

LEE COLLEGE DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2011



**Lovvorn & Kieschnick**

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

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LEE COLLEGE DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2011

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## **ORGANIZATIONAL DATA**

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LEE COLLEGE DISTRICT  
ORGANIZATIONAL DATA  
FOR THE FISCAL YEAR 2011

Board of Regents

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Officers

Mr. Mark Himsel	Chairman
Mr. Mark Hall	Vice-Chairman
Judy Jirrels	Secretary
Mr. Pete C. Alfaro	Assistant Secretary

Members

Pete C. Alfaro	Baytown, Texas	May 2012
Susan Moore-Fontenot	Baytown, Texas	May 2012
Dr. Keith Coburn	Baytown, Texas	May 2012
Don Coffey	Baytown, Texas	May 2014
Mark Himsel	Baytown, Texas	May 2014
Mark Hall	Baytown, Texas	May 2014
Wayne Gray	Baytown, Texas	May 2016
Ronald Haddox	Baytown, Texas	May 2016
Judy Jirrels	Baytown, Texas	May 2016

Principal Administrative Officers

Dr. Michael Murphy	President
Mr. Steve Evans	VP of Finance and Administration
Dr. Cathy Kemper	VP of Learning
Dr. Jeff Thies	Dean, Academic Studies
Dr. David Jaroszewski	Interim Dean, Applied Sciences
Mrs. Donna Zuniga	Dean, Huntsville Center
Dr. Donnetta Suchon	VP of Student Affairs
Mrs. Mary Ann Amelang	Exec. Director, Institutional Advancement
Dr. Carolyn Lightfoot	Exec. Director, Tech., Research & Planning

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## **FINANCIAL SECTION**

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# Lovvorn & Kieschnick

CERTIFIED PUBLIC ACCOUNTANTS

418 Peoples Street, Suite 308 tele 361-884-8897  
Corpus Christi, TX 78401 fax 361-884-3457

## Independent Auditor's Report

Board of Regents  
Lee College District  
Baytown, Texas 77520

Members of the Board of Regents:

We have audited the accompanying statements of net assets of Lee College District (the District) as of August 31, 2011 and 2010 and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended, and the discretely presented component unit financial statements of Lee College District, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lee College District, and the discretely presented component unit, as of August 31, 2011 and 2010, and the respective changes in net assets and cash flows, where applicable, thereof 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 8, 2011 on our consideration of Lee College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lee College District's basic financial statements. The supplemental schedules and statistical section 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 schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the provisions of the State of Texas, *Uniform Grant and Contract Management Standards (UGCMS)* and are also not a required part of the basic financial statements of the District. The supplemental schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Lovvorn + Kieschnick, LLP*

Lovvorn & Kieschnick, LLP  
December 8, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Overview of the Financial Statements and Financial Analysis

Lee College District (the District) is proud to present its financial statements for Fiscal Year 2011 which are in conformance with Governmental Accounting Standards Board (GASB) standards. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These statements should be read in conjunction with the notes to the basic financial statements. The following summary and management's discussion and analysis of the results is intended to provide readers with an overview of the basic financial statements.

Some of the financial highlights of the Fiscal Year are as follows:

- Assets of the District exceeded liabilities at the close of the Fiscal Year on August 31, 2011, by \$40.6 million (net assets). Of this amount, \$12.1 million (unrestricted and expendable net assets) may be used to meet the District's ongoing obligations.
- Total net assets increased by \$3.7 million from Fiscal Year 2010 to Fiscal Year 2011. This increase can be attributed to a greater than expected increase in foreign trade zone receipts as well as savings from unfilled positions and deferred spending in anticipation of future dramatic reductions in state funding.

There was a \$1 per credit hour tuition increase for in-district and a \$2 per credit hour tuition increase for out-of-district students effective Fall 2010 which generated additional tuition and fee revenue. Grants and contract revenue increased due to an increase in federal Pell grants.

