

Navarro College District
Corsicana, Texas
Comprehensive Annual Financial Report
Years Ended August 31, 2009 and 2008



Prepared by:
Navarro College District
Finance Department



Introductory Section



Navarro College District

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Navarro College District

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December 9, 2009

To the Honorable Chairman, Board of Trustees, and District President
Navarro College District

The following comprehensive annual financial report of Navarro College (the District) for fiscal year ended August 31, 2009 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 unqualified (“clean”) opinion on the District’s financial statements for the years ended August 31, 2009 and 2008. The independent auditors’ report is located at the front of the financial section of this report.

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

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 the Arrowhead Room located in the Gooch One Stop Student 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 are 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 is also responsible for appointing the President, setting the tax rate, causing the preparation and adoption of the budget for the ensuing fiscal year, and employing faculty and other employees of the District.

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 2008 semester credit enrollment at the District grew by 768 students to 8,328 students on census date, an increase of 10.16% over fall 2007.

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 stable as evidenced by a \$106 million (4%) increase in the assessed value of the District during the past fiscal year.

The District began offering an Oil and Gas Production Technology Certificate program in spring 2008. Associate sponsors of the program are EnCana and XTO, leaders in the oil and gas production industry. Marathon Oil and Chesapeake Energy joined EnCana and XTO as partners in Navarro College's Petroleum Technology Program. These partners provided equipment and scholarships for the program. Currently, there are 130 students enrolled in the program. In the fall of 2009, Navarro College will be expanding the Oil and Gas Production Technology Certificate program by adding an Associate in Applied Science Degree in Petroleum Technology.

Several new businesses opened in the Corsicana area during the past year. Office Depot opened in Corsicana in December 2008. The store employs approximately 25 full and part-time associates. Office Depot, Inc. was founded in 1986 and is one of the world's largest sellers of office products. Collin Street Bakery opened a second location at I-45 and U.S. Highway 287 in November 2008 with a Southern Plantation Style architecture reflecting its founding in Corsicana in 1896. Collin Street Bakery is a family-owned-and-operated bakery that has been baking the world-famous Deluxe Fruitcake for over 110 years. Atwood's Home & Ranch Supply Company opened in March 2009 adjacent to College Park Mall located at the intersection of Texas Highway 31 and 45th Street. Atwood's operates 37 stores in Oklahoma, Arkansas, Missouri, Texas, and Kansas and offers clothing, tools and hardware, lawn and garden, sporting goods, pet supplies, and seasonal items, in addition to farm and ranch supplies.

The top employers in Navarro County are:

Company Name	Nature of Business	Number of Employees
Russell-Stover Candies	Candy Manufacturing	680 *
Collin Street Bakery	Food	150 *
Corsicana Independent School District	Government/Education	811
Navarro Regional Hospital	Hospital	354
Navarro College (includes part-time)	Education	950
Guardian Industries	Glass Manufacturing	318
Navarro County	Government/County	306
Texas Youth Commission	Government/State Home	299
City of Corsicana (includes part-time)	Government/City	284
Corsicana Bedding	Bedding	257
Kohl's Call Center	Call Center/Retail	216
Kohl's Distribution Center	Warehousing/Retail	200
Oil City Iron Works	Castings	172
Tru-Serve/True Value Distribution Center	Distribution/Hardware	149
Lance Manufacturing, LLC	Manufacturing/Snack Foods	148
Home Depot Distribution Center	Building Materials	145
* Number of employees 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. Minerals produced in the area include oil, gas, sand, and gravel. Corsicana is defined by industries, railroads, oil, and agriculture/cattle.

Corsicana and the surrounding area offer many opportunities for recreational activities. There are twelve parks, two golf courses, 49 tennis courts and three 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 amphitheatre for concerts.

The population of Navarro County has grown 13% over the past ten years and the Office of the State Demographer for the State of Texas projects a population growth of 6% in Navarro County by 2010. The projected population growth for Ellis County for the same period is 11%.

Ellis County, a major part of our service area, continues to grow dramatically. The 2009 estimated population of Waxahachie is just over 30,000, with the population of Midlothian being 14,500.

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.
National Freight, Inc.

The District commits to provide 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 \$32 million in awards was processed in fiscal year 2009. 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:

- Workforce training and development grants for the Ellis County Manufacturing Consortium.
- Tech Prep programs in area high schools to offer dual credit courses and articulated programs, to prepare students for the workforce in technical fields.
- The Cook Education Center, located adjacent to the main campus in Corsicana, is equipped with a 60-foot domed planetarium and an observatory containing a 14-inch Celestron computer operated telescope. This allows visitors to experience first-hand the forces (scientific, technical, and artistic) that drive the human imagination and serve as an educational magnet for both the College and the 31 surrounding independent school districts serving over 40,000 students.
- Also located in the Cook Center are the Pearce Civil War Collection and the Pearce Western Art Collection. This facility attracts Elderhostel programs to the District to work with the Pearce Civil War Collection Curation and Preservation Services Projects. These Elderhostel programs have offered over 300 people an opportunity to experience the Civil War in a personal way.
- The Pearce Civil War Collection is a balanced collection documenting the northern and southern experience of the Civil War as well as its leaders, common soldiers, and residents. A collection of over 15,000 items facilitates research of all aspects of the United States Civil War.
- The Pearce Western Art Collection is home to original representational works of art by acknowledged masters of Western Art as well as recent original works by members of the National Academy of Western Art, the Cowboy Artists of America, and the National Sculpture Society, among others.
- The “Opening Doors to Success” program continues to assist in identifying students with potential to succeed, but not enrolling in college for a variety of reasons. This program provides individualized counseling attention and financial assistance to qualifying students.
- The District cooperative agreement with John Deere continues to attract students from across Texas and neighboring states pursuing a degree in agriculture mechanization technology.
- Fire and police academies help to provide trained applicants for these high demand service professions. Continuing education classes are also offered in these areas to assist in meeting certification update requirements.
- A very active health occupations curriculum helps to train students to meet staffing needs in areas such as nursing, medical lab technology and occupational therapy. Nurse aid

training programs in the high schools also help to provide trained staff as well as the continuing education programs for training and recertification programs. The program received extra funding from the state due to the successful high graduation rate.

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.

As a recipient of federal, state, and local financial awards, the District is also 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, tests are conducted to determine the adequacy of the internal control structure, including that portion related to federal and state financial award programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended August 31, 2009, provided no instances of material weakness in the internal control structure.

In addition, 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 budget.

State statutes require an annual audit by independent certified public accountants. Navarro College's Board of Trustees selected the accounting firm of Jaynes, Reitmeier, Boyd & Therrell, P.C. for fiscal years 2006 through 2009.

MAJOR INITIATIVES

Academic Program Enhancements:

The District has been recognized as a leader in higher education by Awards of Excellence being received by several instructors as well as partnership agreements with industry. Efforts continue to enhance the academic program offerings as evidenced by the following:

- Completing the SACS Comprehensive Standards and Quality Enhancement Plan Reaffirmation of Accreditation Project.

- Increasing internet course delivery. Internet instruction accounts for 18.97% of the contact hours produced.
- Continuing refinement of the Faculty Centered Student Advising Program for full-time, first-time students which complements a diverse and valuable network of counseling services available to students. In addition to academic advising and transfer assistance, there is specific counseling on hand for veterans and international students.
- The Texas A&M University at Commerce - Navarro College Partnership continues to receive recognition as an outstanding program with emphasis on teacher education. This partnership has grown from 63 students in the Fall 1999 to 663 students in the Fall 2009 on both the Corsicana and Midlothian Campuses. The partnership has produced 1098 graduates with 875 in education, 104 BAAs, 35 in Criminal Justice and 79 Master's degrees conferred.
- Navarro College offers a large and competitive intercollegiate athletic program which includes baseball, basketball, cheerleading, football, soccer, softball and volleyball.
 - The basketball team won the 2008-09 Region XIV Championship and finished 9th at the NJCAA National Tournament. Coach Johnny Estelle was named Region XIV Coach of the Year and was selected as Court Coach for the Team USA U19 Team.
 - The baseball team placed fourth at the Region XIV Tournament and had players on the NJCAA All-Region XIV Team and the NJCAA All-TEAC Conference Team.
 - The soccer team was the Region XIV Champions and the District E Champions. They placed fifth at the NJCAA National Championships.
 - The softball team finished in third place at the Region XIV Tournament and had players on the NJCAA All Region XIV and NFCA All-Region Teams. Two players were named Louisville Slugger NFCA All Americans.
 - The football program has won thirteen conference championships and won the National Championship in 1989 and the Pilgrim's Pride Bowl in 2007. The 2008 team won the SWJCFC Championship, having the first ten win season since 1989. They were ranked No. 1 for seven consecutive weeks in the NJCAA Poll. Head Coach Nick Bobeck was named NJCAA National Coach of the Year.
 - The Cheerleaders won the 2009 NCA National Championship.
 - Academics are stressed by Navarro College administration and the coaching staff. Success is evidenced by having sixteen athletes named to the Region XIV Athletic Conference All-Academic Team and four players named as Academic All-Americans. The Softball, Soccer, Volleyball, and Baseball teams earned recognition as 2008-09 NJCAA Fall Academic Teams of the Year.

- Providing good customer service and a positive environment for students is important to the District 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, residence life areas and the Midlothian campus; adding panic buttons in each of our college stores and cashiering office on each campus.
 - Adding dash mounted cameras in patrol cars and establishing a bicycle patrol for the Corsicana campus.
 - Purchasing an outdoor warning system for the Corsicana Campus to notify students and staff in the event of an emergency on campus. This system features a 40-foot antenna with speakers. In addition, the college implemented its Watchdog Alert System; user software developed by Blackboard Connect. This computer software system notifies students and staff on all four campuses in the event of an emergency. Notification will be made by telephone, email and text messaging.
 - Developing and implementing a backup system that allows periodic backup of all electronic information.

The District continues to support an active student life program to provide students with opportunities to cultivate close associations with fellow students, faculty, and staff. The District has 28 campus clubs and organizations. These organizations are expanding to include the other three campuses as well. A record number of students participated in intramurals this past year, especially in the areas of football and basketball.

Construction and Expansion Projects

After years of extensive building and renovations on all four campuses, construction has slowed. During fiscal year 2009, the addition of the Brenda Duncan Fitness Center to Gibson Hall and a new residence hall were constructed on the Corsicana campus. Plans were approved to build a new classroom building on the Midlothian campus. A building was leased in Waxahachie to house the Ellis County Cosmetology program and renovation of the space began during the summer.

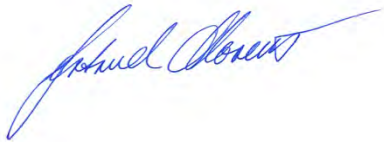
AWARDS AND ACKNOWLEDGEMENTS

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, 2008. This was the eighth consecutive year (2001 through 2008) that the College has achieved this prestigious award. In order 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.

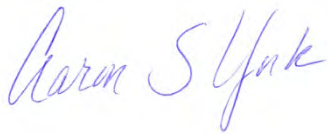
A Certificate of Achievement is valid for a one-year period only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 assistance in timely completion of the audit. Due credit should also be given to the Board of Trustees and the District President for their interest in planning and conducting the operations of the District in a professional manner.

Respectfully submitted,

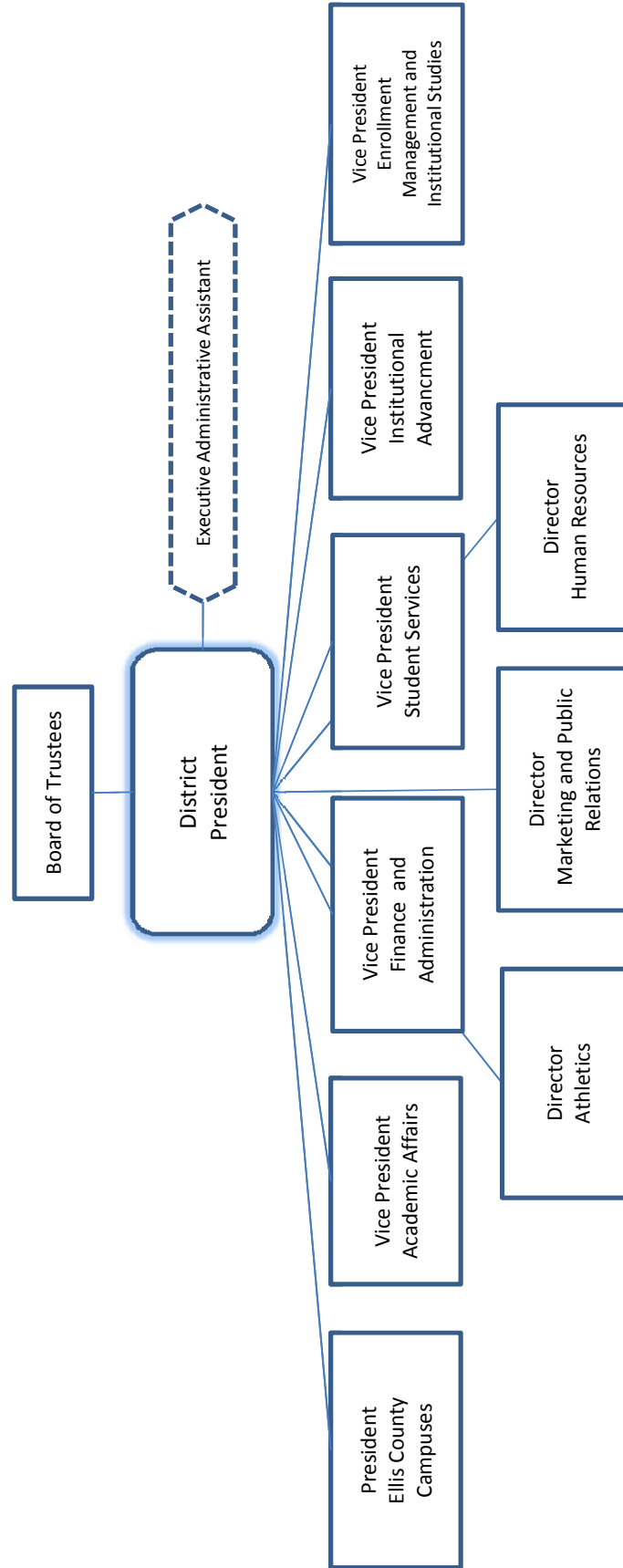


Gertrud Moreno, CPA
Vice President for Finance and Administration



Aaron York, CPA
Comptroller

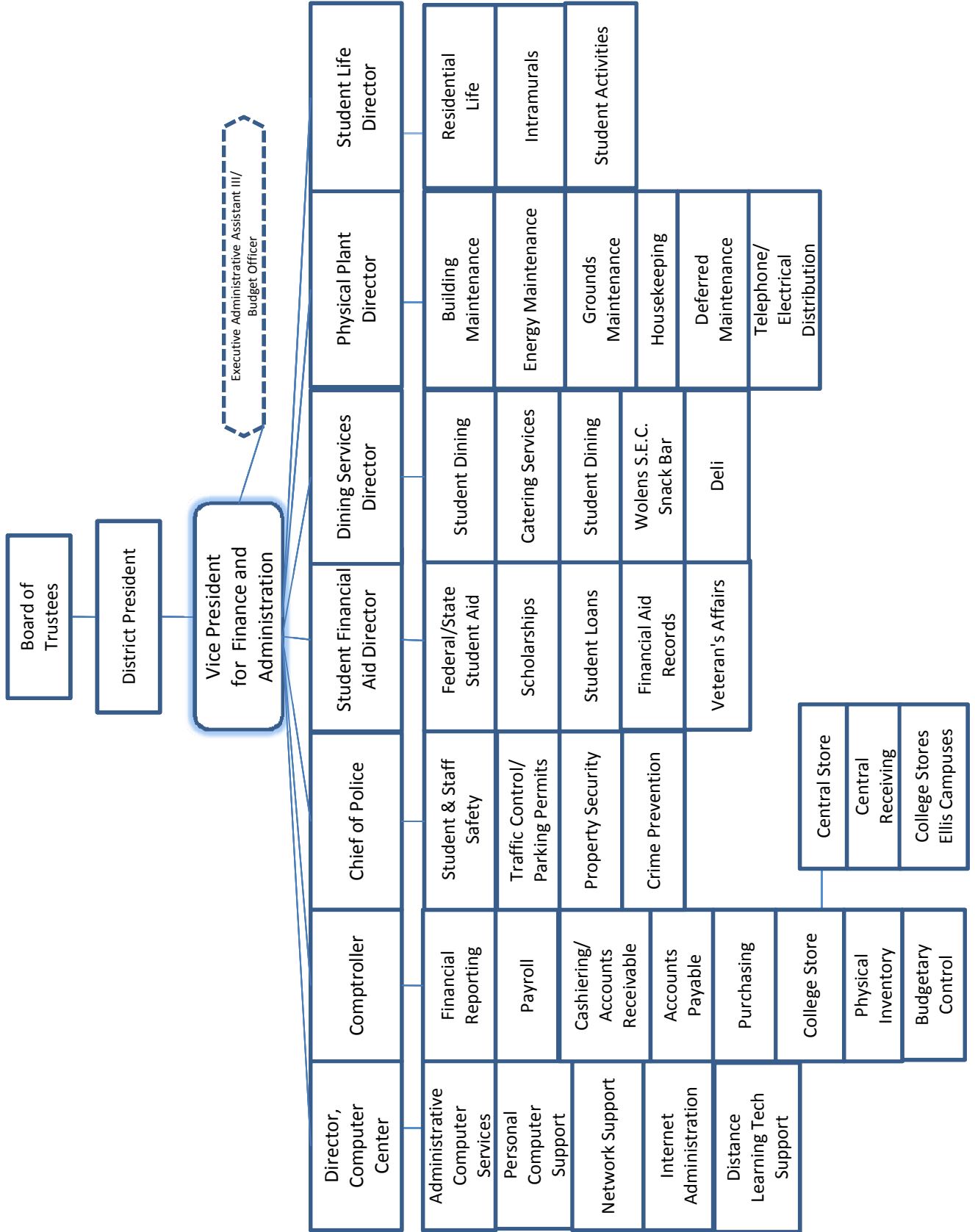
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NAVARRO COLLEGE
Organization Chart
District President



