

**KILGORE JUNIOR COLLEGE DISTRICT
KILGORE, TEXAS**

**FINANCIAL STATEMENTS
AUGUST 31, 2012 and 2011**

**WITH REPORT
OF CERTIFIED PUBLIC ACCOUNTANTS**

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KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS

ORGANIZATIONAL DATA

For the Fiscal Year 2012

BOARD OF TRUSTEES

OFFICERS

		<u>TERM EXPIRES</u>
Will Roberson	President	2015
Charles Hale	Vice-President	2017
James N. Walker	Secretary	2015

MEMBERS

	<u>TERM EXPIRES</u>
G. Scott Andrews	2017
C.B. "Scooter" Griffin, Jr.	2015
Robert D. Heath	2013
R. E. Spradlin	2013
Joe Carrington	2013
Larry Woodfin	2017

PRINCIPAL ADMINISTRATIVE OFFICERS

Dr. William M. Holda	President
Dr. Gerald Stanglin	Vice-President of Instruction and Chief Academic Officer
Duane J. McNaney, CPA	Vice-President of Finance and Chief Financial Officer
Dr. Michael W. Jenkins	Vice-President of Student Development and Chief Student Affairs Officer
Dr. Mike Turpin	Vice-President of Institutional Planning
Claudia D. Miracle, CPA	Controller
Tony Johnson	Director of Human Resources
Nancy Law	Assistant to the President
Leah Gorman	Director of Development
F. Daniel Beach, CPA	Director of Special Projects and Liaison to the Board
Louise Wiley	Instructional Dean
Randy Lewellen	Instructional Dean
Dr. Richard Harrison	Instructional Dean
Dr. Julie H. Fowler	Executive Dean

HENRY & PETERS, PC
CERTIFIED PUBLIC ACCOUNTANTS

The Board of Trustees
Kilgore Junior College District
Kilgore, Texas

Independent Auditors' Report

Members of the Board:

We have audited the accompanying basic financial statements of the Kilgore Junior College District (District), as of and for the years ended August 31, 2012 and 2011, 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 audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards 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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Kilgore Junior College District at August 31, 2012 and 2011, and the results of its operations and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the Kilgore Junior College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our 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 7 through 12 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state awards for the year ended August 31, 2012 are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits Of States, Local Governments, And Non-Profit Organizations*, and the State of Texas Single Audit Circular (STSAC), and are not a required part of the basic financial statements. The required supplemental schedules listed in the table of contents are likewise presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. 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 accompanying statistical supplement, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Harry E. Peters, P.C.

Tyler, Texas
December 3, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**KILGORE JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2012 and 2011**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Kilgore Junior College District's financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2012, with fiscal year 2011 and 2010 data presented for comparative purposes. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes.

USING THIS ANNUAL FINANCIAL REPORT

This annual financial report consists of a series of financial statements. The Texas Higher Education Coordinating Board requires all Texas public junior and community colleges to use the *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* for consistent and uniform reporting. It is intended that each public community and junior college adopt the business-type activities (BTA) model for use in preparing their annual financial reports.

The Statement of Net Assets includes all assets and liabilities. The focus of the statement is to report the net resources available to finance future operations. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the good or service is provided; and, expenses and liabilities are recognized when others provide the good or service, regardless of when cash is exchanged. The statement is useful to determine the assets available to fund services, as well as identify what the District owes vendors, bondholders, and others at the end of the year. The Statement of Net Assets presents to the readers of the financial statements a fiscal snapshot of the District.

The Statement of Revenues, Expenses, and Changes in Net Assets provides information about the activities of the District as a whole and presents a longer-term view of the District's finances. The District is dependent on three primary sources of revenues: state appropriations, tuition and fees, and ad-valorem taxes. Activities are presented as either operating or non-operating. Under this reporting model, state appropriations, ad-valorem taxes and gifts are reported as non-operating revenues. Because of the District's dependency on the non-operating revenues, there is a significant operating deficit. The utilization of long-term assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital and related financing, and investing activities.

STATEMENT OF NET ASSETS

The District's combined net assets increased \$4.3 million compared to a \$4.4 million increase in the prior year, increasing from \$67.3 million to \$71.6 million.

Condensed Statement of Net Assets (\$ in millions)	2012	2011	2010	2011 to 2012 Change
Current assets	\$ 23.6	\$ 22.9	\$ 23.7	3.1%
Non-current assets	10.7	10.5	10.0	0.8%
Non-current - Capital assets	45.3	45.7	41.2	(0.9%)
Total assets	79.6	79.1	74.9	0.5%
Current liabilities	(5.6)	(9.2)	(9.0)	(39.5%)
Non-current liabilities	(2.4)	(2.6)	(3.0)	(6.9%)
Total liabilities	(8.0)	(11.8)	(12.0)	(32.3%)
Net Assets:				
Invested in capital assets, net of debt	43.1	43.1	38.2	(0.3%)
Restricted	9.4	9.0	8.6	4.7%
Unrestricted	19.1	15.2	16.1	25.9%
Total Net Assets	\$ 71.6	\$ 67.3	\$ 62.9	6.3%

The Statement of Net Assets helps identify the entity's ability to meet future obligations. One of the analytical tools used to determine this is comparing the current assets to current liabilities, or the current ratio. Current assets are those assets which can be converted quickly to pay current obligations, while current obligations are those obligations which are expected to be satisfied within one business cycle. The District's current assets of \$23.6 million were sufficient to cover current liabilities of \$5.6 million, giving a current ratio of 4.2 compared to 2.5 in fiscal year 2011.

Another analytical tool used to evaluate the financial stability of an entity is to compare expendable net assets to operating expenses. As of August 31, 2012 and 2011, the District had expendable net assets of \$22.1 million and \$17.7 million respectively. Operating expenses for the same period were \$41.4 million and \$47.8 million. This represents a ratio of 53.8% and 37.0% respectively.

The District's accumulated cash and cash equivalents balances increased \$0.3 million to \$17.1 million.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Total operating revenues for fiscal year 2012 were \$16.5 million. Operating revenues increased \$1.0 million or 6.1%.

Operating Revenues
(\$ in millions)

	2012		2011		2010	
Tuition and fees	50.1%	\$ 8.3	50.2%	\$ 7.8	47.5%	\$ 8.1
Federal grants and contracts	10.7%	1.8	11.3%	1.7	11.8%	2.1
State grant and contracts	5.7%	0.9	6.4%	1.0	6.5%	1.1
Auxiliary enterprises	29.2%	4.8	28.1%	4.4	30.0%	5.1
Other	4.3%	0.7	4.0%	0.6	4.2%	0.7
Total		\$ 16.5		\$ 15.5		\$ 17.1

The District also had \$29.5 million in non-operating state appropriation, tax, federal non-operating, gift, and other revenues. The largest portion of non-operating revenues comes from state appropriations which are generated from four areas: general revenue generated from contact hour reimbursement, employee/retiree group insurance payments, employer retirement contributions, and special allocations or adjustments.

Non-Operating Revenues
(\$ in millions)

	2012		2011		2010	
State Appropriations	45.2%	\$ 13.3	40.6%	\$ 15.0	42.9%	\$ 15.2
Maintenance ad-valorem taxes	20.4%	6.0	16.0%	5.9	16.7%	5.9
Federal revenue, non-operating	29.4%	8.7	40.2%	14.9	36.7%	13.0
Gifts	3.1%	0.9	2.1%	0.8	2.0%	0.7
Investment, Endowment and Other	1.9%	0.5	1.1%	0.4	1.7%	0.6
Total		\$ 29.4		\$ 37.0		\$ 35.4

Total operating expenses totaled \$41.4 million, which is a \$6.3 million or a 13.2% decrease from fiscal year 2011. Expenditures for instruction are the most significant and it had a \$1.2 million or a 6.8% decrease.

Operating & Non-Operating Expenses
(\$ in millions)

	2012		2011		2010	
Instruction	38.3%	\$ 16.0	35.7%	\$ 17.2	35.3%	\$ 17.3
Public service	2.3%	1.0	2.1%	1.0	2.0%	1.0
Academic support	7.2%	3.0	6.8%	3.3	6.8%	3.3
Student services	5.6%	2.3	4.9%	2.3	4.7%	2.3
Institutional support	14.7%	6.1	10.8%	5.2	10.7%	5.2
Operation and Maintenance of Plant and Depreciation	11.1%	4.6	9.8%	4.7	9.7%	4.8
Scholarships and fellowships	1.8%	0.8	13.7%	6.6	13.6%	6.7
Auxiliary enterprises	18.3%	7.6	15.5%	7.5	15.7%	7.7
Total operating Expense		41.4		47.8		48.3
Total non-operating Expense	0.7%	0.3	0.7%	0.3	1.5%	0.7
		\$ 41.7		\$ 48.1		\$ 49.0

There was an operating loss for fiscal year 2012 of \$25.0 million, with an increase in net assets of \$4.2 million, compared to fiscal year 2011 when they were \$32.2 and \$4.5, respectively.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also helps users assess the District's ability to generate net cash flows to meet its obligations as they come due, and its need for external financing. The District's total cash and cash equivalents increased by \$0.3 million to \$17.1 million.

Cash Provided By (Used By): (\$ in millions)

	2012	2011	2010
Operating Activities	\$ (22.1)	\$ (25.3)	\$ (30.2)
Non-Capital Financing Activities	26.8	33.0	31.6
Capital and Related Financing Activities	(1.4)	(6.4)	(3.1)
Investing Activities	(3.0)	0.6	0.5
Change in Cash and Cash Equivalents	\$ 0.3	\$ 1.9	\$ (1.2)

The primary cash receipts from operating activities consist of tuition and fees, housing, board, bookstore sales, and grant revenues. Cash outlays include payment of wages, benefits, supplies, utilities, plant maintenance, and scholarships. State and federal allocations and ad-valorem taxes are the primary source of non-capital financing. Accounting standards require that we reflect this source of revenue as non-operating even though these sources are used for operating purposes in the District's budget. Cash flows from capital and capital related financing activities include proceeds from issuing debt and receiving gifts; disbursements are for principal and interest payments on debt, and payment on buildings and other capital acquisitions. Cash flows from investing activities represent the annual effect of the purchase, sale and maturity of investments.

FINANCIAL HIGHLIGHTS

- The District's overall activities remained very stable during this year. The overall activities of the District are considered to be business-type activities. The net assets increased by \$4.2 million or 6.3 percent.
- As of August 31, 2012, assets of the District exceeded liabilities by \$71.6 million. Of this amount, \$19.1 million is unrestricted net assets which may be used to meet ongoing operations, up from \$15.2 million in fiscal year 2011.
- During the year, the District had revenues that were \$4.2 million more than the \$41.7 million generated in expenditures.
- Total cost of all of the District's programs decreased by \$6.3 million, or 13.2 percent.
- Local property tax rate remained the same as the prior year. Tax revenue collections were up 1.8% or \$105,896.
- Net tuition and fees increased \$457,338 or 5.9%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District has a Capital Asset Policy that requires assets whose original purchase price was over \$5,000 to be recorded as a capital asset. At the end of fiscal year 2012, the District had \$45.3 million invested in a broad range of capital assets, including equipment, buildings, and facilities.

Capital Assets at Year-end (Net of Depreciation, in Millions)	2012	2011	2010
Land	\$ 3.5	\$ 3.5	\$ 3.5
Buildings and improvements	39.9	40.7	35.9
Equipment	1.4	1.1	1.1
Books and exhibits	0.5	0.4	0.4
Construction in Progress	0.0	0.0	0.3
Totals	\$ 45.3	\$ 45.7	\$ 41.2

Debt

At year-end, the District had \$2.3 million in bonds and notes outstanding.

Outstanding Debt, at Year-end (\$ in millions)	2012	2011	2010
Current Portion of long term obligations	\$ 0.4	\$ 0.3	\$ 0.4
Revenue bonds and notes (backed by specific fee revenues)	1.9	2.3	2.6
Totals	\$ 2.3	\$ 2.6	\$ 3.0

COMPONENT UNIT / RELATED PARTIES

The Kilgore College Foundation and the Texas Shakespeare Festival Foundation are presented as related parties. Due to the interpretation of Governmental Standards Board Statement No. 39, the District does not feel the foundations meet the requirement of discrete component units. The Kilgore College Foundation and the Texas Shakespeare Festival Foundation contributed gifts of \$77,015 and \$87,000, respectively to the District during fiscal year 2012 as compared to the \$90,297 and \$96,000, respectively contributed in fiscal year 2011.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2012 budget, tax rates, and fees that were charged for the business-type activities. One of those factors is the economy. The District's employment growth has mirrored its population growth during 2002-2012, averaging minimal annual gains.

Although East Texas has not been impacted as much as the rest of the nation with the economic downturn, the District started feeling the impact during of fiscal year 2011 and 2012 and expect to see more significant negative financial impact in fiscal year 2013 and the following few years.