### Statement of Net Assets

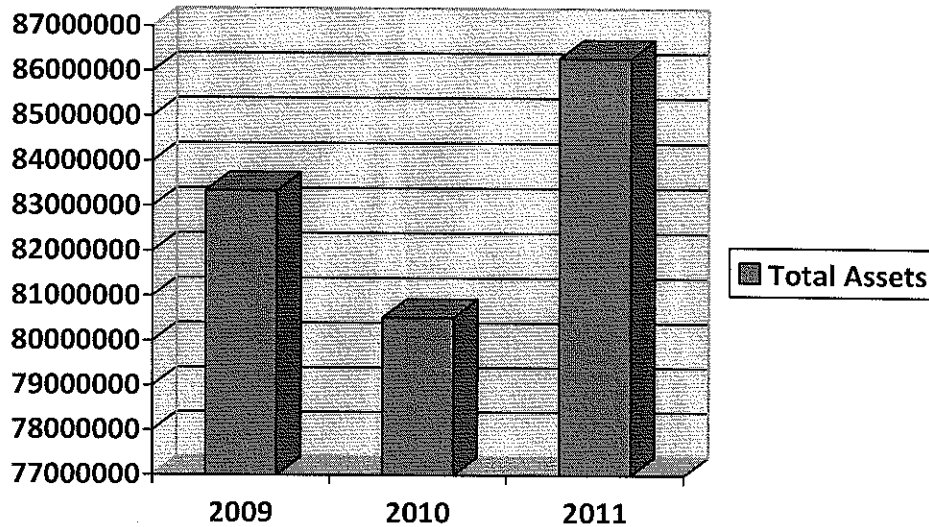
The Statement of Net Assets presents the assets, liabilities, and net assets of the District as of the end of the Fiscal Year. It is a point in time financial statement. The purpose of the Statement of Net Assets is to give the financial statement readers a snapshot of the fiscal condition of Lee College District. It presents end-of-year data for Current and Noncurrent Assets, Current and Noncurrent Liabilities, and Net Assets (Assets minus Liabilities). Also shown is the sum of Total Liabilities and Net Assets which equals Total Assets.

From the information shown, financial statement readers are able to determine the assets available to continue the operations of the District. The reader can also determine how much the institution owes vendors and bondholders. The net assets and their availability for expenditure can be determined as well.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the District's equity in property, plant and equipment it owns. The next net asset category is restricted net assets. These assets have external limitations on the way in which they may be used. The last category is unrestricted net assets. They are available to use for any lawful purpose of the District.

## LEE COLLEGE

Total assets of the District for Fiscal Year 2011 are \$86,300,045, an increase from \$80,525,264 in Fiscal Year 2010 and an increase from \$83,345,142 in Fiscal Year 2009. Changes in total assets over the past three years are depicted in the following chart:



Current assets are comprised of several categories. Cash and cash equivalents include the District's cash and investments in TexPool and certificates of deposit. Texpool is a statewide investment pool. In Fiscal Year 2011, cash and cash equivalents totaled \$10,644,985, an increase of \$2.18 million from the Fiscal Year 2010 amount of \$8,466,765. Receivables include tuition and fees receivable, accounts receivable, and taxes receivable. Prepaid expenses and inventories are also assets of the District. Non-current assets consist of capital assets and funds held in endowments and bond issuance costs which are being amortized over the life of the respective bonds. Capital assets include land, land improvements, buildings, equipment, and library books. These items are reflected in the financial statements net of accumulated depreciation.

Total liabilities of the District are \$45,694,011 in Fiscal Year 2011 as compared with \$43,631,575 in Fiscal Year 2010 and \$45,626,191 in Fiscal Year 2009 and also include a current and non-current portion. Total liabilities increased from Fiscal Year 2010 to Fiscal Year 2011 due to an increase in deferred revenue comprised of student tuition and fees for the fall 2011 semester credited to student accounts before August 31, 2011. The tuition and fees reflected in deferred revenue will be recognized as revenue in fiscal year 2012. Current liabilities include accounts payable and accrued liabilities, funds held for others, deferred revenue, accrued compensable absences payable and the current portion of bonds payable and leases payable. A liability is considered to be current if it is due within one year. Current liabilities include the final year of payments due on an early retirement incentive program implemented in fiscal year 2008. Information regarding long-term liabilities is shown in Note 7 in the Notes to Basic Financial Statements.

Net assets represents the District's equity, some of which is restricted for certain uses and some of which is unrestricted.



