

Navarro College District
Corsicana, Texas
Comprehensive Annual Financial Report
Years Ended August 31, 2013 and 2012



Prepared by:
Navarro College District
Finance Department



Introductory Section



Navarro College District

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December 4, 2013

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 fiscal year ending August 31, 2013, 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.

Jaynes, Reitmeier, Boyd & Therrell, P.C., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the District’s financial statements for the years ended August 31, 2013 and 2012. The independent auditor’s report is located at the front of the financial section of this report.

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

PROFILE OF THE DISTRICT

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

The Board has the final authority to determine and interpret the policies that govern the District and has complete and full control of the District's activities, limited only by the State legislature, the courts, and the will of the people as expressed in Board of Trustee elections. Official Board action is taken only in meetings that comply with the Open Meetings Act and is based on a majority vote of a quorum (four members) of the Board.

In general, the Board provides policy direction and sets goals for the District consistent with the District's role and mission. Besides general Board business, trustees are charged with numerous statutory regulations, including ordering elections and issuing bonds. The Board also is responsible for appointing the 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 its geographical location between Dallas and Houston on Interstate 45 and between Waco and Tyler on State Highway 31. Student enrollment and student contact hour growth continue to be a main focus of the District. Fall 2012 semester credit enrollment at the District decreased by 345 students representing a decrease of 3.3% from Fall 2011.

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 \$74.6 million (2.7%) increase in the assessed value of property in the District during the past fiscal year.

Corsicana is home to more than sixty industries, including information technology, manufacturers, processors, and distribution centers. Northrup Grumman Corporation (Northrop Grumman Information Technology, National Work Force Center) is a Global Top 60 Company. In addition, several Fortune 500 Companies call Corsicana their home, including Russell Stover Candies, Inc. (candy manufacturing and outlet store) and Kohl's (distribution center and call 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), Corsicana Bedding (bedding and furniture), Mobil Pipeline Company (pipeline), and Pactiv (food packaging manufacturer).

In fiscal year 2013, after completing the expansion phase of the Navarro College Cook Education Center, which increased the event center's seating capacity to 500 and added many audio-visual capabilities, the renovation of the catering kitchen was initiated and completed. In addition, the "Projectile Point Collection" room design and construction was started and completion is scheduled to occur during the next fiscal year.

The Corsicana Adventure and Water Park is a 23-acre development at the intersection of Interstate 45 and U.S. 287, and is projected to open in summer 2014. The park will be completed in phases, with Phase 1 to include a large lagoon with zip lines, paddle boats, and a lazy river

ride. The water park is estimated to attract 115,000 visitors each year from Navarro County and surrounding counties. It is estimated that the water park will generate annual sales taxes of just under \$300,000 for the area.

The top employers in Navarro County are:

Employer	Industry	Number of Employees
Navarro College (includes part-time)	Education	1,134
Corsicana Independent School District	Government/Education	800
Russell-Stover Candies	Candy Manufacturing	795 *
Corsicana Bedding	Bedding	449
Navarro Regional Hospital	Hospital	385
Collin Street Bakery	Food	379 *
Guardian Industries	Glass Manufacturing	360
Kohl's Distribution Center	Warehousing/Retail	333
Navarro County	Government/County	300
City of Corsicana (includes part-time)	Government/City	277
Texas Juvenile Justice Department Corsicana	Government/State Home	252
Heritage Oaks / Heritage Oaks West	Nursing Facility	245
Oil City Iron Works	Castings	212
Tru-Serve/True Value Distribution Center	Distribution/Hardware	165
* Employee number may vary significantly in accordance with seasonal employment. (A number of employers include full-time and part-time employees.)		

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 population of Navarro County has grown by 1.3% over the past ten years to 49,979, and the North Central Texas Council of Governments, in partnership with North Central Texas WorkForce Board, projects a population growth of 2.2% in Navarro County by 2017.

Ellis County, a major part of our service area, continues to grow dramatically, with an estimated total population of 153,969 in 2012. The 2012 estimated population of Waxahachie was 31,091 and the 2012 estimated population of Midlothian was 19,101. The North Central Texas Council of Governments, in partnership with North Central Texas WorkForce Board, projects a population growth of 8.9% in Ellis County by 2017.

The Navarro College Midlothian campus is host to the new Midlothian Higher Education Center (MHEC), which is a multi-institutional teaching center offering degree programs (undergraduate and graduate) from Texas A&M University - Commerce, Tarleton State University, and University of North Texas - Dallas on the Navarro College campus.

Waxahachie hosts hundreds of festivals and events, large and small, each year. There are large events like the Bob Phillips Texas Country Reporter Festival and Waxahachie's Cinco De Mayo Festival. Historical events include the Gingerbread Trail Tour of Homes, Annual Chautauqua Assembly, WWII Veterans' Day Reenactment, and the Christmas Candlelight Tour of Homes. Annual events in Midlothian include the Business Expo, Balloon Festival and Fly-In, the Fall Festival, and the Holiday Parade.

Ellis County has a diverse employment and manufacturing base. Waxahachie continues to be an attractive area for developers and individuals to locate. In 2008, over \$70 million in commercial development and over \$30 million in residential development was completed.

Some of the major employers in Ellis County (w/100+ employees) include:

Gerdau Ameristeel
Georgia Pacific
HEB Foods
Holcim US Inc.
Home Depot
Better Bath Components Inc.
Ashgrove Texas LP
Magnablend, Inc.
Oaks Fellowship
Rock-Tenn Co.
Target
Texas Industries Inc.
TXI
Wal-Mart
National Envelope Co.
Navarro College
Midlothian ISD
Waxahachie ISD
Baylor Medical Center
Elk Technologies
Ennis ISD
International Extrusion Corp.

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 record \$75.2 million in awards was processed in fiscal year 2013. 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 need of the community in developing a professional workforce by expanding the educational training opportunities to its residents. Some examples of our programs include:

- Articulated credit for Career and Technical programs is offered in area high schools to prepare students for the workforce in technical field careers. These, along with technical training and placement for students in industries located across the District's service area, help to provide educated workers for the labor force. New programs planned in the coming months include Petroleum Technology, Welding, Power Plant Operations, Accounting, and Criminal Justice at the Navarro College District Career and Technical Education Center being established in Fairfield, Texas.
- The Navarro College Cook Education Center is equipped with a 60-foot domed planetarium. Visitors experience the thrill of exploration and the power of the human imagination in the areas of earth and space sciences through a variety of annual planetarium programs. In addition to supporting Navarro College as a multifaceted audio-visual theater, the planetarium continues to serve as an educational magnet for the 31 surrounding independent school districts, serving over 20,000 students annually.
- Also located in the Navarro College Cook Education Center is the Pearce Civil War & Western Art Museum. The Civil War collection contains over 15,000 original documents written by Presidents, officers, common soldiers, civilians, and family members left on the home front. It is a balanced collection, documenting both the Northern and Southern experiences of the Civil War. The Western Art collection is home to more than 200 original works by acknowledged masters as well as up-and-coming artists in the western art genre. The collection holds 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 the spring of 2011, the Pearce Museum hosted the Western Artists of America Show and Sale. Communication is ongoing with other groups to host similar shows.
- The "Open Door to Success" program continues to assist in identifying students with potential to succeed who are not enrolling in college for a variety of reasons. This program provides individualized counseling attention and financial assistance to qualifying students.
- The District's cooperative agreement with John Deere continues to attract students from across Texas and neighboring states who wish to pursue a degree in agriculture mechanization technology.
- Fire, emergency medical service, and police academies help to provide trained applicants for these high-demand service professions, including dual-credit Emergency Medical Technician training with local high schools. Continuing education classes are also offered in these areas to assist in meeting certification requirements. The Paramedic Program received accreditation in 2013.

- Workforce and continuing education classes are offered in partnership with local business and industry to meet new-hire needs and employee training and recertification. On July 31, 2013, the District was awarded a Texas Workforce Commission Skills Development Grant of more than \$730,000 to train approximately 300 employees. A local project grant through the State of Texas was awarded to the Emergency Medical Services (EMS) Program.
- The Occupational Therapy Assistance (OTA) Program will be expanded to the Midlothian campus in Fall 2013. A total of seventy-two students are expected to be accepted to the OTA Program in Corsicana and Midlothian. The Health Professions division continues to expand with plans to begin a Physical Therapy Assistant (PTA) program on the Midlothian campus in Fall 2014.

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.

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

As a recipient of federal, state, and local financial awards, the District also is responsible for providing an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic review and evaluation by management, internal audit, and the independent auditors of Navarro College District. As a part of the District's single audit, limited tests are conducted to determine the adequacy of the internal control structure, including the portion related to federal and state financial award programs and to determine if the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended August 31, 2013, 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. During the board meeting on July 21, 2011, the Board of Trustees selected the accounting firm of Jaynes, Reitmeier, Boyd & Therrell, P.C., for three additional years, beginning with fiscal year 2011 through 2013, plus the option to extend for two additional years (2014 and 2015).

MAJOR INITIATIVES

Academic Program Enhancements:

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

- A follow-up report to the Fifth-Year Interim Report was submitted to the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) in September 2012. The SACSCOC requested additional information which was provided in the First Monitoring Report submitted April 2013. On July 10, 2013, the District received a letter from SACSCOC stating that no additional report was needed.
- Enrollment in online instruction continues to increase. Online instruction accounts for 20.1% of the District's overall enrollment, and more than forty degree and certificate programs offered by the District can be attained online. In 2012, the Online Instruction Committee developed a course quality evaluation process, which includes a comprehensive set of standards for online courses that will be used to monitor quality for the period ahead.
- The Midlothian Higher Education Center, located on the District's Midlothian campus, continues to increase in enrollment, offerings and graduations. More than 600 students are expected to attend classes on the Midlothian campus in Fall 2013. Three university partners offer seven different bachelors and three master's degree programs at the Midlothian campus. Additional majors are being developed for the Fall 2014 semester, with an entire array of majors in the long-range plan.
- The Texas A&M University at Commerce - Navarro College Partnership continues to receive recognition as an outstanding program with emphasis on teacher education. Beginning with Spring 2014, two new degrees are being added at the Corsicana campus - Bachelor of Science in Computer Science and Bachelor of Science in Environmental Science through web and some face-to-face classwork. The partnership has produced 1,858 graduates, with 1,419 in education, 117 Bachelor in Applied Arts and Sciences (BAAS), 75 in Criminal Justice, 26 Bachelor in Business Administration (BBA), 17 Bachelor of Science in Instructional Training and Design (TDEV), 15 Bachelor of Science in Liberal Studies (BSLS), 12 Bachelor in General Studies (BGS), and 117 master's degrees conferred through Spring 2013.

- 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 four 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, residence life areas, and the Midlothian campus; adding panic buttons in each of our college stores and the cashiering office on each campus; providing controlled-access points in Gibson Hall as well as limiting the number of entrances. Active Shooter table-top exercise training is scheduled for Fall 2013.
 - Adding dash-mounted cameras in patrol cars and establishing a bicycle patrol for the Corsicana campus.
 - Developing and implementing a backup system that allows periodic backup of all electronic information.

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. In addition, the Student Life department has several initiatives designed to help stimulate student leadership and development. These include an active Student Government Association on each of the Corsicana and Waxahachie Campuses, a wide variety of student clubs, honor societies, and other organizations, as well as a busy programming schedule of student activities provided and designed around the needs of both on-campus resident and commuter students. In addition, Intramurals provides an outlet for students interested in athletic competition.

Athletic Program Achievements:

- The District offers a large and competitive intercollegiate athletic program that includes basketball, baseball, soccer, softball, football, cheerleading, and volleyball.
 - The basketball team finished the 2012-2013 year with a record of 25-8. They were Co-Champions in the Region XIV North Zone. They were Runners-Up in the Region XIV Tournament. Six student-athletes transferred to university basketball programs.
 - The baseball team had a record of 44-17 for the 2013 season. They were Region XIV East Zone Champions and Region XIV Tournament Champions. Three players were named All-Region, and two players were named All-American. Fourteen student-athletes transferred to university programs.

- The soccer team entered the second round of the NJCAA Women's Soccer National Championship Tournament in Melbourne, Florida with a record of 17-3-1. They were the Region XIV Champions and District I Champions. Four of our student-athletes were named to the All-Region Team.
- The softball team posted a record of 29-19. Nine players were named to the All-Conference, five players were named to the All-Region Team, and two players were named All-American. Seven student-athletes transferred to university programs.
- The football team advanced to the Brazos Valley Bowl in Bryan, TX with a record of 8-3. They were Runners-Up in the SWJCFC Championship. Twenty-five out of thirty student-athletes will transfer to university football programs.
- The cheerleaders won the 2013 NCA National Championship. This group has brought home a NCA National Championship in ten of the last thirteen years and won Grand National Championships for the last two years.
- The volleyball team posted a record of 6-19.

Academics are stressed by District administration and coaching staff. Success is evidenced by having 17 athletes named to the 2012-2013 Region XIV All-Academic Team and 5 players named as NJCAA Academic All-Americans. The softball, soccer, and volleyball teams earned recognition as NJCAA Academic Teams of the Year.

Construction and Expansion Projects:

On the Corsicana campus, the construction of two field houses, one for baseball/softball and one for soccer, was completed, and the buildings were placed into service in July 2013.

Construction of a 20,000 sq. ft. classroom building and a physical plant building on the Waxahachie campus was completed in August 2013, and the buildings were placed into service for the Fall 2013 semester.

During the monthly board meeting in December 2012, the Board of Trustees authorized the administration to engage an architect to design a 9,700-sq-ft Administration/Classroom building in Mexia. In April 2013, the Board approved the design and at the May 2013 board meeting, the contract for the construction of the building was approved. Construction began in June and is scheduled for completion during Spring 2014.

The Board approved the use of reserves to fund all construction projects in Corsicana and revenue bonds were used for the facilities in Waxahachie.

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, 2012. This

was the twelfth consecutive year (2001 through 2012) that the College has achieved this prestigious award to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Business Services staff, particularly the Accounting Department. Appreciation is expressed to the accounting firm of Jaynes, Reitmeier, Boyd & Therrell, P.C. for their assistance in the timely completion of the audit. Due credit should be given also to the Board of Trustees and the District President for their interest in planning and conducting the operations of the District in a professional manner.

Respectfully submitted,

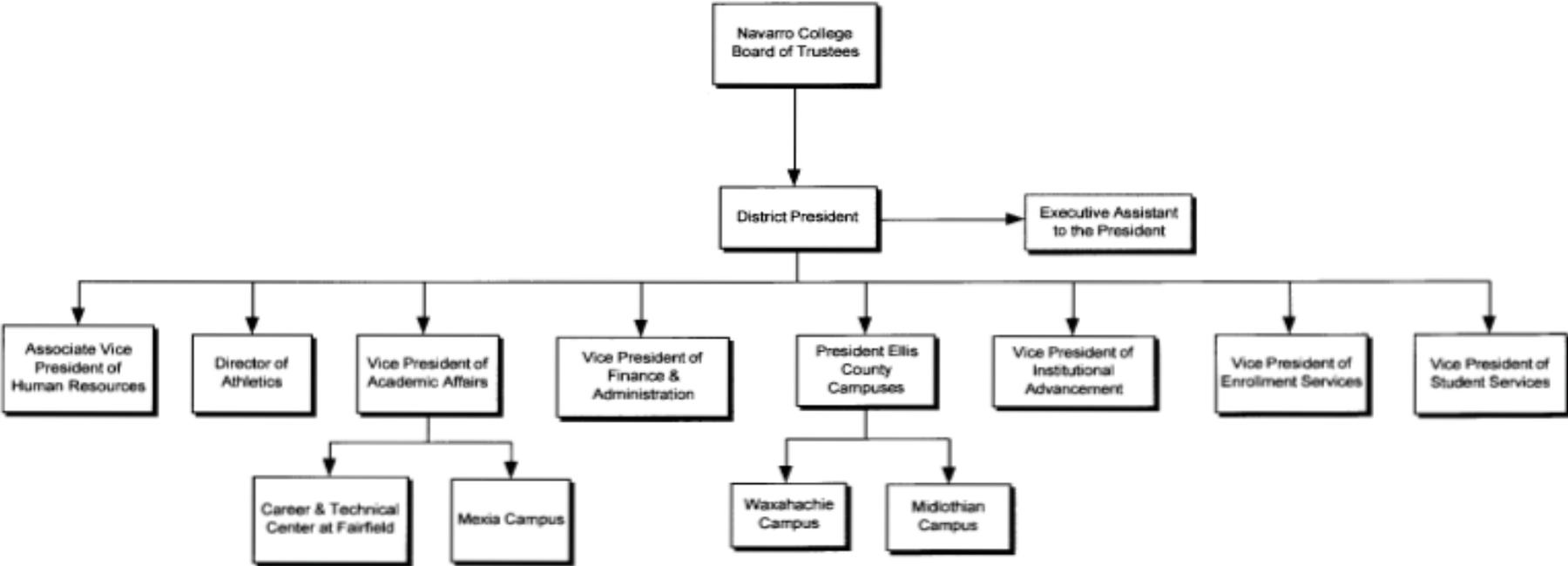
A handwritten signature in blue ink, appearing to read "Gertrud Moreno".

Gertrud Moreno, CPA
Vice President for Finance and Administration

A handwritten signature in blue ink, appearing to read "Aaron York Langston".

