

Financial Statements and Report of
Independent Certified Public Accountants

[Howard County Junior College District](#)

August 31, 2011 and 2010

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Howard County Junior College District
 ORGANIZATIONAL DATA
 For the Fiscal Year 2011

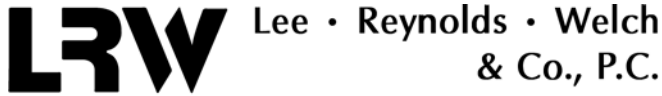
Board of Trustees

<u>Officers</u>	<u>Board Title</u>	
Dr. John E. Freeman	Chairman	
Mr. Murray Murphy	Vice Chairman	
Ms. Marie Ethridge	Secretary	
<u>Members</u>	<u>Address</u>	<u>Term Expires</u>
Dr. John E. Freeman	Big Spring, Texas	May, 2014
Mr. Murray Murphy	Big Spring, Texas	May, 2016
Ms. Marie Ethridge	Coahoma, Texas	May, 2014
Mr. Maxwell Barr	Coahoma, Texas	May, 2012
Mr. Michael L. Flores	Big Spring, Texas	May, 2016
Mr. Larry McLellan	Big Spring, Texas	May, 2012
Dr. Charles O. Warren	Big Spring, Texas	May, 2014

Principal Administrative Officers and the Business and Financial Staff

<u>Key Officers</u>	<u>Title</u>
Dr. Cheryl T. Sparks	President
Mr. Terry Hansen	Executive Vice President
Dr. Amy Burchett	Vice President Academic and Student Affairs
Ms. LeAnne Byrd	Provost, San Angelo
Dr. Javier Flores	Provost, Big Spring
Dr. Mark Myers	Provost, Southwest Collegiate Institute for the Deaf
Ms. Brenda Claxton	Controller

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CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 3469 * Big Spring, Texas 79721 * 432-267-5293

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Trustees
Howard County Junior College District
Big Spring, Texas

We have audited the accompanying basic financial statements of Howard County Junior College District as of and for the years ended August 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

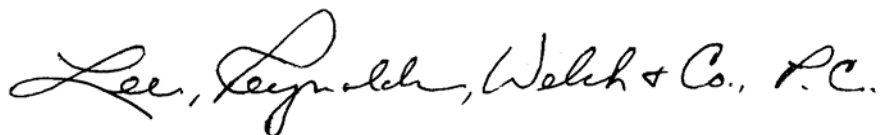
We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Howard County Junior College District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial statements referred to above present fairly, in all material respects, the financial position of Howard County Junior College District as of August 31, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011, on our consideration of Howard County Junior College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 9 through 17 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 the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements referred to above taken as a whole. The supplementary schedules and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and the accompanying schedule of expenditures of State of Texas awards are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State of Texas Single Audit Circular and are not a required part of the basic financial statements. The supplementary schedules, schedule of expenditures of federal awards and the schedule of expenditures of State of Texas awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Lee, Reynolds, Welch & Co., P.C.".

Big Spring, Texas
December 28, 2011

Howard County Junior College District
Management's Discussion and Analysis
August 31, 2011 and 2010

As management of the Howard County Junior College District, we offer this narrative overview and analysis of the college district's financial activities for the fiscal years ended August 31, 2011 and 2010. Since this management's discussion and analysis focuses on current activities, resulting changes, and currently known facts, we encourage readers to consider it in conjunction with the college district's financial statements and related notes.

Financial Highlights

FYE 2011

The college district's financial position, as a whole, improved during the fiscal years ended August 31, 2011 and 2010. Net assets increased by \$2.5 million and \$437 thousand in 2011 and 2010, respectively.

The assets of the college district exceeded its liabilities (net assets) by \$35.6 million and \$33.1 million, as of August 31, 2011 and 2010, respectively. Approximately \$7.8 million of the net assets as of August 31, 2011 was available for spending at the college district's discretion (unrestricted net assets). In comparison, as of August 31, 2010, \$7.7 million was classified as unrestricted net assets.

FYE 2010

The college district's financial position, as a whole, improved during the fiscal years ended August 31, 2010 and 2009. Net assets increased by \$437 thousand and \$1.8 million in 2010 and 2009, respectively.

The assets of the college district exceeded its liabilities (net assets) by \$33.1 million and \$32.7 million, as of August 31, 2010 and 2009, respectively. Approximately \$7.7 million of the net assets as of August 31, 2010 was available for spending at the college district's discretion (unrestricted net assets). In comparison, as of August 31, 2009, \$8.7 million was classified as unrestricted net assets.

Brief Overview of the Financial Statements

This annual financial report consists of four components: Management's Discussion and Analysis, the basic financial statements, the notes to the financial statements, and other supplementary information.

The Statement of Net Assets presents the current and long-term assets and liabilities separately with the difference in total assets and total liabilities reported as net assets. Over time, an increase or decrease in net assets may serve as a useful indicator of whether the financial position of the college district is improving or deteriorating. However, one may need to consider other non-financial factors to assess the overall health of the college district.

The Statement of Revenues, Expenses, and Changes in Net Assets present the change in the college district's net assets as a result of the current year's operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transaction occurs. Thus, revenues and expenses may be reported for items that may not affect cash until future fiscal periods.

The Statement of Cash Flows presents the operating cash inflows and outflows resulting in net cash flows from operations. This statement is prepared using the direct method as prescribed by the Governmental Accounting Standards Board (GASB) Statement 34.

The college district is reported as a special-purpose government engaged in business-type activities using the full accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when they have been reduced to a legal or contractual obligation to pay.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Supplementary Information is provided in addition to the basic financial statements and accompanying notes.

Financial Analysis

Net Assets

FYE 2011

The schedule below was prepared from the Statement of Net Assets. Total net assets, which is the difference in total assets and total liabilities, at August 31, 2011 and 2010 was \$35.6 million and \$33.1 million, respectively. This represents an overall increase of 7.42% from the prior fiscal year. The majority of the increase was in invested in capital assets, net of related debt, due to the various improvement projects that continue to take place throughout the college district. Refer to the Capital Assets section for further details.

The college's unrestricted net assets increased \$46 thousand for the fiscal year ended August 31, 2011. The slight increase was accomplished through conservative spending in response to reduced state funding. Refer to the next section on Revenues, Expenses, and Changes in Net Assets for further details.

FYE 2010

The schedule below was prepared from the Statement of Net Assets. Total net assets, which is the difference in total assets and total liabilities, at August 31, 2010 and 2009 was \$33.1 million and \$32.7 million, respectively. This represents an overall increase of 1.34% from the prior fiscal year. The majority of the increase was in invested in capital assets, net of related debt, due to the various improvement projects that continue to take place throughout the college district. Refer to the Capital Assets section for further details.

The college's unrestricted net assets decreased \$968 thousand for the fiscal year ended August 31, 2010. The majority of the decrease was due to planned expenditures for technology upgrades, group health insurance, and planned expenditures for dormitory renovations. Refer to the next section on Revenues, Expenses, and Changes in Net Assets for further details.

NET ASSETS

ASSETS	2011	2010	2009
Total current assets	\$ 16,357,739	\$ 14,796,460	\$ 16,008,863
Restricted cash equivalents	497,150	6,861,208	18,791,109
Total capital assets, net	46,748,323	41,168,050	26,817,754
Total Assets	<u>63,603,212</u>	<u>62,825,718</u>	<u>61,617,726</u>
LIABILITIES			
Total current liabilities	6,156,634	6,851,205	8,616,221
Total noncurrent liabilities	21,845,294	22,830,944	20,294,948
Total Liabilities	<u>28,001,928</u>	<u>29,682,149</u>	<u>28,911,169</u>
NET ASSETS			
Invested in capital assets, net of related debt	23,786,191	21,844,188	20,408,300
Restricted			
Nonexpendable	1,177,680	1,181,178	1,181,174
Expendable	2,843,498	2,370,405	2,400,786
Unrestricted	7,793,915	7,747,798	8,716,297
TOTAL NET ASSETS	<u>\$ 35,601,284</u>	<u>\$ 33,143,569</u>	<u>\$ 32,706,557</u>

Revenues, Expenses, and Changes in Net Assets

FYE 2011

The change in net assets is the result of operating and non-operating activities combined during the fiscal year. The college's net assets increased \$2.5 million and \$437 thousand for the fiscal years ended August 31, 2011 and 2010, respectively.

Total operating revenues increased \$1.4 million (16.4%) overall from the prior fiscal year, mainly due to the factors as outlined below:

- Federal grants and contracts increased \$201 thousand (9.13%) mainly due to increased awards within various scholarship programs and a new Title V grant.
- State grants and contracts increased by \$277 thousand (29.93%) mainly due to a new workforce education grant.
- Nongovernmental grants and contracts increased approximately \$919 thousand due to several capital purchases and capital improvement projects funded by private donations.

Operating expenses increased \$1.2 million (3.45%) overall from the prior fiscal year. The college district experienced a slight increase in expenses in most areas with the majority of the increase in scholarship programs. The district continues to be very dedicated to controlling expenditures in all areas.

Net non-operating revenues increased \$989 thousand mainly due to an increase in federal financial aid programs as a result of increased enrollment and increased cost of attendance and housing.

FYE 2010

The change in net assets is the result of operating and non-operating activities combined during the fiscal year. The college's net assets increased \$437 thousand and \$1.8 million for the fiscal years ended August 31, 2010 and 2009, respectively.

Total operating revenues increased \$974 thousand (12.7%) overall from the prior fiscal year, mainly due to the factors as outlined below:

- Tuition and fees revenue (net of discounts) increased by \$163 thousand (5.08%) due to increased enrollment.
- Federal grants and contracts increased \$449 thousand (25.6%) mainly due to increased awards within various scholarship programs and a few new workforce education grants.
- Local grants and contracts tripled by approximately \$201 thousand mainly due to a new workforce education grant.
- Other operating revenues increased approximately \$138 thousand (43.5%) due to an increase in partnership revenue for new instructional programs.

Operating expenses increased \$5.4 million (18.69%) overall from the prior fiscal year. The college district experienced increased expenses in all areas with the majority of the increase in instructional programs, institutional support, and scholarship programs. The district continues to be very dedicated to controlling expenditures in all areas.

Net non-operating revenues increased \$3 million mainly due to an increase in federal financial aid programs as a result of increased enrollment.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	2011	2010	2009
REVENUES			
Operating revenues			
Tuition & fees (net of discounts)	\$ 3,539,834	\$ 3,371,951	\$ 3,209,071
Federal grants and contracts	2,405,435	2,204,119	1,754,837
State grants and contracts	1,203,469	926,249	923,048
Local grants and contracts	31,254	292,299	90,862
Nongovernmental grants and contracts	1,579,904	660,411	671,588
Sales and services of educational activities	338,381	299,897	259,216
Auxiliary enterprises (net of discounts)	423,853	444,634	455,530
Other operating revenues	556,058	456,318	318,078
Total operating revenues	<u>10,078,188</u>	<u>8,655,878</u>	<u>7,682,230</u>
EXPENSES			
Operating expenses			
Instruction	12,249,845	12,041,598	10,756,657
Public service	1,119,832	753,444	775,073
Academic support	1,590,954	1,505,472	1,519,792
Student services	2,685,368	2,890,973	2,709,142
Institutional support	6,151,810	5,986,974	4,242,445
Operation and maintenance of plant	3,527,994	4,092,383	3,714,197
Scholarships and fellowships	5,018,877	3,818,885	2,311,443
Auxiliary enterprises	1,555,125	1,939,160	1,748,144
Depreciation	1,357,850	1,054,323	938,648
Total operating expenses	<u>35,257,655</u>	<u>34,083,212</u>	<u>28,715,541</u>
Operating loss	(25,179,467)	(25,427,334)	(21,033,311)
NON-OPERATING REVENUES (EXPENSES)			
State appropriations	13,496,753	13,575,960	13,201,632
Property taxes for operations	4,388,681	4,360,575	3,833,245
Property taxes for debt service	1,724,889	1,813,160	1,860,225
Payments in lieu of taxes	134,825	131,537	-
Federal revenue, non-operating	7,291,166	5,595,263	3,301,415
Investment income (net of investment expenses)	16,493	45,765	392,194
Interest on capital related debt	(698,967)	(107,445)	(176,105)
Loss on disposal of fixed assets	(594)	(3,134)	(11,386)
Other non-operating revenues	404,833	357,670	337,481
	<u>26,758,079</u>	<u>25,769,351</u>	<u>22,738,701</u>
Income before other revenue	1,578,612	342,017	1,705,390
Other revenue			
Capital contributions	879,103	94,995	130,000
Increase in net assets	<u>2,457,715</u>	<u>437,012</u>	<u>1,835,390</u>
Net Assets – beginning of year	<u>33,143,569</u>	<u>32,706,557</u>	<u>30,871,167</u>
Net Assets – end of year	<u>\$ 35,601,284</u>	<u>\$ 33,143,569</u>	<u>\$ 32,706,557</u>

Cash Flow

FYE 2011

In addition to the Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets, the Statement of Cash Flows, presented below, is another way to assess the financial health of the college. Its primary purpose is to provide relevant information about the cash receipts and cash payments by the college district during the fiscal year. There was a decrease in cash and cash equivalents of \$4.4 million for the year ended August 31, 2011. The decrease was attributable mainly to the continued progress of capital projects throughout the district with the majority from the General Obligation Bond issued in 2007 which is nearing completion.

FYE 2010

In addition to the Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets, the Statement of Cash Flows, presented below, is another way to assess the financial health of the college. Its primary purpose is to provide relevant information about the cash receipts and cash payments by the college district during the fiscal year. There was a decrease in cash and cash equivalents of \$13.1 million for the year ended August 31, 2010. The decrease was attributable to various factors including the continued progress of capital projects throughout the district, implementation of technology upgrades throughout the district, increased payments to or on behalf of employees, and the reduction of investment income; particularly from the General Obligation Bond issued in 2007 due to the use of the unexpended funds as projects progressed in 2010.

CASH FLOW

Cash Provided (Used) by:	2011	2010	2009
Operating activities	\$ (20,914,784)	\$ (22,248,951)	\$ (18,483,125)
Noncapital financing activities	23,735,822	21,631,130	19,126,962
Capital and related financing activities	(7,285,148)	(12,517,946)	(4,404,948)
Investing activities	16,493	45,765	392,194
Net decrease in cash and cash equivalents	(4,447,617)	(13,090,002)	(3,368,917)
Cash and cash equivalents Sept 1	18,527,854	31,617,856	34,986,773
Cash and cash equivalents Aug 31	\$ 14,080,237	\$ 18,527,854	\$ 31,617,856

Overall Financial Position

FYE 2011

As reflected in the schedules and narrative, the college's financial position improved during the fiscal year ended August 31, 2011. Even though the state cut its original appropriation for the fiscal year by 7.5%, the operating and non-operating revenues, including capital contributions, increased approximately 10.9% for FYE 2011. Operating and non-operating expenses increased approximately 5.2% for FYE 2011. There is a correlation to the increase in both areas in certain situations, such as state and federal financial aid programs and restricted grants and contracts. A brief explanation for the majority of the increases is discussed above in the other sections of the

Financial Analysis. Considering the fact that the cost of goods and services and the cost of delivering college programs continue to rise, the college's continued commitment to control expenditures has helped to maintain the stability of the college's financial position.

As in the past, the college continued to seek additional funding from outside sources such as from federal, state, and non-governmental grants. In an effort to meet the needs of the college's thirteen county service area, the college continued to seek ways to enhance existing programs, pursue new course delivery methods, and to provide new services as needed or requested. Expenditures were controlled through conservative budgeting strategies, freezing the filling of vacant positions, limiting or reducing staff in certain areas, as well as purchasing techniques and controls that reduced costs and maximized value.

FYE 2010

As reflected in the schedules and narrative, the college's financial position improved during the fiscal year ended August 31, 2010. Even though the state cut its original appropriation for the fiscal year by 5%, the operating and non-operating revenues, including capital contributions, increased approximately 12.66% for FYE 2010. Operating and non-operating expenses increased approximately 18.3% for FYE 2010. There is a correlation to the increase in both areas in certain situations, such as state and federal financial aid programs and restricted grants and contracts. A brief explanation for the majority of the increases is discussed above in the other sections of the Financial Analysis. Considering the fact that the cost of goods and services and the cost of delivering college programs continue to rise, the college's continued commitment to control expenditures has helped the college's financial position.

As in the past, the college continued to seek additional funding from outside sources such as from federal, state, and non-governmental grants. In an effort to meet the needs of the college's thirteen county service area, the college continued to seek ways to enhance existing programs, pursue new course delivery methods, and to provide new services as needed or requested. Expenditures were controlled through conservative budgeting strategies, limiting or reducing staff in certain areas, as well as purchasing techniques and controls that reduced costs and maximized value.

Capital Assets

FYE 2011

As of August 31, 2011 and 2010, the college district had invested \$63.8 million and \$57.1 million, respectively, in capital assets. Net of accumulated depreciation, the college district's net capital assets at August 31, 2011 totaled \$46.7 million and totaled \$41.2 million at August 31, 2010. The approximate \$5.5 million increase was largely due to the following:

- Additional upgrades in San Angelo at the West Texas Training Center which is a leased facility; including the completion of a much needed parking lot.
- Technology and instructional equipment upgrades at the Big Spring and San Angelo campuses for several instructional and training programs; much of which were funded with grants or donated funds.
- The continued progress of the many projects funded by the \$21,550,000 General Obligation Bond, Series 2007. These projects continue to be on or ahead of schedule.

