

**Navarro College District  
Corsicana, Texas**

**Comprehensive Annual Financial Report  
Years Ended August 31, 2016 and 2015**



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



## **INTRODUCTORY SECTION**



# Navarro College District

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December 4, 2016

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, 2016, 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, 2016 and 2015. 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 fourth 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 capital goals for the District consistent with the District's role and mission. Besides general Board business, Trustees are charged with numerous statutory regulations, including ordering elections and issuing bonds. The Board also is responsible for appointing the District President, setting the tax rate, and causing the preparation and adoption of the budget for the ensuing fiscal year.

## **LOCAL ECONOMY AND OUTLOOK**

The District is well positioned for growth due to the geographical location of the Corsicana Campus between Dallas and Houston on Interstate 45 and between Waco and Tyler on State Highway 31 and with the Ellis County campuses located just south of the Dallas/Fort-Worth metroplex. Student enrollment statewide is experiencing a downward trend among community colleges. According to the Texas Association of Community College (TAAC), the fall 2015 community college state-wide enrollment average increased by 1% while Navarro College showed a 4.1% decrease in student headcount. Navarro College's large accountability peer group (Amarillo College, Blinn College, Central Texas College, Del Mar College, Laredo Community College, North Central College, South Plains College, and Tyler Junior College) experienced fluctuations from a 10.5% increase (Laredo Community College) with an average 2% decrease overall for the peer group.

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 \$52 million (less than 2%) increase in the assessed value of the District during the past fiscal year.

### **Navarro County**

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

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

The estimated population of Navarro County in 2015 was 48,323 with the city of Corsicana having an estimated 2015 population of 23,952. 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).

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	1,042
Russell Stover Candies	Candy Manufacturing	850*
Corsicana ISD	Education	811
Watkins Construction	Construction	500
Navarro Regional Hospital	Hospital	350
Walmart Super Center	Retail	350
Guardian Industries, Corp.	Glass Manufacturing	312
Kohl's Distribution Center	Retail Distribution	200
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 Distribution Center	Distribution/Hardware	180
Collin Street Bakery	Food	150*
NALCO Champion		150
Heritage Oak/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 and the other in Midlothian.

The North Central Texas Council of Governments projects that Ellis County, a major part of our service area, will continue to grow dramatically. It has an estimated total population of 163,632 in 2015. The 2015 estimated population of Waxahachie was 33,384 and the 2015 estimated population of Midlothian was 22,318. 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 Re-enactment, 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 of location for developers and individuals as well. 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 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 US Inc., Methodist Medical Center, Texas Industries Inc., Ennis, 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 & Platt Corp. Inc., PetSmart Distribution Center, Polyguard Products, Inc., and Sterilite Corp. of Texas.

Top employers in Ellis County per the City of Waxahachie:

<b>Employers with 500 - 1,000 Employees</b>	
<b>Company Name</b>	<b>Nature of Business</b>
Dart Container A2:B24	Insulated Foam Cups
Owens Corning Fiberglass	Insulation
Waxahachie ISD	Public Schools
Walgreen Company	Distribution Center
<b>Employers with 250 - 499 Employees</b>	
<b>Company Name</b>	<b>Nature of Business</b>
Baylor Medical Center at Waxahachie	Hospital
City of Waxahachie	Local Government
Magnablend	Chemical Blending

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

*Note.* Reprinted from Top Employers - Waxahachie Economic Development. (2016). Retrieved October 26, 2016, from <http://www.crossroadsoftx.com/SiteLocationCenter/TopEmployers>

### **Limestone County**

The Mexia Campus is located on North Martin Luther King Boulevard in Mexia, the largest city in Limestone County. Limestone County is approximately 30 miles east of Waco, Texas, and has a total area of 933 square miles with a 2015 population of 23,320. The 2015 population for the city of Mexia was 7,406. 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, which provides campus-based direct services to 310 individuals with intellectual or developmental disabilities, and 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 2015 estimated population of 19,691, of which 2,912 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.

## **LEON COUNTY**

Although there is no Navarro College campus located in Leon County, Navarro College provides service for the citizens and high schools within the county. Leon County is located approximately 60 miles northeast of College Station, Texas, and has a total area of 1,081 square miles, with a 2015 estimated population of 17,086. The county seat is Centerville with a 2015 estimated population of 903. Other cities in Leon County include Buffalo, Jewett, Marquez, and Leona. Nucor Steel is one of the largest employers in the county with an annual revenue between \$500 million and \$1 billion, employing a staff of approximately 250 to 500 hundred employees at any given time.

## **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 \$33.2 million in awards was processed in fiscal year 2016. The District aims to provide high quality educational experiences for all students and to establish a nurturing learning environment to promote responsible citizenship. The District maintains a warm and supportive climate that builds a sense of community among learners. The District pledges to remain accountable as an institution of higher learning and as a custodian of the public trust.

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

- Dual credit for Career and Technical programs are offered in area high schools to prepare students for the workforce in career and technical pathways. These, along with technical training and placement for students in industries located across the District's service areas, help to provide educated workers for the labor force. New career and technical programs planned across the District in future years include certificates in Entrepreneurship, Medical Equipment Repair, and Microsoft Office as well as, a Marketable Skills Certificate in Cosmetology for cosmetologists needing refresher courses.
- The Navarro College Cook Education Center is equipped with a 60-foot domed planetarium. Visitors experience the thrill of exploration and the power of the human imagination in the areas of earth and space sciences through a variety of annual planetarium programs. In addition to supporting Navarro College as a multifaceted audio-visual theater, the planetarium continues to serve as an educational magnet for the 31 surrounding independent school districts, serving approximately 20,000 students annually. The Planetarium also presents public programs on a daily basis, and multiple Physics and Drama classes are offered there.

- Also located in the Cook Education Center is the Pearce Museum, which houses and interprets two collections of national importance, the Pearce Civil War collection, which contains over 16,000 original documents written by Presidents, officers, common soldiers, civilians, and family members left on the home front. It is a balanced collection, documenting both the Northern and Southern experiences of the Civil War. The Western Art collection is home to more than 240 original works by acknowledged master artists as well as up-and-coming artists in the western art genre. The collection includes works of art from members of the National Academy of Western Art, the Cowboy Artists of America, the Western Artists of America, and the National Sculpture Society among others.

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

- An additional exhibit gallery entitled *Hunter-Gatherers of the Blackland Prairie* was added to the Pearce Museum during FY 2015 and is another attraction for local school districts, out of town visitors, and the local community. It houses the Robert S. Reading collection of over 44,000 catalogued prehistoric Native American tools and other artifacts and interprets these tools and the lifeways of the people who created them through engaging displays. The gallery also houses the three mysterious “Malakoff Heads,” three carved stones found in a quarry in Malakoff, Texas, between 1929 and 1939. One head had been donated to Navarro College by Mary Love Sanders; the other two were transferred from the University of Texas in 2015. The Hunter-Gatherers of the Blackland Prairie Gallery is now part of the Pearce Museum.
- The Pearce Museum also maintains Navarro College’s own Archives of historical materials and artifacts related to the College’s 70 year history. The Museum mounts special exhibits with items from this collection and is currently featuring a major exhibit on “Celebrating the Past, Embracing the Future: 70 Years of Bulldog Pride” in honor of Navarro College’s 70<sup>th</sup> Anniversary.
- This fall, the Pearce Museum is launching an outreach Living History program and expanding its online resources for classroom teachers. The Pearce Museum and Planetarium have also expanded their services to Navarro College faculty and students, and are working with a significantly increased number of NC faculty who utilize the resources for classes in subject areas ranging from math and science to art and language arts to history and civics. The Pearce Museum staff works closely with Fine Arts faculty to produce an annual Student Art Show, and this past year added an Honors Program Art Show and a Faculty Art Show to more fully showcase the talents of Navarro College’s fine arts community. Starting in October, 2015, both the Planetarium and the Pearce Museum added Saturday public hours to their Monday-Friday schedule and has seen an increase in public attendance as a result of this and increased promotional efforts by staff.
- The “Open Door to Success” program continues to assist in identifying students with the potential to succeed who are not enrolling in college for a variety of reasons. This program

- provides individualized counseling and financial assistance to qualifying students. In fiscal year 2015/2016 the Navarro College Foundation awarded twenty-five students scholarships totaling \$25,000. Each recipient received \$500 per semester. This is a valued program and will be maintained for the future.
- 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, Paramedic, and the Police Academy provide a trained workforce to the cities, municipalities, and agencies within the College's service areas, 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 October 2015, at the request of the Johnson County Sheriff's office, Police Academy instruction began in Johnson County. The City of Fairfield has requested a Police Academy be offered at the Career and Technical Center at Fairfield. The Navarro College Fire Academy certifies students through Texas Commission for Fire Protection (TCFP) and currently has a 91% pass rate. The Navarro College EMT Academy students are certified through the National Registry of Medical Technology (NRMT) with a 96.3 pass rate. Navarro College Paramedic Academy students are certified through (NRMT) with a 92.5 pass rate. Navarro Colleges provide continuing education for Police, EMT and Paramedic courses to Corsicana, Red Oak, Ennis, Hutchins, Waxahachie, Cedar Hill, and Wilmer, Texas.
  - Workforce education classes are offered in partnership with local businesses and industries to upgrade the skills of incumbent employees and meet new-hire needs. Navarro College was awarded a Skills for Small Business Grant to train employees of local small businesses and has applied for a Skills Development Grant to work with the Owens Corning Company to provide continuing education training for Owens Corning employees.
  - Navarro College was awarded \$593,521 in Carl Perkins funds for the 2016-2017 academic year. Carl Perkins funds are distributed among Career/Technical Education (CTE) programs across all campus locations. The funds are also used to support Navarro College (CTE) students with programs that assist financially and with career preparation and placement.
  - The annual Career Expo occurred on October 18, 2016, from 10:00 a.m. - 12:00 p.m., hosted by the Carl Perkins Career Center Staff. Approximately 500 area high school students attended the Career Expo where they are exposed to all the career and technical programs at Navarro College as well as their industry partners. This event allowed students to visually see a pathway from college to employment.
  - 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. On September 28, 2016, the OTA program received notice from the Accreditation Council for Occupational Therapy Education accrediting agency that the program's accreditation term has been extended from 7 to 10 years.
  - The Physical Therapist Assistant Program participated in an on-site visit April 17-20, 2016, as part of its accreditation process through the APTA Commission on Accreditation in Physical Therapy Education (CAPTE). The on-site team reviewed the Self-Study Report and



the additional information and materials provided during the site visit. After the visit, the on-site team leader indicated that the Navarro College PTA Program Director, ACCE, and faculty have developed a quality integrated curriculum to meet the mission and goals of the program. The PTA Program expects to receive full accreditation when CAPTE has their annual meeting in November.

- In January 2016, the District hosted the third annual MLK Breakfast to commemorate the life and works of Dr. Martin Luther King. The Navarro College choir provided the entertainment and Rev. Dr. Brenda Girton-Mitchell was the guest speaker. Dr. Girton-Mitchell is Director for the Center for Faith-Based and Neighborhood Partnerships for the U.S. Department of Education. The breakfast was well attended and faculty, staff, and community members. The choir and Dr. Girton-Mitchell's comments were enjoyed by all.

## **RELEVANT FINANCIAL POLICIES**

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

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

As a recipient of federal, state, and local financial awards, the District also is responsible for providing an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic review and evaluation by management, internal audit, and the independent auditors of Navarro College District. As a part of the District's single audit, limited tests are conducted to determine the adequacy of the internal control structure, including the portion related to federal and state financial award programs and to determine if the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended August 31, 2016, 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.

### Academic Program Enhancements:

Navarro College began the SACSCOC Reaffirmation process in 2014 and will be completed in June, 2017. The Compliance Certification report was submitted in March, 2015 and the SACSCOC on-site visit was October, 2015. The on-site committee identified three areas of concerns or recommendations. The College's response to the recommendations were reviewed by the SACSCOC Board of Directors in June, 2016. Two areas were identified as needing follow-up. The institution was placed on warning pending the receipt of a monitoring report in April. A vote to approve reaccreditation is expected at the June, 2017, SACSCOC meeting of the Board of Directors.

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

- Navarro College continues to strengthen its partnership with Texas A&M University at Commerce. 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 2,339 graduates, with 1,667 Bachelor of Science in Interdisciplinary Studies, 289 Bachelor in Applied Arts and Sciences (BAAS), 123 Bachelor of Science in Criminal Justice, 37 Bachelor of Business Administration (BBA), 18 Bachelor of Science in Instructional Training and Design (TDEV), 17 Bachelor of Science in Liberal Studies (BSLS), 66 Bachelor of General Studies (BGS), 1 in Bachelor of Science in Environmental Science, and 117 Master's degrees conferred through fall 2016.
- Navarro College has partnered with the Waxahachie Independent School District (WISD) since 2007 to offer an Early College High School called Waxahachie Global High (WGH). WGH is also a T-STEM academy which has won multiple recognitions from the state. A total of 420 students are currently registered with Navarro College through this program for at least one dual credit course, and in spring 2016. Eighty-one (81) students graduated with their Associate Degree.
- The District offers academic dual credit classes at the majority of high schools in Ellis, Navarro, Limestone, Freestone, and Leon counties. In the fall of 2016, thirty-seven (37) high schools offered dual credit courses, with approximately 3,200 students participating district-wide.
- Twelve high schools within the Navarro College District offer dual credit academics, including Corsicana, Blooming Grove, Frost, Groesbeck, Avalon, Italy, Life School, Maypearl, Midlothian High School, Midlothian Heritage, Red Oak, and Waxahachie High School. These programs accept cohorts of ninth grade students who follow an established degree plan to complete the Associate Degree while in high school. Most cohorts consist of approximately 25 students, with smaller schools averaging approximately 10 students and larger schools averaging approximately 50.
- The Online Instruction program remains a vital part of the College's overall enrollment management strategy, generating nearly one-fourth of Navarro College's contact hour production. In fall 2016, the College upgraded its learning management platform (Blackboard) to the latest version, which provided faculty with several new online course tools and features. The College is currently in the process of evaluating recruitment and retention strategies to foster enrollment growth, as well as increasing access to student services which will enhance the online learning experience and better facilitate student success.

- The Navarro College Band has grown from 25 students to 107 members over the past two years under the direction of new band directors Joshua Buckrucker and Timothy Nutting, with plans to increase to 120 students next year. As a result of Mr. Buckrucker and Mr. Nutting's excellent recruiting, the band currently has representation from over 38 high schools. On October 1, the band was the show band at the Sunnyvale Marching Contest, where 24 high school bands including an estimated 2,500 students competed in the marching contest. The band represented the College extremely well and was the only band to receive a standing ovation.
- This fall Navarro College was awarded \$129,237 in the Texas Science, Technology, Engineering, and Math (T-STEM) challenge scholarship program for the 2016-2017 appropriation year. So far during the fall 2016 semester, \$8,750 has been awarded to a total of 7 students. We anticipate awarding an additional \$12,500 in T-STEM scholarships for the approaching spring and/or summer semesters. During the 2015-2016 AY, a total of \$21,469 in T-STEM grant scholarships was awarded and in 2014-2015, Navarro College awarded \$15,863 in scholarships. In order to qualify for this grant, students must have a 3.0 GPA in all STEM-related courses throughout their high school career, must be enrolled as a full-time student, must have self-declared a major in a STEM field, must have registered for selective service (when applicable), and should agree to work no more than 15 hours a week for a business related to their field of study which has partnered with the college through the T-STEM program. Students are NOT required to be U.S. citizens. Once awarded, students must maintain a 3.0 GPA and must have completed 80% of the coursework attempted in order to receive the grant for additional semesters. Marketing efforts have been coordinated with the Student Recruiting Office and flyers have been distributed through that office and throughout campus. In addition, an article was published in the Waxahachie Daily Light in August with Dr. Mark Haney, Chemistry and Geology Dept. Chair, and Ms. Mims to promote the program by building relationships with high school counselors and science instructors.
- Navarro College received a \$4000 Loss Prevention Grant, which was used to upgrade safety equipment and procedures in the Chemistry Department. With the grant funds, a Vaneometer was purchased to monitor fume hood air flow, three fluorinated spill decks were purchased to contain contaminated water from a hazmat spill (such as an eyewash station), and an explosion-proof refrigerator was purchased to properly store chemical compounds that must be refrigerated. In addition, a TASB representative conducted a chemical safety seminar which provided training for faculty and staff from the sciences, health professions, and maintenance departments regarding the proper usage, storage, and disposal of hazardous materials.
- The Navarro College Career and Technical Center at Fairfield is open Mondays and Wednesdays from 12:00 p.m. to 4:00 p.m. Ms. Linda Davis is the administrator in-charge on these days. Welding and Industrial Technology classes were offered in the fall 2016 semester. On Tuesdays and Thursdays, Ms. Davis spends four hours each day recruiting and advertising in the Fairfield and Leon County community. Due to her targeted efforts, CNA and Medication Aide classes are slated to begin late fall or early spring, with the East Texas Medical Center donating hospital equipment and furniture for this program. Thirty (30) students from the Fairview Nursing Home are expected to enroll in these classes. The new Freestone County sheriff-elect has reinforced the need and desire for a Police Academy at the Center, so plans are to begin a night academy in the spring. There has also been interest in a Continuing Education Spanish for the Workplace class, CPR, Basic Computers, and QuickBooks courses. These are in addition to Basic Welding which will be offered once each semester. In addition, the Fairfield Center has had an increased presence in local media, as well as billboard advertisement space on the interstate provided by the Fairfield Economic Development Corporation. The Fairfield Economic Development Corporation also agreed to underwrite Industrial Technology courses

with lower than 10 enrollments in an effort to encourage the program's growth and provide more technical offerings at the Center.

