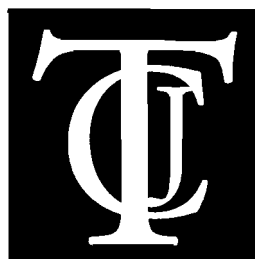


**TYLER JUNIOR COLLEGE DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
AUGUST 31, 2011**

**Prepared By:  
DEPARTMENT OF BUSINESS SERVICES  
TYLER JUNIOR COLLEGE DISTRICT**



TYLER  
JUNIOR  
COLLEGE  
DISTRICT

**TYLER JUNIOR COLLEGE DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
TABLE OF CONTENTS  
AUGUST 31, 2011**

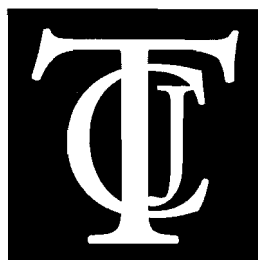
	<u>Exhibit/ Schedule</u>	<u>Page</u>
<b><u>INTRODUCTORY SECTION</u></b>		
Transmittal Letter		i-v
GFOA Certificate of Achievement		vi
Organizational Chart		vii
Principal Officials		viii
<b><u>FINANCIAL SECTION</u></b>		
Independent Auditors' Report		1-2
Management's Discussion and Analysis		3-16
Basic Financial Statements:		
Statement of Net Assets	1	17
Statement of Financial Position – Tyler Junior College Foundation	1-1	18
Statement of Revenues, Expenses, and Changes In Net Assets	2	19
Statement of Activities – Tyler Junior College Foundation	2-1	20
Statement of Cash Flows	3	21-22
Notes to the Financial Statements		23-37
Supplemental Information:		
Schedule of Operating Revenues	A	40
Schedule of Operating Expenses by Object	B	41
Schedule of Non-Operating Revenues and Expenses	C	42
Schedule of Net Assets by Source and Availability	D	43

**TYLER JUNIOR COLLEGE DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
TABLE OF CONTENTS  
AUGUST 31, 2011**

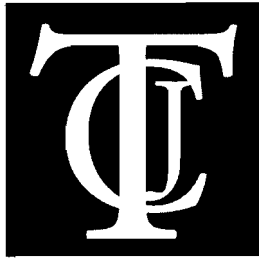
	<u>Table No.</u>	<u>Page</u>
<b><u>STATISTICAL SECTION (UNAUDITED)</u></b>		
Net Assets by Component	1	47
Revenues by Source	2	48
Program Expenses by Function	3	49
Tuition and Fees	4	50-51
Assessed Value and Taxable Assessed Value of Property	5	52
State Appropriation per FTSE and Contact Hour	6	53
Principal Taxpayers	7	54-57
Property Tax Levies and Collections	8	58
Ratios of Outstanding Debt	9	59
Pledged Revenue Coverage	10	60
Demographic and Economic Statistics – Taxing District	11	61
Principal Employers	12	62
Faculty, Staff, and Administrators Statistics	13	63
Enrollment Details	14	64
Student Profile	15	65
Transfers to Senior Institutions	16	66
Capital Asset Information	17	67
<b><u>SINGLE AUDIT SECTION</u></b>		
	<u>Schedule</u>	
Schedule of Expenditures of Federal Awards	E	70-71
Schedule of Expenditures of State Awards	F	72-73

**TYLER JUNIOR COLLEGE DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
TABLE OF CONTENTS  
AUGUST 31, 2011**

	<u>Schedule</u>	<u>Page</u>
<b><u>SINGLE AUDIT SECTION</u></b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		74-75
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		76-77
Schedule of Findings and Questioned Costs		78-80
Summary Schedule of Prior Audit Findings		81
Corrective Action Plan		82-84

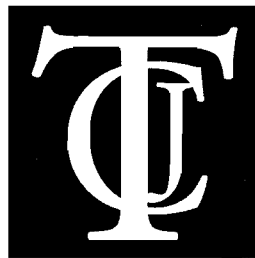


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INTRODUCTORY  
SECTION



TYLER  
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DISTRICT



## TYLER JUNIOR COLLEGE

November 15, 2011

To the President of the Tyler Junior College District:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended August 31, 2011.

The District's financial staff bears the responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has 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.

Gollob Morgan Peddy PC have issued an unqualified ("clean") opinion on the Tyler Junior College financial statements for the year ended August 31, 2011. The independent auditor's report is located at the front of the financial section of this report.

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

### TYLER JUNIOR COLLEGE PROFILE

The Tyler Junior College District facilities are located in Tyler, Texas, a city of approximately 100,000 located in East Texas. The District was created in 1926 as part of the Tyler public school system to serve the higher education needs of area citizens. In 1945, Tyler voters established the Tyler Junior College District as an independent local governmental entity with a publicly elected board of trustees and the authority to levy taxes in support of the District. The District is currently comprised of some or all of six independent school districts including Chapel Hill, Grand Saline, Lindale, Tyler, Van, and Winona school districts located in Smith and Van Zandt counties. The District is considered a special-purpose government engaged in business-type activities for financial reporting purposes.

In 1995, the 74th Texas Legislature defined the District's service area by adding the Yantis, Alba-Golden, Arp, Bullard, Hawkins, Jacksonville, Mineola, New Summerfield, Quitman, Rusk, Troup, and Whitehouse independent school districts to the existing six districts mentioned above. While not adding to the tax base, defining the service area clarifies the geographic boundaries within which the District may offer its courses and programs.

Although the Tyler Junior College District is regional in concept, the District's forty plus areas of study in the liberal arts and vocational fields at relatively low cost attracts students from thirty-seven states and fifty-three foreign countries. Annual fall unduplicated enrollment is approximately 11,800 academic and vocational students, with an additional 11,000 unduplicated "non-credit" continuing education students. In addition to outstanding instructional programs, the District offers a broad array of campus activities, men's and women's intercollegiate athletic programs, marching band, Apache Belles precision dance team, and a strong performing arts program. Student and service clubs, campus housing, career guidance and counseling, endowed scholarships, federal financial aid, and a modern 101 acre campus round out the educational experience.

The Tyler Junior College District is committed to maintaining its strong "junior college" academic heritage of the first two years of a four-year baccalaureate degree education. The District is further committed to preserving a traditional campus experience for current and future students by maintaining campus housing for students, student life activities, and intercollegiate athletic programs. By maintaining the strength of its traditions while positioning itself to respond quickly and surely to rapid technological change, the District plans to continue its role as a vital educational resource in the 21st century.

## **COMPONENT UNIT REPORTING**

In accordance with the provisions of GASB 39, the financial statements for the Tyler Junior College Foundation, a separate 501(c) (3) corporation, are presented discretely in the accompanying financial statements. The Tyler Junior College Foundation is a nonprofit corporation organized under the Texas Corporation Act. Its mission is to enhance the overall reputation of Tyler Junior College, to provide external resources to fund College priorities, and to create opportunities for the College to build partnerships with alumni, friends, donors, corporations and foundations.

## **BUDGETARY PROCESSES**

### **State Requirements**

The state annual budget requirements for community and/or junior colleges are contained within a rider in the general appropriations act for the State of Texas. This rider states that "each community/junior college must file by December 1 of each fiscal year directly with the Governor, Legislative Budget Board, the Legislative Reference Library, and the Texas Higher Education Coordinating Board, a copy of an annual operating budget, and subsequent amendments thereto, approved by the community/junior college governing board. The operating budget shall be in such form and manner as may be prescribed by the board and/or agency with the advice of the State Auditor providing; however, that each report include departmental operating budgets by function and salaries and emoluments for faculty and staff listed by position."

### **Tyler Junior College Process**

Budgeting is the process whereby the plans of the institution are translated into an itemized, authorized, and systematic plan of operation expressed in dollars for a given period. Development of the budget should also ensure that all institutional activities and programs are simultaneously examined to determine, in light of available resources, which should be supported and at what levels. The budget is prepared by fund, function (e.g. Instruction) and department (e.g. History).

The result of this process is a document that is used to monitor and control the ongoing operations of the institution.

### **Budget Adoption**

An itemized budget covering the operation of the College must be approved on or before September 1 of each year for the fiscal year beginning on September 1 of each year. The adopted budget provides the authority to expend funds for the purposes indicated and in accordance with state law, Board policy, and the College District's approved purchasing procedures. The expenditure of funds shall be under the direction of the College President or designee who shall ensure that funds are expended in accordance with the adopted budget.

### **Monitoring of the Budget**

The budget and expenditures are monitored by the College President, the Vice President of Business Affairs, the Business Services staff and the Board. The Board may make adjustments to the operating budget at any time during the budget year upon recommendation by the College President.

### **Legal Level Budgetary Control**

Department heads may transfer resources within a department as they see fit. However, additions to the budget or unusual transactions require oversight and approval by the College President or his designee, or the Board.

## **ASSESSING THE ECONOMIC CONDITION**

Enrollment for the 2010-2011 academic year increased approximately 5.6% over the 2009-2010 academic year. The College continues to see enrollment growth and responds with additional course offerings and expansion of satellite centers. In collaboration with the Rusk State Hospital and the Rusk Economic Development Council, the College opened a nursing center at the Rusk State Hospital in the Fall, 2010. Continued growth over the past several years has led the College to expand course offerings at our Jacksonville and Lindale centers as well.

Several capital projects were completed during the past year and construction continues on other capital projects into the next fiscal year. Instructional buildings across campus were renovated to update office and classroom space. Funds remaining from the issuance of Maintenance Tax Notes in fiscal year 2009 were used to complete several projects on campus including major renovations and repairs of existing buildings and infrastructure. One of the buildings renovated by the proceeds of the Maintenance Tax Notes in combination with private and College funds was the former Hudnall Planetarium, one of the oldest planetariums in East Texas. The Center for Space and Earth Science Education includes a state-of-the-art planetarium with a 40' dome theater; an educational classroom; a star gazing garden and an exhibit space. The Center for Space and Earth Science Education is expected to draw students from all levels of education from surrounding communities to Tyler Junior College. Additional properties were also purchased during the year to allow for future growth on the main campus.

The 82<sup>nd</sup> Texas Legislature made significant budget decisions during the 2011 session which will impact community colleges throughout the state for the 2012 – 2013 biennium and years to come. Although 2011 state appropriations increased slightly as compared to the 2010 state appropriations, the Legislature voted to approve bills which will significantly reduce state support of employee benefits, reduce instructional formula funding and eliminate funding for enrollment growth for the next biennium. Budget reduction measures were enacted at the College for the upcoming fiscal year to absorb some of the impact of these reductions in state funding. The College did impose an increase for the out of district fees in the spring semester and future increases in tuition and fee rates are expected due to the continuing decline in state funding. Unfortunately, the College believes that continued increases in tuition and fees may deny access to some of its most deserving students and continuously seeks other opportunities to increase revenues.

For now and in the near future, the College must rely on local tax revenues to support capital growth and increased capacity needs. Although tax revenues have increased over the last ten years, the growth is a result of an expanded tax base and increased property valuations. With the down turn in the federal, state and local economies, the property valuations of the District remained flat this past year. The College increased the maintenance and operation tax rate for 2010-2011 to \$.149870 per \$100 valuation. Additionally, with the issuance of the Maintenance Tax Notes in 2009, the District assessed the associated debt tax rate to cover the Maintenance Notes for 2010-2011 of \$.033056 per \$100 valuation. Thus, the total tax rate for 2010-2011 for the College is \$.182926 per \$100 valuation. As the economy recovers and property valuations increase, tax revenues are expected to increase to help the College preserve the existing capital structures and allow for future capital growth.

## **TRENDS**

Tyler is considered the advanced manufacturing, health care, educational, and retail center of East Texas. The 2010 “Best Performing Cities” report by the Milken Institute, rated Tyler as No. 7 in the small city category. According to the report, Tyler “has an emerging service industry that could potentially compete with Dallas and Houston because of Tyler’s lower costs.” According to the 27<sup>th</sup> Annual Perryman Economic Outlook Conference report, the Tyler Metropolitan Statistical Area (MSA) economy “is predicted to achieve significant increases in key indicators of overall activity and broad-based industrial expansions over the 2010-2015 period.” According to the report, the next five-year period should “bring significant improvement in economic conditions in the Tyler area” and the Tyler Metropolitan Statistical Area (MSA) population is expected to grow at a per-annum rate of 1.30%. As population in the Tyler area grows along with the need for a skilled workforce, the College anticipates continuing enrollment growth.

## **AWARDS AND ACKNOWLEDGMENTS**

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tyler Junior College District for its comprehensive annual financial report (CAFR) for the fiscal year ended August 31, 2010. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standard for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The 2010 report was the fifteenth submission for the District, having earned its first Certificate of Achievement in 1996. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

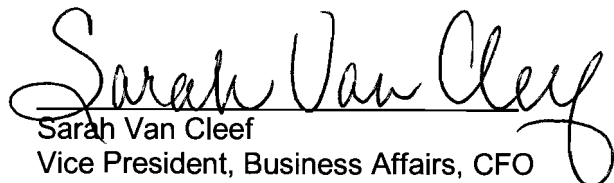
### **Acknowledgments**

The preparation of the District's financial statements and reports requires the ongoing efforts and diligence of many persons and offices. We would like to express our appreciation to the individuals who work throughout the year to maintain the accuracy and integrity of the District's financial information. We would also like to thank the President of the College and the Board of Trustees for their progressive leadership and support of the financial operations of the District.

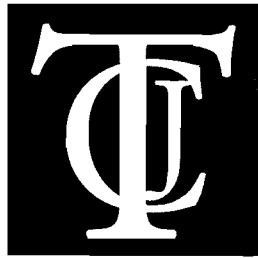
Respectfully submitted,



Carol Hutson  
Director, Accounting Services/Controller



Sarah Van Cleef  
Vice President, Business Affairs, CFO



TYLER  
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DISTRICT

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tyler Junior College District  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
August 31, 2010

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.



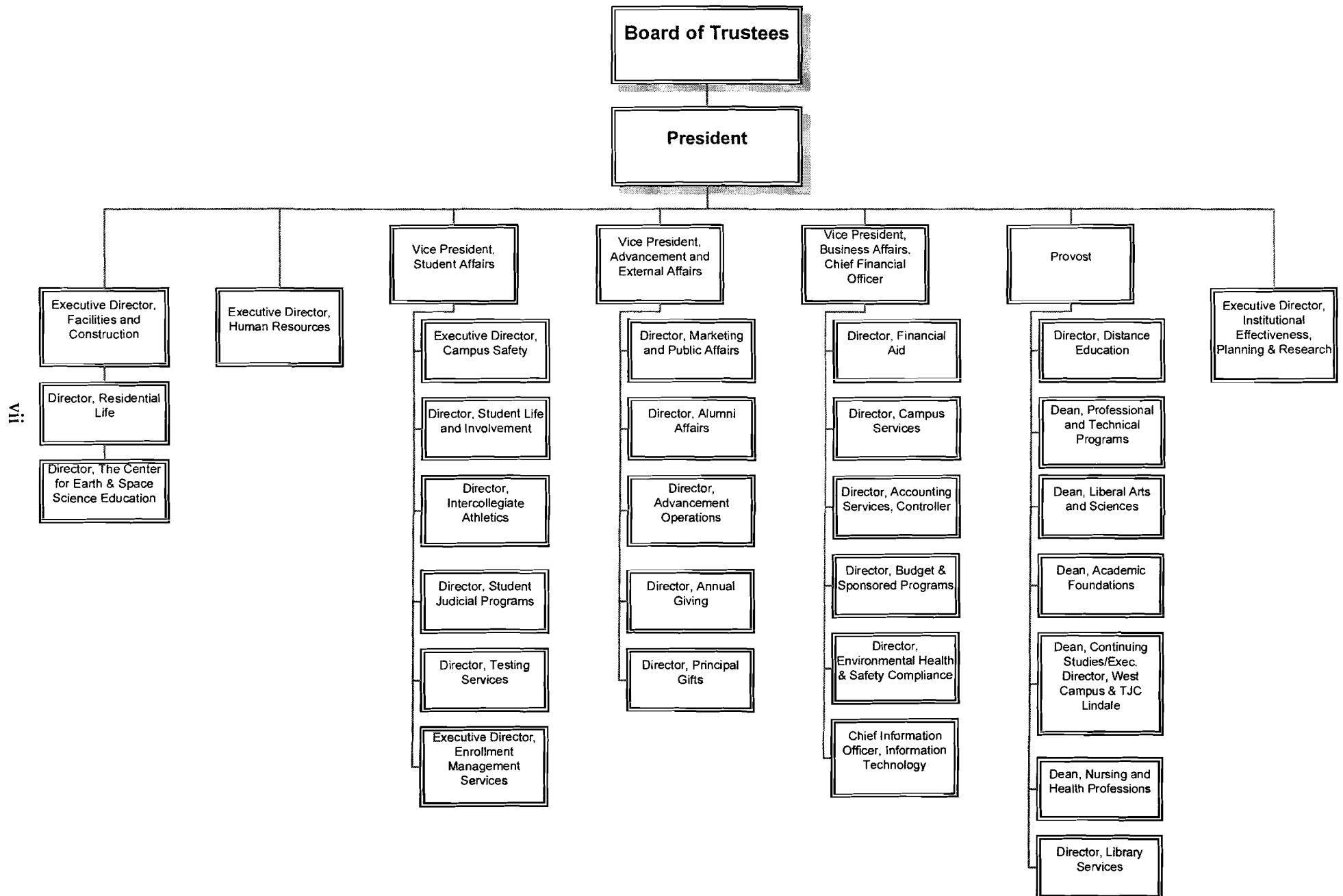
*Linda C. Sanison*

President

*Jeffrey R. Enen*

Executive Director

# TYLER JUNIOR COLLEGE ORGANIZATIONAL STRUCTURE



# **TYLER JUNIOR COLLEGE**

## **ORGANIZATIONAL DATA For the Fiscal Year 2011-2012**

### **Board of Trustees**

#### **Officers**

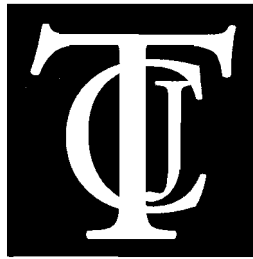
<b>Clint Roxburgh</b>	<b>President</b>
<b>John Hills</b>	<b>First Vice President</b>
<b>Dr. Joseph Prud'homme</b>	<b>Second Vice President</b>

#### **Members**

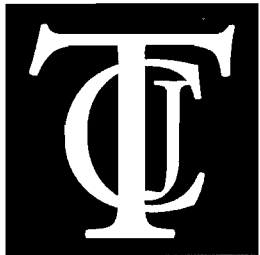
		<b>Term Expires</b>
		<b><u>May</u></b>
<b>Rohn Boone</b>	<b>Tyler, Texas</b>	<b>2014</b>
<b>Ann Brookshire</b>	<b>Tyler, Texas</b>	<b>2014</b>
<b>Mike Coker</b>	<b>Tyler, Texas</b>	<b>2012</b>
<b>David Hudson</b>	<b>Tyler, Texas</b>	<b>2014</b>
<b>Peggy Smith</b>	<b>Tyler, Texas</b>	<b>2016</b>
<b>Lonny Uzzell</b>	<b>Tyler, Texas</b>	<b>2012</b>

### **Principal Administrative Officers**

<b>L. Michael Metke</b>	<b>President</b>
<b>Homer M. Hayes</b>	<b>Provost</b>
<b>Johnny Moore</b>	<b>V P, Student Affairs</b>
<b>Kim Russell</b>	<b>V P, Advancement/External Affairs</b>
<b>Sarah Van Cleef</b>	<b>V P, Business Affairs, CFO</b>
<b>W. Clayton Allen</b>	<b>Dean, Professional &amp; Technical Programs</b>
<b>Paul R. Monagan</b>	<b>Dean, Nursing &amp; Health Professions</b>
<b>Charles Florio</b>	<b>Interim Dean, Liberal Arts &amp; Sciences</b>
<b>Lisa M. Harper</b>	<b>Dean, Academic Foundations</b>
<b>Aubrey D. Sharpe</b>	<b>Dean, Continuing Studies/Executive Administrator, West Campus/TJC Lindale</b>

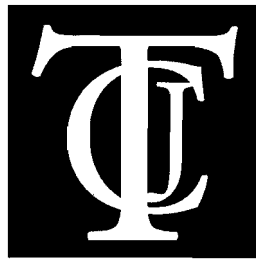


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JUNIOR  
COLLEGE  
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FINANCIAL  
SECTION



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COLLEGE  
DISTRICT



## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Tyler Junior College District  
Tyler, Texas

We have audited the accompanying basic financial statements of the Tyler Junior College District as of and for the year ended August 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Tyler Junior College Foundation, a component unit of the District, which statements reflect total assets of \$34,375,480 as of August 31, 2011 and total revenues of \$4,574,436 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the component unit in Exhibits 1-1 and 2-1, is based on the report of the other auditors.

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. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Tyler Junior College District as of August 31, 2011 and 2010, and the results of its operations and its cash flows for the year 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 November 15, 2011 on our consideration of the Tyler Junior College District's internal control over financial reporting and on 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.