- Additional upgrades in San Angelo at the St. Johns Hospital site which is a leased facility; including equipment purchases and renovations for the allied health programs on the 3rd floor.
- A pavilion for the agriculture programs which was funded by a local private foundation.

FYE 2010

As of August 31, 2010 and 2009, the college district had invested \$57.1 million and \$41.7 million, respectively, in capital assets. Net of accumulated depreciation, the college district's net capital assets at August 31, 2010 totaled \$41.2 million and totaled \$26.8 million at August 31, 2009. The approximate \$14.4 million increase was largely due to the following:

- Additional upgrades in San Angelo at the West Texas Training Center which is a leased facility; including the beginning of a much needed parking lot and a classroom for the auto trades program in a partnership with the local school district.
- Technology upgrades at all campuses to help better serve students, to replace equipment that had reached the end of its life cycle, as well as to afford employees the ability to work more efficiently and effectively.
- Technology and instructional equipment upgrades at the Big Spring and San Angelo campuses for several instructional and training programs; many of which were funded with grant funds or the General Obligation Bond, Series 2007.
- The continued progress of the many projects funded by the \$21,550,000 General Obligation Bond, Series 2007. These projects continue to be on or ahead of schedule.
- Dormitory renovations at the Big Spring campus funded by the \$3,570,000 Consolidated Fund Revenue Bond, Series 2009, plus additional district funds.

See Note 5 to the financial statements for detailed information on capital assets changes.

Debt Administration

FYE 2011

The college district's long-term debt was comprised of capital lease agreements, a note payable, the general obligation bond issued August 2007, and a consolidated revenue bond issued November 2009. The current portion was \$928,966 and the non-current portion was \$21,845,294 for a total of \$22,774,260 at August 31, 2011. The college entered into operating lease agreements beginning September 1, 2008 for two facilities in San Angelo with the lease with Shannon Medical Center being amended twice for additional space effective July 2009 and July 2011. The college also entered into operating leases beginning September 2009, September 2010, and October 2010 for copiers with various terms under long-term, non-cancelable agreements. See Notes 6, 7, 8, 9, 10 and 11 to the financial statements for detailed information.

The college district continued to maintain a bond rating of "A3" with Moody's Investors Services on the Combined Revenue Bond, Series 2004. The college district was assigned a rating of "A" by Standard and Poor's and Fitch Ratings on the General Obligation Bond, Series 2007; however, in March 2010 Fitch Ratings recalibrated the rating to "AA-", and in September 2010, Standard and Poor's upgraded the rating to "AA-." The district continues to maintain the upgraded rating on the General Obligation Bond, Series 2007.

FYE 2010

The college district's long-term debt was comprised of capital lease agreements, a note payable, the HCJCD Combined Revenue Refunding Bond, Series 2004, which was paid off October 1, 2010, the general obligation bond issued August 2007, and a consolidated revenue bond issued November 2009. The current portion was \$970,113 and the non-current portion was \$22,830,944 for a total of \$23,801,057 at August 31, 2010. The college entered into operating lease agreements beginning September 1, 2008 for two facilities in San Angelo. The college also entered into operating leases beginning September 2009 for copiers with various terms under long-term, non-cancelable agreements. See Notes 6, 7, 8, 9, 10 and 11 to the financial statements for detailed information.

The college district continued to maintain a bond rating of "A3" with Moody's Investors Services on the Combined Revenue Bond, Series 2004. The college district was assigned a rating of "A" by Standard and Poor's and Fitch Ratings on the General Obligation Bond, Series 2007. However, in March 2010 Fitch Ratings recalibrated the rating to "AA-" on the General Obligation Bond, Series 2007.

Currently Known Facts, Decisions, or Conditions

The Texas Higher Education Coordinating Board (THECB) adopted *Closing the Gaps by 2015*. This initiative seeks to increase enrollment in Texas' higher education institutions by 500,000 students by 2015. The following information has been reported for Howard College to the THECB:

<u>Category</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>
Unduplicated Credit Enrollment	6,494	5,761	5,073	4,757	4,457	4,191	3,894	4,014
Associate Degrees & Certificates	645	629	443	420	455	407	428	372
Targeted Technical Degrees & Certificates	55	49	24	37	36	40	32	49
Allied Health/Nursing Degrees & Certificates	146	139	129	118	115	113	121	84

As illustrated by the table above, the college has generally experienced an increase in credit enrollment. Credit enrollment has increased by approximately 62% since 2004. This upward trend in enrollment will have a positive impact on the college in the future.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the Howard County Junior College District's finances for all those with an interest in the college's finances.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Chief Fiscal Officer, Howard College, 1001 Birdwell Lane, Big Spring, TX 79720.

Howard County Junior College District
STATEMENTS OF NET ASSETS

Exhibit 1
August 31,

	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13,583,087	\$ 11,666,646
Accounts receivable, net	2,263,760	2,155,233
Prepaid expenses	496,592	956,181
Inventories for resale	14,300	18,400
Total current assets	16,357,739	14,796,460
Noncurrent Assets		
Restricted cash equivalents	497,150	6,861,208
Capital assets, net of accumulated depreciation	46,748,323	41,168,050
Total noncurrent assets	47,245,473	48,029,258
TOTAL ASSETS	63,603,212	62,825,718
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	2,326,724	3,144,274
Accrued liabilities	1,319,818	1,392,921
Deposits payable	48,568	40,198
Deferred revenue	1,332,381	1,110,285
Accrued compensable absences	200,177	193,414
Bonds and notes payable – current portion	908,962	952,158
Capital lease agreements – current portion	20,004	17,955
Total current liabilities	6,156,634	6,851,205
Noncurrent liabilities		
Bonds and notes payable, noncurrent portion	21,837,744	22,803,390
Capital lease agreements, noncurrent portion	7,550	27,554
Total noncurrent liabilities	21,845,294	22,830,944
TOTAL LIABILITIES	28,001,928	29,682,149
NET ASSETS		
Invested in capital assets, net of related debt	23,786,191	21,844,188
Restricted for:		
Nonexpendable		
Student aid	1,177,680	1,181,178
Expendable		
Student aid	482,147	448,750
Instructional programs	84,542	80,252
Capital projects	1,506,321	1,074,946
Debt service	699,692	684,326
Other	70,796	82,131
Unrestricted	7,793,915	7,747,798
TOTAL NET ASSETS (Schedule D)	\$ 35,601,284	\$ 33,143,569

The accompanying notes are an integral part of these statements.

Howard County Junior College District
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Exhibit 2
Year Ended August 31,

	2011	2010
REVENUES		
Operating revenues		
Tuition and fees (net of discounts of \$4,154,939 and \$3,416,717)	\$ 3,539,834	\$ 3,371,951
Federal grants and contracts	2,405,435	2,204,119
State grants and contracts	1,203,469	926,249
Local grants and contracts	31,254	292,299
Nongovernmental grants and contracts	1,579,904	660,411
Sales and services of educational activities	338,381	299,897
Auxiliary enterprises (net of discounts of \$966,257 and \$907,862)	423,853	444,634
Other operating revenues	556,058	456,318
Total operating revenues (Schedule A)	10,078,188	8,655,878
EXPENSES		
Operating expenses		
Instruction	12,249,845	12,041,598
Public service	1,119,832	753,444
Academic support	1,590,954	1,505,472
Student services	2,685,368	2,890,973
Institutional support	6,151,810	5,986,974
Operation and maintenance of plant	3,527,994	4,092,383
Scholarships and fellowships	5,018,877	3,818,885
Auxiliary enterprises	1,555,125	1,939,160
Depreciation	1,357,850	1,054,323
Total operating expenses (Schedule B)	35,257,655	34,083,212
Operating loss	(25,179,467)	(25,427,334)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	13,496,753	13,575,960
Property taxes for operations	4,388,681	4,360,575
Property taxes for debt service	1,724,889	1,813,160
Payments in lieu of taxes	134,825	131,537
Federal revenue, non operating	7,291,166	5,595,263
Investment income (net of investment expenses)	16,493	45,765
Interest on capital related debt	(698,967)	(107,445)
Loss on disposal of fixed assets	(594)	(3,134)
Other non-operating revenues	404,833	357,670
Net non-operating revenues (Schedule C)	26,758,079	25,769,351
Income before other revenue	1,578,612	342,017
Other revenue		
Capital contributions	879,103	94,995
Increase in net assets	2,457,715	437,012
Net assets – beginning of year	33,143,569	32,706,557
Net assets – end of year	\$ 35,601,284	\$ 33,143,569

The accompanying notes are an integral part of these statements.

Howard County Junior College District
STATEMENTS OF CASH FLOWS

Exhibit 3

Year ended August 31,

	2011	2010
Cash flows from operating activities		
Receipts from students and other customers	\$ 4,366,839	\$ 4,039,944
Receipts of grants and contracts	5,288,959	4,176,452
Other receipts	960,891	813,988
Payments to or on behalf of employees	(18,465,111)	(18,217,137)
Payments to suppliers for goods and services	(8,047,485)	(9,243,313)
Payments of scholarships	(5,018,877)	(3,818,885)
Net cash used by operating activities	(20,914,784)	(22,248,951)
Cash flows from noncapital financing activities		
Property tax receipts and payments in lieu of taxes	4,513,063	4,484,482
Receipts of state appropriations	11,925,453	11,945,967
Receipts of non-operating federal revenue	7,297,306	5,200,681
Net cash provided by noncapital financing activities	23,735,822	21,631,130
Cash flows from capital and related financing activities		
Property tax receipts	1,717,463	1,881,607
Capital contracts, grants, and gifts	879,103	94,995
Proceeds on issuance of capital debt	-	3,527,811
Payments from accounts payable related to fixed asset additions	(1,736,858)	(3,340,084)
Purchases of capital assets	(6,088,354)	(12,735,140)
Payments on capital debt and leases	(970,116)	(926,262)
Interest payments on capital debt and leases	(1,086,386)	(1,020,873)
Net cash used by capital and related financing activities	(7,285,148)	(12,517,946)
Cash flows from investing activities		
Investment earnings	16,493	45,765
Decrease in cash and cash equivalents	(4,447,617)	(13,090,002)
Cash and cash equivalents – September 1	18,527,854	31,617,856
Cash and cash equivalents – August 31	\$ 14,080,237	\$ 18,527,854
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (25,179,467)	\$ (25,427,334)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	1,357,850	1,054,323
Other revenue	404,833	357,670
Payments made directly by state for benefits	1,571,300	1,629,993
Changes in assets and liabilities:		
Receivables, net	(96,798)	(24,905)
Inventories	4,100	2,600
Other assets	440,214	77,602
Accounts payable	414,394	131,249
Accrued liabilities	(68,439)	(111,530)
Deferred revenue	222,096	38,941
Deposits held for others	8,370	2,800
Compensated absences	6,763	19,640
Net cash used by operating activities	\$ (20,914,784)	\$ (22,248,951)
Noncash investing, capital, and financing activities:		
Acquisition of capital assets through accounts payable	\$ 504,914	\$ 1,736,858
Acquisition of capital assets through capitalized interest	345,449	935,755
Amortization of bond issuance costs, deferred loss on refunding, and bond premium	37,306	40,879
Net effect of noncash transactions	\$ 887,669	\$ 2,713,492

The accompanying notes are an integral part of these statements.

Howard County Junior College District
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2011 and 2010

NOTE 1 – REPORTING ENTITY

The Howard County Junior College District (District) was created by a county-wide vote on November 17, 1945. The District is located in Howard County, Texas, and operates as a county-wide Junior College District under the laws of the State of Texas, to serve the educational needs of Howard County and the surrounding communities. The 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*. The District also operates extension campuses, some of which are located outside of Howard County. The District also operates the Southwest Collegiate Institute for the Deaf (SWCID), located in Big Spring, which was established as part of the District by the Board on November 6, 1979. All of the extension campuses' financial activity is included in the District's financial statements. While the District receives funding from local, state and federal sources, and must comply with the spending, reporting and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

The District offers course work designed to prepare students to continue their education at senior institutions or to enter specific occupational areas at the end of a one- or two-year period of specialized training in occupational education. Arts and Sciences programs are designed for transfer to baccalaureate degree-granting institutions. Associate in Arts and Associate in Science degrees are available to students completing a two-year curriculum. Vocational/Technical Education programs seek to develop intellectual abilities and skills that will enable the student to enter a technical or semi-professional occupation. It is the purpose of these programs to prepare the student for jobs in industry.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Guidelines*

The significant accounting policies followed by Howard County 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 Standards 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.

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 Sec. 56.033). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act Program Funds

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

Howard County Junior College District
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2011 and 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. *Tuition Discounting - continued*

Other tuition discounts

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

C. *Basis of Accounting*

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

D. *Budgetary Data*

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

E. *Cash and cash equivalents*

The District's cash and cash equivalents are considered to be cash on hand, cash in bank, demand deposits, and 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. The governing board has designated public funds investment pools comprised of \$516,686 and \$515,973 as of August 31, 2011 and 2010, respectively, to be cash equivalents.

G. *Inventories*

Inventories consist of livestock. Inventories are stated at the lower of cost or market on a first-in, first-out basis and are charged to expense as consumed.

H. *Restricted cash equivalents*

Restricted cash equivalents consist of bond proceeds and earnings thereon that are required to be spent for construction and for debt service payments by the bond order.

Howard County Junior College District
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2011 and 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. *Capital assets*

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The District's capitalization policy includes real or personal property with a value equal to or greater than \$5,000 and has an estimated life of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. The District reports depreciation under a single-line item as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

Buildings	50 years
Facilities and other improvements	20 years
Library books	15 years
Furniture, machinery, vehicles and other equipment	10 years
Telecommunications and peripheral equipment	5 years

J. *Capitalization of interest costs on borrowings*

The District capitalizes interest costs on borrowings incurred during the new construction or upgrade of qualifying assets. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets. For the years ended August 31, 2011 and 2010, the District capitalized \$345,449 and \$935,755 of interest, respectively, in connection with various capital expansion projects. The total amount of interest cost incurred for the year ended August 31, 2011 and 2010 was \$1,044,416 and \$1,043,200, respectively.

K. *Deferred revenues*

Tuition and fees of \$1,027,227 and \$901,481, federal grants of \$10,986 and \$0, state grants of \$80,606 and \$29,691, local government grants of \$0 and \$37,113, and private grants of \$213,562 and \$142,000 have been reported as deferred revenues at August 31, 2011 and 2010, respectively.

L. *Estimates*

The preparation of the financial statements in conformity with 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.

M. *Operating and non-operating revenue and expense policy*

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 ongoing operations. The principal operating revenues are tuition and related fees. 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 on capital assets. The operation of the bookstore and food service is not performed by the District.

It is the District's policy to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Howard County Junior College District
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2011 and 2010

NOTE 3 – AUTHORIZED INVESTMENTS

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

NOTE 4 – DEPOSITS AND INVESTMENTS

Cash and Deposits as reported on Exhibit 1, Statement of Net Assets, consist of the items reported below, as of August 31,:

	2011	2010
Bank Deposits		
Demand deposits	\$ 13,056,679	\$ 11,141,193
Cash on hand	9,722	9,480
Total Cash and Deposits	\$ 13,066,401	\$ 11,150,673
<u>Reconciliation of deposits and investments to Exhibit 1, as of August 31,</u>		
<u>Total deposits and investments:</u>	2011	2010
Per Exhibit 1:		
Cash and cash equivalents	\$ 13,583,087	\$ 11,666,646
Restricted cash equivalents	497,150	6,861,208
Total deposits and investments	\$ 14,080,237	\$ 18,527,854
Per Note 4:		
Deposits and cash on hand	\$ 13,066,401	\$ 11,150,673
Investments	1,013,836	7,377,181
Total	\$ 14,080,237	\$ 18,527,854

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

		Investment Maturities (in Years)
Investment Type	Fair Value	Less than 1
Investment Pool	\$ 1,013,836	\$ 1,013,836

Interest Rate Risk – In accordance with state law and District policy, the District does not purchase any investments with maturities greater than two years.

Credit Risk – In accordance with state law and the District’s investment policy, investments in investment pools must be rated at least AAA. The District’s investment pools are rated AAAM.

Concentration of Credit Risk – The District does not place a limit on the amount the District may invest in any one issuer.