NAVARRO COLLEGE

Organization Chart

Vice President for Finance and Administration



Navarro College

Principal Officials Year Ending August 31, 2009

Board of Trustees

Officers

Lloyd D. Huffman	Chairman
James G. Price, D.D.S.	Vice-Chairman
James E. Borkchum	Secretary/Treasurer

Members

Term Expires

James E. Borkchum	Corsicana, Texas	2013
Lloyd D. Huffman	Corsicana, Texas	2011
Billy Todd McGraw	Blooming Grove, Texas	2013
James G. Price, D.D.S.	Corsicana, Texas	2013
Richard L. Aldama	Corsicana, Texas	2015
Phil Judson	Corsicana, Texas	2011
A. L. Atkeisson	Kerens, Texas	2015

Executive Officers

Richard M. Sanchez, Ed.D.	District President
Harold Nolte, Ed.D	President, Ellis County Campuses
Kenneth Martin, Ed.D	Vice President for Academic Affairs
Gertrud Moreno, CPA	Vice President for Finance and Administration

Business Officers

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

Navarro College Board of Trustees



Dr. Richard Sanchez
District President



Lloyd D. Huffman
Chairman



Dr. James G. Price
Vice Chairman



James E. Borkchum Jr.
Secretary/Treasurer



Billy Todd McGraw
Member



Phil Judson
Member



Dick Aldama
Member



Buster Atkeisson
Member

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Navarro College
Cent Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

President

A handwritten signature in black ink that reads "Jeffrey R. Emen".

Executive Director

Financial Section





Independent Auditors' Report

The Board of Trustees
Navarro College District:

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, 2009 and 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits. 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, 2009 and 2008. Those financial statements were audited by other auditors whose reports thereon 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 on the reports of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

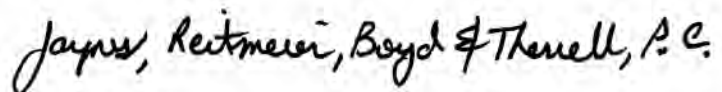
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits 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, 2009 and 2008, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 5 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information on pages 43 through 53 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards on pages 47 through 53 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 Standard*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The statistical section on pages 55 through 96 have not been subjected to the auditing procedures applied in the audit of the basic financial statements; and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "James, Reitzmer, Boyd & Threlk, P.C." The signature is written in a cursive, flowing style.

December 9, 2009

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 for the fiscal year ended August 31, 2009. 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 - xiii of this report.

Financial Highlights

- Increase of \$2,379,646 in net assets for fiscal year ending August 31, 2009.
- The 2009 Series Revenue Bonds of \$4,075,000 were issued to partially fund Phase II of Midlothian Campus.
- The second year of Community Based Job Training - Oil & Gas Technology Grant (Department of Labor) of \$262,667 was expended.

Overview of the Financial Statements and Financial Analysis

Navarro College District (the District) is proud to present its financial statements for fiscal year ended August 31, 2009. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; 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.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the District as of the end of the fiscal year. The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the District. The Statement of Net Assets presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net assets. From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the District. They are also able to determine how much the District owes vendors and lending institutions.

Navarro College District Statements of Net Assets

	August 31,			Amount of	% of
	2009	2008	2007	Change	Change
				2008 to	2008 to
				2009	2009
Assets					
Current assets	\$ 22,134,751	19,662,598	19,905,419	2,472,153	12.57%
Capital assets	51,663,876	51,580,996	51,562,340	82,880	0.16%
Other noncurrent assets	4,445,403	390,418	410,433	4,054,985	1,038.63%
Total assets	78,244,030	71,634,012	71,878,192	6,610,018	9.23%

**Navarro College District
Statements of Net Assets
(Continued)**

	August 31,			Amount of Change 2008 to 2009	% of Change 2008 to 2009
	2009	2008	2007		
Liabilities					
Current liabilities	\$ 11,750,502	10,487,357	10,529,235	1,263,145	12.04%
Noncurrent liabilities	<u>33,799,951</u>	<u>30,832,724</u>	<u>31,710,705</u>	<u>2,967,227</u>	9.62%
Total liabilities	<u>45,550,453</u>	<u>41,320,081</u>	<u>42,239,940</u>	<u>4,230,372</u>	10.24%
Net assets					
Invested in capital assets, net of debt	22,732,156	21,529,891	20,425,989	1,202,265	5.58%
Restricted	3,170,455	3,371,239	3,344,836	(200,784)	(5.96%)
Unrestricted	<u>6,790,966</u>	<u>5,412,801</u>	<u>5,867,427</u>	<u>1,378,165</u>	25.46%
Total net assets	<u>\$ 32,693,577</u>	<u>30,313,931</u>	<u>29,638,252</u>	<u>2,379,646</u>	7.85%

Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. Expendable restricted net assets are available for expenditure by the District but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted assets are available to the District for any lawful purpose of the District.

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

Financial Analysis from 2008 to 2009

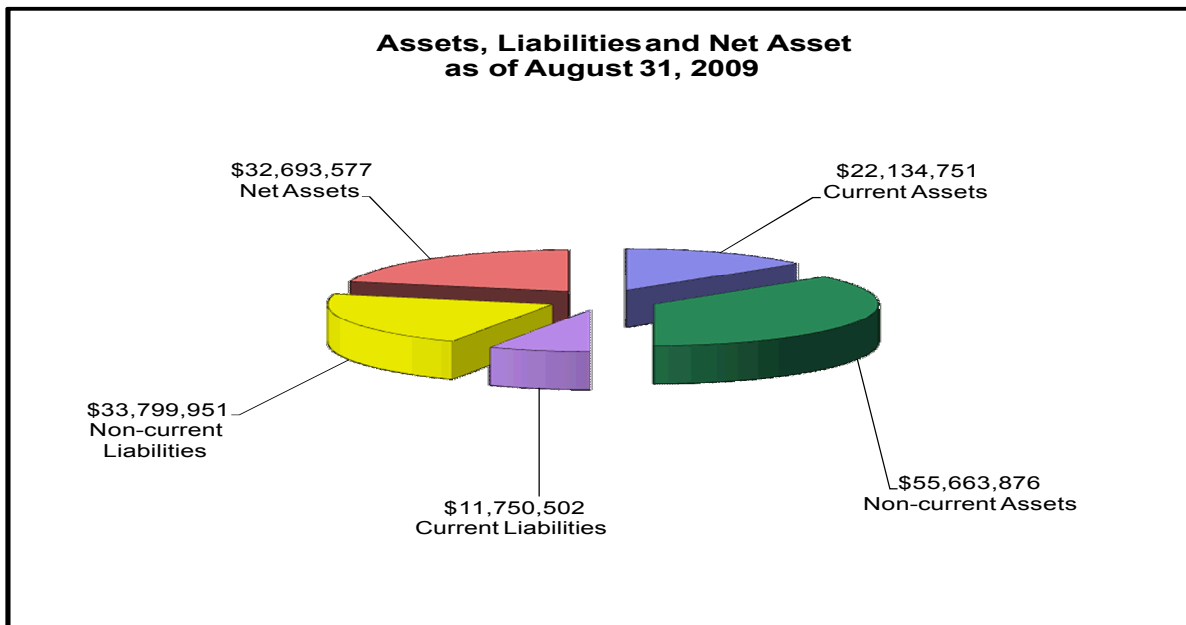
Current assets increased by 12.57% due to increases in cash and cash equivalents (\$1,238,610), accounts receivable (\$716,497) and inventories (\$878,023). Money markets continued to fluctuate and prevailing lower interest rates required management to shift its long-term investments into more liquid, short-term investments. Enrollment increases affected both the outstanding receivables and the bookstore inventories.

Capital assets show a modest increase of \$82,880 (after depreciation). The increase was attributable to the purchase of two properties adjacent to the location of the Corsicana campus.

Other assets, which include restricted cash, increased by \$4.05 million due to the receipt of funds from the 2009 Revenue Bond sale that was received in July 2009. These funds are restricted for the construction of Phase II on the Midlothian campus scheduled to start on December 1, 2009.

Total liabilities increased to \$45,550,453 from \$41,320,081 for an increase of \$4,230,372 (10.24%). This increase was due to an additional \$1.19 million in deferred revenues and the issuance of the 2009 Revenue Bonds which increased the bonds payable by \$3.075 million.

In summary, the total net assets of the District grew by \$2,379,646 to a total of \$32,693,577 at August 31, 2009. Most of the increase can be found in the unrestricted assets balance, namely \$1,378,165 with the remainder being tied to capital assets.



Financial Analysis from 2007 to 2008

Current assets decreased by 1.2% due to a decrease in long-term investments and a reduction in inventories. Market fluctuations and lower interest rates required management to shift its long-term investments into more liquid, short-term investments. Increased bond principal and interest payments also required a reduction in cash.

Capital asset cost increased \$1.4 million (before depreciation). The increase was largely due to the completion of the 20,000 square foot Classroom Building on the Waxahachie campus and the construction in progress on the Gibson Hall addition.

Total liabilities decreased to \$41,320,081 from \$42,239,940 for a decrease of \$919,859. This decrease was due to the scheduled payments of the Revenue Bonds series and the invoices associated with the construction projects.

In summary, the total net assets of the District grew by \$675,679 to a total of \$30,313,931 at August 31, 2009

Statement of Revenues, Expenses and Changes in Net Assets

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

Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. 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 institution. Non-operating revenues are revenues received for which goods and services are not provided.

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

	<u>August 31,</u>			Amount of Change 2008 to 2009	% of Change 2008 to 2009
	<u>2009</u>	<u>2008</u>	<u>2007</u>		
Operating revenues					
Tuition and fees	\$ 6,363,939	6,125,581	5,361,391 (a)	238,358	3.89%
Sales and services	5,887,906	5,317,110	4,938,210 (a)	570,796	10.74%
Other operating revenues	119,684	98,376	177,827	21,308	21.66%
Total operating revenues	<u>12,371,529</u>	<u>11,541,067</u>	<u>10,477,428</u>	<u>830,462</u>	7.20%
Non-operating revenues					
State allocations	14,788,419	14,443,224	13,776,780	345,195	2.39%
Maintenance ad valorem taxes	2,868,682	2,686,447	2,699,632	182,235	6.78%
Grants and contracts	15,175,033	12,219,000	10,498,075	2,956,033	24.19%
Gifts	699,769	793,110	607,580	(93,341)	(11.77%)
Investment income	279,352	456,823	620,102	(177,471)	(38.85%)
Other non-operating revenues	-	38,049	8,350	(38,049)	(100.00%)
Total non-operating revenues	<u>33,811,255</u>	<u>30,636,653</u>	<u>28,210,519</u>	<u>3,174,602</u>	10.36%
Total revenues	<u>46,182,784</u>	<u>42,177,720</u>	<u>38,687,947</u>	<u>4,005,064</u>	9.50%

Navarro College District
Statements of Revenues, Expenses, and Changes in Net Assets
(Continued)

	August 31,			Amount of Change 2008 to 2009	% of Change 2008 to 2009
	2009	2008	2007		
Operating expenses					
Instruction	\$ 16,061,086	14,955,025	13,753,775	1,106,061	7.40%
Public service	173,343	157,488	125,816	15,855	10.07%
Academic support	3,045,243	2,800,470	2,768,153	244,773	8.74%
Student services	3,058,628	2,693,937	2,369,268	364,691	13.54%
Institutional support	4,400,790	4,227,103	4,237,693	173,687	4.11%
Operation and management of plant	3,427,220	3,732,384	3,196,937	(305,164)	(8.18%)
Scholarships and fellowships	1,486,170	1,493,871	1,271,148	(7,701)	(0.52%)
Auxiliary enterprises	9,252,131	8,585,730	7,912,581	666,401	7.76%
Depreciation expense	1,539,247	1,475,450	1,395,899	63,797	4.32%
Total operating expenses	<u>42,443,858</u>	<u>40,121,458</u>	<u>37,031,270</u>	<u>2,322,400</u>	5.79%
Nonoperating expenses					
Interest on capital related debt	1,359,280	1,378,430	1,215,469	(19,150)	(1.39%)
Loss on disposal of capital assets	-	2,153	-	(2,153)	(100.00%)
Total nonoperating expenses	<u>1,359,280</u>	<u>1,380,583</u>	<u>1,215,469</u>	<u>(21,303)</u>	(1.54%)
Total expenses	<u>43,803,138</u>	<u>41,502,041</u>	<u>38,246,739</u>	<u>2,301,097</u>	5.54%
Change in net assets	2,379,646	675,679	441,208	1,703,967	252.19%
Beginning net assets	<u>30,313,931</u>	<u>29,638,252</u>	<u>29,197,044</u>	<u>675,679</u>	2.28%
Ending net assets	<u>\$ 32,693,577</u>	<u>30,313,931</u>	<u>29,638,252</u>	<u>2,379,646</u>	7.85%

Financial Analysis from 2008 to 2009

The Statement of Revenues, Expenses, and Changes in Net Assets reflects a positive year with an increase of \$2,379,646 in net assets at year-end. Operating revenues increased 7.20% or \$830,462 due to enrollment growth, small tuition increases and strong auxiliary enterprise sales.

Governmental Accounting Standards Board (GASB) standards require tuition and fees and auxiliary enterprise charges to be reported net of any allowances and discounts. The tuition and

fees, net of allowances, are \$6,363,939 representing a 3% increase over the prior year. Auxiliary enterprise charges, net of discounts, are \$5,525,269 at August 31, 2009, which reflects an 11.4% increase from the prior year due to the increased number of students served.

Non-operating revenues increased by 10.36% or \$3,174,602. This increase resulted from small increases in state appropriation (\$345,195) and maintenance ad valorem taxes (\$182,235), and a \$2.95 million increase in grants and contracts which was attributable to the Department of Labor grant and increases in federal student financial aid.

Operating expenses increased in most categories as additional costs were incurred to support the additional enrollment and as the cost of goods and services increased. An additional 7.76% in auxiliary expenses occurred as a result of a 10.74% increase in auxiliary revenues caused by the enrollment increases.

Non-operating expenses of interest on capital debt decreased by \$19,150 due to regular amortization of principal and interest.

Financial Analysis from 2007 to 2008

The Statement of Revenues, Expenses, and Changes in Net Assets reflects a positive year with an increase of \$675,679 in net assets at the year-end. Operating revenues increased 10.2% due to enrollment growth, increased tuition costs, receipt of the first installment of a four-year grant from the Department of Labor, and strong auxiliary enterprise sales.

Non-operating revenues increased by 8.6% or \$2,426,134. This increase resulted from an increase in state appropriation, which was attributable to the enrollment increases. Increases in gift revenues were offset with decreases in investment income.

Operating expenses increased in most categories as additional costs were incurred to support the additional enrollment and as the cost of goods and services increased. Additional scholarships awarded reflect a 17.5% increase in this expense. An additional 8.5% in auxiliary expenses occurred as a result of a 7.5% increase in auxiliary revenues.

Non-operating expenses of interest expense on capital debt increased by \$162,961 due to the issuance of additional bonds in early 2007 and the retirement of one note payable.