The District is facing future economic issues centered on the traditional funding sources. A mix of state appropriations, local property taxes, tuition and fees, state and federal grants, and private giving, fund Texas public community college districts. Kilgore District has many aging facilities. Beginning in fiscal year 2004 and continuing into fiscal year 2012, the District has done some major renovations, roof repairs and construction of a new residence hall that has total about \$20.5 million. All were completed without having to take on additional bonded debt. This made a dramatic improvement to the campus but we foresee increased repair and maintenance costs in the near future to other buildings and improvements in parking lots.

In fiscal year 2010 and 2011 the District did experience a significant increase in state appropriations due to enrollment growth, only to have the State subsequently cut those budgets 5.0% and 7.5% respectively. As we move forward to fiscal year 2012 and 2013 we know that after taking into consideration enrollment growth, health insurance, and retirement funding our state appropriations have been reduced almost 25% due to revenue shortfalls at the State level.

Aggressive expenditure reductions and cost containment has had to occur through program closure and reduction of services. These reductions will be coupled with continued increases to tuition and fees charged to students. To continue to meet our financial challenges will require exploration of non-traditional ways of revenue generation that may include economic development, partnerships with public and private sector entities, increasing emphasis on contract training and adult education, and sophisticated fundraising and development efforts.

The District's property tax rate was not increased in fiscal year 2012 and will not increase in fiscal year 2013. Over the past few years the District has experienced some increases in its tax base. It is expected that over the next few years the appraised value of the tax base will remain relatively flat. This may force the District to increase the tax rate in the near future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This discussion is presented in a condensed format as additional analysis. The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Kilgore College Vice President of Finance and CFO, 1100 Broadway, Kilgore, TX 75662.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
STATEMENTS OF NET ASSETS
AUGUST 31, 2012 AND 2011

	2012	2011
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 14,768,004	\$ 11,096,599
Short-term investments	4,466,934	4,392,724
Accounts receivable, net	1,968,167	5,021,772
Note receivable, current portion	166,712	158,203
Inventories	1,344,749	1,152,632
Prepaid expenses	806,226	997,201
Other assets	84,760	84,760
Total current assets	23,605,552	22,903,891
Noncurrent assets		
Restricted cash and cash equivalents	2,355,089	5,683,195
Other long-term investments	425,000	425,000
Endowment investments	7,189,014	3,500,000
Corporate stocks - endowment	-	105,800
Note receivable, net of current portion	657,327	824,039
Capital assets, net (see note 5)	45,349,650	45,744,976
Total noncurrent assets	55,976,080	56,283,010
Total assets	\$ 79,581,632	\$ 79,186,901
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ 664,327	\$ 634,486
Accrued liabilities	512,712	459,958
Accrued compensable absences - current portion	206,799	210,660
Funds held for others	766,684	758,786
Deferred revenue	2,895,583	6,666,447
Deposits	154,740	151,628
Long-term liabilities - current portion	368,774	330,000
Total current liabilities	5,569,619	9,211,965
Noncurrent liabilities		
Accrued compensable absences	465,123	352,723
Long-term liabilities	1,982,596	2,275,000
Total noncurrent liabilities	2,447,719	2,627,723
Total liabilities	8,017,338	11,839,688
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	42,998,280	43,139,976
Restricted for:		
Expendable	3,008,174	2,496,472
Nonexpendable	6,429,072	6,515,857
Unrestricted	19,128,768	15,194,908
Total net assets (Schedule D)	71,564,294	67,347,213
Total liabilities and net assets	\$ 79,581,632	\$ 79,186,901

See accompanying notes to financial statements.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>REVENUES</u>		
Operating revenues		
Tuition and fees (net of discounts of \$7,136,244 and \$6,956,546, respectively)	\$ 8,259,511	\$ 7,802,173
Federal grants and contracts	1,775,801	1,752,453
State grants and contracts	939,569	995,043
Non-governmental grants and contracts	377,775	406,645
Sales and services of educational activities	132,591	108,761
Auxiliary enterprises (net of discounts of \$2,782,809 and \$3,323,847, respectively)	4,817,291	4,370,500
General operating revenues	193,379	114,064
Total operating revenues (Schedule A)	<u>16,495,917</u>	<u>15,549,639</u>
<u>EXPENSES</u>		
Operating expenses		
Instruction	16,000,663	17,159,488
Public service	948,885	1,042,295
Academic support	3,018,885	3,272,199
Student services	2,332,167	2,351,901
Institutional support	6,127,004	5,186,479
Operation and maintenance of plant	3,179,326	3,345,083
Scholarships and fellowships	762,548	6,570,785
Auxiliary enterprises	7,633,764	7,462,459
Depreciation	1,444,912	1,386,757
Total operating expenses (Schedule B)	<u>41,448,154</u>	<u>47,777,446</u>
Operating loss	<u>(24,952,237)</u>	<u>(32,227,807)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
State appropriations	13,319,410	15,031,234
Maintenance ad valorem taxes	6,006,097	5,900,201
Federal revenue, non-operating	8,666,917	14,901,750
Gifts	904,725	790,118
Investment income	296,055	284,859
Endowment income	265,977	130,109
Interest on capital related debt	(93,452)	(105,900)
Loss on disposal of fixed assets	-	(3,212)
Other non-operating revenues	250	3,142
Other non-operating expenses	(196,661)	(229,515)
Net non-operating revenues (Schedule C)	<u>29,169,318</u>	<u>36,702,786</u>
Increase in net assets	4,217,081	4,474,979
<u>NET ASSETS</u>		
Net assets - beginning of year	67,347,213	62,872,234
Net assets - end of year	<u>\$ 71,564,294</u>	<u>\$ 67,347,213</u>

See accompanying notes to financial statements.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 13,943,901	\$ 14,531,203
Receipts of grants and contracts	3,093,145	3,154,142
Other receipts	(203,280)	(145,438)
Payments to or on behalf of employees	(23,723,186)	(23,379,524)
Payments to suppliers for goods and services	(14,981,652)	(13,181,712)
Payments to students under federal grants	(375,920)	(6,386,232)
Other cash payments	103,924	97,969
Net cash used by operating activities	<u>(22,143,068)</u>	<u>(25,309,592)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts of appropriations	11,295,802	11,797,039
Ad valorem tax revenues	6,019,967	5,900,201
Receipts for Title IV transactions	8,666,917	14,901,750
Gifts and grants (other than capital)	904,725	790,118
Receipts for student organization and other agency transactions	13,886,202	16,236,541
Student organization and other agency transactions	(13,952,745)	(16,609,260)
Net cash provided by non-capital financing activities	<u>26,820,868</u>	<u>33,016,389</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(949,442)	(5,912,030)
Payments on capital debt and leases - principal	(353,774)	(400,000)
Payments on capital debt and leases - interest	(93,452)	(105,900)
Net cash used by capital and related financing activities	<u>(1,396,668)</u>	<u>(6,417,930)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	667,187	414,967
Endowment investment purchases	(3,763,223)	-
Receipts on notes receivable	158,203	150,128
Net cash provided by investing activities	<u>(2,937,833)</u>	<u>565,095</u>
Increase in cash and cash equivalents	343,299	1,853,962
Cash and cash equivalents beginning of year	<u>16,779,794</u>	<u>14,925,832</u>
Cash and cash equivalents end of year	<u>\$ 17,123,093</u>	<u>\$ 16,779,794</u>

See accompanying notes to financial statements.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011
CONTINUED

	<u>2012</u>	<u>2011</u>
Reconciliation of operating loss to net cash used		
by operating activities:		
Operating loss	\$ (24,952,237)	\$ (32,227,807)
Adjustments to reconcile operating loss to net cash used		
by operating activities:		
Depreciation expense	1,444,912	1,386,757
On-behalf state benefits	1,944,278	3,234,196
Bad debt expense	-	87,487
Changes in assets and liabilities:		
Receivables, net	3,053,605	2,263,056
Inventories	(192,117)	7,220
Other assets	190,975	(261,788)
Accounts payable and accrued liabilities	29,841	(78,146)
Deferred revenue	(3,770,864)	300,337
Compensable absences	108,539	(20,904)
Net cash used by operating activities	<u>\$ (22,143,068)</u>	<u>\$ (25,309,592)</u>

See accompanying notes to financial statements.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS

August 31, 2012 and 2011

1. REPORTING ENTITY

Kilgore Junior College District was established in 1935, in accordance with the laws of the State of Texas, to serve the educational needs of the District and the surrounding communities. The Kilgore Junior College District is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14 *The Financial Reporting Entity*. While the District receives funding from local, state, and federal sources, and must comply with spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Guidelines

The significant accounting policies followed by Kilgore Junior College 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*. The District applies all applicable GASB pronouncements and all applicable Financial Accounting Standard Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The District has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The District is reported as a special-purpose government engaged in business-type activities (BTA).

B) 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 Section 56.0333). When the student uses the award for tuition and fees and/or auxiliary charges, the amount is recorded as tuition and/or auxiliary revenue and a corresponding amount is recorded as a discount.

Title IV, HEA 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 restricted revenue. When the award is used by the student for tuition and fees and/or auxiliary charges, amounts are recorded as revenues and a corresponding amount is recorded as a discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

When the award is used by the student for tuition and fees and/or auxiliary charges, the amount is recorded as tuition and/or auxiliary revenue and a corresponding amount is recorded as a discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

C) **Basis of Accounting**

The financial statements of the District have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

D) **Budgetary Data**

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The 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.

E) **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

F) **Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. 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. [The governing board has designated public fund investment pools comprised of \$166,573 and \$166,393 at August 31, 2012 and August 31, 2011, respectively, to be short-term investments.] Long-term investments have an original maturity of greater than one year at the time of purchase.

G) **Inventories**

Inventories, consisting of consumable office supplies, physical plant supplies, bookstore stock, and food service supplies, are valued at the lower of cost, under the "first in, first out" method, or market, and are charged to expense as consumed.

H) **Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations of \$100,000 to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are charged to operating expense in the year in which the expense is incurred.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H) Capital Assets - continued

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for land improvements, 15 years for library books, 10 years for furniture, machinery, vehicles and other equipment and 5 years for telecommunications and peripheral equipment.

I) Deferred Revenues

Tuition and fees of \$2,895,583 and \$6,666,447 have been reported as deferred revenues at August 31, 2012 and 2011, respectively.

During fiscal year ending August 31, 2012 the District changed its procedure with respect to the timing of applying federal funds related to student accounts; accordingly there was a significant decrease in accounts receivable and deferred revenue as presented on Exhibit 1, as well as a significant decrease in scholarship and fellowship expenses and federal revenue, non-operating as presented on Exhibit 2. The net result on net assets was \$0.

J) Estimates

The preparation of the financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K) Operating and Non-Operating Revenues and Expenses

The District distinguishes operating revenues and expenses from non-operating items. The District reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the District's principal and ongoing operations. The principal operating revenues are tuition and related fees, as well as revenues from the sales and services of auxiliary enterprises. The District also recognizes federal grants and contracts as operating revenue. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets.

L) Characterization of Title IV Grant Revenue

In response to guidance provided by the Governmental Accounting Standards Board as question/answer 7.72.10 in the Implementation Guide, revenue received for federal Title IV grant programs (i.e. pell grants) is characterized as non-operating revenue as opposed to operating revenue.

M) Reclassifications

Certain amounts in the 2011 financial statements have been reclassified to conform to the presentation in 2012.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

3. AUTHORIZED INVESTMENTS

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

Under Attorney General Opinion No. GA-0768, the District, exercising its authority to manage an endowment fund under Education Code section 51.0031(a), is not restricted solely to investments permitted by the Texas Public Funds Investment Act when managing the endowment fund.

4. DEPOSITS AND INVESTMENTS

Deposits and Investments

At August 31, 2012 and 2011, the carrying amount of the District's bank deposits was \$21,825,330 and \$24,907,965, respectively, and bank balances equaled \$16,710,572 and \$16,523,591, respectively. Bank balances of \$250,000 were covered by federal depository insurance, and balances of \$26,463,558 for 2012 and \$24,226,412 for 2011 were covered by collateral pledged in the District's name. The collateral was held by the District or by its Agent. There were no uncollateralized bank balances at either year end. (This would include any bank balance that was collateralized with securities held by the pledging financial institution's department or agent, but not in the District's name). The District held \$166,573 and \$166,393 in state approved public investment pools at August 31, 2012 and 2011, respectively.

Cash and deposits included in cash and cash equivalents and short-term investments as reported on Exhibit 1, Statement of Net Assets, consist of the items reported below.