Aaron York Langston, CPA
Comptroller

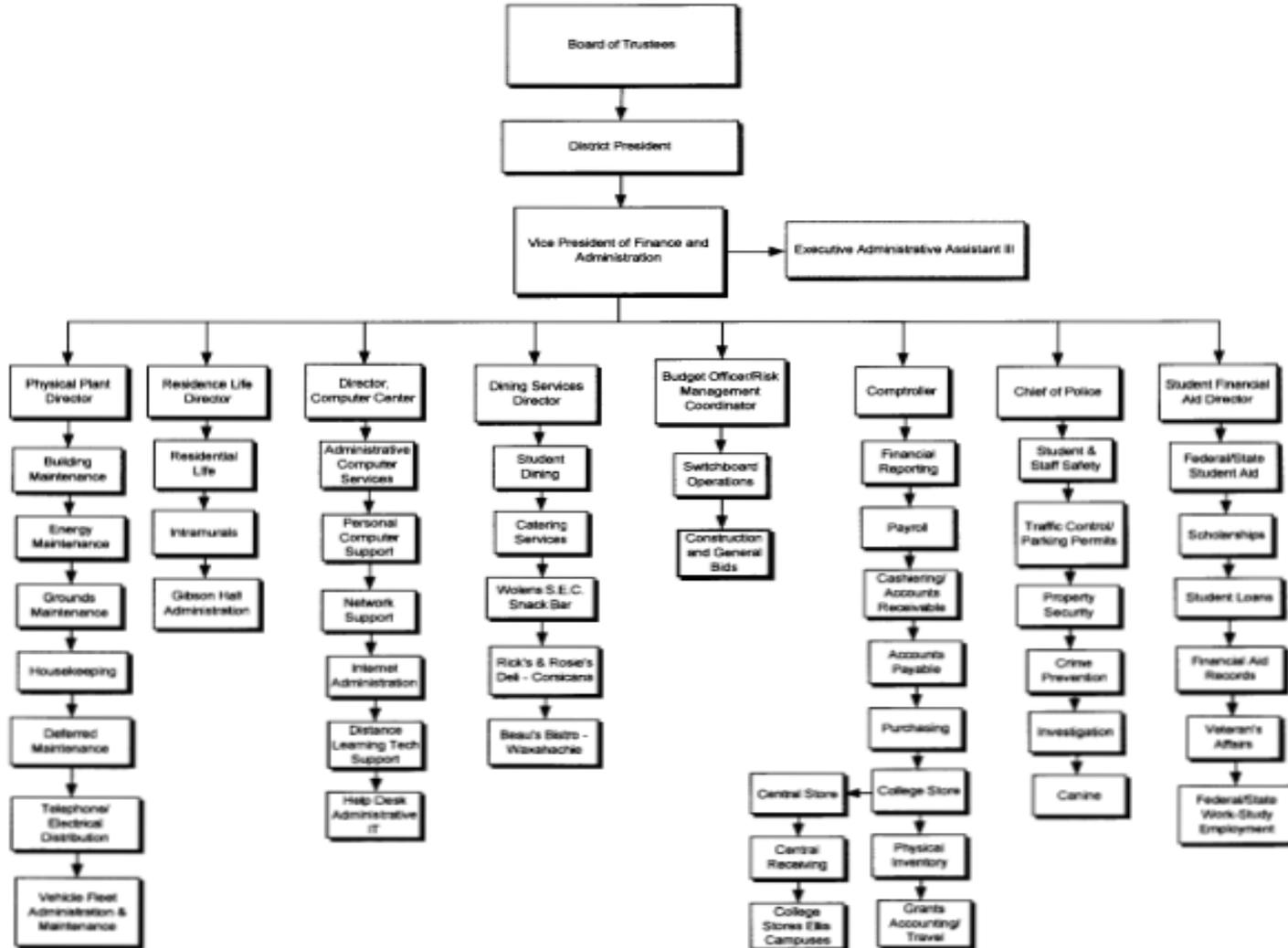
NAVARRO COLLEGE DISTRICT
Organization Chart
District President



NAVARRO COLLEGE DISTRICT

Organization Chart

Vice President for Finance and Administration



Navarro College District

Principal Officials Year Ended August 31, 2013

Board of Trustees

Officers

Lloyd D. Huffman	Chairman
James G. Price, D.D.S.	Vice-Chairman
Phil Judson	Secretary/Treasurer

Members

Term Expires

Faith Holt	Corsicana, Texas	2019
Lloyd D. Huffman	Corsicana, Texas	2017
Billy Todd McGraw	Blooming Grove, Texas	2019
James G. Price, D.D.S.	Corsicana, Texas	2019
Richard L. Aldama	Corsicana, Texas	2015
Phil Judson	Corsicana, Texas	2017
A. L. Atkeisson	Kerens, Texas	2015

Executive Officers

Barbara Kavalier, Ed.D.	District President
Kenneth Martin, Ed.D.	President, Ellis County Campuses
Harold Housley	Vice President for Academic Affairs
Gertrud Moreno, CPA	Vice President for Finance and Administration
Tommy Stringer, Ph.D.	Vice President for Institutional Advancement and Director of Navarro College Foundation
Mary Ann Hailey	Vice President of Student Services
Dewayne Gragg	Vice President of Enrollment Management and Institutional Studies

Business Officers

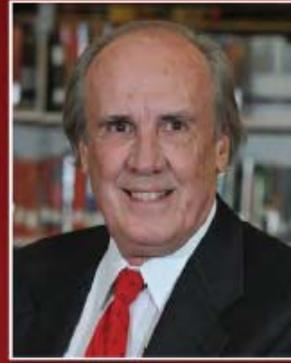
Gertrud Moreno, CPA	Vice President for Finance and Administration
Aaron York, CPA	Comptroller



- NAVARRO COLLEGE -
BOARD OF TRUSTEES



Dr. Barbara Kavalier
District President



Lloyd D. Huffman
Chairman



Dr. James G. Price
Vice Chairman



Phil Judson
Secretary/Treasurer



Richard L. Aldama
Member



A.L. Atkeisson
Member



Faith D. Holt
Member



Billy Todd McGraw
Member



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, 2012

Executive Director/CEO

Financial Section





JAYNES REITMEIER BOYD & THERRELL, P.C.
Certified Public Accountants
5400 Bosque Blvd., Ste. 500 | Waco, TX 76710
P.O. Box 7616 | Waco, TX 76714
Main 254.776.4190 | Fax 254.776.8489 | jrbt.com

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Navarro College District:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Navarro College District (the District) as of and for the years ended August 31, 2013 and 2012, 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 opinions on these financial statements based on our audits. 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. We did not audit the financial statements of Navarro College Foundation, Inc. (the Foundation), a discretely presented component unit of the District, as of and for the years ended August 31, 2013 and 2012. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on those financial statements, insofar as it relates to the amounts included for the Foundation, was based solely on the reports of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

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

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

Opinions

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 and the discretely presented component unit of Navarro College District as of August 31, 2013 and 2012, 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.

Change in Accounting Principle

As discussed in Note 2(j) to the financial statements, in 2013, the District adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and the *Uniform Grant Management Standards*, and are also not a required part of the basic financial statements.

The supplemental information and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and schedules of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013 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.

Jaynes, Reisman, Boyd & Threll, P. C.

December 4, 2013



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 Navarro College District for the fiscal year ended August 31, 2013. 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 xx of this report.

Financial Highlights

- Completed the following construction projects:
 - Waxahachie Classroom Building
 - Waxahachie Physical Plant Building
 - Baseball/Softball Field House
 - Soccer Field House
- Began construction of an Administration Building for the Mexia campus
- Received donation for the Cook Center Expansion from the Navarro College Foundation
- Reduced bond debt by \$2,310,000

Overview of the Financial Statements and Financial Analysis

The District is proud to present its financial statements for the fiscal years ended August 31, 2013 and 2012. 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.

The District adopted GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* during 2013. With the adoption of GASB 63, amounts previously reported as net assets are currently reflected as net position.

Statements of Net Position

The Statements of Net Position present the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District. 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 asset (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position. 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 are also able to determine how much the institution owes vendors and lending institutions.

**Navarro College District
Statements of Net Position**

	August 31,			Amount of Change 2012 to 2013	Percentage of Change 2012 to 2013
	2013	2012	2011		
Assets					
Current assets	\$ 37,272,868	38,746,553	30,968,081	(1,473,685)	(3.80%)
Capital assets	66,615,427	58,692,740	58,071,245	7,922,687	13.50%
Other assets	487,481	520,736	387,554	(33,255)	(6.39%)
Total assets	\$ 104,375,776	97,960,029	89,426,880	6,415,747	6.55%
Liabilities					
Current liabilities	\$ 22,130,271	16,809,085	16,338,308	5,321,186	31.66%
Noncurrent liabilities	33,717,267	36,287,923	32,924,574	(2,570,656)	(7.08%)
Total liabilities	\$ 55,847,538	53,097,008	49,262,882	2,750,530	5.18%
Net position					
Net investment in capital assets	\$ 32,511,678	27,439,037	26,031,404	5,072,641	18.49%
Restricted - expendable	2,699,418	2,963,556	3,018,291	(264,138)	(8.91%)
Unrestricted	13,317,142	14,460,428	11,114,303	(1,143,286)	(7.91%)
Total net position	\$ 48,528,238	44,863,021	40,163,998	3,665,217	8.17%

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned by the institution. The next net position category is restricted net position, which is divided into two categories, nonexpendable and expendable. Expendable restricted net position is available for expenditure by the institution 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 institution for any lawful purpose of the institution.

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

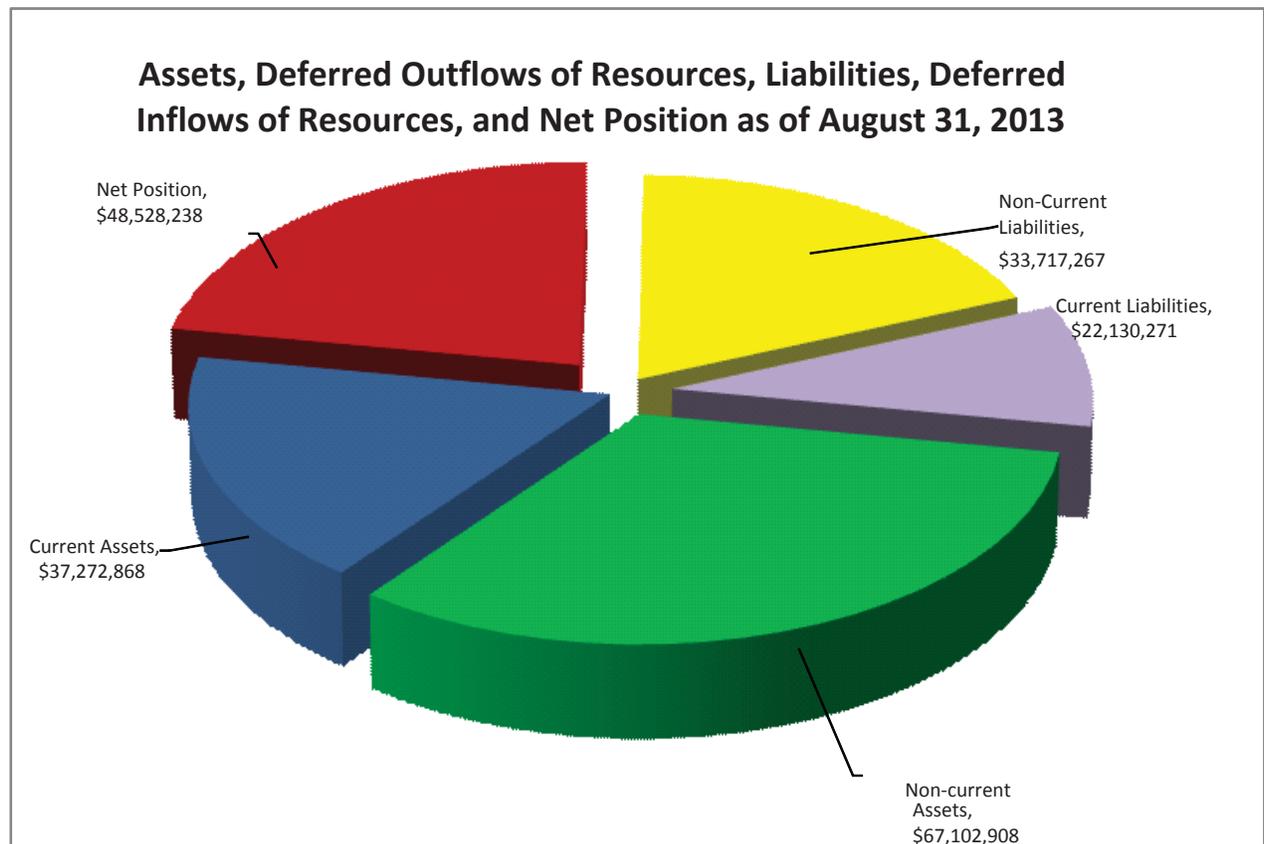
Financial Analysis from 2012 to 2013

Current assets decreased by 3.8% or \$1,473,685 due to decreases of \$1,152,438 in cash and cash equivalents, \$138,757 in accounts receivable, \$259,616 in prepaid expenses, and an increase of \$77,126 in inventories. The decrease in cash represents expenditures incurred in 2013 for the construction of a classroom building and a physical plant building on the Waxahachie campus.

Capital assets show an increase of \$7,922,687 (after depreciation). Two building construction projects that began in fiscal year 2012 (baseball/softball and soccer field houses and 64-bed student apartment building) were completed and placed into operation in July 2013. The Waxahachie classroom and physical plant buildings were completed and placed into operation in August 2013. In May 2013, the Navarro College Foundation transferred ownership of the Cook Center expansion to the District which increased capital assets by \$1,539,061. Other assets show a 6.39% decrease of \$33,255, which represents current year amortization of bond issuance costs.

Total liabilities increased to \$55,847,538 from \$53,097,008, for an increase of \$2,750,530 or 5.18%. This increase reflects a \$730,565 increase in accounts payable, a \$4,564,075 increase in unearned revenue, a decrease of \$225,000 in loans payable, and a decrease in bonds payable for scheduled principal payments of \$2,310,000. The increase in unearned revenue is due to a receipt of PELL funds prior to year-end that related to the Fall 2013 semester, or fiscal year 2014. The decrease in loans payable represents the fact that three of the twenty years of the forgivable loan period were deemed in compliance with the loan terms set by the Midlothian Economic Development Center in 2013.

In summary, the total net position of the District reflected an increase of \$3,665,217 to a total of \$48,528,238 at August 31, 2013. Most of the growth is due to an increase of \$5,072,641 in net investment in capital assets, which is offset by a decrease of \$264,138 in expendable restricted net position and a decrease of \$1,143,286 in unrestricted net position.



Financial Analysis from 2011 to 2012

Current assets increased by 25.1% or \$7,778,472 due to increases of \$1,409,712 in cash and cash equivalents, \$5.5 million in restricted cash and cash equivalents, \$92,591 in accounts receivable, \$202,651 in prepaid expenses, and \$573,518 in inventories. The restricted cash increase of \$5.5 million represents the proceeds from the 2012 Revenue Bond Series that was issued in May 2012. This amount will be expended in 2013 for the scheduled construction of a classroom and a physical plant building on the Waxahachie campus. The growth in inventories was due to the increase in textbook purchases due to the 2-year rotation requirement and the purchase of grocery and beverage inventory to stock the newly constructed Waxahachie deli.

Capital assets show an increase of \$621,495 (after depreciation). Three building construction projects began in fiscal year 2012 (baseball/softball and soccer field houses and 64-bed student apartment building). Of the three, the student apartment building was completed and placed into operation in August 2012 for the fall 2012 semester. The combined addition to building and building improvements of \$1,549,160 was partially offset with the construction-in-progress reduction of \$296,449 and increase in depreciation. Other assets show a 34.4% increase or \$133,182. This represents the net amount of the 2012 Revenue Bond Series issuance costs of \$405,000 less current year amortization on all issuance costs of \$28,000 and write-off of the 2003 Revenue Bond Series remaining issuance costs of \$243,000 due to the advance refunding.

Total liabilities increased to \$53,097,008 from \$49,262,882, for an increase of \$3,834,126 or 7.8%. This increase reflects the current and non-current segment of the liability for the 2012 Revenue Bond Series.

In summary, the total net position of the District reflects a strong increase of \$4,699,023 to a total of \$44,863,021 at August 31, 2012. Most of the growth is reflected in the unrestricted net position increase of \$3,346,125, with the remainder being tied to an increase in net investment in capital assets of \$1,407,633 and a small decrease of \$54,735 in expendable restricted net position.

Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position are presented on the Statements of Revenues, Expenses, and Changes in Net Position. The statement includes four sections: operating revenues, nonoperating revenues, operating expenses, and nonoperating expenses. The purpose of the statement is to present the revenues received by the District, operating and nonoperating, 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. Nonoperating revenues are revenues received for which goods and services are not provided.

Navarro College District
Statements of Revenues, Expenses, and Changes in Net Position

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>Amount of Change 2012 to 2013</u>	<u>Percentage of Change 2012 to 2013</u>
Operating revenues					
Tuition and fees	\$ 14,202,493	15,014,906	13,759,423	(812,413)	(5.41%)
Sales and services	8,543,455	8,838,891	8,449,512	(295,436)	(3.34%)
Other operating revenues	<u>182,078</u>	<u>129,911</u>	<u>100,877</u>	<u>52,167</u>	40.16%
Total operating revenues	<u>22,928,026</u>	<u>23,983,708</u>	<u>22,309,812</u>	<u>(1,055,682)</u>	(4.40%)
Nonoperating revenues					
State appropriations	17,919,724	17,530,761	16,383,691	388,963	2.22%
Maintenance ad valorem property taxes	3,301,143	3,228,761	3,122,756	72,382	2.24%
Grants and contracts	25,183,309	26,119,249	29,264,418	(935,940)	(3.58%)
Gifts	2,312,734	834,579	762,018	1,478,155	177.11%
Investment income	160,404	146,902	153,555	13,502	9.19%
Other non-operating revenues	<u>291,260</u>	<u>62,511</u>	<u>64,560</u>	<u>228,749</u>	365.93%
Total nonoperating revenues	<u>49,168,574</u>	<u>47,922,763</u>	<u>49,750,998</u>	<u>1,245,811</u>	2.60%
Total revenues	<u>72,096,600</u>	<u>71,906,471</u>	<u>72,060,810</u>	<u>190,129</u>	0.26%
Operating expenses					
Instruction	19,104,050	17,799,800	18,167,513	1,304,250	7.33%
Public service	270,869	281,184	228,891	(10,315)	(3.67%)
Academic support	3,748,138	3,486,597	3,579,175	261,541	7.50%
Student services	4,608,363	4,031,791	3,677,010	576,572	14.30%
Institutional support	6,144,442	5,191,112	5,022,776	953,330	18.36%
Operation and maintenance of plant	4,030,618	4,122,473	4,582,981	(91,855)	(2.23%)
Scholarships and fellowships	15,761,613	16,955,799	17,996,557	(1,194,186)	(7.04%)
Auxiliary enterprises	11,504,077	12,088,998	11,880,415	(584,921)	(4.84%)
Depreciation expense	<u>1,968,446</u>	<u>1,855,608</u>	<u>1,703,928</u>	<u>112,838</u>	6.08%
Total operating expenses	<u>67,140,616</u>	<u>65,813,362</u>	<u>66,839,246</u>	<u>1,327,254</u>	2.02%
Nonoperating expenses					
Interest on capital related debt	<u>1,290,767</u>	<u>1,394,086</u>	<u>1,493,617</u>	<u>(103,319)</u>	(7.41%)
Total nonoperating expenses	<u>1,290,767</u>	<u>1,394,086</u>	<u>1,493,617</u>	<u>(103,319)</u>	(7.41%)
Total expenses	<u>68,431,383</u>	<u>67,207,448</u>	<u>68,332,863</u>	<u>1,223,935</u>	1.82%
Change in net position	3,665,217	4,699,023	3,727,947	(1,033,806)	(22.00%)
Beginning net position	<u>44,863,021</u>	<u>40,163,998</u>	<u>36,436,051</u>	<u>4,699,023</u>	11.70%
Ending net position	<u>\$ 48,528,238</u>	<u>44,863,021</u>	<u>40,163,998</u>	<u>3,665,217</u>	8.17%

Financial Analysis from 2012 to 2013

The Statement of Revenues, Expenses, and Changes in Net Position reflect a positive year, with an increase of \$3,665,217 in net position at year-end. Operating revenues decreased 4.4%, or \$1,055,682, due to enrollment decreases, which affected both tuition and fees and sales and services of educational activities.