Statement 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 institution 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 non-operating, non-investing, and non-capital financing purposes. The third section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. This section deals with the cash used for the acquisition and construction of capital and related items. 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**

	<u>August 31,</u>			Amount of	% of
	<u>2009</u>	<u>2008</u>	<u>2007</u>	Change	Change
				2007 to	2007 to
				2008	2008
Cash provided by (used for):					
Operating activities	\$ (27,686,937)	(26,863,264) (a)	(22,732,860)	(823,673)	3.07%
Noncapital financing activities	32,338,647	29,737,811 (a)	26,952,555	2,600,836	8.75%
Capital and related financing activities	(58,951)	(3,891,239)	(4,669,332)	3,832,288	(98.49%)
Investing activities	645,851	4,147,828	1,979,886	(3,501,977)	(84.43%)
Net change in cash	<u>5,238,610</u>	<u>3,131,136</u>	<u>1,530,249</u>	<u>2,107,474</u>	<u>67.31%</u>
Cash, beginning of year	<u>14,683,552</u>	<u>11,552,416</u>	<u>10,022,167</u>	<u>3,131,136</u>	<u>27.10%</u>
Cash, end of year	<u>\$ 19,922,162</u>	<u>14,683,552</u>	<u>11,552,416</u>	<u>5,238,610</u>	<u>35.68%</u>

(a) Reclassification

Financial Analysis from 2008 to 2009

An analysis of cash flows shows an overall increase in cash flow for 2009. The District had \$19,922,162 in cash and equivalents at the end of fiscal year 2009 compared to \$14,683,552 at the end of fiscal year 2008. The increased cash flow was generated from net increases of students receipts, grant funds, state appropriation, ad valorem tax revenues, and the proceeds from the 2009 Revenue Bond issue.

Financial Analysis from 2007 to 2008

An analysis of cash flows shows an overall increase in cash flow for 2008. The increased cash flow was generated from the liquidation of long-term government securities and the increase in state appropriation.

Capital Assets and Debt Administration

In May 2007, the District issued an additional \$3,550,000 in debt with Series 2007 Revenue Bonds. Proceeds from these bonds were utilized to partially fund the construction of two buildings on the Waxahachie Campus and the construction of a 32 bed residence hall on the Corsicana Campus. The construction project in Waxahachie and the addition to Gibson Hall were completed in the spring of 2009. In July 2009, the District issued an additional \$4,075,000 in debt with Series 2009 Revenue Bonds. Proceeds from these bonds will be used to partially fund the construction of Phase II of the Midlothian campus. Additional funds for this construction project will be forthcoming from the Corporation for the Economic Development of Midlothian (\$1.5 million) and the City of Midlothian (approximately \$250,000).

As of August 31, 2009, the District had \$28,980,000 of revenue bonds outstanding.

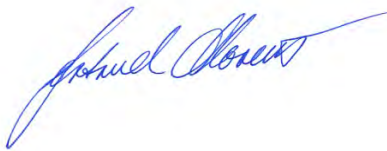
For additional information concerning Capital Assets and Debt Administration, see Notes 6, 7 and 8 in the notes to the financial statements.

Economic Outlook

The District is not aware of any currently known facts, decisions, or conditions that are expected to have 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 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, 3200 West 7th Avenue, Corsicana, Texas 75110.



Gertrud Moreno, CPA
Vice President for Finance and Administration

Basic Financial Statements



Navarro College District

Statements of Net Assets (Exhibit 1)

August 31, 2009 and 2008

	Primary Government		Component Unit	
	Navarro College District		Navarro College Foundation, Inc.	
	2009	2008	2009	2008
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 15,922,162	14,683,552	389,658	211,546
Investments	-	350,000	-	-
Accounts receivable, net	3,437,617	2,721,120	44,937	1,347,955
Prepaid expenses	568,497	579,474	-	-
Inventories	2,206,475	1,328,452	-	-
Total current assets	22,134,751	19,662,598	434,595	1,559,501
Noncurrent assets:				
Restricted cash and cash equivalents	4,000,000	-	-	-
Long-term investments	-	-	2,673,478	1,477,574
Capital assets, net	51,663,876	51,580,996	8,407,221	8,404,865
Other assets	445,403	390,418	-	-
Total noncurrent assets	56,109,279	51,971,414	11,080,699	9,882,439
Total assets	78,244,030	71,634,012	11,515,294	11,441,940
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	1,905,836	1,920,664	1,751	7,827
Accrued liabilities	347,957	341,116	-	-
Funds held for others	498,498	494,423	-	-
Deferred revenue	7,752,661	6,558,596	-	-
Accrued compensated absences - current portion	12,793	103,573	-	-
Accrued claims and judgements - current portion	15,455	22,432	-	-
Note payable - current portion	37,302	56,553	-	-
Capital lease - current portion	125,000	120,000	-	-
Bonds payable - current portion	1,055,000	870,000	-	-
Total current liabilities	11,750,502	10,487,357	1,751	7,827
Noncurrent liabilities:				
Accrued compensated absences	1,698,765	1,510,457	-	-
Accrued claims and judgements	46,365	67,297	-	-
Note payable	-	41,441	-	-
Capital lease	4,076,116	4,201,116	-	-
Bonds payable	27,978,705	25,012,413	-	-
Total noncurrent liabilities	33,799,951	30,832,724	-	-
Total liabilities	45,550,453	41,320,081	1,751	7,827
<u>Net Assets</u>				
Net assets:				
Invested in capital assets, net of related debt	22,732,156	21,529,891	8,407,221	8,404,865
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	-	-	146,601	146,601
Pearce Museum	-	-	1,197,948	1,322,296
Expendable:				
Scholarships and fellowships	2,940,621	3,141,019	1,584,422	1,378,559
Debt service	229,834	230,220	-	-
Unrestricted	6,790,966	5,412,801	177,351	181,792
Total net assets	\$ 32,693,577	30,313,931	11,513,543	11,434,113

See accompanying notes to the financial statements.

Navarro College District

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

Years Ended August 31, 2009 and 2008

	Primary Government		Component Unit	
	Navarro College District		Navarro College Foundation, Inc.	
	2009	2008	2009	2008
Operating revenues:				
Tuition and fees (net of scholarship allowances and discounts of \$8,659,024 and \$6,994,274, respectively)	\$ 6,363,939	6,125,581	-	-
Gifts	-	-	576,043	1,133,616
Sales and services of educational activities	362,637	358,946	-	-
Auxiliary enterprises (net of scholarship allowances and discounts of \$3,533,425 and \$2,854,102, respectively)	5,525,269	4,958,164	-	-
Other operating revenues	119,684	98,376	-	-
Total operating revenues	<u>12,371,529</u>	<u>11,541,067</u>	<u>576,043</u>	<u>1,133,616</u>
Operating expenses:				
Instruction	16,061,086	14,955,025	-	-
Public service	173,343	157,488	-	-
Academic support	3,045,243	2,800,470	-	-
Student services	3,058,628	2,693,937	-	-
Institutional support	4,400,790	4,227,103	311,543	322,329
Operation and maintenance of plant	3,427,220	3,732,384	-	-
Scholarships and fellowships	1,486,170	1,493,871	111,651	147,697
Auxiliary enterprises	9,252,131	8,585,730	-	-
Depreciation	1,539,247	1,475,450	3,819	3,733
Total operating expenses	<u>42,443,858</u>	<u>40,121,458</u>	<u>427,013</u>	<u>473,759</u>
Operating loss	<u>(30,072,329)</u>	<u>(28,580,391)</u>	<u>149,030</u>	<u>659,857</u>
Nonoperating revenues (expenses):				
State appropriations	14,788,419	14,443,224	-	-
Ad valorem property taxes for maintenance and operations	2,868,682	2,686,447	-	-
Federal grants and contracts	13,816,025	10,894,527	-	-
State grants and contracts	1,097,098	1,026,892	-	-
Local grants and contracts	261,910	297,581	-	-
Investment income (loss)	279,352	456,823	(69,600)	39,720
Gifts	699,769	793,110	-	-
Interest on capital asset-related debt	(1,359,280)	(1,378,430)	-	-
Loss on disposition of capital assets	-	(2,153)	-	-
Other nonoperating revenues (expenses), net	-	38,049	-	-
Net nonoperating revenues	<u>32,451,975</u>	<u>29,256,070</u>	<u>(69,600)</u>	<u>39,720</u>
Increase in net assets	2,379,646	675,679	79,430	699,577
Net assets - beginning of year	<u>30,313,931</u>	<u>29,638,252</u>	<u>11,434,113</u>	<u>10,734,536</u>
Net assets - end of year	<u>\$ 32,693,577</u>	<u>30,313,931</u>	<u>11,513,543</u>	<u>11,434,113</u>

See accompanying notes to the financial statements.

Navarro College District

Statements of Cash Flows (Exhibit 3)

Years Ended August 31, 2009 and 2008

	Primary Government	
	Navarro College District	
	2009	2008
Cash flows from operating activities		
Receipts from students and other customers	\$ 25,504,021	21,569,422
Receipts from third-party student loans	20,375,379	14,520,705
Other receipts	119,684	98,376
Payments to employees	(23,766,381)	(20,434,260)
Payments to suppliers and students	<u>(49,919,640)</u>	<u>(42,617,507)</u>
Net cash used in operating activities	<u>(27,686,937)</u>	<u>(26,863,264)</u>
Cash flows from noncapital financing activities		
Receipts of state appropriations	14,189,746	13,918,961
Receipts from ad valorem property taxes for maintenance and operation	2,913,735	2,660,522
Receipts of grants and contracts	14,535,397	12,365,218
Receipts from gifts for other than capital purposes	699,769	793,110
Net cash provided by noncapital financing activities	<u>32,338,647</u>	<u>29,737,811</u>
Cash flows from capital and related financing activities		
Proceeds from issuance of bonded debt	4,000,000	-
Purchases of capital assets	(1,622,127)	(1,496,256)
Payments on capital debt principal	(1,050,692)	(1,016,553)
Payments on capital debt interest	<u>(1,386,132)</u>	<u>(1,378,430)</u>
Net cash used in capital and related financing activities	<u>(58,951)</u>	<u>(3,891,239)</u>
Cash flows from investing activities		
Proceeds from sale of investments	350,000	3,664,000
Receipts from interest on investments	<u>295,851</u>	<u>483,828</u>
Net cash provided by investing activities	<u>645,851</u>	<u>4,147,828</u>
Net increase in cash and cash equivalents	5,238,610	3,131,136
Cash and cash equivalents - beginning of year	<u>14,683,552</u>	<u>11,552,416</u>
Cash and cash equivalents - end of year	<u>\$ 19,922,162</u>	<u>14,683,552</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (30,072,329)	(16,361,391)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,539,247	1,475,450
On-behalf payments	598,673	524,264
Change in assets and liabilities:		
Receivables, net	(138,413)	(292,590)
Inventories	(878,023)	161,288
Prepaid expenses	10,977	(159,821)
Accounts payable	(14,828)	(773,769)
Accrued liabilities	-	(7,191)
Funds held for others	4,075	44,383
Deferred revenue	1,194,065	672,780
Accrued compensated absences	97,528	242,365
Accrued claims and judgements	<u>(27,909)</u>	<u>(23,814)</u>
Net cash used in operating activities	<u>\$ (27,686,937)</u>	<u>(14,498,046)</u>
Noncash investing, capital and financing activities:		
State appropriations on-behalf payments	<u>\$ 598,673</u>	<u>524,264</u>

See accompanying notes to the financial statements.



Navarro College District

Notes to Financial Statements

August 31, 2009 and 2008

(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 Navarro College District is considered to be a primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. 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 assets of the Foundation compared to the District are 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, 2009 and 2008, the Foundation expended \$69,129 and \$186,772, 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. The District applies all applicable GASB pronouncements and all applicable Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB.

Navarro College District

Notes to Financial Statements (Continued)

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the District have been prepared using the economic resource measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when a liability has been incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. Operating revenues of the District consist of tuition and fees, sales and services of educational activities and auxiliary enterprise revenues. Operating expenses include the cost of providing educational services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal nonoperating revenues of the District consist of state appropriations, grants and contracts, and ad valorem property taxes. 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 FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. 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 assets 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 assets. 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 operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship allowance and discount.

Texas Public Education Grants: Certain tuition amounts 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 \$6,700,000 and \$7,519,000 at August 31, 2009 and 2008, respectively, consist of certificates of deposit.

(e) Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value, except for money market funds and participating interest-earning investment contracts that mature within one year of the date of their acquisition and nonparticipating investment contracts which are stated at cost. Fair values are based on published market prices. Long-term investments have an original maturity of greater than one year at the time of purchase.

Navarro College District

Notes to Financial Statements
(Continued)

(2) Summary of Significant Accounting Policies (continued)

(f) Inventories

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

(g) Restricted cash

Restricted cash consists of unspent proceeds from revenue bonds that are restricted for construction.

(h) 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 market 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

(i) Deferred Revenue

Deferred revenue primarily included amounts for tuition and fees and certain auxiliary activities totaling \$7,752,661 and \$6,578,856 at August 31, 2009 and 2008, respectively, which have not yet been earned.

(j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

Navarro College District

Notes to Financial Statements (Continued)

(2) Summary of Significant Accounting Policies (continued)

(j) Use of Estimates (continued)

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.

(k) Reclassifications

Certain accounts in the prior year financial statements have been reclassified 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.

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.

(4) Deposits and Investments

Deposits and investments of the District at August 31, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
<u>Deposits</u>		
Cash - demand deposits	\$ 13,217,397	7,160,402
Cash - certificates of deposit	6,700,000	7,519,000
Cash - petty cash on hand	4,765	4,150
Total deposits	<u>19,922,162</u>	<u>14,683,552</u>

Navarro College District

Notes to Financial Statements
(Continued)

(4) Deposits and Investments (continued)

	2009	2008
<u>Investments</u>		
U. S. government securities:		
Federal National Mortgage Association	\$ -	350,000
Total investments	-	350,000
Total deposits and investments	\$ 19,922,162	15,033,552

Deposits and investments of the Foundation at August 31, 2009 and 2008 consist of the following:

	2009	2008
<u>Deposits</u>		
Cash - demand deposits	\$ 389,658	211,546
Total deposits	389,658	211,546
<u>Investments</u>		
U. S. government securities	447,759	844,834
Corporate bonds	324,776	236,444
Marketable equity securities	892,575	171,568
Other investments	1,008,368	224,728
Total investments	2,673,478	1,477,574
Total deposits and investments	\$ 3,063,136	1,689,120

The weighted average maturity of investments (in years) of the District at August 31, 2008 consisted of the following:

U.S. government securities -	
Federal National Mortgage Association	.5 years

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

Navarro College District

Notes to Financial Statements
(Continued)

(4) Deposits and Investments (continued)

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. At August 31, 2008, the District's investment in Federal National Mortgage Association is rated AAA by Standard and Poor's.

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. As of August 31, 2009, the District does not have any investments. As of August 31, 2008, 100% of the District's investments are in the Federal National Mortgage Association.