Cash and Deposits

	August 31, 2012	August 31, 2011
Bank Deposits		
Demand Deposits	\$ 17,099,970	\$ 16,756,634
Time Deposits	4,725,360	8,151,331
	21,825,330	24,907,965
Petty Cash on Hand	23,124	23,160
	\$ 21,848,454	\$ 24,931,125
Total Cash and Deposits		

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

4. DEPOSITS AND INVESTMENTS - Continued

Reconciliation of Deposits and Investments to Exhibit 1:

<u>Type of Security</u>	<u>Market Value</u> <u>August 31, 2012</u>	<u>Market Value</u> <u>August 31, 2011</u>
Mutual funds	\$ 7,189,014	\$ -
U.S. common stocks	-	105,800
Investment pool	166,573	166,393
Total	<u>7,355,587</u>	<u>272,193</u>
Total cash and deposits	<u>21,848,454</u>	<u>24,931,125</u>
Total deposits and investments	<u>\$ 29,204,041</u>	<u>\$ 25,203,318</u>
Cash and short-term investments (Exhibit 1)	\$ 21,590,027	\$ 25,097,518
Investments (Exhibit 1)	7,614,014	105,800
Total deposits and investments	<u>\$ 29,204,041</u>	<u>\$ 25,203,318</u>

As of August 31, 2012, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> <u>Less than 1 year</u>
Certificates of deposit	\$ 4,725,360	\$ 4,725,360
Investment pool	166,573	166,573
Total	<u>\$ 4,891,933</u>	<u>\$ 4,891,933</u>

As of August 31, 2012, the District's investments in certificates of deposit are a component of the depository contract, under which certificates are renewed and repriced every 91 days. Investments in Texpool have maturities of less than one year. The District had no investments in any one issuer that represented 5 percent or more of net assets at August 31, 2012 or 2011.

Mutual funds and common stocks stated at fair value as of August 31, 2012 and 2011 were:

	<u>2012</u>	<u>2011</u>
Cost	\$ 7,107,297	\$ 108,250
Unrealized gain/(loss)	81,717	(2,450)
Fair value	<u>\$ 7,189,014</u>	<u>\$ 105,800</u>

In accordance with state law and the District's investment policy investments in mutual funds, and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, countries, etc. must be rated at least A as well. Investments with Texpool have a credit rating of AAA as of August 31, 2012 and 2011, respectively.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

4. DEPOSITS AND INVESTMENTS - Continued

Investments in mutual funds are made up entirely of holdings with Texas Presbyterian Foundation (TPF). Investments managed by TPF are exempt from registration requirements of the federal securities law pursuant to the exemption for collective investment funds and similar funds maintained by charitable organizations under the Philanthropy Protection Act of 1995. Accordingly, these investments are unrated.

Notes Receivable

In connection with the sale of the District's interest in KTPB FM 88.7 during the year ended August 31, 2007, the District received cash and a note receivable. The note, to be received over ten years with interest at 5.25%, had an outstanding balance at August 31, 2012 and 2011 of \$824,039 and \$982,242, respectively.

5. CAPITAL ASSETS

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

	<u>Balance</u> <u>September 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>August 31, 2012</u>
<u>Not Depreciated:</u>				
Land	\$ 3,569,795	\$ -	\$ -	\$ 3,569,795
Construction in progress	-	-	-	-
Subtotal	<u>3,569,795</u>	<u>-</u>	<u>-</u>	<u>3,569,795</u>
<u>Other Capital Assets:</u>				
Land improvements and infrastructure	3,779,468	-	-	3,779,468
Buildings	57,866,804	313,245	-	58,180,049
Equipment	4,751,743	506,716	-	5,258,459
Capital lease	-	100,144	-	100,144
Exhibits	1,850,627	59,393	-	1,910,020
Library books	1,589,157	70,088	84,391	1,574,854
Subtotal	<u>69,837,799</u>	<u>1,049,586</u>	<u>84,391</u>	<u>70,802,994</u>
Total cost of capital assets	73,407,594	1,049,586	84,391	74,372,789
<u>Accumulated Depreciation:</u>				
Land improvements and infrastructure	2,573,486	98,857	-	2,672,343
Buildings	18,389,931	975,714	-	19,365,645
Equipment	3,662,763	294,023	-	3,956,786
Capital lease	-	16,691	-	16,691
Exhibits	1,844,546	10,907	-	1,855,453
Library books	1,191,892	48,720	84,391	1,156,221
Total accumulated depreciation	<u>27,662,618</u>	<u>1,444,912</u>	<u>84,391</u>	<u>29,023,139</u>
Capital assets - net	<u>\$ 45,744,976</u>	<u>\$ (395,326)</u>	<u>\$ -</u>	<u>\$ 45,349,650</u>

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

5. CAPITAL ASSETS - Continued

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

	Balance September 1, 2010	Additions	Reductions	Transfers	Balance August 31, 2011
<u>Not Depreciated:</u>					
Land	\$ 3,556,614	\$ 13,181	\$ -	\$ -	\$ 3,569,795
Construction in progress	250,203	-	-	(250,203)	-
Subtotal	<u>3,806,817</u>	<u>13,181</u>	<u>-</u>	<u>(250,203)</u>	<u>3,819,998</u>
<u>Other Capital Assets:</u>					
Land improvements and infrastructure	3,732,902	46,566	-	-	3,779,468
Buildings	52,087,174	5,529,427	-	250,203	57,866,804
Equipment	4,567,746	261,972	77,975	-	4,751,743
Exhibits	1,850,627	-	-	-	1,850,627
Library books	1,567,912	60,885	39,640	-	1,589,157
Subtotal	<u>63,806,361</u>	<u>5,898,850</u>	<u>117,615</u>	<u>250,203</u>	<u>69,587,596</u>
Total cost of capital assets	67,613,178	5,912,031	117,615	-	73,407,594
<u>Accumulated Depreciation:</u>					
Land improvements and infrastructure	2,475,599	97,887	-	-	2,573,486
Buildings	17,463,507	926,424	-	-	18,389,931
Equipment	3,437,317	300,209	74,763	-	3,662,763
Exhibits	1,829,425	15,121	-	-	1,844,546
Library books	1,184,416	47,116	39,640	-	1,191,892
Total accumulated depreciation	<u>26,390,264</u>	<u>1,386,757</u>	<u>114,403</u>	<u>-</u>	<u>27,662,618</u>
Capital assets - net	<u>\$ 41,222,914</u>	<u>\$ 4,525,274</u>	<u>\$ 3,212</u>	<u>\$ -</u>	<u>\$ 45,744,976</u>

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

6. LONG-TERM LIABILITIES

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

	Balance September 1, 2011	Additions	Reductions	Balance August 31, 2012	Current Portion
<u>Bonds</u>					
Revenue bonds - 2007	\$ 2,605,000	\$ -	\$ 330,000	\$ 2,275,000	\$ 345,000
Total bonds	<u>2,605,000</u>	<u>-</u>	<u>330,000</u>	<u>2,275,000</u>	<u>345,000</u>
<u>Other liabilities</u>					
Accrued compensable absences	563,383	444,219	335,680	671,922	206,799
Capital lease	-	100,144	23,774	76,370	23,774
Total other liabilities	<u>563,383</u>	<u>544,363</u>	<u>359,454</u>	<u>748,292</u>	<u>230,573</u>
Total long-term liabilities	<u>\$ 3,168,383</u>	<u>\$ 544,363</u>	<u>\$ 689,454</u>	<u>\$ 3,023,292</u>	<u>\$ 575,573</u>

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

	Balance September 1, 2010	Additions	Reductions	Balance August 31, 2011	Current Portion
<u>Bonds and notes</u>					
Note payable	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ -
Revenue bonds - 2007	2,925,000	-	320,000	2,605,000	330,000
Total bonds and notes	<u>3,005,000</u>	<u>-</u>	<u>400,000</u>	<u>2,605,000</u>	<u>330,000</u>
<u>Other liabilities</u>					
Accrued compensable absences	584,287	169,476	190,380	563,383	210,660
Total other liabilities	<u>584,287</u>	<u>169,476</u>	<u>190,380</u>	<u>563,383</u>	<u>210,660</u>
Total long-term liabilities	<u>\$ 3,589,287</u>	<u>\$ 169,476</u>	<u>\$ 590,380</u>	<u>\$ 3,168,383</u>	<u>\$ 540,660</u>

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

7. DEBT AND LEASE OBLIGATIONS

Debt service requirements at August 31, 2012 were as follows:

Bonds Payable

For the year ended August 31,	<u>Revenue Bonds, Series 2007</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 345,000	\$ 80,526	\$ 425,526
2014	360,000	67,026	427,026
2015	370,000	53,046	423,046
2016	385,000	38,587	423,587
2017	400,000	23,555	423,555
2018	415,000	7,947	422,947
Total Bonds Payable	<u>\$ 2,275,000</u>	<u>\$ 270,687</u>	<u>\$ 2,545,687</u>

Obligations under capital leases at August 31, 2012, were as follows:

For the year ended August 31,	<u>Total</u>
2013	\$ 23,774
2014	23,774
2015	23,774
2016	23,774
2017	3,962
Total minimum lease payments	99,058
Less: Amount representing interest costs	(22,688)
Present value of minimum lease payments	<u>\$ 76,370</u>

Operating Lease Commitments and Rental Agreements

The District had no significant operating leases or rental agreements at August 31, 2012 or 2011.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

8. BONDS AND NOTES PAYABLE

General information related to Bonds and Notes payable is summarized below:

Combined Fee Revenue Refunding Bonds, Series 2007

Issued May 29, 2007

Purpose of bond: to advance refund Bond Series 1997

\$3,815,000; all authorized bonds have been issued

Source of revenue for debt service -- general fees and tuition (pledged revenues totaled \$8,650,316)

Bonds at 3.83% are due in annual installments varying from \$330,000 to \$415,000, with the final installment due in 2018.

Note # 14423

Note Payable – Austin Bank

Purpose of note – Renovation and HVAC Equipment

Originated October 13, 2006

Original amount = \$1,000,000

Variable interest rate of Prime less 3.39%, payable in monthly installments of \$20,000 plus interest through December 31, 2010, unsecured

9. ADVANCED REFUNDING BONDS

Refunded \$3,755,000 of Combined Fee Revenue Bonds, Series 1997

Issued refunding bonds on May 29, 2007

All authorized bonds have been issued

Combined Fee Revenue Refunding Bonds, Series 2007

Average interest rate of bonds refunded, 5.25%

Additional \$73,684 of 1997 Series sinking fund monies were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1997 Series bonds.

The 1997 Series bonds are considered fully defeased and the liability for those bonds has been removed.

Advanced refunding of the 1997 Series bonds reduced the District's debt service payments over a ten year period ending in 2018 by approximately \$197,517.

The economic and accounting gains are determined to be immaterial.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

10. EMPLOYEES' RETIREMENT PLAN

The State of Texas has joint contributory retirement plans for almost all its employees.

Teacher Retirement System of Texas

Plan Description. The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined, but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6% 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; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2012 and 2011 and a state contribution rate of 6.644% for fiscal year 2012 and 2011. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution for fiscal year 2012 and 2011.

Optional Retirement Plan

Plan Description. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined, but are established and amended by the Texas legislature. For fiscal years 2012 and 2011, the percentages of participant salaries contributed by the state and by each participant were 6.40% and 6.40%, respectively, of annual compensation. The District contributes 1.31% for employees who were participating in the optional retirement plan program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the state for the District was \$674,922 and \$1,053,657 for the fiscal years ended August 31, 2012 and 2011, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the District.

The total payroll for all District employees was \$20,428,531 and \$21,373,319 for fiscal years 2012 and 2011, respectively. The total payroll of employees covered by the Teacher Retirement System was \$10,205,527 and \$10,679,134, and the total payroll of employees covered by the Optional Retirement System was \$7,351,158 and \$7,709,226 for fiscal years 2012 and 2011, respectively.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

11. DEFERRED COMPENSATION

The District contributed \$19,800 and \$22,000 as deferred compensation for fiscal years 2012 and 2011, respectively, on behalf of the President of the College, to the State of Texas 457 Plan, administered through the ERS TexaSaver Program. The District had no other deferred compensation programs in effect during fiscal years 2012 or 2011.

12. COMPENSABLE ABSENCES

Full time employees are granted one day of paid sick leave time per scheduled work month. Paid sick leave time that has not been taken accumulates up to a maximum of 90 days, but it is not paid should the employment relationship cease for reasons other than retirement. Full time employees are also granted ten days per year vacation time; a total of five days vacation time may be accumulated and carried forward to the following fiscal year. Unused vacation time is paid at the time employment ceases, regardless of the reason for termination.

Upon official retirement, an eligible employee is paid the greater of one month's salary or one-half of his or her accumulated sick leave time, whichever is greater. Accordingly, the District has included a liability for accrued sick leave time in the amount of \$516,804 and \$391,914 at August 31, 2012 and 2011, respectively, based on employees currently eligible for retirement. Ten percent of the total liability for accrued sick leave is considered a current liability based on historical experience. The District accrued vacation liability in the amount of \$155,118 and \$171,469 at August 31, 2012 and 2011, respectively, all of which has been classified as a current liability.

13. PENDING LAWSUITS AND CLAIMS

The District is not aware of any pending lawsuits or claims.

14. DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Receivables

Primary institution receivables at August 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Student receivables	\$ 2,060,575	\$ 1,106,840
Taxes receivable	664,545	673,794
Federal receivable	182,107	4,141,983
Accounts receivable	55,431	74,809
Interest receivable	16,326	15,680
Sub-total	<u>2,978,984</u>	<u>6,013,106</u>
Allowance for doubtful accounts	<u>(1,010,817)</u>	<u>(991,334)</u>
Total receivables	<u>\$ 1,968,167</u>	<u>\$ 5,021,772</u>

See note 2(I) regarding explanation for decrease in federal receivable and deferred revenue for fiscal year 2012.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

14. DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES - Continued

Payables and Accrued Liabilities

Primary institution payables and accrued liabilities at August 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Vendors payable	\$ 664,327	\$ 634,486
Salaries and benefits payable	337,674	193,385
Student payables	35,673	124,832
Sales tax payable	139,365	141,741
Total	<u>\$ 1,177,039</u>	<u>\$ 1,094,444</u>

15. FUNDS HELD IN TRUST BY OTHERS

The balances or transactions of funds held in trust by others on behalf of the District are not reflected in the financial statements. There were no such funds for the benefit of the District at August 31, 2012 or 2011.

16. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant award funds already committed, e.g., multi-year awards, or funds awarded during fiscal year 2012 for which monies have not been received nor funds expended totaled \$276,107 and \$186,333. Of these amounts, \$186,893 and \$104,719 were from Federal Contract and Grant Awards and \$89,214 and \$81,614 were from State Contract and Grant Awards for fiscal years ended 2012 and 2011, respectively.

17. SELF-INSURED PLANS

The District did not participate in any self-insured plans during fiscal years 2012 or 2011.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

18. 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 varies based upon coverage category. Monthly contributions were \$470.38 and \$413.26 for "Employee Only" coverage, \$739.58 and \$649.60 for "Employee and Spouse" coverage, \$650.62 and \$571.52 for "Employee and Children" coverage, and \$919.52 and \$807.86 for "Employee and Family" coverage for the years ended August 31, 2012 and 2011, respectively. Contributions totaled \$1,269,356 and \$2,180,537 for the years ended August 31, 2012 and 2011, respectively. The cost of providing those benefits for retirees was \$1,082,239 and \$927,302 for the years ended August 31, 2012 and 2011, respectively and for active employees was \$187,117 and \$1,253,235 in 2012 and 2011, respectively.

19. AD VALOREM TAX

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

	August 31, 2012	August 31, 2011
Assessed Valuation of the District	\$ 4,062,637,214	\$ 4,046,852,842
Less: Exemptions and Abatements	255,719,046	247,796,773
Net Assessed Valuation of the District	\$ 3,806,918,168	\$ 3,799,056,069
	FY 2012	FY 2011
	Current	Current
	Operations	Operations
Authorized Tax Rate per \$100 valuation (Maximum per enabling legislation)	0.2000	0.2000
Assessed Tax Rate per \$100 valuation	0.1540	0.1540

There were no taxes authorized or assessed for debt service at August 31, 2012 or 2011. Taxes levied for the years ended August 31, 2012 and 2011, were \$5,862,654 and \$5,850,131, respectively (which includes penalty and interest if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year imposed.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

19. AD VALOREM TAX - Continued

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Taxes Collected for Current Operations		
Current taxes	\$ 5,704,961	\$ 5,672,180
Delinquent taxes	151,421	155,043
Penalties, interest and fees	154,155	73,768
Total collections	\$ 6,010,536	\$ 5,900,991

Tax collections were 97% and 97% of the current tax levy for the years ended August 31, 2012 and 2011, respectively. There were no tax collections for debt service. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service.

20. 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 unrelated business income tax liability for the years ended August 31, 2012 and 2011.

21. RELATED PARTIES

The Kilgore College Foundation (Foundation) is a nonprofit organization with the sole purpose of supporting educational, scientific and charitable purposes in order to promote and support the District. The Kilgore College District does not appoint a voting majority nor does it fund or is obligated to pay debt related to this Foundation. However, the District does have the ability to significantly influence the policies of this Foundation. The Foundation is incorporated and chartered entirely separate from the College, with separate management and control, and a separate Board of Directors. The Foundation solicits donations and acts as coordinator of gifts made by other parties. The Foundation contributed gifts of \$77,015 and \$90,257 to the District during the years ended August 31, 2012 and 2011, respectively. During both fiscal years, the District furnished certain services, such as office space, utilities and staff assistance to the Foundation. These facilities and services are not required to be repaid.

The Texas Shakespeare Festival Foundation is a nonprofit organization that supports the Texas Shakespeare Festival (Festival) that is presented by the District on an annual basis. During the years ended August 31, 2012 and 2011, \$87,000 and \$95,000, respectively were contributed to the District in support of the Festival.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

22. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. The District contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit postemployment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature.

ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

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

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB statement 45.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The District's contributions to SRHP for the years ended August 31, 2012, 2011 and 2010 were \$1,086,790, \$935,431 and \$962,885, respectively.

23. COMMITMENTS AND CONTINGENT LIABILITIES

In the ordinary course of business, the District has various outstanding commitments and contingent liabilities that are not reflected in the accompanying financial statements. Several of the District's buildings contain asbestos, which will need to be removed at the time these buildings are renovated or destroyed. The District has no current plans regarding these buildings and the cost of abatement cannot be reasonably determined at this time.

Texas Constitution article 16, section 67(b)(3) provides that the state of Texas must contribute "not less than 6% nor more than 10% of the aggregate compensation paid to individuals participating in the system," referring to the state's Teacher Retirement System (TRS) including the related faculty Optional Retirement Program (ORP).

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2012 and 2011

23. COMMITMENTS AND CONTINGENT LIABILITIES - Continued

During the 2011 legislative session, the Texas Legislature appropriated retirement funds for various types of educational institutions other than community and junior colleges in satisfaction of this requirement, but the community college appropriations restricted the state's contribution to TRS/ORP on behalf of community colleges to only 6% of each district's unrestricted general revenue appropriation for each year of the biennium state budget.

There is no pending litigation concerning this issue to construe the constitutional funding requirements; or to hold that the state biennium appropriations satisfy those requirements; or to attempt to collect any shortfall contributions from any community college district. The District has calculated that as of August 31, 2012 the contribution that has not been paid to TRS on behalf of college employees is \$341,327. No liability has been recorded in the financial statements related to this matter.

THE UNIVERSITY OF MICHIGAN LIBRARIES
1000 S. ZEEB ROAD, ANN ARBOR, MI 48106-1000

DATE: 01/10/2001

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REQUIRED SUPPLEMENTAL SCHEDULES

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2012 (With Memorandum Totals for the Year Ended August 31, 2011)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY12 Total	FY11 Total
TUITION						
State funded courses						
In-district resident tuition	\$ 958,195	\$ -	\$ 958,195	\$ -	\$ 958,195	\$ 996,919
Out-of-district resident tuition	2,712,802	-	2,712,802	-	2,712,802	2,578,749
TPEG (set aside)*	201,756	-	201,756	-	201,756	204,022
Non-resident tuition	366,719	-	366,719	-	366,719	394,048
State funded continuing education	1,132,607	-	1,132,607	-	1,132,607	1,040,432
Non-state funded continuing education	23,286	-	23,286	-	23,286	26,300
Total tuition	<u>5,395,365</u>	<u>-</u>	<u>5,395,365</u>	<u>-</u>	<u>5,395,365</u>	<u>5,240,470</u>
FEES						
General education fees	2,775,535	-	2,775,535	504,643	3,280,178	3,303,165
Out-of-district fees	5,562,851	-	5,562,851	-	5,562,851	5,420,044
Laboratory fees	900,937	-	900,937	-	900,937	594,898
Testing fees	164,825	-	164,825	-	164,825	154,515
Administrative fees	26,746	-	26,746	-	26,746	31,570
Special services fees	318,525	-	318,525	-	318,525	320,465
Orientation fees	71,585	-	71,585	-	71,585	84,177
Distance learning fees	179,386	-	179,386	-	179,386	170,953
Total fees	<u>10,000,390</u>	<u>-</u>	<u>10,000,390</u>	<u>504,643</u>	<u>10,505,033</u>	<u>10,079,787</u>
SCHOLARSHIP ALLOWANCES AND DISCOUNTS						
Remissions and exemptions - state	(167,746)	-	(167,746)	(5,188)	(172,934)	(62,107)
Remissions and exemptions - local	(13,176)	-	(13,176)	(408)	(13,584)	(49,079)
Federal grants to students	(6,174,629)	-	(6,174,629)	(190,968)	(6,365,597)	(5,909,561)
TPEG awards	(209,686)	-	(209,686)	(6,485)	(216,171)	(118,617)
Texas grants	(154,297)	-	(154,297)	(4,772)	(159,069)	(399,509)
Miscellaneous state grants	(47,288)	-	(47,288)	(1,463)	(48,751)	(280,637)
Local scholarships	(369,422)	-	(369,422)	(11,425)	(380,847)	(352,186)
Total scholarship and allowances	<u>(7,136,244)</u>	<u>-</u>	<u>(7,136,244)</u>	<u>(220,709)</u>	<u>(7,356,953)</u>	<u>(7,171,696)</u>
Total net tuition and fees	<u>8,259,511</u>	<u>-</u>	<u>8,259,511</u>	<u>283,934</u>	<u>8,543,445</u>	<u>8,148,561</u>

*In accordance with Education Code 56.033, \$201,756 and \$204,022 for years August 31, FY12 and FY11, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2012 (With Memorandum Totals for the Year Ended August 31, 2011)
CONTINUED

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY12 Total	FY11 Total
OTHER OPERATING REVENUES						
Federal grants and contracts	\$ -	\$ 1,775,801	\$ 1,775,801	\$ -	\$ 1,775,801	\$ 1,752,453
State grants and contracts	-	939,569	939,569	-	939,569	995,043
Nongovernmental grants and contracts	224,786	152,989	377,775	-	377,775	406,645
Sales and services of educational activities	132,591	-	132,591	-	132,591	108,761
Other operating revenues	193,379	-	193,379	-	193,379	114,064
Total other operating revenues	550,756	2,868,359	3,419,115	-	3,419,115	3,376,966
AUXILIARY ENTERPRISES						
Bookstore	-	-	-	3,874,987	3,874,987	4,157,210
Scholarship allowances and discounts	-	-	-	(1,877,581)	(1,877,581)	(2,330,033)
Net bookstore	-	-	-	1,997,406	1,997,406	1,827,177
Dormitories	-	-	-	1,007,608	1,007,608	994,315
Scholarship allowances and discounts	-	-	-	(396,451)	(396,451)	(375,413)
Net dormitories	-	-	-	611,157	611,157	618,902
Cafeteria	-	-	-	1,430,018	1,430,018	1,220,419
Scholarship allowances and discounts	-	-	-	(288,068)	(288,068)	(403,251)
Net cafeteria	-	-	-	1,141,950	1,141,950	817,168
Athletics	-	-	-	21,859	21,859	22,643
East Texas Oil Museum	-	-	-	217,765	217,765	170,811
Texas Shakespeare Festival	-	-	-	214,259	214,259	251,678
Child Development Center	-	-	-	115,990	115,990	121,391
Fitness Center	-	-	-	178,563	178,563	155,223
Student activities	-	-	-	34,408	34,408	39,119
Total net auxiliary enterprises	-	-	-	4,533,357	4,533,357	4,024,112
Total operating revenues	\$ 8,810,267	\$ 2,868,359	\$ 11,678,626	\$ 4,817,291	\$ 16,495,917 (Exhibit 2)	\$ 15,549,639 (Exhibit 2)

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2012 (With Memorandum Totals for the Year Ended August 31, 2011)

	Operating Expenses					FY11 Total
	Salaries and Wages	Benefits		Other Expenses	FY12 Total	
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$11,916,332	\$ -	\$ 404,554	\$ 1,507,847	\$ 13,828,733	\$ 14,145,755
Public service	112,600	-	2,863	101,083	216,546	189,718
Academic support	2,275,086	-	86,102	371,508	2,732,696	2,807,714
Student services	1,131,464	-	30,934	404,663	1,567,061	1,501,282
Institutional support	2,213,127	-	2,081,189	1,562,872	5,857,188	4,761,401
Operation and maintenance of plant	491,944	-	148,871	2,537,916	3,178,731	3,338,475
Scholarship and fellowships	-	-	-	386,628	386,628	184,553
Total unrestricted educational activities	18,140,553	-	2,754,513	6,872,517	27,767,583	26,928,898
Restricted - Educational Activities						
Instruction	465,743	1,312,775	69,981	323,431	2,171,930	3,013,733
Public service	372,888	12,405	80,965	266,081	732,339	852,577
Academic support	-	250,637	-	35,552	286,189	464,485
Student services	312,807	124,649	58,782	268,868	765,106	850,619
Institutional support	-	243,812	-	26,004	269,816	425,078
Operation and maintenance of plant	595	-	-	-	595	6,608
Scholarships and fellowships	-	-	-	375,920	375,920	6,386,232
Total restricted educational activities	1,152,033	1,944,278	209,728	1,295,856	4,601,895	11,999,332
Total educational activities	19,292,586	1,944,278	2,964,241	8,168,373	32,369,478	38,928,230
Auxiliary enterprises	1,135,945	-	182,101	6,315,718	7,633,764	7,462,459
Depreciation expense:						
Buildings and other real estate improvements	-	-	-	1,074,568	1,074,568	1,187,098
Equipment and furniture	-	-	-	370,344	370,344	199,659
Total operating expenses	\$20,428,531	\$ 1,944,278	\$ 3,146,342	\$15,929,003	\$ 41,448,154	\$ 47,777,446
					(Exhibit 2)	(Exhibit 2)