- The Midlothian Higher Education Center, located on the District's Midlothian campus, continues a partnership with Tarleton State University and Texas A&M University at Commerce to offer eight bachelor's degrees in the following areas: Agribusiness, Business Administration, General Business, Psychology, Criminal Justice Administration, Manufacturing and Industrial Management, Interdisciplinary Studies, and Elementary Education. One master's degree program is offered in Clinical Mental Health Counseling.
- 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 Campus Works (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. This service will terminate August 30, 2017.
- As part of the reaccreditation process, the District developed a Quality Enhancement Plan (QEP). The focus of the QEP program is to increase student completion in developmental and credit-bearing mathematics courses necessary to meet degree requirements. Upon SACSCOC approval in October 2015, plan implementation began including the implementation of a Learning Commons on each of the Corsicana, Waxahachie, and Mexia campuses and the implementation of standardized technology-based classroom presentation systems District-wide. To support the plan's implementation, faculty have participated in professional development opportunities both on and off campus to advance engagement in the classroom. The Year 1 Assessment Report, which tracks the goals and objectives used to measure success of the plan has been completed and will be used as a tool to make improvements moving forward.
- 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.
- 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 2015-16 year with a record of 14-16 and were a Region XIV Tournament Qualifier. Three student-athletes transferred to university basketball programs.
- The baseball team had a record of 39-16 for the 2016 season. They were Region XIV East Zone Champions. A total of 10 student-athletes were named to the all-conference team, and 12 transferred to university programs.
- The soccer team finished 11-6-2 and were Region XIV District Runners-Up. Six student-athletes were named All-Region and one All-American. Ten players transferred to university programs.
- The softball team finished 32-20 and were a Region XIV Tournament Qualifier. Five players were named All-Conference and 2 earned All-Region honors. Three players transferred to university programs.
- The football team finished with a 7-4 record and a berth in the SWJCFC Championship game. Twenty-three players transferred to university programs.
- The cheerleaders finished second in the 2016 NCA National Championship. They have brought home a NCA National Championship in 12 of the last 15 years and have also won a total of four Grand National Championships. Fifteen cheerleaders went on to university programs.
- The volleyball team qualified for the Region XIV Tournament with a 19-12 record. Five student-athletes were named to the All-Region team.
- Academics are stressed by the Navarro College administration and coaching staff. Success is evidenced by having 18 athletes named to the 2015-2016 Region XIV All-Academic Team and 17 players named as NJCAA Academic All-Americans. The volleyball, softball, 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 provide both soft goods and a “We Proudly Serve” Starbucks sales operation.

In the summer of 2015, 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, 2015. This was the fifteenth consecutive year (2001 through 2015) that the College has achieved this prestigious award. To be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Business Services staff, particularly Aaron York-Langston, CPA, Comptroller, Kathleen Armstrong, CPA, Staff Accountant, and Janet Daugherty, Budget Officer. In addition, various members of the President's Cabinet provided information for inclusion in the transmittal letter, that 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.

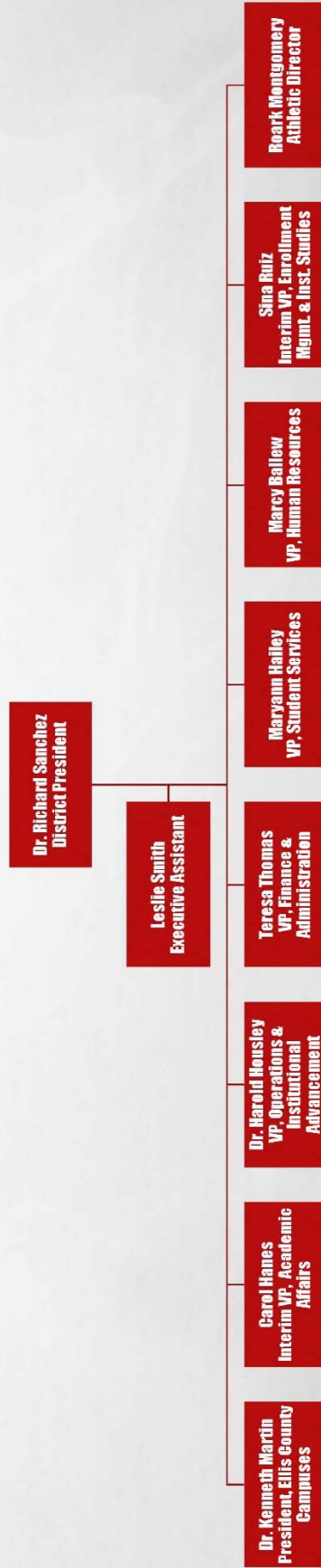
Respectfully submitted,



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

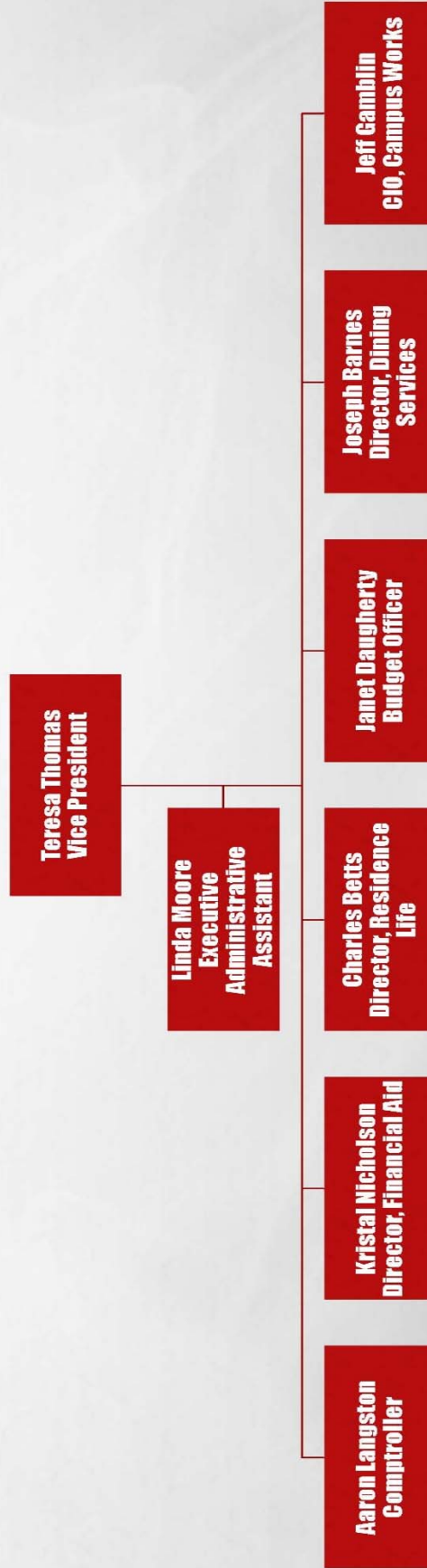
NAVARRO COLLEGE DISTRICT  
Organization Chart

# DISTRICT ADMINISTRATION



NAVARRO COLLEGE DISTRICT  
Organization Chart

# FINANCE AND ADMINISTRATION





**Navarro College District**  
**Principal Officials**  
**Year Ended August 31, 2016**

**Board of Trustees**

Officers

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

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

**Executive Officers**

Richard M. Sanchez, Ph.D.	District President
Kenneth Martin, Ed.D.	President, Ellis County Campuses
Carol Hanes	Interim Vice President, Academic Affairs
Harold Housley, Ph.D.	Vice President, Institutional Advancement and Operations
Sina Ruiz	Interim Vice President, Enrollment Management
Maryann Hailey	Vice President, Student Services
Teresa Thomas, CPA	Vice President, Finance and Administration
Marcy Ballew	Vice President, Human Resources
Roark Montgomery	Director of Athletics

**Business Officers**

Teresa Thomas, CPA	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**



Richard M. Sanchez, 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, 2015**

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, 2016 and 2015, 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, 2016 and 2015. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

## **Opinion**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Navarro College District as of August 31, 2016 and 2015, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 15 and the pension information on pages 56 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with the sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplemental Schedules A through D as required by the Texas Higher Education Coordinating Board's (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Schedule of Expenditures of State Awards as required by the State of Texas Single Audit Circular contained in the Governor's Office of Budget and Planning *Uniform Grant Management Standards*, and other information such as the introductory and statistical sections are also presented for additional analysis and are not a required part of the basic financial statements.

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



A through D, schedule of expenditures of federal awards, and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements; and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016 on our consideration of the District's internal control over financial reporting and on our tests on its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Whitley Penn LLP*

Houston, Texas  
December 13, 2016



# 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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v to xviii of this report.

### *Financial Highlights*

- Total assets and liabilities increased \$1,479,555 and \$2,238,655, respectively, over 2015.
- Reduced total bonded debt by \$2,460,000.
- Total net position of the District reflected an increase of \$335,936 to a total of \$44,960,842 at August 31, 2016.

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

The District is proud to present its financial statements for the fiscal years ended August 31, 2016 and 2015. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. As demonstrated by the statements and schedules included in the financial section of this report, the District continues meeting its responsibility for sound financial management.

### *Statements of Net Position*

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

**NAVARRO COLLEGE DISTRICT**

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

**Statements of Net Position**

	August 31,			Amount of Change 2015 to 2016	Percentage of Change 2015 to 2016
	2016	2015	2014		
<b>Assets</b>					
Current assets	\$ 36,411,751	\$ 32,955,782	\$ 30,317,739	\$ 3,455,969	10.49%
Capital assets	64,270,585	66,246,999	66,717,766	(1,976,414)	(2.98%)
<b>Total assets</b>	<u>\$ 100,682,336</u>	<u>\$ 99,202,781</u>	<u>\$ 97,035,505</u>	<u>\$ 1,479,555</u>	1.49%
<b>Total deferred outflows of resources</b>					
	<u>\$ 3,985,872</u>	<u>\$ 2,201,638</u>	<u>\$ 874,539</u>	<u>\$ 1,784,234</u>	81.04%
Current liabilities	\$ 22,354,358	\$ 18,371,990	\$ 17,818,227	\$ 3,982,368	21.68%
Noncurrent liabilities	34,611,649	36,355,362	32,254,026	(1,743,713)	(4.80%)
<b>Total liabilities</b>	<u>\$ 56,966,007</u>	<u>\$ 54,727,352</u>	<u>\$ 50,072,253</u>	<u>\$ 2,238,655</u>	4.09%
<b>Total deferred inflows of resources</b>					
	<u>\$ 2,741,359</u>	<u>\$ 2,052,161</u>	<u>\$ -</u>	<u>\$ 689,198</u>	33.58%
<b>Net position</b>					
Net investment in					
capital assets	\$ 38,280,836	\$ 37,553,998	\$ 35,321,947	\$ 726,838	1.94%
Restricted - expendable	2,295,108	2,447,086	2,372,830	(151,978)	(6.21%)
Unrestricted	4,384,898	4,623,822	10,143,014	(238,924)	(5.17%)
<b>Total net position</b>	<u>\$ 44,960,842</u>	<u>\$ 44,624,906</u>	<u>\$ 47,837,791</u>	<u>\$ 335,936</u>	0.75%

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

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

# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Financial Analysis from 2015 to 2016

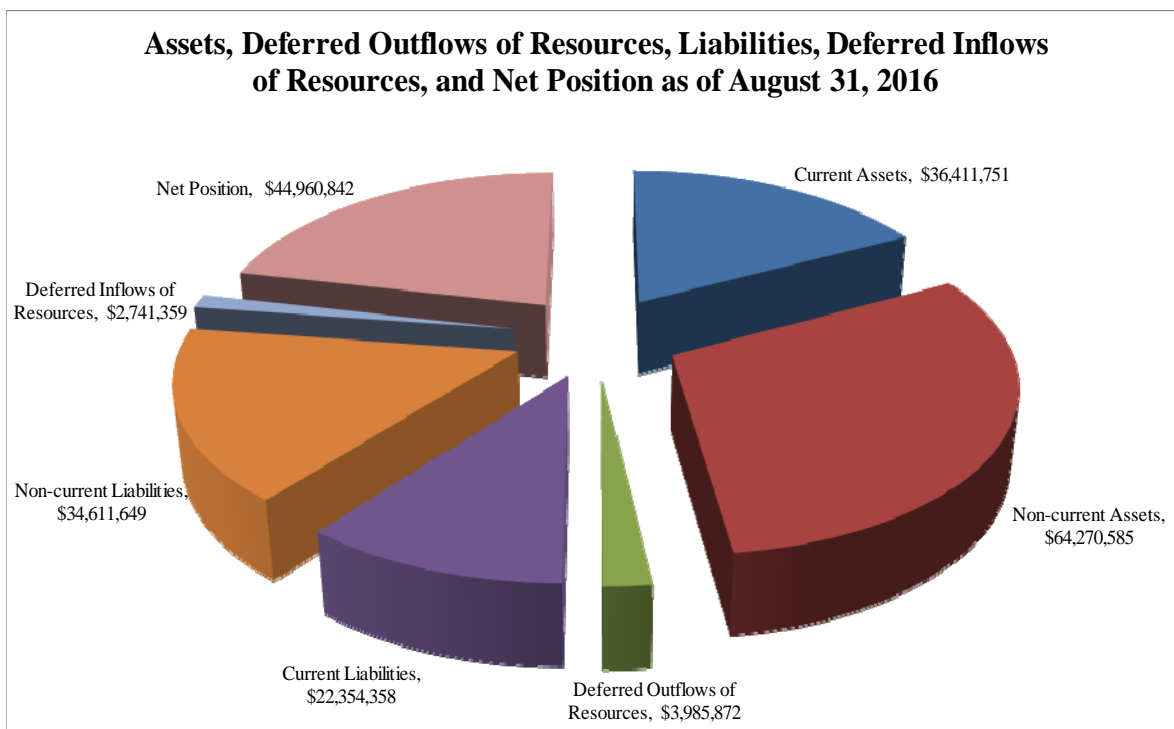
Current assets increased by \$3,455,969 or 10.49%, due to increases of \$7,736,120 in cash and cash equivalents; \$16,185 in inventories; decreases of (\$529,208) in prepaid expenses; and a decrease of (\$3,767,128) in accounts receivable. The increase in cash is largely due to the District not increasing infrastructure (purchasing or building) during fiscal year 2016. The decrease in accounts receivable can be attributed to the reduction in enrollment of approximately five percent.

Capital assets show a decrease of (\$1,976,414) or (2.98%) after depreciation.

Total liabilities increased to \$56,966,007 from \$54,727,352, for an increase of \$2,238,655 or 4.09%. Increases were noted in unearned revenue of \$4,808,292; claims and judgements of \$10,024; and \$1,219,320 in net pension liability. The majority of the increase in unearned revenue resulted from PELL grant funds related to the next fiscal year being drawn down and received prior to year-end. The decreases in loans of (\$75,000), capital leases of (\$190,000) and bonds payable of (\$2,526,317) are due to scheduled debt service payments and amortization of bond premiums. The increases are offset by decreases of (\$949,230) in accounts payable; (\$22,379) in compensated absences; (\$26,017) in accrued liabilities; and (\$10,038) 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 resources related to pensions of \$1,861,321 or 155.61%. Additionally, deferred inflows of resources related to pensions increased by \$689,198 or 33.58%.

In summary, the total net position of the District reflected an increase of \$335,936 to a total of \$44,960,842 at August 31, 2016. This change can be attributed to an increase of \$726,838 in net investment in capital assets, offset by a decrease of (\$151,978) in expendable restricted net position and a decrease of (\$238,924) in unrestricted net position.



# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### 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 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.