Howard County Junior College District
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2011 and 2010

NOTE 5 – CAPITAL ASSETS

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

	<u>Balance September 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2011</u>
Not depreciated:				
Land	\$ 371,871	\$ -	\$ -	\$ 371,871
Construction in process	<u>8,758,485</u>	<u>4,939,609</u>	<u>(11,392,990)</u>	<u>2,305,104</u>
Subtotal	<u>9,130,356</u>	<u>4,939,609</u>	<u>(11,392,990)</u>	<u>2,676,975</u>
Buildings and other capital assets				
Buildings and building improvements	36,396,603	7,460,550	-	43,857,153
Leasehold improvements	2,377,840	745,372	-	3,123,212
Other real estate improvements	<u>2,882,292</u>	<u>4,516,590</u>	-	<u>7,398,882</u>
Total buildings and other real estate improvements	41,656,735	12,722,512	-	54,379,247
Library books	879,149	18,196	(4,378)	892,967
Furniture, machinery, and equipment	<u>5,413,513</u>	<u>651,390</u>	<u>(178,902)</u>	<u>5,886,001</u>
Total buildings and other capital assets	<u>47,949,397</u>	<u>13,392,098</u>	<u>(183,280)</u>	<u>61,158,215</u>
Accumulated depreciation				
Buildings and building improvements	(10,555,664)	(657,133)	-	(11,212,797)
Leasehold improvements	(225,696)	(159,138)	-	(384,834)
Other real estate improvements	<u>(727,621)</u>	<u>(142,680)</u>	-	<u>(870,301)</u>
Total buildings and other real estate improvements	(11,508,981)	(958,951)	-	(12,467,932)
Library books	(720,313)	(19,088)	3,784	(735,617)
Furniture, machinery, and equipment	<u>(3,682,409)</u>	<u>(379,811)</u>	<u>178,902</u>	<u>(3,883,318)</u>
Total buildings and other capital assets	<u>(15,911,703)</u>	<u>(1,357,850)</u>	<u>182,686</u>	<u>(17,086,867)</u>
Net capital assets	<u>\$ 41,168,050</u>	<u>\$ 16,973,857</u>	<u>\$(11,393,584)</u>	<u>\$ 46,748,323</u>

Howard County Junior College District
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2011 and 2010

NOTE 5 – CAPITAL ASSETS – Continued

Capital assets activity for the year ended August 31, 2010 was as follows:

	Balance September 1, 2009	Increases	Decreases	Balance August 31, 2010
Not depreciated:				
Land	\$ 371,871	\$ -	\$ -	\$ 371,871
Construction in process	5,134,262	14,171,055	(10,546,832)	8,758,485
Subtotal	<u>5,506,133</u>	<u>14,171,055</u>	<u>(10,546,832)</u>	<u>9,130,356</u>
Buildings and other capital assets				
Buildings and building improvements	26,819,923	9,576,680	-	36,396,603
Leasehold improvements	2,210,323	167,517	-	2,377,840
Other real estate improvements	<u>1,493,592</u>	<u>1,388,700</u>	-	<u>2,882,292</u>
Total buildings and other real estate improvements	30,523,838	11,132,897	-	41,656,735
Library books	865,558	24,199	(10,608)	879,149
Furniture, machinery, and equipment	<u>4,795,601</u>	<u>626,434</u>	<u>(8,522)</u>	<u>5,413,513</u>
Total buildings and other capital assets	<u>36,184,997</u>	<u>11,783,530</u>	<u>(19,130)</u>	<u>47,949,397</u>
Accumulated depreciation				
Buildings and building improvements	(10,078,460)	(477,204)	-	(10,555,664)
Leasehold improvements	(77,327)	(148,369)	-	(225,696)
Other real estate improvements	<u>(647,551)</u>	<u>(80,070)</u>	-	<u>(727,621)</u>
Total buildings and other real estate improvements	(10,803,338)	(705,643)	-	(11,508,981)
Library books	(708,756)	(19,031)	7,474	(720,313)
Furniture, machinery, and equipment	<u>(3,361,282)</u>	<u>(329,649)</u>	<u>8,522</u>	<u>(3,682,409)</u>
Total buildings and other capital assets	<u>(14,873,376)</u>	<u>(1,054,323)</u>	<u>15,996</u>	<u>(15,911,703)</u>
Net capital assets	<u>\$ 26,817,754</u>	<u>\$ 24,900,262</u>	<u>\$(10,549,966)</u>	<u>\$ 41,168,050</u>

NOTE 6 – LONG-TERM LIABILITIES

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
Leases, bonds and notes					
Leases	\$ 45,509	\$ -	\$ (17,955)	\$ 27,554	\$ 20,004
Bonds	23,400,000	-	(920,000)	22,480,000	875,000
Deferred amount on refunding	(90)	-	90	-	-
Unamortized bond premium	215,749	-	(56,771)	158,978	-
Notes payable	<u>139,889</u>	-	<u>(32,161)</u>	<u>107,728</u>	<u>33,962</u>
Total long-term liabilities	<u>\$ 23,801,057</u>	<u>\$ -</u>	<u>\$(1,026,797)</u>	<u>\$ 22,774,260</u>	<u>\$ 928,966</u>

Howard County Junior College District
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2011 and 2010

NOTE 6 – LONG-TERM LIABILITIES - Continued

Long-term liability activity for the year ended August 31, 2010 was as follows:

	Balance September 1, 2009	Additions	Reductions	Balance August 31, 2010	Current Portion
Leases, bonds and notes					
Leases	\$ 61,635	\$ -	\$ (16,126)	\$ 45,509	\$ 17,955
Bonds	20,710,000	3,570,000	(880,000)	23,400,000	920,000
Deferred amount on refunding	(1,172)	-	1,082	(90)	-
Unamortized bond premium	280,669	-	(64,920)	215,749	-
Notes payable	170,025	-	(30,136)	139,889	32,158
Total long-term liabilities	<u>\$ 21,221,157</u>	<u>\$ 3,570,000</u>	<u>\$ (90,100)</u>	<u>\$ 23,801,057</u>	<u>\$ 970,113</u>

NOTE 7 – DEBT AND LEASE OBLIGATIONS

Debt service requirements at August 31, 2011, were as follows:

For the year ending <u>August 31,</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 875,000	\$ 1,037,048
2013	915,000	998,581
2014	955,000	958,397
2015	1,000,000	916,381
2016	1,045,000	871,301
2017-2021	5,965,000	3,600,128
2022-2026	7,585,000	1,989,125
2027-2030	<u>4,140,000</u>	<u>255,020</u>
	<u>\$ 22,480,000</u>	<u>\$ 10,625,981</u>

Obligations under capital leases at August 31, 2011, were as follows:

For the year ending <u>August 31,</u>	
2012	\$ 22,320
2013	7,609
2014	<u>570</u>
	30,499
Less interest portion	<u>2,945</u>
Present value of net minimum lease payments	27,554
Less current portion	<u>20,004</u>
Noncurrent portion	<u>\$ 7,550</u>

Howard County Junior College District
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2011 and 2010

NOTE 8 – BONDS PAYABLE

General information related to bonds payable is summarized below:

- Consolidated Fund Revenue Bonds, Series 2009.
 - Renovations, remodel and construction of student housing facilities
 - Issued November 1, 2009.
 - \$3,570,000; all authorized bonds have been issued.
 - Source of revenue for debt service – tuition pledge, building use fee, student services fee, lab fee, gross revenue of Auxiliary Services, other fees, and investment earnings on all investments.
 - \$3,570,000 outstanding as of August 31, 2011 and 2010.

The range of installment payments on an annual basis is from \$57,933 to \$283,745 with an interest rate of 4.60%, with the final installment due October 1, 2029.

- General Obligation Bonds, Series 2007.
 - Renovation, construction, and equipment of college buildings.
 - Issued August 28, 2007.
 - \$21,550,000; all authorized bonds have been issued.
 - Source of revenue for debt service – continuing direct annual ad valorem tax levied by the District on all taxable property therein.
 - \$18,910,000 and \$19,635,000 outstanding as of August 31, 2011 and 2010, respectively.

The range of installment payments on an annual basis is from \$1,630,250 to \$1,634,875 with interest rates from 4.25% to 5.00%, with the final installment due February 15, 2028.

- Consolidated Fund Revenue Refunding Bonds, Series 2004.
 - To refund outstanding bonds.
 - Issued August 3, 2004.
 - \$1,050,000; all authorized bonds have been issued.
 - Source of revenue for debt service – tuition, the net revenue of the Housing System, the net revenue of the Student Center Building, gross collections of the Student Center use fee and any revenue of any auxiliary services.
 - \$0 and \$195,000 outstanding as of August 31, 2011 and 2010, respectively.

The range of installment payments on an annual basis was from \$24,504 to \$198,442 with an interest rate of 3.53%, with the final installment due October 1, 2010.

NOTE 9 – CAPITAL LEASE AGREEMENTS

Certain leases to finance the purchase of equipment are capitalized at the present value of future minimum lease payments. The original capitalized cost of all such equipment under capital leases as of August 31, 2011 and 2010, is \$87,912 and \$87,912, respectively, and accumulated amortization on those assets is \$65,184 and \$48,212, respectively, as of August 31, 2011 and 2010. Amortization expense on assets recorded under capital leases is included with depreciation expense.

Howard County Junior College District
 NOTES TO THE FINANCIAL STATEMENTS
 August 31, 2011 and 2010

NOTE 10 – OPERATING LEASE AGREEMENTS

The District entered into leases beginning September 1, 2008 for two facilities for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2024 and one provides for a five-year renewal option. The District also entered into leases beginning in September 2009 for copiers under various terms under long-term, non-cancelable operating lease agreements. The leases expire in 2014. Lease expenses under these leases were \$161,679 and \$145,498 for the years ended August 31, 2011 and 2010, respectively.

The following is a schedule by year of future minimum rental payments required under the operating lease agreements:

For the year ending		
<u>August 31,</u>		
2012	\$	208,568
2013		208,568
2014		169,782
2015		166,371
2016		166,371
2017-2021		332,745
2022-2024		<u>3</u>
	\$	<u>1,252,408</u>

NOTE 11 – NOTE PAYABLE

The District has a note payable with a bank that is due in semi-annual installments of principal and interest of \$19,760 through April 2014. The interest rate on the note is 5.5% and the note is secured by the District's bank deposits.

<u>Year ending August 31,</u>	
2012	\$ 33,962
2013	35,896
2014	<u>37,870</u>
	<u>\$ 107,728</u>

NOTE 12 – ENDOWMENTS

When spending an endowment's net appreciation, donor established guidelines are followed. If the donor does not provide specific guidelines, State law permits the Board of Trustees to authorize the expenditure of net appreciation of an endowment. The Scholarship Committee meets each semester to review awards and insure endowment guidelines are followed. District investment policy specifies permissible investments of endowment funds with maturity dates matching semester scholarship requirements.

At August 31, 2011, net appreciation on investment of donor-restricted endowments available for authorization for expenditure was \$962, of which \$960 was restricted for student aid, instruction, and athletics.

Howard County Junior College District
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2011 and 2010

NOTE 12 – ENDOWMENTS – Continued

At August 31, 2010, net appreciation on investment of donor-restricted endowments available for authorization for expenditure was \$1,740, of which \$1,736 was restricted for student aid, instruction, and athletics.

NOTE 13 – 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 systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. 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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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 percent for fiscal years 2011 and 2010. State law provides for a state contribution rate of 6.644 percent for fiscal year 2011 and 6.4 percent for September 2009 through December 2009 and a rate of 6.644% from January 2010 through August 2010. In certain instances the reporting district is required to make all or a portion of the state's contribution for fiscal years 2011 and 2010.

Optional Retirement Plan

Plan Description. Participation in the Optional Retirement Plan 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. The percentages of participant salaries currently contributed by the state and each participant are 6.4 percent and 6.65 percent, respectively. The District contributes 0.91 percent for employees who were participating in the optional retirement program prior to September 1, 1995, 0.18 percent for employees hired from September 1, 2007 through August 31, 2009, and there is no District contribution for employees hired after August 31, 2009. 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.

Howard County Junior College District
 NOTES TO THE FINANCIAL STATEMENTS
 August 31, 2011 and 2010

NOTE 13 – RETIREMENT PLAN - Continued

The retirement expense to the State for the District was \$802,413 and \$778,135 for the fiscal years ended August 31, 2011 and 2010, 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 \$15,602,627 and \$15,462,869 for the fiscal years ended August 31, 2011 and 2010, respectively. The total payroll of employees covered by the Teacher Retirement System was \$8,106,394 and \$7,754,888, and the total payroll of employees covered by the Optional Retirement System was \$5,989,925 and \$6,119,262 for the fiscal years ended August 31, 2011 and 2010, respectively.

NOTE 14 – DEFERRED COMPENSATION PROGRAM

District employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants. The District had no employees participating in the program during the years ended August 31, 2011 and 2010.

NOTE 15 – COMPENSABLE ABSENCES

All full-time, exempt, and non-exempt employees working full-time for twelve months are entitled to accrue paid vacation time from the date of employment. On September 1, current employees are credited 80 hours to be used during the year. Employees hired after September 1 accrue vacation time at 6.67 hours each month worked. The monthly vacation credit may be pro-rated if the employee's regular work week is less than 40 hours. The District's policy allows employees to carry their accrued leave forward from one fiscal year to the next fiscal year with a maximum accrual of 160 hours per employee. The District recognizes the accrued liability at August 31, 2011 and 2010 of \$200,177 and \$193,414, respectively, for the unpaid annual leave in the Unrestricted Current Fund. Sick leave is earned at the rate of 8 hours per month and is paid only when an employee is off due to illness. The maximum sick leave that may be accumulated is 720 hours. The District's policy is to recognize the cost of sick leave when paid. The liability is not recorded in the financial statements because experience indicates the expenditure for sick leave to be minimal.

NOTE 16 – DISAGGREGATION OF RECEIVABLES BALANCES

Receivables at August 31 were as follows:

	<u>2011</u>	<u>2010</u>
Student receivables	\$ 1,277,106	\$ 1,207,761
Taxes receivable	355,116	353,999
Federal receivable	545,277	552,063
Accounts receivable	<u>482,427</u>	<u>454,329</u>
Gross receivables	2,659,926	2,568,152
Less: allowance for uncollectible accounts	<u>(396,166)</u>	<u>(412,919)</u>
Net total receivables	<u>\$ 2,263,760</u>	<u>\$ 2,155,233</u>

Howard County Junior College District
 NOTES TO THE FINANCIAL STATEMENTS
 August 31, 2011 and 2010

NOTE 17 – 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 and non-federal contract and grant awards, funds expended, but not collected, are reported as Accounts Receivable on Exhibit 1. For federal and non-federal contract and grant awards, funds collected, but not expended, are reported as Deferred Revenue 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 awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2011 and 2010 for which monies have not been received nor funds expended totaled \$3,640,296 and \$1,553,790, respectively. Of these amounts, \$3,510,522 and \$875,102 were from Federal Contract and Grant Awards, \$129,774 and \$585,997 were from State Contract and Grant Awards, and \$0 and \$92,691 were from Local Government Contract and Grant Awards for the fiscal years ended August 31, 2011 and 2010, respectively.

NOTE 18 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries appropriate commercial insurance. For the years ended August 31, 2011 and 2010, the District also participated in a pool for its workers' compensation program.

Beginning in the year 2000, the District elected participation in the Texas Public and Junior Community College Employee Benefits Consortium. This pool is exclusively for public community and junior college entities thus providing a preferred risk pool for workers' compensation coverage. Under this agreement, the pool retains liability for claims under \$500,000 or less per incident and purchases commercial insurance for claims in excess of the liability retained by the pool. The reinsurance covers losses to the specific and aggregate statutory limits required by the State of Texas. There was no significant reduction in insurance coverage from the year ended August 31, 2010 to the year ended August 31, 2011, and no settlements exceeded insurance for any of the past three fiscal years.

The claims liability of \$37,284 and \$61,919 reported in accrued liabilities at August 31, 2011 and 2010, respectively, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated based on actuarial calculations. Changes in the fund's claims liability amount in fiscal years 2011 and 2010 were:

	<u>August 31, 2011</u>	<u>August 31, 2010</u>
Balance at beginning of year	\$ 61,919	\$ 28,822
Current year claims and changes in estimates	(8,641)	117,875
Claims paid	<u>(15,994)</u>	<u>(84,778)</u>
Balance at end of year	<u>\$ 37,284</u>	<u>\$ 61,919</u>

Howard County Junior College District
 NOTES TO THE FINANCIAL STATEMENTS
 August 31, 2011 and 2010

NOTE 19 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per full-time employee was \$506 per month for the year ended August 31, 2011, and totaled \$1,571,300 for the year. The cost of providing those benefits for 77 retirees was \$403,391 and for 276 active employees was \$1,167,909 for the year ended August 31, 2011. The State's contribution per full-time employee was \$474 per month for the year ended August 31, 2010, and totaled \$1,629,993 for the year. The cost of providing those benefits for 74 retirees was \$399,447 and for 277 active employees was \$1,230,546 for the year ended August 31, 2010.

NOTE 20 – PROPERTY TAXES

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

As of August 31,:

	<u>2011</u>	<u>2010</u>
Assessed valuation of the District	\$ 2,850,356,877	\$ 2,690,756,825
Less: Abatements	287,364,666	352,314,870
Less: Exemptions	<u>434,079,083</u>	<u>433,995,674</u>
Net assessed valuation of the District	<u>\$ 2,128,913,128</u>	<u>\$ 1,904,446,281</u>

	<u>2011</u>			<u>2010</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized Tax Rate per \$100 Valuation (Maximum per enabling legislation)	0.700000	0.000000	0.700000	0.700000	0.000000	0.700000
Assessed Tax Rate per \$100 Valuation	0.204912	0.080706	0.285618	0.222551	0.092987	0.315538

Taxes levied for the years ended August 31, 2011 and 2010, were \$6,082,313 and \$6,011,891, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Howard County Junior College District
 NOTES TO THE FINANCIAL STATEMENTS
 August 31, 2011 and 2010

NOTE 20 – PROPERTY TAXES - Continued

	2011			2010		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes collected	\$ 4,272,070	\$ 1,682,188	\$ 5,954,258	\$ 4,185,807	\$ 1,748,791	\$ 5,934,598
Delinquent taxes collected	77,136	28,717	105,853	63,593	17,889	81,482
Penalties and interest collected	<u>43,687</u>	<u>13,473</u>	<u>57,160</u>	<u>104,989</u>	<u>38,175</u>	<u>143,164</u>
Total collections	<u>\$ 4,392,893</u>	<u>\$ 1,724,378</u>	<u>\$ 6,117,271</u>	<u>\$ 4,354,389</u>	<u>\$ 1,804,855</u>	<u>\$ 6,159,244</u>

Tax collections for the years ended August 31, 2011 and 2010, were 98% and 98% of the current tax levy, respectively. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance, operations, and debt service.