SCHEDULE C

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2012 (With Memorandum Totals for the Year Ended August 31, 2011)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>FY12 Total</u>	<u>FY11 Total</u>
NON-OPERATING REVENUES					
State Appropriations:					
Education and general state support	\$ 11,295,802	\$ -	\$ -	\$ 11,295,802	\$ 11,645,557
State group insurance	-	1,269,356	-	1,269,356	2,180,537
State retirement matching	-	674,922	-	674,922	1,053,657
State nursing grants	-	79,330	-	79,330	151,483
Total state appropriations	<u>11,295,802</u>	<u>2,023,608</u>	<u>-</u>	<u>13,319,410</u>	<u>15,031,234</u>
Maintenance ad valorem taxes	6,006,097	-	-	6,006,097	5,900,201
Federal revenue, non-operating	-	8,666,917	-	8,666,917	14,901,750
Gifts	-	610,820	293,905	904,725	790,118
Investment income	293,390	2,665	-	296,055	284,859
Endowment income	-	265,977	-	265,977	130,109
Other non-operating revenue	<u>250</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>3,142</u>
Total non-operating revenues	17,595,539	11,569,987	293,905	29,459,431	37,041,413
NON-OPERATING EXPENSES					
Interest on capital related debt	93,452	-	-	93,452	105,900
Disposal of fixed assets	-	-	-	-	3,212
Other non-operating expenses	<u>196,661</u>	<u>-</u>	<u>-</u>	<u>196,661</u>	<u>229,515</u>
Total non-operating expenses	<u>290,113</u>	<u>-</u>	<u>-</u>	<u>290,113</u>	<u>338,627</u>
Net non-operating revenues	<u>\$ 17,305,426</u>	<u>\$ 11,569,987</u>	<u>\$ 293,905</u>	<u>\$ 29,169,318</u>	<u>\$ 36,702,786</u>
				(Exhibit 2)	(Exhibit 2)

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2012

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ 10,195,813	\$ -	\$ -	\$ -	\$ 10,195,813	\$ 10,195,813	\$ -
Restricted	-	1,212,980	-	-	1,212,980	1,212,980	-
Auxiliary enterprises	1,781,538	-	-	-	1,781,538	1,781,538	-
Endowment	-	1,366,142	6,429,072	-	7,795,214	-	7,795,214
Plant:							
Unexpended	7,151,417	-	-	-	7,151,417	-	7,151,417
Debt Service	-	429,052	-	-	429,052	4,052	425,000
Investment in plant	-	-	-	42,998,280	42,998,280	-	42,998,280
Total net assets, August 31, 2012	19,128,768	3,008,174	6,429,072	42,998,280	71,564,294 (Exhibit 1)	13,194,383	58,369,911
Total net assets, August 31, 2011	15,194,908	2,496,472	6,515,857	43,139,976	67,347,213 (Exhibit 1)	10,961,364	56,385,849
Net increase (decrease) in net assets	\$ 3,933,860	\$ 511,702	\$ (86,785)	\$ (141,696)	\$ 4,217,081 (Exhibit 2)	\$ 2,233,019	\$ 1,984,062

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HENRY & PETERS, PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Kilgore Junior College District
Kilgore, Texas

Independent Auditors' Report

**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**

Members of the Board:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kilgore Junior College District as of and for the year ended August 31, 2012 and 2011, which collectively comprise Kilgore Junior College District's basic financial statements and have issued our report thereon dated December 3, 2012. 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 Kilgore Junior College District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Kilgore Junior College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kilgore Junior College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Kilgore 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kilgore Junior College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Trustees, administrators, the Texas Higher Education Coordinating Board, the Texas Education Agency, the U. S. Department of Education, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Henry E. Peters, P.C.

Tyler, Texas
December 3, 2012

HENRY & PETERS, PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Kilgore Junior College District
Kilgore, Texas

Independent Auditors' Report
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

Members of the Board:

Compliance

We have audited the compliance of Kilgore Junior College District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2012. The 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 Kilgore Junior College District's administrators. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Kilgore 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 on the District's compliance with those requirements.

In our opinion, Kilgore Junior College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2012.

Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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.

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

This report is intended for the information and use of the Board of Trustees, administrators, the Texas Higher Education Coordinating Board, the Texas Education Agency, the U. S. Department of Education and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Henry E. Peter, P.C.

Tyler, Texas
December 3, 2012

**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2012**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<u>U.S. Department of Education</u>			
Direct Programs:			
Student Financial Assistance Cluster:			
SEOG Grant	84.007		\$ 114,363
Federal College Workstudy Program	84.033		156,971
Pell Grant Program	84.063		8,377,699
Direct Student Loans	84.268		13,068,446
Academic Competiveness Grant	84.375		375
Total Student Financial Assistance Cluster *			<u>21,717,854</u>
TRIO Cluster:			
TRIO - Student Support Services	84.042		231,362
TRIO - Upward Bound	84.047		202,314
Total TRIO Cluster			<u>433,676</u>
Passed-Through From:			
Texas Education Agency Adult Education	84.002	093625017110230	419,276
Texas Higher Education Coordinating Board			
Carl Perkins Vocational Education *	84.048	94223	413,034
Leveraging Educational Assistance Partnership (LEAP)	84.069A		(309)
Special Leveraging Educational Assistance Partnership (SLEAP)	84.069B		(2,459)
Total U.S. Department of Education			<u>22,981,072</u>
<u>U.S. Small Business Administration</u>			
Passed Through Dallas County Community College			
SBDC - Federal	59.037	10-603001-Z-0046-22	219,134
SBDC - Small Business Jobs Act	59.037	1-603001-Z-0152	15,328
Total - U.S. Small Business Administration			<u>234,462</u>
<u>U.S. Department of Veteran's Affairs</u>			
Direct Programs:			
Post 911 GI Grant	64.027		232,325
Total - U.S. Department of Veteran's Affairs			<u>232,325</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Texas Education Agency			
Adult Education - TANF	93.558	093625017110230	45,420
Total - U.S. Department of Health and Human Services			<u>45,420</u>
Total Federal Financial Assistance			<u>\$ 23,493,279</u>
* Denotes major program			
<u>Note 1: Federal Assistance Reconciliation</u>			
Federal Grants and Contracts Revenue - per Schedule A			\$ 1,775,801
Add: Non Operating Federal Revenue - per Schedule C			8,666,917
Total Federal Revenues per Statement of Revenues, Expenses and Changes in Net Assets			<u>10,442,718</u>
Reconciling Item:			
Add: Direct Student Loans			13,068,446
Less: Administrative Costs Recovered			(17,885)
Total Federal Revenues per Schedule of Expenditures of Federal Awards			<u>\$ 23,493,279</u>

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2012

Note 2: Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The format for the accompanying schedule has been prescribed by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Such format includes revenue recognized in Kilgore Junior College District's (District) basic financial statements. See Note 2 to the financial statements for the District's significant accounting policies.

Note 3: Significant accounting policies used in preparing schedules

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all applicable federal financial assistance programs of Kilgore Junior College District. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule. The expenditures included in the Schedule are reported on 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 purpose 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 basic 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 by various entities in the preparation of the schedule.

SCHEDULE F

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 For the Year Ended August 31, 2012

Pass-Through Grantor/Program Title	Grant Contract Number	Pass-Through Disbursements and Expenditures
Texas Education Agency Adult Basic Education	100100017110303	\$ 98,111
Dallas County Community College District Small Business Development Center	10-603001-Z-0046-22	76,700
Texas Higher Education Coordinating Board		
Texas Grant *		288,763
EHS Graduate		8,010
Professional Nursing Shortage Reduction Program		60,271
Professional Nursing Shortage Reduction Over 70 Program		79,330
Texas Educational Opportunity Grant *		109,895
Texas Top Ten Percent		4,000
Intensive Summer Program for General Education		41,310
JET		511
JET Welding Grant	6095-5112-2	249,998
Statewide Longitudinal Data Systems	84.372	2,000
Total State Financial Assistance		<u>\$ 1,018,899</u>

* Denotes major program

Note 1: State Assistance Reconciliation

State Grants and Contracts - per Schedule A	\$ 939,569
Add: State Nursing Grant - per Schedule C	79,330
Total State Revenues per Statement of Revenues, Expenses and Changes in Net Assets	<u>\$ 1,018,899</u>

Note 2: Basis of Accounting

The accompanying Schedule of Expenditures of State Awards is presented using the accrual basis of accounting. The format for the accompanying schedule has been prescribed by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Such format includes revenue recognized in the Organization's basic financial statements. See Note 2 to the financial statements for the Kilgore Junior College District's significant accounting policies. State awards are subject to the Office of the Governor's State of Texas Single Audit Circular. Such guidelines are consistent with those required under the single audit act of 1996, OMB Circular A-133 and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Note 3: Significant accounting policies used in preparing schedules

The accompanying Schedule of Expenditures of State Awards presents the activity of all applicable state financial assistance programs of Kilgore Junior College District. State financial assistance received directly from state agencies as well as state financial assistance passed through other government agencies is included on the schedule. The expenditures included in the Schedule are reported on 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 purpose 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 basic 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 by various entities in the preparation of the schedule.

**KILGORE JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2012**

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 deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs? Unqualified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program / Cluster</u>
Various	Student Financial Assistance Cluster
84.048	Carl Perkins Vocational Education
59.037	Small Business Development Center (SBDC)

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

Auditee qualified as low - risk auditee? X Yes _____ No

State Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs? Unqualified

**KILGORE JUNIOR COLLEGE DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended August 31, 2012
 CONTINUED**

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of the State of Texas Single Audit Circular? Yes X No

Identification of major programs:

<u>Grant Number(s)</u>	<u>Name of State Program</u>
N/A	Texas Grant
N/A	Texas Educational Opportunity Grant

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

Auditee qualified as low - risk auditee? X Yes No

II. Financial Statement Findings

No matters requiring reporting were noted.

III. Federal Award Findings and Questioned Costs

No matters requiring reporting were noted.

KILGORE JUNIOR COLLEGE DISTRICT
SUMMARY SCHEDULE OF FEDERAL AND STATE PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2012

FEDERAL PRIOR AUDIT FINDINGS AND QUESTIONED COSTS:

None

STATE PRIOR AUDIT FINDINGS AND QUESTIONED COSTS:

None

STATISTICAL SUPPLEMENT (UNAUDITED)

Kilgore Junior College District
Statistical Supplement 1
Net Assets by Component
Fiscal Years 2003 to 2012
(unaudited)
(amounts expressed in thousands)

	For the Year Ended August 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Invested in capital assets, net of related debt	\$ 42,998	\$ 43,140	\$ 38,218	\$ 37,714	\$ 33,062	\$ 32,585	\$ 32,913	\$ 27,376	\$ 24,074	\$ 21,978
Restricted - expendable	3,008	2,496	1,414	616	2,145	1,693	1,435	2,259	1,493	1,221
Restricted - nonexpendable	6,429	6,516	7,152	6,930	5,520	5,641	5,310	5,193	4,998	4,971
Unrestricted	19,129	15,195	16,088	14,149	14,467	10,002	6,425	6,433	9,211	9,418
Total primary government net assets	\$ 71,564	\$ 67,347	\$ 62,872	\$ 59,409	\$ 55,194	\$ 49,921	\$ 46,083	\$ 41,261	\$ 39,776	\$ 37,588

Kilgore Junior College District
Statistical Supplement 2
Revenues by Source
Fiscal Years 2003 to 2012
(unaudited)