**LEE COLLEGE**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Assets:</b>			
Current Assets	18,525,339	15,562,587	17,627,438
Capital Assets	66,897,574	64,199,894	65,016,372
Other Noncurrent Assets	877,132	762,783	701,331
<b>Total Assets</b>	<u><b>86,300,045</b></u>	<u><b>80,525,264</b></u>	<u><b>83,345,142</b></u>
<b>Liabilities:</b>			
Current Liabilities	9,115,279	7,463,790	7,530,389
Noncurrent Liabilities	36,578,732	36,167,785	38,095,802
<b>Total Liabilities</b>	<u><b>45,694,011</b></u>	<u><b>43,631,575</b></u>	<u><b>45,626,191</b></u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	27,996,458	26,648,174	25,798,164
Restricted – Expendable	904,003	700,504	897,700
Restricted-Non-Expendable	375,013	345,013	345,013
Unrestricted	11,330,559	9,199,998	10,678,074
<b>Total Net Assets</b>	<u><b>40,606,033</b></u>	<u><b>36,893,689</b></u>	<u><b>37,718,951</b></u>
<b>Total Liabilities. and Net Assets</b>	<u><b>86,300,045</b></u>	<u><b>80,525,264</b></u>	<u><b>83,345,142</b></u>

**Statement of Revenues, Expenses and Changes in Net Assets**

The purpose of the Statement of Revenues, Expenses and Changes in Net Assets is to present the revenues earned by the District, both operating and non-operating, and the expenses incurred, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the District. Generally operating revenues are received for providing goods and services to the various customers of the District.

Operating expenses are those paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the District’s mission. Non-operating revenues are funds received for which goods and services are not provided.