Nonoperating revenues increased by 2.6% or \$1,245,811. This increase is due to the donation in the amount of \$1,539,061 from the Navarro College Foundation for the Cook Center Expansion and the recognition of \$225,000 related to the forgiveness of debt by the Midlothian Economic Development Center. These increases are offset by decreases in federal financial aid funds received on behalf of students from federal and state agencies in the form of student grants in the amount of \$935,940. State appropriated funds reported an increase of \$388,963. Maintenance ad valorem taxes increased slightly in the amount of \$72,382. Investment income increased by \$13,502. Reductions of \$60,906 in other gifts and increases of \$3,749 in other nonoperating revenues make up the balance of the increase in total nonoperating revenues.

Overall operating expenses increased by 2.02% or \$1,327,254. This increase is mainly due to changes in the following categories: instruction, 7.33% or \$1,304,250; academic support, 7.5% or \$261,541; student services, 14.3% or \$576,572; institutional support, 18.36% or \$953,330; and depreciation, 6.08% or \$112,838. The majority of these increases are due to salary adjustments and new positions that were approved by the board for fiscal year 2013. Additionally, the District's state appropriation for benefits was decreased by \$703,255, which caused benefit expenditures to increase for the District over and above the scheduled increases in premiums. These increases are offset by the following reductions: 7.04% or \$1,194,186 in scholarships and fellowships, which correlates directly with the reduction in tuition and fees noted above; 3.67% or \$10,315 in public service; 2.23% or \$91,855 in operation and maintenance of plant; and 4.84% or \$584,921 in auxiliary enterprises.

Nonoperating expenses of interest on capital debt decreased by \$103,319 due to regular amortization of principal and interest.

In summary, operational activities provided the District with a strong increase of \$3,665,217, increasing net position to a total of \$48,528,238 on August 31, 2013.

Financial Analysis from 2011 to 2012

An examination of the calculation of tuition discounting during fiscal year 2013 led to a reclassification of the prior year discounting amounts for tuition revenue, auxiliary revenue and scholarship and fellowship expenses. The net effect of this reclassification on net position and changes in net position for fiscal year 2012 was zero. However, this reclassification did change the financial analysis narrative from 2011 to 2012 as presented below.

The Statement of Revenues, Expenses, and Changes in Net Position reflect a positive year, with an increase of \$4,699,023 in net position at year-end. Operating revenues increased 7.5%, or \$1,673,896. The majority of this increase is for tuition and fee revenue of \$1,255,483 and sales and services of educational activities revenue of \$389,379 due to enrollment increases.

Nonoperating revenues decreased by 3.7% or \$1,828,235. As mentioned above, this decrease was caused largely by the reduction of federal financial aid funds received on behalf of students in the form of student grants in the amount of \$3,145,169. State appropriated funds reported an increase of \$1,147,070 due to enrollment increases sustained in fiscal years 2010 and 2011. Small increases also were noted in the maintenance ad valorem taxes (\$106,005) and gifts (\$72,561). Reductions of \$6,653 in investment income and \$2,049 in other nonoperating revenues make up the balance of the increase in total nonoperating revenues.

Overall operating expenses decreased by 1.53% or \$1,025,884, which was largely affected by the 5.78%, or \$1,040,758, decrease in scholarships. This decrease correlates directly to the total result of the increase in tuition and fee revenue and reduction of federal grant revenue discussed above. Auxiliary expenses also reflect an increase of 1.8%, or \$208,583, due to the increased demand of sales and services of educational activities.

Nonoperating expenses of interest on capital debt decreased by \$99,531 due to regular amortization of principal and interest.

In summary, operational activities provided the District with a strong increase of \$4,699,023, increasing net position to a total of \$44,863,021 on August 31, 2012.

Statements of Cash Flows

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

Navarro College District Statements of Cash Flows

	2013	2012	2011	Amount of Change 2012 to 2013	Percentage of Change 2012 to 2013
Cash provided by (used for):					
Operating activities	\$ (38,317,572)	(39,879,253)	(39,739,664)	1,561,681	(3.92%)
Noncapital financing activities	48,629,878	46,305,292	46,361,857	2,324,586	5.02%
Investing activities	158,963	195,502	131,155	(36,539)	(18.69%)
Capital and related financing activities	(11,623,707)	288,171	(6,721,732)	(11,911,878)	(4,133.61%)
Net change in cash	(1,152,438)	6,909,712	31,616	(8,062,150)	(116.68%)
Cash, beginning of year	21,740,737	14,831,025	14,799,409	6,909,712	46.59%
Cash, end of year	\$ 20,588,299	21,740,737	14,831,025	(1,152,438)	(5.30%)

Financial Analysis from 2012 to 2013

An analysis of cash flows shows an overall decrease of 5.3%, or \$1,152,438, in cash flow for 2013. The District had \$20,588,299 in cash at the end of fiscal year 2013, compared to \$21,740,737 at the end of fiscal year 2012. The decreased cash flow occurred throughout the year as the funds were expended to complete the construction of the classroom and physical plant buildings on the Waxahachie campus and the soccer and baseball/softball field houses on the Corsicana campus.

Financial Analysis from 2011 to 2012

An analysis of cash flows shows an overall increase of 46.6%, or \$6,909,712, in cash flow for 2012. The District had \$21,740,737 in cash at the end of fiscal year 2012, compared to \$14,831,025 at the end of fiscal year 2011. The increased cash flow occurred in June 2012 when the funds were received from the 2012 Revenue Bond Series issuance of \$5.5 million. These funds will be budgeted and expended in fiscal year 2013 for the construction of a classroom and physical plant building on the Waxahachie campus.

Debt Administration and Capital Assets

As of August 31, 2013, the District had \$29,060,000 of revenue bonds outstanding.

As of August 31, 2013, the forgivable loan balance from the Midlothian Economic Development Center (MEDC) was \$1,275,000. The reduction of \$225,000 represents a 15% reduction granted by the MEDC as a result of the District being in compliance with the terms of the loan agreement. This amount was recognized as other nonoperating revenue by the District in fiscal year 2013.

During 2013, the District continued to add to its physical plant structures by adding \$9.56 million in buildings and building improvements. The building additions consist of the completion of the field houses for baseball/softball and soccer, the Waxahachie classroom building, and the Waxahachie physical plant building. Improvements were increased by the renovations of residence halls, the addition of an outdoor basketball court in Corsicana, Cook Center renovations, and the donation for the Cook Center expansion. Of the \$9.56 million, \$543,090 was transferred from construction in progress. At year-end, \$169,021 remained in construction in progress related to the Mexia Administration Building expected to be completed in 2014.

For additional information concerning capital assets and debt administration, see Notes 6, 7, 8 and 9 in the Notes to the Financial Statements.

Risk Management

The Campus Safety and Preparation Committee met quarterly during fiscal year 2013. The following is a list of actions taken by the Committee during fiscal year 2013:

- instituted the Run, Hide, Fight Video to prepare for Active Shooter scenarios
- conducted training on emergency readiness for building coordinators
- provided risk management seminars for student organizations

- submitted safety audit report to the state
- created a safety plan poster that was posted in every room in every building on campus
- conducted evacuation drills for every building
- updated emergency exit maps

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 7th Avenue, Corsicana, Texas 75110.

A handwritten signature in blue ink, appearing to read "Gertrud Moreno", with a stylized flourish extending to the right.

Gertrud Moreno, CPA
Vice President for Finance and Administration



Basic Financial Statements



Navarro College District

Statements of Net Position (Exhibit 1)

August 31, 2013 and 2012

	Primary Government		Component Unit	
	Navarro College District		Navarro College Foundation, Inc.	
	2013	2012	2013	2013
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 20,385,851	16,240,737	232,889	219,475
Restricted cash and cash equivalents	202,448	5,500,000	-	-
Accounts receivable, net	12,966,030	13,104,787	54,357	132,797
Prepaid expenses	897,211	1,156,827	22,598	-
Inventories	2,821,328	2,744,202	-	-
Total current assets	<u>37,272,868</u>	<u>38,746,553</u>	<u>309,844</u>	<u>352,272</u>
Noncurrent assets:				
Long-term investments	-	-	3,925,124	3,142,710
Capital assets, net	66,615,427	58,692,740	8,622,981	9,978,234
Other assets	487,481	520,736	-	-
Total noncurrent assets	<u>67,102,908</u>	<u>59,213,476</u>	<u>12,548,105</u>	<u>13,120,944</u>
Total assets	<u>104,375,776</u>	<u>97,960,029</u>	<u>12,857,949</u>	<u>13,473,216</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	2,167,021	1,436,456	6,240	4,186
Accrued liabilities	305,805	304,163	-	-
Funds held for others	606,362	664,467	-	-
Unearned revenue	16,354,555	11,790,480	-	-
Accrued compensated absences - current portion	204,669	119,810	-	-
Accrued claims and judgments - current portion	26,859	33,709	-	-
Notes payable	-	-	-	227,569
Capital lease - current portion	155,000	150,000	-	-
Bonds payable - current portion	2,310,000	2,310,000	-	-
Total current liabilities	<u>22,130,271</u>	<u>16,809,085</u>	<u>6,240</u>	<u>231,755</u>
Noncurrent liabilities:				
Accrued compensated absences	2,069,641	1,926,651	-	-
Accrued claims and judgments	80,577	101,125	-	-
Loan payable	1,275,000	1,500,000	-	-
Capital lease	3,496,116	3,651,116	-	-
Bonds payable	26,795,933	29,109,031	-	-
Total noncurrent liabilities	<u>33,717,267</u>	<u>36,287,923</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>55,847,538</u>	<u>53,097,008</u>	<u>6,240</u>	<u>231,755</u>
<u>Net Position</u>				
Net position:				
Net investment in capital assets	32,511,678	27,439,037	8,622,981	9,978,234
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	-	-	146,600	146,600
Pearce Museum	-	-	1,322,296	1,322,296
Expendable:				
Scholarships and fellowships	2,368,541	2,653,110	2,158,558	1,660,308
Debt service	330,877	310,446	-	-
Other	-	-	476,601	-
Unrestricted	<u>13,317,142</u>	<u>14,460,428</u>	<u>124,673</u>	<u>134,023</u>
Total net position	<u>\$ 48,528,238</u>	<u>44,863,021</u>	<u>12,851,709</u>	<u>13,241,461</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, 2013 and 2012

	Primary Government		Component Unit	
	Navarro College District		Navarro College Foundation, Inc.	
	2013	2012	2013	2012
Operating revenues:				
Tuition and fees (net of scholarship allowances and discounts of \$5,942,618 and \$6,068,459, respectively)	\$ 14,202,493	15,014,906	-	-
Gifts	-	-	1,311,978	724,350
Sales and services of educational activities	508,065	448,874	-	-
Auxiliary enterprises (net of scholarship allowances and discounts of \$2,546,836 and \$2,600,768, respectively)	8,035,390	8,390,017	-	-
Other operating revenues	182,078	129,911	-	-
Total operating revenues	<u>22,928,026</u>	<u>23,983,708</u>	<u>1,311,978</u>	<u>724,350</u>
Operating expenses:				
Instruction	19,104,050	17,799,800	-	-
Public service	270,869	281,184	-	-
Academic support	3,748,138	3,486,597	-	-
Student services	4,608,363	4,031,791	-	-
Institutional support	6,144,442	5,191,112	213,815	222,287
Operation and maintenance of plant	4,030,618	4,122,473	-	-
Scholarships and fellowships	15,761,613	16,955,799	264,533	233,144
Auxiliary enterprises	11,504,077	12,088,998	-	-
Depreciation	1,968,446	1,855,608	3,149	30,642
Total operating expenses	<u>67,140,616</u>	<u>65,813,362</u>	<u>481,497</u>	<u>486,073</u>
Operating income (loss)	<u>(44,212,590)</u>	<u>(41,829,654)</u>	<u>830,481</u>	<u>238,277</u>
Nonoperating revenues (expenses):				
State appropriations	17,919,724	17,530,761	-	-
Ad valorem property taxes for maintenance and operations	3,301,143	3,228,761	-	-
Federal grants and contracts	23,451,372	24,701,880	-	-
State grants and contracts	1,668,721	1,339,234	-	-
Local grants and contracts	63,216	78,135	-	-
Investment income	160,404	146,902	318,828	285,156
Gifts	2,312,734	834,579	-	-
Interest on capital asset-related debt	(1,290,767)	(1,394,086)	-	-
Other nonoperating revenues (expenses), net	291,260	62,511	(1,539,061)	(5,240)
Net nonoperating revenues	<u>47,877,807</u>	<u>46,528,677</u>	<u>(1,220,233)</u>	<u>279,916</u>
Increase (decrease) in net position	3,665,217	4,699,023	(389,752)	518,193
Net position - beginning of year	<u>44,863,021</u>	<u>40,163,998</u>	<u>13,241,461</u>	<u>12,723,268</u>
Net position - end of year	<u>\$ 48,528,238</u>	<u>44,863,021</u>	<u>12,851,709</u>	<u>13,241,461</u>

See accompanying notes to the financial statements.

Navarro College District

Statements of Cash Flows (Exhibit 3)

Years Ended August 31, 2013 and 2012

	Primary Government Navarro College District	
	2013	2012
Cash flows from operating activities		
Receipts from students and other customers	\$ 22,458,812	20,122,160
Receipts from third-party student loans	30,762,982	31,501,293
Other receipts	182,078	129,911
Loans issued to students	(29,028,802)	(31,751,242)
Payments to employees	(29,979,931)	(27,716,364)
Payments to suppliers and students	(32,712,711)	(32,165,011)
Net cash used in operating activities	(38,317,572)	(39,879,253)
Cash flows from noncapital financing activities		
Receipts of state appropriations	16,106,379	15,874,150
Receipts from ad valorem property taxes for maintenance and operation	3,328,810	3,233,714
Receipts of grants and contracts	28,406,537	26,282,445
Receipts from gifts for other than capital purposes	788,152	914,983
Net cash provided by noncapital financing activities	48,629,878	46,305,292
Cash flows from capital and related financing activities		
Proceeds from issuance of bonds	-	5,503,467
Purchases of capital assets	(7,903,378)	(2,377,727)
Payments on capital debt principal	(2,460,000)	(1,245,000)
Payments on capital debt interest	(1,260,329)	(1,592,569)
Net cash provided by (used in) capital and related financing activities	(11,623,707)	288,171
Cash flows from investing activities		
Receipts from interest on investments	158,963	195,502
Net cash provided by investing activities	158,963	195,502
Net increase (decrease) in cash and cash equivalents	(1,152,438)	6,909,712
Cash and cash equivalents - beginning of year	21,740,737	14,831,025
Cash and cash equivalents - end of year	\$ 20,588,299	21,740,737
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (44,212,590)	(41,829,654)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,968,446	1,855,608
On-behalf payments	1,813,345	1,656,611
Change in assets and liabilities:		
Receivables, net	1,803,438	(328,668)
Inventories	(77,126)	(573,518)
Prepaid expenses	259,616	(202,651)
Accounts payable	281,879	(403,101)
Accrued liabilities	1,364	142,677
Funds held for others	(58,105)	55,693
Unearned revenue	(298,290)	(425,808)
Accrued compensated absences	227,849	123,745
Accrued claims and judgments	(27,398)	49,813
Net cash used in operating activities	\$ (38,317,572)	(39,879,253)
Noncash investing, capital and financing activities:		
State appropriations on-behalf payments	\$ 1,813,345	1,656,611
Contributed real estate improvements and equipment	\$ 1,539,061	-
Forgiveness of loan payable	\$ 225,000	-
Advance refunding	\$ -	15,755,000

See accompanying notes to the financial statements.



Navarro College District

Notes to Financial Statements

August 31, 2013 and 2012

(1) Nature of Operations and Reporting Entity

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

Navarro College Foundation, Inc. (the Foundation) is a legally separate, tax-exempt entity organized to solicit and receive support for purposes of developing and extending the facilities of the District and enhancing the educational opportunities of residents in the geographical area the District serves. The District does not control the timing or amount of receipts from the Foundation. However, the majority of resources, or income thereon that the Foundation holds and invests, are for the benefit of the District or its constituents. Because the net position of the Foundation compared to the District is significant, because substantially all resources held by the Foundation can only be used by, or for the benefit of, the District and because the Foundation has historically provided resources to the District or its constituents, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements. During the years ended August 31, 2013 and 2012, the Foundation expended \$236,760 and \$205,984, 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 Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. These accounting policies basically conform to generally accepted accounting principles applicable to government units.