For the Year Ended August 31,
(amounts expressed in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tuition and Fees (Net of Discounts)	\$ 8,259	\$ 7,802	\$ 8,122	\$ 7,337	\$ 6,947	\$ 6,215	\$ 5,341	\$ 4,983	\$ 4,447	\$ 4,003
Federal Grants and Contracts	1,776	1,752	2,024	1,525	1,466	1,272	1,208	1,230	1,081	1,013
State Grants and Contracts	940	995	1,247	1,285	1,908	743	575	543	485	886
Non-Governmental Grants and Contracts	378	407	426	709	478	444	471	445	412	507
Sales and services of educational activities	133	109	164	116	124	124	122	143	118	104
Investment Income-restricted	-	-	-	-	-	-	-	-	-	3
Auxiliary enterprises	4,817	4,371	5,118	4,916	4,687	3,868	3,519	3,391	3,135	3,095
Other Operating Revenues	193	114	129	112	179	69	54	104	117	81
Total Operating Revenues	16,496	15,550	17,230	16,000	15,789	12,735	11,290	10,839	9,795	9,692
State Appropriations	13,319	15,031	15,101	13,280	13,467	12,958	12,851	12,450	12,473	13,379
Maintenance Ad Valorem Taxes	6,006	5,900	5,937	6,175	5,012	4,968	4,421	3,944	3,833	3,332
Federal Revenue, Non Operating	8,667	14,902	12,978	8,039	6,384	5,638	5,882	6,089	6,352	5,699
Gifts	905	790	718	1,238	831	955	4,259	769	1,158	399
Investment income	296	285	214	374	496	612	664	321	121	358
Endowment income	266	130	130	180	282	315	236	121	133	402
Insurance Proceeds	-	-	138	1,023	804	-	-	-	-	-
Other non-operating revenues	-	3	7	6	48	1,902	1	12	34	41
Total Non-Operating Revenues	29,459	37,041	35,223	30,315	27,324	27,348	28,314	23,706	24,104	23,610
Total Revenues	\$ 45,955	\$ 52,591	\$ 52,453	\$ 46,315	\$ 43,113	\$ 40,083	\$ 39,604	\$ 34,545	\$ 33,899	\$ 33,302

For the Year Ended August 31,
(amounts expressed in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tuition and Fees (Net of Discounts)	17.97%	14.84%	15.48%	15.84%	16.11%	15.51%	13.49%	14.42%	13.12%	12.02%
Federal Grants and Contracts	3.86%	3.33%	3.86%	3.29%	3.40%	3.17%	3.05%	3.56%	3.19%	3.04%
State Grants and Contracts	2.05%	1.89%	2.38%	2.77%	4.43%	1.85%	1.45%	1.57%	1.43%	2.66%
Non-Governmental Grants and Contracts	0.82%	0.77%	0.81%	1.53%	1.11%	1.11%	1.19%	1.29%	1.22%	1.52%
Sales and services of educational activities	0.29%	0.21%	0.31%	0.25%	0.29%	0.31%	0.31%	0.41%	0.35%	0.31%
Investment Income-restricted	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
Auxiliary enterprises	10.48%	8.31%	9.76%	10.61%	10.87%	9.65%	8.89%	9.82%	9.25%	9.29%
Other Operating Revenues	0.42%	0.22%	0.25%	0.24%	0.42%	0.17%	0.14%	0.30%	0.35%	0.24%
Total Operating Revenues	35.90%	29.57%	32.85%	34.55%	36.63%	31.77%	28.51%	31.38%	28.89%	29.09%
State Appropriations	28.98%	28.58%	28.79%	28.67%	31.24%	32.33%	32.45%	36.04%	36.79%	40.17%
Maintenance Ad Valorem Taxes	13.07%	11.22%	11.32%	13.33%	11.63%	12.39%	11.16%	11.42%	11.31%	10.01%
Federal Revenue, Non Operating	18.86%	28.34%	24.74%	17.36%	14.81%	14.07%	14.85%	17.63%	18.74%	17.11%
Gifts	1.97%	1.50%	1.37%	2.67%	1.93%	2.38%	10.75%	2.23%	3.42%	1.20%
Investment income	0.64%	0.54%	0.41%	0.81%	1.15%	1.53%	1.68%	0.93%	0.36%	1.08%
Endowment income	0.58%	0.25%	0.25%	0.39%	0.65%	0.79%	0.60%	0.35%	0.39%	1.21%
Insurance Proceeds	0.00%	0.00%	0.26%	2.21%	1.86%	0.00%	0.00%	0.00%	0.00%	0.00%
Other non-operating revenues	0.00%	0.01%	0.01%	0.01%	0.10%	4.75%	0.00%	0.03%	0.10%	0.13%
Total Non-Operating Revenues	64.10%	70.43%	67.15%	65.45%	63.37%	68.23%	71.49%	68.62%	71.11%	70.91%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Kilgore Junior College District
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2003 to 2012
(unaudited)

For the Year Ended August 31, (amounts expressed in thousands)											
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	
Instruction	\$ 16,000	\$ 17,160	\$ 17,298	\$ 15,501	\$ 14,298	\$ 13,599	\$ 12,554	\$ 11,855	\$ 10,891	\$ 11,957	
Public service	949	1,042	973	955	769	614	828	773	756	781	
Academic support	3,019	3,272	3,322	2,956	2,658	2,753	2,755	2,608	2,364	2,481	
Student services	2,332	2,352	2,326	2,223	2,296	2,213	2,200	2,099	1,917	2,003	
Institutional support	6,127	5,186	5,228	5,044	4,205	4,177	3,805	3,945	3,500	3,526	
Operation and maintenance of plant	3,179	3,345	3,407	3,494	3,199	3,197	3,285	2,858	2,692	2,699	
Scholarships and fellowships	763	6,571	6,661	3,792	2,780	2,284	2,585	2,728	2,846	2,821	
Auxiliary enterprises	7,634	7,462	7,714	6,543	5,853	5,711	5,090	4,887	4,427	4,505	
Depreciation	1,445	1,387	1,369	1,302	1,236	1,210	1,135	940	946	813	
Total Operating Expenses	41,448	47,777	48,298	41,810	37,294	35,758	34,237	32,693	30,339	31,586	
Interest on capital related debt	93	106	120	139	189	301	268	236	237	249	
Loss on disposal of fixed assets	-	3	29	6	28	20	10	121	28	-	
Other non-operating expenses	197	230	543	144	328	167	274	9	133	-	
Total Non-Operating Expenses	290	339	692	289	545	488	552	366	398	249	
Total Expenses	\$ 41,738	\$ 48,116	\$ 48,990	\$ 42,099	\$ 37,839	\$ 36,246	\$ 34,789	\$ 33,059	\$ 30,737	\$ 31,835	

For the Year Ended August 31, (amounts expressed in thousands)											
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	
Instruction	38.33%	35.66%	35.31%	36.82%	37.79%	37.52%	36.09%	35.86%	35.43%	37.56%	
Public service	2.27%	2.17%	1.99%	2.27%	2.03%	1.69%	2.38%	2.34%	2.46%	2.45%	
Academic support	7.23%	6.80%	6.78%	7.02%	7.02%	7.60%	7.92%	7.89%	7.69%	7.79%	
Student services	5.59%	4.89%	4.75%	5.28%	6.07%	6.11%	6.32%	6.35%	6.24%	6.29%	
Institutional support	14.68%	10.78%	10.67%	11.98%	11.11%	11.52%	10.94%	11.93%	11.39%	11.08%	
Operation and maintenance of plant	7.62%	6.95%	6.95%	8.30%	8.45%	8.82%	9.44%	8.65%	8.76%	8.48%	
Scholarships and fellowships	1.83%	13.66%	13.60%	9.01%	7.35%	6.30%	7.43%	8.25%	9.26%	8.86%	
Auxiliary enterprises	18.29%	15.51%	15.75%	15.54%	15.47%	15.76%	14.63%	14.78%	14.40%	14.15%	
Depreciation	3.46%	2.88%	2.79%	3.09%	3.27%	3.34%	3.26%	2.84%	3.08%	2.55%	
Total Operating Expenses	99.31%	99.30%	98.59%	99.31%	98.56%	98.65%	98.41%	98.89%	98.71%	99.22%	
Interest on capital related debt	0.22%	0.22%	0.24%	0.33%	0.50%	0.83%	0.77%	0.71%	0.77%	0.78%	
Loss on disposal of fixed assets	0.00%	0.01%	0.06%	0.01%	0.07%	0.06%	0.03%	0.37%	0.09%	0.00%	
Other non-operating expenses	0.47%	0.48%	1.11%	0.34%	0.87%	0.46%	0.79%	0.03%	0.43%	0.00%	
Total Non-Operating Expenses	0.69%	0.70%	1.41%	0.68%	1.44%	1.35%	1.59%	1.11%	1.29%	0.78%	
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

Kilgore Junior College District
 Statistical Supplement 4
 Tuition and Fees
 Last Ten Academic Years
 (unaudited)

Resident									
Fees per Semester Credit Hour (SCH)									
Academic Year (Fall)	In-District Tuition	Out-of-Dist Tuition	Out-of-Dist Fee	Gen Education 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	
2011-12	\$ 27	\$ 27	\$ 61	\$ 26	\$ 636	\$ 1368	8.16%	9.62%	
2010-11	25	25	55	24	588	1248	8.89%	8.33%	
2009-10	23	23	51	22	540	1152	2.27%	3.23%	
2008-09	22	22	49	22	528	1,116	2.33%	3.33%	
2007-08	21	21	47	22	516	1,080	2.38%	3.45%	
2006-07	20	20	45	22	504	1,044	20.00%	19.18%	
2005-06	18	18	38	17	420	876	2.94%	4.29%	
2004-05	17	17	36	17	408	840	3.03%	6.06%	
2003-04	16	16	33	17	396	792	6.45%	17.86%	
2002-03	14	14	25	17	372	672	0.00%	0.00%	

Non - Resident					
Fees per Semester Credit Hour (SCH)					
Academic Year (Fall)	Non-Resident Tuition Out of State	Out-of-District Fee	Gen Education Fee	Cost for 12 SCH Out of State	Increase from Prior Year Out of State
2011-12	\$ 71	\$ 61	\$ 26	\$ 1,896	9.72%
2010-11	65	55	24	1,728	9.09%
2009-10	59	51	22	1,584	3.94%
2008-09	56	49	22	1,524	4.10%
2007-08	53	47	22	1,464	4.27%
2006-07	50	45	22	1,404	15.84%
2005-06	46	38	17	1,212	5.21%
2004-05	43	36	17	1,152	6.67%
2003-04	40	33	17	1,080	25.00%
2002-03	30	25	17	864	0.00%

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

Kilgore Junior College District
Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year	(amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total Direct Rate (a)
2011-12	\$ 4,062,637	\$ 255,719	\$ 3,806,918	93.71%	0.15400	-	0.15400
2010-11	4,046,853	247,797	3,799,056	93.88%	0.15400	-	0.15400
2009-10	4,074,768	248,904	3,825,864	93.89%	0.15400	-	0.15400
2008-09	3,470,209	298,632	3,171,577	91.39%	0.15400	-	0.15400
2007-08	3,377,204	165,814	3,211,390	95.09%	0.01640	-	0.01640
2006-07	3,055,914	188,408	2,505,400	81.99%	0.01640	-	0.01640
2005-06	2,635,907	130,507	2,213,120	83.96%	0.17400	-	0.17400
2004-05	2,344,797	131,677	1,999,282	85.26%	0.17890	-	0.17890
2003-04	2,327,071	327,789	2,007,097	86.25%	0.17890	-	0.17890
2002-03	2,339,222	332,125	1,937,668	82.83%	0.16890	-	0.16890

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Kilgore Junior College District
Statistical Supplement 6
State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years
(unaudited)

Appropriation per FTSE				Appropriation per Contact Hour			
Fiscal Year	State Appropriation	FTSE	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2011-12	\$ 11,295,802	4,637	2,436	1,963	992	2,955	3.82
2010-11	11,645,557	4,770	2,441	2,101	1,026	3,127	3.72
2009-10	11,831,682	4,969	2,381	2,049	1,019	3,068	3.86
2008-09	10,274,995	4,115	2,497	1,750	904	2,654	3.87
2007-08	10,480,707	4,121	2,543	1,688	846	2,533	4.14
2006-07	10,170,125	3,558	2,858	1,564	741	2,305	4.41
2005-06	10,170,125	3,675	2,767	1,656	741	2,397	4.24
2004-05	10,156,900	3,718	2,732	1,688	718	2,406	4.22
2003-04	10,157,067	3,779	2,688	1,714	1,114	2,828	3.59
2002-03	10,692,354	4,389	2,436	1,646	1,399	3,046	3.51

Notes:

FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 12.