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

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

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

# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>Amount of Change 2015 to 2016</u>	<u>Percentage of Change 2015 to 2016</u>
<b>Operating revenues</b>					
Tuition and fees	\$ 16,205,416	\$ 17,535,426	\$ 14,029,788	\$ (1,330,010)	(7.58%)
Sales and services	7,496,077	7,661,698	8,300,881	(165,621)	(2.16%)
Other operating revenues	196,380	243,507	155,344	(47,127)	(19.35%)
Total operating revenues	<u>23,897,873</u>	<u>25,440,631</u>	<u>22,486,013</u>	<u>(1,542,758)</u>	<u>(6.06%)</u>
<b>Nonoperating revenues</b>					
State appropriations	17,758,716	18,332,879	18,288,097	(574,163)	(3.13%)
Maintenance ad valorem property taxes	3,553,400	3,533,309	3,359,627	20,091	0.57%
Grants and contracts	18,977,557	25,113,360	24,766,939	(6,135,803)	(24.43%)
Gifts	856,846	867,114	1,414,538	(10,268)	(1.18%)
Investment income	93,031	93,269	129,125	(238)	(0.26%)
Other non-operating revenues	221,698	813,949	349,148	(592,251)	(72.76%)
Total nonoperating revenues	<u>41,461,248</u>	<u>48,753,880</u>	<u>48,307,474</u>	<u>(7,292,632)</u>	<u>(14.96%)</u>
Total revenues	<u>65,359,121</u>	<u>74,194,511</u>	<u>70,793,487</u>	<u>(8,835,390)</u>	<u>(11.91%)</u>
<b>Operating expenses</b>					
Instruction	20,148,443	21,368,604	20,213,672	(1,220,161)	(5.71%)
Public service	289,941	279,188	275,807	10,753	3.85%
Academic support	3,588,737	3,475,922	3,972,411	112,815	3.25%
Student services	4,550,759	4,245,023	4,360,373	305,736	7.20%
Institutional support	8,221,330	7,101,168	6,998,131	1,120,162	15.77%
Operation and maintenance of plant	3,774,689	3,840,350	3,748,746	(65,661)	(1.71%)
Scholarships and fellowships	11,467,584	15,670,742	16,571,886	(4,203,158)	(26.82%)
Auxiliary enterprises	9,833,242	10,609,202	11,825,269	(775,960)	(7.31%)
Depreciation expense	2,120,128	2,142,219	1,997,893	(22,091)	(1.03%)
Total operating expenses	<u>63,994,853</u>	<u>68,732,418</u>	<u>69,964,188</u>	<u>(4,737,565)</u>	<u>(6.89%)</u>
<b>Nonoperating expenses</b>					
Interest on capital related debt	1,028,332	1,074,176	1,234,432	(45,844)	(4.27%)
Total nonoperating expenses	<u>1,028,332</u>	<u>1,074,176</u>	<u>1,234,432</u>	<u>(45,844)</u>	<u>(4.27%)</u>
Total expenses	<u>65,023,185</u>	<u>69,806,594</u>	<u>71,198,620</u>	<u>(4,783,409)</u>	<u>(6.85%)</u>
Change in net position	335,936	4,387,917	(405,133)	(4,051,981)	(92.34%)
Beginning net position	44,624,906	47,837,791	48,242,924	(3,212,885)	(6.72%)
Prior period adjustment, GASB 68/71	-	(7,600,802)	-	-	(100.00%)
Ending net position	<u>\$ 44,960,842</u>	<u>\$ 44,624,906</u>	<u>\$ 47,837,791</u>	<u>\$ 335,936</u>	<u>0.75%</u>

## NAVARRO COLLEGE DISTRICT

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

#### Financial Analysis from 2015 to 2016

The Statement of Revenues, Expenses, and Changes in Net Position reflects a positive year, with a change of \$335,936 in net position at year-end. Operating revenues decreased (\$1,542,758) or 6.06%. This change can be attributed a decline in student enrollment of approximately five percent.

Non-operating revenues decreased by (\$7,292,632) or (14.96%). State allocations reported a decrease of (\$574,163). Grants and contracts decreased (\$6,135,803). Other non-operating revenues decreased by (\$592,251). Gifts decreased (\$10,268) and investment income decreased (\$238). These decreases are offset slightly by an increase of \$20,091 in ad valorem taxes. The decline in non-operating revenues is a result of the decrease in contracts and grants which include financial aid programs. These programs were utilized less due to the decrease in student enrollment.

Overall operating expenses decreased by (\$4,737,565) or (6.89%). This decrease is due largely to changes in the following categories: (\$1,220,161) in instruction; (\$65,661) in operation and management of plant; (\$4,203,158) in scholarships and fellowships; (\$775,960) in auxiliary enterprises; and (\$22,091) in depreciation. These decreases are offset by the following increases: public service \$10,753; academic support \$112,815; student services \$305,736; and institutional support \$1,120,162.

Non-operating expenses of interest on capital related debt decreased by (\$45,844) due to regular amortization on principal and interest.

In summary, operational activities provided the District with an increase of \$335,936 which increased net position to a total of \$44,960,842 at August 31, 2016.

#### 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.



# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### *Statements of Cash Flows*

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

### Navarro College District Statements of Cash Flows

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<b>Amount of Change 2015 to 2016</b>	<b>Percentage of Change 2015 to 2016</b>
Cash provided by (used for):					
Operating activities	\$ (32,718,076)	\$ (40,027,415)	\$ (40,733,002)	\$ 7,309,339	(18.26%)
Noncapital financing activities	44,155,402	46,466,287	40,132,467	(2,310,885)	(4.97%)
Capital and related financing activities	(3,798,503)	(4,724,126)	(6,495,863)	925,623	(19.59%)
Investing activities	<u>97,297</u>	<u>92,631</u>	<u>129,041</u>	<u>4,666</u>	5.04%
Net change in cash	<u>7,736,120</u>	<u>1,807,377</u>	<u>(6,967,357)</u>	5,928,743	328.03%
Cash, beginning of year	<u>15,428,319</u>	<u>13,620,942</u>	<u>20,588,299</u>	<u>1,807,377</u>	13.27%
Cash, end of year	<u><u>\$ 23,164,439</u></u>	<u><u>\$ 15,428,319</u></u>	<u><u>\$ 13,620,942</u></u>	<u><u>\$ 7,736,120</u></u>	50.14%

# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Financial Analysis from 2015 to 2016

An analysis of cash flows shows an overall increase of \$7,736,120 or 50.14% for 2016. The District ended fiscal year 2016 with \$23,164,439 in cash, compared to \$15,428,319 at the end of fiscal year 2015. 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 2016.

### 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.

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

#### Debt Administration

As of August 31, 2016, the District had \$21,905,000 of revenue bonds principal outstanding.

As of August 31, 2016, the forgivable loan balance from the Midlothian Economic Development Center (MEDC) was \$1,125,000.

#### Capital Assets

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 during fiscal year 2016. The following is a list of actions taken by the Committee during fiscal year 2016:

- Conducted a tornado scenario table top exercise
- Provided risk management training for student organizations
- Conducted evacuation, shelter in place, and lockdown/lockout drills on all campuses
- Continued the college Civility initiative to promote safety and civility on all campuses
- Trained full time and part time staff on the "I Love You Guys" Foundation's Standard Response Protocol (SRP) for response to incidents
- Made SRP video available on college website for faculty, staff, and students
- Conducted safety audits of selected buildings on the Corsicana Campus in conjunction with Texas Association of School Boards Risk Management personnel
- Staff attended Texas School Safety Symposium and the Texas Junior College Safety Summit sponsored by TASB Risk Management Fund, Texas School Safety Center, Advanced Law Enforcement Rapid Response Training (ALERRT) Center, and The "I Love U Guys" Foundation

## 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, 2016 and 2015

	Primary Government		Component Unit	
	Navarro College District		Navarro College Foundation, Inc.	
	2016	2015	2016	2015
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 23,164,439	\$ 15,428,319	\$ 11,389	\$ 10,825
Restricted cash and cash equivalents	-	-	20,394	3,874
Accounts receivable, net	9,786,210	13,553,338	4,358	8,393
Prepaid expenses	458,225	987,433	3,974	7,947
Investments	-	-	208,258	171,764
Inventories	3,002,877	2,986,692	-	-
Total current assets	<u>36,411,751</u>	<u>32,955,782</u>	<u>248,373</u>	<u>202,803</u>
<b>Noncurrent assets:</b>				
Long-term investments	-	-	3,984,678	3,611,034
Capital assets, net	64,270,585	66,246,999	8,527,088	8,441,588
Total noncurrent assets	<u>64,270,585</u>	<u>66,246,999</u>	<u>12,511,766</u>	<u>12,052,622</u>
Total assets	<u>100,682,336</u>	<u>99,202,781</u>	<u>12,760,139</u>	<u>12,255,425</u>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	928,371	1,005,458	-	-
Deferred outflows related to pensions	3,057,501	1,196,180	-	-
Total deferred outflows of resources	<u>3,985,872</u>	<u>2,201,638</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	1,851,792	2,801,022	24,150	6,461
Accrued liabilities	236,435	262,452	-	-
Funds held for others	512,250	522,288	-	-
Unearned revenue	16,787,020	11,978,728	-	-
Accrued compensated absences - current portion	183,835	136,980	-	-
Accrued claims and judgments - current portion	23,026	20,520	-	-
Capital lease - current portion	200,000	190,000	-	-
Bonds payable - current portion	2,560,000	2,460,000	-	-
Total current liabilities	<u>22,354,358</u>	<u>18,371,990</u>	<u>24,150</u>	<u>6,461</u>
<b>Noncurrent liabilities:</b>				
Accrued compensated absences	2,299,970	2,369,204	-	-
Accrued claims and judgments	69,078	61,560	-	-
Loan payable	1,125,000	1,200,000	-	-
Capital lease	3,060,000	3,260,000	-	-
Net pension liability	7,927,858	6,708,538	-	-
Bonds payable	20,129,743	22,756,060	-	-
Total noncurrent liabilities	<u>34,611,649</u>	<u>36,355,362</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>56,966,007</u>	<u>54,727,352</u>	<u>24,150</u>	<u>6,461</u>
<b>Deferred inflows of resources</b>				
Deferred inflows related to pensions	2,741,359	2,052,161	-	-
Total deferred inflows of resources	<u>2,741,359</u>	<u>2,052,161</u>	<u>-</u>	<u>-</u>
<b>Net position</b>				
Net investment in capital assets	38,280,836	37,553,998	8,527,088	8,441,588
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	-	-	146,600	146,600
Pearce Museum	-	-	1,322,296	1,322,296
Expendable:				
Scholarships and fellowships	1,880,472	2,057,681	2,540,339	2,152,935
Debt service	414,636	389,405	-	-
Unrestricted	4,384,898	4,623,822	199,666	185,545
Total net position	<u>\$ 44,960,842</u>	<u>\$ 44,624,906</u>	<u>\$ 12,735,989</u>	<u>\$ 12,248,964</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, 2016 and 2015**

	Primary Government		Component Unit	
	Navarro College District		Navarro College Foundation, Inc.	
	2016	2015	2016	2015
<b>Operating revenues:</b>				
Tuition and fees (net of scholarship allowances and discounts of \$4,360,369 and \$4,402,352, respectively)	\$ 16,205,416	\$ 17,535,426	\$ -	\$ -
Gifts	-	-	505,309	283,286
Sales and services of educational activities	451,427	474,901	-	-
Auxiliary enterprises (net of scholarship allowances and discounts of \$1,868,730 and \$1,886,722, respectively)	7,044,650	7,186,797	-	-
Other operating revenues	196,380	243,507	-	-
Total operating revenues	<u>23,897,873</u>	<u>25,440,631</u>	<u>505,309</u>	<u>283,286</u>
<b>Operating expenses:</b>				
Instruction	20,148,443	21,368,604	-	-
Public service	289,941	279,188	-	-
Academic support	3,588,737	3,475,922	-	-
Student services	4,550,759	4,245,023	-	-
Institutional support	8,221,330	7,101,168	86,853	146,530
Operation and maintenance of plant	3,774,689	3,840,350	-	-
Scholarships and fellowships	11,467,584	15,670,742	212,422	331,602
Auxiliary enterprises	9,833,242	10,609,202	-	-
Depreciation	2,120,128	2,142,219	-	-
Total operating expenses	<u>63,994,853</u>	<u>68,732,418</u>	<u>299,275</u>	<u>478,132</u>
Operating income (loss)	<u>(40,096,980)</u>	<u>(43,291,787)</u>	<u>206,034</u>	<u>(194,846)</u>
<b>Nonoperating revenues (expenses):</b>				
State appropriations	17,758,716	18,332,879	-	-
Ad valorem property taxes for maintenance and operations	3,553,400	3,533,309	-	-
Federal grants and contracts	17,463,377	22,684,063	-	-
State grants and contracts	1,432,635	2,352,975	-	-
Local grants and contracts	81,545	76,322	-	-
Investment income	93,031	93,269	361,594	52,456
Gifts	856,846	867,114	-	-
Interest on capital asset-related debt	(1,028,332)	(1,074,176)	-	-
Other nonoperating revenues (expenses), net	221,698	813,949	(80,603)	(585,587)
Net nonoperating revenues	<u>40,432,916</u>	<u>47,679,704</u>	<u>280,991</u>	<u>(533,131)</u>
Increase (decrease) in net position	335,936	4,387,917	487,025	(727,977)
Net position - beginning of year	44,624,906	47,837,791	12,248,964	12,976,941
Prior period adjustment, GASB 68/71 restatement		<u>(7,600,802)</u>		
Net position - end of year	<u>\$ 44,960,842</u>	<u>\$ 44,624,906</u>	<u>\$ 12,735,989</u>	<u>\$ 12,248,964</u>

See accompanying notes to the financial statements.



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

**Years Ended August 31, 2016 and 2015**

	Primary Government Navarro College District	
	2016	2015
<b>Cash flows from operating activities</b>		
Receipts from students and other customers	\$ 28,179,572	\$ 26,264,107
Receipts from third-party student loans	21,193,292	12,827,052
Receipts from gifts and others for other than capital purposes	1,005,459	937,889
Other receipts	196,384	243,506
Loans issued to students	(17,098,729)	(15,600,070)
Payments to employees	(31,109,486)	(30,514,829)
Payments to suppliers and students	(35,084,568)	(34,185,070)
Net cash provided by (used in) operating activities	(32,718,076)	(40,027,415)
<b>Cash flows from noncapital financing activities</b>		
Receipts of state appropriations	15,406,876	16,388,325
Receipts from ad valorem property taxes for maintenance and operation	3,513,844	3,533,532
Receipts of grants and contracts	25,234,682	26,544,430
Net cash provided by (used in) noncapital financing activities	44,155,402	46,466,287
<b>Cash flows from capital and related financing activities</b>		
Purchases of capital assets	(103,605)	(1,098,599)
Payments on capital debt principal	(2,650,000)	(2,530,000)
Payments on capital debt interest	(1,044,898)	(1,095,527)
Net cash provided by (used in) capital and related financing activities	(3,798,503)	(4,724,126)
<b>Cash flows from investing activities</b>		
Receipts from interest on investments	97,297	92,631
Net cash provided by (used in) investing activities	97,297	92,631
Net increase (decrease) in cash and cash equivalents	7,736,120	1,807,377
Cash and cash equivalents - beginning of year	15,428,319	13,620,942
Cash and cash equivalents - end of year	\$ 23,164,439	\$ 15,428,319
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating income (loss)	\$ (40,096,980)	\$ (43,291,787)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation expense	2,120,128	2,142,219
On-behalf payments	2,351,840	1,944,554
Receipts from gifts and others for other than capital purposes	1,005,459	937,889
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in receivables, net	2,141,997	(1,306,922)
(Increase) decrease in prepaid expenses	529,208	(376,083)
(Increase) decrease in inventories	(16,185)	(538,133)
(Increase) decrease in deferred outflows of resources - pension	(1,861,321)	(559,447)
Increase (decrease) in accounts payable	(991,253)	899,215
Increase (decrease) in accrued liabilities	1,320	146
Increase (decrease) in funds held for others	(10,038)	(71,338)
Increase (decrease) in unearned revenue	211,586	(327,740)
Increase (decrease) in accrued compensated absences	(22,379)	37,682
Increase (decrease) in accrued claims and judgments	10,024	(40,834)
Increase (decrease) in net pension liability	1,219,320	(1,528,997)
Increase (decrease) in deferred inflows of resources - pension	689,198	2,052,161
Net cash used in operating activities	\$ (32,718,076)	\$ (40,027,415)
<b>Noncash investing, capital and financing activities:</b>		
State appropriations on-behalf payments	\$ 2,351,840	\$ 1,944,554
Contributed real estate improvements and equipment	\$ 10,000	\$ 585,587
Forgiveness of loan payable	\$ 75,000	\$ 75,000

See accompanying notes to the financial statements.



**Navarro College District**  
**Notes to Financial Statements**  
**August 31, 2016 and 2015**

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

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

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

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

During the years ended August 31, 2016 and 2015, the Foundation expended \$131,289 and \$262,885, respectively, directly to the District or to the District on behalf of students for scholarships. Complete financial statements for the Foundation can be obtained from the Foundation office at 3100 W. Collin, Corsicana, Texas 75110.

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

**A. Basis of Accounting**

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

# Navarro College District

## Notes to Financial Statements (continued)

### Note 2 - Summary of Significant Accounting Policies

#### 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.

#### C. Tuition Discounting

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances and discounts in the statements of revenues, expenses, and changes in net position. Scholarship allowances and discounts are the difference between the stated charge for goods and services provided by the District and the amount that is paid by students. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs are recorded as 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.

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

# Navarro College District

## Notes to Financial Statements (continued)

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

#### C. Tuition Discounting (continued)

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

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

#### D. Cash and Cash Equivalents

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

#### E. Inventories

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

#### F. Restricted Cash and Cash Equivalents

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

#### G. Capital Assets

Capital assets, which include land, collections, buildings, library books, furniture and equipment and other improvements, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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, 2016 and 2015, consists of the following amounts which have not yet been earned:

	<u>2016</u>	<u>2015</u>
Tuition and fees	\$ 9,717,637	\$ 9,797,053
Auxiliary	2,169,144	2,152,718
Federal grants	<u>4,900,239</u>	<u>28,957</u>
	<u>\$ 16,787,020</u>	<u>\$ 11,978,728</u>

#### I. Deferred Inflows of Resources

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

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

#### J. Deferred Outflows of Resources

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

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

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

## 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. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation allowances for receivables, and certain accrued liabilities. Accordingly, the District is aware that actual results could differ from those estimates.

