas at Arlington	149	9	7	165	12.34%
22 The University of Texas at Austin	56	1	3	60	4.49%
23 The University of Texas at Dallas	11	-	2	13	0.97%
24 The University of Texas at El Paso	1	-	-	1	0.07%
25 The University of Texas at San Antonio	6	-	1	7	0.52%
26 The University of Texas at Tyler	42	1	3	46	3.44%
27 The University of Texas of the Permian Basin	-	-	-	-	0.00%
28 University of Houston	8	-	1	9	0.67%
29 University of Houston at Downtown	1	-	-	1	0.07%
30 University of Houston at Victoria	-	-	-	-	0.00%
31 University of North Texas	174	2	6	182	13.61%
32 University of North Texas at Dallas	-	-	-	-	0.00%
33 West Texas A&M University	4	-	-	4	0.30%
<b>Totals</b>	<b>1,234</b>	<b>34</b>	<b>69</b>	<b>1,337</b>	<b>100.00%</b>

**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)

	2015	2014	2013	2012
<b>Academic buildings</b>	22	22	15	14
Square footage (in thousands)	355,002	355,002	321,117	300,786
<b>Libraries</b>	3	3	3	3
Square footage (in thousands)	29,540	29,540	29,540	29,540
Number of Volumes (in thousands)	59,898	60,894	60,078	59,012
<b>Administrative and support buildings</b>	5	5	3	3
Square footage (in thousands)	108,847	104,287	95,819	95,819
<b>Dormitories/Apartments</b>	24	24	24	24
Square footage (in thousands)	169,304	169,304	169,304	169,304
Number of Beds	860	860	883	883
<b>Dining Facilities</b>	2	2	1	1
Square footage (in thousands)	25,100	25,100	22,100	22,100
Average daily customers	1,302	1,450	1,108	1,008
<b>Athletic Facilities</b>	7	7	7	5
Square footage (in thousands)	81,708	81,708	81,708	66,416
Gymnasiums/Weight Room	2	2	2	2
Tennis Court	-	-	-	-
<b>Physical Plant Facilities</b>	3	3	2	1
Square footage (in thousands)	23,023	23,023	16,030	9,492
<b>Transportation</b>	48	48	43	45
Cars	11	11	12	14
Light Trucks/Vans	33	33	27	27
Buses	4	4	4	4

**Table 19**

2011	2010	2009	2008	2007	2006
14	12	12	12	10	10
300,786	260,737	260,737	260,737	228,522	228,522
3	3	3	3	1	1
29,540	29,540	29,998	29,998	28,000	28,000
61,226	62,337	61,208	53,669	53,055	65,000
3	2	2	2	2	2
95,819	90,897	90,897	90,897	90,897	90,897
23	23	23	22	22	21
156,254	156,254	156,254	150,362	150,362	145,422
819	819	850	818	816	815
1	1	1	1	1	1
22,100	22,100	22,100	22,100	22,100	22,100
1,037	973	951	904	861	861
5	5	5	5	5	5
66,416	66,416	66,416	66,416	66,416	66,416
2	2	2	2	2	2
-	-	-	0	3	3
1	1	1	1	1	1
9,492	9,492	9,492	9,492	9,492	9,492
40	34	33	35	34	34
12	7	7	7	4	4
24	23	23	25	27	27
4	4	3	3	3	3



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



**REPORT OF INDEPENDENT AUDITORS 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, 2015, 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 14, 2015. 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*.

### **Internal Control Over Financial Reporting**

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

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

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

To the Board of Trustees  
Navarro College District

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Whitley Penn LLP*

Houston, Texas  
December 14, 2015



**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY OMB CIRCULAR A-133 AND TEXAS SINGLE AUDIT CIRCULAR (UNIFORM GRANT  
MANAGEMENT STANDARDS)**

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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts and grants 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; the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State of Texas Single Audit Circular (Uniform Grant Management Standards)*. Those standards, OMB Circular A-133, 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, 2015.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with OMB Circular A-133 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 #2014-001. Our opinion on each major federal and state program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. 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 OMB Circular A-133 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as #2014-001 to be a significant deficiency.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying schedule

To the Board of Trustees  
Navarro College District

of findings and questioned costs that we consider to be a significant deficiency and is listed as finding #2014-001.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. 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.

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 OMB Circular A-133 and State of Texas Single Audit Circular (Uniform Grant Management Standards). Accordingly, this report is not suitable for any other purpose.

*Whitley Penn LLP*

Houston, Texas  
December 14, 2015

**NAVARRO COLLEGE DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended August 31, 2015**

**I - Summary of Auditors' Results**

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?      \_\_\_\_\_ yes        x   no

Significant control deficiency(ies) identified?      \_\_\_\_\_ yes        x   none reported

Noncompliance material to financial statements noted?      \_\_\_\_\_ yes        x   no

***Federal and State Awards***

Internal control over major programs:

Material weakness(es) identified?      \_\_\_\_\_ yes        x   no

Significant control deficiency(ies) identified?        x   yes      \_\_\_\_\_ none reported

#2014-001

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 section 510(a) 2-7 of Circular A-133 and the Uniform Grant Management Standards?      \_\_\_\_\_ yes        x   no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grant Program
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.379	Teacher Education Assistance for College and Higher Education
84.042A	TRIO - Student Support Services

Identification of major state programs:

<u>Name of State Program</u>
Texas College Work Study
Texas Education Opportunity Grant
Jobs and Education for Texans-Equipment Petroleum

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

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

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

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

# NAVARRO COLLEGE DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

### II - Financial Statement Findings

None noted.

### III - Federal Award Findings

#### **Finding #2014-001** Compliance and Internal Control Over Compliance – Return of Title IV Funds

Student Financial Aid Cluster (84.007, 84.033, 84.063, 84.268, 84.379)

**Criteria:** 34 CFR 668.22 – *Treatment of Title IV funds when a student withdraws* requires Title IV funds to be deposited or transferred into the Student Financial Assistance account or electronic fund transfers initiated to the Department of Education as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew.

**Condition:** For 5 of 40 students tested, the return of Title IV funds occurred after 45 days. These occurred in the fall 2014 semester.

**Questioned Costs:** None

**Effect:** The District is not making the return of Title IV funds in a timely manner.

**Cause:** The District did not have a system in place to track number of days remaining to return funds during the 2014 fall semester. The prior year finding, #2014-001, was reported to management in December 2014 after the majority of the 2014 fall semester drawdowns had already been completed.

**Recommendation:** The District should design and implement processes and procedures to track and monitor the deadlines.

### IV - State Award Findings

None noted.

### V - Status of Prior Year Findings

**Finding #2014-001** Student Financial Aid Cluster – Return of Title IV Funds  
**Unresolved.** Refer to Finding #2014-001.

**Finding #2014-002** TRIO – Student Support Services – Eligibility  
**Resolved.**

**Finding #2014-003** TRIO – Student Support Services – Grant Aid  
**Resolved.**

**Finding #2014-004** TEXAS Grant – Eligibility  
**Resolved.**

**NAVARRO COLLEGE DISTRICT**

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

**VI - Corrective Action Plan**

**Finding #2014-001** Student Financial Aid Cluster – Return of Title IV Funds

**Description:** Drawdowns of Title IV funds will be completed on at least a monthly basis by personnel in the Business Office. This procedure will ensure that funds are requested and/or returned in a timely manner not to exceed 30 days from transmittal or return.

**Responsible Party:** Aaron York Langston, Comptroller

**Estimated Completion Date:** January 31, 2016