- (a) Source CBM001
- (b) Source CBM00A

Kilgore Junior College District
Statistical Supplement 7
Principal Taxpayers
Tax Years 2005 - 2011
(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year					
		2011	2010	2009	2008	2007	2006
Halliburton Energy Services	Oilfield service	\$ 146,259,090	\$ 118,009,705	\$ 107,198,701	\$ 104,912,980	\$ 75,420,732	\$ 78,818,860
B J Services Inc	Oilfield service	46,707,143	41,938,960	45,704,545	69,693,340	36,753,659	44,591,980
Alcoa-Southern Plastics	Manufacturing	36,126,623	34,235,061	26,620,129	28,659,380	-	-
Cudd Pressure Control	Oilfield service	35,524,026	40,161,695	27,116,838	42,577,660	-	-
Danmark Energy Services Co	Oilfield service	26,184,415	24,772,730	20,370,779	34,596,730	61,953,659	26,188,370
EES Leasing	Oilfield service	24,224,675	-	-	-	-	-
AEP Southwestern Elec Co	Power company	19,681,168	20,045,454	18,975,974	-	18,240,377	21,102,190
Basa Resources, Inc.	Oilfield production	16,390,909	-	-	-	59,646,341	-
Quantum Resources	Oilfield production	15,829,870	26,798,701	-	-	-	-
Exco Partners	Oilfield production	15,446,753	27,021,433	71,055,194	46,329,630	-	-
XTO Energy Inc	Oilfield production	-	-	22,747,402	33,728,660	54,021,951	31,944,110
Exxonmobile Corporation	Oilfield production	-	-	17,175,971	25,099,740	69,169,512	43,615,100
Geo-Vest of Texas	Oilfield production	-	-	-	36,401,200	36,837,805	34,485,420
Burlington Resources	Oilfield production	-	-	-	24,029,190	39,907,317	24,925,700
TXOK Energy Resources Co.	Oilfield production	-	-	-	-	54,876,829	54,991,430
Anadarko E&P Co	Oilfield production	-	-	-	-	24,747,562	19,443,700
Hunt Petroleum Corp	Oilfield production	-	-	-	-	-	14,322,440
Samson Lone Star	Oilfield service	-	17,017,531	-	-	-	-
SND Operating	Oilfield service	-	14,818,202	-	-	-	-
Totals		\$ 382,374,672	\$ 364,819,472	\$ 356,965,533	\$ 446,028,510	\$ 531,575,744	\$ 394,429,300
Total Taxable Assessed Value		\$ 3,806,918,168	\$ 3,798,786,069	\$ 3,346,971,255	\$ 3,766,791,404	\$ 2,867,505,934	\$ 2,505,399,574

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year					
		2011	2010	2009	2008	2007	2006
Halliburton Energy Services	Oilfield service	3.84%	3.11%	3.20%	2.79%	2.63%	3.15%
B J Services Inc	Oilfield service	1.23%	1.10%	1.37%	1.85%	1.28%	1.78%
Alcoa-Southern Plastic	Manufacturing	0.95%	0.90%	0.80%	0.76%	0.00%	0.00%
Cudd Pressure Control	Oilfield service	0.93%	1.06%	0.81%	1.13%	0.00%	0.00%
Danmark Energy Services Co	Oilfield service	0.69%	0.65%	0.61%	0.92%	2.16%	1.05%
EES Legacy	Oilfield service	0.64%	0.00%	0.00%	0.00%	0.00%	0.00%
AEP Southwestern Elec Co	Power Company	0.52%	0.53%	0.57%	0.00%	0.64%	0.84%
Basa Resource, Inc.	Oilfield production	0.43%	0.00%	0.00%	0.00%	2.08%	0.00%
Quantum Resources	Oilfield production	0.42%	0.71%	0.00%	0.00%	0.00%	0.00%
Exco Partners	Oilfield production	0.41%	0.71%	2.12%	1.23%	0.00%	0.00%
XTO Energy Inc	Oilfield production	0.00%	0.00%	0.68%	0.90%	1.88%	1.28%
Exxonmobile Corporation	Oilfield production	0.00%	0.00%	0.51%	0.67%	2.41%	1.74%
Geo-Vest of Texas	Oilfield production	0.00%	0.00%	0.00%	0.97%	1.28%	1.38%
Burlington Resources	Oilfield production	0.00%	0.00%	0.00%	0.64%	1.39%	0.99%
TXOK Energy Resources Co.	Oilfield production	0.00%	0.00%	0.00%	0.00%	1.91%	2.19%
Anadarko E&P Co	Oilfield production	0.00%	0.00%	0.00%	0.00%	0.86%	0.78%
Hunt Petroleum Corp	Oilfield production	0.00%	0.00%	0.00%	0.00%	0.00%	0.57%
Samson Lone Star	Oilfield service	0.00%	0.45%	0.00%	0.00%	0.00%	0.00%
SND Operating	Oilfield service	0.00%	0.39%	0.00%	0.00%	0.00%	0.00%
Totals		10.04%	9.60%	10.67%	11.84%	18.54%	15.74%

Source: Local County Appraisal District and Local Tax Office
This institution previously did not present this schedule and chose to implement prospectively.

Kilgore Junior College District
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
(unaudited)
(amounts expressed in thousands)

Fiscal Year Ended August 31	Collected within the Fiscal Year of the Levy				Total Collections to Date			
	Total Tax Levy (a)	Amount	Percentage of Levy	Collections in Subsequent Years (b)	Amount	Percentage of Levy		
2012	\$ 5,862	\$ 5,705	97.32%	\$ 151	\$ 5,856	99.90%		
2011	5,850	5,672	96.96%	155	5,827	99.61%		
2010	5,891	5,606	95.16%	151	5,757	97.73%		
2009	5,684	5,584	98.24%	185	5,938	104.47%		
2008	5,267	5,151	97.80%	112	5,263	99.92%		
2007	4,820	4,671	96.91%	-	4,671	96.91%		
2006	4,362	4,222	96.80%	76	4,222	96.80%		
2005	3,959	3,794	95.82%	28	3,822	96.53%		
2004	3,577	3,401	95.08%	11	3,412	95.39%		
2003	3,398	3,224	94.86%	7	3,231	95.07%		

Source: Local Tax Assessor/Collector's and District records.

(a) As reported in notes to the financial statements for the year of the levy.

(b) Property tax only - does not include penalties and interest

Kilgore Junior College District
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Bonded Debt										
Net General Bonded Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Debt										
Revenue Bonds	\$ 2,275	\$ 2,605	\$ 2,925	\$ 3,230	\$ 3,530	\$ 3,815	\$ 4,025	\$ 4,255	\$ 4,485	\$ 4,710
Notes	-	-	80	540	1,020	1,500	975	1,273	168	221
Capital Lease Obligations	76	-	-	-	-	-	-	-	-	-
Less: Funds Restricted for Debt Service	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 2,351	\$ 2,605	\$ 3,005	\$ 3,770	\$ 4,550	\$ 5,315	\$ 5,000	\$ 5,528	\$ 4,653	\$ 4,931
Per Capita	\$ 2.14	\$ 2.37	\$ 2.73	\$ 3.43	\$ 4.14	\$ 4.83	\$ 3.56	\$ 3.93	\$ 3.31	\$ 3.51
Per Student	\$ 51	\$ 55	\$ 60	\$ 92	\$ 110	\$ 129	\$ 214	\$ 237	\$ 199	\$ 211
As a percentage of Taxable Assessed Value	0.07%	0.09%	0.10%	0.13%	0.16%	0.19%	0.17%	0.19%	0.16%	0.17%

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment.

**Kilgore Junior College District
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)**

	For the Year Ended August 31 (amount expressed in thousands)									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Taxable Assessed Value	\$ 3,806,918	\$ 3,799,056	\$ 3,825,864	\$ 3,171,577	\$ 3,211,390	\$ 2,867,506	\$ 2,505,400	\$ 2,213,120	\$ 1,999,282	\$ 2,007,097
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	19,035	18,995	19,129	15,858	16,057	14,338	12,527	11,066	9,996	10,035
Less: Funds Restricted for Repayment of General Obligation Notes	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	19,035	18,995	19,129	15,858	16,057	14,338	12,527	11,066	9,996	10,035
Current Year Debt Service Requirements	-	-	-	-	-	-	-	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 19,035	\$ 18,995	\$ 19,129	\$ 15,858	\$ 16,057	\$ 14,338	\$ 12,527	\$ 11,066	\$ 9,996	\$ 10,035
Net Current Requirements as a % of Statutory Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**Kilgore Junior College District
Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)**

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)						Debt Service Requirements (\$000 omitted)			Coverage Ratio
	Tuition	General Education Fee	Student Services Fees	Out-of- District Fees	Other	Total	Principal	Interest	Total	
2012	\$ 1,348,841	\$ 3,280,178	\$ 900,937	\$ 5,562,851	\$ 761,067	\$ 11,853,874	\$345,000	\$ 80,526	\$ 425,526	27.86
2011	1,310,117	3,303,165	598,898	5,420,044	757,680	11,389,904	320,000	105,900	425,900	26.74
2010	1,226,420	2,412,835	529,647	4,989,075	1,416,828	10,574,805	305,000	117,868	422,868	25.01
2009	1,005,649	2,098,495	490,645	4,153,019	902,508	8,650,316	300,000	129,454	429,454	20.14
2008	908,308	2,123,981	466,240	3,952,678	785,719	8,236,926	285,000	140,657	425,657	19.35
2007	166,373	1,942,021	426,297	3,398,162	-	5,932,853	255,000	194,926	449,926	13.19
2006	169,118	1,613,509	410,770	3,079,715	-	5,273,112	245,000	206,426	451,426	11.68
2005	168,698	1,487,945	444,451	2,848,009	-	4,949,103	230,000	217,236	447,236	11.07
2004	169,710	1,484,266	468,732	2,635,570	-	4,758,278	225,000	227,361	452,361	10.52
2003	162,893	1,428,817	426,776	1,951,425	-	3,969,911	215,000	236,934	451,934	8.78

Kilgore Junior College District
Statistical Supplement 12
Demographic and Economic Statistics
Last Ten Fiscal Years
(unaudited)

Calendar Year	District (a) Population	District (a) Personal Income	District (a) Personal Income Per Capita	District (a) Unemployment Rate
2011	34,689	b	b	6.3%
2010	34,925	b	b	6.2%
2009	34,344	b	b	5.8%
2008	34,112	b	b	4.4%
2007	33,606	b	b	4.7%
2006	32,405	b	b	4.9%
2005	31,770	3,493,234,400	109,954	4.9%
2004	31,147	3,260,246,800	104,673	5.9%
2003	30,536	2,985,100,450	97,757	7.0%
2002	29,938	2,871,327,600	95,909	6.9%

Sources:

Texas Labor Market Information
Texas Workforce Commission

Notes:

- a. District data is unavailable. Amounts are based on weighted averages for Gregg and Rusk Counties.
- b. Not available

**Kilgore Junior College District
Statistical Supplement 13
Principal Employers
Current Year
(unaudited)**

Employer	2011 Number of Employees	2010 Number of Employees	2009 Number of Employees	2008 Number of Employees	2007 Number of Employees	Percentage of Total Employment (a)
Halliburton	705	705	731	316	409	-
Kilgore ISD	601	606	606	543	551	-
Vertex, RSI/General Dynamics	550	550	499	497	488	-
Kilgore College	320	363	363	411	386	-
Region VII Education Service Ctr	290	290	290	254	266	-
Martin Midstream Partners, LP	241	241	241	194	193	-
Cudd Pressure Controls	225	225	-	-	-	-
Pak-Sher, Inc	227	160	160	58	137	-
Orgill, Inc	185	178	-	-	-	-
BJ Services	156	155	155	157	191	-
City of Kilgore	160	155	155	144	146	-
Skeeter Boats	151	151	153	182	244	-
Total	3,811	3,779	3,353	2,756	3,011	-

Source:

Kilgore Economic Development Corporation
Gladewater Economic Development Corporation
White Oak Economic Development Corporation

Note:

- a. Total employment of District is undeterminable.
- b. This District previously did not present this schedule and chose to implement prospectively.