##### **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, 2016 and 2015, consist of the following:

	2016	2015
Cash - demand deposits	\$ 22,039,894	\$ 14,053,674
Cash - certificates of deposit	1,118,500	1,368,500
Cash - petty cash on hand	6,045	6,145
Total deposits	\$ 23,164,439	\$ 15,428,319

Deposits and investments of the Foundation at August 31, 2016 and 2015, consist of the following:

	2016	2015
<u>Deposits</u>		
Cash - demand deposits	\$ 31,783	\$ 14,699
Total deposits	31,783	14,699
<u>Investments</u>		
Cash equivalents	257,430	84,574
Certificates of deposit	940,867	956,235
U. S. government securities	305,447	379,467
Corporate bonds	552,994	527,272
Marketable equity securities	2,125,242	1,822,525
Other investments	10,956	12,725
Total investments	4,192,936	3,782,798
Total deposits and investments	\$ 4,224,719	\$ 3,797,497



## Navarro College District

### Notes to Financial Statements (continued)

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

The Foundation reports all investments at fair value and categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair values of long-term investments are based on quoted market prices.

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

Description	8/31/2016	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available- for-sale- securities	\$ 4,192,936	\$ 4,192,936	\$ -	\$ -
Total	<u>\$ 4,192,936</u>	<u>\$ 4,192,936</u>	<u>\$ -</u>	<u>\$ -</u>

Description	8/31/2015	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available- for-sale- securities	\$ 3,782,798	\$ 3,782,798	\$ -	\$ -
Total	<u>\$ 3,782,798</u>	<u>\$ 3,782,798</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

## Navarro College District

### Notes to Financial Statements (continued)

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

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

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

#### Note 5 - Accounts Receivable

Accounts receivable at August 31, 2016 and 2015, consist of the following:

	<u>2016</u>	<u>2015</u>
Tuition and fees	\$ 7,036,726	\$ 6,685,448
Ad valorem property taxes	275,859	236,303
Federal and state grants	1,501,910	6,329,384
Interest	2,001	6,268
Auxiliary and other	<u>2,381,230</u>	<u>1,707,451</u>
	11,197,726	14,964,854
Less allowance for doubtful accounts	<u>(1,411,516)</u>	<u>(1,411,516)</u>
Accounts receivable, net	<u>\$ 9,786,210</u>	<u>\$ 13,553,338</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, 2016 was as follows:

	Balance September 1, 2015	Additions	Transfers and Retirements	Balance August 31, 2016
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	74,418,968	-	-	74,418,968
Other real estate improvements	8,156,307	-	-	8,156,307
Total buildings and other real estate improvements	82,575,275	-	-	82,575,275
Library books	1,624,936	22,340	-	1,647,276
Furniture and equipment	7,449,829	123,291	(215,501)	7,357,619
	<u>91,650,040</u>	<u>145,631</u>	<u>(215,501)</u>	<u>91,580,170</u>
Less accumulated depreciation:				
Buildings and building improvements	(19,551,315)	(1,321,617)	-	(20,872,932)
Other real estate improvements	(3,197,485)	(284,592)	-	(3,482,077)
Total buildings and other real estate improvements	(22,748,800)	(1,606,209)	-	(24,355,009)
Library books	(1,183,522)	(58,420)	-	(1,241,942)
Furniture and equipment	(4,546,714)	(455,499)	213,584	(4,788,629)
	<u>(28,479,036)</u>	<u>(2,120,128)</u>	<u>213,584</u>	<u>(30,385,580)</u>
	<u>63,171,004</u>	<u>(1,974,497)</u>	<u>(1,917)</u>	<u>61,194,590</u>
	<u>\$ 66,246,999</u>	<u>\$ (1,974,497)</u>	<u>\$ (1,917)</u>	<u>\$ 64,270,585</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, 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 Foundation for the year ended August 31, 2016 was as follows:

	Balance September 1, 2015	Additions	Transfers and Retirements	Balance August 31, 2016
Capital assets, not being depreciated:				
Collections	\$ 8,441,588	\$ 85,500	\$ -	\$ 8,527,088
	8,441,588	85,500	-	8,527,088
Capital assets, being depreciated:				
Furniture and equipment	22,042	-	-	22,042
	22,042	-	-	22,042
Less accumulated depreciation:				
Furniture and equipment	(22,042)	-	-	(22,042)
	(22,042)	-	-	(22,042)
	-	-	-	-
	\$ 8,441,588	\$ 85,500	\$ -	\$ 8,527,088

**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:

	Balance September 1, 2014	Additions	Transfers and Retirements	Balance August 31, 2015
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Capital assets, not being depreciated:				
Construction in progress	\$ 506,126	\$ 29,462	\$ (535,588)	\$ -
Collections	8,441,588	-	-	8,441,588
	<u>8,620,895</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 7 - Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2016 was as follows:

	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016	Due Within One Year
Bonds and loan payable:					
Revenue bonds	\$ 24,365,000	\$ -	\$ (2,460,000)	\$ 21,905,000	\$ 2,560,000
Issuance premiums	851,060	-	(66,317)	784,743	-
Loan payable	1,200,000	-	(75,000)	1,125,000	-
Total bonds and loan payable	26,416,060	-	(2,601,317)	23,814,743	2,560,000
Capital lease	3,450,000	-	(190,000)	3,260,000	200,000
Other liabilities:					
Net pension liability	6,708,538	1,219,320	-	7,927,858	-
Compensated absences	2,506,184	304,346	(326,725)	2,483,805	183,835
Claims and judgments	82,080	10,024	-	92,104	23,026
	<u>\$ 39,162,862</u>	<u>\$ 1,533,690</u>	<u>\$ (3,118,042)</u>	<u>\$ 37,578,510</u>	<u>\$ 2,966,861</u>

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>

**Navarro College District**

**Notes to Financial Statements (continued)**

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

Revenue bonds at August 31, 2016 and 2015, which were all issued to provide funds for the acquisition and construction of major capital facilities, are comprised of the following individual issues:

	2016	2015
\$3,550,000 series 2006 revenue bonds due in annual installments of \$95,000 to \$245,000 through May 2027; interest at 3.7%	\$ 2,110,000	\$ 2,280,000
\$3,550,000 series 2007 revenue bonds due in annual installments of \$120,000 to \$250,000 through May 2027; interest at 4.08%	2,285,000	2,445,000
\$4,075,000 series 2009 revenue bonds due in annual installments of \$135,000 to \$300,000 through May 2029; interest at 4.56%	3,015,000	3,180,000
\$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%	14,495,000	16,460,000
	<b>\$ 21,905,000</b>	<b>\$ 24,365,000</b>

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, 2016, are as follows:

For the Year Ended August 31,	Revenue Bonds		Total
	Principal	Interest	
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	1,650,000	590,062	2,240,062
2022-2026	9,285,000	1,903,567	11,188,567
2027-2029	3,780,000	230,822	4,010,822
	\$ 21,905,000	\$ 5,650,199	\$ 27,555,199

The District has pledged certain future tuition and fees to repay \$21.9 million in revenue bonds issued from 2006 to 2012. Proceeds from the bonds provided financing for the construction of classroom buildings and dormitories. Annual principal and interest payments on the bonds are expected to require approximately 20% of the pledged tuition and fees. The total principal and interest remaining to be paid on the bonds is \$27.6 million. Principal and interest paid for the current year and total of pledged tuition and fees were \$3.4 million and \$10.9 million, respectively.

**Note 8 - Capital Lease Obligations**

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

The District leases a building under a 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, 2016 consisted of the following:

Building	\$ 4,651,416
Less: accumulated amortization	(904,875)
	\$ 3,746,541

# Navarro College District

## Notes to Financial Statements (continued)

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

The future minimum lease obligations and the net present value of future minimum lease payments as of August 31, 2016 are as follows:

<u>Fiscal Year</u>	
2017	\$ 297,875
2018	298,875
2019	299,775
2020	305,575
2021	308,975
2022-2026	1,568,425
2027-2029	<u>967,294</u>
Total minimum lease payments	4,046,794
Less amounts representing interest (at rates ranging from 4.0% to 4.6%)	<u>(786,794)</u>
Present value of minimum capital lease payments	<u><u>\$ 3,260,000</u></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. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<b>Contribution Rates</b>		
	<b>Plan Fiscal Year</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Member (Employee)	6.4%	6.7%	7.2%
District (Employer)	6.8%	6.8%	6.8%
Non-Employer Contributing Entity (State)	6.8%	6.8%	6.8%

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

	<b>Measurement Year (2015)</b>		<b>Fiscal Year (2016)</b>
	<b>Contributions Required and Made</b>	<b>Pension Expense</b>	<b>TRS Contributions</b>
Member (Employee)	\$ 577,740	\$ -	\$ 1,201,325
District (Employer)	664,092	703,816	681,870
Non-employer contributing entity (State)	455,866	775,181	463,404

**Navarro College District**

**Notes to Financial Statements (continued)**

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

	<u>Measurement Year (2014)</u>		<u>Fiscal Year (2015)</u>
	<b>Contributions Required and Made</b>	<b>Pension Expense</b>	<b>TRS Contributions</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

*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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Inflation	2.5%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

## 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, 2014 and adopted on September 24, 2015.

*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, 2015 are summarized below:

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

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

*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 2015 Net Pension Liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportional share of the net pension liability	\$12,421,459	\$7,927,858	\$4,184,967

**Navarro College District**

**Notes to Financial Statements (continued)**

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

*Discount Rate Sensitivity Analysis (continued).* 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 <u>7%</u>	Current Discount Rate <u>8%</u>	1% Increase <u>9%</u>
District's proportional share of the net pension liability	\$11,987,750	\$6,708,538	\$2,760,670

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At August 31, 2016, the District reported a liability of \$7,927,858 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportion of the net pension liability	0.0224276%
District's proportional share of the net pension liability	\$ 7,927,858
State's proportionate share of the net pension liability associated with the District	<u>5,440,480</u>
Total	\$ 13,368,338

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 proportion of the net pension liability	0.0251149%
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, 2015 and 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the periods September 1, 2014 thru August 31, 2015 and September 1, 2013 thru August 31, 2014, respectively.

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.0224276% which was a decrease from its proportion measured as of August 31, 2014 of 0.251149%.

## 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).*

#### Changes since the Prior Actuarial Valuation

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

##### *Economic Assumptions*

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

##### *Mortality Assumptions*

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

##### *Other Demographic Assumptions*

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.



## 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).*

#### Changes since the Prior Actuarial Valuation (continued)

10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

#### *Actuarial Methods and Policies*

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

For the fiscal year ended August 31, 2016, the District recognized pension expense of \$703,816 as well as revenue of \$775,181 representing pension expense incurred by the State on behalf of the District.

For the fiscal year ended August 31, 2015, 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.

At August 31, 2016, 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	\$ 86,285	\$ 304,675
Changes of assumptions	362,657	282,831
Difference between projected and actual earnings on pension plan investments	1,926,689	1,537,995
Changes in proportion and differences between District contributions and proportionate share of contributions	-	615,858
District contributions subsequent to the measurement date	681,870	-
Total	\$ 3,057,501	\$ 2,741,359

**Navarro College District**

**Notes to Financial Statements (continued)**

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

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

The \$681,870 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, 2017. 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>
2017	\$ 137,526
2018	137,526
2019	137,526
2020	(375,075)
2021	118,424
2022	209,801
	<u>\$ 365,728</u>

At August 31, 2015, 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	-
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	<u>\$ 1,196,180</u>	<u>\$ 2,052,161</u>

**Navarro College District**

**Notes to Financial Statements (continued)**

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

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

The \$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</b>	
<b>August 31,</b>	<b>Amount</b>
2016	\$ (422,029)
2017	(422,029)
2018	(422,029)
2019	(422,028)
2020	90,572
2021	85,194
	<u>\$ (1,512,349)</u>

*Optional Retirement Program.* The state has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program (ORP) is in lieu of participation in the Teacher Retirement System of Texas. The optional retirement program provides for the purchase of annuity contracts. 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.

*Actual Funding.* Contribution rates as a percentage of compensation and contributions made for TRS and ORP for 2014, 2015, and 2016 are shown in the table below.

<u>Year</u>	<u>Member (TRS/ORP)</u>		<u>State (TRS/ORP)</u>	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
2016	6.7%/6.65%	\$ 1,484,813	6.8%/6.6%	\$ 1,446,627
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

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 \$25,779,019 and \$25,286,729 for the years ended August 31, 2016 and 2015, respectively. The total payroll of employees covered by TRS was \$16,685,062 and \$16,418,480, and the total payroll of employees covered by ORP was \$4,262,973 and \$4,259,192 for the years ended August 31, 2016 and 2015, respectively.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 10 - Compensated Absences

Full-time employees earn vacation at a rate of 6.67 hours per month for the first five years of employment, then at a rate of 10.00 hours per month thereafter. The District's policy is that any employee may carry accrued vacation forward from one fiscal year to another fiscal year with a maximum number of paid hours upon termination of 160. The District recognized an accrued liability for the unpaid vacation of \$505,411 and \$514,966 at August 31, 2016 and 2015, respectively. Sick leave, which can be accumulated up to 480 hours, is earned at the rate of 8 hours per month. Unused sick leave will be compensated at termination of employment based upon the following years of service to the District:

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

The District recognized an accrued liability for the unpaid sick leave of \$1,943,404 and \$1,935,148 at August 31, 2016 and 2015, respectively. The District recognized an accrued liability for unpaid compensatory time of \$34,990 and \$56,070 at August 31, 2016 and 2015, respectively.

#### Note 11 - Risk Management

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

During the year ended August 31, 2016, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2015, the Fund carries a discounted reserve of \$58,364,320 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2016, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 11 - Risk Management – continued

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

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2015, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

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

During the year ended August 31, 2016, the District participated in the following TASB Risk Management Fund (the Fund) programs: Auto Liability, Auto Physical Damage, Legal Liability, and Property.

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

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2016, 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, 2015, 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, 2016, 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, 2016, 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, 2015, 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, 2016, 2015 and 2014 were \$331,176, \$314,865, and \$553,816, 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, 2016, 2015 and 2014 were \$408,247, \$379,584, and \$68,647, respectively, which equaled the required contributions each year.

#### 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 \$1,023,884 and \$1,011,786 in 2016 and 2015, respectively. Participant contributions were \$639,928 and \$623,368 in 2016 and 2015, respectively.

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 14 - Ad Valorem Property Taxes**

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

	<u>2016</u>	<u>2015</u>
Assessed valuation of the District	\$ 3,175,167,202	\$ 3,083,281,070
Less: Abatements	51,612,184	43,468,752
Less: Exemptions	<u>129,412,489</u>	<u>122,274,845</u>
 Net assessed valuation of the District	 <u>\$ 2,994,142,529</u>	 <u>\$ 2,917,537,473</u>

Tax rates authorized and assessed during fiscal year 2016 are as follows:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized	\$0.500000	\$0.500000	\$1.000000
Tax rate per \$100 valuation for assessed	0.118300	0.000000	0.118300

Tax rates authorized and assessed during fiscal year 2015 are as follows:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
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

Taxes levied for the year ended August 31, 2016 are \$3,534,453. 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, 2016 are as follows:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 3,432,700	\$ -	\$ 3,432,700
Delinquent taxes collected	55,738	-	55,738
Penalties and interest collected	<u>19,927</u>	<u>-</u>	<u>19,927</u>
 Total collections	 <u>\$ 3,508,365</u>	 <u>\$ -</u>	 <u>\$ 3,508,365</u>

**Navarro College District**

**Notes to Financial Statements (continued)**

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

Taxes levied for the year ended August 31, 2016 are \$3,534,453. 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, 2016 are as follows:

	Current Operations	Debt Service	Total
Current taxes collected	\$ 3,432,700	\$ -	\$ 3,432,700
Delinquent taxes collected	55,738	-	55,738
Penalties and interest collected	19,927	-	19,927
 Total collections	 \$ 3,508,365	 \$ -	 \$ 3,508,365

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

Current tax collections for the years ended August 31, 2016 and 2015 were 97.12% and 97.67%, respectively, of the current tax levy. An allowance for uncollectible taxes is based upon the historical experience in collecting property taxes.

**Note 15 - Budgetary Data**

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

**Note 16 - Income Taxes**

The District is exempt from income taxes under Internal Revenue Code Section 115, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B). The District had no unrelated business income tax liability for 2016 or 2015.

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, 2016 and 2015 in the amount of \$80,603 and \$5,973, respectively. As discussed in Note 1, the Foundation expended \$131,289 and \$262,885 for the years ended August 31, 2016 and 2015, 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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement was issued for implementation in fiscal year 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pension Plans*. This statement was issued for implementation in fiscal year 2018.

GASB Statement No. 77, *Tax Abatement Disclosures*. This statement was issued for implementation in fiscal year 2017.