# LEE COLLEGE

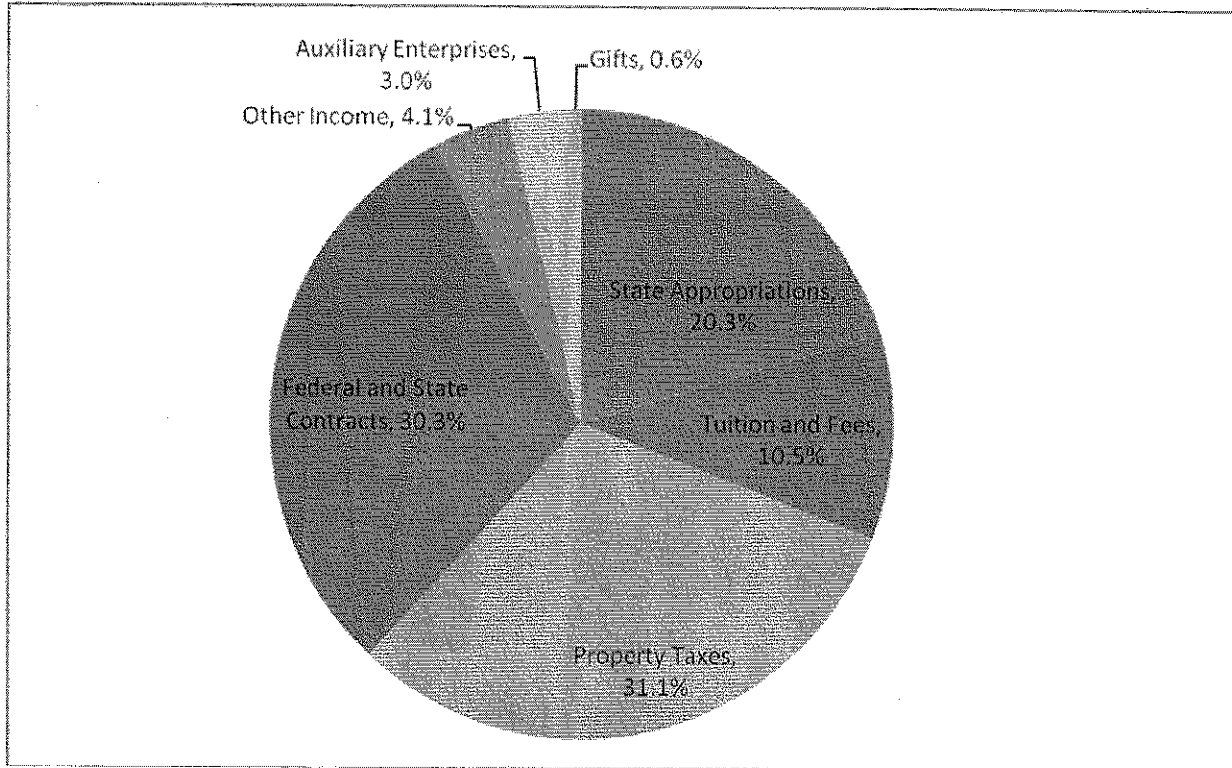
Operating Revenues	2,011	2,010	2,009
Tuition and Fees, (net of discounts of \$4,780,022 and \$4,109,554 respectively)	6,650,894	6,055,799	5,476,770
Federal Grants and Contracts	2,630,900	3,134,212	1,924,279
State Grants and Contracts	1,008,770	737,532	466,843
Non-Governmental Grants and Contracts	28,516	17,502	23,494
Sales and Services of Educational Activities	35,180	33,701	23,297
Auxiliary Enterprises, (net of discounts of \$1,422,575 and 1,290,181 respectively)	1,933,162	2,284,828	1,888,509
Other Operating Revenues	880,784	431,565	977,549
<b>Total Operating Revenue (Schedule A)</b>	<b>13,168,207</b>	<b>12,695,139</b>	<b>10,780,741</b>
<b>Operating Expenses</b>			
Instruction	20,116,433	19,716,114	18,383,984
Public Service	1,702,552	1,587,486	1,577,333
Academic Support	2,812,005	2,795,841	2,651,148
Student Services	3,151,591	3,240,079	2,803,272
Institutional Support	8,699,325	9,218,385	9,143,964
Operation and Maintenance of Plant	5,126,904	6,052,753	5,985,660
Scholarships and Fellowships	10,060,298	9,156,659	5,215,359
Auxiliary Enterprises	4,263,639	4,335,951	3,608,188
Depreciation	1,954,899	1,986,617	1,674,690
<b>Total Operating Expenses (Schedule B)</b>	<b>57,887,647</b>	<b>58,089,885</b>	<b>51,043,598</b>
<b>Operating Income (Loss)</b>	<b>(44,719,440)</b>	<b>(45,394,746)</b>	<b>(40,262,857)</b>
<b>Non-Operating Revenues (Expenses)</b>			
State Funds	12,912,168	13,239,092	13,403,545
Maintenance and Obligation Ad-Valorem Taxes	17,881,845	17,251,128	17,512,146
General Obligation Bond Taxes	1,855,764	1,713,072	1,755,399
Federal Non-Operating Grants	15,570,891	12,893,803	7,591,975
Gifts	404,297	549,914	1,433,650
Investment Income (net of Investment Expense)	42,756	73,026	237,458
Interest on Capital Related Debt, net of amount capitalized	(1,853,957)	(1,862,621)	(1,455,234)
Payments in Lieu of Taxes	1,618,019	712,071	1,239,485
<b>Total Non-Operating Revenue (Schedule C)</b>	<b>48,431,784</b>	<b>44,569,485</b>	<b>41,718,424</b>
<b>Increase (Decrease) in Net Assets</b>	<b>3,712,344</b>	<b>(825,261)</b>	<b>1,455,567</b>
<b>Net Assets</b>			
Net Assets-Beginning of Year	36,893,689	37,718,951	36,263,384
<b>Net Assets-End of Year</b>	<b>40,606,033</b>	<b>36,893,690</b>	<b>37,718,951</b>

## LEE COLLEGE

Total revenues for the District were \$63,453,947, \$59,127,244 and \$53,543,399 in 2011, 2010, and 2009, respectively. Total expenses were \$59,741,604, \$59,952,506 and \$52,498,832 in 2011, 2010, and 2009, respectively.

Revenues for the District consist of four main categories: taxes, state appropriations, federal grants and tuition and fees. The following table shows the breakdown of total revenue for the District for 2011:

### 2011 Revenues



Non-operating revenues consist of the following: state appropriations, tax revenue, gifts, net investment income, payments in lieu of taxes, federal non operating grants, and other revenues. Non-operating expenses consist of interest on capital related debt.