(a) Basis of Accounting

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

Navarro College District

Notes to Financial Statements (Continued)

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting (continued)

has been incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

(b) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31; and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrances outstanding at year-end that were provided for in the subsequent year's budget are reported as designations of net position since they do not constitute expenditures or liabilities.

Navarro College District

Notes to Financial Statements (Continued)

(2) Summary of Significant Accounting Policies (continued)

(c) Scholarship Allowances and Discounts

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

Texas Public Education Grants: Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue. When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition and fee discount.

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

(d) Cash and Cash Equivalents

The District's cash and cash equivalents for purposes of reporting cash flows consist of cash on hand, demand deposits, and certificates of deposit. Cash equivalents of \$2,245,600 and \$4,090,000 at August 31, 2013 and 2012, respectively, consist of certificates of deposit.

(e) Inventories

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

(f) Restricted Cash and Cash Equivalents

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

Navarro College District

Notes to Financial Statements (Continued)

(2) Summary of Significant Accounting Policies (continued)

(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

(h) Unearned Revenue

Unearned revenue of the District at August 31, 2013 and 2012 consists of the following amounts which have not yet been earned:

	<u>2013</u>	<u>2012</u>
Tuition and fees	\$ 9,217,798	9,622,880
Auxiliary	2,243,639	2,136,847
Federal grants	4,893,118	30,753
	<u>\$ 16,354,555</u>	<u>11,790,480</u>

(i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that

Navarro College District

Notes to Financial Statements (Continued)

(2) Summary of Significant Accounting Policies (continued)

(i) Use of Estimates (continued)

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

(j) Change in Accounting Principle

The District adopted GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* during 2013. With the adoption of GASB 63, amounts previously reported as net assets are currently reflected as net position.

(k) 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.

(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.

Navarro College District

Notes to Financial Statements (Continued)

(4) Deposits and Investments

Deposits of the District at August 31, 2013 and 2012 consist of the following:

	2013	2012
Cash - demand deposits	\$ 18,337,254	17,645,452
Cash - certificates of deposit	2,245,600	4,090,000
Cash - petty cash on hand	5,445	5,285
Total deposits	\$ 20,588,299	21,740,737

Deposits and investments of the Foundation at August 31, 2013 and 2012 consist of the following:

	2013	2012
<u>Deposits</u>		
Cash - demand deposits	\$ 232,889	219,475
Total deposits	232,889	219,475
<u>Investments</u>		
U. S. government securities	587,656	-
Corporate bonds	494,690	523,089
Marketable equity securities	2,093,224	1,870,957
Other investments	749,554	748,664
Total investments	3,925,124	3,142,710
Total deposits and investments	\$ 4,158,013	3,362,185

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)

(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.

(5) Accounts Receivable

Accounts receivable at August 31, 2013 and 2012 consist of the following:

	2013	2012
Tuition and fees	\$ 8,985,515	9,027,363
Ad valorem property taxes	253,164	280,831
Federal and state grants	2,797,574	3,065,777
Interest	5,547	4,106
Auxiliary and other	2,335,746	2,138,226
	14,377,546	14,516,303
Less allowance for doubtful accounts	(1,411,516)	(1,411,516)
Accounts receivable, net	\$ 12,966,030	13,104,787

(6) Capital Assets

Capital asset activity for the District for the year ended August 31, 2013 was as follows:

	Balance September 1, 2012	Additions	Transfers and Retirements	Balance August 31, 2013
Capital assets, not being depreciated:				
Land	\$ 2,641,656	-	-	2,641,656
Collections	434,339	-	-	434,339
Construction in progress	543,090	169,021	(543,090)	169,021
	3,619,085	169,021	(543,090)	3,245,016

Navarro College District

Notes to Financial Statements
(Continued)

(6) Capital Assets (continued)

	Balance September 1, 2012	Additions	Transfers and Retirements	Balance August 31, 2013
Capital assets, being depreciated:				
Buildings and building improvements	\$ 64,686,599	7,884,687	-	72,571,286
Other real estate improvements	5,590,997	1,677,681	-	7,268,678
Total buildings and other real estate improvements	70,277,596	9,562,368	-	79,839,964
Library books	1,499,285	54,308	-	1,553,593
Furniture and equipment	6,023,753	648,528	(33,918)	6,638,363
	<u>77,800,634</u>	<u>10,265,204</u>	<u>(33,918)</u>	<u>88,031,920</u>
Less accumulated depreciation:				
Buildings and building improvements	(15,645,758)	(1,247,941)	-	(16,893,699)
Other real estate improvements	(2,433,310)	(233,072)	-	(2,666,382)
Total buildings and other real estate improvements	(18,079,068)	(1,481,013)	-	(19,560,081)
Library books	(996,351)	(61,294)	-	(1,057,645)
Furniture and equipment	(3,651,560)	(426,141)	33,918	(4,043,783)
	<u>(22,726,979)</u>	<u>(1,968,448)</u>	<u>33,918</u>	<u>(24,661,509)</u>
	<u>55,073,655</u>	<u>8,296,756</u>	<u>-</u>	<u>63,370,411</u>
	<u>\$ 58,692,740</u>	<u>8,465,777</u>	<u>(543,090)</u>	<u>66,615,427</u>

Capital asset activity for the District for the year ended August 31, 2012 was as follows:

	Balance September 1, 2011	Additions	Transfers and Retirements	Balance August 31, 2012
Capital assets, not being depreciated:				
Land	\$ 2,641,656	-	-	2,641,656
Collections	434,339	-	-	434,339
Construction in progress	296,449	543,090	(296,449)	543,090
	<u>3,372,444</u>	<u>543,090</u>	<u>(296,449)</u>	<u>3,619,085</u>

Navarro College District

Notes to Financial Statements
(Continued)

(6) Capital Assets (continued)

	Balance September 1, 2011	Additions	Transfers and Retirements	Balance August 31, 2012
Capital assets, being depreciated:				
Buildings and building improvements	\$ 63,137,439	1,549,160	-	64,686,599
Other real estate improvements	5,451,956	139,041	-	5,590,997
Total buildings and other real estate improvements	68,589,395	1,688,201	-	70,277,596
Library books	1,437,816	61,469	-	1,499,285
Furniture and equipment	5,681,926	480,792	(138,965)	6,023,753
	<u>75,709,137</u>	<u>2,230,462</u>	<u>(138,965)</u>	<u>77,800,634</u>
Less accumulated depreciation:				
Buildings and building improvements	(14,487,698)	(1,158,060)	-	(15,645,758)
Other real estate improvements	(2,243,147)	(190,163)	-	(2,433,310)
Total buildings and other real estate improvements	(16,730,845)	(1,348,223)	-	(18,079,068)
Library books	(934,718)	(61,633)	-	(996,351)
Furniture and equipment	(3,344,773)	(445,752)	138,965	(3,651,560)
	<u>(21,010,336)</u>	<u>(1,855,608)</u>	<u>138,965</u>	<u>(22,726,979)</u>
	<u>54,698,801</u>	<u>374,854</u>	<u>-</u>	<u>55,073,655</u>
	<u>\$ 58,071,245</u>	<u>917,944</u>	<u>(296,449)</u>	<u>58,692,740</u>

Construction in progress at August 31, 2013 is composed of the following:

	Spent to Date	Remaining Committed	Required Future Financing
Mexia Campus Administration Building	\$ <u>169,021</u>	<u>812,052</u>	None

Capital asset activity for the Foundation for the year ended August 31, 2013 was as follows:

Navarro College District

Notes to Financial Statements
(Continued)

(6) Capital Assets (continued)

	Balance September 1, 2012	Additions	Transfers and Retirements	Balance August 31, 2013
Capital assets, not being depreciated:				
Construction in progress	\$ -	186,957	-	186,957
Collections	8,433,938	-	-	8,433,938
	<u>8,433,938</u>	<u>186,957</u>	<u>-</u>	<u>8,620,895</u>
Capital assets, being depreciated:				
Furniture and equipment	135,471	-	(113,429)	22,042
Leasehold improvements	1,457,390	-	(1,457,390)	-
	<u>1,592,861</u>	<u>-</u>	<u>(1,570,819)</u>	<u>22,042</u>
Less accumulated depreciation:				
Furniture and equipment	\$ (27,907)	(3,149)	11,100	(19,956)
Leasehold improvements	(20,658)	-	20,658	-
	<u>(48,565)</u>	<u>(3,149)</u>	<u>31,758</u>	<u>(19,956)</u>
	<u>1,544,296</u>	<u>(3,149)</u>	<u>(1,539,061)</u>	<u>2,086</u>
	<u>\$ 9,978,234</u>	<u>183,808</u>	<u>(1,539,061)</u>	<u>8,622,981</u>

Capital asset activity for the Foundation for the year ended August 31, 2012 was as follows:

	Balance September 1, 2011	Additions	Transfers and Retirements	Balance August 31, 2012
Capital assets, not being depreciated:				
Construction in progress	\$ 1,177,425	-	(1,177,425)	-
Collections	8,402,988	30,950	-	8,433,938
	<u>9,580,413</u>	<u>30,950</u>	<u>(1,177,425)</u>	<u>8,433,938</u>
Capital assets, being depreciated:				
Furniture and equipment	25,733	109,738	-	135,471
Leasehold improvements	16,500	1,440,890	-	1,457,390
	<u>42,233</u>	<u>1,550,628</u>	<u>-</u>	<u>1,592,861</u>
Less accumulated depreciation:				
Furniture and equipment	\$ (16,376)	(11,531)	-	(27,907)
Leasehold improvements	(1,547)	(19,111)	-	(20,658)
	<u>(17,923)</u>	<u>(30,642)</u>	<u>-</u>	<u>(48,565)</u>
	<u>24,310</u>	<u>1,519,986</u>	<u>-</u>	<u>1,544,296</u>
	<u>\$ 9,604,723</u>	<u>1,550,936</u>	<u>(1,177,425)</u>	<u>9,978,234</u>

Navarro College District

Notes to Financial Statements (Continued)

(7) Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2013 was as follows:

	Balance September 1, 2012	Additions	Reductions	Balance August 31, 2013	Due Within One Year
Bonds and loan payable:					
Revenue bonds	\$ 31,370,000	-	2,310,000	29,060,000	2,310,000
Deferred amounts:					
On refunding	(1,000,978)	-	(63,219)	(937,759)	
For issuance premiums	1,050,009	-	66,317	983,692	
Loan payable	1,500,000	-	225,000	1,275,000	-
Total bonds and loan payable	32,919,031	-	2,538,098	30,380,933	2,310,000
Capital lease	3,801,116	-	150,000	3,651,116	155,000
Other liabilities:					
Compensated absences	2,046,461	319,377	91,528	2,274,310	204,669
Claims and judgments	134,834	12,190	39,588	107,436	26,859
	<u>\$ 38,901,442</u>	<u>331,567</u>	<u>2,819,214</u>	<u>36,413,795</u>	<u>2,696,528</u>

Long-term liability activity for the year ended August 31, 2012 was as follows:

	Balance September 1, 2011	Additions	Reductions	Balance August 31, 2012	Due Within One Year
Bonds and loan payable:					
Revenue bonds	\$ 26,860,000	21,370,000	16,860,000	31,370,000	2,310,000
Deferred amounts:					
On refunding	-	(1,011,514)	(10,536)	(1,000,978)	-
For issuance premiums	-	1,061,061	11,052	1,050,009	-
Loan payable	1,500,000	-	-	1,500,000	-
Total bonds and loan payable	28,360,000	21,419,547	16,860,516	32,919,031	2,310,000
Capital lease	3,941,116	-	140,000	3,801,116	150,000
Other liabilities:					
Compensated absences	1,922,716	320,477	196,732	2,046,461	119,810
Claims and judgments	85,021	101,243	51,430	134,834	33,709
	<u>\$ 34,308,853</u>	<u>21,841,267</u>	<u>17,248,678</u>	<u>38,901,442</u>	<u>2,613,519</u>

Navarro College District

Notes to Financial Statements
(Continued)

(7) Long-Term Liabilities (continued)

Revenue bonds at August 31, 2013 and 2012, which were all issued to provide funds for the acquisition and construction of major capital facilities, are comprised of the following individual issues:

	2013	2012
\$20,715,000 series 2003 revenue and refunding bonds, due in annual installments of \$705,000 through May 2013; interest at 2% to 5.375%	\$ -	705,000
\$3,550,000 series 2006 revenue bonds due in annual installments of \$95,000 to \$245,000 through May 2027; interest at 3.7%	2,605,000	2,760,000
\$3,550,000 series 2007 revenue bonds due in annual installments of \$120,000 to \$250,000 through May 2027; interest at 4.08%	2,750,000	2,895,000
\$4,075,000 series 2009 revenue bonds due in annual installments of \$135,000 to \$300,000 through May 2029; interest at 4.56%	3,495,000	3,640,000
\$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%	20,210,000	21,370,000
	\$ 29,060,000	31,370,000

The District entered into a \$1,500,000 loan agreement with the Corporation for the Economic Development of Midlothian on July 24, 2009, which is forgivable under certain conditions. If these conditions are not met and maintained during a 20-year period, the remaining outstanding loan balance may be demanded and if not paid in full within ten days of the date of such demand will accrue interest at a rate of 4.5% per year. The Corporation for Economic Development of Midlothian agreed to make the 20-year forgivable loan to the District in order to construct a 25,000 sq. ft. classroom/workforce training facility on the Midlothian Navarro College Campus site. During 2013, the Corporation for the Economic Development of Midlothian forgave \$225,000 of the outstanding loan balance.

Navarro College District

Notes to Financial Statements
(Continued)

(7) Long-Term Liabilities (continued)

Debt service requirements to amortize revenue bonds payable as of August 31, 2013, are as follows:

For the Year Ended August 31,	Revenue Bonds		Total
	Principal	Interest	
2014	\$ 2,310,000	1,094,111	3,404,111
2015	2,385,000	1,019,653	3,404,653
2016	2,460,000	942,778	3,402,778
2017	2,560,000	843,836	3,403,836
2018	1,495,000	287,410	1,782,410
2019 - 2023	8,275,000	1,083,308	9,358,308
2024 - 2029	9,575,000	418,529	9,993,529
	\$ 29,060,000	5,689,625	34,749,625

The District has pledged certain future tuition and fees to repay \$29.1 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 \$34.8 million. Principal and interest paid for the current year and total of pledged tuition and fees were \$3.4 million and \$13.1 million, respectively.

(8) Advance Refunding

On May 24, 2012, the District issued \$21,370,000 of Consolidated Fund Revenue and Refunding Bonds – Series 2012 with interest rates ranging from 2% to 5%. The District issued the bonds to (1) advance refund \$15,755,000 of the outstanding Revenue and Refunding Bonds – Series 2003 with interest rates ranging from 2% to 5.375%, (2) construct, renovate, and equip buildings and facilities of the District, and (3) pay costs associated with the issuance of the bond. Approximately \$16.5 million of the proceeds were deposited in an irrevocable trust to provide for all future debt service on the refunding portion of the 2003 series bonds. As a result, that portion of the 2003 series bonds was considered defeased, and the District removed the liability from the accompanying Statement of Net Position.

The reacquisition price exceeded the net carrying amount on the refunded portion of the 2003 series bonds by \$1,011,514. This amount is netted against the outstanding balance of the new debt and amortized over the remaining life of the refunded debt which is equal to the life of the new debt. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$1,855,049 and resulted in an economic gain of \$1,448,659.

Navarro College District

Notes to Financial Statements
(Continued)

(9) Defeased Bonds Outstanding

During 2012, the District defeased certain bonds payable by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At August 31, 2013, the following bonds outstanding are considered defeased:

	Year Refunded	Balance Outstanding
Revenue and Refunding Bonds - Series	2012	\$ 15,755,000

(10) Capital Lease Obligations

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, 2013 consisted of the following:

Building	\$ 4,651,416
Less: accumulated amortization	(648,375)
	\$ 4,003,041

The future minimum lease obligations and the net present value of future minimum lease payments as of August 31, 2013 are as follows:

Fiscal Year			
2014	\$	318,875	
2015		321,125	
2016		318,700	
2017		321,900	
2018		324,700	
2019 - 2023		1,662,160	
2024 - 2028		1,718,765	
2029		251,526	
Total minimum least payments		5,237,751	
Less amounts representing interest (at rates ranging from 4% to 5%)		1,586,635	
Present value of minimum capital lease payments	\$	3,651,116	

Navarro College District

Notes to Financial Statements (Continued)

(11) Employees' Retirement Plan

Plan Description. The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfers under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended pursuant to the state funding policy: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute prohibits benefit improvements if, as a result of a particular action, the time required to amortize TRS's 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. These amounts are set by the General Appropriations Act of the state. In certain circumstances, the District is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceed the statutory minimum.

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 6.4% and 6.4%, respectively. The District supplements an additional 2.1%. 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 2011, 2012, and 2013 are shown in the table below.

Navarro College District

Notes to Financial Statements
(Continued)

(11) Employees' Retirement Plan (continued)

<u>Year</u>	<u>Member</u>		<u>State</u>	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
2013	6.4%	\$ 1,329,642	N/A	\$ 1,104,377
2012	6.4%	1,251,078	N/A	986,700
2011	6.4%	1,219,647	6.644%	1,069,465

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

During the 2011 legislative session (for 2012), the Texas Legislature appropriated funding for TRS on behalf of community colleges equal to 6.0% of each district's unrestricted general revenue appropriation for each year of the biennium state budget. This appropriation remained in effect for 2013. Consequently, the state funded an amount not based on compensation of members in the system and one that is less than that required under the Texas Constitution (not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during the fiscal year). As a result, TRS requested the District to remit the difference between the required state funding policy amount, and the amount appropriated and funded by the state. For 2013 and 2012, these shortfalls paid by the District, at the request of TRS, were \$86,059 and \$50,245, respectively.

The total payroll for all College employees was \$25,417,467 and \$23,494,681 for the years ended August 31, 2013 and 2012, respectively. The total payroll of employees covered by TRS was \$16,476,455 and \$15,469,041, and the total payroll of employees covered by ORP was \$4,299,196 and \$4,079,044 for the years ended August 31, 2013 and 2012, respectively.