## 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 13, 2016**, the date on which the financial statements were available to be issued, and has determined that there are no other items to disclose.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Navarro College District**

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

**Teachers Retirement System of Texas**

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

	<b>2015</b>	<b>2014</b>
District's proportion of the net pension liability	0.022%	0.025%
District's proportionate share of the net pension liability	\$ 7,927,858	\$ 6,708,538
State's proportionate share of the net pension liability associated with the District	5,440,480	4,924,836
Total	\$ 13,368,338	\$ 11,633,374
District's covered-employee payroll (for Measurement Year)	\$ 16,418,480	\$ 16,125,155
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	48.3%	41.6%
Plan fiduciary net position as a percentage of the total pension liability*	78.43%	83.25%
Plan's net pension liability as a percentage of covered-employee payroll*	91.94%	72.89%

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

Net pension liability and related ratios will be presented prospectively as data becomes available.

\* Per TRS' CAFR

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 681,870	\$ 656,368	\$ 636,733
Contributions in relation to the contractual required contributions	681,870	656,368	636,733
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 16,685,062	\$ 16,418,480	\$ 16,125,155
Contributions as a percentage of covered employee payroll	4.09%	4.00%	3.95%

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

**Navarro College District**

**Notes to Required Supplementary Information**

**Year Ended August 31, 2016**

**Notes to Required Supplementary Information**

*Changes in Assumptions.* New actuarial assumptions were adopted by the Teacher Retirement System of Texas' Board of Trustees on September 24, 2015 and are effective with the valuation as of August 31, 2015. The major assumptions changes were the adoption of the use of generational mortality for the purpose of predicting future mortality improvement and the reduction in the inflation rate from 3.00% to 2.50%.

*Changes in Benefit Terms.* There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

## **SUPPLEMENTARY INFORMATION**

## Navarro College District

### Schedule of Operating Revenues (Schedule A)

**Year Ended August 31, 2016  
(With Totals for the Year Ended August 31, 2015)**

	Unrestricted	Restricted	Total		Total	
			Educational Activities	Auxiliary Enterprises	2016	2015
<b>Tuition and fees:</b>						
State funded credit courses:						
In-district resident tuition	\$ 1,163,808	\$ -	\$ 1,163,808	\$ -	\$ 1,163,808	\$ 1,271,966
Out-of-district resident tuition	6,403,935	-	6,403,935	-	6,403,935	6,465,982
Non-resident tuition	526,016	-	526,016	-	526,016	647,025
TPEG - credit (set aside)	466,631	-	466,631	-	466,631	475,112
State funded continuing education	428,954	-	428,954	-	428,954	448,344
TPEG - non-credit (set aside)	9,480	-	9,480	-	9,480	26,292
Non-state funded educational programs	12,520	-	12,520	-	12,520	2,726
<b>Total tuition</b>	<b>9,011,344</b>	<b>-</b>	<b>9,011,344</b>	<b>-</b>	<b>9,011,344</b>	<b>9,337,447</b>
<b>Fees:</b>						
Building use fees	3,942,353	-	3,942,353	-	3,942,353	4,203,104
Student services fees	1,962,878	-	1,962,878	-	1,962,878	2,199,812
Laboratory fees	357,393	-	357,393	-	357,393	404,582
Out-of-district fees	4,997,878	-	4,997,878	-	4,997,878	5,564,752
Other fees	293,939	-	293,939	-	293,939	228,081
<b>Total fees</b>	<b>11,554,441</b>	<b>-</b>	<b>11,554,441</b>	<b>-</b>	<b>11,554,441</b>	<b>12,600,331</b>
<b>Scholarship allowances and discounts:</b>						
Scholarship allowance	(3,765,901)	-	(3,765,901)	-	(3,765,901)	(3,934,781)
TPEG awards	(594,468)	-	(594,468)	-	(594,468)	(467,571)
<b>Total scholarship allowances</b>	<b>(4,360,369)</b>	<b>-</b>	<b>(4,360,369)</b>	<b>-</b>	<b>(4,360,369)</b>	<b>(4,402,352)</b>
<b>Total net tuition and fees</b>	<b>16,205,416</b>	<b>-</b>	<b>16,205,416</b>	<b>-</b>	<b>16,205,416</b>	<b>17,535,426</b>
<b>Additional operating revenues:</b>						
Sales and services of educational activities	451,427	-	451,427	-	451,427	474,901
Other operating revenues	196,380	-	196,380	-	196,380	243,507
<b>Total additional operating revenues</b>	<b>647,807</b>	<b>-</b>	<b>647,807</b>	<b>-</b>	<b>647,807</b>	<b>718,408</b>
<b>Auxiliary enterprises:</b>						
Bookstore	-	-	-	4,289,027	4,289,027	4,873,488
less discounts	-	-	-	(1,009,114)	(1,009,114)	(1,018,830)
Dining services	-	-	-	2,295,849	2,295,849	2,148,084
less discounts	-	-	-	(448,495)	(448,495)	(452,813)
Housing	-	-	-	2,285,194	2,285,194	1,990,006
less discounts	-	-	-	(411,121)	(411,121)	(415,079)
Athletic sales and student programs	-	-	-	14,432	14,432	14,392
Gift shop	-	-	-	5,942	5,942	11,421
Other auxiliary enterprises	-	-	-	22,936	22,936	36,128
<b>Total net auxiliary enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,044,650</b>	<b>7,044,650</b>	<b>7,186,797</b>
<b>Total operating revenues</b>	<b>\$ 16,853,223</b>	<b>\$ -</b>	<b>\$ 16,853,223</b>	<b>\$ 7,044,650</b>	<b>\$ 23,897,873</b>	<b>\$ 25,440,631</b>

In accordance with Education Code 56.033, \$476,111 and \$501,404 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2016 and 2015 respectively.

See accompanying independent auditors' report.



**Navarro College District**

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

**Year Ended August 31, 2016  
(With Totals for the Year Ended August 31, 2015)**

	Operating Expenses				Total	
	Salaries and Wages	Benefits		Other Expenses	2016	2015
		State	Local			
<b>Unrestricted - educational activities:</b>						
Instruction	\$ 12,987,261	\$ -	\$ 3,126,737	\$ 1,188,834	\$ 17,302,832	\$17,446,890
Public service	30,800	-	7,415	3,298	41,513	43,961
Academic support	2,446,633	-	589,037	380,413	3,416,083	3,297,552
Student services	2,431,839	-	585,475	794,150	3,811,464	3,494,102
Institutional support	3,665,376	-	882,455	3,331,521	7,879,352	6,834,825
Operation and maintenance of plant	780,464	-	187,900	2,751,249	3,719,613	3,788,714
Total unrestricted educational activities	<u>22,342,373</u>	<u>-</u>	<u>5,379,019</u>	<u>8,449,465</u>	<u>36,170,857</u>	<u>34,906,044</u>
<b>Restricted - educational activities:</b>						
Instruction	876,202	916,486	122,237	930,686	2,845,611	3,921,714
Public service	154,357	2,173	42,965	48,933	248,428	235,227
Academic support	-	172,654	-	-	172,654	178,370
Student services	363,061	171,610	96,358	108,266	739,295	750,921
Institutional support	30,352	258,659	2,459	50,508	341,978	266,343
Operation and maintenance of plant	-	55,076	-	-	55,076	51,636
Scholarships and fellowships	-	-	-	11,467,584	11,467,584	15,670,742
Total restricted educational activities	<u>1,423,972</u>	<u>1,576,658</u>	<u>264,019</u>	<u>12,605,977</u>	<u>15,870,626</u>	<u>21,074,953</u>
Total educational activities	<u>23,766,345</u>	<u>1,576,658</u>	<u>5,643,038</u>	<u>21,055,442</u>	<u>52,041,483</u>	<u>55,980,997</u>
<b>Auxiliary enterprises</b>	<u>2,012,674</u>	<u>-</u>	<u>497,452</u>	<u>7,323,116</u>	<u>9,833,242</u>	<u>10,609,202</u>
<b>Depreciation expense:</b>						
Buildings and other improvements	-	-	-	1,606,209	1,606,209	1,601,368
Equipment and furniture	-	-	-	455,499	455,499	475,851
Library books	-	-	-	58,420	58,420	65,000
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,120,128</u>	<u>2,120,128</u>	<u>2,142,219</u>
Total operating expenses	<u>\$ 25,779,019</u>	<u>\$ 1,576,658</u>	<u>\$ 6,140,490</u>	<u>\$ 30,498,686</u>	<u>\$ 63,994,853</u>	<u>\$ 68,732,418</u>

See accompanying independent auditors' report.

**Navarro College District**

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

**Year Ended August 31, 2016  
(With Totals for the Year Ended August 31, 2015)**

	Unrestricted	Restricted	Auxiliary Enterprises	Total	
				2016	2015
<b>Nonoperating revenues:</b>					
State appropriations:					
Education and general state support	\$ 15,288,429	\$ -	\$ -	\$ 15,288,429	\$ 16,262,313
State group insurance	-	1,576,659	-	1,576,659	1,489,709
State retirement matching	-	893,628	-	893,628	580,857
Total state appropriations	15,288,429	2,470,287	-	17,758,716	18,332,879
Maintenance ad valorem taxes	3,553,400	-	-	3,553,400	3,533,309
Federal grants and contracts	-	17,463,377	-	17,463,377	22,684,063
State grants and contracts	-	1,432,635	-	1,432,635	2,352,975
Local grants and contracts	-	81,545	-	81,545	76,322
Investment income	69,469	16,315	7,247	93,031	93,269
Gifts and donations	-	856,846	-	856,846	867,114
Other nonoperating revenues	223,615	-	-	223,615	823,651
Total nonoperating revenues	19,134,913	22,321,005	7,247	41,463,165	48,763,582
<b>Nonoperating expenses:</b>					
Interest on capital related debt	1,028,332	-	-	1,028,332	1,074,176
Other nonoperating expenses	1,917	-	-	1,917	9,702
Total nonoperating expenses	1,030,249	-	-	1,030,249	1,083,878
Net nonoperating revenues	\$ 18,104,664	\$ 22,321,005	\$ 7,247	\$ 40,432,916	\$ 47,679,704

See accompanying independent auditors' report.

**Navarro College District**

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

**Year Ended August 31, 2016**

	Detail by Source				Available for Current Operation	
	Unrestricted	Restricted - Expendable	Net Investment in		Yes	No
			Capital Assets	Total		
Current:						
Unrestricted	\$ 1,168,449	\$ -	\$ -	\$ 1,168,449	\$ 1,168,449	\$ -
Auxiliary	3,216,449	-	-	3,216,449	3,216,449	-
Scholarships and fellowships	-	1,880,472	-	1,880,472	-	1,880,472
Plant:						
Debt service	-	414,636	-	414,636	-	414,636
Investment in plant	-	-	38,280,836	38,280,836	-	38,280,836
Total net position, August 31, 2016	4,384,898	2,295,108	38,280,836	44,960,842	4,384,898	40,575,944
Total net position, August 31, 2015	4,623,822	2,447,086	37,553,998	44,624,906	4,623,822	40,001,084
Net increase (decrease) in net position	\$ (238,924)	\$ (151,978)	\$ 726,838	\$ 335,936	\$ (238,924)	\$ 574,860

See accompanying independent auditors' report.

**Navarro College District**

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

**Year Ended August 31, 2016**

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor Number	Federal Expenditures
<b>U.S. Department of Education</b>			
<b>Direct Programs:</b>			
<i>TRIO - Student Support Services</i>	84.042A		\$ 362,603
<b>Student Financial Assistance Cluster:</b>			
<i>Federal Supplemental Education Opportunity Grant Program</i>	84.007		216,715
<i>Federal Work Study Program</i>	84.033		226,492
<i>Federal Pell Grant Program</i>	84.063		14,729,036
<i>Federal Direct Student Loans</i>	84.268		17,098,729
<b>Total Student Financial Assistance Cluster</b>			<u>32,270,972</u>
<b>Pass Through From Texas Workforce Commission:</b>			
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Fed Year 3</i>	84.002A	0416AEL002	99,704
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Fed Year 2</i>	84.002A	0414AELB02	327,813
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Fed Year 1</i>	84.002A	0414AELA02	184,656
<i>Adult Education &amp; Family Literacy Act (AEFLA) - EL Civics Y3</i>	84.002A	0416AEL002	2,625
<i>Adult Education &amp; Family Literacy Act (AEFLA) - EL Civics Y2</i>	84.002A	0414AELB02	38,750
<i>Adult Education &amp; Family Literacy Act (AEFLA) - EL Civics Y1</i>	84.002A	0414AELA02	12,569
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Professional Development Y3</i>	84.002A	0416AEL002	12,050
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Professional Development Y2</i>	84.002A	0414AELB02	17,995
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Professional Development Y1</i>	84.002A	0414AELA02	13,119
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Distance Learning</i>	84.002A	0414AELA02	24,782
<b>Total Pass Through From Texas Workforce Commission</b>			<u>734,063</u>
<b>Pass Through From Texas Higher Education Coordinating Board:</b>			
<i>Vocational Education - Carl Perkins</i>	84.048A	164244	642,006
<b>Total Pass Through From Texas Higher Education Coordinating Board</b>			<u>642,006</u>
<b>Total U. S. Department of Education</b>			<u>\$ 34,009,644</u>

**Navarro College District**

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

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor Number	Federal Expenditures
<b>U. S. 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	\$ 384,333
<b>Total U.S. Department of Labor</b>			<u>384,333</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	21,530
<i>Small Business Development Center</i>	59.037	SBAHQ-16-B-0004	<u>90,316</u>
<b>Total U. S. Small Business Administration</b>			<u>111,846</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 Y3</i>	93.558	0416AEL002	10,801
<i>Temporary Assistance for Needy Families Y2</i>	93.558	0414AELB02	22,033
<i>Temporary Assistance for Needy Families Y1</i>	93.558	0414AELA02	<u>23,449</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>56,283</u>
<b>Total Federal Awards</b>			<u><u>\$ 34,562,106</u></u>

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

**Navarro College District**

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

**Year Ended August 31, 2016**

**Note 1 - Federal Revenue Reconciliation**

Federal revenues for the year ended August 31, 2016 are reported in the basic financial statements as follows:

Federal grants and contracts per Exhibit 2	\$ 17,463,377
Add: Federal Direct Student Loans made	<u>17,098,729</u>
Total per Schedule of Expenditures of Federal Awards	<u>\$ 34,562,106</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, 2016. The information in this Schedule is presented in accordance with the *Uniform Guidance*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

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

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

**Navarro College District**

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

**Year Ended August 31, 2016**

<b>Grantor/Pass-Through Grantor/ Program Title</b>	<b>Grant Contract Number</b>	<b>Indirect Costs and Expenditures</b>
<b>Texas Higher Education Coordinating Board</b>		
<b>Direct Programs:</b>		
<i>Texas College Work Study</i>		\$ 63,694
<i>Texas Grant Program</i>		14,579
<i>Texas Education Opportunity Grant</i>		729,486
<i>Texas Tomorrow Fund</i>		74,571
<i>Nursing Shortage Grant Program Regular</i>		162,721
<i>Texas Science, Technology, Engineering, and Math Challenge Scholarship Program</i>	15147	23,493
<b>Pass Through From College of the Mainland:</b>		
<i>Accelerate Texas: Integrated Education and Training</i>		8,771
<b>Total Texas Higher Education Coordinating Board</b>		<u>1,077,315</u>
<b>Texas Workforce Commission</b>		
<b>Direct Programs:</b>		
<i>Adult Education &amp; Family Literacy Act (AEFLA) State</i>	0414AELB02	167,521
<i>Skills Development - Mfg Consortium-Owens</i>	0414SDF001	49,900
<i>Skills Development - Veterans Initiative</i>	0414SDF005	427
<i>Skills Development - Hardie</i>	0415SDF004	36,706
<b>Total Texas Workforce Commission</b>		<u>254,554</u>
<b>Small Business Development Center</b>		
<b>Direct Programs:</b>		
<i>Small Business Development Center</i>	SBAHQ-15-B-0018	5,224
<i>Small Business Development Center</i>	SBAHQ-16-B-0004	95,542
<b>Total Small Business Development Center</b>		<u>100,766</u>
<b>Total State Awards</b>		<u>\$ 1,432,635</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, 2016

#### Note 1 - State Revenue Reconciliation

State revenues for the year ended August 31, 2016 are reported in the basic financial statements as follows:

State grants and contracts per Exhibit 2	<u>\$ 1,432,635</u>
Total per Schedule of Expenditures of State Awards	<u>\$ 1,432,635</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, 2016. 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>2016</u>	<u>2015</u>	<u>2014 (2)</u>	<u>2013 (1)</u>
Net investment in capital assets	\$ 38,280,836	\$ 37,553,998	\$ 35,321,947	\$ 32,024,197
Restricted	2,295,108	2,447,086	2,372,830	2,901,585
Unrestricted	<u>4,384,898</u>	<u>4,623,822</u>	<u>2,542,212</u>	<u>13,317,142</u>
Total net position	<u>\$ 44,960,842</u>	<u>\$ 44,624,906</u>	<u>\$ 40,236,989</u>	<u>\$ 48,242,924</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>2012 (1)</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 26,918,301	\$ 25,643,850	\$ 23,238,115	\$ 22,732,156	\$ 21,529,891	\$ 20,425,989
2,963,556	3,018,291	3,007,776	3,170,455	3,371,239	3,344,836
<u>14,460,428</u>	<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>\$ 44,342,285</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>