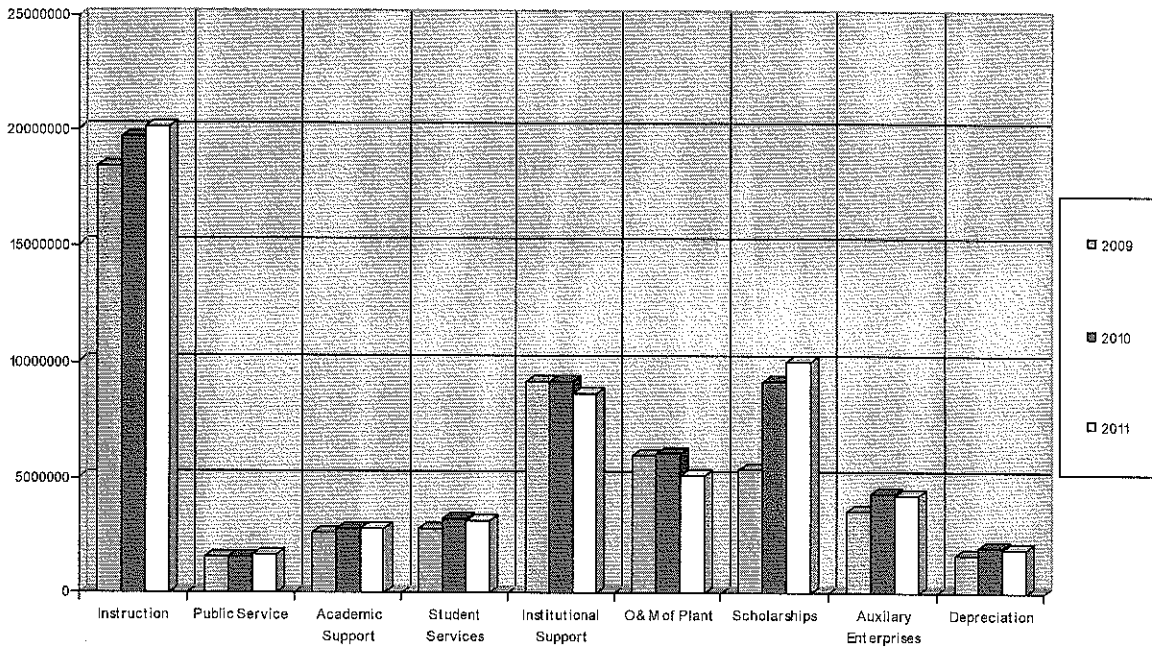
Operating revenues increased from Fiscal Year 2010 to Fiscal Year 2011 primarily due to an increase in tuition and fees revenue. Tuition and fee revenue increased due to a \$1 per credit hour tuition increase for in-district students and a \$2 per credit hour tuition increase for out-of-district students that was effective in the fall semester of 2010.

Operating revenues increased from Fiscal Year 2009 to Fiscal Year 2010 due to an increase in tuition and fee revenue attributable to a \$2 per credit hour tuition increase for in-district students and a \$4 per credit hour increase for out-of-district students. In addition non-operating grants and contract revenue increased due to an increase in federal Pell grants.

**Operating Expenses by Functional Classification**

Functional classifications are the traditional categories that have been used to show expenses. They represent the type of programs and services provided. The chart below shows the District's 2011 operating expenses in comparison to 2010 and 2009:

**2009 / 2010 / 2011 Expense Comparison**



<b>Operating Expenses</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Instruction	20,116,433	19,716,114	18,383,984
Public Service	1,702,552	1,587,486	1,577,333
Academic Support	2,812,005	2,795,841	2,651,148
Student Services	3,151,591	3,240,079	2,803,272
Institutional Support	8,699,325	9,218,385	9,143,964
Operation and Maintenance of Plant	5,126,904	6,052,753	5,985,660
Scholarships and Fellowships	10,060,298	9,156,659	5,215,359
Auxiliary Enterprises	4,263,639	4,335,951	3,608,188
Depreciation	1,954,899	1,986,617	1,674,690
<b>Total Operating Expenses (Schedule B)</b>	<b>57,887,647</b>	<b>58,089,885</b>	<b>51,043,598</b>