Kilgore College
Statistical Supplement 14
Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Faculty										
Full-Time	144.00	151.00	166.00	124.00	119.00	116.25	110.25	115.75	116.75	126.00
Part-Time	50.00	53.00	73.00	51.00	58.80	50.00	48.40	45.30	44.25	36.45
Total	194.00	204.00	239.00	175.00	177.80	166.25	158.65	161.05	161.00	162.45
Percent										
Full-Time	74.23%	77.84%	81.37%	51.88%	68.00%	65.38%	69.5%	73.0%	72.5%	77.6%
Part-Time	25.77%	27.32%	35.78%	21.34%	33.60%	28.12%	30.5%	28.6%	27.5%	22.4%
Staff and Administrators										
Full-Time	209.00	221.00	221.00	283.00	205.00	214.54	219.00	217.00	208.00	206.00
Part-Time	44.00	43.00	41.00	33.00	28.25	31.00	35.00	30.50	22.50	27.00
Total	253.00	264.00	262.00	316.00	233.25	245.54	254.00	247.50	230.50	233.00
Percent										
Full-Time	82.61%	83.71%	84.35%	89.56%	87.89%	87.37%	86.22%	87.68%	90.24%	88.41%
Part-Time	17.39%	16.29%	15.65%	10.44%	12.11%	12.63%	13.78%	12.32%	9.76%	11.59%
Students per Full-Time Faculty	44.38	44.31	38.40	44.46	43.28	44.30	42.60	41.88	42.46	38.71
Students per Full-Time Staff Member	30.58	30.28	28.85	19.48	25.12	24.00	21.45	22.76	23.76	23.68
Average Annual Faculty Salary	\$60,700	\$58,070	\$51,710	\$54,549	\$53,690	\$55,700	\$53,783	\$50,154	\$46,271	\$47,577

Notes:
Information provided according to the IPED definition for faculty and staff

Kilgore Junior College District
Statistical Supplement 15
Enrollment Details
Last Five Fiscal Years
(unaudited)

Student Classification	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Freshman	4,561	71.37%	4,899	76.65%	4,686	70.03%	3,977	62.38%	3,681	66.77%
Sophomore	1,357	21.23%	1,352	21.15%	1,239	18.52%	1,158	18.16%	1,074	19.48%
Unclassified	207	3.24%	192	3.00%	193	2.88%	288	4.52%	236	4.28%
Associate Degree	228	3.57%	219	3.43%	226	3.38%	53	0.83%	91	1.65%
Baccalaureate or Above	38	0.59%	29	0.45%	31	0.46%	37	0.58%	68	1.23%
Total	6,391	100.00%	6,691	100.00%	6,375	100.00%	5,513	100.00%	5,150	100.00%

Semester Hour Load	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	30	0.47%	40	0.63%	52	0.78%	38	0.60%	37	0.67%
3-5 semester hours	1,098	17.18%	1,239	19.39%	1,331	19.89%	1,073	16.83%	922	16.72%
6-8 semester hours	1,278	20.00%	1,274	19.93%	1,150	17.19%	937	14.70%	784	14.22%
9-11 semester hours	1,004	15.71%	939	14.69%	865	12.93%	809	12.69%	733	13.30%
12-14 semester hours	2,092	32.73%	2,257	35.32%	2,219	33.16%	1,863	29.22%	1,934	35.08%
15-17 semester hours	753	11.78%	824	12.89%	625	9.34%	678	10.64%	636	11.54%
18 & over	136	2.13%	118	1.85%	133	1.99%	115	1.80%	104	1.89%
Total	6,391	100.00%	6,691	100.00%	6,375	100.00%	5,513	100.00%	5,150	93.42%

Average course load 9.7 sch 9.6 sch 9.45 sch 10 sch 10 sch

Tuition Status	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	1,793	28.06%	1,933	28.89%	1,786	28.02%	1,588	28.80%	1,560	30.29%
Texas Resident (out-of-District)	4,387	68.64%	4,479	66.94%	4,267	66.93%	3,647	66.15%	3,300	64.08%
Non-Resident Tuition	211	3.30%	279	4.17%	322	5.05%	278	5.04%	290	5.63%
Total	6,391	100.00%	6,691	100.00%	6,375	100.00%	5,513	100.00%	5,150	100.00%

**Kilgore Junior College District
Statistical Supplement 16
Student Profile
Last Five Fiscal Years
(unaudited)**

	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	3,995	62.51%	4,140	61.87%	3,907	61.29%	3,448	62.54%	3,258	63.26%
Male	2,396	37.49%	2,551	38.13%	2,468	38.71%	2,065	37.46%	1,892	36.74%
Total	<u>6,391</u>	<u>100.00%</u>	<u>6,691</u>	<u>100.00%</u>	<u>6,375</u>	<u>100.00%</u>	<u>5,513</u>	<u>100.00%</u>	<u>5,150</u>	<u>100.00%</u>

	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
Multi-Racial	167	2.61%	241	3.60%	N/A	N/A	N/A	N/A	N/A	N/A
White	4,050	63.37%	4,160	62.17%	4,201	65.90%	3,630	65.84%	3,438	66.76%
Hispanic	1,280	20.03%	718	10.73%	1,281	20.09%	1,057	19.17%	331	6.43%
African American/Black	693	10.84%	1,295	19.35%	556	8.72%	422	7.65%	852	16.54%
Asian/Pacific Islander	48	0.75%	60	0.90%	78	1.22%	49	0.89%	30	0.58%
International	35	0.55%	90	1.35%	32	0.50%	26	0.47%	132	2.56%
Amer Indian/Alaskan	83	1.30%	24	0.36%	120	1.88%	122	2.21%	18	0.35%
Unknown	32	0.50%	95	1.42%	107	1.68%	207	3.75%	349	6.78%
Hawaiian/Pacific Islander	3	0.05%	8	0.12%	N/A	N/A	N/A	N/A	N/A	N/A
Total	<u>6,391</u>	<u>100.00%</u>	<u>6,691</u>	<u>100.00%</u>	<u>6,375</u>	<u>100.00%</u>	<u>5,513</u>	<u>100.00%</u>	<u>5,150</u>	<u>100.00%</u>

	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
Under 18	817	12.78%	827	12.36%	835	13.10%	499	9.05%	326	6.33%
18-21	2,711	42.42%	2,897	43.30%	2,867	44.97%	2,685	48.70%	2,522	48.97%
22-24	726	11.36%	789	11.79%	775	12.16%	640	11.61%	640	12.43%
25-30	876	13.71%	883	13.20%	841	13.19%	755	13.69%	734	14.25%
31-35	459	7.18%	486	7.26%	388	6.09%	343	6.22%	321	6.23%
36-50	649	10.15%	659	9.85%	550	8.63%	490	8.89%	505	9.81%
51-64	141	2.21%	136	2.03%	108	1.69%	89	1.61%	88	1.71%
65 & over	12	0.19%	14	0.21%	11	0.17%	12	0.22%	14	0.27%
Total	<u>6,391</u>	<u>100.00%</u>	<u>6,691</u>	<u>100.00%</u>	<u>6,375</u>	<u>100.00%</u>	<u>5,513</u>	<u>100.00%</u>	<u>5,150</u>	<u>100.00%</u>

Average Age	25	24	24	24	25
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**Kilgore Junior College District
Statistical Supplement 17A
Transfers to Senior Institutions
2010 Fall Students as of Fall 2011
(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 U. OF TEXAS AT TYLER	43	5	35	83	30.4%
2 STEPHEN F. AUSTIN STATE UNIV	8	0	33	41	15.0%
3 UNIVERSITY OF NORTH TEXAS	8	0	19	27	9.9%
4 TEXAS A&M UNIVERSITY-TEXARKANA	8	1	10	19	7.0%
5 TEXAS A&M UNIVERSITY	3	0	9	12	4.4%
6 U. OF TEXAS AT ARLINGTON	5	4	2	11	4.0%
7 TEXAS TECH UNIVERSITY	1	1	9	11	4.0%
8 TEXAS STATE UNIV - SAN MARCOS	2	0	8	10	3.7%
9 SAM HOUSTON STATE UNIVERSITY	0	0	9	9	3.3%
10 UNIVERSITY OF HOUSTON	3	0	6	9	3.3%
11 U OF TEXAS AT AUSTIN	5	0	2	7	2.6%
12 TEXAS WOMAN'S UNIVERSITY	2	0	4	6	2.2%
13 TEXAS A&M UNIVERSITY-COMMERCE	1	0	5	6	2.2%
14 OTHER PUBLIC 4YR INSTITUTIONS	4	1	17	22	8.1%
	93	12	168	273	100.00%

Kilgore Junior College District
 Statistical Supplement 17B
 Transfers to Senior Institutions¹
 Fall First Time Transfer Students
 (Includes only public senior colleges in Texas)
 (unaudited)

	Fall 2010				Fall 2009				Fall 2008				Fall 2007				Fall 2006			
	Earned Academic Associate Prior to Transfer	Earned Core Curriculum Completer	Total Transfer Student Count ²	% Total Transfers	Earned Academic Associate Prior to Transfer	Earned Core Curriculum Completer	Total Transfer Student Count ²	% Total Transfers	Earned Academic Associate Prior to Transfer	Earned Core Curriculum Completer	Total Transfer Student Count ²	% Total Transfers	Earned Academic Associate Prior to Transfer	Earned Core Curriculum Completer	Total Transfer Student Count ²	% Total Transfers	Earned Academic Associate Prior to Transfer	Earned Core Curriculum Completer	Total Transfer Student Count ²	% Total Transfers
SAM HOUSTON STATE UNIVERSITY	0	1	1	0.5%	2	3	5	2.7%	2	2	4	2.1%	2	2	4	1.8%	2	3	5	2.3%
STEPHEN F. AUSTIN STATE UNIV	8	16	24	11.7%	20	32	52	28.0%	10	13	23	12.2%	9	17	26	11.7%	13	14	27	12.7%
TARLETON STATE UNIVERSITY	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
TEXAS A&M UNIVERSITY	3	3	6	2.9%	0	0	0	0.0%	2	2	4	2.1%	5	7	12	5.4%	5	5	10	4.7%
TEXAS A&M UNIVERSITY-COMMERCE	1	0	1	0.5%	1	1	2	1.1%	2	2	4	2.1%	2	1	3	1.4%	3	2	5	2.3%
TEXAS A&M UNIVERSITY-TEXARKANA	8	9	17	8.3%	8	8	16	8.6%	5	7	12	6.3%	6	7	13	5.9%	6	5	11	5.2%
TEXAS STATE UNIV - SAN MARCOS	2	3	5	2.4%	3	5	8	4.3%	1	3	4	2.1%	2	4	6	2.7%	5	5	10	4.7%
TEXAS TECH UNIVERSITY	1	2	3	1.5%	3	3	6	3.2%	1	1	2	1.1%	3	3	6	2.7%	0	0	0	0.0%
TEXAS WOMAN'S UNIVERSITY	2	2	4	1.9%	8	10	18	9.7%	4	3	7	3.7%	4	4	8	3.6%	1	2	3	1.4%
U. OF HOUSTON - DOWNTOWN	0	0	0	0.0%	0	0	0	0.0%	2	1	3	1.6%	0	0	0	0.0%	1	2	3	1.4%
U. OF TEXAS AT ARLINGTON	5	5	10	4.9%	4	4	8	4.3%	5	5	10	5.3%	5	6	11	5.0%	4	3	7	3.3%
U. OF TEXAS AT AUSTIN	5	5	10	4.9%	5	5	10	5.4%	2	2	4	2.1%	0	0	0	0.0%	4	5	9	4.2%
U. OF TEXAS AT TYLER	43	50	93	45.1%	15	26	41	22.0%	44	49	93	49.2%	43	52	95	42.8%	45	54	99	46.5%
UNIVERSITY OF HOUSTON	3	3	6	2.9%	1	2	3	1.6%	1	0	1	0.5%	0	0	0	0.0%	3	3	6	2.8%
UNIVERSITY OF NORTH TEXAS	8	8	16	7.8%	3	8	11	5.9%	6	7	13	6.9%	9	11	20	9.0%	2	5	7	3.3%
OTHER PUBLIC 4-YR INSTITUTION	4	6	10	4.9%	2	4	6	3.2%	2	3	5	2.6%	9	9	18	8.1%	5	6	11	5.2%
TOTAL	93	113	206	100.0%	75	111	186	100.0%	89	100	189	100.0%	99	123	222	100.0%	99	114	213	100.0%

¹Students who were coded as first time transfer in fall semesters on CBM001, tracked back 6 years in CTC to see if they earned at least 30 hours.

²Transfers may have earned both an associate degree and core curriculum completer.

**Kilgore Junior College District
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2002 to 2012
(unaudited)**

	Fiscal Year										
	<u>2012</u>	<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	15	15	15	14	14	13	13	13	13	13	13
Square footage (in thousands)	353	353	339	335	335	331	331	331	331	331	331
Libraries	1	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	38	38	38	38	38	38	38	38	38	38	38
Number of Volumes (in thousands)	101	101	101	101	101	101	101	101	101	101	101
Administrative and support buildings	6	6	6	6	6	6	6	6	6	6	6
Square footage (in thousands)	115	115	115	115	115	115	115	115	115	115	115
Dormitories	5	5	5	5	5	5	5	4	4	4	4
Square footage (in thousands)	136	136	136	136	136	136	136	101	101	101	101
Number of Beds	490	490	490	490	490	490	490	410	410	410	410
Dining Facilities	1	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	23	23	23	23	23	23	23	23	23	23	23
Average daily customers	410	410	410	410	410	410	410	410	410	410	410
Athletic Facilities	5	5	5	5	5	5	5	5	5	5	5
Square footage (in thousands)	119	119	119	119	119	119	119	119	119	119	119
Stadiums	1	1	1	1	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	2	2	2	2	2	2	2
Fitness Centers	1	1	1	1	1	1	1	1	1	1	1
Tennis Court	1	1	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	20	20	20	20	20	20	20	20	20	20	20
Transportation											
Cars	12	12	12	12	12	12	13	12	12	12	10
Light Trucks/Vans	16	16	23	23	23	23	24	24	22	20	20
Buses	0	0	0	0	0	0	0	0	0	0	0

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TABLE 1

Year	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
2	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
4	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
6	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
10	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
11	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
12	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
13	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
14	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
15	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
16	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
17	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
18	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
19	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
20	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
21	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
22	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
23	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
24	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
25	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
26	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
27	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
28	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
29	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
30	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

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