NOTE 21 – COMMITMENTS AND CONTINGENCIES

The District has received financial assistance from federal and state agencies in the form of grants. The acceptance of such grants requires compliance with special regulations and grant provisions, and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material adverse effect on the District's financial position at August 31, 2011.

The District has received appropriations from the State for the operation of the Southwest Collegiate Institute for the Deaf. The acceptance of these funds requires compliance with special purchasing regulations, and is subject to audit by the State. Any disallowed expenditures would have to be reimbursed by the District. However, in the opinion of management, the possible reimbursements, if any, will not have a material adverse effect on the District's financial position at August 31, 2011.

NOTE 22 – INCOME TAXES

The District is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The District had no unrelated business income tax liability for the years ended August 31, 2011 and 2010.

Howard County Junior College District
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2011 and 2010

NOTE 23 – 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, 2011, 2010, and 2009 were \$82,845, \$79,070, and \$80,769, respectively, which equaled the required contributions each year.

SUPPLEMENTARY INFORMATION

SCHEDULES

Howard County Junior College District
SCHEDULE OF OPERATING REVENUES
Schedule A
Year Ended August 31, 2011
(With Memorandum Totals for the Year Ended August 31, 2010)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>
Tuition				
State Funded Credit Courses				
In-District Resident Tuition	\$ 962,650	\$ -	\$ 962,650	\$ -
Out-of-District Resident Tuition	4,844,290	-	4,844,290	-
TPEG-credit (set aside)*	73,203	-	73,203	-
Non-Resident Tuition	438,598	-	438,598	-
State Funded Continuing Education	274,627	-	274,627	-
TPEG-non-credit (set aside)*	18,520	-	18,520	-
Non-State Funded Continuing Education	15,524	-	15,524	-
Total tuition	<u>6,627,412</u>	<u>-</u>	<u>6,627,412</u>	<u>-</u>
Fees				
Building use fee	-	-	-	565,824
General fees	114,450	-	114,450	-
Student service fee	-	-	-	188,674
Laboratory fee	198,413	-	198,413	-
Total fees	<u>312,863</u>	<u>-</u>	<u>312,863</u>	<u>754,498</u>
Scholarship allowances and discounts				
Scholarship allowances	(263,021)	(582,586)	(845,607)	(144,356)
Remissions and exemptions	(601,392)	-	(601,392)	-
TPEG allowances	-	(108,511)	(108,511)	-
Federal grants to students	-	(2,440,629)	(2,440,629)	-
Other state	-	(14,444)	(14,444)	-
Total scholarship allowances	<u>(864,413)</u>	<u>(3,146,170)</u>	<u>(4,010,583)</u>	<u>(144,356)</u>
Total net tuition and fees	<u>6,075,862</u>	<u>(3,146,170)</u>	<u>2,929,692</u>	<u>610,142</u>
Other operating revenues				
Federal grants and contracts	33,715	2,371,720	2,405,435	-
State grants and contracts	51,739	1,151,730	1,203,469	-
Local grants and contracts	-	31,254	31,254	-
Nongovernmental grants and contracts	90,200	1,488,954	1,579,154	750
Sales and services of educational activities	338,381	-	338,381	-
Investment income (program restricted)	-	1,335	1,335	-
Other operating revenues	543,483	10,680	554,163	560
Total other operating revenues	<u>1,057,518</u>	<u>5,055,673</u>	<u>6,113,191</u>	<u>1,310</u>
Auxiliary enterprises				
Intercollegiate athletics	-	-	-	63,687
Student services	-	-	-	-
Diagnostic center	-	-	-	20,760
Residential life, net of discounts of \$902,407 and \$843,005	-	-	-	196,783
Bookstore, net of discounts of \$63,850 and \$64,857**	-	-	-	142,623
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>423,853</u>
Total operating revenues (Exh. 2)	<u>\$ 7,133,380</u>	<u>\$ 1,909,503</u>	<u>\$ 9,042,883</u>	<u>\$ 1,035,305</u>

* In accordance with Education Code 56.033, \$91,723 and \$88,109 of tuition was set aside for Texas Public Education Grants (TPEG)

** The bookstore auxiliary operations are outsourced.

<u>2011</u>	<u>2010</u>
<u>Total</u>	<u>Total</u>
\$ 962,650	\$ 947,809
4,844,290	4,167,390
73,203	72,364
438,598	404,620
274,627	234,065
18,520	15,745
15,524	12,603
<u>6,627,412</u>	<u>5,854,596</u>
565,824	507,395
114,450	92,655
188,674	163,688
198,413	170,334
<u>1,067,361</u>	<u>934,072</u>
(989,963)	(924,111)
(601,392)	(490,923)
(108,511)	(71,294)
(2,440,629)	(1,827,455)
(14,444)	(102,934)
<u>(4,154,939)</u>	<u>(3,416,717)</u>
<u>3,539,834</u>	<u>3,371,951</u>
2,405,435	2,204,119
1,203,469	926,249
31,254	292,299
1,579,904	660,411
338,381	299,897
1,335	2,055
554,723	454,263
<u>6,114,501</u>	<u>4,839,293</u>
63,687	88,539
-	31,177
20,760	63,550
196,783	106,420
142,623	154,948
<u>423,853</u>	<u>444,634</u>
<u>\$ 10,078,188</u>	<u>\$ 8,655,878</u>
(Exhibit 2)	(Exhibit 2)

Howard County Junior College District
SCHEDULE OF OPERATING EXPENSES BY OBJECT
Schedule B
Year ended August 31, 2011
(With Memorandum Totals for the Year ended August 31, 2010)

	Operating Expenses			2011 Total	2010 Total	
	Salaries and Wages	Benefits State	Local			Other Expenses
Unrestricted - Educational Activities						
Instruction	\$ 8,548,699	\$ -	\$ 704,712	\$ 962,047	\$ 10,215,458	\$ 9,918,923
Academic support	807,875	-	68,916	281,324	1,158,115	1,351,090
Student services	1,420,876	-	121,342	486,417	2,028,635	1,868,262
Institutional support	2,709,130	-	730,149	1,859,306	5,298,585	5,076,696
Operation and maintenance of plant	806,033	-	240,674	2,409,901	3,456,608	4,075,730
Total Unrestricted - Educational Activities	<u>14,292,613</u>	<u>-</u>	<u>1,865,793</u>	<u>5,998,995</u>	<u>22,157,401</u>	<u>22,290,701</u>
Restricted - Educational Activities						
Instruction	189,462	1,168,173	16,106	660,646	2,034,387	2,122,675
Public service	546,191	16,190	85,100	472,351	1,119,832	753,444
Academic support	146,933	123,521	33,565	128,820	432,839	154,382
Student services	195,231	220,582	64,737	176,183	656,733	1,022,711
Institutional support	1,115	819,660	95	32,355	853,225	910,278
Operation and maintenance of plant	-	25,587	-	45,799	71,386	16,653
Scholarship and fellowships	-	-	-	5,018,877	5,018,877	3,818,885
Total Restricted - Educational Activities	<u>1,078,932</u>	<u>2,373,713</u>	<u>199,603</u>	<u>6,535,031</u>	<u>10,187,279</u>	<u>8,799,028</u>
Total Educational Activities	15,371,545	2,373,713	2,065,396	12,534,026	32,344,680	31,089,729
Auxiliary Enterprises	126,543	-	37,538	1,391,044	1,555,125	1,939,160
Depreciation Expense - Buildings and other real estate improvements	-	-	-	958,951	958,951	705,643
Depreciation Expense - Equipment and furniture	-	-	-	398,899	398,899	348,680
Total Operating Expenses	<u>\$15,498,088</u>	<u>\$2,373,713</u>	<u>\$2,102,934</u>	<u>\$ 15,282,920</u>	<u>\$35,257,655</u>	<u>\$34,083,212</u>
				(Exhibit 2)	(Exhibit 2)	

Howard County Junior College District
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
Schedule C
Year Ended August 31, 2011
(With Memorandum Totals for the Year Ended August 31, 2010)

	Unrestricted	Restricted	Auxiliary Enterprises	2011 Total	2010 Total
NON-OPERATING REVENUES					
State appropriations					
Education and general state support	\$11,109,988	\$ -	\$ -	\$ 11,109,988	\$ 11,136,949
State group insurance	-	1,571,300	-	1,571,300	1,629,993
State retirement matching	-	802,413	-	802,413	778,135
Professional nursing shortage reduction	-	13,052	-	13,052	30,883
Total state appropriations	11,109,988	2,386,765	-	13,496,753	13,575,960
Property taxes for operations	4,388,681	-	-	4,388,681	4,360,575
Property taxes for debt service	-	1,724,889	-	1,724,889	1,813,160
Payments in lieu of taxes	134,825	-	-	134,825	131,537
Federal revenue, non operating	-	7,291,166	-	7,291,166	5,595,263
Investment income (net of investment expenses)	16,493	-	-	16,493	45,765
Other non-operating revenue	358,360	22,850	23,623	404,833	357,670
Total non-operating revenues	16,008,347	11,425,670	23,623	27,457,640	25,879,930
NON-OPERATING EXPENSES					
Interest on capital related debt	(698,967)	-	-	(698,967)	(107,445)
Loss on disposal of fixed assets	(594)	-	-	(594)	(3,134)
Total non-operating expenses	(699,561)	-	-	(699,561)	(110,579)
Net non-operating revenues	<u>\$15,308,786</u>	<u>\$ 11,425,670</u>	<u>\$ 23,623</u>	<u>\$ 26,758,079</u> (Exhibit 2)	<u>\$ 25,769,351</u> (Exhibit 2)

Howard County Junior College District
SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
Schedule D
August 31, 2011
(With Memorandum Totals for August 31, 2010)

	Detail by Source				Capital Assets Net of Depreciation & Related Debt	Total
	Unrestricted	Restricted		Total		
		Expendable	Non- Expendable			
Current:						
Unrestricted	\$ 5,955,351	\$ -	\$ -	\$ -	\$ 5,955,351	
Restricted	-	2,143,806	-	-	2,143,806	
Auxiliary enterprises	1,838,564	-	-	-	1,838,564	
Endowment:						
True endowment	-	-	1,177,680	-	1,177,680	
Plant:						
Debt service	-	699,692	-	-	699,692	
Investment in plant	-	-	-	23,786,191	23,786,191	
Total Net Assets, August 31, 2011	\$ 7,793,915	\$ 2,843,498	\$ 1,177,680	\$ 23,786,191	\$35,601,284	(Exhibit 1)
Total Net Assets, August 31, 2010	7,747,798	2,370,405	1,181,178	21,844,188	33,143,569	(Exhibit 1)
Net Increase (Decrease) in Net Assets	\$ 46,117	\$ 473,093	\$ (3,498)	\$ 1,942,003	\$ 2,457,715	(Exhibit 2)

Available for
Current Operations

<u>Yes</u>	<u>No</u>
\$ 5,955,351	\$ -
2,143,806	-
1,838,564	-
-	1,177,680
-	699,692
-	<u>23,786,191</u>
\$ 9,937,721	\$ 25,663,563
<u>9,433,877</u>	<u>23,709,692</u>
<u>\$ 503,844</u>	<u>\$ 1,953,871</u>

Howard County Junior College District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Schedule E
For the Year Ended August 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
SEOG 10/11	84.007		\$ 53,249
Subtotal SEOG			<u>53,249</u>
Federal College Workstudy Program 10/11	84.033		58,583
Federal College Workstudy Program (100%) 10/11	84.033		2,147
Subtotal College Workstudy Program			<u>60,730</u>
PELL 09/10	84.063		390
PELL 10/11	84.063		7,161,506
PELL 11/12	84.063		4,816
Subtotal PELL			<u>7,166,712</u>
Direct Student Loans	84.268		3,402,877
Subtotal Direct Student Loans			<u>3,402,877</u>
Title V - READE 10/11	84.031S	P031S100004	440,095
Subtotal Title V - READE			<u>440,095</u>
Pass through from:			
Texas Education Agency			
Adult Basic Education 225 BS – 10/11	84.002	114100017110335	94,122
Adult Basic Education 231 BS – 10/11	84.002	114100017110335	188,876
Adult Basic Education 231 BS – 11/12	84.002	124100017110395	11,436
Adult Basic Education 225 BS – 11/12	84.002	124100017110395	14,317
Adult Basic Education Admin SA – 10/11	84.002	114100017110344	17,018
Adult Basic Education 225 SA – 10/11	84.002	114100017110344	66,426
Adult Basic Education 231 SA – 10/11	84.002	114100017110344	316,099
Adult Basic Education 231 SA – 11/12	84.002	124100017110416	6,223
Adult Basic Education 225 SA – 11/12	84.002	124100017110416	7,749
Adult Basic Education Admin SA – 11/12	84.002	124100017110416	2,245
Subtotal Texas Education Agency			<u>724,511</u>
University of Texas of the Permian Basin			
Title V – LEAD West Texas	84.031	P031S050035	41,029
Subtotal University of Texas of the Permian Basin			<u>41,029</u>
Texas Higher Education Coordinating Board			
Annual Perkins	84.048	114222	283,488
Leveraging Educational Assistance (LEAP) 10/11	84.069A		4,431
Special Leveraging Educational Assistance (SLEAP) 10/11	84.069B		6,043
Statewide Longitudinal Data Systems - HC	84.372	04548	2,000
Statewide Longitudinal Data Systems - SWCID	84.372	04548	2,000
HC Go Mobile 09/10	84.378	1160	19,958
HC Go Mobile 10/11	84.378	1160	10,000
Subtotal Texas Higher Education Coordinating Board			<u>327,920</u>
Midland College			
Permian Basin Tech Prep	84.243	111715	77,631
Subtotal Midland College			<u>77,631</u>

(continued)

Howard County Junior College District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Schedule E
For the Year Ended August 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Education – continued			
Concho Valley Tech Prep			
Concho Valley Tech Prep 10/11	84.243		17,495
Job Fair 10/11	84.243		2,000
Transcripts 10/11	84.243		3,000
Summer Scholars 2011	84.243		4,000
Summer Scholars 2011	84.378		4,000
Subtotal Concho Valley Tech Prep			<u>30,495</u>
Total U.S. Department of Education			<u>12,325,249</u>
U.S. Department of Agriculture			
Pass through from:			
Texas Health & Human Services Commission			
Child & Adult Care Food Program	10.558	TX-114-0006	<u>32,166</u>
Subtotal Texas Health & Human Services Commission			<u>32,166</u>
Total U.S. Department of Agriculture			<u>32,166</u>
U.S. Department of Defense			
Direct Programs:			
Army Tuition Assistance	12.000		724
Air Force Tuition Assistance	12.000		22,082
Military Spouse Career Advancement BS	12.000		1,253
Military Spouse Career Advancement SA	12.000		17,176
Total U.S. Department of Defense			<u>41,235</u>
U.S. Department of Labor			
WIA Cluster			
Pass through from:			
Workforce Solutions Permian Basin			
Workforce Investment Act - Other	17.000		1,305
Workforce Investment Act - Big Spring	17.258		12,883
Workforce Investment Act - San Angelo	17.258		27,101
Subtotal Workforce Solutions Permian Basin			<u>41,289</u>
Texas Workforce Commission			
ARRA - Renewable Energy	17.259	1210XSW000	<u>294,981</u>
Subtotal Texas Workforce Commission			<u>294,981</u>
Pass through from:			
Workforce Solutions Permian Basin			
ARRA - Propelling Green Career Pathways	17.275		<u>73,885</u>
Total U.S. Department of Labor			<u>410,155</u>
National Science Foundation			
Pass through from:			
University of Texas of El Paso			
Alliance for Minority Participation Phase IV, Year 2	47.076	HRD-0703584	157
Alliance for Minority Participation Phase IV, Year 3	47.076	HRD-0703584	9,186
Total National Science Foundation			<u>9,343</u>

(continued)

Howard County Junior College District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Schedule E
For the Year Ended August 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Veterans Affairs			
Direct Programs:			
Vocational Rehab for Disabled Veterans BS	64.116		5,241
Vocational Rehab for Disabled Veterans SA	64.116		956
Post 9/11 Veterans Education Assistance BS	64.130		33,847
Post 9/11 Veterans Education Assistance SA	64.130		<u>106,428</u>
Total U.S. Department of Veterans Affairs			<u>146,472</u>
U.S. Department of Health and Human Services			
Pass through from:			
Texas Education Agency			
TANF – BS 10/11	93.558	113625017110314	10,792
TANF – SA 10/11	93.558	113625017110322	<u>44,308</u>
Subtotal Texas Education Agency			55,100
Greater Opportunities of the Permian Basin			
Headstart Tuition Assistance	93.600		7,859
Headstart 10/11	93.600		<u>106,898</u>
Subtotal Greater Opportunities of the Permian Basin			114,757
West Texas Opportunities, Inc.			
Community Services Block Grant	93.667		<u>1,781</u>
Subtotal West Texas Opportunities, Inc.			<u>1,781</u>
Total U.S. Department of Health and Human Services			<u>171,638</u>
Corporation for National & Community Service			
Direct Programs:			
AmeriCorps	94.006		<u>3,208</u>
Total Corporation for National & Community Service			<u>3,208</u>
Total Federal Financial Assistance			<u>\$ 13,139,466</u>

The accompanying notes are an integral part of this schedule.