The Management's Discussion and Analysis (MD&A) on pages 3 through 16 is not a required part of the basic financial statements but is supplemental information required by the 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 audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Tyler Junior College District's basic financial statements. The accompanying financial information listed as supplementary schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and by the Uniform Grant Management Standards (UGMS), 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 introductory section and statistical tables 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 "Gallo Morgan Peddy PC". The signature is fluid and cursive, with the letters "Gallo" and "Morgan" being more prominent.

Certified Public Accountants

Tyler, Texas  
November 15, 2011

## **Tyler Junior College District**

### **Management's Discussion and Analysis**

Tyler Junior College District is a public, open door, comprehensive community college dedicated to meeting the changing needs of citizens in its seven county service area. By offering a broad spectrum of programs, the District provides students with opportunities for educational, personal and professional advancement. A wide range of academic courses prepares students to transfer to four-year institutions. Technical programs equip students to master certain skills as well as to utilize them through job entry.

Tyler Junior College District is proud to present its financial statements for fiscal year 2011. The emphasis of discussions about these statements will be on current year data. 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.

This discussion and analysis of the District's financial statements provides an overview of its financial activities for the year.

#### **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 in 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 Tyler Junior College District. The Statement of Net Assets presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (Assets minus Liabilities). The difference between current and noncurrent assets will be discussed in the financial statement disclosures.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors and lending institutions.

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. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the institution, but must be spent for purposes as determined by donors and/or

external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any appropriate purpose of the institution.

**Condensed Statement of Net Assets**  
(thousands of dollars)

	August 31			Change	
	2011	2010	2009	2010 to 2011	2009 to 2010
<b>Assets</b>					
Current Assets	\$ 28,161	\$ 28,775	\$ 25,635	\$ (614)	\$ 3,140
Capital Assets, Net	135,526	115,901	105,866	19,625	10,035
Other Assets	10,170	30,616	13,390	(20,446)	17,226
Total Assets	<u>173,857</u>	<u>175,292</u>	<u>144,891</u>	<u>(1,435)</u>	<u>30,401</u>
<b>Liabilities</b>					
Current Liabilities	27,956	29,906	24,457	(1,950)	5,449
Noncurrent Liabilities	<u>63,043</u>	<u>72,569</u>	<u>54,266</u>	<u>(9,526)</u>	<u>18,303</u>
Total Liabilities	<u>90,999</u>	<u>102,475</u>	<u>78,723</u>	<u>(11,476)</u>	<u>23,752</u>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Debt	81,721	64,758	53,315	16,963	11,443
Restricted: Expendable	375	323	390	52	(67)
Unrestricted	<u>762</u>	<u>7,736</u>	<u>12,463</u>	<u>(6,974)</u>	<u>(4,727)</u>
Total Net Assets	<u>\$ 82,858</u>	<u>\$ 72,817</u>	<u>\$ 66,168</u>	<u>\$ 10,041</u>	<u>\$ 6,649</u>

The \$173.9 million in assets includes cash and cash equivalents of \$19.4 million. The expenditure of the majority of the proceeds of the Maintenance Tax Notes, Series 2009, issued on October 22, 2009 for \$24,500,000 accounts for the decrease in the cash and cash equivalents and investments. A review of the Statement of Net Assets also reveals accounts receivable of just over \$16 million compared to \$17 million in FY2010 and \$9.1 million in FY2009. Approximately 80 percent of the accounts receivable are for student loans and fees.

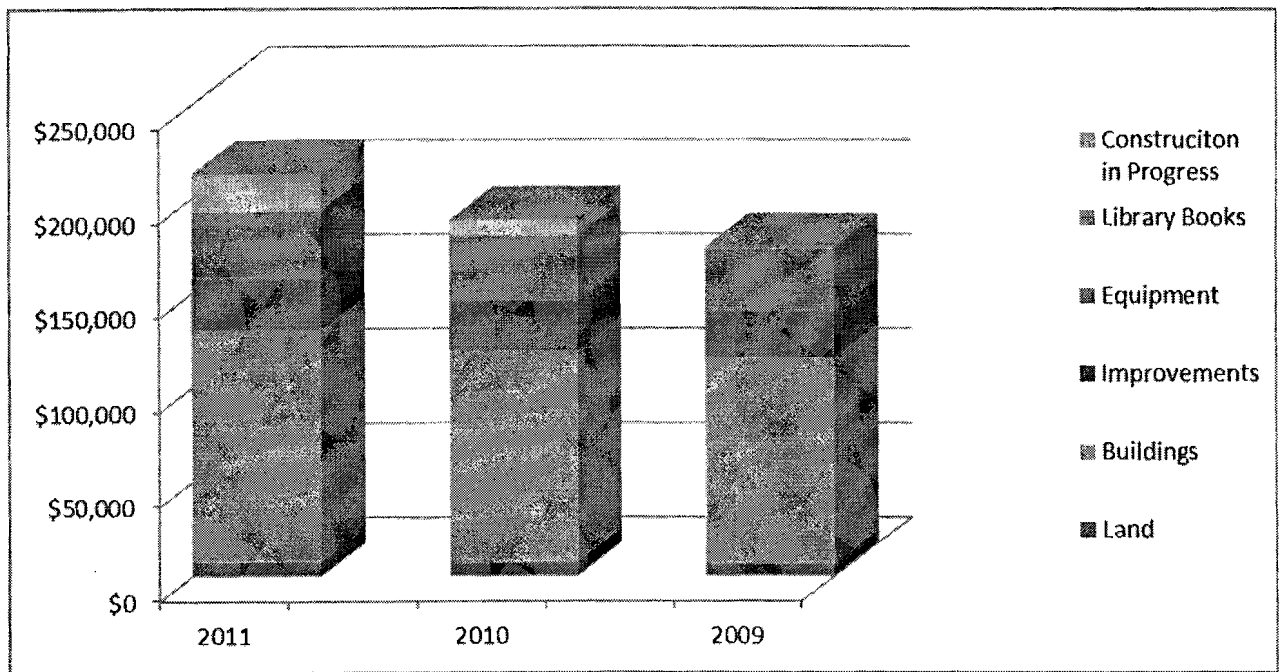
Capital assets display the result of the implementation of a policy to capitalize only those capital assets with an acquisition cost of \$5,000 or more. The consumption of assets follows the institutional philosophy to use available resources to acquire and improve all areas of the institution to better serve the instruction and public service missions of the institution.

The completion of many of the renovation projects funded by the maintenance tax note proceeds occurred throughout the year. These projects included: roof replacements on the Vaughn Library, Ornelas Health and Physical Education Building; and HVAC replacements in Wise

Auditorium, West Campus, Potter Hall, Jenkins Hall, Genecov Building and the Vaughn Library. Additionally, the District upgraded and increased the use of video surveillance on the main campus. Larger projects that were funded in part with maintenance tax note proceeds, private funds and institutional funds included renovations to the Wagstaff Educational Facility, Genecov Building and The Center for Earth and Space Science Education (formerly the Hudnall Planetarium). Several properties were acquired throughout the year that increased the footprint of the District. More detailed information of capital asset activity and long-term debt activity is presented in the note disclosures Number 6 that details the capital assets, Number 8 that discloses the details pertaining to long-term liabilities and Number 9 that displays details of all outstanding bonds payable.

**Capital Assets, Net, at Year End**  
(in thousands)

	August 31			Change	
	2011	2010	2009	2010 to 2011	2009 to 2010
<b>Capital Assets:</b>					
Land	\$ 7,241	\$ 6,989	\$ 6,086	\$ 252	\$ 903
Buildings	123,007	112,335	109,600	10,672	2,735
Improvements	26,927	25,781	24,104	1,146	1,677
Equipment	35,217	34,564	33,178	653	1,386
Library Books	713	725	726	(12)	(1)
Construcion in Progress	19,966	8,159	537	11,807	7,622
<b>Total Capital Assets</b>	<b>\$ 213,071</b>	<b>\$ 188,553</b>	<b>\$ 174,231</b>	<b>\$ 24,518</b>	<b>\$ 14,322</b>



Liabilities of \$91 million include debt of \$68 million and compensated absences of \$1.3 million as of the end of the 2011 fiscal year. Also included in the liabilities are student deposits and deferred revenue in excess of \$17 million.

The assets less liabilities result in net assets of \$82.9 million compared to \$72.8 million in FY2010 and \$66.2 million in FY2009. A major portion of the net assets is the District's capital assets of \$81.7 million, and \$762,043 in unrestricted resources.

The District reports as an enterprise activity and as such does not have a debt limit that impacts the financing of any planned facilities or services. Additional information that pertains to the District's long-term debt liability can be found in the notes to the financial statements, Numbers 9 and 10.

#### **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 purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution.

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. Nonoperating revenues are revenues received for which goods and services are not provided. For example, property taxes are nonoperating because the taxes are paid by citizens without the citizens receiving any commensurate goods or services. Additionally, state appropriations and Title IV financial aid revenue are considered to be nonoperating revenues based on the reporting requirements set forth by the Texas Higher Education Coordinating Board.

**Condensed Statement of Revenues, Expenses and Changes in Net Assets**  
(thousands of dollars)

	August 31			Change	
	2011	2010	2009	2010 to 2011	2009 to 2010
<b>Operating Revenues</b>					
Tuition and Fees	\$ 10,817	\$ 13,604	\$ 14,090	\$ (2,787)	\$ (486)
Federal Grants and Contracts	1,396	1,455	1,212	(59)	243
State Grants and Contracts	1,397	1,808	1,164	(411)	644
Local Grants and Contract	711	221	1,084	490	(863)
Sales and Service of Educational Activities	116	117	118	(1)	(1)
Auxiliary Enterprises	2,355	2,946	3,669	(591)	(723)
Miscellaneous	4,811	2,122	2,084	2,689	38
Total Operating Revenues	21,603	22,273	23,421	(670)	(1,148)
<b>Operating Expenses</b>					
Instruction	29,634	28,627	23,422	1,007	5,205
Public Service	1,399	1,151	938	248	213
Academic Support	2,821	2,894	2,288	(73)	606
Student Service	8,274	8,405	7,624	(131)	781
Institutional Support	11,136	9,791	9,429	1,345	362
Operation and Maintenance of Plant	5,054	5,081	6,695	(27)	(1,614)
Scholarship and Fellowships	3,122	2,818	2,681	304	137
Auxiliary Enterprises	6,468	6,166	6,132	302	34
Depreciation	4,967	4,348	4,126	619	222
Total Operating Expenses	72,875	69,281	63,335	3,594	5,946
Operating Loss	(51,272)	(47,008)	(39,914)	(4,264)	(7,094)
<b>Non-Operating Revenues (Expenses)</b>	61,313	53,657	43,892	7,656	9,765
<b>Increase (Decrease) in Net Assets</b>	<b>10,041</b>	<b>6,649</b>	<b>3,978</b>	<b>3,392</b>	<b>2,671</b>
<b>Net Assets</b>					
Net Assets, Beginning of Year	72,817	66,168	62,190	6,649	3,978
Net Assets, End of Year	\$ 82,858	\$ 72,817	\$ 66,168	\$ 10,041	\$ 6,649

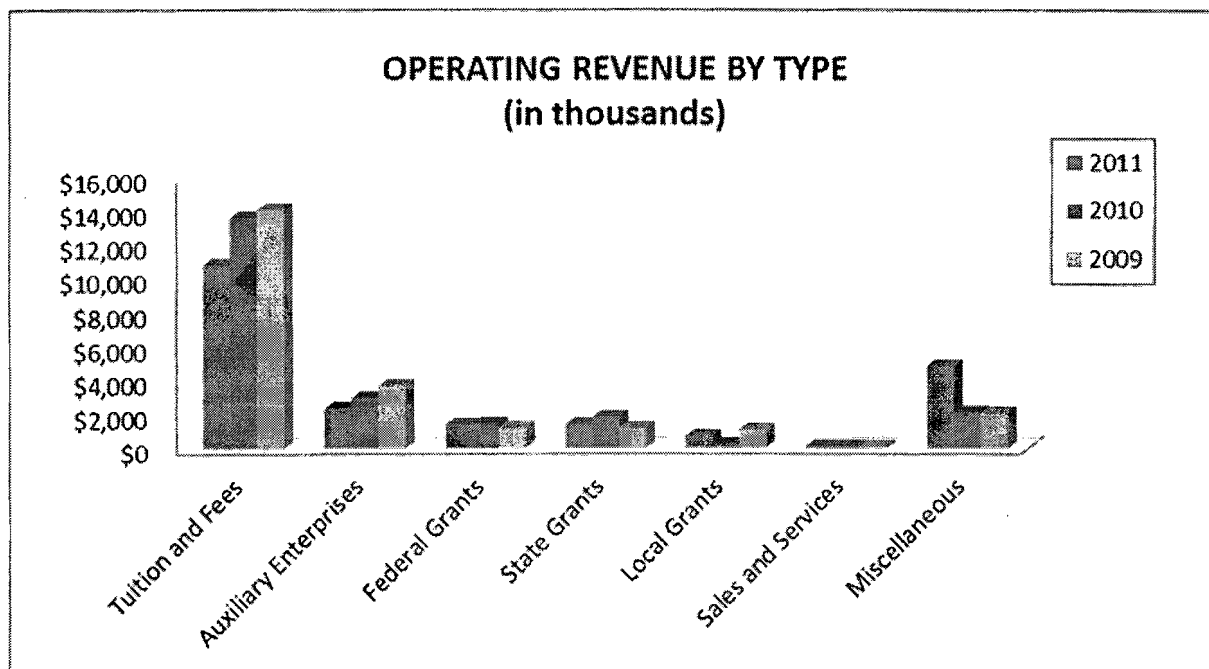
The nonoperating revenues (expenses) are comprised of \$21.6 million state educational contracts, \$18.6 million property taxes, \$23.5 million in Title IV financial assistance, investment income of \$150,086 and \$2.6 million interest paid on capital related debt. These amounts differ from FY2010 by approximately \$4 million from additional property tax revenue that resulted from a slight increase in the maintenance and operation rate of .001292 per \$100 valuation bringing the M&O rate to .149870 per \$100 valuation and the collection of property tax revenue from the maintenance tax notes which was set at a rate of .033056 per \$100 valuation. A 24% increase

in federal nonoperating revenue and investment income of a little over \$150,000 round out the nonoperating revenues.

The Statement of Revenues, Expenses, and Changes in Net Assets reflect a positive year with an increase in the net assets at the end of the year. Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Assets are discussed in the following section.

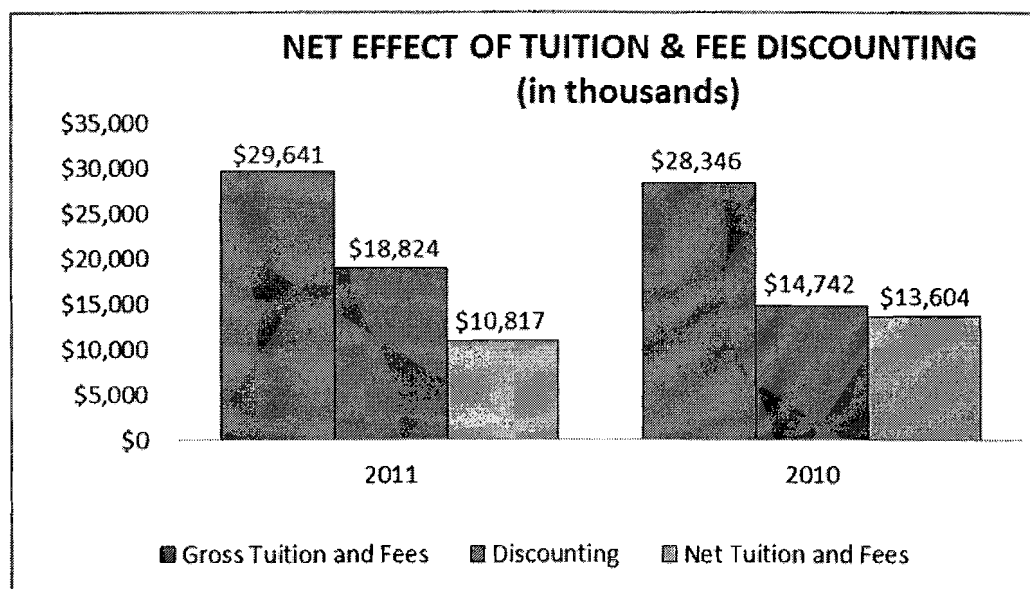
**Operating Revenue by Type**  
(thousands of dollars)

	August 31			Change	
	2011	2010	2009	2010 to 2011	2009 to 2010
<b>Operating Revenues</b>					
Tuition and Fees	\$ 10,817	\$ 13,604	\$ 14,090	\$ (2,787)	\$ (486)
Auxiliary Enterprises	2,355	2,946	3,669	(591)	(723)
Federal Grants and Contracts	1,396	1,455	1,212	(59)	243
State Grants and Contracts	1,397	1,808	1,164	(411)	644
Local Grants and Contract	711	221	1,084	490	(863)
Sales and Service of Educational Activities	116	117	118	(1)	(1)
Miscellaneous	4,811	2,122	2,084	2,689	38
Total Operating Revenues	\$ 21,603	\$ 22,273	\$ 23,421	\$ (670)	\$ (1,148)



The above chart displays, in thousands of dollars, the operating revenues by type and their relationship with one another. Student tuition and fees represent the largest type of revenue followed by auxiliary enterprises. All other types of revenue represent less than 39% of the total operating revenue.

An interesting item to note, as seen in the following chart, is that even though the gross tuition and fees increased in FY2011 by \$1.3 million over gross tuition and fees in FY2010, the net tuition and fees, after discounting for scholarship allowances and discounts, decreased by \$2.8 million. The tuition and fee discounting amount increased more than 28% from \$14.7 million in FY2010 to \$18.8 million in FY2011. The dramatic increase in scholarship allowances and discounts is due in part to the increased enrollment at the District, the downturn in the economy and an increase in the federal Pell award per student. The following chart graphically illustrates this change.



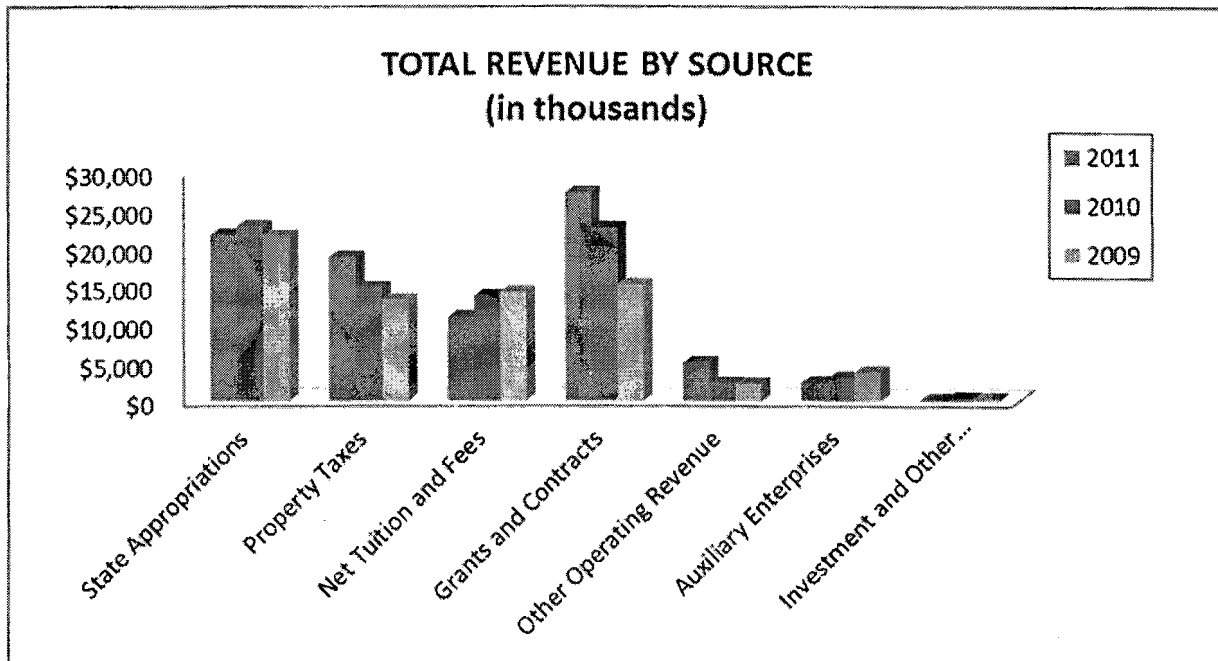
The income from residential housing contributes significantly as the major source of revenue for auxiliary enterprises. The number of students living on campus has remained constant, close to full capacity, for the past three years. The gross housing revenue experienced a slight increase in FY2011 of \$73 thousand for a total of \$5.2 million up from \$5.1 million in FY2010 and FY2009. Just as the discounting amount for tuition and fees increased between FY2010 and FY2011, the discounting amount for residential housing also increased between FY2010 and FY2011. The discounting amount increased 24% from \$2.8 million in FY2010 to \$3.4 million in FY2011. Thus, the net housing revenue actually experienced a 25% decrease of \$582 thousand in FY2011 to equal \$1.7 million compared to \$2.3 million in FY2010 and \$3.2 million in FY2009.

The auxiliary services, other than the residence halls, are not self-supporting activities. Two principal auxiliary services, athletics and student activities, are programmed to be supported by the general operating resources.