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, 2009 and 2008 consisted of the following:

	2009	2008
Tuition and fees	\$ 2,932,544	2,860,718
Ad valorem property taxes	269,705	314,758
Federal and state grants	1,113,874	454,723
Interest	20,776	69,439
Auxiliary and other	202,234	128,348
	4,539,133	3,827,986
Less allowance for doubtful accounts	(1,101,516)	(1,106,866)
Accounts receivable, net	\$ 3,437,617	2,721,120

Navarro College District

Notes to Financial Statements
(Continued)

(6) Capital Assets

Capital asset activity for the District for the year ended August 31, 2009 was as follows:

	Balance September 1, 2008	Additions	Transfers and Retirements	Balance August 31, 2009
Capital assets, not being depreciated:				
Land	\$ 2,623,893	17,763	-	2,641,656
Collections	434,339	-	-	434,339
Construction in progress	230,457	-	(230,457)	-
	<u>3,288,689</u>	<u>17,763</u>	<u>(230,457)</u>	<u>3,075,995</u>
Capital assets, being depreciated:				
Buildings and building improvements	55,205,663	416,705	230,457	55,852,825
Other real estate improvements	4,146,537	660,060	-	4,806,597
Total buildings and other real estate improvements	59,352,200	1,076,765	230,457	60,659,422
Library books	1,200,934	81,295	-	1,282,229
Furniture and equipment	3,967,711	446,304	(12,839)	4,401,176
	<u>64,520,845</u>	<u>1,604,364</u>	<u>217,618</u>	<u>66,342,827</u>
Less accumulated depreciation:				
Buildings and building improvements	(11,410,344)	(991,753)	-	(12,402,097)
Other real estate improvements	(1,732,170)	(158,937)	-	(1,891,107)
Total buildings and other real estate improvements	(13,142,514)	(1,150,690)	-	(14,293,204)
Library books	(770,495)	(52,097)	-	(822,592)
Furniture and equipment	(2,315,529)	(336,460)	12,839	(2,639,150)
	<u>(16,228,538)</u>	<u>(1,539,247)</u>	<u>12,839</u>	<u>(17,754,946)</u>
	<u>48,292,307</u>	<u>65,117</u>	<u>230,457</u>	<u>48,587,881</u>
	<u>\$ 51,580,996</u>	<u>82,880</u>	<u>-</u>	<u>51,663,876</u>

Navarro College District

Notes to Financial Statements
(Continued)

(6) Capital Assets (continued)

Capital asset activity for the year ended August 31, 2008 was as follows:

	<u>Balance September 1, 2007</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>Balance August 31, 2008</u>
Capital assets, not being depreciated:				
Land	\$ 2,613,893	10,000	-	2,623,893
Collections	434,339	-	-	434,339
Construction in progress	5,305,504	902,504	(5,977,551)	230,457
	<u>8,353,736</u>	<u>912,504</u>	<u>(5,977,551)</u>	<u>3,288,689</u>
Capital assets, being depreciated:				
Buildings and building improvements	49,183,990	44,122	5,977,551	55,205,663
Other real estate improvements	3,817,470	329,067	-	4,146,537
Total buildings and other real estate improvements	53,001,460	373,189	5,977,551	59,352,200
Library books	1,126,290	74,644	-	1,200,934
Furniture and equipment	3,844,106	135,919	(12,314)	3,967,711
	<u>57,971,856</u>	<u>583,752</u>	<u>5,965,237</u>	<u>64,520,845</u>
Less accumulated depreciation:				
Buildings and building improvements	(10,462,550)	(947,794)	-	(11,410,344)
Other real estate improvements	(1,596,101)	(136,069)	-	(1,732,170)
Total buildings and other real estate improvements	(12,058,651)	(1,083,863)	-	(13,142,514)
Library books	(718,546)	(51,949)	-	(770,495)
Furniture and equipment	(1,986,055)	(339,635)	10,161	(2,315,529)
	<u>(14,763,252)</u>	<u>(1,475,447)</u>	<u>10,161</u>	<u>(16,228,538)</u>
	<u>43,208,604</u>	<u>(891,695)</u>	<u>5,975,398</u>	<u>48,292,307</u>
	<u>\$ 51,562,340</u>	<u>20,809</u>	<u>(2,153)</u>	<u>51,580,996</u>

Navarro College District

Notes to Financial Statements
(Continued)

(6) Capital Assets (continued)

Capital asset activity for the Foundation for the year ended August 31, 2009 was as follows:

	<u>Balance September 1, 2008</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>Balance August 31, 2009</u>
Capital assets, not being depreciated:				
Collections	\$ 8,384,053	6,175	-	8,390,228
	<u>8,384,053</u>	<u>6,175</u>	<u>-</u>	<u>8,390,228</u>
Capital assets, being depreciated:				
Furniture and equipment	25,733	-	-	25,733
	<u>25,733</u>	<u>-</u>	<u>-</u>	<u>25,733</u>
Less accumulated depreciation:				
Furniture and equipment	(4,921)	(3,819)	-	(8,740)
	<u>(4,921)</u>	<u>(3,819)</u>	<u>-</u>	<u>(8,740)</u>
	<u>20,812</u>	<u>(3,819)</u>	<u>-</u>	<u>16,993</u>
	<u>\$ 8,404,865</u>	<u>2,356</u>	<u>-</u>	<u>8,407,221</u>

Capital asset activity for the Foundation for the year ended August 31, 2008 was as follows:

	<u>Balance September 1, 2007</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>Balance August 31, 2008</u>
Capital assets, not being depreciated:				
Collections	\$ 8,026,900	357,153	-	8,384,053
	<u>8,026,900</u>	<u>357,153</u>	<u>-</u>	<u>8,384,053</u>
Capital assets, being depreciated:				
Furniture and equipment	24,533	1,200	-	25,733
	<u>24,533</u>	<u>1,200</u>	<u>-</u>	<u>25,733</u>

Navarro College District

Notes to Financial Statements
(Continued)

(6) Capital Assets (continued)

	Balance September 1, 2007	Additions	Transfers and Retirements	Balance August 31, 2008
Less accumulated depreciation:				
Furniture and equipment	\$ (1,188)	(3,733)	-	(4,921)
	(1,188)	(3,733)	-	(4,921)
	23,345	(2,533)	-	20,812
	\$ 8,050,245	354,620	-	8,404,865

(7) Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2009 was as follows:

	Balance September 1, 2008	Additions	Reductions	Balance August 31, 2009	Due Within One Year
Bonds and notes payable:					
Revenue bonds	\$ 25,775,000	4,075,000	870,000	28,980,000	1,055,000
Deferred amounts:					
On refunding	107,413	-	53,708	53,705	-
Notes payable	97,994	-	60,692	37,302	37,302
Total bonds and notes payable	25,980,407	4,075,000	984,400	29,071,007	1,092,302
Capital lease	4,321,116	-	120,000	4,201,116	125,000
Other liabilities:					
Compensated absences	1,614,030	283,094	185,566	1,711,558	12,793
Claims and judgments	89,729	23,341	51,250	61,820	15,455
	\$ 32,005,282	4,381,435	1,341,216	35,045,501	1,245,550

Navarro College District

Notes to Financial Statements
(Continued)

(7) Long-Term Liabilities (continued)

Long-term liability activity for the year ended August 31, 2008 was as follows:

	Balance September 1, 2007	Additions	Reductions	Balance August 31, 2008	Due Within One Year
Bonds and notes payable:					
Revenue bonds	\$ 26,620,000	-	845,000	25,775,000	870,000
Deferred amounts:					
On refunding	161,121	-	53,708	107,413	-
Notes payable	154,547	-	56,553	97,994	56,553
Total bonds and notes payable	26,935,668	-	955,261	25,980,407	926,553
Capital lease	4,436,116	-	115,000	4,321,116	120,000
Other liabilities:					
Compensated absences	1,371,665	321,378	79,013	1,614,030	103,573
Claims and judgments	113,543	11,318	35,132	89,729	22,432
	<u>\$ 32,856,992</u>	<u>332,696</u>	<u>1,184,406</u>	<u>32,005,282</u>	<u>1,172,558</u>

Revenue bonds at August 31, 2009 and 2008, which were all issued to provide funds for the acquisition and construction of major capital facilities, are comprised of the following individual issues:

	2009	2008
\$20,715,000 series 2003 revenue and refunding bonds, due in annual installments of \$225,000 to \$1,450,000 through May 2028; interest at 2% to 5.375%	\$ 18,415,000	19,025,000
\$3,550,000 series 2006 revenue bonds due in annual installments of \$95,000 to \$245,000 through May 2027; interest at 3.7%	3,190,000	3,325,000
\$3,550,000 series 2007 revenue bonds due in annual installments of \$120,000 to \$250,000 through May 2027; interest at 4.08%	3,300,000	3,425,000

Navarro College District

Notes to Financial Statements
(Continued)

(7) Long-Term Liabilities (continued)

	2009	2008
\$4,075,000 series 2009 revenue bonds due in annual installments of \$135,000 to \$300,000 through May 2029; interest at 4.56%	\$ 4,075,000	-
	\$ 28,980,000	25,775,000

Note payable for the purchase of land at August 31, 2009 and 2008 is comprised of the following:

	2009	2008
\$600,000 note payable to a bank due in monthly installments of \$5,233 through April 2011; interest at two-thirds of the bank's base rate plus 0.5% (2.4997% at August 31, 2009); secured by land	\$ 37,302	97,994

Debt service requirements to amortize revenue bonds payable and notes payable as of August 31, 2009, are as follows:

For the Year Ended August 31,	Revenue Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2010	\$ 1,055,000	1,300,227	37,302	886	2,393,415
2011	1,065,000	1,294,649	-	-	2,359,649
2012	1,105,000	1,251,620	-	-	2,356,620
2013	1,150,000	1,206,974	-	-	2,356,974
2014	1,195,000	1,160,511	-	-	2,355,511
2015-2019	6,810,000	4,951,183	-	-	11,761,183
2020-2024	8,625,000	3,158,352	-	-	11,783,352
2025-2028	7,975,000	971,148	-	-	8,946,148
	\$ 28,980,000	15,294,664	37,302	886	44,312,852

Navarro College District

Notes to Financial Statements
(Continued)

(7) Long-Term Liabilities (continued)

The District has pledged certain future tuition and fees to repay \$29.0 million in revenue bonds issued from 2003 to 2009. 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 20% of the pledged tuition and fees. The total principal and interest remaining to be paid on the bonds is \$44.3 million. Principal and interest paid for the current year and total of pledged tuition and fees were \$2 million and \$10.9 million, respectively.

(8) 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, 2009 consisted of the following:

Building	\$ 4,651,416
Less: accumulated amortization	<u>(306,375)</u>
	<u>\$ 4,345,041</u>

The future minimum lease obligations and the net present value of future minimum lease payments as of August 31, 2009 are as follows:

Fiscal Year	
2010	\$ 316,375
2011	320,125
2012	318,375
2013	321,375
2014	318,875
2015-2019	1,613,430
2020-2024	1,675,150
2025-2029	<u>1,630,296</u>
Total minimum least payments	6,514,001
Less amounts representing interest (at rates ranging from 4% to 5%)	<u>2,312,885</u>
Present value of minimum capital lease payments	<u>\$ 4,201,116</u>

Navarro College District

Notes to Financial Statements (Continued)

(9) 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 transfer 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 by the Texas state legislature. The state funding policy is as follows: (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; (2) a state statute prohibits benefit improvements or contribution reductions 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. State law provides for a member contribution rate of 6.4% for fiscal years 2009, 2008, and 2007, and a state contribution rate of 6.58% for fiscal years 2009 and 2008 and 6.0% for fiscal year 2007. In certain circumstances, the District is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ended August 31, 2009, 2008, and 2007 were \$598,673, \$524,264, and \$451,531, respectively, and are reported as revenues and expenses in the accompanying financial statements.

The State has also established an optional defined contribution retirement program for institutions of higher education. Participation in the optional retirement program 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 6.58% and 6.65%, respectively. The District supplements an additional 1.92%. The contributions for the years ended August 31, 2009, 2008, and 2007 were \$572,706, \$593,331, and \$537,014, which consisted of \$253,577, \$265,575, and \$215,994 from the State; \$267,909, \$277,889, and \$255,562 from the employees; \$43,643, \$43,079, and \$52,622 from the

Navarro College District

Notes to Financial Statements (Continued)

(9) Employees' Retirement Plan (continued)

District; and \$7,577, \$6,788, and \$12,836 from federal grants. Contributions made by the State on behalf of the District are reported as revenues and expenses in the accompanying financial statements. Since these are individual annuity contracts, the State and the College have no additional or unfunded liability for this program.

The total payroll for all College employees was \$19,780,253 and \$18,189,099 for the years ended August 31, 2009 and 2008, respectively. The total payroll of employees covered by TRS was \$11,389,095 and \$9,992,276, and the total payroll of employees covered by the optional retirement program was \$4,028,698 and \$4,178,767 for the years ended August 31, 2009 and 2008, respectively.

(10) Compensated Absences

Full-time employees earn vacation at 6.67 hours per month. The District's policy is that any employee may carry accrued vacation forward from one fiscal year to another fiscal year with a maximum number of paid hours upon termination of 160. The District recognized an accrued liability for the unpaid vacation of \$398,699 and \$372,880 at August 31, 2009 and 2008, respectively. Sick leave, which can be accumulated up to 480 hours, is earned at the rate of 8 hours per month. Unused sick leave will be compensated at termination of employment based upon the following years of service to the District:

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

The District recognized an accrued liability for the unpaid sick leave of \$1,312,859 and \$1,241,150 at August 31, 2009 and 2008, respectively.

(11) 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

Navarro College District

Notes to Financial Statements
(Continued)

(11) Risk Management (continued)

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:

	2009	2008	2007
Unpaid claims, beginning of year	\$ 89,729	113,543	140,304
Incurred claims (including IBNR) and changes to prior year estimates	23,341	11,318	5,422
Claim payments	(51,250)	(35,132)	(32,183)
Unpaid claims, end of year	\$ 61,820	89,729	113,543

(12) Post-Retirement Health Care and Life Insurance Benefits

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

Funding Policy. Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees determined on a pay-as-you-go basis. The District's contributions for retirees to SRHP for the years ended August 31, 2009, 2008, and 2007 were \$368,025, \$361,719, and \$360,343, respectively, which equaled the required contributions each year.

Navarro College District

Notes to Financial Statements
(Continued)

(13) Voluntary Contributory Pension Plan

The District has a contributory, defined contribution, money-purchase pension plan which is administered by the trust departments at two local banks. 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 \$840,804 and \$773,980 in 2009 and 2008, respectively. Participant contributions were \$525,502 and \$483,739 in 2009 and 2008, respectively.

(14) Ad Valorem Property Taxes

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

	2009	2008
Assessed valuation of the District	\$ 2,570,555,700	2,386,173,918
Less: Abatements	85,020,050	110,221,055
Less: Exemptions	59,118,950	57,593,710
Net assessed valuation of the District	\$ 2,426,416,700	2,218,359,153

Tax rates authorized and assessed during fiscal year 2009 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 2008 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	0.120000	0.000000	0.120000

Navarro College District
Notes to Financial Statements
(Continued)

(14) Ad Valorem Property Taxes (continued)

Taxes levied for the year ended August 31, 2009 are \$2,887,438. 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, 2009 are as follows:

	Current Operations	Debt Service	Total
Current taxes collected	\$ 2,770,640	-	2,770,640
Delinquent taxes collected	68,817	-	68,817
Penalties and interest collected	49,138	-	49,138
Total collections	\$ 2,888,595	-	2,888,595

Taxes levied for the year ended August 31, 2008 are \$2,661,925. 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, 2008 are as follows:

	Current Operations	Debt Service	Total
Current taxes collected	\$ 2,568,362	-	2,568,362
Delinquent taxes collected	79,274	-	79,274
Penalties and interest collected	56,503	-	56,503
Total collections	\$ 2,704,139	-	2,704,139

Tax collections for the years ended August 31, 2009 and 2008 were 96% and 97%, respectively, of the current tax levy. An allowance for uncollectible taxes is based upon the historical experience in collecting property taxes.

(15) Budgets

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

Navarro College District

Notes to Financial Statements (Continued)

(16) Income Taxes

The District is exempt from income taxes under Internal Revenue Code Section 115, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B). The District had no unrelated business income tax liability for 2009 or 2008.

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

(17) Contingencies

In connection with the District's opening of the Midlothian campus, the State of Texas authorized and awarded a supplemental new campus appropriation of approximately \$2.7 million during 2006 and 2007. This appropriation included a minimum contact hour contingency requirement. During 2008, an investigation was initiated because the number of contact hours the District reported to the Texas Higher Education Coordinating Board for the Midlothian campus included some distance learning classes which, allegedly, should have been reported by the main campus. In July 2009, the District was awarded and received an additional new campus appropriation of \$1,500,000 from the State of Texas. In August 2009, the District refunded \$1,500,000 of the original supplemental new campus appropriation to the State of Texas to settle the contact hour allegations. The refunded amount has been reported in the accompanying 2009 statement of activity as a decrease to state appropriations.

Also, 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.

(18) Grants and Contracts

Contract and grant revenues are recognized in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets. For contract and grant awards, funds expended but not collected are reported as accounts receivable in the accompanying Statements of Net Assets. 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.

(19) Business Concentrations

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

Navarro College District

Notes to Financial Statements (Continued)

(20) Transactions with Component Unit

The District received contributions from the Foundation for the years ended August 31, 2009 and 2008 in the amount of \$81,244 and \$52,991, respectively.

(21) Authoritative Pronouncements Not Yet Adopted

In September 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The District has not yet determined the effects of Statement No. 51.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The District has not yet determined the effects of Statement No. 53.

(22) Subsequent Events

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. The Corporation for Economic Development of Midlothian agreed to make an economic development 20-year forgivable loan to the District in order to construct a 25,000 sq. ft. classroom/workforce training facility adjacent to the existing building located on the Midlothian Navarro College Campus site. The District has yet to receive any funding relating to this loan.