## LEE COLLEGE

From Fiscal Year 2010 to Fiscal Year 2011 operating expenses decreased primarily due to decreases in expenses associated with the operation of the physical plant. Many of the budgeted major repair and maintenance projects for 2011 were deferred to 2012 in order to be included in phase 2 of the District's energy management program whereby repairs and replacement of infrastructure items could be financed with debt repayment funded from energy savings. This program allows new equipment, major repairs and retrofits to be financed over a 17 year term with energy savings derived from equipment replacement, repairs and retrofits utilized to fund the debt. Phase 1 of the energy management program was successfully implemented in 2009. Expenses for instruction and academic support increased primarily due to reallocation of physical plant savings to the instructional areas. Scholarship expenses increased due to an increased amount of federal Pell grants. From Fiscal Year 2009 to Fiscal Year 2010 operating expenses increased due primarily to increases in federal student aid, instruction, and student services.

### Capital Assets and Debt Administration

Below is a summary of district capital assets, net of depreciation.

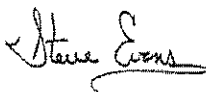
	2011	2010	2009
Land	1,327,217	1,327,217	1,327,217
Construction in Progress	3,743,998	-	-
Buildings	57,279,437	58,702,760	59,582,652
Land Improvements	490,322	521,371	552,460
Equipment	2,827,527	2,422,145	2,442,220
Library Books	1,229,073	1,226,401	1,111,823
	<u>66,897,574</u>	<u>64,199,894</u>	<u>65,016,372</u>

The District has issued 35.7 million in capital improvement bonds since FY 1999. Shown in the table below is the outstanding debt at the end of the Fiscal Year as compared to the end of the two previous fiscal years.

	2011	2010	2009
General obligation bonds	13,265,000	14,183,672	15,233,672
Revenue bonds	12,595,000	13,225,000	13,790,000
	<u>25,860,000</u>	<u>27,408,672</u>	<u>29,023,672</u>

For more detailed information on the District's capital assets and long-term debt, see Notes 5-8 in the Notes to Basic Financial Statements.

Financial information can be obtained from the Lee College District Business Office via written request to P.O. Box 818, Baytown, TX, 77522-0818.



Steve Evans  
Vice President of Finance and Administration

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## BASIC FINANCIAL STATEMENTS

**Lee College District**  
**Exhibit 1**  
**Statement of Net Assets**  
**Year Ended August 31, 2011 and 2010**

<b>ASSETS</b>	2011	2010
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,129,594	\$ 1,068,561
Short-Term Investments (Note 4)	9,140,378	7,053,191
Accounts Receivable (net)	4,193,334	4,289,833
Inventories	1,437,310	1,583,258
Prepaid Expenses	2,624,723	1,567,744
Total Current Assets	18,525,339	15,562,587
<b>Noncurrent Assets</b>		
Endowment Investments	375,013	345,013
Other Assets	502,119	417,770
Capital Assets, net of accumulated depreciation (Note 6)	66,897,574	64,199,894
Total Noncurrent Assets	67,774,706	64,962,677
<b>TOTAL ASSETS</b>	<b>86,300,045</b>	<b>80,525,264</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	1,233,752	1,268,911
Accrued Liabilities	492,358	242,603
Funds Held for Others	72,631	69,539
Deferred Revenue	4,169,061	3,320,857
Accrued Compensable Absences	469,057	465,867
Other Liabilities-Current Portion	356,037	356,037
Leases Payable-Current Portion	432,384	191,304
Bonds Payable-Current Portion	1,890,000	1,548,672
Total Current Liabilities	9,115,279	7,463,790
<b>Noncurrent Liabilities</b>		
Other Liabilities	-	356,041
Leases Payable-Noncurrent Portion	12,535,025	9,628,062
Bonds Payable-Noncurrent Portion (Note 7)	24,043,707	26,183,682
Total Noncurrent Liabilities	36,578,732	36,167,785
<b>TOTAL LIABILITIES</b>	<b>45,694,011</b>	<b>43,631,575</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	27,996,458	26,648,174
Restricted:		
Nonexpendable		
Endowments	375,013	345,013
Expendable-		
Student Aid	773,447	695,850
Debt Service	130,556	4,654
Unrestricted	11,330,559	9,199,998
<b>TOTAL NET ASSETS (Schedule D)</b>	<b>\$ 40,606,033</b>	<b>\$ 36,893,689</b>