The District relies equally on operating revenue as well as nonoperating revenue. When all of the revenues by source are combined, the District has experienced a steady increase in total revenue over the last three years. The Grants and Contracts source is the largest contributor in FY2011 at 32% compared to 26% and 22% for FY2010 and FY2009, respectively. This source is restricted in nature and includes the federal Pell grant awards that pass through the District directly to the students. With the increased enrollment experienced by the District over the last three years and the unsettled economy, the increases in this source are not surprising. The State Appropriations contribution has declined over the last three years. For the year 2011, the State Appropriations were 25% of the total revenue for the District at \$21.6 million, compared to 30% in FY2010 at \$22.7 million and 31% in FY2009 at \$21.5 million. The FY2011 amount includes the 5 percent reduction the District had to "give back" to the State. The property taxes source is the third largest contributor to the total revenue received by the District. With the collection of the first year of taxes for the maintenance tax notes, issued in October, 2009, property taxes account for 22% of total revenue for FY2011 or \$18.6 million. Property taxes accounted for 19% of total revenue for both FY2010 and FY2009 or \$14.6 million and \$13.1 million, respectively.

**Total Revenues by Source**  
(thousnds of dollars)

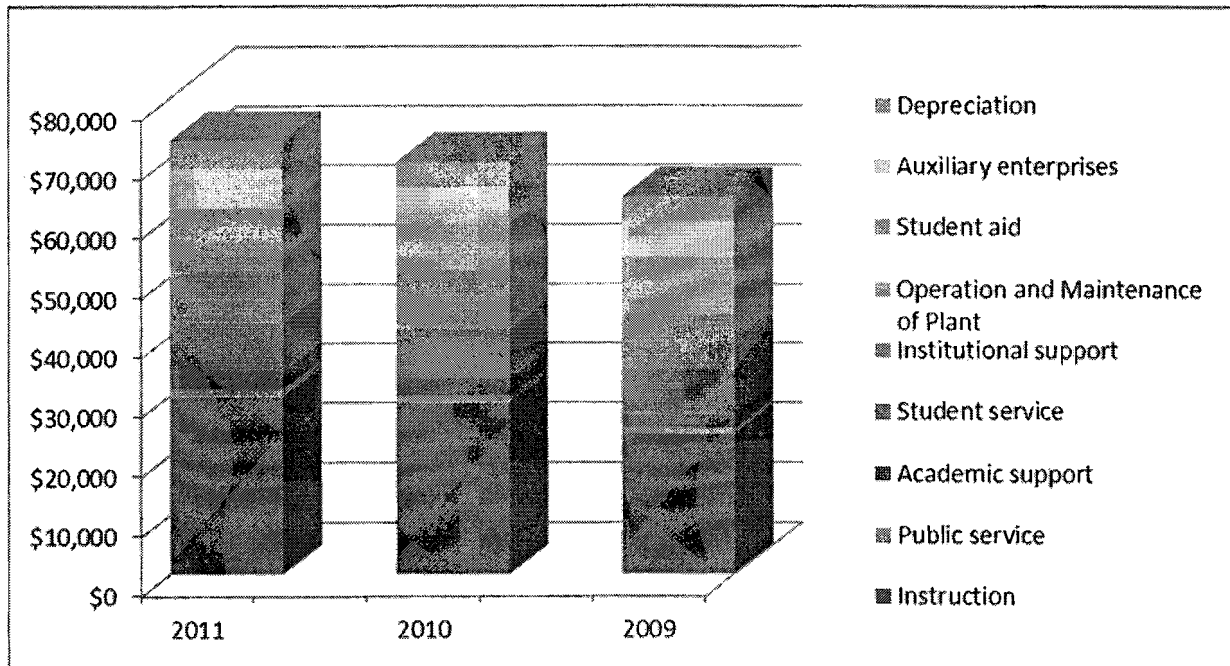
	<u>August 31</u>			<u>Change</u>	
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2010 to 2011</u>	<u>2009 to 2010</u>
<b>Revenue Sources:</b>					
State Appropriations	\$ 21,608	\$ 22,674	\$ 21,456	\$ (1,066)	\$ 1,218
Property Taxes	18,638	14,638	13,063	4,000	1,575
Net Tuition and Fees	10,817	13,604	14,090	(2,787)	(486)
Grants and Contracts	27,046	22,503	15,057	4,543	7,446
Other Operating Revenue	4,927	2,239	2,202	2,688	37
Auxiliary Enterprises	2,355	2,946	3,669	(591)	(723)
Investment and Other Income	151	339	309	(188)	30
Total Revenue	<u>\$ 85,542</u>	<u>\$ 78,943</u>	<u>\$ 69,846</u>	<u>\$ 6,599</u>	<u>\$ 9,097</u>



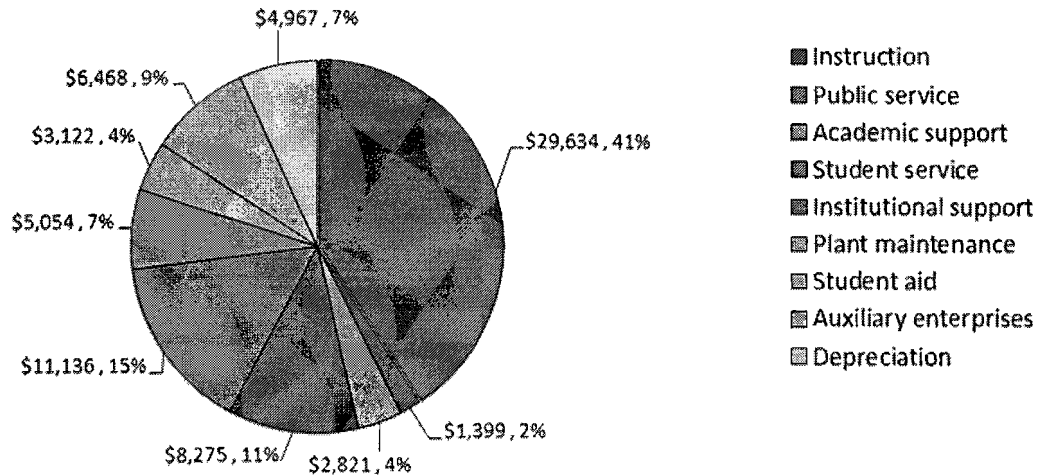
Just as the District experienced an increase in total revenue for FY2011, the total expenses were increased as well. Costs to support enrollment growth at the District can be seen through the increase in Instruction of 4 percent or \$1 million for FY2011 to total \$30 million as compared to \$29 million in FY2010 and \$23 million in FY2009. While Academic Support and Student Service expenses increased from FY2009 to FY2010 by approximately \$606,000 and \$781,000, respectively; both of these areas actually saw slight declines in FY2011 of \$73,000 and \$131,000, correspondingly. This decline is attributable to several organizational realignments. An increase in Campus Security and Information Technology during FY2011 accounted for part of the 14% increase in Institutional Support. The increase in student enrollment, the recovering economy and the increase in the federal individual Pell grant award accounts for the 11% increase in Student Aid to \$3.1 million for FY2011. These are the same contributors for the 5 percent increase in Student Aid between FY2009 and FY2010; from \$2.6 million in FY2009 to \$2.8 million in FY2010. With the many maintenance tax note funded projects being completed throughout the year, the increase in Depreciation of 14% is reasonable. The increase equates to a total Depreciation of \$4.9 million for FY2011 as compared to \$4.3 million in FY2010 and \$4.1 million in FY2009.

**Operating Expenses by Function**  
(in thousands)

	<u>August 31</u>			<u>Change</u>	
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2010 to 2011</u>	<u>2009 to 2010</u>
<b>Operating Expenses:</b>					
Instruction	\$ 29,634	\$ 28,627	\$ 23,422	\$ 1,007	\$ 5,205
Public service	1,399	1,151	938	248	213
Academic support	2,821	2,894	2,288	(73)	606
Student service	8,274	8,405	7,624	(131)	781
Institutional support	11,136	9,791	9,429	1,345	362
Operation and Maintenance of Plant	5,054	5,081	6,695	(27)	(1,614)
Student aid	3,122	2,818	2,681	304	137
Auxiliary enterprises	6,468	6,166	6,132	302	34
Depreciation	4,967	4,348	4,126	619	222
Total Operating Expenses	<u>\$ 72,875</u>	<u>\$ 69,281</u>	<u>\$ 63,335</u>	<u>\$ 3,594</u>	<u>\$ 5,946</u>



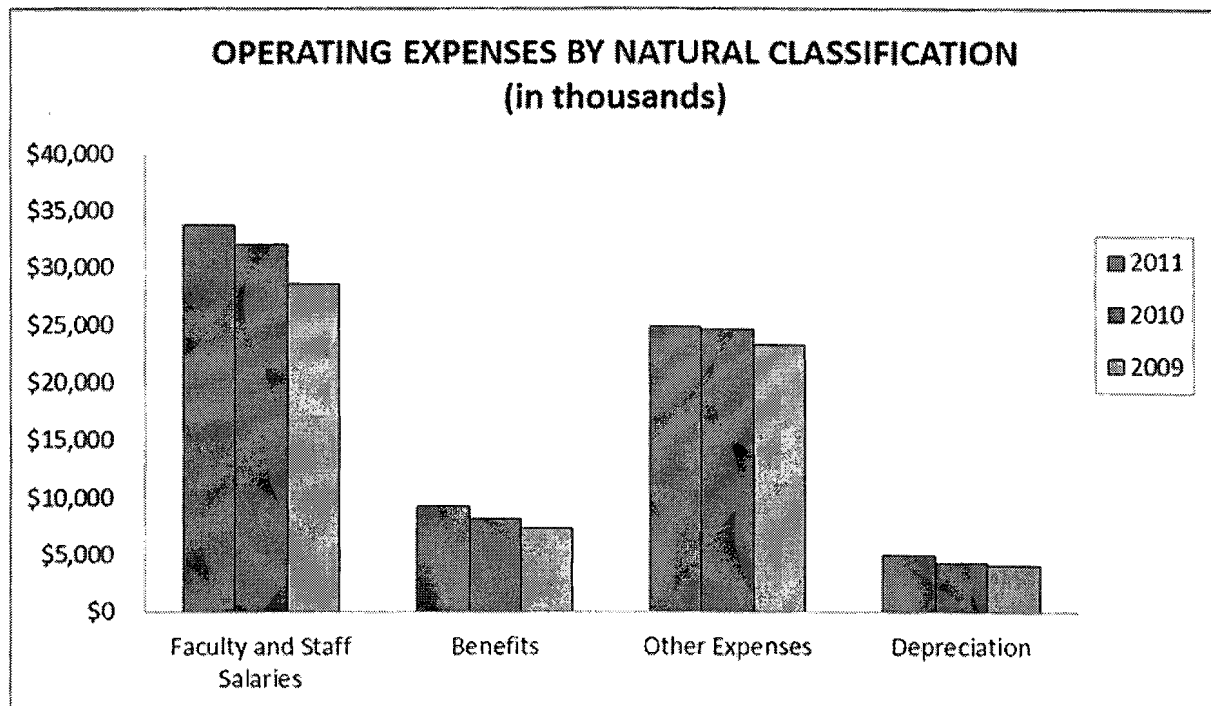
**2011 OPERATING EXPENSES BY FUNCTION**  
(in thousands and as a percentage)



Although the District's operating expenses are reported by functional classification, the operating expenses restated by their natural classification is necessary because each function contains each of the natural classification expenses except depreciation that is considered both a functional and natural expense class. Operating expenses are summarized here by natural classification. Natural classification displays the type of expense regardless of program.

**Operating Expenses by Natural Classification**  
(in thousands)

	August 31			Change	
	2011	2010	2009	2010 to 2011	2009 to 2010
<b>Operating Expenses:</b>					
Salaries	\$ 33,791	\$ 32,100	\$ 28,571	\$ 1,691	\$ 3,529
Benefits	9,319	8,171	7,378	1,148	793
Other Expenses	24,799	24,663	23,261	136	1,402
Depreciation	4,966	4,347	4,125	619	222
<b>Total Operating Expenses</b>	<b>\$ 72,875</b>	<b>\$ 69,281</b>	<b>\$ 63,335</b>	<b>\$ 3,594</b>	<b>\$ 5,946</b>



Approximately 46% of the District's \$72.8 million operating expenses are expended for salaries and wages. When the benefits are combined with the salaries and wages, the total of \$43.1 million is 59% of the District's total operating expense as compared to 58% in FY2010 and 57% in FY2009. The second highest portion of the operating expenses is the \$24.8 million of operating expenses that the District paid in FY2011 to its vendors to acquire supplies, goods and services. This amount expended to vendors compared to \$24.7 million in FY2010 and \$23.3 million in FY2009. Financial aid is included in the other expenses. In FY2011, \$2.8 million was expended in financial aid as compared to \$2.8 million in FY2010 and \$2.7 million in FY2009. Depreciation expense increased in FY2011 to \$5 million up from \$4.3 million in FY2010 and \$4.1 million in FY2009.

### 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 statement is divided into five components. The first component deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third component reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fourth component deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition

and construction of capital and related items. The fifth and final component presented in the statement reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

**Condensed Cash Flows for the Year ended August 31**  
(thousands of dollars)

	<b>August 31</b>			<b>Change</b>	
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2010 to 2011</b>	<b>2009 to 2010</b>
<b>Cash Provided (used) by:</b>					
Operating Activities	\$ (41,965)	\$ (42,901)	\$ (33,584)	\$ 936	\$ (9,317)
Noncapital Financing Activities	58,579	51,358	41,223	7,221	10,135
Capital and Related Financing Activities	(37,325)	3,712	(7,165)	(41,037)	10,877
Investing Activities	4,572	(5,624)	309	10,196	(5,933)
Net Change in Cash	(16,139)	6,545	782	(22,684)	5,763
Cash, Beginning of Year	35,557	29,012	28,230	6,545	782
<b>Cash, End of Year</b>	<b>\$ 19,418</b>	<b>\$ 35,557</b>	<b>\$ 29,012</b>	<b>\$ (16,139)</b>	<b>\$ 6,545</b>

The primary cash receipts from operating activities consist of tuition and fees and auxiliary enterprises. Operating cash receipts in FY2011 totaled \$20.6 million as compared to \$16.9 million in FY2010 and \$24.8 million in FY2009. Cash outlay payments for wages, benefits, supplies, utilities and scholarships totaled \$62.6 million in FY2011 as compared to \$59.9 million in FY2010 and \$58.4 million in FY2009. These receipts and cash outlay payments resulted in \$936 thousand less net cash used by operating activities in FY2011.

State educational contracts were once the primary source of noncapital financing. Non-operating federal revenue is now the primary source of noncapital financing. Property tax revenue and state educational contracts make up the second and third largest sources of noncapital financing respectively. These sources of revenue are categorized as noncapital even though the District's budget depends on them to continue the current level of operations. In FY2011, \$58.6 million was received as compared to \$51.4 million in FY2010 and \$41.2 million in FY2009. Other noncapital financing activity includes the cash held in trust for others that was received and disbursed. Although funds held for others are both received and disbursed throughout the year, \$145,288 was disbursed greater than that received in FY2011.

The capital and related financing activities in FY2011 included \$25.5 million expended for campus improvements and renovations. This amount includes routine improvements and renovations, in addition to the repair and renovations made possible by the proceeds from the

issuance of the maintenance tax notes, for the District. This compares to \$12.7 million expended in FY2010 and \$1.2 million expended in FY2009 for campus improvements and renovations that included the expenses for the initial projects funded by the maintenance tax note proceeds. Financing outflows also include expenditures for debt service payments and related long-term debt interest. The long-term debt interest of \$2.6 million was \$370 thousand less than the amount paid in FY2010.

Investing activities reflect purchases, sales, and interest income earned on investments. Investments identified in the cash flow statement investing activities include both short and long-term investments. The total amount of investment income received in FY2011 was \$188 thousand less than the amount received in FY2010. There were \$4.4 million in investments, specifically certificates of deposits, which matured during FY2011.

### **Economic Outlook**

As in prior years, the District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the forthcoming fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

Enrollment growth at the District increased more than average for the 2011 year even with the slight tuition and fee increases implemented during the past fiscal years. The higher unemployment in the region has played a significant part in the enrollment growth due to displaced workers desiring to improve their skills or even obtain a new skill set. The enrollment will continue to be stable as the fiscal year 2011 students continue their education. As in prior years, a small enrollment growth is expected for fiscal year 2012.

The District's overall financial position is strong. However, the District continues to deal with the lingering effects of the slow economy. The District is surviving the financial pressures by maintaining operating budget controls, addressing reserves, evaluation of new hires and capital expenditures and reducing overall administrative overhead. As a result of the increased enrollment and the stagnant economy, the District is operating with proportionally less staff and an increased workload. The 82<sup>nd</sup> Texas Legislature made significant budget decisions during the 2011 session which will impact community colleges throughout the state for the 2012-2013 biennium and years to come. Given the economic constraints at the local, state and national level, flat ad-valorem tax valuation changes and student fee increases, the District anticipates fiscal year 2012 will be comparable to fiscal year 2011 and will keep a close watch over resources to maintain the District's ability to react to unknown internal and external issues.

TYLER JUNIOR COLLEGE DISTRICT  
STATEMENT OF NET ASSETS  
AS OF AUGUST 31, 2011 AND 2010

<b>ASSETS</b>	<u>2011</u>	<u>2010</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 9,923,120	\$ 5,708,288
Investments	1,540,103	5,962,238
Accounts Receivable (net of allowance for doubtful accounts of \$4,236,852 and \$3,717,311 respectively)	16,667,922	17,004,977
Prepaid Expenses	<u>30,023</u>	<u>99,641</u>
Total Current Assets	<u>28,161,168</u>	<u>28,775,144</u>
<b>Noncurrent Assets</b>		
Cash and Cash Equivalents	9,495,220	29,848,815
Deferred Charges	674,905	766,906
Capital Assets (Net)	<u>135,525,549</u>	<u>115,900,802</u>
Total Noncurrent Assets	<u>145,695,674</u>	<u>146,516,523</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 173,856,842</u></u>	<u><u>\$ 175,291,667</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 4,024,367	\$ 4,808,991
Deferred Revenues	17,481,077	18,314,453
Current Portion of Compensated Absences	128,544	136,170
Current Portion of Bonds Payable	5,385,000	5,790,000
Current Portion of Notes Payable	<u>936,637</u>	<u>856,167</u>
Total Current Liabilities	<u>27,955,625</u>	<u>29,905,781</u>
<b>Noncurrent Liabilities</b>		
Accrued Compensable Absences Payable	1,156,900	1,225,530
Bonds Payable	59,204,368	64,931,860
Notes and Loans Payable	<u>2,681,908</u>	<u>6,411,748</u>
Total Noncurrent Liabilities	<u>63,043,176</u>	<u>72,569,138</u>
<b>TOTAL LIABILITIES</b>	<u>90,998,801</u>	<u>102,474,919</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt Restricted	81,720,617	64,757,406
Expendable		
Financial Aid and Scholarships	375,381	322,993
Unrestricted	<u>762,043</u>	<u>7,736,349</u>
<b>TOTAL NET ASSETS</b>	<u>82,858,041</u>	<u>72,816,748</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 173,856,842</u></u>	<u><u>\$ 175,291,667</u></u>

The notes to the financial statements are an integral part of this statement.

**THE TYLER JUNIOR COLLEGE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2011**

**ASSETS**

Cash and Cash Equivalents	\$ 3,296,232
Investments	28,452,035
Funds Held in Trust	258,861
Charitable Gift Annuities	260,930
Other Assets	52,761
Total Invested Funds	32,320,819
Pledges Receivable	265,074
Real Estate	1,064,193
Deferred Expense	725,394
Total Assets	<u>\$ 34,375,480</u>

**LIABILITIES**

Accounts Payable - Tyler Junior College	\$ 724,393
Other Liabilities	54,545
Total Liabilities	<u>778,938</u>

**NET ASSETS**

Unrestricted	4,935,451
Temporarily Restricted	4,383,144
Permanently Restricted	24,277,947
Total Net Assets	<u>33,596,542</u>

<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 34,375,480</u></b>
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The notes to the financial statements are an integral part of this statement.

TYLER JUNIOR COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

<b>REVENUES</b>	<u>2011</u>	<u>2010</u>
Operating revenues		
Pledged Revenues:		
Tuition and Fees (net of \$18,824,062 and \$14,742,277 in discounts)	\$ 10,816,884	\$ 13,604,236
Auxiliary Enterprises (net of \$3,412,170 and \$2,756,856 in discounts)	2,354,905	2,945,922
Federal Grants and Contracts	1,396,514	1,454,506
State Grants and Contracts	1,396,955	1,808,213
Local Grants and Contracts	711,217	220,893
Sales and Service of Educational Activities	116,134	117,104
Interest on Student Loans	15,725	6,700
Miscellaneous Operating Revenues	<u>4,794,824</u>	<u>2,114,855</u>
Total Operating Revenues	<u>21,603,158</u>	<u>22,272,429</u>
 <b>EXPENSES</b>		
Operating expenses		
Instruction	29,633,824	28,626,927
Public Service	1,398,852	1,151,093
Academic Support	2,821,105	2,893,825
Student Services	8,274,507	8,404,501
Institutional Support	11,136,081	9,790,843
Operations and Maintenance of Plant	5,054,499	5,080,838
Scholarship and Fellowships (net of \$22,236,232 and \$17,499,133 in discounts)	3,122,074	2,818,571
Auxiliary Enterprises	6,467,852	6,165,791
Depreciation	<u>4,966,820</u>	<u>4,348,266</u>
Total Operating Expenses	<u>72,875,614</u>	<u>69,280,655</u>
Operating (Loss)	<u>(51,272,456)</u>	<u>(47,008,226)</u>
 <b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations	21,608,189	22,673,865
Property taxes	18,638,057	14,638,019
Federal Revenue, Non Operating	23,541,831	19,019,795
Investment Income	150,086	338,646
Interest on Capital Related Debt	<u>(2,624,414)</u>	<u>(3,013,517)</u>
Total Non-Operating Revenues (Expenses)	<u>61,313,749</u>	<u>53,656,808</u>
Increase in Net Assets	10,041,293	6,648,582
Net Assets, Beginning of the Year	<u>72,816,748</u>	<u>66,168,166</u>
Net Assets, End of the Year	<u><u>\$ 82,858,041</u></u>	<u><u>\$ 72,816,748</u></u>

The notes to the financial statements are an integral part of this statement.