Supplemental Information



Navarro College District

Schedule of Operating Revenues (Schedule A)

Year Ended August 31, 2009
(With Totals for the Year Ended August 31, 2008)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Total	
					2009	2008
Tuition and fees:						
State funded credit courses:						
In-district resident tuition	\$ 1,185,930	-	1,185,930	-	1,185,930	1,084,338
Out-of-district resident tuition	4,324,382	-	4,324,382	-	4,324,382	3,749,222
Non-resident tuition	562,115	-	562,115	-	562,115	504,267
TPEG - credit (set aside)	341,028	-	341,028	-	341,028	297,766
State funded continuing education	227,987	-	227,987	-	227,987	284,588
TPEG - non-credit (set aside)	13,679	-	13,679	-	13,679	16,676
Non-state funded educational programs	6,600	-	6,600	-	6,600	9,862
Total tuition	6,661,721	-	6,661,721	-	6,661,721	5,946,719
Fees:						
Building use fees	3,080,219	-	3,080,219	-	3,080,219	2,775,032
Student services fees	625,665	-	625,665	-	625,665	493,206
Laboratory fees	338,364	-	338,364	-	338,364	284,477
Out-of-district fees	4,129,212	-	4,129,212	-	4,129,212	3,456,736
Other fees	187,782	-	187,782	-	187,782	163,685
Total fees	8,361,242	-	8,361,242	-	8,361,242	7,173,136
Scholarship allowances and discounts:						
Title IV federal grants	(8,350,052)	-	(8,350,052)	-	(8,350,052)	(6,740,192)
TPEG awards	(308,972)	-	(308,972)	-	(308,972)	(254,082)
Total scholarship allowances	(8,659,024)	-	(8,659,024)	-	(8,659,024)	(6,994,274)
Total net tuition and fees	6,363,939	-	6,363,939	-	6,363,939	6,125,581
Additional operating revenues:						
Sales and services of educational activities	362,637	-	362,637	-	362,637	358,946
General operating revenues	119,684	-	119,684	-	119,684	98,376
Total additional operating revenues	482,321	-	482,321	-	482,321	457,322
Auxiliary enterprises:						
Bookstore	-	-	-	5,205,602	5,205,602	4,303,725
less discounts	-	-	-	(1,943,384)	(1,943,384)	(1,569,756)
Dining services	-	-	-	2,061,962	2,061,962	1,875,472
less discounts	-	-	-	(883,356)	(883,356)	(713,526)
Housing	-	-	-	1,674,576	1,674,576	1,488,434
less discounts	-	-	-	(706,685)	(706,685)	(570,820)
Athletic sales and student programs	-	-	-	20,101	20,101	87,347
Gift shop	-	-	-	35,465	35,465	40,364
Other auxiliary enterprises	-	-	-	60,988	60,988	16,924
Total net auxiliary enterprises	-	-	-	5,525,269	5,525,269	4,958,164
Total operating revenues	\$ 6,846,260	-	6,846,260	5,525,269	12,371,529	11,541,067

In accordance with Education Code 56.033, \$354,707 and \$314,442 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2009 and 2008, respectively.

See accompanying independent auditors' report.

Navarro College District

Schedule of Operating Expenses by Object
(Schedule B)

Year Ended August 31, 2009
(With Totals for the Year Ended August 31, 2008)

	Operating Expenses				Total	
	Salaries and Wages	Benefits		Other Expenses	2009	2008
		State	Local			
Unrestricted - educational activities:						
Instruction	\$ 10,603,186	-	1,273,231	985,976	12,862,393	12,167,398
Public service	20,425	-	2,453	5,719	28,597	22,940
Academic support	2,070,881	-	248,671	445,803	2,765,355	2,533,140
Student services	1,601,723	-	192,335	689,336	2,483,394	2,136,801
Institutional support	2,287,435	-	274,675	1,529,524	4,091,634	3,913,633
Operation and maintenance of plant	605,505	-	72,709	2,667,170	3,345,384	3,646,365
Total unrestricted educational activities	<u>17,189,155</u>	<u>-</u>	<u>2,064,074</u>	<u>6,323,528</u>	<u>25,576,757</u>	<u>24,420,277</u>
Restricted - educational activities:						
Instruction	650,906	1,433,063	121,989	992,735	3,198,693	2,787,627
Public service	97,540	2,760	19,492	24,954	144,746	134,548
Academic support	-	279,888	-	-	279,888	267,330
Student services	226,624	216,479	51,374	80,757	575,234	557,136
Institutional support	-	309,156	-	-	309,156	313,470
Operation and maintenance of plant	-	81,836	-	-	81,836	86,019
Scholarships and fellowships	-	-	-	1,486,170	1,486,170	1,493,871
Total restricted educational activities	<u>975,070</u>	<u>2,323,182</u>	<u>192,855</u>	<u>2,584,616</u>	<u>6,075,723</u>	<u>5,640,001</u>
Total educational activities	<u>18,164,225</u>	<u>2,323,182</u>	<u>2,256,929</u>	<u>8,908,144</u>	<u>31,652,480</u>	<u>30,060,278</u>
Auxiliary enterprises	<u>1,481,728</u>	<u>-</u>	<u>303,074</u>	<u>7,467,329</u>	<u>9,252,131</u>	<u>8,585,730</u>
Depreciation expense:						
Buildings and other improvements	-	-	-	1,150,690	1,150,690	1,082,680
Equipment and furniture	-	-	-	336,460	336,460	340,821
Library books	-	-	-	52,097	52,097	51,949
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,539,247</u>	<u>1,539,247</u>	<u>1,475,450</u>
Total operating expenses	<u>\$ 19,645,953</u>	<u>2,323,182</u>	<u>2,560,003</u>	<u>17,914,720</u>	<u>42,443,858</u>	<u>40,121,458</u>

See accompanying independent auditors' report.

Navarro College District

Schedule of Nonoperating Revenues and Expenses
(Schedule C)

Year Ended August 31, 2009
(With Totals for the Year Ended August 31, 2008)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total</u>	
				2009	2008
Nonoperating revenues:					
State appropriations:					
Education and general state support	\$ 12,465,236	-	-	12,465,236	12,124,663
State group insurance	-	1,470,933	-	1,470,933	1,528,722
State retirement matching	-	852,250	-	852,250	789,839
	<u>12,465,236</u>	<u>2,323,183</u>	<u>-</u>	<u>14,788,419</u>	<u>14,443,224</u>
Maintenance ad valorem taxes	2,868,682	-	-	2,868,682	2,686,447
Federal grants and contracts	-	13,816,025	-	13,816,025	10,894,527
State grants and contracts	-	1,097,098	-	1,097,098	1,026,892
Local grants and contracts	-	261,910	-	261,910	297,581
Investment income	143,152	103,729	32,471	279,352	456,823
Gifts	-	699,769	-	699,769	793,110
Other nonoperating revenues	-	-	-	-	38,049
	<u>15,477,070</u>	<u>18,301,714</u>	<u>32,471</u>	<u>33,811,255</u>	<u>30,636,653</u>
Nonoperating expenses:					
Interest on capital related debt	1,359,280	-	-	1,359,280	1,378,430
Loss on disposition of capital asset	-	-	-	-	2,153
	<u>1,359,280</u>	<u>-</u>	<u>-</u>	<u>1,359,280</u>	<u>1,380,583</u>
Net nonoperating revenues	\$ <u>14,117,790</u>	<u>18,301,714</u>	<u>32,471</u>	<u>32,451,975</u>	<u>29,256,070</u>

See accompanying independent auditors' report.

Navarro College District

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

Year Ended August 31, 2009

	Detail by Source				Available for Current Operation	
	Unrestricted	Restricted - Expendable	Invested in Capital Assets, Net of Related Debt	Total	Yes	No
Current:						
Unrestricted	\$ 3,923,861	-	-	3,923,861	3,923,861	-
Auxiliary	2,660,325	-	-	2,660,325	2,660,325	-
Scholarships and fellowships	-	2,940,621	-	2,940,621	-	2,940,621
Plant:						
Debt service	-	229,834	-	229,834	-	229,834
Investment in plant	206,780	-	22,732,156	22,938,936	-	22,938,936
 Total net assets, August 31, 2009	 6,790,966	 3,170,455	 22,732,156	 32,693,577	 6,584,186	 26,109,391
 Total net assets, August 31, 2008	 5,412,801	 3,371,239	 21,529,891	 30,313,931	 4,943,626	 25,370,305
 Net increase (decrease) in net assets	 \$ 1,378,165	 (200,784)	 1,202,265	 2,379,646	 1,640,560	 739,086

See accompanying independent auditors' report.

Navarro College District

Schedule of Expenditures of Federal Awards (Schedule E)

Year Ended August 31, 2009

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor Number	Indirect Costs, Pass Through Disbursements and Expenditures
<u>U.S. Department of Education:</u>			
Direct Programs:			
Student Financial Aid - Cluster			
Federal Supplemental Education Opportunity Grant Program	84.007		\$ 141,641
Federal Work Study Program	84.033		269,264
Federal Pell Grant Program	84.063		10,737,764
Academic Competiveness Grant	84.375A		301,600
Teacher Education Assistance for College and Higher Education	84.379		4,000
Total Student Financial Aid Cluster			<u>11,454,269</u>
TRIO - Student Support Services	84.042A		358,747
Total Direct Programs			<u>11,813,016</u>
Pass Through From:			
Texas Education Agency:			
Adult Basic Education	84.002A	094100017110266	<u>244,630</u>
Texas Higher Education Coordinating Board:			
Vocational Education - Carl Perkins	84.048	84231	513,286
Leverage Education Assistance Program	84.069A	39729729721	11,214
Special Leveraging Educational Assistance Program	84.069B	39729729721	<u>14,425</u>
Dallas County Community College District:			
Vocational Education - Technical Preparation	84.243	0942120771200001	<u>148,072</u>
Stephen F. Austin University:			
Fund for Improvement of Postsecondary Education	84.116	P116B060283	<u>2,982</u>
Total U. S. Department of Education			<u>12,747,625</u>
<u>U. S. Department of Labor</u>			
Community Based Job Training Grant	17.269		<u>996,577</u>
Total U.S. Department of Labor			<u>996,577</u>
<u>U. S. Small Business Administration</u>			
Pass Through From Dallas County Community College District:			
Small Business Development	59.037	10-803001-Z-0076-24	<u>58,786</u>
Total U. S. Small Business Administration			<u>58,786</u>
<u>U. S. Department of Health and Human Services</u>			
Pass Through From Texas Education Agency:			
Temporary Assistance for Needy Families	93.558	093625017110250	<u>47,665</u>
Total U.S. Department of Health and Human Services			<u>47,665</u>
Total Federal Awards			<u>\$ 13,850,653</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, 2009

(1) Federal Revenue Reconciliation

Federal revenues for the year ended August 31, 2009 are reported in the basic financial statements as follows:

Federal grants and contracts per Exhibit 2	\$ 13,816,025
Less: Veterans Administration processing fees	(1,531)
Add: Student Financial Aid Cluster refunds from prior year	<u>36,159</u>
Total per Schedule of Expenditures of Federal Awards	\$ <u><u>13,850,653</u></u>

(2) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Navarro College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(3) Student Loans Processed and Administrative Costs Recovered

	<u>New Loans Processed</u>	<u>Administrative Cost Recovered</u>	<u>Total loans Processed and Administrative Cost Recovered</u>
U. S. Department of Education 84.032 Federal Family Education Loans	\$ <u>20,375,379</u>	<u>-</u>	<u>20,375,379</u>

(4) Subrecipients

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the District provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Based Job Training	17.269	\$ <u>382,447</u>



Navarro College District

Schedule of Expenditures of State Awards
(Schedule F)

Year Ended August 31, 2009

Grantor Agency/Program Title	Grant Contract Number	Indirect Costs and Expenditures
Texas Higher Education Coordinating Board		
State Work Study		\$ 35,606
Texas Grant Program		553,613
Texas Educational Opportunity Grant Program		121,100
Texas Tomorrow Fund		59,173
Certified Education Aide		75,921
P-16 College Readiness Special Advisors Program		4,210
Nursing Shortage Grant Program		67,220
Total Texas Higher Education Coordinating Board		<u>916,843</u>
Texas Education Agency		
State Adult Education	090100017110266	49,208
Total Texas Education Agency		<u>49,208</u>
Texas Department of State Health Services		
EMS Grant	2009-030371	13,438
Total Texas Department of State Health Services		<u>13,438</u>
Texas Workforce Commission		
Skills Development - Ellis County Consortium	0407SDF003	16,998
Total Texas Workforce Commission		<u>16,998</u>
Small Business Development Center		<u>56,769</u>
Early High School Graduate		<u>39,058</u>
Total State Awards		<u>\$ 1,092,314</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, 2009

(1) State Revenue Reconciliation

State revenues for the year ended August 31, 2009 are reported in the basic financial statements as follows:

State grants and contracts per Exhibit 2	\$ 1,097,098
Receipt of funding prior to awarding of scholarship	<u>(4,784)</u>
Total per Schedule of Expenditures of State Awards	<u>\$ 1,092,314</u>

(2) Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state grant activity of Navarro College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Uniform Grant Management Standards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



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

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 Assets by Component
Fiscal Years 2002 to 2009
(Unaudited)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Invested in capital assets, net of related debt	\$ 22,732,156	21,529,891	20,425,989
Restricted	3,170,455	3,371,239	3,344,836
Unrestricted	<u>6,790,966</u>	<u>5,412,801</u>	<u>5,867,427</u>
Total net assets	\$ <u><u>32,693,577</u></u>	<u><u>30,313,931</u></u>	<u><u>29,638,252</u></u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002 - 2009 are available.

Note: Fiscal year 2005 was restated to properly report depreciation and investment in capital assets, net of related debt.

For the Fiscal Year Ended August 31,

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
21,532,452	21,173,689	20,707,351	15,590,718	15,094,013
3,270,450	3,282,817	3,194,512	3,020,182	3,758,768
<u>4,394,142</u>	<u>4,036,085</u>	<u>4,520,280</u>	<u>3,580,224</u>	<u>2,179,430</u>
<u><u>29,197,044</u></u>	<u><u>28,492,591</u></u>	<u><u>28,422,143</u></u>	<u><u>22,191,124</u></u>	<u><u>21,032,211</u></u>

Navarro College District

Revenues by Source
Fiscal Years 2002 to 2009
(Unaudited)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tuition and fees (net of discounts)	\$ 6,363,939	6,125,581	5,361,391
Sales and services of educational activities	362,637	358,946	323,871
Auxiliary enterprises (net of discounts)	5,525,269	4,958,164	4,614,339
Other operating revenues	<u>119,684</u>	<u>98,376</u>	<u>177,827</u>
Total operating revenues	<u>12,371,529</u>	<u>11,541,067</u>	<u>10,477,428</u>
State appropriations	14,788,419	14,443,224	13,776,780
Ad valorem taxes for maintenance and operations	2,868,682	2,686,447	2,699,632
Federal grants and contracts	13,816,025	10,894,527	9,431,603
State grants and contracts	1,097,098	1,026,892	938,010
Local grants and contracts	261,910	297,581	128,462
Investment income	279,352	456,823	620,102
Gifts	699,769	793,110	607,580
Other non-operating revenues	-	38,049	8,350
Gain on sale of capital assets	-	-	-
Total non-operating revenues	<u>33,811,255</u>	<u>30,636,653</u>	<u>28,210,519</u>
Total revenues	<u>\$ 46,182,784</u>	<u>42,177,720</u>	<u>38,687,947</u>
Tuition and fees (net of discounts)	13.78%	14.52%	13.86%
Sales and services of educational activities	0.79%	0.85%	0.84%
Auxiliary enterprises (net of discounts)	11.96%	11.76%	11.93%
Other operating revenues	<u>0.26%</u>	<u>0.23%</u>	<u>0.46%</u>
Total operating revenues	<u>26.79%</u>	<u>27.36%</u>	<u>27.08%</u>
State appropriations	32.02%	34.24%	35.61%
Ad valorem taxes for maintenance and operations	6.21%	6.37%	6.98%
Federal grants and contracts	29.92%	25.83%	24.38%
State grants and contracts	2.38%	2.43%	2.42%
Local grants and contracts	0.57%	0.71%	0.33%
Investment income	0.60%	1.08%	1.60%
Gifts	1.52%	1.88%	1.57%
Other non-operating revenues	0.00%	0.09%	0.02%
Gain on sale of capital assets	0.00%	0.00%	0.00%
Total non-operating revenues	<u>73.21%</u>	<u>72.64%</u>	<u>72.92%</u>
Total non-operating revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available