**Navarro College District**

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

	For the Year Ended August 31,			
	2016	2015	2014	2013
Tuition and fees (net of discounts)	\$ 16,205,416	\$ 17,535,426	\$ 14,029,788	\$ 14,202,493
Sales and services of educational activities	451,427	474,901	521,857	508,065
Auxiliary enterprises (net of discounts)	7,044,650	7,186,797	7,779,024	8,035,390
Other operating revenues	196,380	243,507	155,344	182,078
Total operating revenues	<u>23,897,873</u>	<u>25,440,631</u>	<u>22,486,013</u>	<u>22,928,026</u>
State appropriations	17,758,716	18,332,879	18,288,097	17,919,724
Ad valorem taxes for maintenance and operations	3,553,400	3,533,309	3,359,627	3,301,143
Federal grants and contracts	17,463,377	22,684,063	22,588,765	23,451,372
State grants and contracts	1,432,635	2,352,975	2,083,489	1,668,721
Local grants and contracts	81,545	76,322	94,685	63,216
Investment income	93,031	93,269	129,125	160,404
Gifts	856,846	867,114	1,414,538	975,840
Other non-operating revenues	221,698	813,949	349,148	291,260
Total non-operating revenues	<u>41,461,248</u>	<u>48,753,880</u>	<u>48,307,474</u>	<u>47,831,680</u>
Total revenues	<u>\$ 65,359,121</u>	<u>\$ 74,194,511</u>	<u>\$ 70,793,487</u>	<u>\$ 70,759,706</u>
Tuition and fees (net of discounts)	24.79%	23.63%	19.82%	20.07%
Sales and services of educational activities	0.69%	0.64%	0.74%	0.72%
Auxiliary enterprises (net of discounts)	10.78%	9.69%	10.99%	11.36%
Other operating revenues	0.30%	0.33%	0.22%	0.26%
Total operating revenues	<u>36.56%</u>	<u>34.29%</u>	<u>31.76%</u>	<u>32.40%</u>
State appropriations	27.17%	24.71%	25.83%	25.32%
Ad valorem property taxes for maintenance and operations	5.44%	4.76%	4.75%	4.67%
Federal grants and contracts	26.72%	30.57%	31.91%	33.14%
State grants and contracts	2.19%	3.17%	2.94%	2.36%
Local grants and contracts	0.12%	0.10%	0.13%	0.09%
Investment income	0.14%	0.13%	0.18%	0.23%
Gifts	1.31%	1.17%	2.00%	1.38%
Other non-operating revenues	0.34%	1.10%	0.49%	0.41%
Total non-operating revenues	<u>63.44%</u>	<u>65.71%</u>	<u>68.24%</u>	<u>67.60%</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,					
2012	2011	2010	2009	2008	2007
\$ 15,014,906	\$ 13,759,423	\$ 13,325,558	\$ 11,425,170	\$ 10,123,664	\$ 5,361,391
448,874	421,584	373,842	362,637	358,946	323,871
8,390,017	8,027,928	7,773,268	7,516,783	6,528,184	4,614,339
129,911	100,877	98,943	119,684	98,376	177,827
23,983,708	22,309,812	21,571,611	19,424,274	17,109,170	10,477,428
17,530,761	16,383,691	16,719,942	14,788,419	14,443,224	13,776,780
3,228,761	3,122,756	2,988,424	2,868,682	2,686,447	2,699,632
24,701,880	27,228,331	22,755,722	13,816,025	10,894,527	9,431,603
1,339,234	1,911,420	1,575,161	1,097,098	1,026,892	938,010
78,135	124,667	122,593	261,910	297,581	128,462
146,902	153,555	193,952	279,352	456,823	620,102
834,579	762,018	635,150	699,769	793,110	607,580
62,511	64,560	479,948	-	38,049	8,350
47,922,763	49,750,998	45,470,892	33,811,255	30,636,653	28,210,519
\$ 71,906,471	\$ 72,060,810	\$ 67,042,503	\$ 53,235,529	\$ 47,745,823	\$ 38,687,947
20.88%	19.09%	19.88%	21.46%	21.20%	13.86%
0.62%	0.59%	0.56%	0.68%	0.75%	0.84%
11.67%	11.14%	11.59%	14.12%	13.67%	11.93%
0.18%	0.14%	0.15%	0.22%	0.21%	0.46%
33.35%	30.96%	32.18%	36.49%	35.83%	27.08%
24.38%	22.74%	24.94%	27.78%	30.25%	35.61%
4.49%	4.33%	4.46%	5.39%	5.63%	6.98%
34.35%	37.79%	33.94%	25.95%	22.82%	24.38%
1.86%	2.65%	2.35%	2.06%	2.15%	2.42%
0.11%	0.17%	0.18%	0.49%	0.62%	0.33%
0.20%	0.21%	0.29%	0.52%	0.96%	1.60%
1.16%	1.06%	0.95%	1.31%	1.66%	1.57%
0.09%	0.09%	0.72%	0.00%	0.08%	0.02%
66.65%	69.04%	67.82%	63.51%	64.17%	72.92%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Navarro College District**

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

	For the Year Ended August 31,			
	2016	2015	2014	2013 (1)
Instruction	\$ 20,148,443	\$ 21,368,604	\$ 20,213,672	\$ 19,104,050
Public service	289,941	279,188	275,807	270,869
Academic support	3,588,737	3,475,922	3,972,411	3,748,138
Student services	4,550,759	4,245,023	4,360,373	4,608,363
Institutional support	8,221,330	7,101,168	6,998,131	6,144,442
Operation and maintenance of plant	3,774,689	3,840,350	3,748,746	4,030,618
Scholarships and fellowships	11,467,584	15,670,742	16,571,886	15,761,613
Auxiliary enterprises	9,833,242	10,609,202	11,825,269	11,504,077
Depreciation	2,120,128	2,142,219	1,997,893	1,968,446
Total operating expenses	<u>63,994,853</u>	<u>68,732,418</u>	<u>69,964,188</u>	<u>67,140,616</u>
Interest on capital related debt	1,028,332	1,074,176	1,234,432	1,257,512
Total non-operating expenses	<u>1,028,332</u>	<u>1,074,176</u>	<u>1,234,432</u>	<u>1,257,512</u>
Total expenses	<u>\$ 65,023,185</u>	<u>\$ 69,806,594</u>	<u>\$ 71,198,620</u>	<u>\$ 68,398,128</u>
Special item	-	-	-	1,539,061
Change in net position	<u>\$ 335,936</u>	<u>\$ 4,387,917</u>	<u>\$ (405,133)</u>	<u>\$ 3,900,639</u>
Instruction	30.99%	30.61%	28.39%	27.93%
Public service	0.45%	0.40%	0.39%	0.40%
Academic support	5.52%	4.98%	5.58%	5.48%
Student services	7.00%	6.08%	6.12%	6.74%
Institutional support	12.64%	10.17%	9.83%	8.98%
Operation and maintenance of plant	5.81%	5.50%	5.27%	5.89%
Scholarships and fellowships (net of discounts)	17.64%	22.45%	23.28%	23.04%
Auxiliary enterprises	15.12%	15.20%	16.61%	16.82%
Depreciation	3.26%	3.07%	2.81%	2.88%
Total operating expenses	<u>98.42%</u>	<u>98.46%</u>	<u>98.27%</u>	<u>98.16%</u>
Interest on capital related debt	1.58%	1.54%	1.73%	1.84%
Total non-operating expenses	<u>1.58%</u>	<u>1.54%</u>	<u>1.73%</u>	<u>1.84%</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,					
2012 (1)	2011	2010	2009	2008	2007
\$ 17,799,800	\$ 18,167,513	\$ 17,540,069	\$ 16,061,086	\$ 14,955,025	\$ 13,753,775
281,184	228,891	194,113	173,343	157,488	125,816
3,486,597	3,579,175	3,436,714	3,045,243	2,800,470	2,768,153
4,031,791	3,677,010	3,838,251	3,058,628	2,693,937	2,369,268
5,191,112	5,022,776	5,054,143	4,400,790	4,227,103	4,237,693
4,122,473	4,582,981	3,743,411	3,427,220	3,732,384	3,196,937
16,955,799	17,996,557	16,350,302	8,538,915	7,061,974	1,271,148
12,088,998	11,880,415	10,082,097	9,252,131	8,585,730	7,912,581
1,855,608	1,703,928	1,574,211	1,539,247	1,475,450	1,395,899
<u>65,813,362</u>	<u>66,839,246</u>	<u>61,813,311</u>	<u>49,496,603</u>	<u>45,689,561</u>	<u>37,031,270</u>
<u>1,527,268</u>	<u>1,493,617</u>	<u>1,486,718</u>	<u>1,359,280</u>	<u>1,378,430</u>	<u>1,215,469</u>
<u>1,527,268</u>	<u>1,493,617</u>	<u>1,486,718</u>	<u>1,359,280</u>	<u>1,378,430</u>	<u>1,215,469</u>
<u>\$ 67,340,630</u>	<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>\$ 4,565,841</u>	<u>\$ 290,805</u>	<u>\$ 8,760,781</u>	<u>\$ 2,379,646</u>	<u>\$ 675,679</u>	<u>\$ 441,208</u>
26.43%	26.59%	27.71%	31.58%	31.77%	35.96%
0.42%	0.33%	0.31%	0.34%	0.33%	0.33%
5.18%	5.24%	5.43%	5.99%	5.95%	7.24%
5.99%	5.38%	6.06%	6.01%	5.72%	6.19%
7.71%	7.35%	7.98%	8.65%	8.98%	11.08%
6.12%	6.71%	5.91%	6.74%	7.93%	8.36%
25.18%	26.34%	25.83%	16.79%	15.00%	3.32%
17.95%	17.39%	15.93%	18.19%	18.24%	20.69%
2.76%	2.49%	2.49%	3.03%	3.13%	3.65%
<u>97.73%</u>	<u>97.81%</u>	<u>97.65%</u>	<u>97.33%</u>	<u>97.07%</u>	<u>96.82%</u>
<u>2.27%</u>	<u>2.19%</u>	<u>2.35%</u>	<u>2.67%</u>	<u>2.93%</u>	<u>3.18%</u>
<u>2.27%</u>	<u>2.19%</u>	<u>2.35%</u>	<u>2.67%</u>	<u>2.93%</u>	<u>3.18%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**Navarro College District**

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

**Resident Students (1)**

Fiscal Year (Fall)	Tuition		Matriculation Fee	Building Use Fee	Vehicle Registration Fee
	In-District	Out-of-District			
2016	\$ 480	\$ 1,020	\$ 14	\$ 312	\$ 15
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

**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	\$ 893	\$ 1,433	7.20%	5.29%	14,088
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

**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
2016	\$ 1,140	\$ 480	\$ 14	\$ 312	\$ 15
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

**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	\$ 2,033	4.96%	3,519
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

**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	\$ 3,175,167,202	\$ 181,024,673	\$ 2,994,142,529
2015	3,083,281,070	165,743,597	2,917,537,473
2014	2,903,869,194	138,171,442	2,765,697,752
2013	2,870,855,246	96,595,879	2,774,259,367
2012	2,796,227,018	114,145,881	2,682,081,137
2011	2,731,703,393	116,531,309	2,615,172,084
2010	2,659,140,974	126,618,871	2,532,522,103
2009	2,570,555,700	144,139,000	2,426,416,700
2008	2,386,173,918	167,814,765	2,218,359,153
2007	2,075,341,228	116,607,628	1,958,733,600

**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
94.30%	\$ 3,175,167,202	0.11830	-	0.11830
94.62%	3,083,281,070	0.12020	-	0.12020
95.24%	2,903,869,194	0.12020	-	0.12020
96.64%	2,870,855,246	0.11900	-	0.11900
95.92%	2,796,227,018	0.11900	-	0.11900
95.73%	2,731,703,393	0.11900	-	0.11900
95.24%	2,659,140,974	0.11900	-	0.11900
94.39%	2,570,555,700	0.11900	-	0.11900
92.97%	2,386,173,918	0.12000	-	0.12000
94.38%	2,075,341,228	0.13500	-	0.13500

## Navarro College District

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Navarro College District	\$ 0.1183	\$ 0.1202	\$ 0.1202	\$ 0.1190
County:				
Navarro County	0.6270	0.6270	0.6270	0.6270
Cities:				
Barry	0.3851	0.3851	0.3851	0.3851
Blooming Grove	0.4512	0.4821	0.4821	0.4821
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	0.5611	0.5573	0.5657	0.5600
Goodlow	0.0897	0.0897	0.0897	0.0897
Kerens	0.6803	0.6817	0.6817	0.6434
Rice	0.5844	0.5500	0.5351	0.4999
Richland	0.2330	0.2330	0.2330	0.2330
School Districts:				
Blooming Grove	1.1300	1.1300	1.1300	1.1300
Corsicana	1.3703	1.2803	1.2803	1.2830
Dawson	1.2922	1.2900	1.2900	1.2900
Frost	1.2308	1.2404	1.2550	1.2550
Kerens	1.1100	1.1100	1.1100	1.1100
Mildred	1.2812	1.2812	1.2980	1.2906
Rice	1.3365	1.3800	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**

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 0.1190	\$ 0.1190	\$ 0.1190	\$ 0.1190	\$ 0.1200	\$ 0.1350
0.6270	0.6270	0.6270	0.5828	0.5754	0.5973
0.3661	0.3349	0.3393	0.3237	0.3237	0.3279
0.4900	0.4900	0.4859	0.4653	0.4880	0.5000
0.6272	0.6272	0.6272	0.6272	0.6272	0.6272
0.4000	0.4000	0.3783	0.3783	0.3783	0.4143
0.2943	0.3072	0.3072	0.3072	0.3332	0.3332
0.5300	0.5000	0.5000	0.5000	0.5000	0.5000
0.0897	0.0897	0.0897	0.0897	0.8970	0.1000
0.6434	0.6434	0.6434	0.6433	0.6329	0.6584
0.4700	0.4700	0.4200	0.3700	0.3100	0.3200
0.2189	0.2056	0.2056	0.2056	0.2068	0.2009
1.1300	1.1300	1.1200	1.1200	1.1231	1.4530
1.2830	1.2830	1.2830	1.2857	1.2850	1.5038
1.2900	1.2900	1.2900	1.2900	1.2900	1.3700
1.2550	1.2550	1.2321	1.2850	1.1550	1.4600
1.1100	1.1100	1.1200	1.1227	1.1000	1.3060
1.2798	1.2798	1.2498	1.2838	1.2427	1.3027
1.4200	1.4200	1.4200	1.4200	1.1809	1.4882

**Navarro College District**

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

Taxpayer	Type of Business	Taxable Assessed Value			
		2016	2015	2014	2013
Energy Transfer Fuel LP	Electric Company	\$ 65,033,230	\$ 66,068,120	\$ 61,634,770	\$ 73,136,440
Nalco Company	Energy Services	51,736,240	56,587,750	49,772,120	-
Lone Star Transmission	Electric Company	48,825,700	50,788,550	52,908,350	38,442,150
Oncor Electric Delivery	Electric Utility	48,107,140	49,835,890	49,116,350	45,617,500
Guardian Industry - Abated	Glass Manufacturer	47,069,805	45,928,470	48,580,980	46,198,430
Seaway Crude Pipeline LP	Oil Distribution	44,743,340	45,366,960	-	-
Russell Stover Candies-Abated	Candy Manufacturer	35,933,935	40,899,980	37,232,300	40,755,175
Union Pacific	RR Company	33,922,684	31,648,440	28,615,140	25,687,460
True Value Co. - Non-Abated	Retail Distribution	33,680,970	27,651,750	29,579,080	29,969,010
Pactiv-Foam - Abated	Foam Manufacturer	27,569,810	24,800,084	-	-
Sunoco Pipeline LP	Pipeline company	-	-	20,287,000	21,311,840
Burlington Northern Santa Fe	Rail Road	-	-	18,882,520	-
Magellan Pipeline Co, LP	Pipeline company	-	-	-	18,925,180
HD USA 5147	Manufacturer	-	-	-	-
Corsicana Techonolgies Inc.	Manufacturer	-	-	-	43,215,390
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>\$ 436,622,854</u>	<u>\$ 439,575,994</u>	<u>\$ 396,608,610</u>	<u>\$ 383,258,575</u>
Net taxable assessed value		<u>\$ 2,994,142,529</u>	<u>\$ 2,917,537,473</u>	<u>\$ 2,765,697,752</u>	<u>\$ 2,774,259,367</u>