(12) Compensated Absences

Full-time employees earn vacation at 6.67 hours per month. The District's policy is that any employee may carry accrued vacation forward from one fiscal year to another fiscal year with a maximum number of paid hours upon termination of 160. The District recognized an accrued liability for the unpaid vacation of \$545,530 and \$504,169 at August 31, 2013 and 2012, 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%

Navarro College District

Notes to Financial Statements (Continued)

(12) Compensated Absences (continued)

The District recognized an accrued liability for the unpaid sick leave of \$1,728,780 and \$1,542,292 at August 31, 2013 and 2012, respectively.

(13) Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. There were no significant reductions in insurance in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years. The District has established a limited risk management program for workers' compensation. A liability for workers' compensation claims is reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess commercial insurance policy covers individual workers' compensation claims in excess of \$122,874. The claims liability includes an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability does not include amounts for non-incremental claim adjustment expenses. Estimated future payments for incurred claims are charged to operating expenses. Changes in the balance of claims liability included in accrued liabilities during the past three years are as follows:

	2013	2012	2011
Unpaid claims, beginning of year	\$ 134,834	85,021	132,091
Incurred claims (including IBNR) and changes to prior year estimates	12,190	101,243	(17,140)
Claim payments	(39,588)	(51,430)	(29,930)
Unpaid claims, end of year	\$ 107,436	134,834	85,021

(14) 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,

Navarro College District

Notes to Financial Statements (Continued)

(14) Post-Retirement Health Care and Life Insurance Benefits (continued)

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.

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, 2013, 2012 and 2011 were \$490,784, \$438,752, and \$349,957, 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, 2013, 2012 and 2011 were \$54,574, \$47,865, and \$81,480, respectively, which equaled the required contributions each year.

(15) 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 \$1,024,965 and \$970,296 in 2013 and 2012, respectively. Participant contributions were \$640,605 and \$606,142 in 2013 and 2012, respectively.

(16) 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:

Navarro College District

Notes to Financial Statements
(Continued)

(16) Ad Valorem Property Taxes (continued)

	2013	2012
Assessed valuation of the District	\$ 2,870,855,246	2,796,227,018
Less: Abatements	25,086,248	44,823,964
Less: Exemptions	71,509,631	69,321,917
Net assessed valuation of the District	\$ 2,774,259,367	2,682,081,137

Tax rates authorized and assessed during fiscal year 2013 are as follows:

	Current Operations	Debt Service	Total
Tax rate per \$100 valuation for authorized	\$ 0.500000	0.500000	1.000000
Tax rate per \$100 valuation for assessed	0.119000	0.000000	0.119000

Tax rates authorized and assessed during fiscal year 2012 are as follows:

	Current Operations	Debt Service	Total
Tax rate per \$100 valuation for authorized	\$ 0.500000	0.500000	1.000000
Tax rate per \$100 valuation for assessed	0.119000	0.000000	0.119000

Taxes levied for the year ended August 31, 2013 are \$3,294,376. 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, 2013 are as follows:

	Current Operations	Debt Service	Total
Current taxes collected	\$ 3,203,423	-	3,203,423
Delinquent taxes collected	81,632	-	81,632
Penalties and interest collected	57,417	-	57,417
Total collections	\$ 3,342,472	-	3,342,472

Navarro College District

Notes to Financial Statements
(Continued)

(16) Ad Valorem Property Taxes (continued)

Taxes levied for the year ended August 31, 2012 are \$3,180,945. 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, 2012 are as follows:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 3,087,590	-	3,087,590
Delinquent taxes collected	83,414	-	83,414
Penalties and interest collected	<u>53,894</u>	<u>-</u>	<u>53,894</u>
Total collections	<u>\$ 3,224,898</u>	<u>-</u>	<u>3,224,898</u>

Current tax collections for the years ended August 31, 2013 and 2012 were 97% and 97%, respectively, of the current tax levy. An allowance for uncollectible taxes is based upon the historical experience in collecting property taxes.

(17) Budgets

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

(18) 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 2013 or 2012.

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)

(19) 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.

(20) 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.

(21) 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.

(22) Transactions with Component Unit

The District received contributions from the Foundation for the years ended August 31, 2013 and 2012 in the amount of \$6,240 and \$23,428, respectively. Also, as discussed in Note 1, the Foundation expended \$236,760 and \$205,984 for the years ended August 31, 2013 and 2012, respectively, directly to the District or to the District on behalf of students for scholarships. Finally, the District received contributed other real estate improvements and equipment of \$1,539,061 from the Foundation in 2013.

(23) Authoritative Pronouncements Not Yet Adopted

The following pronouncements were issued by the Governmental Accounting Standards Board (GASB) which may impact the District but are not yet effective. The District has not yet determined the effects of the adoption on its financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (Statement 65) – The objective of Statement 65 is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and

Navarro College District

Notes to Financial Statements (Continued)

(23) Authoritative Pronouncements Not Yet Adopted (continued)

recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of Statement 65 are effective for financial statements for periods beginning after December 15, 2012.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions (Statement 68) – The objective of Statement 68 is to improve accounting and financial reporting by state and local governments for pensions and to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The provisions of Statement 68 are effective for financial statements for periods beginning after June 15, 2014.

(24) Subsequent Events

Subsequent to year-end, the District purchased land and buildings in Fairfield, Texas of approximately \$565,000 for the addition of a fifth campus.

The District has evaluated subsequent events from the date of the statements of net position through December 4, 2013, the date on which the financial statements were available to be issued, and has determined that there are no other items to disclose.

Supplementary Information



Navarro College District

Schedule of Operating Revenues (Schedule A)

Year Ended August 31, 2013
(With Totals for the Year Ended August 31, 2012)

	Unrestricted	Restricted	Total		Total	
			Educational Activities	Auxiliary Enterprises	2013	2012
Tuition and fees:						
State funded credit courses:						
In-district resident tuition	\$ 1,420,372	-	1,420,372	-	1,420,372	1,451,200
Out-of-district resident tuition	5,980,599	-	5,980,599	-	5,980,599	6,231,848
Non-resident tuition	710,239	-	710,239	-	710,239	733,457
TPEG - credit (set aside)	458,163	-	458,163	-	458,163	476,285
State funded continuing education	419,667	-	419,667	-	419,667	373,049
TPEG - non-credit (set aside)	24,333	-	24,333	-	24,333	24,060
Non-state funded educational programs	16,897	-	16,897	-	16,897	13,515
Total tuition	<u>9,030,270</u>	<u>-</u>	<u>9,030,270</u>	<u>-</u>	<u>9,030,270</u>	<u>9,303,414</u>
Fees:						
Building use fees	3,816,433	-	3,816,433	-	3,816,433	4,067,828
Student services fees	1,050,989	-	1,050,989	-	1,050,989	1,097,187
Laboratory fees	426,942	-	426,942	-	426,942	400,598
Out-of-district fees	5,624,975	-	5,624,975	-	5,624,975	6,016,339
Other fees	195,501	-	195,501	-	195,501	197,999
Total fees	<u>11,114,840</u>	<u>-</u>	<u>11,114,840</u>	<u>-</u>	<u>11,114,840</u>	<u>11,779,951</u>
Scholarship allowances and discounts:						
Scholarship allowance	(5,552,572)	-	(5,552,572)	-	(5,552,572)	(5,634,495)
TPEG awards	<u>(390,045)</u>	<u>-</u>	<u>(390,045)</u>	<u>-</u>	<u>(390,045)</u>	<u>(433,964)</u>
Total scholarship allowances	<u>(5,942,617)</u>	<u>-</u>	<u>(5,942,617)</u>	<u>-</u>	<u>(5,942,617)</u>	<u>(6,068,459)</u>
Total net tuition and fees	<u>14,202,493</u>	<u>-</u>	<u>14,202,493</u>	<u>-</u>	<u>14,202,493</u>	<u>15,014,906</u>
Additional operating revenues:						
Sales and services of educational activities	508,065	-	508,065	-	508,065	448,874
Other operating revenues	<u>182,078</u>	<u>-</u>	<u>182,078</u>	<u>-</u>	<u>182,078</u>	<u>129,911</u>
Total additional operating revenues	<u>690,143</u>	<u>-</u>	<u>690,143</u>	<u>-</u>	<u>690,143</u>	<u>578,785</u>
Auxiliary enterprises:						
Bookstore	-	-	-	6,059,145	6,059,145	6,615,635
less discounts	-	-	-	(1,400,760)	(1,400,760)	(1,430,422)
Dining services	-	-	-	2,571,341	2,571,341	2,477,261
less discounts	-	-	-	(636,709)	(636,709)	(650,192)
Housing	-	-	-	1,895,365	1,895,365	1,823,536
less discounts	-	-	-	(509,367)	(509,367)	(520,154)
Athletic sales and student programs	-	-	-	14,731	14,731	15,502
Gift shop	-	-	-	19,718	19,718	30,519
Other auxiliary enterprises	-	-	-	21,926	21,926	28,332
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,035,390</u>	<u>8,035,390</u>	<u>8,390,017</u>
Total operating revenues	<u>\$ 14,892,636</u>	<u>-</u>	<u>14,892,636</u>	<u>8,035,390</u>	<u>22,928,026</u>	<u>23,983,708</u>

In accordance with Education Code 56.033, \$482,496 and \$500,345 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2013 and 2012, respectively.

See accompanying independent auditors' report.

Navarro College District

Schedule of Operating Expenses by Object (Schedule B)

Year Ended August 31, 2013
(With Totals for the Year Ended August 31, 2012)

	Operating Expenses			Total		
	Salaries and Wages	Benefits		Other Expenses	2013	2012
		State	Local			
Unrestricted - educational activities:						
Instruction	\$ 13,183,379	-	2,960,697	1,110,164	17,254,240	15,706,823
Public service	34,125	-	7,664	5,196	46,985	40,109
Academic support	2,504,235	-	562,396	570,002	3,636,633	3,292,839
Student services	2,417,818	-	542,989	703,055	3,663,862	3,149,181
Institutional support	3,134,477	-	703,935	2,133,435	5,971,847	4,937,937
Operation and maintenance of plant	804,613	-	180,698	3,012,151	3,997,462	4,064,859
Total unrestricted educational activities	<u>22,078,647</u>	<u>-</u>	<u>4,958,379</u>	<u>7,534,003</u>	<u>34,571,029</u>	<u>31,191,748</u>
Restricted - educational activities:						
Instruction	625,036	578,676	72,016	574,082	1,849,810	2,092,977
Public service	139,836	1,408	41,212	41,428	223,884	241,075
Academic support	-	111,505	-	-	111,505	193,758
Student services	452,465	100,006	92,027	300,003	944,501	882,610
Institutional support	-	128,605	-	43,990	172,595	253,175
Operation and maintenance of plant	-	33,156	-	-	33,156	57,614
Scholarships and fellowships	-	-	-	15,761,613	15,761,613	16,955,799
Total restricted educational activities	<u>1,217,337</u>	<u>953,356</u>	<u>205,255</u>	<u>16,721,116</u>	<u>19,097,064</u>	<u>20,677,008</u>
Total educational activities	<u>23,295,984</u>	<u>953,356</u>	<u>5,163,634</u>	<u>24,255,119</u>	<u>53,668,093</u>	<u>51,868,756</u>
Auxiliary enterprises	<u>2,121,483</u>	<u>-</u>	<u>459,270</u>	<u>8,923,324</u>	<u>11,504,077</u>	<u>12,088,998</u>
Depreciation expense:						
Buildings and other improvements	-	-	-	1,481,013	1,481,013	1,348,223
Equipment and furniture	-	-	-	426,139	426,139	445,752
Library books	-	-	-	61,294	61,294	61,633
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,968,446</u>	<u>1,968,446</u>	<u>1,855,608</u>
Total operating expenses	<u>\$ 25,417,467</u>	<u>953,356</u>	<u>5,622,904</u>	<u>35,146,889</u>	<u>67,140,616</u>	<u>65,813,362</u>

See accompanying independent auditors' report.

Navarro College District

Schedule of Nonoperating Revenues and Expenses (Schedule C)

Year Ended August 31, 2013
(With Totals for the Year Ended August 31, 2012)

	Unrestricted	Restricted	Auxiliary Enterprises	Total	
				2013	2012
Nonoperating revenues:					
State appropriations:					
Education and general state support	\$ 15,861,991	-	-	15,861,991	15,639,707
State group insurance	-	953,356	-	953,356	904,354
State retirement matching	-	1,104,377	-	1,104,377	986,700
Total state appropriations	15,861,991	2,057,733	-	17,919,724	17,530,761
Maintenance ad valorem taxes	3,301,143	-	-	3,301,143	3,228,761
Federal grants and contracts	-	23,451,372	-	23,451,372	24,701,880
State grants and contracts	-	1,668,721	-	1,668,721	1,339,234
Local grants and contracts	-	63,216	-	63,216	78,135
Investment income	102,019	46,069	12,316	160,404	146,902
Gifts and donations	-	2,312,734	-	2,312,734	834,579
Other nonoperating revenues	36,302	283,345	-	319,647	131,072
Total nonoperating revenues	19,301,455	29,883,190	12,316	49,196,961	47,991,324
Nonoperating expenses:					
Interest on capital related debt	1,290,767	-	-	1,290,767	1,394,086
Other nonoperating expenses	28,387	-	-	28,387	68,561
Total nonoperating expenses	1,319,154	-	-	1,319,154	1,462,647
Net nonoperating revenues	\$ 17,982,301	29,883,190	12,316	47,877,807	46,528,677

See accompanying independent auditors' report.

Navarro College District

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

Year Ended August 31, 2013

	Detail by Source				Available for Current Operation	
	Unrestricted	Restricted - Expendable	Net Investment		Yes	No
			in Capital Assets	Total		
Current:						
Unrestricted	\$ 9,613,227	-	-	9,613,227	9,613,227	-
Auxiliary	3,703,915	-	-	3,703,915	3,703,915	-
Scholarships and fellowships	-	2,368,541	-	2,368,541	-	2,368,541
Plant:						
Debt service	-	330,877	-	330,877	-	330,877
Investment in plant	-	-	32,511,678	32,511,678	-	32,511,678
Total net position, August 31, 2013	13,317,142	2,699,418	32,511,678	48,528,238	13,317,142	35,211,096
Total net position, August 31, 2012	<u>14,460,428</u>	<u>2,963,556</u>	<u>27,439,037</u>	<u>44,863,021</u>	<u>14,460,428</u>	<u>30,402,593</u>
Net increase (decrease) in net position	<u>\$ (1,143,286)</u>	<u>(264,138)</u>	<u>5,072,641</u>	<u>3,665,217</u>	<u>(1,143,286)</u>	<u>4,808,503</u>

See accompanying independent auditors' report.

Navarro College District

Schedule of Expenditures of Federal Awards (Schedule E)

Year Ended August 31, 2013

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Direct Programs:			
Student Financial Assistance Cluster:			
Federal Supplemental Education Opportunity Grant Program	84.007		\$ 125,628
Federal Work Study Program	84.033		254,093
Federal Pell Grant Program	84.063		21,025,063
Federal Direct Student Loans	84.268		29,028,802
Teacher Education Assistance for College and Higher Education	84.379		<u>9,500</u>
Total Student Financial Assistance Cluster			50,443,086
TRIO Cluster:			
TRIO - Student Support Services	84.042A		<u>359,788</u>
Total Direct Programs			50,802,874
Pass Through From:			
Texas Education Agency:			
Adult Basic Education	84.002A	094100017110266	371,965
Texas Higher Education Coordinating Board:			
Vocational Education - Carl Perkins	84.048	134246	662,570
Vocational Education - Carl Perkins Leadership	84.048	131106	<u>80,492</u>
Total U. S. Department of Education			<u>51,917,901</u>
<u>U. S. Department of Labor</u>			
Pass Through From:			
North Central Texas Council of Governments:			
Workforce Solutions of North Central Texas Community Based Job Training Grant Texas Logistics Consortium	17.269	FY10-DOLCBJT-06	55,560
Pennsylvania College of Technology:			
Trade Adjustment Assistance Community College and Career Training Grant Program Employment and Training Administration ShaleNET Linking Talent to Opportunity	17.282	13SUS-NCC-2012-1	<u>347,454</u>
Total U.S. Department of Labor			<u>403,014</u>

Navarro College District

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

<u>Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor Number</u>	<u>Federal Expenditures</u>
<u>U. S. Small Business Administration</u>			
Pass Through From Dallas County Community College District:			
Small Business Development Center	59.037	10-803001-Z-0076-24	\$ 84,842
Small Business Development Center	59.037	1-603001-Z-0146	5,600
Small Business Job Acts Program	59.037	1-603001-Z-0152	<u>33,959</u>
Total U. S. Small Business Administration			<u>124,401</u>
<u>U. S. Department of Health and Human Services</u>			
Pass Through From Texas Education Agency:			
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	093625017110250	<u>34,858</u>
Total U.S. Department of Health and Human Services			<u>34,858</u>
Total Federal Awards			<u>\$ 52,480,174</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, 2013

(1) Federal Revenue Reconciliation

Federal revenues for the year ended August 31, 2013 are reported in the basic financial statements as follows:

Federal grants and contracts per Exhibit 2	\$ 23,451,372
Add: Federal Direct Student Loans made	<u>29,028,802</u>
Total per Schedule of Expenditures of Federal Awards	\$ <u><u>52,480,174</u></u>

(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, 2013. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

(3) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for Education Institutions*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.



Navarro College District

Schedule of Expenditures of State Awards
(Schedule F)

Year Ended August 31, 2013

Grantor Agency/Program Title	Grant Contract Number	Indirect Costs and Expenditures
Texas Higher Education Coordinating Board:		
State Work Study		\$ 49,158
Texas Grant Program		752,400
Texas Education Opportunity Grant		264,000
Texas Tomorrow Fund		63,020
Top 10%		24,000
Nursing Shortage Grant Program Over 70		190,043
Total Texas Higher Education Coordinating Board		<u>1,342,621</u>
Texas Education Agency:		
State Adult Education	110100017110370	85,984
Adult Education -Harris County Department of Education Workforce Investment Act Incentive Program		10,900
Total Texas Education Agency		<u>96,884</u>
Texas Department of State Health Services		
EMS Grant	2013-042910	8,444
Pass-through from Texas Education Agency: Temporary Assistance for Needy Families	113625017110347	18,058
Total Texas Department of State Health Services		<u>26,502</u>
Texas Workforce Commission:		
Skills Development - Advanced Drainage System	0412SDF003	27,898
Skills Development - CertainTeed	0413SDF000	7,139
Skills Development - Pactiv	0413SDF002	5,340
Total Texas Workforce Commission		<u>40,377</u>
Texas State Comptroller:		
Jobs and Education for Texans - Round 5 Petroleum	6095-04	93,869
Total Texas State Comptroller		<u>93,869</u>
Small Business Development Center		<u>62,718</u>
Charley Wootan		<u>5,750</u>
Total State Awards		<u>\$ 1,668,721</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, 2013

(1) State Revenue Reconciliation

State revenues for the year ended August 31, 2013 are reported in the basic financial statements as follows:

State grants and contracts per Exhibit 2	\$ <u>1,668,721</u>
Total per Schedule of Expenditures of State Awards	\$ <u>1,668,721</u>

(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, 2013. The information in this Schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular* 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.