For the Fiscal Year Ended August 31,

2006	2005	2004	2003	2002
5,522,555	5,462,894	4,084,042	3,125,956	3,130,078
302,157	309,673	259,937	99,911	114,661
4,088,933	3,402,443	2,784,283	2,670,875	3,246,371
226,393	159,978	185,027	218,294	191,774
<u>10,140,038</u>	<u>9,334,988</u>	<u>7,313,289</u>	<u>6,115,036</u>	<u>6,682,884</u>
13,991,286	10,487,726	10,153,252	9,900,296	10,901,088
2,483,723	2,302,370	2,295,887	2,077,465	2,013,756
9,887,235	9,712,239	9,200,485	8,539,636	4,610,125
638,876	578,687	123,677	756,683	300,815
105,942	114,415	120,458	178,689	149,144
481,994	382,527	376,719	412,460	257,614
608,458	560,903	5,132,837	55,615	356,890
56,748	87,152	-	-	-
484,375	-	132,566	-	-
<u>28,738,637</u>	<u>24,226,019</u>	<u>27,535,881</u>	<u>21,920,844</u>	<u>18,589,432</u>
<u>38,878,675</u>	<u>33,561,007</u>	<u>34,849,170</u>	<u>28,035,880</u>	<u>25,272,316</u>
14.20%	16.28%	11.72%	11.15%	12.39%
0.78%	0.92%	0.75%	0.36%	0.45%
10.52%	10.14%	7.99%	9.53%	12.85%
0.58%	0.48%	0.53%	0.78%	0.76%
<u>26.08%</u>	<u>27.81%</u>	<u>20.99%</u>	<u>21.81%</u>	<u>26.44%</u>
35.99%	31.25%	29.13%	35.31%	43.13%
6.39%	6.86%	6.59%	7.41%	7.97%
25.43%	28.94%	26.40%	30.46%	18.24%
1.64%	1.72%	0.35%	2.70%	1.19%
0.27%	0.34%	0.35%	0.64%	0.59%
1.24%	1.14%	1.08%	1.47%	1.02%
1.57%	1.67%	14.73%	0.20%	1.41%
0.15%	0.26%	0.00%	0.00%	0.00%
1.25%	0.00%	0.38%	0.00%	0.00%
<u>73.92%</u>	<u>72.19%</u>	<u>79.01%</u>	<u>78.19%</u>	<u>73.56%</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 Assets Fiscal Years 2002 to 2009 (Unaudited)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction	\$ 16,061,086	14,955,025	13,753,775
Public service	173,343	157,488	125,816
Academic support	3,045,243	2,800,470	2,768,153
Student services	3,058,628	2,693,937	2,369,268
Institutional support	4,400,790	4,227,103	4,237,693
Operation and maintenance of plant	3,427,220	3,732,384	3,196,937
Scholarships and fellowships (net of discounts)	1,486,170	1,493,871	1,271,148
Auxiliary enterprises	9,252,131	8,585,730	7,912,581
Depreciation	<u>1,539,247</u>	<u>1,475,450</u>	<u>1,395,899</u>
Total operating expenses	<u>42,443,858</u>	<u>40,121,458</u>	<u>37,031,270</u>
Interest on capital related debt	<u>1,359,280</u>	<u>1,378,430</u>	<u>1,215,469</u>
Total non-operating expenses	<u>1,359,280</u>	<u>1,378,430</u>	<u>1,215,469</u>
Total expenses	<u>\$ 43,803,138</u>	<u>41,499,888</u>	<u>38,246,739</u>
Change in net assets	<u>\$ 2,379,646</u>	<u>675,679</u>	<u>441,208</u>
Instruction	36.67%	36.04%	35.96%
Public service	0.40%	0.38%	0.33%
Academic support	6.95%	6.75%	7.24%
Student services	6.98%	6.49%	6.19%
Institutional support	10.05%	10.19%	11.08%
Operation and maintenance of plant	7.82%	8.99%	8.36%
Scholarships and fellowships (net of discounts)	3.39%	3.60%	3.32%
Auxiliary enterprises	21.12%	20.69%	20.69%
Depreciation	<u>3.51%</u>	<u>3.56%</u>	<u>3.65%</u>
Total operating expenses	<u>96.90%</u>	<u>96.68%</u>	<u>96.82%</u>
Interest on capital related debt	<u>3.10%</u>	<u>3.32%</u>	<u>3.18%</u>
Total non-operating expenses	<u>3.10%</u>	<u>3.32%</u>	<u>3.18%</u>
Total expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

For the Fiscal Year Ended August 31,

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
13,296,066	12,500,569	11,621,720	11,673,577	9,631,145
135,365	123,866	19,341	16,109	113,734
3,101,135	2,255,733	1,754,738	1,784,211	2,437,694
2,294,807	1,636,654	1,532,696	1,621,629	1,694,395
3,990,424	3,161,359	2,870,416	2,473,797	2,494,828
3,250,343	2,453,004	2,234,986	2,013,947	2,054,046
2,309,532	2,325,806	564,981	592,402	1,057,714
7,324,740	6,851,913	6,125,073	5,454,594	3,556,582
1,283,753	1,091,485	755,684	666,374	599,763
<u>36,986,165</u>	<u>32,400,389</u>	<u>27,479,635</u>	<u>26,296,640</u>	<u>23,639,901</u>
1,188,057	1,035,709	1,138,516	572,173	382,556
<u>1,188,057</u>	<u>1,035,709</u>	<u>1,138,516</u>	<u>572,173</u>	<u>382,556</u>
<u>38,174,222</u>	<u>33,436,098</u>	<u>28,618,151</u>	<u>26,868,813</u>	<u>24,022,457</u>
<u>704,453</u>	<u>124,909</u>	<u>6,231,019</u>	<u>1,167,067</u>	<u>1,249,859</u>
34.83%	37.39%	40.61%	43.45%	40.09%
0.35%	0.37%	0.07%	0.06%	0.47%
8.12%	6.75%	6.13%	6.64%	10.15%
6.01%	4.89%	5.36%	6.04%	7.05%
10.45%	9.45%	10.03%	9.21%	10.39%
8.51%	7.34%	7.81%	7.50%	8.55%
6.05%	6.96%	1.97%	2.20%	4.40%
19.19%	20.49%	21.40%	20.30%	14.81%
3.36%	3.26%	2.64%	2.48%	2.50%
<u>96.89%</u>	<u>96.90%</u>	<u>96.02%</u>	<u>97.87%</u>	<u>98.41%</u>
3.11%	3.10%	3.98%	2.13%	1.59%
<u>3.11%</u>	<u>3.10%</u>	<u>3.98%</u>	<u>2.13%</u>	<u>1.59%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Navarro College District

Tuition and Fees
Last Ten Academic Years
(Unaudited)

Resident Students (1)

Fiscal Year (Fall)	Tuition		General Services Fee (2)	Matriculation Fee	Building Use Fee
	In-District	Out-of-District			
2009	\$ 372	744	-	11	204
2008	372	732	-	10	204
2007	372	696	-	10	204
2006	360	648	-	10	144
2005	336	588	-	10	132
2004	324	576	(3)	(3)	132
2003	264	504	42	10	120
2002	264	456	42	10	72
2001	264	408	42	10	72
2000	264	408	42	10	72

Vehicle Registration Fee	Total Cost		Increase from Prior Year		Semester Credit Hours
	In-District	Out-of-District	In-District	Out-of-District	
10	597	969	1.88%	1.36%	18,256
10	586	956	0.00%	5.05%	16,783
10	586	910	14.01%	13.47%	15,663
10	514	802	7.53%	9.86%	14,795
10	478	730	2.58%	1.67%	14,013
10	466	718	4.48%	4.66%	13,508
10	446	686	12.06%	16.27%	13,472
10	398	590	2.58%	10.90%	9,880
-	388	532	0.00%	0.00%	11,356
-	(3) 388	532	0.00%	4.72%	10,115

Navarro College District

Tuition and Fees
Last Ten Academic Years
(Continued)

Non-Resident Students (1)

Fiscal Year (Fall)	Tuition	Out-of-District Fee	General Services Fee (2)	Matriculation Fee	Building Use Fee
2009	\$ 811	360	-	11	204
2008	811	348	-	10	204
2007	809	324	-	10	204
2006	773	288	-	10	144
2005	677	252	-	10	132
2004	665	252	(3) -	(3) 10	132
2003	605	240	42	10	120
2002	570	192	42	10	72
2001	473	144	42	10	72
2000	473	144	42	10	72

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.
- (2) Includes athletic fee.
- (3) General Services Fee and Athletic Fee now included in Tuition.

<u>Vehicle Registration Fee</u>	<u>Total Cost</u>	<u>Increase from Prior Year</u>	<u>Semester Credit Hours</u>
10	1,396	0.94%	3,433
10	1,383	1.92%	3,233
10	1,357	10.78%	2,738
10	1,225	13.32%	3,785
10	1,081	1.12%	4,025
10	1,069	4.09%	4,325
10	1,027	14.62%	5,542
10	896	20.92%	6,243
-	741	0.00%	7,027
-	741	7.08%	6,065

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
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
2003		1,573,712,142	87,692,484	1,486,019,658
2002		1,519,200,552	87,810,123	1,431,390,429
2001		1,453,887,211	96,622,396	1,357,264,815
2000		1,301,111,555	55,443,963	1,245,667,592

Source: Navarro County Tax Assessor - Collector

Note: Property is assessed at full market value.
(a) per \$100 taxable assessed valuation

Ratio of Taxable Value to Assessed Value	Estimated Actual Value	Direct Rate		
		Maintenance and Operations	Debt Service	Total
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
94.43%	1,573,712,142	0.14050	-	0.14050
94.22%	1,519,200,552	0.14177	-	0.14177
93.35%	1,453,887,211	0.14177	-	0.14177
95.74%	1,301,111,555	0.12180	-	0.12180

Navarro College District

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Navarro College District	\$ 0.1190	0.1200	0.1350	0.1405
County:				
Navarro County	0.5828	0.5754	0.5973	0.6243
Cities:				
Barry	0.3237	0.3237	0.3279	0.3345
Blooming Grove	0.4653	0.4880	0.5000	0.4940
Corsicana	0.6272	0.6272	0.6272	0.6272
Dawson	0.3783	0.3783	0.4143	0.4516
Emhouse	0.3072	0.3332	0.3332	0.3341
Frost	0.5000	0.5000	0.5000	0.5000
Goodlow	0.0897	0.8970	0.1000	0.1000
Kerens	0.6433	0.6329	0.6584	0.6107
Rice	0.3700	0.3100	0.3200	0.3063
Richland	0.2056	0.2068	0.2009	0.2056
School Districts:				
Blooming Grove	1.1200	1.1231	1.4530	1.5830
Corsicana	1.2857	1.2850	1.5038	1.6746
Dawson	1.2900	1.2900	1.3700	1.5000
Frost	1.2850	1.1550	1.4600	1.5650
Kerens	1.1227	1.1000	1.3060	1.4000
Mildred	1.2838	1.2427	1.3027	1.4220
Rice	1.4200	1.1809	1.4882	1.5896

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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
0.1405	0.1405	0.1418	0.14180	0.12180	0.1218
0.6246	0.5860	0.5496	0.5496	0.5496	0.5496
0.3380	0.3380	0.3380	0.3401	0.3401	0.3401
0.4383	0.4365	0.4387	0.4300	0.4300	0.4300
0.5995	0.5995	0.5995	0.5995	0.5995	0.5995
0.4335	0.4334	0.4268	0.4218	0.4213	0.4080
0.3377	0.3377	0.3377	0.3377	0.3377	0.3228
0.4834	0.4983	0.4900	0.4900	0.5000	0.5202
0.1000	-	-	-	-	-
0.5500	0.5500	0.5500	0.5165	0.4999	0.4833
0.2675	0.2500	0.2294	0.2294	0.2172	0.2147
0.2082	0.2079	0.1964	0.2168	0.2301	0.2399
1.5781	1.5000	1.5000	1.5000	1.5500	1.5500
1.5208	1.4908	1.4908	1.4908	1.3499	1.5186
1.5000	1.5000	1.5000	1.5000	1.5000	1.4200
1.5300	1.4300	1.4300	1.4000	1.4000	1.4000
1.4000	1.4000	1.4000	1.3300	1.3300	1.3300
1.4220	1.4220	1.4220	1.4220	1.4220	1.4220
1.5720	1.5822	1.5696	1.5367	1.5188	1.5092

Navarro College District

Principal Taxpayers
Last Ten Tax Years
(Unaudited)

Taxpayer	Type of Business			
		2009	2008	2007
AP&P Mfg, Inc.	Manufacturer	\$ -	-	-
Burlington Northern Santa Fe	Railroad	-	-	-
Corsicana Technologies	Chemical Manufacturer	-	-	-
Corsicana Technologies, Inc.	Manufacturer	26,541,670	-	14,288,340
Energy Transfer Fuel LP	Electric Company	-	29,956,070	20,924,160
Equilon Pipeline Company	Oil Distribution	-	-	-
Guardian Industry	Glass Manufacturer	16,285,710	31,867,020	35,066,100
Guardian Industry - Abated	Glass Manufacturer	35,546,950	36,583,990	-
Home Depot	Retail Distribution	36,383,870	61,084,750	37,313,868
K-Mart Corporation	Retail Distribution	-	-	-
Kohl's Distribution	Retail Distribution	12,848,920	19,001,110	-
KRCV, Corp	Banking	-	-	-
Magellan Pipeline Co, LP	Pipeline Company	19,779,490	19,760,200	16,695,070
Mobil Pipeline	Oil Distribution	-	-	-
National Industrial Portfolio Borrower	Real Estate Investment	18,241,000	19,051,900	-
Navarro Pecan Company	Pecan Wholesaler	-	-	-
Navarro Regional Hospital	Hospital	-	-	-
Oncor Electric Delivery	Electric Utility	-	48,008,780	-
Pactiv-Foam	Foam Manufacturer	14,423,940	-	-
Pactiv-Foam - Abated	Foam Manufacturer	-	-	-
Russell Stover Candies - Abated	Candy Manufacturer	45,322,760	47,028,340	26,029,795
Shell Pipeline, Co.	Oil Distribution	-	-	-
Southwestern Bell Telephone	Telephone Company	-	-	-
Sunoco Pipeline LP	Pipeline Company	-	-	16,331,100
Swift Transportation	Transportation	-	-	-
Tenneco	Automotive	-	-	-
True Value Co. - Non-Abated	Retail Distribution	36,338,740	25,173,180	24,754,330
Tru-Serv Corporation - Abated	Retail Distribution	-	-	-
Tru-Serv Corporation - Non-Abated	Retail Distribution	-	-	-
TXI Operations LP	Manufacturer	-	-	13,809,390
TXU Electric	Electric Company	-	-	46,825,980
Union Pacific	Railroad	-	-	-
Williamhouse of Texas, LLC	Stationery Distribution	-	-	-
Totals		\$ 261,713,050	337,515,340	252,038,133
Net taxable assessed value		\$ 2,426,416,700	2,218,359,153	1,958,733,600

Taxable Assessed Value						
2006	2005	2004	2003	2002	2001	2000
-	-	-	-	-	11,359,000	-
-	-	-	-	7,980,950	-	-
-	-	11,406,370	6,115,150	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	8,596,160	-	-
30,321,450	27,881,140	47,066,430	30,638,830	47,135,040	31,228,970	36,193,760
18,249,660	19,030,070	-	-	-	10,322,940	-
-	-	-	-	-	-	-
-	-	52,168,950	57,350,490	51,898,560	56,932,860	73,198,220
11,238,160	-	-	-	-	-	-
-	-	-	-	-	-	7,485,050
-	-	-	-	-	-	-
-	-	-	-	8,735,700	10,602,840	7,828,110
-	-	-	-	-	-	-
-	-	11,683,940	6,118,700	-	-	-
-	-	15,792,250	7,342,500	-	-	-
-	42,837,170	-	-	42,574,490	-	-
14,431,380	14,076,830	30,638,830	11,796,340	12,344,980	-	-
7,491,480	6,655,720	-	-	-	-	-
27,311,080	25,355,140	21,916,170	8,499,420	33,779,360	80,562,770	28,758,370
-	-	11,796,340	6,268,350	-	-	-
11,558,680	-	-	-	12,431,050	12,476,880	12,437,990
-	-	-	-	-	-	-
-	13,458,916	-	-	-	-	-
-	-	-	-	-	-	20,473,290
-	-	-	-	-	-	-
-	10,565,510	-	-	-	11,418,440	11,379,500
22,615,740	22,179,070	42,863,960	21,916,170	33,537,390	24,865,540	13,811,850
-	-	-	-	-	-	-
45,837,720	-	-	-	-	31,225,230	29,486,290
13,088,980	13,393,540	-	-	-	-	-
-	-	12,188,290	6,511,390	-	-	-
<u>202,144,330</u>	<u>195,433,106</u>	<u>257,521,530</u>	<u>162,557,340</u>	<u>259,013,680</u>	<u>280,995,470</u>	<u>241,052,430</u>
<u>1,740,732,641</u>	<u>1,624,861,994</u>	<u>1,554,022,861</u>	<u>1,486,019,658</u>	<u>1,431,390,429</u>	<u>1,357,264,815</u>	<u>1,245,667,592</u>

Principal Taxpayers
Last Ten Tax Years
(Continued)