**THE TYLER JUNIOR COLLEGE FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2011**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support:				
Contributions and Fund-raising	\$ 180,729	\$ 1,491,314	\$ 556,668	\$ 2,228,711
Unrealized Gain (loss)				
on Investments	785,620	30,175	-	815,795
Net Gain (loss) on Sales	1,085,516	-	-	1,085,516
Investment Income	359,832	3,528	81,054	444,414
Donor Transfers	(1,137,320)	451,445	685,875	-
Net Assets				
Released from Restrictions	1,477,600	(1,395,600)	(82,000)	-
Total Revenues	<u>2,751,977</u>	<u>580,862</u>	<u>1,241,597</u>	<u>4,574,436</u>
Administrative	16,155	-	-	16,155
Fund-Raising				
Golf Tournament	34,597	-	-	34,597
Other	21,214	-	-	21,214
Real Estate	5,678	-	-	5,678
Scholarships & Awards				
Support of TJC	866,554	-	-	866,554
Scholarships	715,102	-	-	715,102
Other Awards	18,215	-	-	18,215
Total Expenditures	<u>1,677,515</u>	<u>-</u>	<u>-</u>	<u>1,677,515</u>
Change in Net Assets	1,074,462	580,862	1,241,597	2,896,921
Net Assets, September 1, 2010	<u>3,860,989</u>	<u>3,802,282</u>	<u>23,036,350</u>	<u>30,699,621</u>
Net Assets, August 31, 2011	<u>\$ 4,935,451</u>	<u>\$ 4,383,144</u>	<u>\$ 24,277,947</u>	<u>\$ 33,596,542</u>

The notes to the financial statements are an integral part of this statement.

TYLER JUNIOR COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED AUGUST 31, 2011 AND 2010

**CASH FLOWS FROM OPERATING ACTIVITIES**

	2011	2010
Receipts from students and other customers	\$ 10,118,617	\$ 8,590,096
Receipt of state financial aid	1,396,955	1,808,213
Receipt of federal financial aid	1,396,514	1,454,506
Receipt of local grants and support	711,217	220,893
Receipt from sales and services of educational activities	116,134	117,104
Receipt from auxiliary enterprises	2,354,905	2,945,922
Receipt of interest on student loans	15,725	6,700
Receipt from other operating revenues	4,451,824	1,659,764
Collections on student loans	48,093	150,220
Payments for salaries and benefits to employees	(37,968,527)	(35,326,413)
Payments to suppliers for goods and services	(24,606,098)	(24,528,187)
Net cash used in operating activities	<u>(41,964,641)</u>	<u>(42,901,182)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Receipt from state educational contracts	16,390,798	17,728,165
Receipts from Non Operating Federal Revenue	23,784,431	17,619,872
Property tax revenues	18,549,310	14,372,940
Receipts from student organizations	1,878,550	2,393,594
Payments to student organizations	(2,023,838)	(756,814)
Net cash provided by noncapital financing activities	<u>58,579,251</u>	<u>51,357,757</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchases of capital assets and construction costs	(25,494,208)	(12,699,866)
Proceeds on issuance of capital debt	-	24,500,000
Bond issue costs	-	(353,898)
Principal payments on capital related debt	(9,531,372)	(5,175,582)
Interest on capital related debt	(2,643,014)	(3,013,276)
Contributions received for capital related financing	343,000	455,091
Net cash provided by (used in) capital and related financing activities	<u>(37,325,594)</u>	<u>3,712,469</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment income	150,086	338,646
Maturity of investments	4,422,135	-
Purchases of investments	-	(5,962,238)
Net cash provided by (used in) investing activities	<u>4,572,221</u>	<u>(5,623,592)</u>

Increase (decrease) in cash and cash equivalents	(16,138,763)	6,545,452
Cash and cash equivalents, September 1	<u>35,557,103</u>	<u>29,011,651</u>
Cash and cash equivalents, August 31	<u>\$ 19,418,340</u>	<u>\$ 35,557,103</u>
Reconciliation of cash on Exhibit 1:		
Cash and cash equivalents - current	\$ 9,923,120	\$ 5,708,288
Cash and cash equivalents - noncurrent	<u>9,495,220</u>	<u>29,848,815</u>
Total cash and cash equivalents	<u>\$ 19,418,340</u>	<u>\$ 35,557,103</u>

The notes to the financial statements are an integral part of this statement.

**Reconciliation of operating loss to net cash used by operating activities**

Operating loss	\$ (51,272,456)	\$ (47,008,226)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	4,966,820	4,348,266
Write off of student loans	-	156,682
Non-operating plant revenue	(343,000)	(455,091)
Amortization of deferred charges	(158,489)	(223,749)
Payments made directly by state for benefits	5,217,391	4,945,700
(Increase) decrease in assets		
Receivables (net)	183,202	(6,140,934)
Prepaid expenses	69,618	75,759
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	281,905	281,839
Deferred revenues	(833,376)	1,120,332
Compensated absences	<u>(76,256)</u>	<u>(1,760)</u>
Net cash used in operating activities	<u>\$ (41,964,641)</u>	<u>\$ (42,901,182)</u>

The notes to the financial statements are an integral part of this statement.

**TYLER JUNIOR COLLEGE DISTRICT**  
**Notes to the Financial Statements**

**NOTE 1 — REPORTING ENTITY**

The Tyler Junior College District was established in 1926 in accordance with the laws of the State of Texas, to serve the educational needs of Tyler and surrounding communities. The District is governed by an elected nine member Board of Trustees which has oversight responsibility over all District activities. The District consists of the areas of six Independent School Districts located in Smith and Van Zandt Counties, Texas. The Tyler Junior College District is considered to be a special purpose, primary government according to the definition in *Governmental Accounting Standards Board (GASB) Statement 14* and as amended by *(GASB) Statement 39*. 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.

Tyler Junior College foundation is a legally separate, tax-exempt component unit of the District. The foundation acts primarily as a fund-raising organization to supplement the resources that are available to the District in support of its educational programs and student services. The foundation is a non-governmental entity and follows accounting standards set forth by the *Financial Accounting Standards Board (FASB)*. Although the District does not control the timing or the amount of receipts from the foundation, the majority of resources, or income thereon, that the foundation holds and invests is restricted to the activities of the District. Because these restricted resources held by the foundation can only be used by, or for the benefit of, the District, the foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

During the year ended August 31, 2011, the foundation distributed \$1,378,597 in support and scholarships to the District. Complete financial statements for the foundation can be obtained from the foundation's offices in the White Administrative Building on the District's main campus.

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Report Guidelines**

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 requirements are in conformity with U.S. generally accepted accounting principles as set forth by the Governmental Accounting Standards Board, and the American Institute of Certified Public Accountants.

**Basis of Accounting**

The financial statements of the District have been prepared on the accrual basis of accounting as appropriate for public colleges and universities. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing goods and related services in connection with the District's ongoing operations to provide educational needs to its students and community. The principal operating revenues of the District are tuition and fees along with auxiliary revenues. The major non-operating revenues are state appropriations, property tax collections and Title IV financial aid. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

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 in the Current Funds. Under Texas law, contracts 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. All encumbrances outstanding at year end have been canceled.

### **Tuition Discounting**

#### **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 amounts as a separate set aside amount (Texas Education Code §56.033). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

#### **Title IV, Higher Education Act Program Funds**

Certain Title IV, HEA Program funds are received by the District to pass through to the student. These funds are initially received by the District and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

#### **Other Tuition Discounts**

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

### **Budgetary Data**

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

### **Capital Assets**

Capital assets include land, infrastructure, buildings, improvements, and equipment. The District's board voted to set a capitalization policy for assets with a unit cost of \$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 assets are recorded at estimated fair value at the date of the donation. The costs of normal repairs and maintenance that do not add to the value of the asset or significantly extend an asset's useful life are charged to expense when incurred. Costs incurred for capital projects are included in construction in progress until the project is completed at which time the asset is properly categorized and depreciated over its estimated useful life.

Capital assets of the District are depreciated using the straight-line and composite methods over the following useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and renovations	50
Improvements including re-roofing	20
Equipment	10
Library Books	10

### **Use of Estimates**

Preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

### **Cash and Cash Equivalents**

The District defines cash and cash equivalents to be deposits held in banks plus cash on hand. Also cash equivalents include funds maintained at Texpool which is an overnight investment pool and the funds held there can be readily converted to cash on a daily basis.

### **Investments**

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

### **Capitalized Interest**

The District has capitalized a portion of the interest paid on its debt as construction in progress in relation to the portion of debt used to fund construction projects during the current year.

### **Allowance for Doubtful Accounts**

The allowance for doubtful accounts for accounts receivable, taxes receivable and notes receivable is based on management's estimate of the anticipated collectibility of the respective accounts.

### **Deferred Charges**

Included in deferred charges are bond issue costs which are amortized under the effective interest method over the remaining life of the bonds.

## **NOTE 3 — AUTHORIZED INVESTMENTS**

Tyler Junior College District is authorized to invest in obligations and instruments as defined in the *Public Funds Investment Act* (Chapter 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. The District's investment pool with Texpool has oversight from

the State Comptroller of Public Accounts. The fair value of the District's position in Texpool is the same as the value of the pool shares.

#### NOTE 4 — DEPOSITS AND INVESTMENTS

As of August 31, 2011 and August 31, 2010, the District had the following deposits and investments:

	August 31, 2011		August 31, 2010	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Depository Accounts				
Insured	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Collateral held by pledging bank's trust department in District's name	14,306,081	17,565,290	17,538,061	19,132,063
Total Deposits	14,806,081	18,065,290	18,038,061	19,632,063
Petty cash on hand	3,750	-	3,750	-
Certificates of deposit - fully insured	-	-	8,805,115	8,805,115
Texpool Investments	4,608,509	4,608,509	8,710,177	8,710,177
Total Cash and Cash Equivalents	<u>\$ 19,418,340</u>	<u>\$ 22,673,799</u>	<u>\$ 35,557,103</u>	<u>\$ 37,147,355</u>
Investments				
Certificates of deposit - fully insured	<u>\$ 1,540,103</u>	<u>\$ 1,540,103</u>	<u>\$ 5,962,238</u>	<u>\$ 5,962,238</u>

**Interest Rate Risk** – The District's investment policy allows for portfolio maturities to be structured to meet the obligations of the District first, and then to achieve the highest return of interest. The maximum allowable stated maturity of any individual investment of the District is ten years.

**Credit Risk** – The District's investment pool with Texpool has a AAAM rating with Standard and Poor's.

**Concentration of Credit Risk** – The District's investment policy does not place a limit on the amount the District may invest in any one insurer. The District's largest investment as of August 31, 2011 and 2010 is as follows:

<u>Investment</u>	<u>% of Total Deposits and Investments</u>	
	<u>8-31-11</u>	<u>8-31-10</u>
Texpool	21.98%	20.98%
Certificates of deposit	7.35%	35.57%

## NOTE 5 — ACCOUNTS RECEIVABLE

Accounts receivable at August 31, 2011 and August 2010, are the following:

	8-31-11	8-31-10
Student tuition and fees receivable (net of allowance for doubtful accounts of \$1,546,219 and \$1,031,328, respectively)	\$ 13,184,007	\$ 10,941,841
Taxes receivable (net of allowance for doubtful accounts of \$381,350 and \$354,740 respectively)	572,555	483,808
Federal receivable	1,490,652	1,733,252
Student loans receivable (net of allowance for doubtful accounts of \$2,309,283 and \$2,331,243 respectively)	16,999	87,052
Other receivables	1,403,709	3,759,024
	<u>\$ 16,667,922</u>	<u>\$ 17,004,977</u>

## NOTE 6 — CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable assets				
Land	\$ 6,988,677	\$ 252,417	\$ -	\$ 7,241,094
Construction in progress	8,159,037	23,082,036	11,275,468	19,965,605
Total nondepreciable capital assets	<u>15,147,714</u>	<u>23,334,453</u>	<u>11,275,468</u>	<u>27,206,699</u>
Depreciable capital assets				
Buildings	112,334,893	10,672,732	-	123,007,625
Improvements	25,781,341	1,145,975	-	26,927,316
Library books	724,675	61,177	72,644	713,208
Equipment	34,563,875	652,698	-	35,216,573
Total depreciable capital assets	<u>173,404,784</u>	<u>12,532,582</u>	<u>72,644</u>	<u>185,864,722</u>
Total Capital Assets	<u>188,552,498</u>	<u>35,867,035</u>	<u>11,348,112</u>	<u>213,071,421</u>
Less accumulated depreciation				
Buildings	32,197,754	2,540,435	-	34,738,189
Improvements	12,217,852	1,316,711	-	13,534,563
Library books	384,976	71,322	72,644	383,654
Equipment	27,851,114	1,038,352	-	28,889,466
Total accumulated depreciation	<u>72,651,696</u>	<u>4,966,820</u>	<u>72,644</u>	<u>77,545,872</u>
Net Capital Assets	<u>\$ 115,900,802</u>	<u>\$ 30,900,215</u>	<u>\$ 11,275,468</u>	<u>\$ 135,525,549</u>

**NOTE 7 — ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at August 31, 2011 and August 31, 2010 were the following:

	8-31-11	8-31-10
Vendors payable	\$ 1,877,242	\$ 2,849,956
Salaries and benefits payable	2,020,900	1,814,180
Interest payable	126,225	144,825
Total Accounts Payable and Accrued Liabilities	<u>\$ 4,024,367</u>	<u>\$ 4,808,991</u>

**NOTE 8 — LONG-TERM LIABILITIES**

Long-term liability activity for the year ended August 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes					
Bonds payable	\$ 70,721,860	\$ -	\$ 6,132,492	\$ 64,589,368	\$ 5,385,000
Notes payable					
Energy project B	2,935,790	-	507,489	2,428,301	534,728
Training center	3,874,329	-	2,802,265	1,072,064	283,729
Land acquisition	226,176	-	226,176	-	-
Phone system	231,620	-	113,440	118,180	118,180
Total notes payable	<u>7,267,915</u>	<u>-</u>	<u>3,649,370</u>	<u>3,618,545</u>	<u>936,637</u>
Total bonds and notes payable	<u>77,989,775</u>	<u>-</u>	<u>9,781,862</u>	<u>68,207,913</u>	<u>6,321,637</u>
Other liabilities					
Compensated absences	1,361,700	82,000	158,256	1,285,444	128,544
Total other liabilities	<u>1,361,700</u>	<u>82,000</u>	<u>158,256</u>	<u>1,285,444</u>	<u>128,544</u>
Total Long-term Liabilities	<u>\$ 79,351,475</u>	<u>\$ 82,000</u>	<u>\$ 9,940,118</u>	<u>\$ 69,493,357</u>	<u>\$ 6,450,181</u>

**NOTE 9 — BONDS PAYABLE**

Bonds payable as of August 31, 2011 and August 31, 2010 are comprised of the following:

	8-31-11	8-31-10
Maintenance Tax Notes, Series 2009, issued solely for repairs and renovations of existing campus infrastructure, issued October 22, 2009 for \$24,500,000, plus premium of \$1,624,703; all authorized notes have been issued. The source of revenues for debt service is designated property tax revenues.	\$ 22,275,000	\$ 24,500,000
Combined Fee Revenue Bonds, Series 2006, issued to construct a new satellite plant and student housing, issued October 26, 2006 for \$39,675,000, plus premium of \$941,611; all authorized bonds have been issued. The source of revenues for debt service is Pledged Revenues consisting of certain tuition, fees and auxiliary revenues.	34,110,000	35,715,000

Combined Fee Revenue Refunding and Improvement Bonds, Series 2004, issued to refund the Series 1994 issue and to construct new parking lots, issued October 1, 2004 for \$18,915,000, plus premium of \$243,947; all authorized bonds have been issued. The source of revenues for debt service is Pledged Revenues consisting of certain tuition, fees and auxiliary enterprise revenues.

	6,295,000	8,255,000
Total	62,680,000	68,470,000
Plus: Unamortized Bond Premium	1,909,368	2,251,860
Net Outstanding Bonds Payable	\$ 64,589,368	\$ 70,721,860

Bonds are due in annual principal installments varying from \$480,000 to \$2,780,000 with interest rates from 2.50% to 5.00% with the final installments due in 2036.

The principal payments in \$5,000 denomination increments and interest expense requirements for the bonds for the next five years and beyond is summarized below:

Year Ending 8/31	Principal Due 2/15 or 8/15	Interest Rates	Interest Due		Total Principal and Interest Requirements
			2/15	8/15	
2012	\$ 5,385,000	2.00 - 4.00	\$ 1,256,562	\$ 1,234,012	\$ 7,875,574
2013	5,540,000	2.00 - 4.00	1,179,006	1,156,106	7,875,112
2014	5,700,000	2.00 - 4.00	1,097,406	1,074,056	7,871,462
2015	3,625,000	4.00	1,012,181	964,481	5,601,662
2016	3,735,000	4.00 - 5.00	939,681	890,781	5,565,462
2017-2021	17,910,000	4.00	3,491,156	3,279,856	24,681,012
2022-2026	5,410,000	4.25	2,276,325	2,276,325	9,962,650
2027-2031	6,755,000	5.00	1,600,625	1,600,625	9,956,250
2032-2036	8,620,000	5.00	667,375	667,375	9,954,750
	<u>\$ 62,680,000</u>		<u>\$ 13,520,317</u>	<u>\$ 13,143,617</u>	<u>\$ 89,343,934</u>

Pursuant to terms of the original issue of the bonds, a Reserve Fund was required to contain a Required Reserve Fund Amount. The District's Board of Trustees has adopted a resolution authorizing the substitution of a surety bond in lieu of cash and investments to satisfy the Required Reserve Fund Amount, as authorized by Section 130.125, Texas Education Code, as amended.

The 2004 Series Bond indenture also requires that the following information concerning insurance coverage as of August 31, 2011 be disclosed:

<u>POLICY</u>	<u>COVERAGE</u>	<u>PREMIUM</u>	<u>POLICY TERM</u>
<u>Commercial Package</u>		\$181,147	9/1/10 – 9/1/11
Building and Contents	\$155,278,013		
Dwellings	250,000		
Mobile equipment	543,403		
Electronic data processing	3,568,402		
Musical instruments	858,341		
<u>General Liability:</u>			
General aggregate	3,000,000		
Products comp/op aggregate	2,000,000		
Personal and advertising injury	2,000,000		

Employee benefits	1,000,000		
Tenants legal liability	1,000,000		
Each occurrence	1,000,000		
Medical expense (any one person)	5,000		
<u>Commercial Umbrella</u>		64,000	9/1/10– 9/1/11
General aggregate	15,000,000		
Products and completed			
Ops	15,000,000		
Each occurrence	15,000,000		
Employee occupational disease	15,000,000		
Retained limit	1,000,000		
<u>Business Automobile</u>		44,036	9/1/10 – 9/1/11
Combined single limits	1,000,000		
Medical payments	5,000		
Underinsured motorist	1,000,000		
<u>Medical Malpractice Liability</u>		38,877	9/1/10 – 9/1/11
Each incident	2,000,000		
Aggregate	4,000,000		
<u>School Board Legal Liability</u>		29,500	9/1/10 – 9/1/11
Each occurrence	1,000,000		
Aggregate	1,000,000		
<u>Law Enforcement Professional Liability</u>		11,587	9/1/10 – 9/1/11
Each person	1,000,000		
Aggregate	1,000,000		
Each occurrence	1,000,000		
<u>Worker's Compensation</u>		28,380	9/1/10 – 9/1/11
No limit/no deductible			

#### NOTE 10 – NOTES PAYABLE

The District has the following loans at August 31, 2011 and August 31, 2010:

	<u>8-31-11</u>	<u>8-31-10</u>
<u>Southside Bank:</u>		
For energy conservation project; original loan amount of \$6,420,664, interest at 5.3% beginning 11/5/99; with monthly installments of \$54,240.80 beginning 11/5/00 principal payments to begin 11/05/01, unsecured.	\$ 2,428,301	\$ 2,935,790
<u>Southside Bank:</u>		
For construction of Regional Skills Training Center in the City of Tyler Reinvestment Zone #1; annual payments including interest at 5.30% due beginning August 15, 2002; annual payments vary from \$250,000 to \$680,000; final payment due August 15, 2016; secured by building and real estate.	1,072,064	3,874,329
<u>Tyler Economic Development Council, Inc.</u>		
For acquisition of 10.85 acres adjacent to West Campus for future expansion; annual payments including interest at 5.00% due beginning January 28, 2010; annual payments vary from \$15,000 for first two years to \$686,243	-	226,176

**Chase Equipment Leasing:**

For campus wide phone system; original loan amount of \$750,000; interest of 4.10% beginning 07/28/06 with monthly installments of \$11,845.64, including interest beginning 09/28/07; secured by equipment.