**Table 7**  
**Page 1 of 2**

Taxable Assessed Value					
2012	2011	2010	2009	2008	2007
\$ 80,588,880	\$ 79,919,230	\$ 73,045,150	\$ -	\$ 29,956,070	\$ 20,924,160
-	-	-	-	-	-
-	-	-	-	-	-
43,840,090	42,244,260	43,925,930	-	48,008,780	-
47,902,205	47,719,270	22,251,050	35,546,950	36,583,990	-
-	-	-	-	-	-
41,788,490	43,777,148	46,518,140	45,322,760	47,028,340	26,029,795
23,181,290	21,388,410	-	-	-	-
30,657,820	32,844,610	32,697,650	36,338,740	25,173,180	24,754,330
-	-	-	-	-	-
21,707,000	-	-	-	-	16,331,100
-	15,374,710	-	-	-	-
19,588,170	20,108,295	21,925,300	19,779,490	19,760,200	16,695,070
39,242,590	33,662,336	46,870,610	-	-	-
32,423,520	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
-	-	-	36,383,870	61,084,750	37,313,868
-	-	-	14,423,940	-	-
-	-	-	12,848,920	19,001,110	-
-	-	-	-	-	46,825,980
-	-	-	-	-	13,809,390
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 380,920,055</u>	<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>\$ 2,682,081,137</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>

**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	2.17%	2.26%	2.23%	2.64%
Nalco Company	Energy Services	1.73%	1.94%	1.80%	-
Lone Star Transmission	Electric Company	1.63%	1.74%	1.91%	1.39%
Oncor Electric Delivery	Electric Utility	1.61%	1.71%	1.78%	1.64%
Guardian Industry - Abated	Glass Manufacturer	1.57%	1.57%	1.76%	1.67%
Seaway Crude Pipeline LP	Oil Distribution	1.49%	1.55%	-	-
Russell Stover Candies-Abated	Candy Manufacturer	1.20%	1.40%	1.35%	1.47%
Union Pacific	RR Company	1.13%	1.08%	1.03%	0.93%
True Value Co. - Non-Abated	Retail Distribution	1.12%	0.95%	1.07%	1.08%
Pactiv-Foam - Abated	Foam Manufacturer	0.92%	0.85%	-	-
Sunoco Pipeline LP	Pipeline company	-	-	0.73%	0.77%
Burlington Northern Santa Fe	Rail Road	-	-	0.68%	-
Magellan Pipeline Co, LP	Pipeline company	-	-	-	0.68%
HD USA 5147	Manufacturer	-	-	-	-
Corsicana Techonolgies Inc.	Manufacturer	-	-	-	1.56%
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>14.58%</u>	<u>15.07%</u>	<u>14.34%</u>	<u>13.81%</u>

**Source:** Navarro County Appraisal District

Taxable Assessed Value						
2011	2010	2009	2008	2007	2006	
3.00%	3.06%	2.88%	-	1.35%	1.07%	
-	-	-	-	-	-	
-	-	-	-	-	-	
1.63%	1.62%	1.73%	-	2.16%	-	
1.79%	1.82%	0.88%	1.46%	1.65%	-	
-	-	-	-	-	-	
1.56%	1.67%	1.84%	1.87%	2.12%	1.33%	
0.86%	0.82%	-	-	-	-	
1.14%	1.26%	1.29%	1.50%	1.13%	1.26%	
-	-	-	-	-	-	
0.81%	-	-	-	-	0.83%	
-	0.59%	-	-	-	-	
0.73%	0.77%	0.87%	0.82%	0.89%	0.85%	
1.46%	1.29%	1.85%	-	-	-	
1.21%	0.93%	1.01%	1.09%	-	0.73%	
-	-	1.46%	0.75%	0.86%	-	
-	-	1.13%	0.67%	1.44%	1.79%	
-	-	-	1.50%	2.75%	1.90%	
-	-	-	0.59%	-	-	
-	-	-	0.53%	0.86%	-	
-	-	-	-	-	2.39%	
-	-	-	-	-	0.71%	
-	-	-	-	-	-	
-	-	-	-	-	-	
14.20%	13.82%	14.94%	10.79%	15.21%	12.87%	

**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>
2016	\$ 3,546,947	\$ (12,494)	\$ 3,534,453
2015	3,515,366	(10,903)	3,504,463
2014	3,330,770	(10,479)	3,320,291
2013	3,308,730	(14,354)	3,294,376
2012	3,192,388	(11,443)	3,180,945
2011	3,112,065	(16,103)	3,095,962
2010	3,013,738	(19,450)	2,994,288
2009	2,886,719	(9,280)	2,877,439
2008	2,661,925	(1,264)	2,660,661
2007	2,644,308	2,237	2,646,545

**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
\$ 3,432,700	97.12%	\$ -	\$ 3,432,700	97.12%
3,427,941	97.82%	31,137	3,459,078	98.70%
3,241,206	97.62%	34,695	3,275,901	98.66%
3,203,423	97.24%	41,423	3,244,846	98.50%
3,087,590	97.07%	41,242	3,128,832	98.36%
2,999,249	96.88%	40,983	3,040,232	98.20%
2,887,898	96.45%	48,909	2,936,807	98.08%
2,770,640	96.29%	40,689	2,811,329	97.70%
2,568,362	96.53%	45,884	2,614,246	98.26%
2,571,228	97.15%	41,863	2,613,091	98.74%

**Navarro College District**

Ratios of Outstanding Debt  
Last Ten Fiscal Years  
(Unaudited)

	August 31,			
	2016	2015	2014	2013 (2)
<b>General Bonded Debt</b>				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
<b>Other Debt</b>				
Revenue bonds	22,689,743	25,216,060	27,667,376	30,043,692
Notes payable	-	-	-	-
Loans payable	1,125,000	1,200,000	1,275,000	1,275,000
Capital lease obligations	3,260,000	3,450,000	3,496,116	3,651,116
Total other debt	<u>27,074,743</u>	<u>29,866,060</u>	<u>32,438,492</u>	<u>34,969,808</u>
Total outstanding debt	<u>\$ 27,074,743</u>	<u>\$ 29,866,060</u>	<u>\$ 32,438,492</u>	<u>\$ 34,969,808</u>
<b>Total Outstanding Debt Ratios</b>				
Per capita	\$ 560	\$ 620	\$ 675	\$ 700
Per student	1,804	1,830	1,905	1,996
As a percentage of taxable assessed value	0.90%	1.02%	1.17%	1.26%
As a percentage of personal income	1.36%	1.58%	1.83%	2.10%

**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,					
2012 (2)	2011 (1)	2010 (1)	2009	2008	2007
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32,420,009	26,860,000	27,925,000	29,033,705	25,882,413	26,781,121
-	-	-	37,302	97,994	154,547
1,500,000	1,500,000	750,000	-	-	-
<u>3,801,116</u>	<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>37,721,125</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>\$ 37,721,125</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>
\$ 785	\$ 677	\$ 662	\$ 673	\$ 613	\$ 635
2,051	1,711	1,892	2,313	2,387	2,644
1.41%	1.24%	1.29%	1.37%	1.37%	1.60%
2.37%	2.15%	2.31%	2.35%	2.34%	2.62%

**Navarro College District**

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

	For the Year Ended August 31,			
	2016	2015	2014	2013
Taxable Assessed Value	\$ 2,994,142,529	\$ 2,917,537,473	\$ 2,765,697,752	\$ 2,774,259,367
<b>General Obligation Bonds</b>				
Statutory tax levy limit for debt service	\$ 14,970,713	\$ 14,587,687	\$ 13,828,489	\$ 13,871,297
Current year debt service requirements	-	-	-	-
Excess of statutory limit for debt service over current requirements	\$ 14,970,713	\$ 14,587,687	\$ 13,828,489	\$ 13,871,297
Net current requirements as a percentage of statutory limit	0.00%	0.00%	0.00%	0.00%

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

**Table 10**

For the Year Ended August 31,					
<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>\$ 2,682,081,137</u>	<u>\$ 2,615,172,084</u>	<u>\$ 2,532,522,103</u>	<u>\$ 2,426,416,700</u>	<u>\$ 2,218,359,153</u>	<u>\$ 1,958,733,600</u>
\$ 13,410,406	\$ 13,075,860	\$ 12,662,611	\$ 12,132,084	\$ 11,091,796	\$ 9,793,668
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 13,410,406</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>
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
2016	\$ 325,635	\$ 3,942,353	\$ 4,997,878	\$ 2,614,210	\$ 8,876,012	\$ 9,833,242
2015	340,350	4,203,104	5,564,752	2,832,475	9,027,043	10,609,202
2014	346,658	3,753,843	5,344,521	1,605,731	10,207,759	11,825,268
2013	348,578	3,816,433	5,624,975	1,673,432	10,545,568	11,504,077
2012	364,230	4,067,828	6,016,339	1,695,784	10,946,951	12,088,998
2011	374,798	3,950,605	5,863,890	1,739,898	10,844,702	11,880,415
2010	349,388	3,667,746	5,125,658	1,396,781	9,738,995	10,082,097
2009	316,725	3,080,219	4,129,212	1,151,811	8,977,605	9,252,131
2008	263,580	2,775,032	3,456,736	941,368	7,707,995	8,585,730
2007	263,768	1,982,253	2,902,250	837,703	7,138,751	7,912,581

**Notes:**

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

**Table 11**

			Debt Service Requirements			
Net Available	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
\$ 10,922,846	\$ 93,031	\$ 11,015,877	\$ 2,560,000	\$ 843,632	\$ 3,403,632	3.24
11,358,522	93,269	11,451,791	2,460,000	942,574	3,402,574	3.37
9,433,244	129,125	9,562,369	2,385,000	1,019,449	3,404,449	2.81
10,504,909	160,404	10,665,313	2,310,000	1,088,537	3,398,537	3.14
11,002,134	146,902	11,149,036	1,105,000	1,408,472	2,513,472	4.44
10,893,478	153,555	11,047,033	1,065,000	1,281,713	2,346,713	4.71
10,196,471	119,094	10,315,565	1,055,000	1,326,249	2,381,249	4.33
8,403,441	205,251	8,608,692	870,000	1,178,089	2,048,089	4.20
6,558,981	322,120	6,881,101	845,000	1,205,495	2,050,495	3.36
5,212,144	364,969	5,577,113	670,000	1,107,889	1,777,889	3.14



**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
2015	48,323	\$ 1,997,952,000	\$ 41,505	4.3%
2014	48,195	1,887,318,000	39,245	5.2%
2013	48,038	1,776,684,000	36,985	5.2%
2012	49,979	1,666,050,000	34,725	7.9%
2011	48,054	1,591,179,000	33,112	9.2%
2010	47,735	1,503,732,000	31,467	9.7%
2009	49,440	1,414,882,000	29,734	9.0%
2008	49,456	1,417,643,000	29,903	8.0%
2007	49,396	1,296,533,000	26,559	5.0%
2006	49,440	1,196,242,000	24,522	5.7%

**Source:** Texas Workforce Commission

**Note:** The final 2015 amounts are not yet available and are estimated in the table above.

Navarro College District

Principal Employers  
Last Ten Fiscal Years  
(Unaudited)

Employer	2016		2015		2014		2013	
	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)	1,042	4.84%	1,090	5.02%	1,106	5.09%	1,134	5.34%
Russell Stover Candies (seasonal)	850	3.95%	850	3.91%	850	3.91%	795	3.74%
Corsicana ISD	811	3.77%	811	3.73%	811	3.73%	800	3.77%
Watkins Construction	500	2.32%	500	2.30%	-	0.00%	-	0.00%
Navarro Regional Hospital	350	1.63%	350	1.61%	350	1.61%	385	1.81%
Walmart Super Center	350	1.63%	350	1.61%	-	0.00%	-	0.00%
Guardian Industries, Corp.	312	1.45%	318	1.46%	318	1.46%	360	1.69%
Kohl's Distribution Center	200	0.93%	315	1.45%	315	1.45%	333	1.57%
Navarro County	284	1.32%	284	1.31%	284	1.31%	300	1.41%
City of Corsicana (includes part time)	284	1.32%	284	1.31%	284	1.31%	277	1.30%
Corsicana Bedding	257	1.19%	257	1.18%	257	1.18%	449	2.11%
Oil City Iron Works	255	1.18%	255	1.17%	255	1.17%	212	1.00%
Tru-Serve Distribution Center	180	0.84%	180	0.83%	180	0.83%	165	0.78%
Collin Street Bakery (seasonal)	150	0.70%	150	0.69%	150	0.69%	379	1.78%
NALCO Champion	150	0.70%	-	0.00%	-	0.00%	-	0.00%
Heritage Oaks/Heritage Oaks West	72	0.33%	72	0.33%	72	0.33%	245	1.15%
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>6,047</b>	<b>28.10%</b>	<b>6,066</b>	<b>27.92%</b>	<b>5,232</b>	<b>24.08%</b>	<b>5,834</b>	<b>27.46%</b>

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



Table 13

2012		2011		2010		2009		2008		2007	
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
1,107	5.37%	1,064	5.22%	982	4.92%	950	4.79%	886	4.43%	851	4.34%
680	3.30%	680	3.34%	680	3.41%	825	4.16%	825	4.12%	825	4.20%
811	3.93%	811	3.98%	811	4.07%	802	4.04%	802	4.01%	802	4.09%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
354	1.72%	354	1.74%	354	1.77%	350	1.76%	350	1.75%	350	1.78%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
318	1.54%	318	1.56%	318	1.59%	390	1.97%	390	1.95%	390	1.99%
200	0.97%	200	0.98%	200	1.00%	200	1.01%	200	1.00%	200	1.02%
284	1.38%	284	1.39%	284	1.42%	284	1.43%	284	1.42%	284	1.45%
284	1.38%	284	1.39%	284	1.42%	336	1.69%	304	1.52%	304	1.55%
257	1.25%	257	1.26%	257	1.29%	190	0.96%	190	0.95%	190	0.97%
172	0.83%	172	0.84%	172	0.86%	200	1.01%	200	1.00%	200	1.02%
149	0.72%	149	0.73%	149	0.75%	152	0.77%	152	0.76%	152	0.77%
150	0.73%	150	0.74%	150	0.75%	766	3.86%	766	3.83%	766	3.90%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
236	1.14%	236	1.16%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	216	1.06%	216	1.08%	250	1.26%	250	1.25%	250	1.27%
-	0.00%	148	0.73%	148	0.74%	170	0.86%	170	0.85%	170	0.87%
-	0.00%	-	0.00%	156	0.78%	156	0.79%	156	0.78%	156	0.80%
-	0.00%	145	0.71%	145	0.73%	250	1.26%	155	0.77%	155	0.79%
<b>5,002</b>	<b>24.25%</b>	<b>5,468</b>	<b>26.83%</b>	<b>5,306</b>	<b>26.60%</b>	<b>6,271</b>	<b>31.61%</b>	<b>6,080</b>	<b>30.37%</b>	<b>6,045</b>	<b>30.81%</b>

**Navarro College District**

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

Fiscal Year	State Appropriation	Appropriation per FTSE	
		FTSE	State Appropriation per FTSE
2016	\$ 15,288,429	15,007	\$ 1,019
2015	16,262,313	16,316	997
2014	16,319,691	17,028	958
2013	15,861,991	17,518	905
2012	15,639,707	18,392	850
2011	14,070,243	18,877	745
2010	14,447,465	17,311	835
2009	12,465,236	14,384	867
2008	12,124,659	12,697	955
2007	10,587,066	11,866	892

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

**Table 14**

Appropriation per Contact Hour			
Academic Contact Hours	Voc/Tech Contact Hours	Total Contact Hours	State Appropriation per Contact Hour
2,861,376	1,443,484	4,304,860	\$ 3.55
3,057,872	1,647,476	4,705,348	3.46
3,258,256	1,616,032	4,874,288	3.35
3,392,912	1,675,572	5,068,484	3.13
3,634,186	1,612,596	5,246,782	2.98
3,682,160	1,833,744	5,515,904	2.55
3,371,872	1,683,760	5,055,632	2.86
2,759,980	1,476,690	4,236,670	2.94
2,512,272	1,191,867	3,704,139	3.27
2,457,624	895,344	3,352,968	3.16

## Navarro College District

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

	2016	2015	2014	2013
<b>Faculty</b>				
Full-Time	133	128	127	121
Part-Time	382	405	415	446
Total	515	533	542	567
Full-Time	25.8%	24.0%	23.4%	21.3%
Part-Time	74.2%	76.0%	76.6%	78.7%
Total	100.0%	100.0%	100.0%	100.0%
Average Annual Faculty Salary	\$ 55,134	\$ 54,396	\$ 55,602	\$ 53,781
<b>Staff and Administrators</b>				
Full-Time	252	244	244	252
Part-Time	89	94	79	71
Total	341	338	323	323
Full-Time	73.9%	72.2%	75.5%	78.0%
Part-Time	26.1%	27.8%	24.5%	22.0%
Total	100.0%	100.0%	100.0%	100.0%