(continued)

Howard County Junior College District
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
 Schedule E
 For the Year Ended August 31, 2011

Note 1: Financial assistance reconciliation

Federal revenues per Schedule A:	
Federal grants and contracts	\$ 2,405,435
Add: Funds passed through by the District	42,933
Add: Non-operating federal revenue from Schedule C	7,291,166
Less: Federal assistance classified as vendors	(2,945)
Add: Direct student loans	<u>3,402,877</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 13,139,466</u>

Note 2: Significant accounting policies used in preparing the schedule

The expenditures included in the schedule are reported for the District’s fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from the 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 issued by various entities in the preparation of the schedule.

Note 3. Expenditures not subject to federal single audit

All federal expenditures reported in the financial statements are subject to a federal single audit.

Note 4. Nonmonetary federal assistance received

The District did not receive any nonmonetary federal assistance during the fiscal year.

Note 5. Amounts passed through by Howard County Junior College District

The following amounts were passed-through to the listed subrecipients by the District.

These amounts were from the Permian Basin Tech Prep 10/11 Program, CFDA No. 84.243, from the U.S. Department of Education through the Permian Basin Tech Prep.

Big Spring Independent School District	\$ 2,963
Borden County Independent School District	5,000
Coahoma Independent School District	5,000
Forsan Independent School District	5,000
Glasscock County Independent School District	5,000
Klondike Independent School District	5,000
Lamesa Independent School District	5,000
Sands Consolidated Independent School District	4,970
Stanton Independent School District	<u>5,000</u>
Total amount passed-through Permian Basin Tech Prep 10/11	<u>42,933</u>
Total amount passed through	<u>\$ 42,933</u>

Howard County Junior College District
SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS
Schedule F
For the Year Ended August 31, 2011

State Grantor/Program Title	Contract/ Award Number	Expenditures
Texas Education Agency		
TxVSN 09/10 (Spring 2010)		\$ 2,154
TxVSN 09/10 (Summer II 2010)		3,600
TxVSN 10/11 (Fall 2010)		24,800
TxVSN 10/11 (Spring 2011)		19,903
Adult Basic Education BS 09/10	100100017110279	38,959
Adult Basic Education SA 09/10	100100017110318	81,122
Adult Basic Education BS 10/11	110100017110335	75,123
Adult Basic Education SA 10/11	110100017110344	133,505
Total Texas Education Agency		<u>379,166</u>
Texas Higher Education Coordinating Board		
Toward EXcellence, Access and Success (TEXAS) Grant - Initial 10/11		78,502
Toward EXcellence, Access and Success (TEXAS) Grant - Returning 10/11		17,800
Total TEXAS Grant		<u>96,302</u>
Texas Education Opportunity Grant – Returning 08/09		(865)
Texas Education Opportunity Grant – Initial 10/11		41,577
Texas Education Opportunity Grant – Returning 10/11		10,680
Total TEOG		<u>51,392</u>
P-16 + College Readiness 10/11		19,100
Professional Nursing Shortage 09/10		13,052
At-Risk Student Tracking & Intervention Project 11/12	05668	5,595
Texas Tomorrow Fund		29,564
Texas College Work Study Program 10/11		25,504
Education Aide Exemptions		20,006
Early High School Graduates		10,640
Dramatic Enrollment Growth		20,589
Total Texas Higher Education Coordinating Board		<u>291,744</u>
Department of Assistive and Rehabilitative Services		
DARS – Howard College BS		3,275
DARS – Howard College SA		33,503
DARS – SWCID		53,550
Total Department of Assistive and Rehabilitative Services		<u>90,328</u>
Texas Workforce Commission		
Skills Development – Martifer Energy	1209SDF000	391,064
Total Texas Workforce Commission		<u>391,064</u>
Comptroller of Public Accounts		
Jobs and Education for Texans (JETS) 09/10		9,504
Jobs and Education for Texans (JETS) 10/11		18,309
Total Comptroller of Public Accounts		<u>27,813</u>
Total State of Texas Financial Assistance		<u>\$ 1,180,115</u>

The accompanying notes are an integral part of this schedule.

(continued)

Howard County Junior College District
 SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS - CONTINUED
 Schedule F
 For the Year Ended August 31, 2011

Note 1. State Assistance Reconciliation

State Revenues – Per Schedule A:	
State of Texas Financial Assistance	
Per Schedule of Expenditures of State of Texas Awards	\$ 1,180,115
State Financial Assistance	
State exemptions revenue included in “Net Tuition and Fees”	
in Schedule A	
Education Aide Exemptions	(20,006)
Early High School Graduates	(10,640)
State appropriated funds not included in Schedule A	
Dramatic Enrollment Growth	(20,589)
Professional Nursing Shortage Reduction 09/10	(13,052)
State aid from other states not included as State of Texas	
financial assistance	
Vocational Rehabilitation	<u>87,641</u>
Total State Grants and Contracts Revenues per Schedule A	<u>\$ 1,203,469</u>

Note 2.

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

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

The Board of Trustees
Howard County Junior College District
Big Spring, Texas

We have audited the financial statements of Howard County Junior College District (the District) as of and for the year ended August 31, 2011, and have issued our report thereon dated December 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

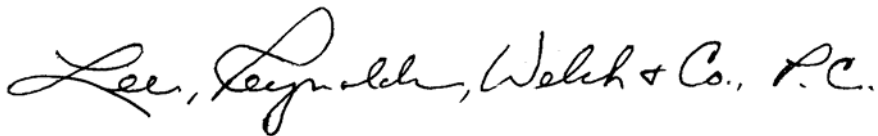
Compliance and Other Matters

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

Public Funds Investment Act

We have performed tests designed to verify the District's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2011, no instances of noncompliance were found.

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

A handwritten signature in cursive script that reads "Lee, Reynolds, Welch & Co., P.C." The signature is written in black ink and is positioned above the typed name and date.

Big Spring, Texas
December 28, 2011

INDEPENDENT AUDITORS' 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 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

The Board of Trustees
Howard County Junior College District
Big Spring, Texas

Compliance

We have audited the compliance of Howard County Junior College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs and the requirements in the grant documents that could have a direct and material effect on the District's major State of Texas program for the year ended August 31, 2011. The District's major federal and State of Texas programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and State of Texas programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State of Texas Single Audit Circular. Those standards, OMB Circular A-133, and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or State of Texas program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and State of Texas programs for the year ended August 31, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular and which are described in the accompanying schedule of findings and questioned costs as items 11-1 and 11-2.

Internal Control Over Compliance

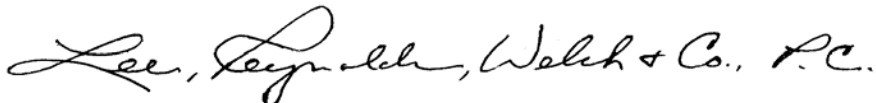
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and State of Texas programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or State of Texas program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 11-1 and 11-2. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Big Spring, Texas
December 28, 2011

Howard County Junior College District
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended August 31, 2011

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? __ yes X no
- Significant 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 and State of Texas Awards

Internal control over major programs

- Material weakness(es) identified? __ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? X yes __ 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? X yes __ no

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
84.033, 84.268, 84.007, 84.063	U.S. Department of Education, Student Financial Aid Programs
17.258, 17.259	U.S. Department of Labor, WIA Cluster

Identification of major State of Texas programs:

<u>Contract Number</u>	<u>Name of State of Texas Program</u>
1209SDF000	Skills Development – Martifer Energy

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

Howard County Junior College District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
For the Year Ended August 31, 2011

Section I – Summary of Auditors’ Results - Continued

Auditee qualified as low-risk auditee for federal awards? ___ yes X no
Auditee qualified as low-risk auditee for State of Texas awards? X yes ___ no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal and State of Texas Award Findings and Questioned Costs

Finding 11-1 – U. S. Department of Education, Student Financial Aid Programs, CFDA #84.033, 84.268, 84.007, 84.063

Criteria: There are numerous reporting requirements for Student Financial Aid Programs. Such provisions include:

- Pell, CFDA # 84.063 - Under 34 CFR 690.83, institutions must report student payment data within 30 calendar days after the school makes a payment; or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Key items reported include the actual disbursement date and disbursement amount. The actual disbursement date is defined as the date the money was credited to the student’s account at the school or the date the funds were otherwise made available to the student.
- Direct Loans, CFDA #84.268 - Under 34 CFR 685.309, a school must notify NSLDS within 30 days, or include in the school’s next Roster File within 60 days, changes in a student’s status as a result of a student’s not enrolling or ceasing to be enrolled on at least a half-time basis.

Condition and context: The following summarizes the results of compliance testing performed for the requirements mentioned above:

- Pell, CFDA #84.063 – The disbursement date reported to COD was a date selected at the beginning of the semester versus the actual disbursement date of funds. The fall enrollment date was reported as August 16th versus the beginning of the fall term of August 25th.
- Direct Loans, CFDA #84.268 – Seven graduates and three withdrawal students from the 10/11 school year were tested for timely status change reporting to NSLDS. Two of the status changes reported had not been reported timely to NSLDS.

Howard County Junior College District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
For the Year Ended August 31, 2011

Section III – Federal and State of Texas Award Findings and Questioned Costs - Continued

Finding 11-1 – U. S. Department of Education, Student Financial Aid Programs, CFDA #84.033, 84.268, 84.007, 84.063 - Continued

Questioned costs: None.

Cause: The District does not have adequate internal controls over the reporting function.

Effect: The District is not in compliance with the various reporting regulations for the Student Financial Aid Programs.

Recommendation: We recommend the District review and implement improved procedures and internal controls for reporting student financial aid information and reconciling according to established student financial aid program guidelines. Internal controls should contain a system for monitoring information reported to ensure corrections, if needed, can be executed within the reporting timelines.

Views of responsible officials and planned corrective action:

Agree.

Pell, CFDA #84.063: The issue that we are experiencing is as follows: The disbursement date reported to COD is the date of the initial disbursement which is applied no more than ten days before the first class day. The college only credits enough funds to cover the initial cost of tuition and fees. Since the full award is not applied at initial disbursement, subsequent disbursements are required. As additional disbursements and/or adjustments are applied to student's accounts the subsequent disbursements must be reported via batch. The date of the batch may not always coincide with actual date of disbursement. This situation is common within the Community College sector. We have discussed this matter with our software provider. Their suggestion to correct this problem would entail the development of a new program for the software system. We will continue to look for other ways to correct this issue.

The fall enrollment date of August 16 was an oversight. August 29th should have been reported as the beginning date of the fall semester. The Pell Coordinator will be cautious of the date that is reported to ensure correctness.

Direct Loans, CFDA #84.268: The staff understands the importance of reporting requirements and will make every effort to be in compliance with all reporting requirements. The Director has recently submitted a proposal for additional staff to assist in this area. Since 2005 the number of students receiving financial aid at Howard College has increased by 49%. With the approval and addition of additional staff we will be more able to meet reporting requirements.

Contact: Rebecca Villanueva

Implementation date: Winter 2012

Howard County Junior College District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
For the Year Ended August 31, 2011

Section III – Federal and State of Texas Award Findings and Questioned Costs - Continued

Finding 11-2 – State of Texas, Texas Workforce Commission, Skills Development – Martifer Energy, Contract/Award Number 1209SDF000

Criteria: OMB Circular A-21, *Cost Principles for Educational Institutions*, sets forth the requirements for documentation of compensation for personal services charged to grants. This circular is cited in the grant document as being applicable to expenditures under the grant.

Condition and context: The District claimed administrative expenses consisting of salaries of employees who worked on the grant of \$51,739. The District had not maintained documentation that complied with the requirements of OMB Circular A-21 to support the administrative expenses.

Questioned costs: The known questioned costs total \$51,739 which is the entire amount of the administrative costs claimed.

Cause: The District was not aware that the documentation requirements for administrative costs are the same as for all other direct costs of grants.

Effect: The District did not have documentation to support the administrative costs claimed that was in compliance with the cost circular.

Recommendation: We recommend that the District adopt consistent policies throughout the organization to record time spent by all its employees working on grants in accordance with the cost circular.

Views of responsible officials and planned corrective action: Agree. The College will develop a time reporting system for employees working with grants to comply with OMB Circular A-21.

Contact: Steve Smith

Implementation date: January 2012

Howard County Junior College District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2011

Federal Award Findings and Questioned Costs

Finding 10-1 – U. S. Department of Education, Student Financial Aid Programs, CFDA #84.033, 84.268, 84.007, 84.063, 84.375

- Condition and context: The following summarizes the results of compliance testing performed:
- Pell, CFDA #84.063 – Of the 100 Pell disbursements applied to the 24 student accounts tested, 16 were not reported within 30 days. In addition, the disbursement date reported to COD was the date of the submission to COD versus the actual disbursement date of funds on all of the disbursements reported.
- Status: See current year finding 11-1.
- Condition and context:
 - Direct Loans, CFDA #84.268 – Seven graduates and three withdrawal students from the 09/10 school year were tested for timely status change reporting to NSLDS. One of the status changes reported had not been reported timely to NSLDS.
- Status: See current year finding 11-1.
- Condition and context:
 - Direct Loans, CFDA #84.268 – Of the 6 first-time borrowers tested, one disbursement was disbursed on day 29, which is before the 30-day requirement.
- Status: Corrected.
- Condition and context:
 - Direct Loans, CFDA #84.268 – The institution performed monthly reconciliations between the student financial aid data and Direct Loan data and reconciled student financial aid data to financial records prior to each drawdown. However, the institution did not reconcile to the School Account Statement data file, as required. Of the 47 Direct Loan disbursements applied to the 21 student accounts tested, 2 were not reported within 30 days.
- Status: Corrected.
- Condition and context:
 - Direct Loans, CFDA #84.268 – Of the 51 Direct Loan disbursement dates tested on the Actual Disbursement Roster, five were reported one day earlier than actual disbursement, one was reported 1 day later, one was reported 4 days earlier, and one was a combined reporting of 2 disbursements, which would have been 13 days later and 1 day earlier.
- Status: Corrected.

Howard County Junior College District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED
For the Year Ended August 31, 2011

Federal Award Findings and Questioned Costs - Continued

Finding 10-2 – U. S. Department of Education, Title V, CFDA #84.031

Condition and context: Three payroll disbursements of the twenty that were tested were to employees who completed time and effort reports. The time and effort reports correctly reported that all the employees' time was spent on the Title V grant program. The Title V grant is structured so that payroll expenses are eventually paid by the District rather than being paid with Title V grant funds. This transition is accomplished by allocating percentages of the employees' payroll expenses between the District and the Title V grant funds based on the grant budget. The payroll expenses charged to the grant were correct based on the grant budget. However, the time and effort reports did not reflect the percentage allocation of payroll expenses between the District and the Title V grant.

Status: See current year finding 11-2.

Finding 10-3 – U. S. Department of Labor, WIA Cluster, CFDA #17.258, 17.259, 17.260

Condition and context: During our testing of a sample of grant recipients, the District discovered that the former grant manager had not been retaining eligibility documents. The District then began obtaining the required documentation from the recipients. After reasonable attempts to obtain documentation was performed, we tested eligibility documentation for all 81 people who received benefits under the grant. 21 of the 81 people did not have all of the eligibility documentation. Also, 15 of the 81 people did not have signed award letters or signed terms and conditions letters that are used as an internal control authorizing the disbursement to the individual. The eligibility requirement is applicable to 18% of the total grant expenditures.

Status: Corrected.

STATISTICAL SUPPLEMENT

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Howard County Junior College District
Statistical Supplement 1
Net Assets by Component
Last Ten Fiscal Years
(unaudited)

	August 31, (amounts expressed in thousands)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003 (1)	2002 (1)
Invested in capital assets, net of related debt	\$ 23,786	\$ 21,844	\$ 20,408	\$ 18,205	\$ 16,213	\$ 16,335	\$ 13,784	\$ 12,908	\$ 12,960	\$ 12,622
Restricted - expendable	2,843	2,370	2,401	2,370	854	621	1,982	1,907	2,214	2,496
Restricted - nonexpendable	1,178	1,181	1,181	1,181	1,190	1,185	1,182	1,188	1,143	1,140
Unrestricted	7,794	7,748	8,716	9,115	8,567	8,307	8,074	7,652	6,973	6,323
Total primary government net assets	\$ 35,601	\$ 33,143	\$ 32,706	\$ 30,871	\$ 26,824	\$ 26,448	\$ 25,022	\$ 23,655	\$ 23,290	\$ 22,581

(1) In 2006, the College changed the useful life for library books and the net assets for August 31, 2003 and 2002 have not been restated for that change.