	118,180	231,620
Total	\$ 3,618,545	\$ 7,267,915

Maturities of the notes payable for years subsequent to August 31, 2011 are as follows:

Fiscal Year	Southside Bank		Southside Bank		Chase Equipment Leasing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 534,728	\$ 100,818	\$ 283,729	\$ 55,695	\$ 118,180	\$ 2,641	\$ 936,637	\$ 159,154
2013	564,089	75,336	369,512	41,782	-	-	933,601	117,118
2014	594,723	48,748	418,823	22,198	-	-	1,013,546	70,946
2015	627,020	20,716	-	-	-	-	627,020	20,716
2016	107,741	625	-	-	-	-	107,741	625
Totals	\$ 2,428,301	\$ 246,243	\$ 1,072,064	\$ 119,675	\$ 118,180	\$ 2,641	\$ 3,618,545	\$ 368,559

**NOTE 11 — DEFEASED BONDS OUTSTANDING**

The District has defeased certain bonds by placing the proceeds of other bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At August 31, 2011 and August 31, 2010, \$420,000 and \$815,000 of bonds outstanding are considered defeased. The issues and amounts of outstanding defeased bonds are as follows:

Bond Issue	Year Refunded	Par Value Outstanding 8-31-11	Par Value Outstanding 8-31-10
Combined Fee Improvement Revenue Bonds, Series 1992	1994	\$ 420,000	\$ 815,000

**NOTE 12 — COMPENSATED ABSENCES**

Full-time employees earn annual leave from 6.67 to 13.33 hours per month depending on the number of years employed by the District. The District's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 240 for those employees with eight or more years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to 160 hours. The District recognized the accrued liability for the unpaid annual leave for \$1,285,444. Sick leave, which can be accumulated to a limit of 720 hours, is earned at the rate of eight hours per month. It is paid to an employee who misses work because of illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid an employee's estate is one-half of the employee's accumulated entitlement. The District's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

The District also has a policy whereby employees with an initial employment date prior to May 22, 1997 and with over ten years service who terminate their employment are entitled to payment for one-half of their allowable accumulated sick leave. The related accrued liability has been recorded in the basic financial statements by the District.

#### **NOTE 13 — EMPLOYEES' RETIREMENT PLAN**

In lieu of Federal Social Security benefits, the Board of Trustees of the District has chosen to participate in the Teacher Retirement System of Texas (TRS) or an approved optional retirement program to provide retirement income. All full-time employees of the District are legally required to participate in the Teacher Retirement System of Texas unless they have previously elected to join an optional retirement plan. Each employee choosing an optional plan pays 6.65 percent of their salary to an approved insurance company, the District pays 2.10 percent, and the state pays 6.58 percent.

##### Plan Description

The Teacher Retirement System of Texas, PERS (Public Employee Retirement System) is a multiple employer defined benefit pension plan. It is a cost sharing PERS with one exception: all risks and costs are not shared by the employer, but are the liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate times the aggregate annual compensation of all members of the retirement system during that fiscal year. For members of the retirement system entitled to the minimum salary for certain school personnel under Section 16.056, Education Code, the employing district shall pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum. TRS 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. 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](http://www.trs.state.tx.us), under the TRS Publications heading.

##### Types of Employees Covered

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

The retirement expense to the State of Texas for the District was \$1,876,702 and \$1,784,041 for the fiscal years ended August 31, 2011 and 2010. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the District and has been recognized as revenue and expenses by the District in the financial statements. Participants contributed \$1,860,065 (\$1,143,245 for the Teacher Retirement System and \$716,820 for the Optional Retirement Program). The District contributed \$123,668 to the Optional Retirement Program to cover the 2.10% referenced above.

Total payroll for the District's employees was \$33,790,686 and \$32,099,785 for the fiscal years ended August 31, 2011 and 2010, respectively. Total payroll of employees covered by the Teacher Retirement System was \$17,863,191 and \$16,582,116, and the total payroll of employees covered by the Optional Retirement System was \$10,779,245 and \$10,661,226 for the fiscal years ended August 31, 2011 and 2010, respectively.

### Benefit Provisions

The Teacher Retirement System of Texas administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of Texas Constitution Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The system also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and Chapter 805, respectively.

### TRS Service Retirement

- (1) Normal — age 65 with 5 years of service, or  
any combination of age plus service which equals or exceeds 80 years
- (2) Reduced — age 55 with at least 5 years of service, or  
any age below 50 with 30 or more years of service

A member is fully vested after 5 years of creditable service and entitled to any benefit for which eligibility requirements have been met.

### Funding Policy

State law provides for a state contribution rate for fiscal years 2011, 2010, and 2009 of 6.0% and a member contribution rate of 6.4%. These rates are set by state statutes. In certain instances, the reporting district is required to make all or a portion of the state's 6.0% contribution.

Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation of all members of the system during that fiscal year. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the 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. The contribution requirement for the fiscal years ended August 31, 2009, 2010 and 2011 for the District was \$1,434,179, \$1,516,956 and \$1,530,360 which consisted of \$659,766 (46.00%), \$682,325 (44.98%) and \$689,872 (45.08%) from the state; \$107,627 (7.50%), \$125,659 (8.28%) and \$123,668 (8.08%) from the District and \$666,786 (46.50%), \$708,972 (46.74%), and \$716,820 (46.84%) from employees.

## **NOTE 14 — EMPLOYEE BENEFIT PLANS**

The District established a cafeteria plan as described in Section 125 of the Internal Revenue Code. The plan provides various health and dependent care benefits on non-discriminatory basis to substantially all employees of the District through accounts funded with before-tax employee contributions and contributions from the District. Accumulated or unused benefits are forfeited to the District following a 90-day grace period after the fiscal year end. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

## **NOTE 15 — DEFERRED COMPENSATION PLAN**

District employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted by Government Code 609.001 and in Senate Bill No. 872 of the 63rd Legislature. The employees' investments are held in tax-deferred annuity plans pursuant to Internal Revenue Code Section 403(b). As of August 31, 2011, the District had 77 employees participating in the program. A total of \$412,670 in payroll deductions had been invested in approved plans during the fiscal year.

During the current year, the District entered into an executive deferred compensation agreement with its president. The agreement is for a three year period and calls for the District to set aside \$37,500 each year which will be paid out in accordance with the completion of employment by the president for each year under the agreement.

#### NOTE 16 — PENDING LAWSUITS AND CLAIMS

On August 31, 2011, there were no lawsuits filed against the District nor were there any claims involving the District which were pending.

#### NOTE 17 — OPERATING LEASE COMMITMENTS

Included in current expenditures are the following amounts of rent paid or due under operating leases.

<u>Fund Group</u>	Year Ended August 31, 2011	Year Ended August 31, 2010
Unrestricted Current Funds	<u>\$612,694</u>	<u>\$612,694</u>
Total	<u>\$612,694</u>	<u>\$612,694</u>

#### NOTE 18 — 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; and natural disasters for which the District carries commercial insurance. There has been no reduction in insurance coverage from the prior year. Settlements in each of the past three fiscal years have not exceeded insurance coverage. Prior to the current year, the District was self-insured for coverage under workers' compensation. Pursuant to terms of terminating this plan, claims can arise for a five-year period and be required to be covered. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Changes in the balances in claims liabilities related to this plan during the past two years are as follows:

	8-31-11	8-31-10
Liability, beginning of year	\$ -	\$ 446
Incurred claims (including IBNRs)	-	-
Claim payments	-	(446)
Liability, end of year	\$ -	\$ -

#### NOTE 19 — POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was \$608 per month for the year ended August 31, 2011. The state cost of providing those benefits for all employees totaled \$3,517,763 with \$943,642 for 192 retirees and \$2,574,121 for 595 active employees.

#### NOTE 20 — PROPERTY TAXES

Property taxes are levied each October 1 on the assessed value of property in the taxing district as of the prior January 1. 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. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Assessed Valuation of the District	\$ 13,572,295,788
Less: Exemptions	2,892,627,861
Net Taxable Valuation of the District	<u>\$ 10,679,667,927</u>

	Current Operations	Debt Service	Total
Tax rate per \$100 valuation for authorized (Maximum per enabling legislation)	\$ .2800	-	\$ .2800
Tax rate per \$100 valuation for assessed	\$ .149870	\$ .033056	\$ .182926

Taxes levied for the year ended August 31, 2011 amounted to \$18,409,311.

Taxes Collected	Current Operations	Debt Service	Total
Current taxes collected	\$14,950,458	\$3,143,492	\$18,093,950
Delinquent taxes collected	274,334	-	274,334
Penalties and interest collected	253,846	15,927	269,773
Total Collections	\$15,478,638	\$3,159,419	\$18,638,057

The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures. Tax collections for the year ended August 31, 2011 were approximately 98.29% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes.

#### NOTE 21 — DEFERRED REVENUES AND EXPENSES

Revenues received and expenses incurred which are applicable to the future fiscal year's operations are recorded as deferred revenues and deferred charges, respectively, in the financial statements.

#### NOTE 22 — INCOME TAXES

The District is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, etc. Organizations*. The District had no material unrelated business income tax liability for the year ended August 31, 2011.

#### NOTE 23 — CONTRACTUAL AGREEMENTS

The District has a contract for the District's food services for students, faculty, staff, employees and invited guests. The contract is currently under renewal through July 31, 2013. Under the agreement, the food service provider bills the District weekly for service based on day rates per residents under resident meal plans plus other special events. In consideration of the right to operate the campus dining service, the District is paid a 9% commission on adjusted gross sales. Food service commissions are remitted monthly to the District.

The District also has an agreement for the operation and management of the campus bookstore. The manager owns all inventories of merchandise and has the sole and exclusive right to sell this inventory. In consideration for the use of campus space, the manager pays the greater of a yearly fee as stated in the contract, or a percentage of all gross revenues in a contract year as outlined in the contract. The contract is currently operating under annual renewals.

The District has entered into a contract with a company to provide beverage and food vending services to its main campus and to its Regional Training and Development Center (RTDC) complex. The District is paid a commission for vending sales based on the products sold at varying commission rates as set forth in the agreement. This agreement is currently under extension through August 31, 2012.

The District also has a contract with a local bottling company for exclusive rights as beverage supplier for all District events. Under the agreement, the District will receive commissions on beverages sold as outlined in the agreement, as well as other sponsorship and contributions for the District's academic and athletic programs. This contract has a term of ten years and will expire January 20, 2018.

The District participates in a tax increment financing agreement under Chapter 311 of the Texas Tax Code through the City of Tyler Reinvestment Zone #1. The Reinvestment Zone was created for the purpose of financing the construction of a District-owned educational facility. The District and two other taxing entities pledged their incremental tax collections on growth in the appraised values, above a base level established when the Reinvestment Zone was created in 1998, for the construction of a new facility.

The District has a contract with a local hospital to provide on-campus medical care. The health care provider maintains a clinic in the student center on the main campus. The contract is currently under an annual renewal option through August 31, 2012.

During the current year, the District entered into a new contract for custodial services with an outside company. The payment terms under the contract are \$71,404 per month with contract addendums at a rate of \$1,318 per month for any additional positions. This contract begins September 1, 2011 and runs through August 31, 2014.

During a prior year, the District entered into two separate agreements to provide educational opportunities at satellite centers. The first agreement was a joint effort with a local hospital and a neighboring Economic Development Corporation to provide nursing classes in a renovated wing of an existing hospital. Under this agreement, the District will receive funding from the hospital and the Economic Development Corporation over a three year period to assist in building improvements and the operations of the nursing program.

The other agreement is similar and provides financial assistance from another local Economic Development Council to provide classes in a rented facility within the District. The lease on the classroom space is for five years and the Economic Development Council is providing the District with the funding to cover the monthly rental plus taxes and insurance on the leased space. There was also an initial contribution of \$49,800 to go towards renovations for the classrooms.

During the prior year, the District entered into an agreement beginning June 1, 2010 with a local orthopedic hospital to provide sports medicine and rehabilitation services for the District's athletic department. As part of the agreement the facility will provide scholarship funds for the Sports Medicine Training Program and the District will pay for graduate assistant trainers under a schedule within the agreement. The agreement is for a two year period with two one year extensions.

During the prior year, the District purchased some property adjoining its main campus. As part of this purchase, the District signed a one year lease agreement with the property owner in which the District will receive \$1,200 per month until the lease ends on December 14, 2010. This lease agreement has been extended through December 14, 2012.

Effective August 23, 2010, the District entered into an agreement with another neighboring Economic Development Council to establish a nursing program at a state hospital. The agreement, which ends July 31, 2014, calls for annual financial support from the Economic Development Council as well as funding from a local foundation.

During the current year, the District purchased some property adjoining its main campus. As part of this purchase, the District signed a lease agreement with the property owner in which the District will receive \$10 per month during the lease period. The lease period begins June 2, 2011 and ends on February 29, 2012.

#### **NOTE 24 – TUITION AND FEES**

Tuition and fees are the student component of the Texas public junior college funding model, the other components consisting of state contracts and local district property taxes. Tuition and fees are set by the Board of Trustees and account for approximately 50% of total current Unrestricted Fund revenues.

Tuition rates for Texas public junior colleges are authorized by state law with an \$8 per semester credit hour minimum. Fees are established by the local governing board and are frequently used to designate, but not legally restrict, charges for certain purposes. An additional reason designated fees are levied, instead of increasing tuition rates, is the tendency of state legislators to focus on “tuition” when mandating set asides, waivers, exemptions, or otherwise restricting portions of local revenues available for college operations. The District’s tuition and fees are listed below.

Tuition – (\$28) per Semester Hour for Texas residents, \$48/per semester hour non-Texas residents.

Contributes to the support of the District’s educational operations.

General Education Fee – (\$34) per Semester Hour

Adopted to supplement state contracts in funding regularly scheduled academic functions.

Registration Fee - \$25 per Semester

Defrays increased labor and processing expenses during registration.

Laboratory Fee - \$25/\$75 per Laboratory Course

Defrays the cost of supplies used in courses with laboratory sessions.

Music Fees - \$75-\$100 for Private Lessons

Defrays the cost of private lessons.

Out of District Surcharge – (\$41/\$43) per Semester Hour

Charged to students from outside the Tyler Junior College District taxing district to partially equalize operational costs born by District taxpayers.

Parking Fee - \$15/\$25 per Semester

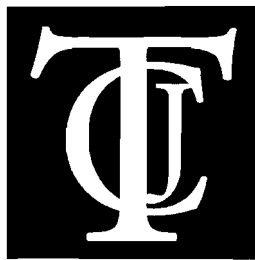
Designated for use in constructing and maintaining parking facilities.

Health Service Fee – \$15/\$30 per semester

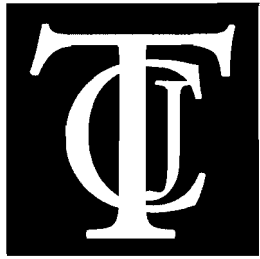
Charged to students for use of on-campus medical care facility.

Student Life Fee - \$2 per Semester Hour (max of \$26)

Charged to students for on campus extracurricular activities.



TYLER  
JUNIOR  
COLLEGE  
DISTRICT



TYLER  
JUNIOR  
COLLEGE  
DISTRICT

SUPPLEMENTAL  
INFORMATION

## SCHEDULE A

TYLER JUNIOR COLLEGE DISTRICT  
SCHEDULE OF OPERATING REVENUES  
FOR THE YEAR ENDED AUGUST 31, 2011  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2010)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Activities	Total 8/31/11	Total 8/31/10
<b>Tuition</b>						
State Funded Courses						
In-District Resident Tuition	\$ 2,767,808	\$ -	\$ 2,767,808	\$ -	\$ 2,767,808	\$ 2,895,891
Out-of-District Resident Tuition	3,961,734	-	3,961,734	-	3,961,734	3,797,202
TPEG **	462,124	-	462,124	-	462,124	323,610
Non-Resident Tuition	542,610	-	542,610	-	542,610	467,842
Continuing Education	1,399,135	-	1,399,135	-	1,399,135	1,529,204
Non-State Funded Continuing Education	230,757	-	230,757	-	230,757	304,264
<b>Total Tuition</b>	<b>9,364,168</b>	<b>-</b>	<b>9,364,168</b>	<b>-</b>	<b>9,364,168</b>	<b>9,318,013</b>
<b>Fees</b>						
General Education Fee	9,153,792	-	9,153,792	-	9,153,792	8,851,880
Out-of-District Fee	6,423,074	-	6,423,074	-	6,423,074	5,889,888
Laboratory Fee	1,202,985	-	1,202,985	-	1,202,985	1,160,636
Registration Fee	733,899	-	733,899	-	733,899	712,376
Student Life Fee	-	-	-	480,687	480,687	465,094
Health Service Fee	-	-	-	703,112	703,112	679,431
Other	1,579,229	-	1,579,229	-	1,579,229	1,269,195
<b>Total Fees</b>	<b>19,092,979</b>	<b>-</b>	<b>19,092,979</b>	<b>1,183,799</b>	<b>20,276,778</b>	<b>19,028,500</b>
<b>Scholarship Allowances and Discounts</b>						
Federal Grants to Students	(15,218,183)	-	(15,218,183)	-	(15,218,183)	(11,596,223)
TPEG Allowances	(311,540)	-	(311,540)	-	(311,540)	(206,308)
State Grants to Students	(1,043,486)	-	(1,043,486)	-	(1,043,486)	(1,251,223)
Contributions	(225,768)	-	(225,768)	-	(225,768)	(103,297)
Scholarships and Performance Grants	(1,518,018)	-	(1,518,018)	-	(1,518,018)	(1,232,703)
Waivers and Exemptions	(507,067)	-	(507,067)	-	(507,067)	(352,523)
<b>Total Scholarship Allowances and Discounts</b>	<b>(18,824,062)</b>	<b>-</b>	<b>(18,824,062)</b>	<b>-</b>	<b>(18,824,062)</b>	<b>(14,742,277)</b>
<b>Net Tuition and Fees</b>	<b>9,633,085</b>	<b>-</b>	<b>9,633,085</b>	<b>1,183,799</b>	<b>10,816,884</b>	<b>13,604,236</b>
<b>Additional Operating Revenues</b>						
Federal Grants and Contracts	49,712	1,346,802	1,396,514	-	1,396,514	1,454,506
State Grants and Contracts	-	1,396,955	1,396,955	-	1,396,955	1,808,213
Local Grants and Contracts	343,000	368,217	711,217	-	711,217	220,893
Sales and Service of Educational Activities	116,134	-	116,134	-	116,134	117,104
Interest on Student Loans	15,725	-	15,725	-	15,725	6,700
Other	4,794,824	-	4,794,824	-	4,794,824	2,114,855
<b>Total Additional Operating Revenues</b>	<b>5,319,395</b>	<b>3,111,974</b>	<b>8,431,369</b>	<b>-</b>	<b>8,431,369</b>	<b>5,722,271</b>
<b>Auxiliary Enterprises</b>						
Housing and Meals	-	-	-	5,158,325	5,158,325	5,085,096
Scholarship Allowances and Discounts	-	-	-	(3,412,170)	(3,412,170)	(2,756,856)
<b>Net Housing and Meals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,746,155</b>	<b>1,746,155</b>	<b>2,328,240</b>
<b>Bookstore Commissions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>350,141</b>	<b>350,141</b>	<b>346,069</b>
<b>Other Auxiliary Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>258,609</b>	<b>258,609</b>	<b>271,613</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,354,905</b>	<b>2,354,905</b>	<b>2,945,922</b>
<b>Total Operating Revenues</b>	<b>\$ 14,952,480</b>	<b>\$ 3,111,974</b>	<b>\$ 18,064,454</b>	<b>\$ 3,538,704</b>	<b>\$ 21,603,158</b>	<b>\$ 22,272,429</b>

\*\* In accordance with Education Code 56.033, \$462,124 and \$326,610 for years August 31, 2011 and 2010, respectively, of tuition was set aside for Texas Public Education Grants.