**Table 15**

2012	2011	2010	2009	2008	2007
122	122	123	113	112	112
540	355	364	355	361	326
<u>662</u>	<u>477</u>	<u>487</u>	<u>468</u>	<u>473</u>	<u>438</u>
18.4%	25.6%	25.3%	24.1%	23.7%	25.6%
81.6%	74.4%	74.7%	75.9%	76.3%	74.4%
<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>\$ 52,681</u>	<u>\$ 52,138</u>	<u>\$ 50,232</u>	<u>\$ 51,678</u>	<u>\$ 47,585</u>	<u>\$ 49,393</u>
231	230	214	208	196	187
94	95	100	31	132	110
<u>325</u>	<u>325</u>	<u>314</u>	<u>239</u>	<u>328</u>	<u>297</u>
71.1%	70.8%	87.0%	59.8%	63.0%	80.7%
28.9%	29.2%	13.0%	40.2%	37.0%	19.3%
<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 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Student Classification</b>								
00-30 hours	6,772	71.45%	7,036	70.37%	7,353	71.69%	7,060	69.91%
31-60 hours	1,741	18.37%	1,895	18.95%	1,871	18.24%	1,958	19.39%
> 60 hours	965	10.18%	1,068	10.68%	1,033	10.07%	1,080	10.70%
<b>Total</b>	<b>9,478</b>	<b>100.00%</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>Semester Hour Load</b>								
Less than 3	239	2.52%	220	2.20%	251	2.45%	201	1.99%
3-5 semester hours	1,931	20.37%	1,902	19.02%	1,717	16.74%	1,592	15.77%
6-8 semester hours	2,370	25.01%	2,345	23.45%	2,236	21.80%	2,173	21.52%
9-11 semester hours	1,383	14.59%	1,588	15.88%	1,604	15.64%	1,422	14.08%
12-14 semester hours	2,327	24.55%	2,561	25.61%	2,739	26.70%	2,866	28.38%
15-17 semester hours	1,040	10.97%	1,102	11.02%	1,411	13.76%	1,480	14.66%
18 & over	188	1.98%	281	2.81%	299	2.92%	364	3.60%
<b>Total</b>	<b>9,478</b>	<b>100.00%</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>Tuition Status</b>								
Texas Resident (in-District)	1,809	19.09%	1,814	18.14%	1,927	18.79%	1,922	19.03%
Texas Resident (out-of-District)	7,446	78.56%	7,920	79.21%	8,052	78.50%	7,883	78.06%
Non-Resident Tuition	223	2.35%	265	2.65%	278	2.71%	293	2.90%
<b>Total</b>	<b>9,478</b>	<b>100.00%</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>

Table 16

Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
7,271	69.69%	7,311	71.92%	6,701	72.84%	6,191	74.34%	5,410	71.56%	6,593	89.02%
2,022	19.38%	1,841	18.11%	1,615	17.55%	1,403	16.85%	1,461	19.33%	406	5.48%
1,140	10.93%	1,014	9.97%	884	9.61%	734	8.81%	689	9.11%	407	5.50%
<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>	<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>
171	1.64%	159	1.56%	94	1.02%	673	8.08%	385	5.09%	512	6.91%
1,646	15.78%	1,820	17.90%	1,769	19.23%	1,458	17.51%	1,494	19.76%	1,451	19.59%
2,176	20.86%	1,998	19.65%	1,856	20.17%	1,530	18.37%	1,414	18.70%	1,267	17.11%
1,514	14.51%	1,402	13.79%	1,198	13.02%	1,014	12.18%	885	11.71%	842	11.37%
3,118	29.89%	2,987	29.38%	2,532	27.52%	2,034	24.42%	1,948	25.77%	2,001	27.02%
1,460	13.99%	1,409	13.86%	1,361	14.79%	1,296	15.56%	1,148	15.19%	1,070	14.45%
348	3.34%	391	3.85%	390	4.24%	323	3.88%	286	3.78%	263	3.55%
<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>	<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>
1,996	19.13%	2,028	19.95%	1,816	19.74%	1,777	21.34%	1,645	21.76%	1,348	20.90%
8,102	77.66%	7,830	77.02%	7,131	77.51%	6,304	75.70%	5,669	74.99%	4,791	74.27%
335	3.21%	308	3.03%	253	2.75%	247	2.97%	246	3.25%	312	4.84%
<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>	<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>

**Navarro College District**

Student Profile  
Last Ten Fiscal Years  
(Unaudited)

	Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Gender</b>								
Female	5,565	58.71%	5,904	59.05%	6,103	59.50%	6,087	60.28%
Male	3,913	41.29%	4,095	40.95%	4,154	40.50%	4,011	39.72%
Total	<u>9,478</u>	<u>100.00%</u>	<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>
<b>Ethnic Origin</b>								
White	5,404	57.02%	5,710	57.11%	5,672	55.30%	5,759	57.03%
Hispanic	1,830	19.31%	1,795	17.95%	1,929	18.81%	1,774	17.57%
African American	1,859	19.61%	2,109	21.09%	2,333	22.75%	2,200	21.79%
Asian	80	0.84%	74	0.74%	70	0.68%	54	0.53%
Foreign	111	1.17%	131	1.31%	129	1.26%	159	1.57%
Native American	58	0.61%	62	0.62%	47	0.46%	61	0.60%
Other	136	1.43%	118	1.18%	77	0.75%	91	0.90%
Total	<u>9,478</u>	<u>100.00%</u>	<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>
<b>Age</b>								
Under 18	3,037	32.04%	2,474	24.74%	2,428	23.67%	2,206	21.85%
18 - 21	3,584	37.81%	3,855	38.55%	4,052	39.50%	3,959	39.21%
22 - 24	787	8.30%	905	9.05%	923	9.00%	972	9.63%
25 - 35	1,217	12.84%	1,587	15.87%	1,657	16.15%	1,704	16.87%
36 - 50	685	7.23%	927	9.27%	933	9.10%	1,014	10.04%
51 & over	168	1.77%	251	2.51%	264	2.57%	243	2.41%
Total	<u>9,478</u>	<u>100.00%</u>	<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>
<b>Average Age</b>	23		23		23		24	



Table 17

Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
6,379	61.14%	6,218	61.16%	5,643	61.34%	5,147	61.80%	4,733	62.61%	4,583	61.88%
4,054	38.86%	3,948	38.84%	3,557	38.66%	3,181	38.20%	2,827	37.39%	2,823	38.12%
<b>10,433</b>	<b>100.00%</b>	<b>10,166</b>	<b>100.00%</b>	<b>9,200</b>	<b>100.00%</b>	<b>8,328</b>	<b>100.00%</b>	<b>7,560</b>	<b>100.00%</b>	<b>7,406</b>	<b>100.00%</b>
6,048	57.97%	6,151	60.51%	5,636	61.26%	5,303	63.68%	4,842	64.05%	4,802	64.84%
1,639	15.71%	1,492	14.68%	1,363	14.82%	1,183	14.21%	1,451	19.19%	1,332	17.99%
2,375	22.76%	2,171	21.36%	1,903	20.68%	1,567	18.82%	995	13.16%	956	12.91%
44	0.42%	26	0.26%	87	0.95%	67	0.80%	56	0.74%	71	0.96%
174	1.67%	164	1.61%	153	1.66%	156	1.87%	160	2.12%	183	2.47%
53	0.51%	71	0.70%	52	0.57%	52	0.62%	53	0.70%	50	0.68%
100	0.96%	91	0.90%	6	0.07%	-	0.00%	3	0.04%	12	0.16%
<b>10,433</b>	<b>100.00%</b>	<b>10,166</b>	<b>100.00%</b>	<b>9,200</b>	<b>100.00%</b>	<b>8,328</b>	<b>100.00%</b>	<b>7,560</b>	<b>100.00%</b>	<b>7,406</b>	<b>100.00%</b>
1,891	18.13%	1,848	18.18%	1,917	20.84%	2,138	25.67%	1,750	23.15%	1,854	25.03%
4,204	40.30%	4,131	40.64%	3,723	40.47%	3,313	39.78%	3,079	40.73%	2,984	40.29%
1,050	10.06%	990	9.74%	969	10.53%	756	9.08%	654	8.65%	651	8.79%
1,924	18.44%	1,874	18.43%	1,534	16.67%	1,211	14.54%	1,177	15.57%	1,110	14.99%
1,112	10.66%	1,065	10.48%	898	9.76%	780	9.37%	762	10.08%	702	9.48%
252	2.42%	258	2.54%	159	1.73%	130	1.56%	138	1.83%	105	1.42%
<b>10,433</b>	<b>100.00%</b>	<b>10,166</b>	<b>100.00%</b>	<b>9,200</b>	<b>100.00%</b>	<b>8,328</b>	<b>100.00%</b>	<b>7,560</b>	<b>100.00%</b>	<b>7,406</b>	<b>100.00%</b>

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**Navarro College District**

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

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

**Source:** Texas Higher Education Coordinating Board

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

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

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

**Navarro College District**

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

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

**Source:** Texas Higher Education Coordinating Board

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

2010 - 2011 Graduate as of Fall 2011					2009 - 2010 Graduate as of Fall 2010				
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	-	1	10	0.68%	10	3	1	14	0.94%
12	1	-	13	0.89%	8	1	-	9	0.61%
8	1	1	10	0.68%	9	-	2	11	0.74%
5	2	2	9	0.61%	7	3	-	10	0.67%
79	5	7	91	6.20%	85	9	4	98	6.60%
75	6	6	87	5.93%	69	2	8	79	5.32%
1	-	-	1	0.07%	2	-	-	2	0.13%
-	-	-	-	0.00%	-	-	-	-	0.00%
74	7	6	87	5.93%	53	9	5	67	4.51%
-	-	-	-	0.00%	-	-	-	-	0.00%
117	6	7	130	8.86%	119	3	6	128	8.63%
266	12	15	293	19.97%	301	4	9	314	21.16%
7	-	-	7	0.48%	6	2	2	10	0.67%
6	-	-	6	0.41%	4	1	-	5	0.34%
2	1	-	3	0.20%	3	-	-	3	0.20%
6	-	-	6	0.41%	7	-	1	8	0.54%
65	2	1	68	4.64%	49	5	4	58	3.91%
68	3	6	77	5.25%	72	1	6	79	5.32%
32	4	3	39	2.66%	22	2	-	24	1.62%
1	-	1	2	0.14%	1	-	-	1	0.07%
166	17	10	193	13.16%	178	24	9	211	14.22%
55	1	7	63	4.29%	62	2	9	73	4.92%
24	-	-	24	1.64%	13	-	4	17	1.15%
1	-	-	1	0.07%	1	-	-	1	0.07%
15	-	-	15	1.02%	8	2	1	11	0.74%
41	4	2	47	3.20%	35	4	5	44	2.96%
2	-	-	2	0.14%	1	-	-	1	0.07%
22	-	1	23	1.57%	14	-	-	14	0.94%
2	-	-	2	0.14%	1	-	-	1	0.07%
-	-	-	-	0.00%	1	-	-	1	0.07%
110	5	8	123	8.38%	133	2	12	147	9.91%
23	-	1	24	1.64%	31	3	2	36	2.43%
9	1	1	11	0.75%	5	1	1	7	0.47%
<u>1,303</u>	<u>78</u>	<u>86</u>	<u>1,467</u>	<u>100.00%</u>	<u>1,310</u>	<u>83</u>	<u>91</u>	<u>1,484</u>	<u>100.00%</u>



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

Name	2008 - 2009 Graduate as of Fall 2009				
	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	0.87%
2 Lamar University	8	1	-	9	0.65%
3 Midwestern State University	12	3	2	17	1.23%
4 Prairie View A&M University	5	-	2	7	0.51%
5 Sam Houston State University	81	2	6	89	6.45%
6 Stephen F. Austin State University	67	2	5	74	5.36%
7 Sul Ross State University	2	-	2	4	0.29%
8 Sul Ross State University - Rio Grande College	-	-	-	-	0.00%
9 Tarleton State University	63	2	10	75	5.43%
10 Texas A&M International University	-	-	-	-	0.00%
11 Texas A&M University	125	4	6	135	9.78%
12 Texas A&M University at Commerce	257	5	11	273	19.78%
13 Texas A&M University at Corpus Christi	7	2	1	10	0.72%
14 Texas A&M University at Galveston	6	-	-	6	0.43%
15 Texas A&M University at Kingsville	-	-	-	-	0.00%
16 Texas Southern University	4	1	-	5	0.36%
17 Texas State University	41	2	2	45	3.26%
18 Texas Tech University	68	-	5	73	5.29%
19 Texas Woman's University	13	4	1	18	1.30%
20 The University of Texas - Pan American	1	-	1	2	0.14%
21 The University of Texas at Arlington	189	7	7	203	14.71%
22 The University of Texas at Austin	57	-	3	60	4.35%
23 The University of Texas at Dallas	17	1	2	20	1.45%
24 The University of Texas at El Paso	-	-	-	-	0.00%
25 The University of Texas at San Antonio	4	-	-	4	0.29%
26 The University of Texas at Tyler	41	1	2	44	3.19%
27 The University of Texas of the Permian Basin	1	-	-	1	0.07%
28 University of Houston	6	-	1	7	0.51%
29 University of Houston at Downtown	1	-	-	1	0.07%
30 University of Houston at Victoria	1	-	-	1	0.07%
31 University of North Texas	135	-	9	144	10.43%
32 University of North Texas at Dallas	26	4	3	33	2.39%
33 West Texas A&M University	6	1	1	8	0.58%
Totals	<u>1,254</u>	<u>43</u>	<u>83</u>	<u>1,380</u>	<u>100.00%</u>

**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)**

	2016	2015	2014	2013
<b>Academic buildings</b>	22	22	22	15
Square footage (in thousands)	355,002	355,002	355,002	321,117
<b>Libraries</b>	3	3	3	3
Square footage (in thousands)	29,540	29,540	29,540	29,540
Number of Volumes (in thousands)	56,507	59,898	60,894	60,078
<b>Administrative and support buildings</b>	5	5	5	3
Square footage (in thousands)	108,847	108,847	104,287	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	860	883
<b>Dining Facilities</b>	2	2	2	1
Square footage (in thousands)	25,100	25,100	25,100	22,100
Average daily customers	1,198	1,302	1,450	1,108
<b>Athletic Facilities</b>	7	7	7	7
Square footage (in thousands)	81,708	81,708	81,708	81,708
Gymnasiums/Weight Room	2	2	2	2
Tennis Court	-	-	-	-
<b>Physical Plant Facilities</b>	3	3	3	2
Square footage (in thousands)	23,023	23,023	23,023	16,030
<b>Transportation</b>	48	48	48	43
Cars	12	11	11	12
Light Trucks/Vans	32	33	33	27
Buses	4	4	4	4



**Table 19**

2012	2011	2010	2009	2008	2007
14	14	12	12	12	10
300,786	300,786	260,737	260,737	260,737	228,522
3	3	3	3	3	1
29,540	29,540	29,540	29,998	29,998	28,000
59,012	61,226	62,337	61,208	53,669	53,055
3	3	2	2	2	2
95,819	95,819	90,897	90,897	90,897	90,897
24	23	23	23	22	22
169,304	156,254	156,254	156,254	150,362	150,362
883	819	819	850	818	816
1	1	1	1	1	1
22,100	22,100	22,100	22,100	22,100	22,100
1,008	1,037	973	951	904	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
-	-	-	-	-	3
1	1	1	1	1	1
9,492	9,492	9,492	9,492	9,492	9,492
45	40	34	33	35	34
14	12	7	7	7	4
27	24	23	23	25	27
4	4	4	3	3	3



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



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

To the Board of Trustees  
Navarro College District  
Corsicana, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of Navarro College District (the “District”), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 13, 2016. Our report includes a reference to other auditors who audited the financial statements of Navarro College Foundation (the “Foundation”), as described in our report on the District’s financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Whitley Penn LLP*

Houston, Texas  
December 13, 2016

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

To the Board of Trustees  
Navarro College District  
Corsicana, Texas

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

We have audited Navarro College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular (Uniform Grant Management Standards)* that could have a direct and material effect on each of the District's major federal and state programs for the year ended August 31, 2016. 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; Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State of Texas Single Audit Circular (Uniform Grant Management Standards)*. Those standards, the Uniform Guidance, and State of Texas Single Audit Circular (Uniform Grant Management Standards) require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

To the Board of Trustees  
Navarro College District

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2016.

### **Report on Internal Control Over Compliance**

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

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

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

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

*Whitley Penn LLP*

Houston, Texas  
December 13, 2016



**NAVARRO COLLEGE DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended August 31, 2016**

**I - Summary of Auditors' Results**

***Financial Statements***

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

***Federal and State Awards***

Internal control over major programs:  
      Material weakness(es) identified? \_\_\_\_\_ yes      x   no  
      Significant control deficiency(ies) identified? \_\_\_\_\_ yes      x   none reported

Type of auditor's report issued on compliance for major programs: Unmodified  
 Any audit findings disclosed that are required to be reported  
 in accordance with 2 CFR 200.516(a) and the  
 Uniform Grant Management Standards? \_\_\_\_\_ yes      x   no

Identification of major federal programs:

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

Identification of major state programs:

<u>Name of State Program</u>
Texas College Work Study
Texas Education Opportunity Grant
Adult Education & Family Literacy Act (AEFLA) State

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

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

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

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

**NAVARRO COLLEGE DISTRICT**

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

**II - Financial Statement Findings**

None noted.

**III - Federal Award Findings**

None noted.

**IV - State Award Findings**

None noted.

**V - Status of Prior Year Findings**

**Finding #2015-001** Student Financial Aid Cluster – Return of Title IV Funds  
**Resolved.**

**VI - Corrective Action Plan**

None required.