Howard County Junior College District
Statistical Supplement 2
Revenues by Source
Last Ten Fiscal Years
(unaudited)

	For the Years Ended August 31, (amounts expressed in thousands)						
	2011	2010	2009	2008	2007	2006	2005
Tuition and Fees (Net of Discounts)	\$ 3,540	\$ 3,372	\$ 3,209	\$ 2,734	\$ 2,659	\$ 2,468	\$ 2,402
Governmental Grants and Contracts							
Federal Grants and Contracts	2,405	2,204	1,755	1,736	1,895	4,401	4,555
State Grants and Contracts	1,204	926	923	697	487	583	712
Local Grants and Contracts	31	292	91	20	-	10	10
Non-Governmental Grants and Contracts	1,580	660	672	690	503	428	523
Sales and services of educational activities	338	300	259	297	297	273	268
Auxiliary enterprises	424	445	455	508	366	514	599
Other Operating Revenues	556	456	318	139	187	169	153
Total Operating Revenues	10,078	8,655	7,682	6,821	6,394	8,846	9,222
State Appropriations	13,497	13,576	13,202	14,071	12,939	12,788	11,607
Property taxes for operations	4,389	4,361	3,833	3,979	3,655	3,416	3,182
Property taxes for debt service	1,725	1,813	1,860	1,489	-	-	-
Payments in lieu of taxes	135	131	-	-	-	-	-
Federal revenue, non-operating	7,291	5,595	3,301	2,902	2,576	-	-
Investment income	16	46	392	1,207	569	499	292
Other non-operating revenues	405	358	338	284	203	360	197
Total Non-Operating Revenues	27,458	25,880	22,926	23,932	19,942	17,063	15,278
Total Revenues	\$ 37,536	\$ 34,535	\$ 30,608	\$ 30,753	\$ 26,336	\$ 25,909	\$ 24,500

	For the Years Ended August 31,						
	2011	2010	2009	2008	2007	2006	2005
Tuition and fees (net of discounts)	9.43%	9.76%	10.48%	8.89%	10.10%	9.53%	9.80%
Governmental grants and contracts							
Federal grants and contracts	6.41%	6.38%	5.73%	5.64%	7.20%	16.99%	18.59%
State grants and contracts	3.21%	2.68%	3.02%	2.27%	1.84%	2.25%	2.92%
Local grants and contracts	0.08%	0.85%	0.30%	0.07%	0.00%	0.04%	0.04%
Non-governmental grants and contracts	4.21%	1.91%	2.20%	2.24%	1.91%	1.65%	2.13%
Sales and services of educational activities	0.90%	0.87%	0.84%	0.97%	1.13%	1.05%	1.10%
Auxiliary enterprises	1.13%	1.29%	1.49%	1.65%	1.39%	1.98%	2.44%
Other operating revenues	1.48%	1.32%	1.04%	0.45%	0.71%	0.65%	0.62%
Total Operating Revenues	26.85%	25.06%	25.10%	22.18%	24.28%	34.14%	37.64%
State appropriations	35.96%	39.31%	43.13%	45.76%	49.13%	49.36%	47.38%
Property taxes for operations	11.69%	12.63%	12.52%	12.94%	13.88%	13.18%	12.99%
Property taxes for debt service	4.60%	5.25%	6.08%	4.84%	0.00%	0.00%	0.00%
Payments in lieu of taxes	0.36%	0.38%	0.00%	0.00%	0.00%	0.00%	0.00%
Federal revenue, non-operating	19.42%	16.20%	10.78%	9.44%	9.78%	0.00%	0.00%
Investment income	0.04%	0.13%	1.28%	3.92%	2.16%	1.93%	1.19%
Other non-operating revenues	1.08%	1.04%	1.11%	0.92%	0.77%	1.39%	0.80%
Total Non-Operating Revenues	73.15%	74.94%	74.90%	77.82%	75.72%	65.86%	62.36%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: Due to definition changes prescribed by GASB as question/answer 7.72.10 in the Implementation Guide, revenue received for federal Title IV grant programs are characterized as non-operating revenue as opposed to operating revenue for years after 2006.

2004	2003	2002
\$ 2,417	\$ 2,037	\$ 1,702
4,852	4,969	4,601
991	885	1,040
-	-	-
552	440	400
240	232	207
575	692	601
106	144	131
9,733	9,399	8,682
11,568	11,789	12,336
3,093	3,127	3,063
-	-	-
-	-	-
-	-	-
150	279	246
234	131	156
15,045	15,326	15,801
\$ 24,778	\$ 24,725	\$ 24,483

2004	2003	2002
9.75%	8.24%	6.95%
19.58%	20.10%	18.79%
4.00%	3.58%	4.25%
0.00%	0.00%	0.00%
2.23%	1.78%	1.63%
0.97%	0.93%	0.85%
2.32%	2.80%	2.45%
0.43%	0.58%	0.54%
39.28%	38.01%	35.46%
46.69%	47.68%	50.39%
12.48%	12.65%	12.51%
0.00%	0.00%	0.00%
0.00%	0.00%	0.00%
0.00%	0.00%	0.00%
0.61%	1.13%	1.00%
0.94%	0.53%	0.64%
60.72%	61.99%	64.54%
100.00%	100.00%	100.00%

Howard County Junior College District
Statistical Supplement 3
Program Expenses by Function
Last Ten Fiscal Years
(unaudited)

	For the Years Ended August 31, (amounts expressed in thousands)						
	2011	2010	2009	2008	2007	2006	2005
Instruction	\$ 12,250	\$ 12,042	\$ 10,757	\$ 10,076	\$ 9,889	\$ 9,683	\$ 9,635
Research	-	-	-	-	-	-	-
Public service	1,120	753	775	843	842	939	920
Academic support	1,591	1,506	1,520	1,458	1,457	1,332	908
Student services	2,685	2,891	2,709	2,669	2,775	2,465	2,208
Institutional support	6,152	5,987	4,242	4,332	4,159	4,064	3,673
Operation and maintenance of plant	3,528	4,092	3,714	3,131	2,689	3,088	2,596
Scholarships and fellowships	5,019	3,819	2,312	1,893	1,653	1,811	2,083
Auxiliary enterprises	1,555	1,939	1,748	1,648	1,653	1,611	1,457
Depreciation	1,358	1,054	939	858	795	809	797
Total Operating Expenses	35,258	34,083	28,716	26,908	25,912	25,802	24,277
Interest on capital related debt	699	107	176	980	40	64	44
Loss on disposal of fixed assets	1	3	11	-	7	16	-
Total Non-Operating Expenses	700	110	187	980	47	80	44
Total Expenses	\$ 35,958	\$ 34,193	\$ 28,903	\$ 27,888	\$ 25,959	\$ 25,882	\$ 24,321

	For the Years Ended August 31,						
	2011	2010	2009	2008	2007	2006	2005
Instruction	34.07%	35.22%	37.22%	36.13%	38.10%	37.41%	39.62%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	3.11%	2.20%	2.68%	3.02%	3.24%	3.63%	3.78%
Academic support	4.43%	4.41%	5.26%	5.23%	5.61%	5.15%	3.73%
Student services	7.47%	8.45%	9.37%	9.57%	10.69%	9.52%	9.08%
Institutional support	17.11%	17.51%	14.67%	15.53%	16.02%	15.70%	15.10%
Operation and maintenance of plant	9.81%	11.97%	12.85%	11.23%	10.36%	11.93%	10.68%
Scholarships and fellowships	13.96%	11.17%	8.00%	6.79%	6.37%	7.00%	8.56%
Auxiliary enterprises	4.32%	5.67%	6.05%	5.91%	6.37%	6.22%	5.99%
Depreciation	3.78%	3.08%	3.25%	3.08%	3.06%	3.13%	3.28%
Total Operating Expenses	98.06%	99.68%	99.35%	96.49%	99.82%	99.69%	99.82%
Interest on capital related debt	1.94%	0.31%	0.61%	3.51%	0.15%	0.25%	0.18%
Loss on disposal of fixed assets	0.00%	0.01%	0.04%	0.00%	0.03%	0.06%	0.00%
Total Non-Operating Expenses	1.94%	0.32%	0.65%	3.51%	0.18%	0.31%	0.18%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2004	2003	2002
\$ 10,262	\$ 10,587	\$ 10,320
-	9	2
-	-	-
1,121	1,117	1,019
1,965	2,189	2,052
3,853	3,488	3,414
2,287	2,206	2,319
2,122	2,095	2,054
1,405	1,613	1,733
751	664	543
23,766	23,968	23,456
85	111	111
16	-	-
101	111	111
\$ 23,867	\$ 24,079	\$ 23,567

2004	2003	2002
43.00%	43.97%	43.79%
0.00%	0.04%	0.01%
0.00%	0.00%	0.00%
4.70%	4.64%	4.32%
8.23%	9.09%	8.71%
16.14%	14.49%	14.49%
9.57%	9.15%	9.84%
8.89%	8.70%	8.72%
5.89%	6.70%	7.35%
3.15%	2.76%	2.30%
99.57%	99.54%	99.53%
0.36%	0.46%	0.47%
0.07%	0.00%	0.00%
0.43%	0.46%	0.47%
100.00%	100.00%	100.00%

Howard County Junior College District
Big Spring Campus
Statistical Supplement 4-A
Tuition and Fees
Last Ten Academic Years
(unaudited)

Resident-Big Spring Fees per Semester Credit Hour (SCH)									
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Academic Year (Fall)	Base In-District Tuition	Base Out-of-District Tuition	In-District Tuition	Out-of-District Tuition	Out-of-District Fees (per hr)	Technology Fees (per hr)	Student Activity Fees	Building Use Fees	General Service Fees
2010	150	180	40	52	-	-	36	70	-
2009	150	180	40	52	-	-	36	70	-
2008	150	180	40	52	-	-	36	70	-
2007	150	180	38	50	-	-	36	20	-
2006	150	180	38	50	-	-	36	20	-
2005	150	180	30	40	-	-	36	20	-
2004	150	180	30	40	-	-	36	20	-
2003	-	10	23	23	9	5	36	65	25
2002	-	10	23	23	9	5	36	65	25
2001	-	10	23	23	9	5	36	25	25

Non-Resident-Big Spring Fees per Semester Credit Hour (SCH)									
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Academic Year (Fall)	Base Non-Resident Out-of-State Tuition	Base Non-Resident International Tuition	Non-Resident Tuition of-State	Non-Resident International Tuition	Technology Fees (per hr)	Student Activity Fees	Building Use Fees	General Service Fees	Health Services Fee
2010	200	200	74	74	-	36	70	-	-
2009	200	200	74	74	-	36	70	-	-
2008	200	200	74	74	-	36	70	-	-
2007	200	200	72	72	-	36	20	-	-
2006	200	200	72	72	-	36	20	-	-
2005	200	200	60	60	-	36	20	-	-
2004	200	200	60	60	-	36	20	-	-
2003	200	200	60	60	-	36	20	-	-
2002	200	200	23	23	5	36	65	25	-
2001	200	200	23	23	5	36	25	25	25

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

Health Services 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
-	736	910	0.00%	0.00%
-	736	910	0.00%	0.00%
-	736	910	11.18%	8.85%
-	662	836	0.00%	0.00%
-	662	836	16.96%	16.76%
-	566	716	0.00%	0.00%
-	566	716	22.51%	23.45%
-	462	580	-5.13%	-4.13%
25	487	605	8.95%	7.08%
25	447	565	0.00%	0.00%

Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
1,194	1,194	0.00%	0.00%
1,194	1,194	0.00%	0.00%
1,194	1,194	6.61%	6.61%
1,120	1,120	0.00%	0.00%
1,120	1,120	14.75%	14.75%
976	976	0.00%	0.00%
976	976	0.00%	0.00%
976	976	47.43%	47.43%
662	662	2.32%	2.32%
647	647	0.00%	0.00%

Howard County Junior College District
San Angelo Campus
Statistical Supplement 4-B
Tuition and Fees
Last Ten Academic Years
(unaudited)

Resident - San Angelo									
Fees per Semester Credit Hour (SCH)									

Academic Year (Fall)	Base In-District Tuition	Base Out-of-District Tuition	In-District Tuition	Out-of-District Tuition	Out-of-District Fees (per hr)	Technology Fees (per hr)	Student Activity Fees	Building Use Fees	General Service Fees
2010	150	180	40	52	-	-	36	70	-
2009	150	180	40	52	-	-	36	70	-
2008	150	180	40	52	-	-	36	70	-
2007	150	180	38	50	-	-	36	20	-
2006	150	180	38	50	-	-	36	20	-
2005	150	180	30	40	-	-	36	50	-
2004	150	180	30	40	-	-	36	50	-
2003	-	10	23	23	9	5	36	145	25
2002	-	10	23	23	9	5	36	145	25
2001	-	10	23	23	9	5	36	105	25

Non-Resident San Angelo									
Fees per Semester Credit Hour (SCH)									

Academic Year (Fall)	Base Non-Resident Out-of-State Tuition	Base Non-Resident International Tuition	Non-Resident Tuition Out-of-State	Non-Resident International Tuition	Technology Fees (per hr)	Student Activity Fees	Building Use Fees	General Service Fees	Cost for 12 SCH Out-of-State
2010	200	200	74	74	-	36	70	-	1,194
2009	200	200	74	74	-	36	70	-	1,194
2008	200	200	74	74	-	36	70	-	1,194
2007	200	200	72	72	-	36	20	-	1,120
2006	200	200	72	72	-	36	20	-	1,120
2005	200	200	60	60	-	36	50	-	1,006
2004	200	200	60	60	-	36	50	-	1,006
2003	200	200	60	60	-	36	50	-	1,006
2002	200	200	23	23	5	36	145	25	742
2001	200	200	23	23	5	36	105	25	702

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

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
736	910	0.00%	0.00%
736	910	0.00%	0.00%
736	910	11.18%	8.85%
662	836	0.00%	0.00%
662	836	11.07%	12.06%
596	746	0.00%	0.00%
596	746	9.96%	13.03%
542	660	0.00%	0.00%
542	660	7.97%	6.45%
502	620	0.00%	0.00%

Cost for 12 SCH International	Increase from Prior Year Out-of- State	Increase from Prior Year International
1,194	0.00%	0.00%
1,194	0.00%	0.00%
1,194	6.61%	6.61%
1,120	0.00%	0.00%
1,120	11.33%	11.33%
1,006	0.00%	0.00%
1,006	0.00%	0.00%
1,006	35.58%	35.58%
742	5.70%	5.70%
702	0.00%	0.00%

Howard County Junior College District
Lamesa Campus
Statistical Supplement 4-C
Tuition and Fees
Last Ten Academic Years
(unaudited)

Resident-Lamesa Fees per Semester Credit Hour (SCH)
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Academic Year (Fall)	Base In-District Tuition	Base Out-of-District Tuition	In-District Tuition	Out-of-District Tuition	Out-of-District Fees (per hr)	Technology Fees (per hr)	Student Activity Fees	Building Use Fees
2010	150	180	40	52	-	-	36	70
2009	150	180	40	52	-	-	36	70
2008	150	180	40	52	-	-	36	70
2007	150	180	38	50	-	-	36	20
2006	150	180	38	50	-	-	36	20
2005	150	180	30	40	-	-	36	20
2004	150	180	30	40	-	-	36	20
2003	-	10	23	23	9	5	36	65
2002	-	10	23	23	9	5	36	65
2001	-	10	23	23	9	5	36	25

Non-Resident-Lamesa Fees per Semester Credit Hour (SCH)
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Academic Year (Fall)	Base Non-Resident Out-of-State Tuition	Base Non-Resident International Tuition	Non-Resident Tuition Out-of-State	Non-Resident International Tuition	Technology Fees (per hr)	Student Activity Fees	Building Use Fees	General Service Fees
2010	200	200	74	74	-	36	70	-
2009	200	200	74	74	-	36	70	-
2008	200	200	74	74	-	36	70	-
2007	200	200	72	72	-	36	20	-
2006	200	200	72	72	-	36	20	-
2005	200	200	60	60	-	36	20	-
2004	200	200	60	60	-	36	20	-
2003	200	200	60	60	-	36	20	-
2002	200	200	23	23	5	36	65	25
2001	200	200	23	23	5	36	25	25

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

General Service Fees	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
-	736	910	0.00%	0.00%
-	736	910	0.00%	0.00%
-	736	910	11.18%	8.85%
-	662	836	0.00%	0.00%
-	662	836	16.96%	16.76%
-	566	716	0.00%	0.00%
-	566	716	22.51%	23.45%
25	462	580	0.00%	0.00%
25	462	580	9.48%	7.41%
25	422	540	0.00%	0.00%

Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
1,194	1,194	0.00%	0.00%
1,194	1,194	0.00%	0.00%
1,194	1,194	6.61%	6.61%
1,120	1,120	0.00%	0.00%
1,120	1,120	14.75%	14.75%
976	976	0.00%	0.00%
976	976	0.00%	0.00%
976	976	47.43%	47.43%
662	662	6.43%	6.43%
622	622	0.00%	0.00%

Howard County Junior College District
SWCID Campus
Statistical Supplement 4-D
Tuition and Fees
Last Ten Academic Years
(unaudited)

Resident-SWCID									
Fees per Semester Credit Hour (SCH)									

Academic Year (Fall)	Base In-District Tuition	Base Out-of-District Tuition	In-District Tuition	Out-of-District Tuition	Out-of-District Fees (per hr)	Technology Fees (per hr)	Student Activity Fees	Building Use Fees	General Service Fees
2010	150	180	40	52	-	-	36	70	-
2009	150	180	40	52	-	-	36	70	-
2008	150	180	40	52	-	-	36	70	-
2007	150	180	38	50	-	-	36	20	-
2006	150	180	38	50	-	-	36	20	-
2005	150	180	30	40	-	-	36	20	-
2004	150	180	30	40	-	-	36	20	-
2003	-	10	23	23	9	5	36	65	25
2002	-	10	23	23	9	5	36	65	25
2001	-	10	23	23	9	5	36	25	25

Non-Resident-SWCID									
Fees per Semester Credit Hour (SCH)									