Taxpayer	Type of Business			
		2009	2008	2007
AP&P MFG, Inc	Manufacturer	-	-	-
Burlington Northern Santa Fe	Railroad	-	-	-
Corsicana Technologies	Chemical Manufacturer	-	-	-
Corsicana Technologies, Inc.	Manufacturer	1.09%	-	0.73%
Energy Transfer Fuel LP	Electric Company	-	1.35%	1.07%
Equilon Pipeline Company	Oil Distribution	-	-	-
Guardian Industry	Glass Manufacturer	0.67%	1.44%	1.79%
Guardian Industry - Abated	Glass Manufacturer	1.46%	1.65%	-
Home Depot	Retail Distribution	1.50%	2.75%	1.90%
K-Mart Corporation	Retail Distribution	-	-	-
Kohl's Distribution	Retail Distribution	0.53%	0.86%	-
KRCV, Corp	Banking	-	-	-
Magellan Pipeline Co, LP	Pipeline Company	0.82%	0.89%	0.85%
Mobil Pipeline	Oil Distribution	-	-	-
National Industrial Portfolio Borrower	Real Estate Investment	0.75%	0.86%	-
Navarro Pecan Company	Pecan Wholesaler	-	-	-
Navarro Regional Hospital	Hospital	-	-	-
Oncor Electric Delivery	Electric Utility	-	2.16%	-
Pactiv-Foam	Foam Manufacturer	0.59%	-	-
Pactiv-Foam - Abated	Foam Manufacturer	-	-	-
Russell Stover Candies - Abated	Candy Manufacturer	1.87%	2.12%	1.33%
Shell Pipeline, Co.	Oil Distribution	-	-	-
Southwestern Bell Telephone	Telephone Company	-	-	-
Sunoco Pipeline LP	Pipeline Company	-	-	0.83%
Swift Transportation	Transportation	-	-	-
Tenneco	Automotive	-	-	-
True Value Co. - Non-Abated	Retail Distribution	1.50%	1.13%	1.26%
Tru-Serv Corporation - Abated	Retail Distribution	-	-	-
Tru-Serv Corporation - Non-Abated	Retail Distribution	-	-	-
TXI Operations LP	Manufacturer	-	-	0.71%
TXU Electric	Electric Company	-	-	2.39%
Union Pacific	Railroad	-	-	-
Williamhouse of Texas, LLC	Stationery Distribution	-	-	-
		10.79%	15.21%	12.87%

Taxable Assessed Value

2006	2005	2004	2003	2002	2001	2000
-	-	-	-	-	0.84%	-
-	-	-	-	0.56%	-	-
-	-	0.73%	0.41%	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	0.60%	-	-
1.74%	1.72%	3.03%	2.06%	3.29%	2.30%	2.91%
1.05%	1.17%	-	-	-	0.76%	-
-	-	-	-	-	-	-
-	-	3.36%	3.86%	3.63%	4.19%	5.88%
0.65%	-	-	-	-	-	-
-	-	-	-	-	-	0.60%
-	-	-	-	-	-	-
-	-	-	-	0.61%	0.78%	0.63%
-	-	-	-	-	-	-
-	-	0.75%	0.41%	-	-	-
-	-	1.02%	0.49%	-	-	-
-	2.64%	-	-	2.97%	-	-
0.83%	0.87%	1.97%	0.79%	0.86%	-	-
0.43%	0.41%	-	-	-	-	-
1.57%	1.56%	1.41%	0.57%	2.36%	5.94%	2.31%
-	-	0.76%	0.42%	-	-	-
0.66%	-	-	-	0.87%	0.92%	1.00%
-	-	-	-	-	-	-
-	0.83%	-	-	-	-	-
-	-	-	-	-	-	1.64%
-	-	-	-	-	-	-
-	0.65%	-	-	-	0.84%	0.91%
1.30%	1.36%	2.76%	1.47%	2.34%	1.83%	1.11%
-	-	-	-	-	-	-
2.63%	-	-	-	-	2.30%	2.37%
0.75%	0.82%	-	-	-	-	-
-	-	0.78%	0.44%	-	-	-
<u>11.61%</u>	<u>12.03%</u>	<u>16.57%</u>	<u>10.94%</u>	<u>18.10%</u>	<u>20.70%</u>	<u>19.35%</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>
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
2003	2,087,767	(3,057)	2,084,710
2002	2,011,112	(1,984)	2,009,128
2001	1,924,185	(2,818)	1,921,367
2000	1,516,856	(2,265)	1,514,591

Source: Navarro County Tax Assessor-Collector (According to Navarro County Tax Assessor-Collector, only fiscal years 2000 - 2008 are available.)

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
2,770,640	96.29%	\$	-	2,770,640	96.29%
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%		59,885	2,407,530	98.89%
2,191,308	96.11%		68,348	2,259,656	99.11%
2,082,706	95.42%		77,902	2,160,608	98.99%
1,920,141	92.11%		135,258	2,055,399	98.59%
1,809,594	90.07%		171,086	1,980,680	98.58%
1,825,326	95.00%		72,563	1,897,889	98.78%
1,438,154	94.95%		61,803	1,499,957	99.03%

Navarro College District

Ratios of Outstanding Debt
Last Ten Fiscal Years
(Unaudited)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Bonded Debt			
General obligation bonds	\$ -	-	-
Other Debt			
Revenue bonds	29,033,705	25,882,413	26,781,121
Notes payable	37,302	97,994	154,547
Capital lease obligations	<u>4,201,116</u>	<u>4,321,116</u>	<u>4,436,116</u>
Total other debt	<u>33,272,123</u>	<u>30,301,523</u>	<u>31,371,784</u>
Total outstanding debt	\$ <u><u>33,272,123</u></u>	<u><u>30,301,523</u></u>	<u><u>31,371,784</u></u>
Total Outstanding Debt Ratios			
Per capita	\$ 673	615	631
Per student	2,313	2,391	2,630
As a percentage of taxable assessed value	1.37%	1.37%	1.59%
As a percentage of personal income	2.56%	2.40%	2.65%

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

For the Year Ended August 31,						
2006	2005	2004	2003	2002	2001	2000
-	-	-	-	-	-	-
23,740,000	20,490,000	20,715,000	20,715,000	5,575,496	6,178,871	5,254,971
254,122	448,093	915,863	1,131,727	1,338,398	1,149,462	1,290,400
4,696,384	4,857,779	235,196	381,961	223,873	302,626	374,801
28,690,506	25,795,872	21,866,059	22,228,688	7,137,767	7,630,959	6,920,172
28,690,506	25,795,872	21,866,059	22,228,688	7,137,767	7,630,959	6,920,172
591	532	454	469	153	166	153
2,560	2,413	2,205	2,469	903	1,082	1,067
1.65%	1.59%	1.41%	1.50%	0.50%	0.56%	0.56%
2.59%	2.43%	2.15%	2.24%	0.74%	0.81%	0.77%

Navarro College District

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Taxable Assessed Value	\$ <u>2,426,416,700</u>	<u>2,218,359,153</u>	<u>1,958,733,600</u>	<u>1,740,732,641</u>
General Obligation Bonds				
Statutory tax levy limit for debt service	\$ 12,132,084	11,091,796	9,793,668	8,703,663
Current year debt service requirements requirements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of statutory limit for debt service over current requirements	<u>\$ 12,132,084</u>	<u>11,091,796</u>	<u>9,793,668</u>	<u>8,703,663</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,					
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>1,624,861,994</u>	<u>1,554,022,861</u>	<u>1,486,019,658</u>	<u>1,431,390,429</u>	<u>1,357,264,815</u>	<u>1,245,667,592</u>
8,124,310	7,770,114	7,430,098	7,156,952	6,786,324	6,228,338
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8,124,310</u>	<u>7,770,114</u>	<u>7,430,098</u>	<u>7,156,952</u>	<u>6,786,324</u>	<u>6,228,338</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 (2)	Other Fees (2)	Pledged Auxiliary Revenue	Less Auxiliary Expenses
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
2003	182,828	918,247	1,502,253	728,396	5,332,367	4,297,630
2002	153,120	648,194	-	-	3,161,285	2,351,960
2001	139,927	581,584	-	-	4,124,306	2,777,307
2000	120,323	530,523	-	-	4,036,744	2,945,268

Notes:

- (1) Calculated at \$15.00 per semester headcount (\$7.50 per summer semester).
- (2) New bond covenants effective 2003 which broadens scope of pledged revenues.

			Debt Service Requirements			
<u>Net Available</u>	<u>Interest Income</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage Ratio</u>
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
4,366,461	102,770	4,469,231	500,000	28,500	528,500	8.46
1,610,639	18,889	1,629,528	603,375	305,136	908,511	1.79
2,068,510	82,737	2,151,247	576,100	274,803	850,903	2.53
1,742,322	36,240	1,778,562	535,029	194,499	729,528	2.44



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
2008	49,456	\$ 1,298,064,101	26,247	8.0%
2007	49,396	1,266,154,353	25,577	5.0%
2006	49,440	1,177,303,270	24,177	5.7%
2005	48,525	1,126,606,000	23,136	5.4%
2004	48,215	1,060,397,000	21,993	5.7%
2003	47,386	1,016,509,000	21,463	6.2%
2002	46,799	991,316,000	21,180	6.0%
2001	46,036	966,894,000	21,003	5.4%
2000	45,124	944,452,000	20,835	3.9%
1999	44,440	899,224,000	20,235	N/A

Source: Texas Workforce Commission

Note: The 2009 personal income amounts are not yet available.

Navarro College District

Principal Employers
Last Four Fiscal Years
(Unaudited)

Employer	2009	
	Number of Employees	Percentage of Total Employment
Navarro College (includes part time)	950	4.75%
Russell Stover Candies	825	4.12%
Corsicana ISD	802	4.01%
Collin Street Bakery (seasonal)	766	3.83%
Guardian Industries, Corp.	390	1.95%
Navarro Regional Hospital	350	1.75%
Texas Youth Commission	338	1.69%
City of Corsicana (includes part time)	336	1.68%
Navarro County	284	1.42%
Kohl's Call Center	250	1.25%
Oil City Iron Works	200	1.00%
Kohl's Distribution Center	200	1.00%
Corsicana Bedding	190	0.95%
Lance (formerly Tom's Foods)	170	0.85%
Trinity Mother Francis Medical Center	156	0.78%
Home Depot Distribution Center	250	1.25%
Tru-Serve Distribution Center	152	0.76%
Total	6,609	33.02%

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

Note: Similar information for the six years prior was not available.

2008		2007		2006	
Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
886	4.52%	851	4.31%	827	3.97%
825	4.20%	825	4.18%	859	4.12%
802	4.09%	802	4.06%	879	4.22%
766	3.90%	766	3.88%	700	3.36%
390	1.99%	390	1.98%	367	1.76%
350	1.78%	350	1.77%	377	1.81%
338	1.72%	338	1.71%	335	1.61%
304	1.55%	304	1.54%	335	1.61%
284	1.45%	284	1.44%	282	1.35%
250	1.27%	250	1.27%	0	0.00%
200	1.02%	200	1.01%	224	1.08%
200	1.02%	200	1.01%	175	0.84%
190	0.97%	190	0.96%	180	0.86%
170	0.87%	170	0.86%	146	0.70%
156	0.80%	156	0.79%	120	0.58%
155	0.79%	155	0.79%	0	0.00%
152	0.77%	152	0.77%	150	0.72%
6,418	32.71%	6,383	32.34%	5,956	28.58%

Navarro College District

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

Fiscal Year	State Appropriation	Appropriation per FTSE	
		FTSE	State Appropriation per FTSE
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
2003	9,900,296	9,004	1,100
2002	10,901,088	7,910	1,378
2001	8,468,925	7,055	1,200
2000	8,014,405	6,485	1,236

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.

Apropriation per Contact Hour

Academic Contact Hours	Voc/Tech Contact Hours	Total Contact Hours	State Appropriation per Contact Hour
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
2,007,904	605,132	2,613,036	3.79
1,794,914	585,720	2,380,634	4.58
1,578,816	560,304	2,139,120	3.96
1,318,816	659,912	1,978,728	4.05

Navarro College District

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Faculty				
Full-Time	113	112	112	105
Part-Time	<u>355</u>	<u>361</u>	<u>326</u>	<u>312</u>
Total	<u><u>468</u></u>	<u><u>473</u></u>	<u><u>438</u></u>	<u><u>417</u></u>
Full-Time	24.1%	23.7%	25.6%	25.2%
Part-Time	<u>75.9%</u>	<u>76.3%</u>	<u>74.4%</u>	<u>74.8%</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>
Average Annual Faculty Salary	\$ <u>51,678</u>	<u>47,585</u>	<u>49,393</u>	<u>45,427</u>
Staff and Administrators				
Full-Time	208	196	187	176
Part-Time	<u>31</u>	<u>132</u>	<u>110</u>	<u>42</u>
Total	<u><u>239</u></u>	<u><u>328</u></u>	<u><u>297</u></u>	<u><u>218</u></u>
Full-Time	87.0%	59.8%	63.0%	80.7%
Part-Time	<u>13.0%</u>	<u>40.2%</u>	<u>37.0%</u>	<u>19.3%</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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
100	98	90	75	N/A	80
<u>309</u>	<u>297</u>	<u>320</u>	<u>213</u>	<u>N/A</u>	<u>154</u>
<u>409</u>	<u>395</u>	<u>410</u>	<u>288</u>	<u>N/A</u>	<u>234</u>
24.4%	24.8%	22.0%	26.0%	N/A	34.2%
<u>75.6%</u>	<u>75.2%</u>	<u>78.0%</u>	<u>74.0%</u>	<u>N/A</u>	<u>65.8%</u>
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>N/A</u>	<u>100.0%</u>
<u>42,623</u>	<u>42,027</u>	<u>41,526</u>	<u>N/A</u>	<u>N/A</u>	<u>38,292</u>
164	156	148	112	N/A	129
<u>31</u>	<u>31</u>	<u>38</u>	<u>11</u>	<u>N/A</u>	<u>11</u>
<u>195</u>	<u>187</u>	<u>186</u>	<u>123</u>	<u>N/A</u>	<u>140</u>
84.1%	83.4%	79.6%	91.1%	N/A	92.1%
<u>15.9%</u>	<u>16.6%</u>	<u>20.4%</u>	<u>8.9%</u>	<u>N/A</u>	<u>7.9%</u>
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>N/A</u>	<u>100.0%</u>

Navarro College District

Enrollment Details Last Eight Fiscal Years (Unaudited)

	Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent
Student Classification						
00-30 hours	6,191	74.34%	5,410	71.56%	6,593	89.02%
31-60 hours	1,403	16.85%	1,461	19.33%	406	5.48%
> 60 hours	734	8.81%	689	9.11%	407	5.50%
Total	8,328	100.00%	7,560	100.00%	7,406	100.00%
Semester Hour Load						
Less than 3	673	8.08%	385	5.09%	512	6.91%
3-5 semester hours	1,458	17.51%	1,494	19.76%	1,451	19.59%
6-8 semester hours	1,530	18.37%	1,414	18.70%	1,267	17.11%
9-11 semester hours	1,014	12.18%	885	11.71%	842	11.37%
12-14 semester hours	2,034	24.42%	1,948	25.77%	2,001	27.02%
15-17 semester hours	1,296	15.56%	1,148	15.19%	1,070	14.45%
18 & over	323	3.88%	286	3.78%	263	3.55%
Total	8,328	100.00%	7,560	100.00%	7,406	100.00%
Tuition Status						
Texas Resident (in-District)	1,777	21.34%	1,645	21.76%	1,729	23.35%
Texas Resident (out-of-District)	6,304	75.70%	5,669	74.99%	5,392	72.81%
Non-Resident Tuition	247	2.97%	246	3.25%	285	3.85%
Total	8,328	100.00%	7,560	100.00%	7,406	100.00%

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

Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
5,204	80.67%	4,508	74.90%	4,292	76.59%	4,099	80.18%	3,655	82.86%
764	11.84%	1,011	16.80%	925	16.51%	1,010	19.76%	755	17.12%
483	7.49%	500	8.31%	387	6.91%	3	0.06%	1	0.02%
<u>6,451</u>	<u>100.00%</u>	<u>6,019</u>	<u>100.00%</u>	<u>5,604</u>	<u>100.00%</u>	<u>5,112</u>	<u>100.00%</u>	<u>4,411</u>	<u>100.00%</u>
27	0.42%	28	0.47%	65	1.16%	24	0.47%	28	0.63%
1,214	18.82%	1,158	19.24%	1,096	19.56%	1,007	19.70%	818	18.54%
1,131	17.53%	1,009	16.76%	848	15.13%	759	14.85%	659	14.94%
737	11.42%	551	9.15%	540	9.64%	456	8.92%	390	8.84%
2,076	32.18%	1,901	31.58%	1,855	33.10%	1,632	31.92%	1,333	30.22%
980	15.19%	1,055	17.53%	912	16.27%	883	17.27%	835	18.93%
286	4.43%	317	5.27%	288	5.14%	351	6.87%	348	7.89%
<u>6,451</u>	<u>100.00%</u>	<u>6,019</u>	<u>100.00%</u>	<u>5,604</u>	<u>100.00%</u>	<u>5,112</u>	<u>100.00%</u>	<u>4,411</u>	<u>100.00%</u>
1,348	20.90%	1,273	21.15%	1,272	22.70%	1,213	23.73%	1,042	23.62%
4,791	74.27%	4,424	73.50%	3,932	70.16%	3,418	66.86%	2,888	65.47%
312	4.84%	322	5.35%	400	7.14%	481	9.41%	481	10.90%
<u>6,451</u>	<u>100.00%</u>	<u>6,019</u>	<u>100.00%</u>	<u>5,604</u>	<u>100.00%</u>	<u>5,112</u>	<u>100.00%</u>	<u>4,411</u>	<u>100.00%</u>