## SCHEDULE B

TYLER JUNIOR COLLEGE DISTRICT  
SCHEDULE OF OPERATING EXPENSES BY OBJECT  
FOR THE YEAR ENDED AUGUST 31, 2011  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2010)

	Salaries and Wages	Benefits		Other Expenses	Total 8/31/11	Total 8/31/10
		State	Local			
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 20,027,077	\$ -	\$ 830,007	\$ 4,876,565	\$ 25,733,649	\$ 24,790,390
Public Service	44,803	-	3,334	28,793	76,930	86,443
Academic Support	1,771,382	-	76,436	549,447	2,397,265	2,494,565
Student Services	4,063,978	-	142,702	2,183,753	6,390,433	6,162,637
Institutional Support	4,711,089	-	2,292,306	3,426,308	10,429,703	9,121,945
Operation and Maintenance of Plant	994,746	-	334,209	3,725,544	5,054,499	5,080,838
Scholarships and Fellowships	-	-	-	1,330,893	1,330,893	948,789
Total Unrestricted	<u>31,613,075</u>	<u>-</u>	<u>3,678,994</u>	<u>16,121,303</u>	<u>51,413,372</u>	<u>48,685,607</u>
<b>Restricted - Education and General</b>						
Instruction	220,828	3,527,282	4,831	147,234	3,900,175	3,836,537
Public Service	847,632	96,214	41,775	336,301	1,321,922	1,064,650
Academic Support	-	423,840	-	-	423,840	399,260
Student Services	204,962	463,677	44,741	1,170,694	1,884,074	2,241,864
Institutional Support	-	706,378	-	-	706,378	668,898
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	87,996	-	-	1,703,185	1,791,181	1,869,782
Total Restricted	<u>1,361,418</u>	<u>5,217,391</u>	<u>91,347</u>	<u>3,357,414</u>	<u>10,027,570</u>	<u>10,080,991</u>
Total Educational and General	32,974,493	5,217,391	3,770,341	19,478,717	61,440,942	58,766,598
Auxiliary Enterprises	816,193	-	331,244	5,320,415	6,467,852	6,165,791
Depreciation Expense - Buildings and Improvements	-	-	-	3,857,148	3,857,148	3,356,481
Depreciation Expense - Equipment	-	-	-	1,038,351	1,038,351	919,318
Depreciation Expense - Library Books	-	-	-	71,321	71,321	72,467
Total Operating Expenses	<u>\$ 33,790,686</u>	<u>\$ 5,217,391</u>	<u>\$ 4,101,585</u>	<u>\$ 29,765,952</u>	<u>\$ 72,875,614</u>	<u>\$ 69,280,655</u>

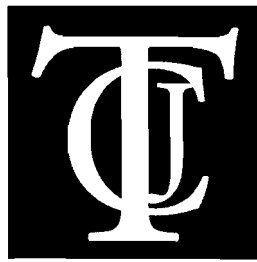
## SCHEDULE C

TYLER JUNIOR COLLEGE DISTRICT  
 SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES  
 FOR THE YEAR ENDED AUGUST 31, 2011  
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2010)

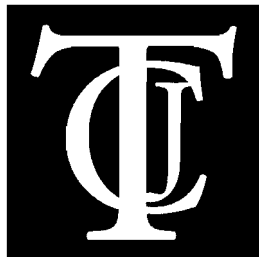
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 8/31/11</u>	<u>Total 8/31/10</u>
<b>NON-OPERATING REVENUES:</b>					
State Appropriations:					
Education and General State Support	\$ 16,239,896	\$ -	\$ -	\$ 16,239,896	\$ 17,573,735
State Group Insurance	-	3,517,763	-	3,517,763	3,293,785
State Retirement Matching	-	1,699,628	-	1,699,628	1,651,915
Professional Nursing Shortage Reduction	-	150,902	-	150,902	154,430
Total State Appropriations	<u>16,239,896</u>	<u>5,368,293</u>	<u>-</u>	<u>21,608,189</u>	<u>22,673,865</u>
Property Taxes	18,638,057	-	-	18,638,057	14,638,019
Federal Revenue, Non Operating	-	23,541,831	-	23,541,831	19,019,795
Investment Income	<u>150,086</u>	<u>-</u>	<u>-</u>	<u>150,086</u>	<u>338,646</u>
Total Non-Operating Revenues	35,028,039	28,910,124	-	63,938,163	56,670,325
<b>NON-OPERATING EXPENSES:</b>					
Interest on Capital Related Debt	<u>2,624,414</u>	<u>-</u>	<u>-</u>	<u>2,624,414</u>	<u>3,013,517</u>
Total Non-Operating Expenses	<u>2,624,414</u>	<u>-</u>	<u>-</u>	<u>2,624,414</u>	<u>3,013,517</u>
Net Non-Operating Revenues	<u>\$ 32,403,625</u>	<u>\$ 28,910,124</u>	<u>\$ -</u>	<u>\$ 61,313,749</u>	<u>\$ 53,656,808</u>

TYLER JUNIOR COLLEGE DISTRICT  
SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY  
FOR THE YEAR ENDED AUGUST 31, 2011  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2010)

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted Expendable	Non-Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board Designated	4,807,662	-	-	-	4,807,662	4,807,662	-
Restricted	-	375,381	-	-	375,381	375,381	-
Auxiliary Enterprises	-	-	-	-	-	-	-
Loan	(1,643,628)	-	-	-	(1,643,628)	-	(1,643,628)
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Unrestricted	-	-	-	-	-	-	-
Board Designated	(2,401,991)	-	-	-	(2,401,991)	-	(2,401,991)
Debt Service	-	-	-	-	-	-	-
Investment in Plant	-	-	-	81,720,617	81,720,617	-	81,720,617
Total Net Assets, August 31, 2011	762,043	375,381	-	81,720,617	82,858,041	5,183,043	77,674,998
Total Net Assets, August 31, 2010	7,736,349	322,993	-	64,757,406	72,816,748	4,730,655	68,086,093
Net Increase (Decrease) in Net Assets	\$ (6,974,306)	\$ 52,388	\$ -	\$ 16,963,211	\$ 10,041,293	\$ 452,388	\$ 9,588,905



TYLER  
JUNIOR  
COLLEGE  
DISTRICT



TYLER  
JUNIOR  
COLLEGE  
DISTRICT

STATISTICAL  
SECTION

(unaudited)

**TYLER JUNIOR COLLEGE DISTRICT  
TYLER, TEXAS**

**STATISTICAL SECTION  
(UNAUDITED)**

This part of Tyler Junior College District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

The information contained within this section is being presented to provide the reader with a better understanding of five objectives:

- Financial Trends – Showing the District's financial position has changed over time.
- Revenue Capacity – Assessing the District's ability to generate revenue by examining its major revenue sources.
- Debt Capacity – Assessing the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.
- Demographic and Economic Information – Providing demographic and economic indicators to help in understanding the environment within which the District's financial activities take place.
- Operating Information – Providing information about how the District's financial report relates to the services it provides and the activities it performs.

Sources: Unless, otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

Table 1

TYLER JUNIOR COLLEGE DISTRICT  
NET ASSETS BY COMPONENT  
AND CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	For the Fiscal Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Net Assets By Component:</b>										
Invested in capital assets, net of related debt	\$ 81,720,617	\$ 64,757,406	\$ 53,315,039	\$ 50,438,514	\$ 44,698,637	\$ 37,494,060	\$ 33,186,486	\$ 30,458,118	\$ 30,442,322	\$ 30,313,022
Restricted - expendable	375,381	322,993	390,206	279,879	254,967	514,813	438,572	455,848	422,443	530,736
Restricted - nonexpendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	762,043	7,736,349	12,462,921	11,472,105	12,035,888	10,293,674	9,122,504	8,798,968	7,019,673	6,675,849
<b>Total primary government net assets</b>	<b>\$ 82,858,041</b>	<b>\$ 72,816,748</b>	<b>\$ 66,168,166</b>	<b>\$ 62,190,498</b>	<b>\$ 56,989,492</b>	<b>\$ 48,302,547</b>	<b>\$ 42,747,562</b>	<b>\$ 39,712,934</b>	<b>\$ 37,884,438</b>	<b>\$ 37,519,607</b>
	For the Fiscal Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Change in Net Assets:</b>										
Total Operating and Non-Operating Revenues	\$ 85,541,321	\$ 78,942,754	\$ 69,844,418	\$ 63,823,903	\$ 64,848,306	\$ 58,148,882	\$ 55,140,318	\$ 52,946,987	\$ 51,580,396	\$ 48,892,436
Total Operating and Non-Operating Expenses	75,500,028	72,294,172	65,866,750	58,874,027	56,161,361	52,593,897	52,334,334	51,118,491	51,051,951	48,745,464
	10,041,293	6,648,582	3,977,668	4,949,876	8,686,945	5,554,985	2,805,984	1,828,496	528,445	146,972
Prior Period Adjustment	-	-	-	251,130	-	-	228,644	-	(163,614)	-
<b>Change in Net Assets</b>	<b>10,041,293</b>	<b>6,648,582</b>	<b>3,977,668</b>	<b>5,201,006</b>	<b>8,686,945</b>	<b>5,554,985</b>	<b>3,034,628</b>	<b>1,828,496</b>	<b>364,831</b>	<b>146,972</b>
Beginning Net Assets	72,816,748	66,168,166	62,190,498	56,989,492	48,302,547	42,747,562	39,712,934	37,884,438	37,519,607	37,372,635
<b>Ending Net Assets</b>	<b>\$ 82,858,041</b>	<b>\$ 72,816,748</b>	<b>\$ 66,168,166</b>	<b>\$ 62,190,498</b>	<b>\$ 56,989,492</b>	<b>\$ 48,302,547</b>	<b>\$ 42,747,562</b>	<b>\$ 39,712,934</b>	<b>\$ 37,884,438</b>	<b>\$ 37,519,607</b>

Note: Total operating and non-operating revenues are presented in detail in Table 2 while total operating and non-operating expenses are presented in detail in Table 3.

Table 2

TYLER JUNIOR COLLEGE DISTRICT  
REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	For the Fiscal Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	\$ 10,816,884	\$ 13,604,236	\$ 14,089,899	\$ 12,617,864	\$ 11,730,292	\$ 10,977,104	\$ 10,595,736	\$ 9,515,381	\$ 7,879,631	\$ 6,780,240
Governmental grants and contracts										
Federal grants and contracts	1,396,514	1,454,506	1,212,034	1,212,570	10,160,145	10,223,670	11,197,044	10,898,288	10,115,577	8,405,629
State grants and contracts	1,396,955	1,808,213	1,163,946	879,500	761,238	759,512	169,575	780,501	1,652,128	1,320,280
Local grants and contracts	711,217	220,893	1,084,404	639,049	3,859,709	1,483,700	645,900	689,770	640,839	823,924
Sales and services of educational activities	116,134	117,104	117,582	117,432	120,413	127,001	119,095	116,882	105,007	102,676
Auxiliary enterprises	2,354,905	2,945,922	3,669,051	2,155,663	1,913,423	1,882,595	1,704,214	1,675,119	1,629,603	1,478,370
Other operating revenues	4,810,549	2,121,555	2,083,271	1,638,187	1,527,841	1,483,781	1,586,280	1,569,377	1,433,650	1,360,796
<b>Total Operating Revenues</b>	<b>21,603,158</b>	<b>22,272,429</b>	<b>23,420,187</b>	<b>19,260,265</b>	<b>30,073,061</b>	<b>26,937,363</b>	<b>26,017,844</b>	<b>25,245,318</b>	<b>23,456,435</b>	<b>20,271,915</b>
State appropriations	21,608,189	22,673,865	21,455,637	21,245,661	20,508,466	20,224,347	18,751,833	18,719,793	19,459,363	20,213,235
Property taxes	18,638,057	14,638,019	13,062,824	12,646,609	11,540,450	10,358,973	9,944,249	8,852,688	8,488,547	7,967,718
Federal Revenue, Non Operating	23,541,831	19,019,795	11,596,985	9,426,159	-	-	-	-	-	-
Investment income	150,086	338,646	308,785	1,245,209	2,726,329	628,199	426,392	129,188	176,051	439,568
<b>Total Non-Operating Revenue</b>	<b>63,938,163</b>	<b>56,670,325</b>	<b>46,424,231</b>	<b>44,563,638</b>	<b>34,775,245</b>	<b>31,211,519</b>	<b>29,122,474</b>	<b>27,701,669</b>	<b>28,123,961</b>	<b>28,620,521</b>
<b>Total Revenues</b>	<b>\$ 85,541,321</b>	<b>\$ 78,942,754</b>	<b>\$ 69,844,418</b>	<b>\$ 63,823,903</b>	<b>\$ 64,848,306</b>	<b>\$ 58,148,882</b>	<b>\$ 55,140,318</b>	<b>\$ 52,946,987</b>	<b>\$ 51,580,396</b>	<b>\$ 48,892,436</b>

	For the Fiscal Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	12.65%	17.23%	20.17%	19.77%	18.09%	18.88%	19.22%	17.97%	15.28%	13.87%
Governmental grants and contracts										
Federal grants and contracts	1.63%	1.84%	1.74%	1.90%	15.67%	17.58%	20.31%	20.58%	19.61%	17.19%
State grants and contracts	1.63%	2.29%	1.67%	1.38%	1.17%	1.31%	0.31%	1.47%	3.20%	2.70%
Local grants and contracts	0.83%	0.28%	1.55%	1.00%	5.95%	2.55%	1.17%	1.30%	1.24%	1.69%
Sales and services of educational activities	0.14%	0.15%	0.17%	0.18%	0.19%	0.22%	0.22%	0.22%	0.20%	0.21%
Sales and services of auxiliary enterprises	2.75%	3.73%	5.25%	3.38%	2.95%	3.24%	3.09%	3.16%	3.16%	3.02%
Other operating revenues	5.62%	2.69%	2.98%	2.57%	2.36%	2.55%	2.88%	2.96%	2.78%	2.78%
<b>Total Operating Revenues</b>	<b>25.25%</b>	<b>28.21%</b>	<b>33.53%</b>	<b>30.18%</b>	<b>46.37%</b>	<b>46.32%</b>	<b>47.18%</b>	<b>47.68%</b>	<b>45.48%</b>	<b>41.46%</b>
State appropriations	25.26%	28.72%	30.72%	33.29%	31.63%	34.78%	34.01%	35.36%	37.73%	41.34%
Property taxes	21.79%	18.54%	18.70%	19.81%	17.80%	17.81%	18.03%	16.72%	16.46%	16.30%
Federal Revenue, Non Operating	27.52%	24.09%	16.60%	14.77%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income	0.18%	0.43%	0.44%	1.95%	4.20%	1.08%	0.77%	0.24%	0.34%	0.90%
<b>Total Non-Operating Revenue</b>	<b>74.75%</b>	<b>71.79%</b>	<b>66.47%</b>	<b>69.82%</b>	<b>53.63%</b>	<b>53.68%</b>	<b>52.82%</b>	<b>52.32%</b>	<b>54.52%</b>	<b>58.54%</b>
<b>Total Revenues</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Note: During the 2009 year, a change in reporting requirements by the Texas Higher Education Co-Board reclassified the reporting of Title IV funds as non-operating. Only the 2008 through 2011 amounts have been changed in the above table to correspond with the amounts reported on Schedule C

Table 3

TYLER JUNIOR COLLEGE DISTRICT  
PROGRAM EXPENSES BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

For the Fiscal Year Ended August 31,

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$ 29,633,824	\$ 28,626,927	\$ 23,422,228	\$ 22,710,169	\$ 21,567,887	\$ 21,503,321	\$ 20,116,719	\$ 19,578,850	\$ 19,762,849	\$ 18,204,032
Public service	1,398,852	1,151,093	937,675	766,819	853,108	795,946	851,994	754,664	890,950	556,125
Academic support	2,821,105	2,893,825	2,288,336	2,792,468	2,743,044	2,258,222	2,390,014	2,541,825	2,660,863	3,011,971
Student services	8,274,507	8,404,501	7,623,631	6,652,637	5,903,966	5,814,380	4,861,229	4,711,533	4,934,453	4,811,890
Institutional support	11,136,081	9,790,843	9,429,124	8,005,762	7,660,364	7,244,061	6,944,575	6,465,459	5,807,847	5,720,143
Operation and maintenance of plant	5,054,499	5,080,838	6,695,457	4,568,476	4,292,141	4,404,959	4,978,443	4,393,280	4,224,911	3,852,006
Scholarships and fellowships	3,122,074	2,818,571	2,680,538	3,375,802	3,608,328	4,291,640	4,686,891	3,551,692	3,733,966	3,131,628
Auxiliary enterprises	6,467,852	6,165,791	6,132,424	4,731,450	4,544,006	2,742,029	2,492,706	3,091,061	2,952,246	3,150,857
Depreciation	4,966,820	4,348,266	4,125,569	3,128,316	2,812,021	2,670,266	3,892,193	4,551,096	4,492,292	4,660,113
<b>Total Operating Expenses</b>	<b>72,875,614</b>	<b>69,280,655</b>	<b>63,334,982</b>	<b>56,731,899</b>	<b>53,984,865</b>	<b>51,724,824</b>	<b>51,214,764</b>	<b>49,639,460</b>	<b>49,460,377</b>	<b>47,098,765</b>
Interest on capital related debt	2,624,414	3,013,517	2,531,768	2,142,128	2,176,496	869,073	1,119,570	1,479,031	1,591,574	1,576,699
Write off of prior year donation	-	-	-	-	-	-	-	-	-	70,000
<b>Total Non-Operating Expenses</b>	<b>2,624,414</b>	<b>3,013,517</b>	<b>2,531,768</b>	<b>2,142,128</b>	<b>2,176,496</b>	<b>869,073</b>	<b>1,119,570</b>	<b>1,479,031</b>	<b>1,591,574</b>	<b>1,646,699</b>
<b>Total Expenses</b>	<b>\$ 75,500,028</b>	<b>\$ 72,294,172</b>	<b>\$ 65,866,750</b>	<b>\$ 58,874,027</b>	<b>\$ 56,161,361</b>	<b>\$ 52,593,897</b>	<b>\$ 52,334,334</b>	<b>\$ 51,118,491</b>	<b>\$ 51,051,951</b>	<b>\$ 48,745,464</b>

For the Fiscal Year Ended August 31,

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	39.25%	39.60%	35.56%	38.57%	38.40%	40.89%	38.44%	38.30%	38.71%	37.35%
Public service	1.85%	1.59%	1.42%	1.30%	1.52%	1.51%	1.63%	1.48%	1.75%	1.14%
Academic support	3.74%	4.00%	3.47%	4.74%	4.88%	4.29%	4.57%	4.97%	5.21%	6.18%
Student services	10.96%	11.63%	11.57%	11.30%	10.51%	11.06%	9.29%	9.22%	9.67%	9.87%
Institutional support	14.75%	13.54%	14.32%	13.60%	13.64%	13.77%	13.27%	12.65%	11.38%	11.73%
Operation and maintenance of plant	6.69%	7.03%	10.17%	7.76%	7.64%	8.38%	9.51%	8.59%	8.28%	7.90%
Scholarships and fellowships	4.14%	3.90%	4.07%	5.73%	6.42%	8.16%	8.96%	6.95%	7.31%	6.42%
Auxiliary enterprises	8.57%	8.53%	9.31%	8.04%	8.09%	5.21%	4.76%	6.05%	5.78%	6.46%
Depreciation	6.58%	6.01%	6.26%	5.31%	5.01%	5.08%	7.44%	8.90%	8.80%	9.56%
<b>Total Operating Expenses</b>	<b>96.52%</b>	<b>95.83%</b>	<b>96.16%</b>	<b>96.36%</b>	<b>96.12%</b>	<b>98.35%</b>	<b>97.86%</b>	<b>97.11%</b>	<b>96.88%</b>	<b>96.62%</b>
Interest on capital related debt	3.48%	4.17%	3.84%	3.64%	3.88%	1.65%	2.14%	2.89%	3.12%	3.23%
Write off of prior year donation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.14%
<b>Total Non-Operating Expenses</b>	<b>3.48%</b>	<b>4.17%</b>	<b>3.84%</b>	<b>3.64%</b>	<b>3.88%</b>	<b>1.65%</b>	<b>2.14%</b>	<b>2.89%</b>	<b>3.12%</b>	<b>3.38%</b>
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Table 4

TYLER JUNIOR COLLEGE DISTRICT  
TUITION AND FEES  
LAST TEN ACADEMIC YEARS  
(UNAUDITED)

<b>RESIDENT</b>
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per Student)	In-District Tuition	Out-of District Tuition	General Education Fees	Health Service Fee	Parking Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2010	25	28	69	34	30	25	824	1,316	0.00%	0.92%
2009	25	28	68	34	30	25	824	1,304	17.05%	16.01%
2008	25	23	58	29	30	25	704	1,124	11.39%	10.63%
2007	25	20	52	26	30	25	632	1,016	0.00%	0.00%
2006	25	20	52	26	30	25	632	1,016	1.61%	0.99%
2005	15	20	52	26	30	25	622	1,006	4.01%	6.34%
2004	15	18	47	26	30	25	598	946	8.33%	9.49%
2003	10	15	41	26	30	20	552	864	20.79%	21.86%
2002	10	15	36	21	-	15	457	709	11.74%	7.26%
2001	10	15	36	17	-	15	409	661	21.36%	27.85%

Table 4

TYLER JUNIOR COLLEGE DISTRICT  
TUITION AND FEES  
LAST TEN ACADEMIC YEARS  
(UNAUDITED)

<b>NON-RESIDENT</b> Fees per Semester Credit Hour (SCH)
--

Academic Year (Fall)	Registration Fee (per Student)	Non-Resident Tuition Out-of-State	Non-Resident Tuition International	General Education Fees	Health Service Fee	Parking Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
2010	25	89	89	34	30	25	1,556	1,556	0.78%	0.78%
2009	25	88	88	34	30	25	1,544	1,544	8.43%	8.43%
2008	25	83	83	29	30	25	1,424	1,424	5.33%	5.33%
2007	25	80	80	26	30	25	1,352	1,352	0.00%	0.00%
2006	25	80	80	26	30	25	1,352	1,352	20.07%	20.07%
2005	15	62	62	26	30	25	1,126	1,126	5.63%	5.63%
2004	15	57	57	26	30	25	1,066	1,066	8.33%	8.33%
2003	10	51	51	26	30	20	984	984	18.70%	18.70%
2002	10	46	46	21	-	15	829	829	6.15%	6.15%
2001	10	46	46	17	-	15	781	781	22.61%	22.61%

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

Table 5

TYLER JUNIOR COLLEGE DISTRICT  
 ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Fiscal Year	Assessed Valuation of Property			Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Direct Rate	
	Real Property	Personal Property	Less: Exemptions			Maintenance & Operations	
2010-11	10,857,836,630	2,714,459,158	2,892,627,861	10,679,667,927	78.69%	\$	0.182926
2009-10	10,327,623,767	2,581,905,942	2,232,799,703	10,676,730,006	82.70%	\$	0.136950
2008-09	10,178,050,422	2,544,512,605	2,200,462,417	10,522,100,610	82.70%	\$	0.127169
2007-08	9,547,089,846	2,386,772,462	2,064,050,730	9,869,811,578	82.70%	\$	0.127169
2006-07	8,634,022,801	2,158,505,700	1,866,648,513	8,925,879,988	82.70%	\$	0.127169
2005-06	7,869,230,281	1,967,307,570	1,701,302,781	8,135,235,070	82.70%	\$	0.127169
2004-05	7,333,731,637	1,833,432,909	1,585,529,662	7,581,634,884	82.70%	\$	0.127169
2003-04	6,864,955,156	1,716,238,789	1,475,701,067	7,105,492,878	82.80%	\$	0.122300
2002-03	6,659,172,328	1,664,793,082	1,588,777,491	6,735,187,919	80.91%	\$	0.122300
2001-02	6,416,265,879	1,604,066,470	1,532,457,229	6,487,875,120	80.89%	\$	0.122300

Sources: Local Appraisal Districts

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Table 6

TYLER JUNIOR COLLEGE DISTRICT  
STATE APPROPRIATION PER FTSE AND CONTACT HOUR  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	State Appropriations	Appropriation per FTSE		Appropriation per Contact Hour			
		FTSE	State Appropriations Per FTSE	Academic Contact Hours	Voc/Tech Contact Hours	Total Contact Hours	State Appropriation per Contact Hour
2010-11	16,239,896	8,622	1,883.54	4,033,512	1,508,800	5,542,312	2.93
2009-10	17,573,735	8,504	2,066.53	4,009,464	1,423,012	5,432,476	3.23
2008-09	16,487,452	8,603	1,916.48	3,520,200	1,223,616	4,743,816	3.48
2007-08	16,487,450	8,357	1,972.89	3,254,392	1,070,864	4,325,256	3.81
2006-07	15,995,148	8,697	1,839.16	3,311,376	1,044,496	4,355,872	3.67
2005-06	15,995,148	8,817	1,814.13	3,304,816	1,090,094	4,394,910	3.64
2004-05	15,208,326	9,155	1,661.20	3,388,880	1,136,880	4,525,760	3.36
2003-04	15,214,997	10,518	1,446.57	3,402,672	1,138,976	4,541,648	3.35
2002-03	15,194,940	8,795	1,727.68	3,260,174	1,123,584	4,383,758	3.47
2001-02	16,327,842	8,238	1,982.02	3,038,448	1,076,582	4,115,030	3.97

## Notes:

FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 30.