Academic Year (Fall)	Base Non-Resident Out-of-State Tuition	Base Non-Resident International Tuition	Non-Resident Tuition Out-of-State	Non-Resident International Tuition	Technology Fees (per hr)	Student Activity Fees	Building Use Fees	General Service Fees	Health Services Fee
2010	-	-	360	360	-	36	70	-	-
2009	-	-	327	327	-	36	70	-	-
2008	-	-	331	331	-	36	70	-	-
2007	-	-	328	328	-	36	20	-	-
2006	-	-	325	325	-	36	20	-	-
2005	-	-	178	178	-	36	20	-	-
2004	-	-	220	220	-	36	20	-	-
2003	-	-	178	178	-	36	20	-	-
2002	200	200	122	122	5	36	25	25	25
2001	200	200	122	122	5	36	25	25	25

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

Health Services Fee	Support Service Fees	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
-	-	736	910	0.00%	0.00%
-	-	736	910	0.00%	0.00%
-	-	736	910	11.18%	8.85%
-	-	662	836	0.00%	0.00%
-	-	662	836	16.96%	16.76%
-	-	566	716	0.00%	0.00%
-	-	566	716	22.51%	23.45%
-	-	462	580	-21.29%	-17.73%
25	100	587	705	7.31%	6.02%
25	100	547	665	0.00%	0.00%

Support Service Fees	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
-	4,426	4,426	9.83%	9.83%
-	4,030	4,030	-1.18%	-1.18%
-	4,078	4,078	2.15%	2.15%
-	3,992	3,992	0.90%	0.90%
-	3,956	3,956	80.47%	80.47%
-	2,192	2,192	-18.69%	-18.69%
-	2,696	2,696	22.99%	22.99%
-	2,192	2,192	13.28%	13.28%
100	1,935	1,935	0.00%	0.00%
100	1,935	1,935	0.00%	0.00%

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

(amounts expressed in thousands)

Direct Rate

Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2010-11	\$ 2,850,357	\$ 721,444	\$ 2,128,913	74.69%	0.204912	0.080706	0.285618
2009-10	2,690,757	786,311	1,904,446	70.78%	0.222551	0.092987	0.315538
2008-09	2,670,112	469,189	2,200,923	82.43%	0.191231	0.086769	0.278000
2007-08	2,335,621	463,869	1,871,752	80.14%	0.209600	0.079483	0.289083
2006-07	1,879,579	370,807	1,508,772	80.27%	0.241200	-	0.241200
2005-06	1,590,947	349,935	1,241,012	78.00%	0.273000	-	0.273000
2004-05	1,506,058	363,079	1,142,979	75.89%	0.275610	-	0.275610
2003-04	1,457,521	345,015	1,112,506	76.33%	0.275610	-	0.275610
2002-03	1,485,896	351,527	1,134,369	76.34%	0.269850	-	0.269850
2001-02	1,540,489	356,568	1,183,921	76.85%	0.258540	-	0.258540

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

**Howard County Junior College District
Statistical Supplement 6
State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years**

(unaudited)

(amounts expressed in thousands)

Fiscal Year	Appropriation per FTSE				Appropriation per Contact Hour			
	State Appropriation SWCID (a)	State Appropriation Howard	FTSE (b)	State Appropriation per FTSE	Academic Contact Hours	Voc/Tech Contact Hours	Total Contact Hours	State Appropriation per Contact Hour
2010-11	\$ 2,909	\$ 8,201	7,436	\$ 1,103	1,226	1,462	2,688	\$ 3.05
2009-10	2,906	8,231	6,586	1,250	1,101	1,433	2,534	3.25
2008-09	2,734	7,956	5,658	1,406	915	1,323	2,238	3.55
2007-08	2,732	7,956	5,319	1,496	846	1,369	2,215	3.59
2006-07	2,732	7,956	4,412	1,803	795	1,451	2,246	3.54
2005-06	2,732	7,956	3,668	2,169	808	1,390	2,198	3.62
2004-05	2,589	7,225	3,736	1,934	818	1,490	2,308	3.13
2003-04	2,589	7,225	3,090	2,338	793	1,523	2,316	3.12
2002-03	2,254	7,493	3,124	2,399	829	1,487	2,316	3.24
2001-02	2,395	8,034	2,491	3,225	766	991	1,757	4.57

Notes: (a) SWCID State Appropriation is the ONLY column in this chart that includes SWCID; all other figures are HOWARD only. (SWCID funding is not based on contact hours.)

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

Howard County Junior College District
Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (amounts expressed in thousands)									
		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Alon USA LP	Refining	\$ 119,433	\$ 203,071	\$ 352,592	\$ 381,967	\$ 170,729	\$ 78,167	\$ 71,001	\$ 78,182	\$ 74,652	\$ 86,377
Conoco Phillips Company	Oil & Gas	112,281	69,193	88,259	58,767	56,948	42,728	31,983	27,729	29,546	31,473
Endeavor Energy Resources LP	Oil & Gas	55,539	-	-	-	-	-	-	-	-	-
Sheridan Production Co.	Oil & Gas	55,270	48,205	76,747	-	-	-	-	-	-	-
Apache Corporation	Oil & Gas	47,373	-	30,881	22,993	-	-	-	-	-	-
Merit Energy Corporation	Oil & Gas	46,210	40,227	45,433	40,202	34,845	26,427	-	-	-	-
Robinson Drilling of TX Inc.	Oil & Gas	43,857	36,475	41,601	31,674	-	-	-	-	-	-
Walsh & Watts	Oil & Gas	32,835	26,769	29,364	-	-	-	-	-	-	-
Chesapeake Operating Inc.	Oil & Gas	31,665	28,050	41,493	26,205	23,882	-	-	-	-	-
Oncor Electric Delivery Co	Electric Energy	27,074	24,695	-	-	-	-	21,404	20,279	20,707	-
Sid Richardson Carbon LT	Carbon Black	-	48,634	50,570	44,545	25,489	22,004	21,549	22,103	22,699	22,223
Whiting Oil & Gas Corp	Oil & Gas	-	25,283	34,922	32,910	34,920	27,167	-	-	-	-
Western Container	Packaging	-	-	27,427	23,249	22,790	24,615	28,331	29,523	39,660	37,294
Aethon LP	Oil & Gas	-	-	-	67,110	60,331	44,861	30,808	27,333	-	-
TXU Energy	Electric Energy	-	-	-	-	22,225	21,298	-	-	-	20,523
Kerr-McGee Oil & Bas	Oil & Gas	-	-	-	-	20,834	-	-	-	31,837	28,424
Westport Resources Corp	Oil & Gas	-	-	-	-	-	17,838	15,173	-	-	-
Texas Big Spring LP	Oil & Gas	-	-	-	-	-	15,840	-	-	-	-
Crown Quest Operating LLC	Oil & Gas	-	-	-	-	-	-	40,497	-	-	-
Anadarko Petroleum Corp	Oil & Gas	-	-	-	-	-	-	24,063	23,250	25,297	20,836
Power Resources Inc	Cogeneration	-	-	-	-	-	-	13,655	17,812	35,812	55,948
LCS Production Co	Oil & Gas	-	-	-	-	-	-	-	41,383	-	-
Scenic Mt Medical Center	Medical	-	-	-	-	-	-	-	14,797	-	-
Devon SFS Operating Inc	Oil & Gas	-	-	-	-	-	-	-	-	17,336	20,451
Southwestern Bell Telephone	Telephone	-	-	-	-	-	-	-	-	13,979	-
New World TX Renewable En	Wind Energy	-	-	-	-	-	-	-	-	-	29,589
Totals		\$ 571,537	\$ 550,602	\$ 819,289	\$ 729,622	\$ 472,993	\$ 320,945	\$ 298,464	\$ 302,391	\$ 311,525	\$ 353,138
Total Taxable Assessed Value		\$ 2,850,357	\$ 2,690,757	\$ 2,670,112	\$ 2,335,621	\$ 1,879,579	\$ 1,590,947	\$ 1,506,058	\$ 1,457,521	\$ 1,485,896	\$ 1,540,489

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Alon USA LP	Refining	4.19%	7.55%	13.21%	16.35%	9.08%	4.91%	4.71%	5.36%	5.02%	5.61%
Conoco Phillips Company	Oil & Gas	3.94%	2.57%	3.31%	2.52%	3.03%	2.69%	2.12%	1.90%	1.99%	2.04%
Endeavor Energy Resources LP	Oil & Gas	1.95%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sheridan Production Co.	Oil & Gas	1.94%	1.79%	2.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Apache Corporation	Oil & Gas	1.66%	0.00%	1.16%	0.98%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Merit Energy Corporation	Oil & Gas	1.62%	1.49%	1.70%	1.72%	1.85%	1.66%	0.00%	0.00%	0.00%	0.00%
Robinson Drilling of TX Inc.	Oil & Gas	1.54%	1.36%	1.56%	1.36%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Walsh & Watts	Oil & Gas	1.15%	0.99%	1.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Chesapeake Operating Inc.	Oil & Gas	1.11%	1.04%	1.55%	1.12%	1.27%	0.00%	0.00%	0.00%	0.00%	0.00%
Oncor Electric Delivery Co	Electric Energy	0.95%	0.92%	0.00%	0.00%	0.00%	0.00%	1.42%	1.39%	1.39%	0.00%
Sid Richardson Carbon LT	Carbon Black	0.00%	1.81%	1.89%	1.91%	1.36%	1.38%	1.43%	1.52%	1.53%	1.44%
Whiting Oil & Gas Corp	Oil & Gas	0.00%	0.94%	1.31%	1.41%	1.86%	1.71%	0.00%	0.00%	0.00%	0.00%
Western Container	Packaging	0.00%	0.00%	1.03%	1.00%	1.21%	1.55%	1.88%	2.03%	2.67%	2.42%
Aethon LP	Oil & Gas	0.00%	0.00%	0.00%	2.87%	3.21%	2.82%	2.05%	1.88%	0.00%	0.00%
TXU Energy	Electric Energy	0.00%	0.00%	0.00%	0.00%	1.18%	1.34%	0.00%	0.00%	0.00%	1.33%
Kerr-McGee Oil & Bas	Oil & Gas	0.00%	0.00%	0.00%	0.00%	1.11%	0.00%	0.00%	0.00%	2.14%	1.85%
Westport Resources Corp	Oil & Gas	0.00%	0.00%	0.00%	0.00%	0.00%	1.12%	1.01%	0.00%	0.00%	0.00%
Texas Big Spring LP	Oil & Gas	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	0.00%	0.00%	0.00%	0.00%
Crown Quest Operating LLC	Oil & Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.69%	0.00%	0.00%	0.00%
Anadarko Petroleum Corp	Oil & Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.60%	1.60%	1.70%	1.35%
Power Resources Inc	Cogeneration	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.91%	1.22%	2.41%	3.63%
LCS Production Co	Oil & Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.84%	0.00%	0.00%
Scenic Mt Medical Center	Medical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.02%	0.00%	0.00%
Devon SFS Operating Inc	Oil & Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.17%	1.33%
Southwestern Bell Telephone	Telephone	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.94%	0.00%
New World TX Renewable En	Wind Energy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.92%
Totals		20.05%	20.46%	30.69%	31.24%	25.16%	20.18%	19.82%	20.76%	20.96%	22.92%

Source: Local County Appraisal District

**Howard County 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	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies Including P&I (e)	Total Collections	Cumulative Collections of Adjusted Levy Including Prior and P&I
2011	\$ 6,082	\$ 11	\$ 6,093	\$ 5,951	97.67%	\$ -	\$ 123	\$ 6,074	99.69%
2010	6,012	36	6,048	5,930	98.05%	-	103	6,033	99.75%
2009	6,129	250	6,379	5,780	90.61%	-	702	6,482	101.61%
2008	5,413	16	5,429	4,632	85.32%	-	140	4,772	87.90%
2007	3,640	9	3,649	3,377	92.55%	-	145	3,522	96.52%
2006	3,388	31	3,419	3,290	96.23%	-	134	3,424	100.15%
2005	3,150	23	3,173	3,055	96.28%	-	152	3,207	101.07%
2004	3,066	(f)	3,066	2,965	96.71%	-	130	3,095	100.95%
2003	3,061	19	3,080	2,731	88.67%	-	379	3,110	100.97%
2002	3,061	93	3,154	2,946	93.41%	-	83	3,029	96.04%

Source: Local Tax Assessor/Collector and District records.

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

(b) As of August 31st of the current reporting year.

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

(d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy. This data is not available.

(e) Represents current year collections of prior years levies. (Delinquent taxes plus P&I)

(f) Data is unavailable.

Howard County 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)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Bonded Debt										
General obligation bonds	\$ 18,910	\$ 19,635	\$ 20,330	\$ 20,995	\$ 21,550	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Funds restricted for debt service	-	-	-	-	(295)	-	-	-	-	-
Net general bonded debt	\$ 18,910	\$ 19,635	\$ 20,330	\$ 20,995	\$ 21,255	\$ -	\$ -	\$ -	\$ -	\$ -
Other Debt										
Revenue bonds	\$ 3,570	\$ 3,765	\$ 380	\$ 560	\$ 730	\$ 895	\$ 1,045	\$ 1,043	\$ 1,330	\$ 1,455
Notes	108	140	170	33	68	98	127	153	177	200
Capital lease obligations	28	45	62	52	62	11	17	22	177	288
Total outstanding debt	\$ 22,616	\$ 23,585	\$ 20,942	\$ 21,640	\$ 22,115	\$ 1,004	\$ 1,189	\$ 1,218	\$ 1,684	\$ 1,943
General Bonded Debt Ratios										
Per capita	\$ 540.10	\$ 596.08	\$ 624.83	\$ 650.10	\$ 656.73	\$ -	\$ -	\$ -	\$ -	\$ -
Per FTSE	2,543	2,981	3,593	3,947	4,818	-	-	-	-	-
As a percentage of Taxable Assessed Value	0.89%	1.03%	0.92%	1.12%	1.41%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Outstanding Debt Ratios										
Per capita	\$ 645.95	\$ 716.00	\$ 643.64	\$ 670.07	\$ 683.30	\$ 31.08	\$ 36.56	\$ 37.13	\$ 51.14	\$ 58.60
Per FTSE	3,041	3,581	3,701	4,068	5,012	274	318	394	539	780
As a percentage of Taxable Assessed Value	1.06%	1.24%	0.95%	1.16%	1.47%	0.08%	0.10%	0.11%	0.15%	0.16%

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

Howard County 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)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Taxable Assessed Value	\$ 2,128,913	\$ 1,904,446	\$ 2,200,923	\$ 1,871,752	\$ 1,508,772	\$ 1,241,012	\$ 1,142,979	\$ 1,112,506	\$ 1,134,369	\$ 1,183,921
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	10,645	9,522	11,005	9,359	7,544	6,205	5,715	5,563	5,672	5,920
Less: Funds Reserved for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	10,645	9,522	11,005	9,359	7,544	6,205	5,715	5,563	5,672	5,920
Current Year Debt Service Requirements	725	695	665	555	-	-	-	-	-	-
Excess of Statutory Limit for Debt Service Over Current Requirements	\$ 9,920	\$ 8,827	\$ 10,340	\$ 8,804	\$ 7,544	\$ 6,205	\$ 5,715	\$ 5,563	\$ 5,672	\$ 5,920
Current Requirements as a % of Statutory Limit	6.81%	7.30%	6.04%	5.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The Howard County Junior College District issued a General Obligation Bond August 2007 which has no reserve requirements. There were no payments due for the fiscal year ended August 31, 2007.

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.

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

Consolidated Fund Revenue Bonds, Series 2009

Fiscal Year Ended August 31	Pledged Revenues (amounts expressed in thousands)									Debt Service Requirements (in thousands)			
	25% Tuition	Bldg. Use Fee	Non-Oper. Investment Income	Gross Rev. Aux. Entr.	Student Act. Fee	Lab Fees	Other Fees	Other Revenue	Total	Principal	Interest	Total	Coverage Ratio
2011	\$ 1,657	\$ 566	\$ 16	\$ 1,390	\$ 189	\$ 198	\$ 114	\$ 1,299	\$ 5,429	\$ -	\$ 164	\$ 164	33.10
2010	1,464	507	46	1,352	164	170	93	1,114	4,910	-	58	58	84.66

Consolidated Fund Revenue Refunding Bonds, Series 2004

Fiscal Year Ended August 31	Pledged Revenues (amounts expressed in thousands)									Debt Service Requirements (in thousands)			
	25% Tuition	Bldg. Use Fee	Non-Oper. Investment Income	Gross Rev. Aux. Entr.	Student Act. Fee	Lab Fees	Other Fees	Other Revenue	Total	Principal	Interest	Total	Coverage Ratio
2011	\$ 1,657	\$ 566	\$ 16	\$ 1,390	\$ 189	\$ 198	\$ 114	\$ 1,299	\$ 5,429	\$ 195	\$ 10	\$ 205	26.48
2010	1,464	507	46	1,352	164	170	93	1,114	4,910	185	10	195	25.18
2009	1,160	405	392	1,332	128	137	76	915	4,545	180	14	194	23.43
2008	1,079	113	425	1,250	123	131	117	704	3,942	170	23	193	20.42
2007	974	109	569	1,137	119	124	126	623	3,781	165	29	194	19.49
2006	936	148	499	1,128	121	131	154	575	3,692	150	60	210	17.58
2005	862	210	292	1,132	135	145	165	545	3,486	140	67	207	16.84
2004	877	214	150	1,102	128	135	167	591	3,364	135	75	210	16.02

Combined Revenue Refunding Bonds, Series 1995

Fiscal Year Ended August 31	Pledged Revenues (amounts expressed in thousands)						Debt Service Requirements (in thousands)					
	Tuition Pledge	Net Aux. Revenue *	Other Revenue *	Total	Principal	Interest	Total	Coverage Ratio				
2003	\$ 167	\$ 675	\$ 920	\$ -	\$ -	\$ -	\$ -	\$ 1,762	\$ 125	\$ 82	\$ 207	8.51
2002	160	600	800	-	-	-	-	1,560	120	89	209	7.46

Public Property Finance Contractual Obligation, Series 1997

Fiscal Year Ended August 31	Pledged Revenues (amounts expressed in thousands)						Debt Service Requirements (in thousands)				
	Ad Valorem Taxes	Technology Fee	Total	Principal	Interest	Total	Coverage Ratio				
2002	\$ 3,063	\$ 274	\$ -	\$ -	\$ -	\$ -	\$ 3,337	\$ 135	\$ 7	\$ 142	23.50

* Some years estimated due to changes in reporting.