(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)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net investment in capital assets	\$ 32,511,678	27,439,037	26,031,404	23,238,115
Restricted	2,699,418	2,963,556	3,018,291	3,007,776
Unrestricted	<u>13,317,142</u>	<u>14,460,428</u>	<u>11,114,303</u>	<u>10,190,160</u>
Total net position	\$ <u>48,528,238</u>	<u>44,863,021</u>	<u>40,163,998</u>	<u>36,436,051</u>

August 31,					
<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
22,732,156	21,529,891	20,425,989	21,532,452	21,173,689	20,707,351
3,170,455	3,371,239	3,344,836	3,270,450	3,282,817	3,194,512
<u>6,790,966</u>	<u>5,412,801</u>	<u>5,867,427</u>	<u>4,394,142</u>	<u>4,036,085</u>	<u>4,520,280</u>
<u><u>32,693,577</u></u>	<u><u>30,313,931</u></u>	<u><u>29,638,252</u></u>	<u><u>29,197,044</u></u>	<u><u>28,492,591</u></u>	<u><u>28,422,143</u></u>

Navarro College District

Revenues by Source
Last Ten Fiscal Years
(Unaudited)

	2013	2012	2011	2010
Tuition and fees (net of discounts)	\$ 14,202,493	15,014,906	13,759,423	13,325,558
Sales and services of educational activities	508,065	448,874	421,584	373,842
Auxiliary enterprises (net of discounts)	8,035,390	8,390,017	8,027,928	7,773,268
Other operating revenues	182,078	129,911	100,877	98,943
Total operating revenues	<u>22,928,026</u>	<u>23,983,708</u>	<u>22,309,812</u>	<u>21,571,611</u>
State appropriations	17,919,724	17,530,761	16,383,691	16,719,942
Ad valorem taxes for maintenance and operations	3,301,143	3,228,761	3,122,756	2,988,424
Federal grants and contracts	23,451,372	24,701,880	27,228,331	22,755,722
State grants and contracts	1,668,721	1,339,234	1,911,420	1,575,161
Local grants and contracts	63,216	78,135	124,667	122,593
Investment income	160,404	146,902	153,555	193,952
Gifts	2,312,734	834,579	762,018	635,150
Other non-operating revenues	291,260	62,511	64,560	479,948
Gain on sale of capital assets	-	-	-	-
Total non-operating revenues	<u>49,168,574</u>	<u>47,922,763</u>	<u>49,750,998</u>	<u>45,470,892</u>
Total revenues	<u>\$ 72,096,600</u>	<u>71,906,471</u>	<u>72,060,810</u>	<u>67,042,503</u>
Tuition and fees (net of discounts)	19.70%	20.88%	19.09%	19.88%
Sales and services of educational activities	0.70%	0.62%	0.59%	0.56%
Auxiliary enterprises (net of discounts)	11.15%	11.67%	11.14%	11.59%
Other operating revenues	0.25%	0.18%	0.14%	0.15%
Total operating revenues	<u>31.80%</u>	<u>33.35%</u>	<u>30.96%</u>	<u>32.18%</u>
State appropriations	24.86%	24.38%	22.74%	24.94%
Ad valorem property taxes for maintenance and operations	4.58%	4.49%	4.33%	4.46%
Federal grants and contracts	32.53%	34.35%	37.79%	33.94%
State grants and contracts	2.31%	1.86%	2.65%	2.35%
Local grants and contracts	0.09%	0.11%	0.17%	0.18%
Investment income	0.22%	0.20%	0.21%	0.29%
Gifts	3.21%	1.16%	1.06%	0.95%
Other non-operating revenues	0.40%	0.09%	0.09%	0.72%
Gain on sale of capital assets	0.00%	0.00%	0.00%	0.00%
Total non-operating revenues	<u>68.20%</u>	<u>66.65%</u>	<u>69.04%</u>	<u>67.82%</u>
Total non-operating revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

For the Year Ended August 31,					
2009	2008	2007	2006	2005	2004
11,425,170	10,123,664	5,361,391	5,522,555	5,462,894	4,084,042
362,637	358,946	323,871	302,157	309,673	259,937
7,516,783	6,528,184	4,614,339	4,088,933	3,402,443	2,784,283
119,684	98,376	177,827	226,393	159,978	185,027
<u>19,424,274</u>	<u>17,109,170</u>	<u>10,477,428</u>	<u>10,140,038</u>	<u>9,334,988</u>	<u>7,313,289</u>
14,788,419	14,443,224	13,776,780	13,991,286	10,487,726	10,153,252
2,868,682	2,686,447	2,699,632	2,483,723	2,302,370	2,295,887
13,816,025	10,894,527	9,431,603	9,887,235	9,712,239	9,200,485
1,097,098	1,026,892	938,010	638,876	578,687	123,677
261,910	297,581	128,462	105,942	114,415	120,458
279,352	456,823	620,102	481,994	382,527	376,719
699,769	793,110	607,580	608,458	560,903	5,132,837
-	38,049	8,350	56,748	87,152	-
-	-	-	484,375	-	132,566
<u>33,811,255</u>	<u>30,636,653</u>	<u>28,210,519</u>	<u>28,738,637</u>	<u>24,226,019</u>	<u>27,535,881</u>
<u>53,235,529</u>	<u>47,745,823</u>	<u>38,687,947</u>	<u>38,878,675</u>	<u>33,561,007</u>	<u>34,849,170</u>
21.46%	21.20%	13.86%	14.20%	16.28%	11.72%
0.68%	0.75%	0.84%	0.78%	0.92%	0.75%
14.12%	13.67%	11.93%	10.52%	10.14%	7.99%
0.22%	0.21%	0.46%	0.58%	0.48%	0.53%
<u>36.49%</u>	<u>35.83%</u>	<u>27.08%</u>	<u>26.08%</u>	<u>27.81%</u>	<u>20.99%</u>
27.78%	30.25%	35.61%	35.99%	31.25%	29.13%
5.39%	5.63%	6.98%	6.39%	6.86%	6.59%
25.95%	22.82%	24.38%	25.43%	28.94%	26.40%
2.06%	2.15%	2.42%	1.64%	1.72%	0.35%
0.49%	0.62%	0.33%	0.27%	0.34%	0.35%
0.52%	0.96%	1.60%	1.24%	1.14%	1.08%
1.31%	1.66%	1.57%	1.57%	1.67%	14.73%
0.00%	0.08%	0.02%	0.15%	0.26%	0.00%
0.00%	0.00%	0.00%	1.25%	0.00%	0.38%
<u>63.51%</u>	<u>64.17%</u>	<u>72.92%</u>	<u>73.92%</u>	<u>72.19%</u>	<u>79.01%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Navarro College District

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

	2013	2012	2011	2010
Instruction	\$ 19,104,050	17,799,800	18,167,513	17,540,069
Public service	270,869	281,184	228,891	194,113
Academic support	3,748,138	3,486,597	3,579,175	3,436,714
Student services	4,608,363	4,031,791	3,677,010	3,838,251
Institutional support	6,144,442	5,191,112	5,022,776	5,054,143
Operation and maintenance of plant	4,030,618	4,122,473	4,582,981	3,743,411
Scholarships and fellowships	15,761,613	16,955,799	17,996,557	16,350,302
Auxiliary enterprises	11,504,077	12,088,998	11,880,415	10,082,097
Depreciation	1,968,446	1,855,608	1,703,928	1,574,211
Total operating expenses	<u>67,140,616</u>	<u>65,813,362</u>	<u>66,839,246</u>	<u>61,813,311</u>
Interest on capital related debt	1,290,767	1,394,086	1,493,617	1,486,718
Total non-operating expenses	<u>1,290,767</u>	<u>1,394,086</u>	<u>1,493,617</u>	<u>1,486,718</u>
Total expenses	<u>\$ 68,431,383</u>	<u>67,207,448</u>	<u>68,332,863</u>	<u>63,300,029</u>
Change in net position	<u>\$ 3,665,217</u>	<u>4,699,023</u>	<u>290,805</u>	<u>8,760,781</u>
Instruction	27.92%	26.48%	26.59%	27.71%
Public service	0.40%	0.42%	0.33%	0.31%
Academic support	5.48%	5.19%	5.24%	5.43%
Student services	6.73%	6.00%	5.38%	6.06%
Institutional support	8.98%	7.72%	7.35%	7.98%
Operation and maintenance of plant	5.89%	6.13%	6.71%	5.91%
Scholarships and fellowships (net of discounts)	23.03%	25.23%	26.34%	25.83%
Auxiliary enterprises	16.81%	17.99%	17.39%	15.93%
Depreciation	2.88%	2.76%	2.49%	2.49%
Total operating expenses	<u>98.11%</u>	<u>97.93%</u>	<u>97.81%</u>	<u>97.65%</u>
Interest on capital related debt	1.89%	2.07%	2.19%	2.35%
Total non-operating expenses	<u>1.89%</u>	<u>2.07%</u>	<u>2.19%</u>	<u>2.35%</u>
Total expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

For the Year Ended August 31,

2009	2008	2007	2006	2005	2004
16,061,086	14,955,025	13,753,775	13,296,066	12,500,569	11,621,720
173,343	157,488	125,816	135,365	123,866	19,341
3,045,243	2,800,470	2,768,153	3,101,135	2,255,733	1,754,738
3,058,628	2,693,937	2,369,268	2,294,807	1,636,654	1,532,696
4,400,790	4,227,103	4,237,693	3,990,424	3,161,359	2,870,416
3,427,220	3,732,384	3,196,937	3,250,343	2,453,004	2,234,986
8,538,915	7,061,974	1,271,148	2,309,532	2,325,806	564,981
9,252,131	8,585,730	7,912,581	7,324,740	6,851,913	6,125,073
1,539,247	1,475,450	1,395,899	1,283,753	1,091,485	755,684
49,496,603	45,689,561	37,031,270	36,986,165	32,400,389	27,479,635
1,359,280	1,378,430	1,215,469	1,188,057	1,035,709	1,138,516
1,359,280	1,378,430	1,215,469	1,188,057	1,035,709	1,138,516
50,855,883	47,067,991	38,246,739	38,174,222	33,436,098	28,618,151
2,379,646	675,679	441,208	704,453	124,909	6,231,019
31.58%	31.77%	35.96%	34.83%	37.39%	40.61%
0.34%	0.33%	0.33%	0.35%	0.37%	0.07%
5.99%	5.95%	7.24%	8.12%	6.75%	6.13%
6.01%	5.72%	6.19%	6.01%	4.89%	5.36%
8.65%	8.98%	11.08%	10.45%	9.45%	10.03%
6.74%	7.93%	8.36%	8.51%	7.34%	7.81%
16.79%	15.00%	3.32%	6.05%	6.96%	1.97%
18.19%	18.24%	20.69%	19.19%	20.49%	21.40%
3.03%	3.13%	3.65%	3.36%	3.26%	2.64%
97.33%	97.07%	96.82%	96.89%	96.90%	96.02%
2.67%	2.93%	3.18%	3.11%	3.10%	3.98%
2.67%	2.93%	3.18%	3.11%	3.10%	3.98%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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			
2013	\$ 432	840	11	228	15
2012	432	840	11	216	10
2011	420	828	11	216	10
2010	384	768	11	204	10
2009	372	744	11	204	10
2008	372	732	10	204	10
2007	372	696	10	204	10
2006	360	648	10	144	10
2005	336	588	10	132	10
2004	324	576	10	132	10

Total Cost		Increase from Prior Year		Semester Credit Hours
<u>In-District</u>	<u>Out-of-District</u>	<u>In-District</u>	<u>Out-of-District</u>	
686	1,094	2.54%	1.58%	19,659
669	1,077	1.83%	1.13%	19,463
657	1,065	7.88%	7.25%	20,481
609	993	2.01%	2.48%	20,602
597	969	1.88%	1.36%	18,256
586	956	0.00%	5.05%	16,783
586	910	14.01%	13.47%	15,663
514	802	7.53%	9.86%	14,795
478	730	2.58%	1.67%	14,013
466	718	4.48%	4.66%	13,508

(Continued)

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
2013	\$ 1,044	408	11	228	15
2012	972	396	11	216	10
2011	972	396	11	216	10
2010	876	372	11	204	10
2009	811	360	11	204	10
2008	811	348	10	204	10
2007	809	324	10	204	10
2006	773	288	10	144	10
2005	677	252	10	132	10
2004	665	252	10	132	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.

<u>Total Cost</u>	<u>Increase from Prior Year</u>	<u>Semester Credit Hours</u>
1,706	6.29%	3,876
1,605	0.00%	3,852
1,605	8.96%	4,234
1,473	5.52%	3,531
1,396	0.94%	3,433
1,383	1.92%	3,233
1,357	10.78%	2,738
1,225	13.32%	3,785
1,081	1.12%	4,025
1,069	4.09%	4,325

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
2013	\$ 2,870,855,246	96,595,879	2,774,259,367
2012	2,796,227,018	114,145,881	2,682,081,137
2011	2,731,703,393	116,531,309	2,615,172,084
2010	2,659,140,974	126,618,871	2,532,522,103
2009	2,570,555,700	144,139,000	2,426,416,700
2008	2,386,173,918	167,814,765	2,218,359,153
2007	2,075,341,228	116,607,628	1,958,733,600
2006	1,854,903,155	114,170,514	1,740,732,641
2005	1,726,100,913	101,238,919	1,624,861,994
2004	1,645,733,535	91,710,674	1,554,022,861

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

Ratio of Taxable Value to Assessed Value	Estimated Actual Value	Direct Rates (1)		
		Maintenance and Operations	Debt Service	Total
96.64%	\$ 2,870,855,246	0.11900	-	0.11900
95.92%	2,796,227,018	0.11900	-	0.11900
95.73%	2,731,703,393	0.11900	-	0.11900
95.24%	2,659,140,974	0.11900	-	0.11900
94.39%	2,570,555,700	0.11900	-	0.11900
92.97%	2,386,173,918	0.12000	-	0.12000
94.38%	2,075,341,228	0.13500	-	0.13500
93.84%	1,854,903,155	0.14050	-	0.14050
94.13%	1,726,100,913	0.14050	-	0.14050
94.43%	1,645,733,535	0.14050	-	0.14050

Navarro College District

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Navarro College District	\$ 0.1190	0.1190	0.1190	0.1190
County:				
Navarro County	0.6270	0.6270	0.6270	0.6270
Cities:				
Barry	0.3851	0.3661	0.3349	0.3393
Blooming Grove	0.4821	0.4900	0.4900	0.4859
Corsicana	0.6272	0.6272	0.6272	0.6272
Dawson	0.4000	0.4000	0.4000	0.3783
Emhouse	0.2943	0.2943	0.3072	0.3072
Frost	0.5600	0.5300	0.5000	0.5000
Goodlow	0.0897	0.0897	0.0897	0.0897
Kerens	0.6434	0.6434	0.6434	0.6434
Rice	0.4999	0.4700	0.4700	0.4200
Richland	0.2330	0.2189	0.2056	0.2056
School Districts:				
Blooming Grove	1.1300	1.1300	1.1300	1.1200
Corsicana	1.2830	1.2830	1.2830	1.2830
Dawson	1.2900	1.2900	1.2900	1.2900
Frost	1.2550	1.2550	1.2550	1.2321
Kerens	1.1100	1.1100	1.1100	1.1200
Mildred	1.2906	1.2798	1.2798	1.2498
Rice	1.4200	1.4200	1.4200	1.4200

Source: Navarro County Appraisal District

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

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
0.1190	0.1200	0.1350	0.1405	0.1405	0.1405
0.5828	0.5754	0.5973	0.6243	0.6246	0.6243
0.3237	0.3237	0.3279	0.3345	0.3380	0.3380
0.4653	0.4880	0.5000	0.4940	0.4383	0.4365
0.6272	0.6272	0.6272	0.6272	0.5995	0.5995
0.3783	0.3783	0.4143	0.4516	0.4335	0.4334
0.3072	0.3332	0.3332	0.3341	0.3377	0.3377
0.5000	0.5000	0.5000	0.5000	0.4834	0.4983
0.0897	0.8970	0.1000	0.1000	0.1000	-
0.6433	0.6329	0.6584	0.6107	0.5500	0.5500
0.3700	0.3100	0.3200	0.3063	0.2675	0.2500
0.2056	0.2068	0.2009	0.2056	0.2082	0.2079
1.1200	1.1231	1.4530	1.5830	1.5781	1.5000
1.2857	1.2850	1.5038	1.6746	1.5208	1.4908
1.2900	1.2900	1.3700	1.5000	1.5000	1.5000
1.2850	1.1550	1.4600	1.5650	1.5300	1.4300
1.1227	1.1000	1.3060	1.4000	1.4000	1.4000
1.2838	1.2427	1.3027	1.4220	1.4220	1.4220
1.4200	1.1809	1.4882	1.5896	1.5720	1.5822

Navarro College District

Principal Taxpayers
Last Ten Tax Years
(Unaudited)