Table 7

TYLER JUNIOR COLLEGE DISTRICT  
PRINCIPAL TAXPAYERS  
LAST TEN TAX YEARS  
YEARS 2006-2010  
(UNAUDITED)

Taxpayer (1)	Type of Business	Taxable Assessed Value (TAV) by Tax Year				
		2010	2009	2008	2007	2006
Brookshire Grocery Company	Supermarkets; distribution facilities	\$ 129,333,680	\$ 127,334,915	\$ 126,996,710	\$ 128,587,944	\$ 128,115,834
Oncor Electric / TXU	Electric utility	84,193,564	80,760,107	83,481,339	78,305,667	85,452,857
WalMart/Sam's	Retail	81,793,018	87,589,929	91,792,684	88,589,408	88,589,408
Kelly Springfield Tire Company	Tire Manufacturer	-	-	-	46,333,329	46,333,329
McWane Inc./ Ranson Industries	Pipe manufacturer	51,853,668	45,240,001	61,156,799	87,476,491	87,476,491
Southwestern Bell Telephone	Telephone utility		47,638,032	51,854,412	58,519,119	58,519,119
Dayton Hudson Corp.	Retail; distribution facilities	107,880,844	86,634,554	62,265,652	53,942,611	53,942,611
Delek Refining LTD / Crown / LaGloria	Refinery	175,112,792	118,688,302	245,122,365	154,833,482	154,833,482
Cebridge Acquisition LP (Simon)	Commercial property	52,761,861	56,707,130	47,620,545	46,559,890	46,559,890
Eastman Chemical Company	Storage facility	-	-	-	-	-
Carrier / Tytex	Air conditioning manufacturer	44,952,878	47,468,281	-	-	-
Union Oil Company	Oil & Gas	50,865,245	56,741,270	85,339,960	85,339,960	65,685,590
Genecov Investment Group	Commercial property	81,754,531	56,766,576	57,475,537	-	-
Totals		\$ 860,502,081	\$ 811,569,097	\$ 913,106,003	\$ 828,487,901	\$ 815,508,611
Total Taxable Assessed Value		\$10,679,667,927	\$10,676,730,006	\$10,522,100,610	\$9,869,811,578	\$8,925,879,988

TYLER JUNIOR COLLEGE DISTRICT  
PRINCIPAL TAXPAYERS  
LAST TEN TAX YEARS  
YEARS 2006-2010  
(UNAUDITED)

Taxpayer (1)	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year				
		2010	2009	2008	2007	2006
Brookshire Grocery Company	Supermarkets; distribution facilities	1.21%	1.19%	1.21%	1.30%	1.44%
Oncor Electric / TXU	Electric utility	0.79%	0.76%	0.79%	0.79%	0.96%
WalMart/Sam's	Retail	0.77%	0.82%	0.87%	0.90%	0.99%
Kelly Springfield Tire Company	Tire Manufacturer	0.00%	0.00%	0.00%	0.47%	0.52%
Ransom Industries/ Tyler Pipe	Pipe manufacturer	0.49%	0.42%	0.58%	0.89%	0.98%
Southwestern Bell Telephone	Telephone utility	0.00%	0.45%	0.49%	0.59%	0.66%
Dayton Hudson Corp.	Retail; distribution facilities	0.00%	0.81%	0.59%	0.55%	0.60%
Delek Refining LTD / Crown / LaGloria	Refinery	1.64%	1.11%	2.33%	1.57%	1.73%
Simon Property Group	Commercial property	0.49%	0.53%	0.45%	0.47%	0.52%
Eastman Chemical Company	Storage facility	0.00%	0.00%	0.00%	0.00%	0.00%
Carrier / Tytex	Air conditioning manufacturer	0.42%	0.44%	0.00%	0.00%	0.00%
Union Oil Company	Oil & Gas	0.48%	0.53%	0.81%	0.86%	0.74%
Genecov Investment Group	Commercial property	0.77%	0.53%	0.55%	0.00%	0.00%
Totals		7.05%	7.60%	8.68%	8.39%	9.14%

Source: Smith and Van Zandt County Appraisal Districts

Table 7

TYLER JUNIOR COLLEGE DISTRICT  
PRINCIPAL TAXPAYERS  
LAST TEN TAX YEARS  
YEARS 2001-2005  
(UNAUDITED)

Taxpayer (1)	Type of Business	Taxable Assessed Value (TAV) by Tax Year				
		2005	2004	2003	2002	2001
Brookshire Grocery Company	Supermarkets; distribution facilities	\$ 121,885,885	\$ 102,768,239	\$ 110,463,759	\$ 103,443,849	\$ 92,146,265
Oncor Electric / TXU	Electric utility	73,318,620	70,977,210	75,757,970	78,022,760	84,063,330
WalMart/Sam's	Retail	69,145,699	47,037,901	44,266,043	34,293,190	36,541,127
Kelly Springfield Tire Company	Tire Manufacturer	65,095,085	79,769,554	88,151,758	92,860,848	106,164,994
Ransom Industries/ Tyler Pipe	Pipe manufacturer	64,036,599	71,628,617	70,991,512	66,458,141	67,764,287
Southwestern Bell Telephone	Telephone utility	59,428,191	59,428,191	104,846,328	76,664,242	67,381,251
Dayton Hudson Corp.	Retail; distribution facilities	57,982,468	63,984,486	62,172,264	46,538,542	-
Delek Refining LTD / Crown / LaGloria	Refinery	53,535,963	39,978,208	38,685,396	46,484,031	42,003,783
Simon Property Group	Commercial property	44,440,521	42,528,468	42,585,683	39,603,335	39,405,296
Eastman Chemical Company	Storage facility	44,143,960	-	-	-	-
Carrier / Tytex	Air conditioning manufacturer	-	39,016,403	41,337,720	41,905,308	41,114,762
Union Oil Company	Oil & Gas	62,889,200	61,057,476	59,279,103	57,552,527	55,876,240
Genecov Investment Group	Commercial property	-	-	-	-	-
Totals		\$ 715,902,191	\$ 678,174,753	\$ 738,537,536	\$ 683,826,773	\$ 632,461,335
Total Taxable Assessed Value		\$ 8,135,235,070	\$ 7,581,634,844	\$ 7,105,492,878	\$ 6,735,187,919	\$ 6,487,875,120

TYLER JUNIOR COLLEGE DISTRICT  
PRINCIPAL TAXPAYERS  
LAST TEN TAX YEARS  
YEARS 2001-2005  
(UNAUDITED)

Taxpayer (1)	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year				
		2005	2004	2003	2002	2001
Brookshire Grocery Company	Supermarkets; distribution facilities	1.50%	1.36%	1.55%	1.54%	1.42%
Oncor Electric / TXU	Electric utility	0.90%	0.94%	1.07%	1.16%	1.30%
WalMart/Sam's	Retail	0.85%	0.62%	0.62%	0.51%	0.56%
Kelly Springfield Tire Company	Tire Manufacturer	0.80%	1.05%	1.24%	1.38%	1.64%
Ransom Industries/ Tyler Pipe	Pipe manufacturer	0.79%	0.94%	1.00%	0.99%	1.04%
Southwestern Bell Telephone	Telephone utility	0.73%	0.78%	1.48%	1.14%	1.04%
Dayton Hudson Corp.	Retail; distribution facilities	0.71%	0.84%	0.87%	0.69%	0.00%
Delek Refining LTD / Crown / LaGloria	Refinery	0.66%	0.53%	0.54%	0.69%	0.65%
Simon Property Group	Commercial property	0.55%	0.56%	0.60%	0.59%	0.61%
Eastman Chemical Company	Storage facility	0.54%	0.00%	0.00%	0.00%	0.00%
Carrier / Tytex	Air conditioning manufacturer	0.00%	0.51%	0.58%	0.62%	0.63%
Union Oil Company	Oil & Gas	0.77%	0.81%	0.83%	0.85%	0.86%
Genecov Investment Group	Commercial property	0.00%	0.00%	0.00%	0.00%	0.00%
Totals		8.80%	8.94%	10.39%	10.15%	9.75%

Source: Smith and Van Zandt County Appraisal Districts

Table 8

TYLER JUNIOR COLLEGE DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>Fiscal Year Ended August</u>	<u>Total Tax Levy</u> (1)	<u>Current Tax Collections</u>	<u>Percent of Current Tax Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>
2011	\$ 18,409,311	\$ 18,093,950	98.29%	\$ 274,334	\$ 18,368,284	99.78%
2010	\$ 14,208,183	\$ 14,095,963	99.21%	\$ 290,005	\$ 14,385,968	101.25%
2009	\$ 13,125,823	\$ 12,593,167	95.94%	\$ 227,804	\$ 12,820,971	97.68%
2008	\$ 12,352,636	\$ 12,188,832	98.67%	\$ 229,089	\$ 12,417,921	100.53%
2007	\$ 11,235,178	\$ 11,074,241	98.57%	\$ 223,780	\$ 11,298,021	100.56%
2006	\$ 10,280,296	\$ 9,927,548	96.57%	\$ 210,029	\$ 10,137,577	98.61%
2005	\$ 9,641,489	\$ 9,518,350	98.72%	\$ 246,465	\$ 9,764,815	101.28%
2004	\$ 8,690,018	\$ 8,427,327	96.98%	\$ 218,917	\$ 8,646,244	99.50%
2003	\$ 8,237,135	\$ 8,027,180	97.45%	\$ 271,426	\$ 8,298,606	100.75%
2002	\$ 7,934,671	\$ 7,626,464	96.12%	\$ 175,596	\$ 7,802,060	98.33%

(1) Taxes levied October 1 on assessed value as of prior January 1, delinquent after January 31

Table 9

TYLER JUNIOR COLLEGE DISTRICT  
RATIOS OF OUTSTANDING DEBT  
LAST TEN FISCAL YEARS  
(UNAUDITED)

For the Fiscal Year Ended August 31										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Other Debt</b>										
Revenue bonds	\$62,680,000	\$68,470,000	\$47,395,000	\$50,700,000	\$52,965,000	\$15,500,000	\$17,195,000	\$17,030,000	\$18,280,000	\$19,470,000
Notes	3,618,545	7,267,915	9,018,497	8,511,126	9,226,409	9,816,776	9,540,189	10,072,202	10,563,483	11,024,694
<b>Total Outstanding Debt</b>	<b>\$66,298,545</b>	<b>\$75,737,915</b>	<b>\$56,413,497</b>	<b>\$59,211,126</b>	<b>\$62,191,409</b>	<b>\$25,316,776</b>	<b>\$26,735,189</b>	<b>\$27,102,202</b>	<b>\$28,843,483</b>	<b>\$30,494,694</b>
<b>Total Outstanding Debt Ratios</b>										
Per Capita	\$ 258.45	\$ 319.34	\$ 237.86	\$ 259.65	\$ 283.62	\$ 120.19	\$ 130.81	\$ 137.91	\$ 152.64	\$ 167.84
Per FTSE	7,689	8,804	6,557	7,085	6,808	2,871	2,920	2,577	3,280	3,702
As a percentage of Taxable Assessed Value	0.62%	0.71%	0.54%	0.60%	0.70%	0.31%	0.35%	0.38%	0.43%	0.47%

Notes: Ratios calculated using population, TAV and full-time student equivalent from other tables.

TYLER JUNIOR COLLEGE DISTRICT  
 PLEDGED REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Table 10

Fiscal Year Ended August 31	Pledged Revenues			Debt Service Requirements			Coverage Ratio
	Tuition and Fees	Auxiliary Enterprise	Total	Principal	Interest	Total	
2011	\$ 29,640,946	\$ 5,767,075	\$ 35,408,021	\$ 5,790,000	\$ 3,170,314	\$ 8,960,314	3.95
2010	28,346,513	5,702,778	34,049,291	3,425,000	3,231,007	6,656,007	5.12
2009	22,587,429	5,569,035	28,156,464	3,305,000	3,038,286	6,343,286	4.44
2008	19,137,027	3,848,897	22,985,924	2,265,000	2,648,646	4,913,646	4.68
2007	17,902,805	3,269,541	21,172,346	2,210,000	2,667,491	4,877,491	4.34
2006	16,791,612	3,392,584	20,184,196	1,695,000	1,003,737	2,698,737	7.48
2005	16,538,733	3,088,333	19,627,066	1,720,000	1,215,691	2,935,691	6.69
2004	15,151,158	3,125,990	18,277,148	1,250,000	1,519,668	2,769,668	6.60
2003	12,909,078	2,580,292	15,489,370	1,190,000	1,656,279	2,846,279	5.44
2002	10,959,759	2,381,006	13,340,765	1,130,000	1,159,198	2,289,198	5.83

TYLER JUNIOR COLLEGE DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS - TAXING DISTRICT  
LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>Fiscal Year</u>	<u>District Population</u>	<u>District Personal Income (thousands of dollars)</u>	<u>District Personal Income Per Capita</u>	<u>District Unemployment Rate</u>
2010-11	256,520	\$ 6,956,342 (a)	\$ 27,118	7.8%
2009-10	246,654	7,227,898	29,304	7.6%
2008-09	237,167	7,323,724	30,880	7.4%
2007-08	228,045	6,982,403	30,619	4.2%
2006-07	219,274	6,539,102	29,822	4.7%
2005-06	210,638	6,070,117	28,818	4.8%
2004-05	204,381	5,962,908	29,175	5.3%
2003-04	196,520	5,562,405	28,305	4.9%
2002-03	188,962	5,241,452	27,738	4.6%
2001-02	181,694	5,022,411	27,642	4.1%

## Sources:

Population from U. S. Bureau of the Census and is estimated for the District

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

## Notes:

(a) Personal income amounts for 2010-2011

Table 12

TYLER JUNIOR COLLEGE DISTRICT  
PRINCIPAL EMPLOYERS  
PAST THREE FISCAL YEARS  
(UNAUDITED)

Employer	2011		2010		2009	
	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
Trinity Mother Frances	3,884	5.65%	3,652	5.32%	3,567	5.19%
East Texas Medical Center	3,725	5.42%	3,620	5.27%	3,650	5.31%
Brookshire Grocery Company	2,524	3.67%	2,213	3.22%	2,190	3.19%
Tyler Independent School District	2,464	3.59%	2,501	3.64%	2,572	3.74%
Wal-Mart	1,711	2.49%	1,697	2.47%	1,670	2.43%
Trane Co.	1,575	2.29%	1,520	2.21%	1,949	2.84%
Suddenlink	1,197	1.74%	1,138	1.66%	1,057	1.54%
UT Health Center at Tyler	849	1.24%	-	0.00%	-	0.00%
Carrier Corporation	795	1.16%	659	0.96%	1,201	1.75%
Tyler Junior College District	786	1.14%	586	0.85%	572	0.83%
UT Tyler	-	0.00%	568	0.83%	556	0.81%
	<u>19,510</u>	<u>22.75%</u>	<u>14,502</u>	<u>21.11%</u>	<u>18,984</u>	<u>22.44%</u>

Source:

Tyler Economic Development Council - Community Profile

Note: Per GASB 44, this table should show the current year and the period nine years prior. The information seven years prior is unavailable and thus, this information is being implemented prospectively from 2009.