Howard County Junior College District
Statistical Supplement 12
Demographic and Economic Statistics - Taxing District
Last Ten Calendar Years
(unaudited)

Calendar Year	District Population	District Personal Income (a) (in thousands)	District Personal Income Per Capita	District Unemployment Rate
2010	35,012	\$ 1,049,881	\$ 31,339	7.2%
2009	32,940	999,339	30,338	7.4%
2008	32,537	959,321	29,484	4.6%
2007	32,295	878,931	27,216	4.2%
2006	32,463	853,331	26,286	5.0%
2005	32,522	776,355	23,872	5.3%
2004	32,804	760,607	23,186	5.9%
2003	32,928	734,024	22,292	6.6%
2002	33,158	695,045	20,962	6.4%
2001	33,175	692,564	20,876	5.1%

Sources:

Population from U.S. Bureau of the Census.
Personal income from U.S. bureau of Economic Analysis.
Unemployment rate from Texas Workforce Commission.

Notes:

a. Personal income amount is estimated based on growth averaged over the prior years.

Howard County Junior College District
Statistical Supplement 13
Principal Employers
(unaudited)

Current Fiscal Year 2010-2011			Four Prior Years		
Employer	Number of Employees	Percentage of Total Employment	Employer	Number of Employees	Percentage of Total Employment
Big Spring ISD	616	4.37%	Big Spring ISD	589-616	4.25%
Big Spring State Hospital	578	4.10%	Big Spring State Hospital	578-597	4.15%
Veterans Administration Hospital	541	3.84%	Veterans Administration Hospital	480-592	3.78%
Cornell Corrections, Inc/GEO Group	486	3.45%	Cornell Corrections, Inc	485-486	3.43%
Robinson Drilling of Texas	353	2.50%	Price Construction	232-450	2.40%
Wal-Mart	338	2.40%	Scenic Mountain Medical Center	323-350	2.38%
Scenic Mountain Medical Center	327	2.32%	Robinson Drilling of Texas	315-353	2.35%
City of Big Spring	285	2.02%	Wal-Mart	309-350	2.33%
Federal Bureau of Prisons	247	1.75%	City of Big Spring	268-286	1.95%
Price Construction	232	1.65%	Howard College & SWCID	212-296	1.65%
Total Employment	14,095	28.40%	Total Employment	14,184	28.67%

Sources for Current Year:
Big Spring Economic Development Corporation
Texas Workforce Commission

Sources for Prior Years:
Texas Workforce Commission
Big Spring Area Chamber of Commerce

Notes for Prior Years:
Percentages are calculated using the midpoint of the ranges.
Used prior year annual reports to verify midpoint ranges.

Howard County Junior College District
Statistical Supplement 14
Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years
(unaudited)

FYE:	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Faculty										
Full-Time	157	139	142	130	128	124	126	127	122	118
Part-Time	226	218	120	110	70	70	60	89	77	121
Total	383	357	262	240	198	194	186	216	199	239
Percent										
Full-Time	41%	39%	54%	54%	65%	64%	68%	59%	61%	49%
Part-Time	59%	61%	46%	46%	35%	36%	32%	41%	39%	51%
Staff										
Full-Time	163	189	193	181	179	178	173	169	171	173
Part-Time	230	210	150	195	175	135	97	85	88	103
Total	393	399	343	376	354	313	270	254	259	276
Percent										
Full-Time	41%	47%	56%	48%	51%	57%	64%	67%	66%	63%
Part-Time	59%	53%	44%	52%	49%	43%	36%	33%	34%	37%
FTSE	7,436	6,586	5,658	5,319	4,412	3,668	3,736	3,090	3,124	2,491
FTSE per Full-time Faculty	47.4	47.4	39.8	40.9	34.5	29.6	29.7	24.3	25.6	21.1
FTSE per Full-time Staff	45.6	34.8	29.3	29.4	24.6	20.6	21.6	18.3	18.3	14.4
Average Annual Faculty Salary	\$40,959	\$46,062	\$42,334	\$ 40,638	\$ 39,588	\$ 38,760	\$ 38,698	\$ 38,380	\$ 38,955	\$ 38,642

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

Student Classification	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
CEU Only (non-credit)	2,382	33.2%	2,429	37.2%	2,827	44.2%	2,732	44.2%	3,168	51.1%
00-30 hours	3,761	52.5%	3,448	52.8%	3,166	49.6%	3,094	50.1%	2,788	45.0%
00-30 hours (non-credit)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
31-60 hours	749	10.5%	574	8.8%	336	5.3%	293	4.7%	201	3.2%
31-60 hours (non-credit)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
> 60 hours	80	1.1%	18	0.3%	22	0.3%	22	0.4%	27	0.4%
> 60 hours (non-credit)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
unknown	194	2.7%	59	0.9%	38	0.6%	35	0.6%	17	0.3%
unknown (non-credit)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total	7,166	100.0%	6,528	100.0%	6,389	100.0%	6,176	100.0%	6,201	100.0%

Semester Hour Load	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	69	1.4%	77	1.9%	86	2.4%	84	2.4%	92	3.0%
3-5 semester hours	1,028	21.5%	847	20.7%	768	21.6%	755	21.9%	668	22.0%
6-8 semester hours	1,129	23.6%	994	24.2%	897	25.2%	809	23.5%	642	21.2%
9-11 semester hours	624	13.0%	597	14.6%	470	13.2%	498	14.5%	422	13.9%
12-14 semester hours	1,423	29.8%	1,148	28.0%	903	25.4%	892	25.9%	814	26.9%
15-17 semester hours	424	8.9%	361	8.8%	372	10.4%	342	9.9%	333	11.0%
18 & over	87	1.8%	75	1.8%	66	1.8%	64	1.9%	62	2.0%
Total	4,784	100.0%	4,099	100.0%	3,562	100.0%	3,444	100.0%	3,033	100.0%

Average course load 8.91 8.80 8.72 7.92 8.90

Tuition Status	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	829	17.3%	1,361	33.2%	1,320	37.0%	1,747	50.7%	1,466	48.3%
Texas Resident (out-of-District)	3,898	81.5%	2,684	65.5%	2,175	61.1%	1,641	47.7%	1,548	51.1%
Non-Resident Tuition	57	1.2%	54	1.3%	67	1.9%	56	1.6%	19	0.6%
Total	4,784	100.0%	4,099	100.0%	3,562	100.0%	3,444	100.0%	3,033	100.0%

Tuition Status	Quarter 1 2010		Quarter 1 2009		Quarter 1 2008		Quarter 1 2007		Quarter 1 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
CEU Students ONLY	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
CEU Both Contract/Non Contract	47	2.0%	77	3.5%	24	0.8%	183	6.7%	38	1.2%
CEU Contract	1,110	46.6%	1,256	57.1%	1,729	61.2%	1,909	69.9%	2,690	84.9%
CEU Non Contract	1,225	51.4%	865	39.4%	1,074	38.0%	640	23.4%	440	13.9%
Total	2,382	100.0%	2,198	100.0%	2,827	100.0%	2,732	100.0%	3,168	100.0%

*Semester Hour Load data pulled from POISE System
All other data from CBM001 and CBM00A.

Howard County Junior College District
Statistical Supplement 16
Student Profile
Last Five Fiscal Years
(unaudited)

	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Male	3,551	49.6%	3,321	50.9%	3,271	51.2%	3,304	53.5%	3,128	50.4%
Female	3,615	50.4%	3,207	49.1%	3,118	48.8%	2,872	46.5%	3,074	49.6%
Total	7,166	100.0%	6,528	100.0%	6,389	100.0%	6,176	100.0%	6,202	100.0%

	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
Multi-racial	66	0.9%								
Native Hawaiian/ Other Pacific Islander*	2	0.0%								
White only	3,644	50.9%	3,226	49.4%	3,138	49.1%	2,988	48.4%	3,075	49.6%
Hispanic only	2,608	36.4%	2,726	41.8%	2,704	42.3%	2,707	43.8%	2,677	43.2%
Black only	351	4.9%	376	5.7%	335	5.3%	269	4.3%	264	4.3%
Asian only	62	0.9%	80	1.2%	78	1.2%	79	1.3%	64	1.0%
International only	11	0.1%	4	0.1%	3	0.0%	7	0.1%	2	0.0%
American Indian/ Alaskan Native only	41	0.6%	31	0.5%	32	0.5%	23	0.4%	21	0.3%
Other	381	5.3%	85	1.3%	99	1.6%	103	1.7%	98	1.6%
Total	7,166	100.0%	6,528	100.0%	6,389	100.0%	6,176	100.0%	6,201	100.0%

	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
Under 18	1,412	19.7%	1,248	19.1%	1,138	17.8%	1,046	16.9%	855	13.8%
18 - 21	1,717	24.0%	1,556	23.8%	1,448	22.7%	1,429	23.1%	1,462	23.6%
22 - 24	611	8.5%	597	9.2%	594	9.3%	592	9.6%	600	9.7%
25 - 35	1,675	23.4%	1,502	23.0%	1,442	22.6%	1,445	23.4%	1,519	24.5%
36 - 50	1,289	18.0%	1,217	18.6%	1,281	20.0%	1,256	20.4%	1,283	20.7%
51 & over	462	6.4%	408	6.3%	486	7.6%	408	6.6%	482	7.7%
Unreported	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total	7,166	100.0%	6,528	100.0%	6,389	100.0%	6,176	100.0%	6,201	100.0%

Average Age	28	28	28	28	29
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Howard County Junior College District
Statistical Supplement 17
Transfers to Other Institutions
2009-2010 Graduates, Completers and Non-Returners
Institutions Attended Fall 2010
(unaudited)

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech- Prep	Total of all Transfer Students	% of all Transfer Students
Community and Technical Colleges					
ACCD - Northwest Vista College	2	-	-	2	0.2%
ACCD - San Antonio College	-	-	5	5	0.4%
ACCD - St. Philip's College	2	-	3	5	0.4%
Alvin Community College	1	-	-	1	0.1%
Amarillo College	2	2	-	4	0.4%
Angelina College	1	-	-	1	0.1%
Austin Community College	6	-	2	8	0.7%
Blinn College	8	-	-	8	0.7%
Central Texas College	2	-	-	2	0.2%
Cisco Junior College	7	1	2	10	0.9%
Clarendon College	4	-	-	4	0.4%
Collin County Community College District	3	-	-	3	0.3%
DCCCD - Eastfield College	-	-	1	1	0.1%
DCCCD - North Lake College	1	-	-	1	0.1%
DCCCD - Richland College	1	-	-	1	0.1%
Del Mar College	-	-	1	1	0.1%
El Paso Community College District	-	1	1	2	0.2%
Frank Phillips College	1	-	1	2	0.2%
Grayson County College	1	-	-	1	0.1%
HCJCD - Howard College	21	37	29	87	7.8%
HCJCD - Southwest Collegiate Institute for the Deaf	3	10	2	15	1.3%
Hill College	-	-	1	1	0.1%
Kilgore College	1	-	-	1	0.1%
Laredo Community College	1	-	-	1	0.1%
Lone Star College - North Harris	-	1	-	1	0.1%
Midland College	27	3	8	38	3.4%
Navarro College	1	-	-	1	0.1%
North Central Texas College	3	-	-	3	0.3%
Odessa College	1	1	3	5	0.4%
Panola College	1	-	-	1	0.1%
Paris College	-	-	1	1	0.1%
Ranger College	2	2	1	5	0.4%
San Jacinto College - Central Campus	1	-	-	1	0.1%
San Jacinto College - North Campus	2	-	-	2	0.2%
South Plains College	22	1	3	26	2.3%
South Texas College	1	-	-	1	0.1%
Southwest Texas Junior College	4	-	-	4	0.4%
Tarrant County College District - Northeast Campus	1	-	-	1	0.1%
Tarrant County College District - Northwest Campus	-	-	1	1	0.1%
Tarrant County College District - South Campus	-	-	1	1	0.1%
Tarrant County College District - Southeast Campus	-	-	2	2	0.2%
Texarkana College	1	-	-	1	0.1%
Texas State Technical College - Harlingen	-	-	1	1	0.1%

**Howard County Junior College District
Statistical Supplement 17 (Cont.)
Transfers to Other Institutions
2009-2010 Graduates, Completers and Non-Returners
Institutions Attended Fall 2010
(unaudited)**

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech- Prep	Total of all Transfer Students	% of all Transfer Students
Community and Technical Colleges - (continued)					
Texas State Technical College - Waco	1	-	-	1	0.1%
Texas State Technical College - West Texas	4	-	3	7	0.5%
Tyler Junior College	1	1	-	2	0.2%
Vernon College	1	-	-	1	0.1%
Weatherford College	1	-	-	1	0.0%
Western Texas College	9	1	2	12	1.0%
Wharton County Junior College	1	-	-	1	0.0%
Subtotal - Community and Technical Colleges	153	61	74	288	25.7%
Universities					
Angelo State University	359	23	135	517	46.1%
Lamar University	-	1	-	1	0.1%
Midwestern State University	6	2	-	8	0.7%
Sam Houston State University	2	-	1	3	0.3%
Stephen F. Austin State University	3	-	-	3	0.3%
Sul Ross State University	2	-	-	2	0.2%
Tarleton State University	15	-	2	17	1.5%
Texas A&M University	18	-	6	24	2.1%
Texas A&M University - Commerce	1	-	1	2	0.2%
Texas A&M University - Corpus Christi	5	1	-	6	0.5%
Texas A&M University - Kingsville	1	-	-	1	0.1%
Texas A&M University at San Antonio	1	-	-	1	0.1%
Texas Southern University	1	-	-	1	0.1%
Texas State University - San Marcos	18	-	3	21	1.9%
Texas Tech University	99	1	10	110	9.8%
Texas Woman's University	-	-	1	1	0.1%
The University of Texas - Pan American	1	-	-	1	0.1%
The University of Texas at Arlington	4	-	1	5	0.4%
The University of Texas at Austin	15	-	1	16	1.4%
The University of Texas at Dallas	3	-	-	3	0.3%
The University of Texas at San Antonio	7	-	-	7	0.6%
The University of Texas at Tyler	1	-	-	1	0.1%
The University of Texas of the Permian Basin	45	3	5	53	4.7%
University of Houston	1	-	-	1	0.1%
University of North Texas	4	1	1	6	0.5%
West Texas A&M University	12	-	2	14	1.2%
Subtotal - Universities	624	32	169	825	73.5%
Health Science Institutions					
Texas Tech University Health Sciences Center	4	-	4	8	0.7%
The University of Texas Medical Branch at Galveston	-	1	-	1	0.1%
Subtotal - Health Science Institutions	4	1	4	9	0.8%
Total	781	94	247	1,122	100.0%

Howard County Junior College District
Statistical Supplement 18
Capital Asset Information
Last Five Fiscal Years
(unaudited)

	Fiscal Year				
	2011	2010	2009	2008	2007
Academic buildings	11	10	9	8	8
Square footage (in thousands)	250,340	220,840	213,840	200,840	200,840
Libraries	2	1	1	1	1
Square footage (in thousands)	21,594	19,594	19,594	19,594	19,594
Number of Volumes (in thousands)	34,729	30,800	30,800	30,800	30,800
Administrative and support buildings	4	4	4	4	4
Square footage (in thousands)	57,186	57,186	57,186	57,186	57,186
Dormitories	3	3	3	3	3
Square footage (in thousands)	85,171	85,171	85,171	85,171	85,171
Number of Beds	346	342	338	338	338
Apartments	6	6	6	6	6
Square footage (in thousands)	6,218	6,218	6,218	6,218	6,218
Number of beds	18	18	18	18	18
Dining Facilities	2	2	2	2	2
Square footage (in thousands)	39,034	39,034	39,034	39,034	39,034
Average daily customers	220	138	138	138	138
Athletic Facilities	5	5	5	5	5
Square footage (in thousands)	117,007	117,007	117,007	117,007	117,007
Coliseum	1	1	1	1	1
Gymnasiums	1	1	1	1	1
Fitness Centers	1	1	1	1	1
Baseball Field House/Storage	2	2	2	2	2
Plant facilities	7	7	7	7	7
Square footage (in thousands)	21,474	16,624	16,624	16,624	16,624
Transportation					
Cars	5	4	4	4	4
Light Trucks/Vans	40	41	39	38	37
Buses	3	3	3	2	2