Taxpayer	Type of Business	2013	2012	2011
Energy Transfer Fuel LP	Electric Company	\$ 73,136,440	80,588,880	79,919,230
Guardian Industry - Abated	Glass Manufacturer	46,198,430	47,902,205	47,719,270
Oncor Electric Delivery	Electric Utility	45,617,500	43,840,090	42,244,260
Corsicana Technologies, Inc.	Manufacturer	43,215,390	32,423,520	24,295,930
Russell Stover Candies - Abated	Candy Manufacturer	40,755,175	41,788,490	43,777,148
Lone Star Transmission	Electric Company	38,442,150	-	-
True Value Co. - Non-Abated	Retail Distribution	29,969,010	30,657,820	32,844,610
Union Pacific	Railroad	25,687,460	23,181,290	21,388,410
Sunoco Pipeline LP	Pipeline Company	21,311,840	21,707,000	-
Magellan Pipeline Co, LP	Pipeline Company	18,925,180	19,588,170	20,108,295
HD USA 5147	Manufacturer	-	39,242,590	33,662,336
Burlington Northern Santa Fe	Railroad	-	-	15,374,710
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	-	-	-
Corsicana Technologies	Chemical Manufacturer	-	-	-
Equilon Pipeline Company	Oil Distribution	-	-	-
K-Mart Corporation	Retail Distribution	-	-	-
Mobil Pipeline	Oil Distribution	-	-	-
Navarro Pecan Company	Pecan Wholesaler	-	-	-
Navarro Regional Hospital	Hospital	-	-	-
Pactiv-Foam - Abated	Foam Manufacturer	-	-	-
Shell Pipeline, Co.	Oil Distribution	-	-	-
Southwestern Bell Telephone	Telephone Company	-	-	-
Swift Transportation	Transportation	-	-	-
Tru-Serv Corporation - Abated	Retail Distribution	-	-	-
Tru-Serv Corporation - Non-Abated	Retail Distribution	-	-	-
Williamhouse of Texas, LLC	Stationery Distribution	-	-	-
Totals		\$ <u>383,258,575</u>	<u>380,920,055</u>	<u>361,334,199</u>
Net taxable assessed value		\$ <u>2,774,259,367</u>	<u>2,682,081,137</u>	<u>2,615,172,084</u>

Taxable Assessed Value						
2010	2009	2008	2007	2006	2005	2004
73,045,150	-	29,956,070	20,924,160	-	-	-
22,251,050	35,546,950	36,583,990	-	18,249,660	19,030,070	-
43,925,930	-	48,008,780	-	-	42,837,170	-
25,664,420	26,541,670	-	14,288,340	-	-	-
46,518,140	45,322,760	47,028,340	26,029,795	27,311,080	25,355,140	21,916,170
-	-	-	-	-	-	-
32,697,650	36,338,740	25,173,180	24,754,330	-	-	-
-	-	-	-	13,088,980	13,393,540	-
-	-	-	16,331,100	-	-	-
21,925,300	19,779,490	19,760,200	16,695,070	-	-	-
46,870,610	-	-	-	-	-	-
-	-	-	-	-	-	-
36,936,320	18,241,000	19,051,900	-	-	-	-
28,643,210	16,285,710	31,867,020	35,066,100	30,321,450	27,881,140	47,066,430
-	36,383,870	61,084,750	37,313,868	-	-	-
-	14,423,940	-	-	14,431,380	14,076,830	30,638,830
-	12,848,920	19,001,110	-	11,238,160	-	-
-	-	-	46,825,980	45,837,720	-	-
-	-	-	13,809,390	-	-	-
-	-	-	-	-	-	11,406,370
-	-	-	-	-	-	-
-	-	-	-	-	-	52,168,950
-	-	-	-	-	-	-
-	-	-	-	-	-	11,683,940
-	-	-	-	-	-	15,792,250
-	-	-	-	7,491,480	6,655,720	-
-	-	-	-	-	-	11,796,340
-	-	-	-	11,558,680	-	-
-	-	-	-	-	13,458,916	-
-	-	-	-	-	10,565,510	-
-	-	-	-	22,615,740	22,179,070	42,863,960
-	-	-	-	-	-	12,188,290
<u>378,477,780</u>	<u>261,713,050</u>	<u>337,515,340</u>	<u>252,038,133</u>	<u>202,144,330</u>	<u>195,433,106</u>	<u>257,521,530</u>
<u>2,532,522,103</u>	<u>2,426,416,700</u>	<u>2,218,359,153</u>	<u>1,958,733,600</u>	<u>1,740,732,641</u>	<u>1,624,861,994</u>	<u>1,554,022,861</u>

Navarro College District

Principal Taxpayers
Last Ten Tax Years
(Continued)

Taxpayer	Type of Business	2013	2012	2011
Energy Transfer Fuel LP	Electric Company	2.64%	3.00%	3.06%
Guardian Industry - Abated	Glass Manufacturer	1.67%	1.79%	1.82%
Oncor Electric Delivery	Electric Utility	1.64%	1.63%	1.62%
Corsicana Technologies, Inc.	Manufacturer	1.56%	1.21%	0.93%
Russell Stover Candies - Abated	Candy Manufacturer	1.47%	1.56%	1.67%
Lone Star Transmission	Electric Company	1.39%	-	-
True Value Co. - Non-Abated	Retail Distribution	1.08%	1.14%	1.26%
Union Pacific	Railroad	0.93%	0.86%	0.82%
Sunoco Pipeline LP	Pipeline Company	0.77%	0.81%	-
Magellan Pipeline Co, LP	Pipeline Company	0.68%	0.73%	0.77%
HD USA 5147	Manufacturer	-	1.46%	1.29%
Burlington Northern Santa Fe	Railroad	-	-	0.59%
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	-	-	-
Corsicana Technologies	Chemical Manufacturer	-	-	-
K-Mart Corporation	Retail Distribution	-	-	-
Navarro Pecan Company	Pecan Wholesaler	-	-	-
Navarro Regional Hospital	Hospital	-	-	-
Pactiv-Foam - Abated	Foam Manufacturer	-	-	-
Shell Pipeline, Co.	Oil Distribution	-	-	-
Southwestern Bell Telephone	Telephone Company	-	-	-
Swift Transportation	Transportation	-	-	-
Tru-Serv Corporation - Abated	Retail Distribution	-	-	-
Tru-Serv Corporation - Non-Abated	Retail Distribution	-	-	-
Williamhouse of Texas, LLC	Stationery Distribution	-	-	-
		<u>13.81%</u>	<u>14.20%</u>	<u>13.82%</u>

Taxable Assessed Value						
2010	2009	2008	2007	2006	2005	2004
2.88%	-	1.35%	1.07%	-	-	-
0.88%	1.46%	1.65%	-	1.05%	1.17%	-
1.73%	-	2.16%	-	-	2.64%	-
1.01%	1.09%	-	0.73%	-	-	-
1.84%	1.87%	2.12%	1.33%	1.57%	1.56%	1.41%
-	-	-	-	-	-	-
1.29%	1.50%	1.13%	1.26%	-	-	-
-	-	-	-	-	-	-
-	-	-	0.83%	-	-	-
0.87%	0.82%	0.89%	0.85%	-	-	-
1.85%	-	-	-	-	-	-
-	-	-	-	-	-	-
1.46%	0.75%	0.86%	-	-	-	-
1.13%	0.67%	1.44%	1.79%	1.74%	1.72%	3.03%
-	1.50%	2.75%	1.90%	-	-	-
-	0.59%	-	-	0.83%	0.87%	1.97%
-	0.53%	0.86%	-	0.65%	-	-
-	-	-	2.39%	2.63%	-	-
-	-	-	0.71%	-	-	-
-	-	-	-	-	-	0.73%
-	-	-	-	-	-	3.36%
-	-	-	-	-	-	0.75%
-	-	-	-	-	-	1.02%
-	-	-	-	0.43%	0.41%	-
-	-	-	-	-	-	0.76%
-	-	-	-	0.66%	-	-
-	-	-	-	-	0.83%	-
-	-	-	-	-	0.65%	-
-	-	-	-	1.30%	1.36%	2.76%
-	-	-	-	-	-	0.78%
<u>14.94%</u>	<u>10.79%</u>	<u>15.21%</u>	<u>12.87%</u>	<u>10.86%</u>	<u>11.20%</u>	<u>16.57%</u>

Navarro College District

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

<u>Fiscal Year</u>	<u>Original Levy</u>	<u>Cumulative Levy Adjustments</u>	<u>Total Adjusted Tax Levy</u>
2013	\$ 3,308,730	(14,354)	3,294,376
2012	3,192,388	(11,443)	3,180,945
2011	3,112,065	(16,103)	3,095,962
2010	3,013,738	(19,450)	2,994,288
2009	2,886,719	(9,280)	2,877,439
2008	2,661,925	(1,264)	2,660,661
2007	2,644,308	2,237	2,646,545
2006	2,445,735	(11,085)	2,434,650
2005	2,282,942	(2,904)	2,280,038
2004	2,183,412	(794)	2,182,618

Source: Navarro County Tax Assessor-Collector

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

Collections - Year of Levy			Collections in Subsequent Years	Total Collections To Date	
Amount	Percent			Amount	Percent
3,203,423	97.24%	\$	-	3,203,423	97.24%
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%		48,903	2,936,801	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%
2,347,645	96.43%		46,510	2,394,155	98.34%
2,191,308	96.11%		68,348	2,259,656	99.11%
2,082,706	95.42%		77,902	2,160,608	98.99%

Navarro College District

Ratios of Outstanding Debt Last Ten Fiscal Years (Unaudited)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Bonded Debt				
General obligation bonds	\$ -	-	-	-
Other Debt				
Revenue bonds	29,105,933	31,419,031	26,860,000	27,925,000
Notes payable	-	-	-	-
Loans payable	1,275,000	1,500,000	1,500,000 (1)	750,000 (1)
Capital lease obligations	<u>3,651,116</u>	<u>3,801,116</u>	<u>3,941,116</u>	<u>4,076,116</u>
Total other debt	<u>34,032,049</u>	<u>36,720,147</u>	<u>32,301,116</u>	<u>32,751,116</u>
Total outstanding debt	<u>\$ 34,032,049</u>	<u>36,720,147</u>	<u>32,301,116</u>	<u>32,751,116</u>
Total Outstanding Debt Ratios				
Per capita	\$ 709	764	677	662
Per student	1,943	1,997	1,711	1,892
As a percentage of taxable assessed value	1.23%	1.37%	1.24%	1.29%
As a percentage of personal income	2.03%	2.31%	2.17%	2.40%

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.

August 31,					
2009	2008	2007	2006	2005	2004
-	-	-	-	-	-
29,033,705	25,882,413	26,781,121	23,740,000	20,490,000	20,715,000
37,302	97,994	154,547	254,122	448,093	915,863
-	-	-	-	-	-
4,201,116	4,321,116	4,436,116	4,696,384	4,857,779	235,196
33,272,123	30,301,523	31,371,784	28,690,506	25,795,872	21,866,059
33,272,123	30,301,523	31,371,784	28,690,506	25,795,872	21,866,059
673	615	631	591	532	454
2,313	2,391	2,630	2,560	2,413	2,205
1.37%	1.37%	1.59%	1.65%	1.59%	1.41%
2.56%	2.40%	2.65%	2.59%	2.43%	2.15%

Navarro College District

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Taxable Assessed Value	\$ <u>2,774,259,367</u>	<u>2,682,081,137</u>	<u>2,615,172,084</u>	<u>2,532,522,103</u>
General Obligation Bonds				
Statutory tax levy limit for debt service	\$ 13,871,297	13,410,406	13,075,860	12,661,611
Current year debt service requirements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of statutory limit for debt service over current requirements	\$ <u>13,871,297</u>	<u>13,410,406</u>	<u>13,075,860</u>	<u>12,661,611</u>
Net current requirements as a percentage of statutory limit	0.00%	0.00%	0.00%	0.00%

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

For the Year Ended August 31,					
2009	2008	2007	2006	2005	2004
<u>2,426,416,700</u>	<u>2,218,359,153</u>	<u>1,958,733,600</u>	<u>1,740,732,641</u>	<u>1,624,861,994</u>	<u>1,554,022,861</u>
12,132,084	11,091,796	9,799,668	8,703,663	8,124,310	7,770,114
-	-	-	-	-	-
<u>12,132,084</u>	<u>11,091,796</u>	<u>9,799,668</u>	<u>8,703,663</u>	<u>8,124,310</u>	<u>7,770,114</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
2013	\$ 348,578	3,816,433	5,624,975	1,477,931	10,545,568	8,923,321
2012	364,230	4,067,828	6,016,339	1,497,785	10,946,950	9,656,662
2011	374,798	3,950,605	5,863,890	1,535,992	10,844,701	9,476,634
2010	349,388	3,667,746	5,125,658	1,396,781	9,738,995	7,875,098
2009	316,725	3,080,219	4,129,212	1,151,811	8,977,605	6,993,133
2008	263,580	2,775,032	3,456,736	939,215	7,707,995	6,569,444
2007	263,768	1,982,253	2,902,250	820,493	7,138,751	5,965,548
2006	237,668	1,638,960	2,501,509	764,721	6,892,938	5,593,455
2005	221,460	1,586,746	2,358,743	788,544	6,562,232	5,003,324
2004	206,535	1,206,054	2,063,395	872,453	5,925,334	4,770,100

Notes:

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

			Debt Service Requirements			
Net Available	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
12,890,164	160,404	13,050,568	2,310,000	1,088,537	3,398,537	3.84
13,236,470	146,902	13,383,372	1,105,000	1,408,472	2,513,472	5.32
13,093,352	153,555	13,246,907	1,065,000	1,281,713	2,346,713	5.64
12,403,470	119,094	12,522,564	1,055,000	1,326,249	2,381,249	5.26
10,662,439	205,251	10,867,690	870,000	1,178,089	2,048,089	5.31
8,573,114	322,120	8,895,234	845,000	1,205,495	2,050,495	4.34
7,141,967	364,969	7,506,936	670,000	1,107,889	1,777,889	4.22
6,442,341	263,299	6,705,640	300,000	952,620	1,252,620	5.35
6,514,401	132,811	6,647,212	225,000	957,120	1,182,120	5.62
5,503,671	116,391	5,620,062	-	994,341	994,341	5.65



Navarro College District

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Calendar Year	Navarro County Population	Navarro County Personal Income	Navarro County Personal Income Per Capita	Navarro County Unemployment Rate
2012	49,979	\$ 1,678,534,727	34,754	7.9%
2011	48,054	1,591,179,000	33,112	9.2%
2010	47,735	1,503,732,000	31,467	9.7%
2009	49,440	1,414,882,000	29,734	9.0%
2008	49,456	1,417,643,000	29,903	8.0%
2007	49,396	1,296,533,000	26,559	5.0%
2006	49,440	1,196,242,000	24,522	5.7%
2005	48,525	1,160,593,000	24,099	5.4%
2004	48,215	1,089,791,000	22,851	5.7%
2003	47,386	1,041,888,000	22,151	6.2%

Source: Texas Workforce Commission

Note: The 2013 amounts are not yet available.

Navarro College District

Principal Employers
Last Eight Fiscal Years
(Unaudited)

Employer	2013		2012		2011	
	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)	1,134	5.50%	1,107	5.43%	1,064	5.33%
Corsicana ISD	800	3.88%	811	3.98%	811	4.07%
Russell Stover Candies (seasonal)	795	3.85%	680	3.34%	680	3.41%
Corsicana Bedding	449	2.18%	257	1.26%	257	1.29%
Navarro Regional Hospital	385	1.87%	354	1.74%	354	1.77%
Collin Street Bakery (seasonal)	379	1.84%	150	0.74%	150	0.75%
Guardian Industries	360	1.75%	318	1.56%	318	1.59%
Kohl's Distribution Center	333	1.61%	200	0.98%	200	1.00%
Navarro County	300	1.45%	284	1.39%	284	1.42%
City of Corsicana (includes part time)	277	1.34%	284	1.39%	284	1.42%
Texas Juvenile Justice Department Corsicana	252	1.22%	299	1.47%	299	1.50%
Heritage Oaks/Heritage Oaks West	245	1.19%	236	1.16%	236	1.18%
Oil City Iron Works	212	1.03%	172	0.84%	172	0.86%
Tru-Serve Distribution Center	165	0.80%	149	0.73%	149	0.75%
Kohl's Call Center	-	0.00%	-	0.00%	216	1.08%
Lance (formerly Tom's Foods)	-	0.00%	-	0.00%	148	0.74%
Home Depot Distribution Center	-	0.00%	-	0.00%	145	0.73%
Trinity Mother Francis Medical Center	-	0.00%	-	0.00%	-	0.00%
Total	6,086	29.51%	5,301	26.01%	5,767	28.91%

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

Note: Similar information for 2005 and 2004 was not available.
(Earliest information available is 2006.)

2010		2009		2008		2007		2006	
Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
982	4.95%	950	4.75%	886	4.52%	851	4.31%	827	3.97%
811	4.09%	802	4.01%	802	4.09%	802	4.06%	879	4.22%
680	3.43%	825	4.12%	825	4.20%	825	4.18%	859	4.12%
257	1.30%	190	0.95%	190	0.97%	190	0.96%	180	0.86%
354	1.78%	350	1.75%	350	1.78%	350	1.77%	377	1.81%
150	0.76%	766	3.83%	766	3.90%	766	3.88%	700	3.36%
318	1.60%	390	1.95%	390	1.99%	390	1.98%	367	1.76%
200	1.01%	200	1.00%	200	1.02%	200	1.01%	175	0.84%
284	1.43%	284	1.42%	284	1.45%	284	1.44%	282	1.35%
284	1.43%	336	1.68%	304	1.55%	304	1.54%	335	1.61%
299	1.51%	338	1.69%	338	1.72%	338	1.71%	335	1.61%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
172	0.87%	200	1.00%	200	1.02%	200	1.01%	224	1.08%
149	0.75%	152	0.76%	152	0.77%	152	0.77%	150	0.72%
216	1.09%	250	1.25%	250	1.27%	250	1.27%	-	0.00%
148	0.75%	170	0.85%	170	0.87%	170	0.86%	146	0.70%
145	0.73%	250	1.25%	155	0.79%	155	0.79%	-	0.00%
156	0.79%	156	0.78%	156	0.80%	156	0.79%	120	0.58%
<u>5,605</u>	<u>28.26%</u>	<u>6,609</u>	<u>33.02%</u>	<u>6,418</u>	<u>32.71%</u>	<u>6,383</u>	<u>32.34%</u>	<u>5,956</u>	<u>28.58%</u>

Navarro College District

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

Fiscal Year	Appropriation per FTSE		
	State Appropriation	FTSE	State Appropriation per FTSE
2013	\$ 15,861,991	17,518	\$ 905
2012	15,639,707	18,392	850
2011	14,070,243	18,877	745
2010	14,447,465	17,311	835
2009	12,465,236	14,384	867
2008	12,124,659	12,697	955
2007	10,587,066	11,866	892
2006	10,587,066	11,207	945
2005	10,121,395	10,691	947
2004	10,153,252	9,916	1,024

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.