Navarro College District

Student Profile
Last Eight Fiscal Years
(Unaudited)

	Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent
Gender						
Female	5,147	61.80%	4,733	62.61%	4,583	61.88%
Male	3,181	38.20%	2,827	37.39%	2,823	38.12%
Total	8,328	100.00%	7,560	100.00%	7,406	100.00%
Ethnic Origin						
White	5,303	63.68%	4,842	64.05%	4,802	64.84%
Hispanic	1,183	14.21%	1,451	19.19%	1,332	17.99%
African American	1,567	18.82%	995	13.16%	956	12.91%
Asian	67	0.80%	56	0.74%	71	0.96%
Foreign	156	1.87%	160	2.12%	183	2.47%
Native American	52	0.62%	53	0.70%	50	0.68%
Other	-	0.00%	3	0.04%	12	0.16%
Total	8,328	100.00%	7,560	100.00%	7,406	100.00%
Age						
Under 18	2,138	25.67%	1,750	23.15%	1,854	25.03%
18 - 21	3,313	39.78%	3,079	40.73%	2,984	40.29%
22 - 24	756	9.08%	654	8.65%	651	8.79%
25 - 35	1,211	14.54%	1,177	15.57%	1,110	14.99%
36 - 50	780	9.37%	762	10.08%	702	9.48%
51 & over	130	1.56%	138	1.83%	105	1.42%
Total	8,328	100.00%	7,560	100.00%	7,406	100.00%
Average Age	23		23		23	

Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
4,006	62.10%	3,776	62.73%	3,464	61.81%	3,072	60.09%	2,545	57.70%
2,445	37.90%	2,243	37.27%	2,140	38.19%	2,040	39.91%	1,866	42.30%
6,451	100.00%	6,019	100.00%	5,604	100.00%	5,112	100.00%	4,411	100.00%
4,170	64.64%	3,906	64.89%	3,625	64.69%	3,265	63.87%	2,829	64.14%
701	10.87%	612	10.17%	535	9.55%	454	8.88%	343	7.78%
1,295	20.07%	1,195	19.85%	1,074	19.16%	959	18.76%	784	17.77%
48	0.74%	42	0.70%	43	0.77%	32	0.63%	26	0.59%
204	3.16%	239	3.97%	302	5.39%	388	7.59%	408	9.25%
33	0.51%	25	0.42%	25	0.45%	14	0.27%	21	0.48%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
6,451	100.00%	6,019	100.00%	5,604	100.00%	5,112	100.00%	4,411	100.00%
1,029	15.95%	1,035	17.20%	842	15.02%	695	13.60%	656	14.87%
2,939	45.56%	2,656	44.13%	2,599	46.38%	2,470	48.32%	2,217	50.26%
668	10.35%	618	10.27%	558	9.96%	494	9.66%	411	9.32%
1,091	16.91%	1,019	16.93%	955	17.04%	821	16.06%	607	13.76%
617	9.56%	577	9.59%	546	9.74%	539	10.54%	447	10.13%
107	1.66%	114	1.89%	104	1.86%	93	1.82%	73	1.65%
6,451	100.00%	6,019	100.00%	5,604	100.00%	5,112	100.00%	4,411	100.00%
24		24		24		24		23	

Navarro College District

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

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

Source: Texas Higher Education Coordinating Board

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

2006 - 2007 Graduate as of Fall 2007					2005 - 2006 Graduate as of Fall 2006				
Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
6	1	1	8	0.63%	2	-	-	2	0.17%
2	-	1	3	0.24%	3	-	-	3	0.25%
8	2	1	11	0.86%	14	-	2	16	1.35%
6	-	-	6	0.47%	4	-	-	4	0.34%
105	5	3	113	8.86%	95	4	1	100	8.42%
64	2	4	70	5.49%	58	1	2	61	5.14%
2	-	-	2	0.16%	2	-	-	2	0.17%
1	-	-	1	0.08%	-	-	-	-	0.00%
54	2	6	62	4.86%	51	3	2	56	4.72%
1	-	-	1	0.08%	-	-	-	-	0.00%
140	-	1	141	11.05%	143	-	1	144	12.13%
221	14	11	246	19.28%	220	4	9	233	19.63%
4	-	-	4	0.31%	8	-	-	8	0.67%
3	-	-	3	0.24%	-	-	-	-	0.00%
1	-	-	1	0.08%	1	1	-	2	0.17%
4	-	1	5	0.39%	9	1	-	10	0.84%
42	-	3	45	3.53%	47	-	1	48	4.04%
88	1	1	90	7.05%	54	-	1	55	4.63%
14	8	2	24	1.88%	22	3	1	26	2.19%
2	-	-	2	0.16%	-	-	-	-	0.00%
146	4	5	155	12.15%	148	3	1	152	12.81%
44	-	6	50	3.92%	49	-	2	51	4.30%
18	1	-	19	1.49%	15	-	1	16	1.35%
-	-	-	-	0.00%	1	-	-	1	0.08%
5	-	-	5	0.39%	3	-	-	3	0.25%
49	3	4	56	4.39%	45	5	4	54	4.55%
-	-	-	-	0.00%	2	-	-	2	0.17%
5	-	1	6	0.47%	6	-	-	6	0.51%
1	-	-	1	0.08%	-	1	-	1	0.08%
2	-	-	2	0.16%	-	-	-	-	0.00%
133	3	6	142	11.13%	122	2	3	127	10.70%
2	-	-	2	0.16%	4	-	-	4	0.34%
<u>1,173</u>	<u>46</u>	<u>57</u>	<u>1,276</u>	<u>100.00%</u>	<u>1,128</u>	<u>28</u>	<u>31</u>	<u>1,187</u>	<u>100.00%</u>

Navarro College District

Capital Asset Information Fiscal Years 2002 to 2009 (Unaudited)

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
Academic buildings	12	12	10	10	10	9	9	9
Square footage (in thousands)	260,737	260,737	228,522	228,522	209,446	199,990	201,632	187,632
Libraries	3	3	1	1	1	1	1	1
Square footage (in thousands)	29,998	29,998	28,000	28,000	34,920	34,920	34,920	43,412
Number of Volumes (in thousands)	61,208	53,669	53,055	65,000	64,000	63,000	62,000	61,000
Administrative and support buildings	2	2	2	2	1	1	1	1
Square footage (in thousands)	90,897	90,897	90,897	90,897	55,977	55,977	55,686	55,686
Dormitories/Apartments	23	22	22	21	20	19	19	18
Square footage (in thousands)	156,254	150,362	150,362	145,422	139,602	126,674	141,992	128,922
Number of Beds	850	818	816	815	783	719	687	623
Dining Facilities	1	1	1	1	1	1	1	1
Square footage (in thousands)	22,100	22,100	22,100	22,100	19,076	19,076	19,400	19,400
Average daily customers	951	904	861	861	827	759	725	657
Athletic Facilities	5	5	5	5	5	5	5	5
Square footage (in thousands)	66,416	66,416	66,416	66,416	66,416	66,416	67,944	67,944
Gymnasiums/Weight Room	2	2	2	2	2	2	2	2
Tennis Court	-	0	3	3	3	3	3	3
Physical Plant Facilities	1	1	1	1	1	1	1	1
Square footage (in thousands)	9,492	9,492	9,492	9,492	9,492	9,492	10,994	10,994
Transportation	33	35	34	34	34	31	27	27
Cars	7	7	4	4	5	5	3	3
Light Trucks/Vans	23	25	27	27	26	23	24	24
Buses	3	3	3	3	3	3	0	0

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

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





Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

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, 2009, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2009. We conducted our audit 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. We did not audit the financial statements of Navarro College Foundation, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on those financial statements, insofar as it relates to the amounts included for Navarro College Foundation (the Foundation), was based solely on the report of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally

Internal Control Over Financial Reporting (continued)

accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2009-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

We also noted other matters that were reported to management of the District in a separate letter dated December 9, 2009.

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

James, Reitmeyer, Boyd & Threlkett, P.C.

December 9, 2009



Report on Compliance with Requirements
Applicable to Each Major Federal and State Program and
Internal Control Over Compliance in Accordance with
OMB Circular A-133 and Uniform Grant Management Standards

The Board of Trustees
Navarro College District:

Compliance

We have audited the compliance of Navarro College District (the District) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Uniform Grant Management Standards* that are applicable to each of its major federal and state programs for the year ended August 31, 2009. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended August 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with the *Uniform Grant Management Standards*, and which is described in the accompanying schedule of findings and questioned costs as Finding 2009-3.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2009-2 and Finding 2009-3 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the District's internal control. We did not consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The District's response to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

James, Reitmeyer, Boyd & Threlkoff, P.C.

December 9, 2009

Navarro College District
Schedule of Findings and Questioned Costs
Year Ended August 31, 2009

(1) Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant control deficiencies identified that are not considered to be material weaknesses? x yes _____ none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant control deficiencies identified that are not considered to be material weaknesses? x yes _____ none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes x no

State Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant control deficiencies identified that are not considered to be material weaknesses? x yes _____ none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with Uniform Grant Management Standards? x yes _____ no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Student Financial Assistance Cluster:	
84.007	Federal Supplemental Educational Opportunity Grant Program
84.032	Federal Family Educational Loan Program
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.375A	Academic Competiveness Grant
84.379	Teacher Education Assistance for College and Higher Education
17.269	Community Based Job Training

Identification of major state programs:

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

Dollar threshold used to distinguish between type A and type B federal programs:

\$415,520

Dollar threshold used to distinguish between type A and type B state programs:

\$300,000

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

Navarro College District

Schedule of Findings and Questioned Costs (Continued)

(2) Financial Statement Findings

Finding 2009-1: Year-End Estimates of Expense Accruals

Based upon our audit procedures, we identified approximately \$300,000 of utilities expense that should be accrued at year end. We understand that the District's budget to actual comparisons revealed that the expense was understated during the year end close process; however, the District did not accrue the expense because the billing from the electricity provider was not provided to the District in a timely manner. To ensure that all expenses incurred are captured during the year end close process, we suggest that the District develop and implement policies and procedures for estimating and recording significant expense accruals.

(3) Federal Award Findings and Questioned Costs

Finding 2009-2: Improving Internal Controls over Withdrawal Dates used for Title IV Refund Calculations

CFDA No. 84.007 – Supplemental Education Opportunity Grant Program; CFDA No. 84.032 – Family Educational Loan Program; CFDA No. 84.033 – Work Study Program; CFDA No. 84.063 – Pell Grant Program; CFDA No. 84.375A – Academic Competitiveness Grant; CFDA No. 84.379 – Teacher Education Assistance for College and Higher Education Grant.

Criteria, Finding, and Recommendation: 34 CFR sections 668.22(a)-(e) states when a recipient of Title IV grant or loan assistance withdraws from an institution, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. The student earns 100% if his or her withdrawal date is after the completion of 60% of the period of enrollment; otherwise, the percentage earned by the student is equal to the percentage of the period of enrollment that was completed as of the student's withdrawal date. During our testwork on Title IV refunds, we noted two instances out of forty in which the withdrawal date used for the refund calculation was not supported by the appropriate drop slip.

As part of the District's corrective action plan to address this finding noted in our previous report dated December 6, 2007, the Registrar performed a complete review of the District's drop policies and implemented written drop policies and procedures that coincide with the HB 1231 policy mandated by the State of Texas. As part of this comprehensive policy, the Registrar redesigned the course drop form; communicated new procedures to all personnel; and implemented mandatory training for all personnel who perform admissions and records functions. These corrective actions were fully implemented by Summer 2008. We concur with the current design of the policies and procedures for drops, however, to strengthen internal controls, we suggest that the Registrar strongly emphasize strict adherence to the District's policies and procedures, including record retention policies and procedures for drop slips, during training sessions.

Navarro College District

Schedule of Findings and Questioned Costs (Continued)

(4) State Award Findings and Questioned Costs

Finding 2009-3: Eligibility for Texas Educational Opportunity Grant (TEOG) Program

Criteria, Finding and Recommendation: Chapter 22, Subchapter M, Section 22.256 describes the eligibility requirements for the TEOG program, which states that a student must not be eligible for the Texas Grant program in order to be eligible for the TEOG program. During our tests of compliance over eligibility for the TEOG program, we noted four instances out of a sample of forty in which the student's admission file indicated that the student had received a distinguished high school diploma, which would make the student eligible for the Texas Grant program, and thus, ineligible for the TEOG program. We understand that these instances occurred because the type of high school diploma was not entered correctly by the Registrar's Office.

This finding was noted in our previous report dated December 2, 2008, and in response to the finding, the District implemented a corrective action plan which included specialized training in reading and interpreting high school transcripts, specific instructions for properly entering high school transcript information, and procedures to communicate updated high school transcript information to the appropriate financial aid staff members. These corrective actions were fully implemented by January 2009. The four exceptions noted during our procedures related to the eligibility of students for the Fall 2008 semester, which was prior to the implementation of the corrective action plan. Based upon our procedures, no instances of non compliance were noted for the Spring and Summer 2009 semesters.

Navarro College District

Summary Schedule of Prior Audit Findings

August 31, 2009

Finding 2008-2: Eligibility for Texas Educational Opportunity Grant (TEOG) Program

Criteria, Finding and Recommendation: Chapter 22, Subchapter M, Section 22.256 describes the eligibility requirements for the TEOG program, which states that a student must not be eligible for the Texas Grant program in order to be eligible for the TEOG program. During our tests of compliance over eligibility for the TEOG program, we noted three instances out of a sample of forty in which the student's admission file indicated that the student had received a distinguished high school diploma, which would make the student eligible for the Texas Grant program, and thus, ineligible for the TEOG program. We understand that these instances occurred because the type of high school diploma was not entered correctly by the Registrar's Office.

To improve compliance in this area, we suggest that the Registrar's office review its standard policies and procedures to ensure accurate posting of the type of high school diploma received by a student. Additionally, the Registrar's office should develop a communication system to inform the Financial Aid Department of changes in student information that could impact financial aid eligibility. Implementation of these policies and procedures should improve the accuracy of the information provided by the Registrar's office, which will improve compliance with state financial aid guidelines.

Current Status

Contact person responsible for corrective action: David L. Edwards, Registrar

Corrective action taken: As a result of previous findings, the Registrar initiated special training for all personnel dealing with high school transcripts. This training has reduced errors and has served to insure that all incoming high school transcripts are processed correctly and in a timely manner. The Registrar will continue to monitor this process, as well as to provide ongoing specialized training to insure that the District maintains a continuous state of compliance.

Navarro College District

Corrective Action Plan

August 31, 2009

Finding 2009-1

Contact person responsible for correction action: Aaron S York, Comptroller

Corrective action planned: The Comptroller with assistance from Accounts Payable will perform a monthly review of all outstanding blanket purchase orders (BPOs) to determine the number of payments that have been made to date. Two Datatel reports were developed that include BPOs, major POs and associated payments made. The monthly review of this report will help determine if accrual estimates are needed at year end. In addition, it will provide assurance to the District that all monthly payments on blanket orders are submitted in a timely manner.

Anticipated completion date: December 31, 2009

Finding 2009-2

Contact person(s) responsible for correction action: David L. Edwards, Registrar

Corrective action planned: As noted in the present finding, the Registrar performed a complete evaluation of the drop policies and procedures for Navarro College that was completed in August of 2008. As a result of this review, new drop forms were designed and placed into service, workflows were redesigned, and training methods were improved. This comprehensive effort has produced the desired results and is evidenced by no findings from current samples. As a result, the Registrar will continue to strengthen training programs for all Admissions and Records personnel. Special attention will be given to drop procedures. In addition, file audit cycles have been initiated and all student files are being audited by appropriate personnel on an ongoing basis.

Anticipated completion date: On-going.

Finding 2009-3

Contact person(s) responsible for correction action: David L. Edwards, Registrar

Corrective action planned: As a result of finding 2008-2, the Registrar initiated special training for all personnel dealing with High School transcripts. This training has reduced errors and has served to insure that all incoming High School transcripts are processed correctly and in a timely manner. The Registrar will continue to monitor this process, as well as provide ongoing specialized training to insure that the College maintains a continuous state of compliance.

Anticipated completion date: On-going.