TYLER JUNIOR COLLEGE DISTRICT  
FACULTY, STAFF, AND ADMINISTRATORS STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Faculty</b>										
Full-Time	280	278	272	255	251	255	248	249	243	239
Part-Time	298	270	258	258	235	237	233	235	207	215
Total	578	548	530	513	486	492	481	484	450	454
<b>Percent</b>										
Full-Time	48.44%	50.73%	51.32%	49.71%	51.65%	51.83%	51.56%	51.45%	54.00%	52.64%
Part-Time	51.56%	49.27%	48.68%	50.29%	48.35%	48.17%	48.44%	48.55%	46.00%	47.36%
<b>Staff and Administrators</b>										
Full-Time	319	322	310	269	259	260	270	283	280	280
Part-Time	194	200	170	151	141	146	139	180	180	172
Total	513	522	480	420	400	406	409	463	460	452
<b>Percent</b>										
Full-Time	62.18%	61.69%	64.58%	64.05%	64.75%	64.04%	66.01%	61.12%	60.87%	61.95%
Part-Time	37.82%	38.31%	35.42%	35.95%	35.25%	35.96%	33.99%	38.88%	39.13%	38.05%
FTSE per Full-Time Faculty	30.79	30.95	31.63	32.77	34.65	34.58	36.92	42.24	36.19	34.47
FTSE per Full-Time Staff Member	27.03	31.86	33.34	32.39	37.01	37.20	33.91	44.76	31.41	29.42
Average Annual Faculty Salary	\$50,848	\$51,047	\$49,100	\$46,764	\$45,303	\$45,213	\$43,973	\$43,050	\$41,376	\$41,699

Table 14

TYLER JUNIOR COLLEGE DISTRICT  
ENROLLMENT DETAILS  
LAST FIVE FISCAL YEARS  
(UNAUDITED)

Student Classification	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	7,973	67.92%	7,624	69.03%	6,784	68.33%	5,014	61.00%	7,122	75.59%
31-60 hours	2,332	19.87%	2,152	19.48%	2,202	22.18%	2,282	27.76%	1,708	18.13%
>60 hours	1,433	12.21%	1,269	11.49%	942	9.49%	924	11.24%	592	6.28%
Total	11,738	100%	11,045	100%	9,928	100%	8,220	100%	9,422	100%

Semester Hour Load	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Part-Time	6,234	53.11%	6,186	56.01%	3,829	38.57%	3,314	40.32%	4,294	45.57%
Full-Time	5,504	46.89%	4,859	43.99%	6,099	61.43%	4,906	59.68%	5,128	54.43%
Total	11,738	100%	11,045	100%	9,928	100%	8,220	100%	9,422	100%

Tuition Status	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	5,242	44.66%	4,939	44.72%	4,506	45.39%	3,585	43.61%	4,443	47.16%
Texas Resident (out-of-District)	6,077	51.77%	5,751	52.07%	5,061	50.98%	4,395	53.47%	4,607	48.90%
Non-Resident Tuition	419	3.57%	355	3.21%	337	3.39%	240	2.92%	283	3.00%
Tuition Exemption/Waiver	0	0.00%	0	0.00%	24	0.24%	0	0.00%	89	0.94%
Total	11,738	100%	11,045	100%	9,928	100%	8,220	100%	9,422	100%

Table 15

TYLER JUNIOR COLLEGE DISTRICT  
STUDENT PROFILE  
LAST FIVE FISCAL YEARS  
(UNAUDITED)

	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	6,952	59.23%	6,495	58.80%	5,811	58.53%	4,802	58.42%	5,442	57.76%
Male	4,786	40.77%	4,550	41.20%	4,117	41.47%	3,418	41.58%	3,980	42.24%
Total	11,738	100%	11,045	100%	9,928	100%	8,220	100%	9,422	100%

	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	7,297	62.17%	6,992	63.30%	6,484	65.31%	5,386	65.52%	6,455	68.51%
Hispanic	1,320	11.25%	1,230	11.14%	1,063	10.71%	910	11.07%	996	10.57%
African American	2,642	22.51%	2,421	21.92%	2,045	20.60%	1,707	20.77%	1,778	18.87%
Asian	184	1.57%	170	1.54%	132	1.33%	104	1.27%	115	1.22%
Native American	57	0.49%	62	0.56%	60	0.60%	51	0.62%	42	0.45%
Other	238	2.03%	170	1.54%	144	1.45%	62	0.75%	36	0.38%
Total	11,738	100%	11,045	100%	9,928	100%	8,220	100%	9,422	100%

	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
16 or younger	616	5.25%	315	2.85%	304	3.06%	18	0.22%	203	2.15%
17	752	6.41%	641	5.80%	562	5.66%	124	1.51%	603	6.40%
18	2,083	17.75%	1,525	13.81%	1,555	15.66%	1,115	13.56%	1,258	13.35%
19-21	3,627	30.90%	4,095	37.08%	3,724	37.51%	3,543	43.10%	3,805	40.38%
22-24	1,358	11.57%	1,412	12.78%	1,266	12.75%	1,119	13.61%	1,219	12.94%
25-30	1,324	11.28%	1,285	11.63%	1,125	11.33%	980	11.92%	988	10.49%
31-35	687	5.85%	624	5.65%	483	4.87%	451	5.49%	491	5.21%
36-50	1,065	9.07%	942	8.53%	743	7.48%	715	8.70%	703	7.46%
51-64	219	1.87%	199	1.80%	157	1.58%	142	1.73%	144	1.53%
65 & over	7	0.06%	7	0.06%	9	0.09%	13	0.16%	8	0.08%
Total	11,738	100%	11,045	100%	9,928	100%	8,220	100%	9,422	100%

Average Age	23	23	23	23	23
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Table 16

TYLER JUNIOR COLLEGE DISTRICT  
 TRANSFERS TO SENIOR INSTITUTIONS  
 2009 FALL STUDENTS AS OF FALL 2010  
 (Includes only public senior colleges in Texas)  
 (UNAUDITED)

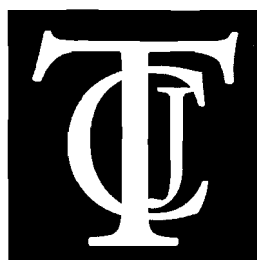
	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Angelo State University	2	0	0	2	0.11%
2 Lamar University Institute of Technology	3	1	0	4	0.22%
3 Midwestern State University	4	1	0	5	0.28%
4 Prairie View A&M University	8	2	0	10	0.55%
5 Sam Houston State University	23	5	0	28	1.54%
6 Stephen F. Austin State University	103	11	1	115	6.34%
7 Sul Ross State University	0	0	0	0	0.00%
8 Tarleton State University	12	1	0	13	0.72%
9 Texas A&M International University	2	0	0	2	0.11%
10 Texas A&M University - College Station	241	3	0	244	13.46%
11 Texas A&M University - Commerce	31	5	0	36	1.99%
12 Texas A&M University - Corpus Christi	2	0	0	2	0.11%
13 Texas A&M University - Galveston	1	0	0	1	0.06%
14 Texas A&M University - Kingsville	2	0	0	2	0.11%
15 Texas A&M University System Health Science Center	0	0	0	0	0.00%
16 Texas A&M University - Texarkana	2	0	0	2	0.11%
17 Texas Southern University	4	3	0	7	0.39%
18 Texas State University	44	8	0	52	2.87%
19 Texas Tech University	48	2	1	51	2.81%
20 Texas Women's University	15	4	0	19	1.05%
21 University of Texas - Pan America	1	0	0	1	0.06%
22 University of Texas (Houston) - University Park	0	0	0	0	0.00%
23 University of North Texas	74	7	0	81	4.47%
24 University of North Texas at Dallas	0	1	0	1	0.06%
25 University of Texas - Arlington	51	9	0	60	3.31%
26 University of Texas - Austin	57	1	0	58	3.20%
27 University of Texas - Brownsville	1	0	0	1	0.06%
28 University of Texas - Dallas	10	0	0	10	0.55%
29 University of Texas - El Paso	2	0	0	2	0.11%
30 University of Texas - Permian Basin	2	1	0	3	0.17%
31 University of Texas - San Antonio	2	0	0	2	0.11%
32 University of Texas - Tyler	847	134	2	983	54.22%
33 University of Houston	7	0	0	7	0.39%
34 University of Houston - Downtown	3	0	0	3	0.17%
35 University of Houston - Victoria	4	0	0	4	0.22%
36 West Texas A&M University	1	1	0	2	0.11%
<b>Totals</b>	<b>1,609</b>	<b>200</b>	<b>4</b>	<b>1,813</b>	<b>100.00%</b>

Source: The Automated Student & Adult Learner Follow-up Report from the Coordinating Board.

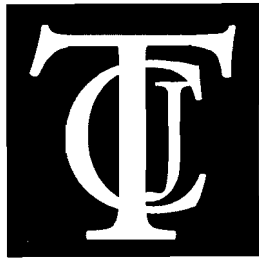
Table 17

TYLER JUNIOR COLLEGE DISTRICT  
CAPITAL ASSET INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Academic buildings	13	13	13	13	13	13	13	13	13	13
Square footage (in thousands)	430	430	430	430	430	430	430	430	430	430
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	41	41	41	41	41	41	41	41	41	41
Number of Volumes (in thousands)	100	104	104	104	98	98	99	98	96	96
Administrative and support buildings	8	8	8	8	8	6	6	6	6	6
Square footage (in thousands)	168	161	161	161	161	150	150	150	150	150
Dormitories	9	9	9	9	8	8	8	8	8	8
Square footage (in thousands)	267	267	267	267	115	115	115	115	115	115
Number of Beds	1062	1,062	1,062	1,062	600	600	600	600	600	600
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	4	4	4	4	4	4	4	4
Average daily customers	3543	2,500	2,500	2,500	2,000	2,000	2,000	2,000	2,000	2,000
Athletic Facilities	7	7	7	7	6	6	6	6	6	6
Square footage (in thousands)	445	436	436	436	425	425	425	420	420	420
Stadiums	1	1	1	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	2	2	2	2	2	2
Fitness Centers	2	2	2	2	2	2	2	2	2	2
Tennis Court	2	2	2	2	1	1	1	1	1	1
Plant facilities	2	2	2	2	1	1	1	1	1	1
Square footage (in thousands)	27	27	27	27	17	17	17	17	17	17
Transportation										
Cars	10	6	6	6	6	10	13	15	15	15
Light Trucks/Vans	22	21	21	42	39	24	32	32	32	32
Heavy Trucks	1	1	1	1	1	1	1	1	1	1



TYLER  
JUNIOR  
COLLEGE  
DISTRICT



TYLER  
JUNIOR  
COLLEGE  
DISTRICT

SINGLE AUDIT  
SECTION

TYLER JUNIOR COLLEGE DISTRICT  
SCHEDULE E  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 2011

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Pass Through Disbursements and Expenditures
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
SEOG	84.007	--	\$ 156,990
Federal College Workstudy Program	84.033	--	48,603
Federal Pell Grant Program	84.063	--	22,446,953
Direct Student Loans	84.268	--	28,063,097
Academic Competitiveness Grant Program	84.375	--	651,362
TRIO Cluster			
Student Support Services Grant	84.042A	--	237,923
Pass Through From:			
Texas Education Agency			
Adult Basic Education	84.002	114100017110356	515,093
Texas Higher Education Coordinating Board			
Carl Perkins Vocational Educational			
Programs - Basic	84.048	114251	369,927
Leveraging Educational Assistance Partnership			
Grant (LEAP)	84.069A	--	13,783
Special Leveraging Educational Assistance Partnership			
Grant (SLEAP)	84.069B	--	18,797
Tech-Prep Education	84.243	111723	268,510
Total U. S. Department of Education			<u>52,791,038</u>
U.S. Department of Commerce - Economic Development Administration			
Pass Through From:			
Tyler Economic Development Council, Inc.			
Economic Adjustment Assistance	11.307	--	6,795
Total U.S. Department of Commerce - Economic Development Administration			<u>6,795</u>
U.S. Small Business Administration (SBA)			
Pass Through From:			
Dallas County Community College District			
Small Business Development Center	59.037	--	103,762
Total U.S. Small Business Administration (SBA)			<u>103,762</u>
U.S. Department of Energy			
Pass Through From:			
Texas Comptroller of Public Accounts - State Energy Conservation Office			
State Energy Program	81.041	CM 1014	43,389
Total U.S. Department of Energy			<u>43,389</u>
U.S. Department of Health and Human Services			
Pass Through From:			
Texas Education Agency			
Temporary Aid for Needy Families	93.558	113625017110334	25,817
Workforce Solutions East Texas Board and East Texas Council of Governments			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	04161C13	15,189
ARRA - Child Care and Development Block Grant	93.713	TJC-RA-CDA-PY09-01	31,113
Total U.S. Department of Health and Human Services			<u>72,119</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 53,017,103</u>

See Notes to Schedule on following page.

TYLER JUNIOR COLLEGE DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The expenditures included in the schedule are reported for the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the District for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the general purpose financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

NOTE 2 – FEDERAL FINANCIAL ASSISTANCE RECONCILIATION

Federal Grants and Contracts per Schedule A	\$ 1,346,802
Non Operating Revenue From Schedule C	23,541,831
Direct Student Loans	28,063,097
Matching Contributions Included in Schedule E	<u>65,373</u>
 Total Federal Financial Assistance – Schedule E	 <u>\$53,017,103</u>

NOTE 3 – AMOUNTS PASSED THROUGH BY THE DISTRICT

The following amounts were passed-through to the listed subrecipients by the District. These amounts were from the Adult Basic Education program CFDA 84.002A from the U.S. Department of Education through the Texas Education Agency and Temporary Aid for Needy Families (TANF) CFDA 93.558 from the U. S. Department of Health and Human Services through the Texas Education Agency.

Literacy Council of Tyler (Adult Basic Education)	\$475,812
Literacy Council of Tyler (TANF)	25,817

These amounts were from the Tech Prep Program CFDA 84.243 passed through the Texas Higher Education Coordinating Board.

Alba Golden ISD	\$ 1,236
Bullard ISD	586
East Texas Area Council	700
Fruitvale ISD	538
Hallsville ISD	3,849
Hawkins ISD	3,362
Henderson ISD	1,170
Karnack ISD	315
Kilgore College	6,919
Malakoff ISD	1,115
Marshall ISD	1,077
Martins Mill ISD	3,982
New Diana ISD	1,332
Panola College	46,000
Rains ISD	457
Slocum ISD	140
Trinity Valley Community College	22,613
Tyler ISD	579
Union Grove ISD	1,337
West Rusk ISD	1,400
Westwood ISD	482
Whitehouse ISD	4,296
Wills Point ISD	837
Winona ISD	1,319
Yantis ISD	<u>338</u>
	 <u>\$105,979</u>

TYLER JUNIOR COLLEGE DISTRICT  
SCHEDULE F  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2011

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board		
Texas College Work Study	--	\$ 41,707
Certified Education Aide	--	37,165
Early High School Graduation	--	73,263
Financial Aid - LVN Nursing and Professional Nursing	--	11,173
Adult Basic Education Innovation Grant	07049	1,236
College for All Texans	--	1,500
Professional Nursing Shortage Reduction Program	--	150,902
TEXAS Grants - Initial and Renewal Funds	--	686,190
Texas Educational Opportunity Grant Program	--	111,250
Top Ten Percent	--	144,000
Dallas County Community College District		
Small Business Development Center	--	113,387
Texas Comptroller of Public Accounts		
Jobs and Education for Texans (JET) Program - Equipment and Other	4807-20	24,951
Jobs and Education for Texans (JET) Program - Equipment and Other	4814-9	42,972
Jobs and Education for Texans (JET) Program - Scholarship	--	65,768
Total Jobs and Education for Texans (JET) Program		<u>133,691</u>
Texas Education Agency		
Adult Basic Education	110100017110356	<u>137,843</u>
 Total Expenditures of State Awards		 <u><u>\$ 1,643,307</u></u>

TYLER JUNIOR COLLEGE DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 to the financial statements for the District's significant accounting policies. These expenditures are reported on the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

NOTE 2 – STATE FINANCIAL ASSISTANCE RECONCILIATION

State Grants and Contracts per Schedule A	\$1,396,955
Professional Nursing Shortage Reduction reported on Schedule C	150,902
Matching Contributions Included in Schedule F	<u>95,450</u>
 Total State Financial Assistance – Schedule F	 <u>\$1,643,307</u>

**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**

Board of Trustees  
Tyler Junior College District  
Tyler, Texas

Board of Trustees:

We have audited the financial statements of the Tyler Junior College District as of and for the year ended August 31, 2011, and have issued our report thereon dated November 15, 2011. 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.

**Internal Control Over Financial Reporting**

Management of the Tyler Junior College District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Tyler Junior College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tyler Junior College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tyler Junior College District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Tyler Junior College District's financial statements are free of material misstatement, we performed tests of its compliance with certain

provisions of laws, (including the Texas Public Funds Investment Act of 1995), regulations, contracts and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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 the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Gallo & Morgan Peddy PC". The signature is written in a cursive, flowing style.

Certified Public Accountants

Tyler, Texas  
November 15, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditors' Report

Board of Trustees  
Tyler Junior College District  
Tyler, Texas

Board of Trustees:

**Compliance**

We have audited Tyler Junior College District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Tyler Junior College District's major federal programs for the year ended August 31, 2011. Tyler Junior College District's major federal 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 programs is the responsibility of Tyler Junior College District's management. Our responsibility is to express an opinion on Tyler Junior College 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 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 program occurred. An audit includes examining, on a test basis, evidence about Tyler Junior College 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 of Tyler Junior College District's compliance with those requirements.

As described in items 2011-1 and 2011-2 in the accompanying schedule of findings and questioned costs, Tyler Junior College District did not comply with requirements regarding subrecipient monitoring and Special Tests and Provisions – Return of Title IV Funds that are applicable to its Adult Basic Education and Student Financial Assistance Programs. Compliance with such requirements is necessary, in our opinion, for Tyler Junior College District to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Tyler Junior College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011.

**Internal Control Over Compliance**

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

expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Tyler Junior College District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2 to be significant deficiencies.

Tyler Junior College District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Tyler Junior College District's responses and, accordingly, we express no opinion on the responses.

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



Certified Public Accountants

Tyler, Texas  
November 15, 2011

TYLER JUNIOR COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2011

**Section I – Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

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

Noncompliance material to financial Statements noted?                      X   yes           no

*Federal Awards*

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: *Qualified*

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

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
	Student Financial Assistance Programs:
	Part of Federally Mandated Cluster
84.063	Federal Pell Grant Program
84.007	Federal Supplemental Educational Opportunity Grant Program
84.033	Federal College Workstudy Program
84.268	Federal Direct Student Loans
84.375	Academic Competitiveness Grant Program
84.002	Adult Basic Education
93.713	ARRA-Child Care and Development Block Grant Services

TYLER JUNIOR COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2011

**Section I (continued)**

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

Auditee qualified as low-risk auditee: \_\_\_\_\_ yes      X   no

**Section II – Financial Statement Findings**

2011-1 84.002 Adult Basic Education

See Section III for detailed description.

2011-2 Student Financial Assistance Programs – Part of Federally Mandated Cluster

See Section III for detailed description.

**Section III – Federal Award Findings and Questioned Costs**

DEPARTMENT OF EDUCATION

Questioned  
Costs

SIGNIFICANT DEFICIENCIES

2011-1 84.002 Adult Basic Education

Criteria: Tyler Junior College District serves as the fiscal and administrative agent for the Adult Basic Education Program. Literacy Council of Tyler serves as the program provider. Part of Tyler Junior College District's responsibility is to monitor Literacy Council of Tyler's compliance with program regulations and quality as the District is ultimately responsible for Literacy Council of Tyler's compliance with grant regulations.

Condition and Context: No monitoring of the programmatic aspects of these grants was completed during the year.

Questioned Costs

\$    -

Cause: The District does not have a written work plan or procedures to monitor Literacy Council of Tyler's compliance with program regulations and quality.

Effect: Literacy Council of Tyler's noncompliance with program regulations and quality could have occurred.

Recommendation: The Tyler Junior College District should develop a written work plan or procedures to monitor Literacy Council of Tyler's compliance with program regulations and quality.

Response: Due to employee turnover in several key positions during fiscal year 2011, monitoring procedures were not completed. Written procedures regarding monitoring Literacy Council of Tyler's compliance with program regulations and quality will be prepared and included in the grant procedures manual to ensure future monitoring occurs as necessary.

2011-2 Student Financial Assistance Programs  
- Part of Federally Mandated Cluster

Criteria: 34 CFR section 668.173(b) states that returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to the Department of Education as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew.

Condition and Context: Several instances were noted in which the return of Title IV funds was not performed within the required timeframe of no later than 45 days after the date the institution determined the student withdrew.

Population:

	<u>Dollars</u>	<u>Number of Students</u>	
Population	\$393,782	575	
Sample	94,308	215	
Not in Compliance	30,723	33	
Questioned Costs			\$ 30,723

Cause: No review procedure is in place to ensure all steps related to the Title IV return calculation process are completely finished and all returns appropriately made.

Effect: Tyler Junior College retained the Title IV return funds longer than the allowable timeframe and may owe interest on these funds.

Recommendation: Tyler Junior College District should develop a review process to ensure all steps related to the Title IV return calculation process are completely finished so that returns are remitted timely.

Response: Procedures will be established to ensure all steps related to the Title IV return calculation process are completely finished and returns are remitted timely. These procedures will include a formal and documented review by personnel other than those responsible for calculating the Title IV return.

.TYLER JUNIOR COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED AUGUST 31, 2011

None noted.



TYLER JUNIOR COLLEGE  
A QUALITY EDUCATION · A VIBRANT STUDENT LIFE · COMMUNITY SERVICE

## CORRECTIVE ACTION PLAN

November 15, 2011

Tyler Junior College respectfully submits the following corrective action plan for the year ended August 31, 2011.

Gollob, Morgan, Peddy, & Co., P.C.

Audit period:

The findings from the August 31, 2011 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### FINDINGS-FEDERAL AWARD FINDINGS

#### DEPARTMENT OF EDUCATION

#### SIGNIFICANT DEFICIENCIES

##### 2011-1 84.002 Adult Basic Education

Criteria: Tyler Junior College District serves as the fiscal and administrative agent for the Adult Basic Education Program. Literacy Council of Tyler serves as the program provider. Part of Tyler Junior College District's responsibility is to monitor Literacy Council of Tyler's compliance with program regulations and quality as the District is ultimately responsible for Literacy Council of Tyler's compliance with grant regulations.

Condition and Context: No monitoring of the programmatic aspects of these grants was completed during the year.

Questioned Costs \$ -

Cause: The District does not have a written work plan or procedures to monitor Literacy Council of Tyler's compliance with program regulations and quality.

Effect: Literacy Council of Tyler's noncompliance with program regulations and quality could have occurred.

Recommendation: The Tyler Junior College District should develop a written work plan or procedures to monitor Literacy Council of Tyler's compliance with program regulations and quality.

Response: Due to employee turnover in several key positions during fiscal year 2011, monitoring procedures were not completed. The Director, Accounting Services/Controller will prepare written procedures regarding monitoring Literacy Council of Tyler's compliance with program regulations and quality to include in the grant procedures manual to ensure future monitoring occurs as necessary.

2011-2 Student Financial Assistance Programs  
- Part of Federally Mandated Cluster

Criteria: 34 CFR section 668.173(b) states that returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to the Department of Education as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew.

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Population:

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Questioned Costs

\$ 30,723

Cause: No review procedure is in place to ensure all steps related to the Title IV return calculation process are completely finished and all returns appropriately made.

Effect: Tyler Junior College retained the Title IV return funds longer than the allowable timeframe and may owe interest on these funds.

Recommendation: Tyler Junior College District should develop a review process to ensure all steps related to the

Title IV return calculation process are completely finished so that returns are remitted timely.

Response: The Director, Financial Aid and the Director, Accounting Services/Controller will work with the Financial Aid Manager to develop and implement procedures to ensure all steps related to the Title IV return calculation process are completely finished and returns remitted timely. These procedures will include a formal and documented review by personnel other than the Financial Aid Manager who is responsible for calculating the Title IV return.

Implementation timeline of Corrective Measures: Complete implementation and review of processes and internal controls over all issues is expected to be complete by August, 2012.

Sincerely,



Carol Hutson  
Director, Accting Svcs/Controller



Devon Wiggins  
Director, Financial Aid