Appropriation per Contact Hour

Academic Contact Hours	Voc/Tech Contact Hours	Total Contact Hours	State Appropriation per Contact Hour
3,392,912	1,675,572	5,068,484	\$ 3.13
3,634,186	1,612,596	5,246,782	2.98
3,682,160	1,833,744	5,515,904	2.55
3,371,872	1,683,760	5,055,632	2.86
2,759,980	1,476,690	4,236,670	2.94
2,512,272	1,191,867	3,704,139	3.27
2,457,624	895,344	3,352,968	3.16
2,450,256	713,896	3,164,152	3.35
2,350,836	673,660	3,024,496	3.35
2,222,272	616,268	2,838,540	3.58

Navarro College District

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Faculty				
Full-Time	121	122	122	123
Part-Time	<u>446</u>	<u>540</u>	<u>355</u>	<u>364</u>
Total	<u><u>567</u></u>	<u><u>662</u></u>	<u><u>477</u></u>	<u><u>487</u></u>
Full-Time	21.3%	18.4%	25.6%	25.3%
Part-Time	<u>78.7%</u>	<u>81.6%</u>	<u>74.4%</u>	<u>74.7%</u>
Total	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>
Average Annual Faculty Salary	\$ <u>53,781</u>	<u>52,681</u>	<u>52,138</u>	<u>50,232</u>
Staff and Administrators				
Full-Time	252	231	230	214
Part-Time	<u>71</u>	<u>94</u>	<u>95</u>	<u>100</u>
Total	<u><u>323</u></u>	<u><u>325</u></u>	<u><u>325</u></u>	<u><u>314</u></u>
Full-Time	78.0%	71.1%	70.8%	68.2%
Part-Time	<u>22.0%</u>	<u>28.9%</u>	<u>29.2%</u>	<u>31.8%</u>
Total	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
113	112	112	105	100	98
<u>355</u>	<u>361</u>	<u>326</u>	<u>312</u>	<u>309</u>	<u>297</u>
<u>468</u>	<u>473</u>	<u>438</u>	<u>417</u>	<u>409</u>	<u>395</u>
24.1%	23.7%	25.6%	25.2%	24.4%	24.8%
<u>75.9%</u>	<u>76.3%</u>	<u>74.4%</u>	<u>74.8%</u>	<u>75.6%</u>	<u>75.2%</u>
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>51,678</u>	<u>47,585</u>	<u>49,393</u>	<u>45,427</u>	<u>42,623</u>	<u>42,027</u>
208	196	187	176	164	156
<u>31</u>	<u>132</u>	<u>110</u>	<u>42</u>	<u>31</u>	<u>31</u>
<u>239</u>	<u>328</u>	<u>297</u>	<u>218</u>	<u>195</u>	<u>187</u>
87.0%	59.8%	63.0%	80.7%	84.1%	83.4%
<u>13.0%</u>	<u>40.2%</u>	<u>37.0%</u>	<u>19.3%</u>	<u>15.9%</u>	<u>16.6%</u>
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Navarro College District

Enrollment Details Last Ten Fiscal Years (Unaudited)

	Fall 2012		Fall 2011		Fall 2010		Fall 2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Student Classification								
00-30 hours	7,060	69.91%	7,271	69.69%	7,311	71.92%	6,701	72.84%
31-60 hours	1,958	19.39%	2,022	19.38%	1,841	18.11%	1,615	17.55%
> 60 hours	1,080	10.70%	1,140	10.93%	1,014	9.97%	884	9.61%
Total	10,098	100.00%	10,433	100.00%	10,166	100.00%	9,200	100.00%
Semester Hour Load								
Less than 3	201	1.99%	171	1.64%	159	1.56%	94	1.02%
3-5 semester hours	1,592	15.77%	1,646	15.78%	1,820	17.90%	1,769	19.23%
6-8 semester hours	2,173	21.52%	2,176	20.86%	1,998	19.65%	1,856	20.17%
9-11 semester hours	1,422	14.08%	1,514	14.51%	1,402	13.79%	1,198	13.02%
12-14 semester hours	2,866	28.38%	3,118	29.89%	2,987	29.38%	2,532	27.52%
15-17 semester hours	1,480	14.66%	1,460	13.99%	1,409	13.86%	1,361	14.79%
18 & over	364	3.60%	348	3.34%	391	3.85%	390	4.24%
Total	10,098	100.00%	10,433	100.00%	10,166	100.00%	9,200	100.00%
Tuition Status								
Texas Resident (in-District)	1,922	19.03%	1,996	19.13%	2,028	19.95%	1,816	19.74%
Texas Resident (out-of-District)	7,883	78.06%	8,102	77.66%	7,830	77.02%	7,131	77.51%
Non-Resident Tuition	293	2.90%	335	3.21%	308	3.03%	253	2.75%
Total	10,098	100.00%	10,433	100.00%	10,166	100.00%	9,200	100.00%

Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
Number	Percent										
6,191	74.34%	5,410	71.56%	6,593	89.02%	5,204	80.67%	4,508	74.90%	4,292	76.59%
1,403	16.85%	1,461	19.33%	406	5.48%	764	11.84%	1,011	16.80%	925	16.51%
734	8.81%	689	9.11%	407	5.50%	483	7.49%	500	8.31%	387	6.91%
<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>	<u>6,019</u>	<u>100.00%</u>	<u>5,604</u>	<u>100.00%</u>
673	8.08%	385	5.09%	512	6.91%	27	0.42%	28	0.47%	65	1.16%
1,458	17.51%	1,494	19.76%	1,451	19.59%	1,214	18.82%	1,158	19.24%	1,096	19.56%
1,530	18.37%	1,414	18.70%	1,267	17.11%	1,131	17.53%	1,009	16.76%	848	15.13%
1,014	12.18%	885	11.71%	842	11.37%	737	11.42%	551	9.15%	540	9.64%
2,034	24.42%	1,948	25.77%	2,001	27.02%	2,076	32.18%	1,901	31.58%	1,855	33.10%
1,296	15.56%	1,148	15.19%	1,070	14.45%	980	15.19%	1,055	17.53%	912	16.27%
323	3.88%	286	3.78%	263	3.55%	286	4.43%	317	5.27%	288	5.14%
<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>	<u>6,019</u>	<u>100.00%</u>	<u>5,604</u>	<u>100.00%</u>
1,777	21.34%	1,645	21.76%	1,729	23.35%	1,348	20.90%	1,273	21.15%	1,272	22.70%
6,304	75.70%	5,669	74.99%	5,392	72.81%	4,791	74.27%	4,424	73.50%	3,932	70.16%
247	2.97%	246	3.25%	285	3.85%	312	4.84%	322	5.35%	400	7.14%
<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>	<u>6,019</u>	<u>100.00%</u>	<u>5,604</u>	<u>100.00%</u>

Navarro College District

Student Profile Last Ten Fiscal Years (Unaudited)

	Fall 2012		Fall 2011		Fall 2010		Fall 2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender								
Female	6,087	60.28%	6,379	61.14%	6,218	61.16%	5,643	61.34%
Male	4,011	39.72%	4,054	38.86%	3,948	38.84%	3,557	38.66%
Total	10,098	100.00%	10,433	100.00%	10,166	100.00%	9,200	100.00%
Ethnic Origin								
White	5,759	57.03%	6,048	57.97%	6,151	60.51%	5,636	61.26%
Hispanic	1,774	17.57%	1,639	15.71%	1,492	14.68%	1,363	14.82%
African American	2,200	21.79%	2,375	22.76%	2,171	21.36%	1,903	20.68%
Asian	54	0.53%	44	0.42%	26	0.26%	87	0.95%
Foreign	159	1.57%	174	1.67%	164	1.61%	153	1.66%
Native American	61	0.60%	53	0.51%	71	0.70%	52	0.57%
Other	91	0.90%	100	0.96%	91	0.90%	6	0.07%
Total	10,098	100.00%	10,433	100.00%	10,166	100.00%	9,200	100.00%
Age								
Under 18	2,206	21.85%	1,891	18.13%	1,848	18.18%	1,917	20.84%
18 - 21	3,959	39.21%	4,204	40.30%	4,131	40.64%	3,723	40.47%
22 - 24	972	9.63%	1,050	10.06%	990	9.74%	969	10.53%
25 - 35	1,704	16.87%	1,924	18.44%	1,874	18.43%	1,534	16.67%
36 - 50	1,014	10.04%	1,112	10.66%	1,065	10.48%	898	9.76%
51 & over	243	2.41%	252	2.42%	258	2.54%	159	1.73%
Total	10,098	100.00%	10,433	100.00%	10,166	100.00%	9,200	100.00%
Average Age	24		24		24		23	

Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
Number	Percent										
5,147	61.80%	4,733	62.61%	4,583	61.88%	4,006	62.10%	3,776	62.73%	3,464	61.81%
3,181	38.20%	2,827	37.39%	2,823	38.12%	2,445	37.90%	2,243	37.27%	2,140	38.19%
<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>	<u>6,019</u>	<u>100.00%</u>	<u>5,604</u>	<u>100.00%</u>
5,303	63.68%	4,842	64.05%	4,802	64.84%	4,170	64.64%	3,906	64.89%	3,625	64.69%
1,183	14.21%	1,451	19.19%	1,332	17.99%	701	10.87%	612	10.17%	535	9.55%
1,567	18.82%	995	13.16%	956	12.91%	1,295	20.07%	1,195	19.85%	1,074	19.16%
67	0.80%	56	0.74%	71	0.96%	48	0.74%	42	0.70%	43	0.77%
156	1.87%	160	2.12%	183	2.47%	204	3.16%	239	3.97%	302	5.39%
52	0.62%	53	0.70%	50	0.68%	33	0.51%	25	0.42%	25	0.45%
-	0.00%	3	0.04%	12	0.16%	-	0.00%	-	0.00%	-	0.00%
<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>	<u>6,019</u>	<u>100.00%</u>	<u>5,604</u>	<u>100.00%</u>
2,138	25.67%	1,750	23.15%	1,854	25.03%	1,029	15.95%	1,035	17.20%	842	15.02%
3,313	39.78%	3,079	40.73%	2,984	40.29%	2,939	45.56%	2,656	44.13%	2,599	46.38%
756	9.08%	654	8.65%	651	8.79%	668	10.35%	618	10.27%	558	9.96%
1,211	14.54%	1,177	15.57%	1,110	14.99%	1,091	16.91%	1,019	16.93%	955	17.04%
780	9.37%	762	10.08%	702	9.48%	617	9.56%	577	9.59%	546	9.74%
130	1.56%	138	1.83%	105	1.42%	107	1.66%	114	1.89%	104	1.86%
<u>8,328</u>	<u>100.00%</u>	<u>7,560</u>	<u>100.00%</u>	<u>7,406</u>	<u>100.00%</u>	<u>6,451</u>	<u>100.00%</u>	<u>6,019</u>	<u>100.00%</u>	<u>5,604</u>	<u>100.00%</u>
23		23		23		24		24		24	

Navarro College District

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

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	1,387	89	68	1,544	100.00%

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>

Navarro College District

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	1,254	43	83	1,380	100.00%

Source: Texas Higher Education Coordinating Board

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

2007 - 2008 Graduate as of Fall 2008					2006 - 2007 Graduate as of Fall 2007				
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		
7	2	-	9	0.67%	6	1	1	8	0.63%
9	1	1	11	0.82%	2	-	1	3	0.23%
16	1	1	18	1.35%	8	2	1	11	0.86%
3	-	2	5	0.37%	6	-	-	6	0.47%
77	3	5	85	6.36%	105	5	3	113	8.84%
57	-	3	60	4.49%	64	2	4	70	5.47%
1	-	-	1	0.07%	2	-	-	2	0.16%
-	-	-	-	0.00%	1	-	-	1	0.08%
66	4	9	79	5.91%	54	2	6	62	4.85%
-	-	-	-	0.00%	1	-	-	1	0.08%
125	-	8	133	9.95%	140	-	1	141	11.02%
270	5	8	283	21.17%	221	14	11	246	19.23%
4	1	1	6	0.45%	4	-	-	4	0.31%
2	-	-	2	0.15%	3	-	-	3	0.23%
3	-	-	3	0.22%	1	-	-	1	0.08%
7	-	1	8	0.60%	4	-	1	5	0.39%
50	-	3	53	3.96%	42	-	3	45	3.52%
65	-	2	67	5.01%	88	1	1	90	7.04%
20	4	1	25	1.87%	14	8	2	24	1.88%
-	-	1	1	0.07%	2	-	-	2	0.16%
149	9	7	165	12.34%	146	4	5	155	12.12%
56	1	3	60	4.49%	44	-	6	50	3.91%
11	-	2	13	0.97%	18	1	2	21	1.64%
1	-	-	1	0.07%	-	-	-	-	0.00%
6	-	1	7	0.52%	5	-	1	6	0.47%
42	1	3	46	3.44%	49	3	4	56	4.38%
-	-	-	-	0.00%	-	-	-	-	0.00%
8	-	1	9	0.67%	5	-	1	6	0.47%
1	-	-	1	0.07%	1	-	-	1	0.08%
-	-	-	-	0.00%	2	-	-	2	0.16%
174	2	6	182	13.61%	133	3	6	142	11.10%
-	-	-	-	0.00%	-	-	-	-	0.00%
4	-	-	4	0.30%	2	-	-	2	0.16%
<u>1,234</u>	<u>34</u>	<u>69</u>	<u>1,337</u>	<u>100.00%</u>	<u>1,173</u>	<u>46</u>	<u>60</u>	<u>1,279</u>	<u>100.00%</u>

Navarro College District

Capital Asset Information
Last Ten Fiscal Years
(Unaudited)

	2013	2012	2011	2010
Academic buildings	15	14	14	12
Square footage (in thousands)	321,117	300,786	300,786	260,737
Libraries	3	3	3	3
Square footage (in thousands)	29,540	29,540	29,540	29,540
Number of Volumes (in thousands)	60,078	59,012	61,226	62,337
Administrative and support buildings	3	3	3	2
Square footage (in thousands)	95,819	95,819	95,819	90,897
Dormitories/Apartments	24	24	23	23
Square footage (in thousands)	169,304	169,304	156,254	156,254
Number of Beds	883	883	819	819
Dining Facilities	1	1	1	1
Square footage (in thousands)	22,100	22,100	22,100	22,100
Average daily customers	1,108	1,008	1,037	973
Athletic Facilities	7	5	5	5
Square footage (in thousands)	81,708	66,416	66,416	66,416
Gymnasiums/Weight Room	2	2	2	2
Tennis Court	-	-	-	-
Physical Plant Facilities	2	1	1	1
Square footage (in thousands)	16,030	9,492	9,492	9,492
Transportation	43	45	40	34
Cars	12	14	12	7
Light Trucks/Vans	27	27	24	23
Buses	4	4	4	4

Fiscal Year					
2009	2008	2007	2006	2005	2004
12	12	10	10	10	9
260,737	260,737	228,522	228,522	209,446	199,990
3	3	1	1	1	1
29,998	29,998	28,000	28,000	34,920	34,920
61,208	53,669	53,055	65,000	64,000	63,000
2	2	2	2	1	1
90,897	90,897	90,897	90,897	55,977	55,977
23	22	22	21	20	19
156,254	150,362	150,362	145,422	139,602	126,674
850	818	816	815	783	719
1	1	1	1	1	1
22,100	22,100	22,100	22,100	19,076	19,076
951	904	861	861	827	759
5	5	5	5	5	5
66,416	66,416	66,416	66,416	66,416	66,416
2	2	2	2	2	2
-	0	3	3	3	3
1	1	1	1	1	1
9,492	9,492	9,492	9,492	9,492	9,492
33	35	34	34	34	31
7	7	4	4	5	5
23	25	27	27	26	23
3	3	3	3	3	3



**Overall Compliance, Internal Control, and
Federal and State Awards Section**





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**INDEPENDENT AUDITOR'S 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***

The Board of Trustees
Navarro College District:

We have audited the financial statements of the business-type activities and the discretely presented component unit of Navarro College District (the District), as of and for the year ended August 31, 2013, 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 4, 2013. We conducted our audit 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. 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*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 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.

Internal Control Over Financial Reporting (continued)

Our consideration of internal control over financial reporting 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.

Jayne, Reitzman, Boyd & Threlk, A.C.

December 4, 2013

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *OMB CIRCULAR A-133* AND *UNIFORM
GRANT MANAGEMENT STANDARDS***

The Board of Trustees
Navarro College District:

Report on Compliance for Each Major Federal and State Program

We have audited Navarro College District’s (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *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, 2013. The District’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Uniform Grant Management Standards*. Those standards and OMB Circular A-133 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.

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 for the year ended August 31, 2013.

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 a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and 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 OMB Circular A-133 and Uniform Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Jayne, Reitzmaier, Boyd & Threlkoff, P.C.

December 4, 2013

Navarro College District
Schedule of Findings and Questioned Costs
Year Ended August 31, 2013

(1) 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 section 510(a) of Circular A-133
and the Uniform Grant Management Standards? _____ yes x no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Student Financial Assistance Cluster:	
84.007	Federal Supplemental Educational Opportunity Grant Program
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans Program
84.379	Teacher Education Assistance for College and Higher Education Grants
84.002A	Adult Basic Education
84.048	Vocational Education - Carl Perkins and Carl Perkins Leadership
17.282	Trade Adjustment Assistance Community College and Career Training Grant Program

Identification of major state programs:

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

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

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

Auditee qualified as a low-risk auditee? _____ yes x no

Navarro College District

Schedule of Findings and Questioned Costs
(Continued)

(2) Financial Statement Findings

None noted.

(3) Federal Award Findings

None noted.

(4) State Award Findings

None noted.