The Notes to the Financial Statements are an integral part of this statement



**Lee College District  
Component Unit  
Lee College Foundation  
Statements of Financial Position  
August 31, 2011 and June 30, 2010**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 135,271	\$ 203,134
Investments	6,448,362	5,522,674
Accrued Interest	23,921	35,127
Other Receivables	6,680	37,350
<b>Total Assets</b>	<u>\$ 6,614,234</u>	<u>\$ 5,798,285</u>
<b>Liabilities</b>		
Deferred Revenue	-	-
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Assets</b>		
Unrestricted - Board Designated	447,076	463,395
Temporarily Restricted	1,171,278	652,435
Permanently Restricted	4,995,880	4,682,455
<b>Total Net Assets</b>	<u>6,614,234</u>	<u>5,798,285</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 6,614,234</u>	<u>\$ 5,798,285</u>

The accompanying notes are an integral part of this statement.

Lee College District  
 Exhibit 2  
 Statements of Revenues, Expenses, and Changes in Net Assets  
 For the Years Ended  
 August 31, 2011 and 2010

	2011	2010
<b>Operating Revenues</b>		
Tuition and Fees, (net of discounts of \$4,780,022 and \$4,109,554 respectively)	\$ 6,650,894	\$6,055,799
Federal Grants and Contracts	2,630,900	3,134,212
State Grants and Contracts	1,008,770	737,532
Non-Governmental Grants and Contracts	28,516	17,502
Sales and Services of Educational Activities	35,180	33,701
Auxiliary Enterprises, (net of discounts of \$1,422,575 and 1,290,181 respectively)	1,933,162	2,284,828
Other Operating Revenues	880,784	431,565
<b>Total Operating Revenue (Schedule A)</b>	<u>13,168,207</u>	<u>12,695,139</u>
<b>Operating Expenses</b>		
Instruction	20,116,433	19,716,114
Public Service	1,702,552	1,587,486
Academic Support	2,812,005	2,795,841
Student Services	3,151,591	3,240,079
Institutional Support	8,699,325	9,218,385
Operation and Maintenance of Plant	5,126,904	6,052,753
Scholarships and Fellowships	10,060,298	9,156,659
Auxiliary Enterprises	4,263,639	4,335,951
Depreciation	1,954,899	1,986,617
<b>Total Operating Expenses (Schedule B)</b>	<u>57,887,647</u>	<u>58,089,885</u>
<b>Operating Income (Loss)</b>	<u>(44,719,440)</u>	<u>(45,394,746)</u>
<b>Non-Operating Revenues (Expenses)</b>		
State Funds	\$ 12,912,168	\$ 13,239,092
Maintenance and Obligation Ad-Valorem Taxes	17,881,845	17,251,128
General Obligation Bond Taxes	1,855,764	1,713,072
Federal Non-Operating Grants	15,570,891	12,893,803
Gifts	404,297	549,914
Investment Income (net of Investment Expense)	42,756	73,026
Interest on Capital Related Debt, net of amount capitalized	(1,853,957)	(1,862,621)
Payments in Lieu of Taxes	1,618,019	712,071
<b>Total Non-Operating Revenue (Schedule C)</b>	<u>48,431,784</u>	<u>44,569,485</u>
<b>Increase (Decrease) in Net Assets</b>	<u>3,712,344</u>	<u>(825,261)</u>
<b>Net Assets</b>		
Net Assets-Beginning of Year	36,893,689	37,718,951
<b>Net Assets-End of Year</b>	<u>\$ 40,606,033</u>	<u>\$ 36,893,690</u>

The Notes to the Financial Statements are an integral part of this statement

**Lee College District**  
**Component Unit**  
**Lee College Foundation**  
**Statement of Activities**  
**For the Fourteen-Month Period Ended August 31, 2011**  
**With Comparative Totals For The Twelve-Month Period Ended June 30, 2010**

	2011			2010	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	<u>Totals</u>
<b>Support, Revenue and Gains:</b>					
Private Gifts	\$ -	\$ -	\$ 252,907	\$ 252,907	\$ 598,728
Corporate Matching	-	-	60,518	60,518	69,519
Interest/Dividends Income	-	169,239	-	169,239	177,331
Realized Gain (Loss) on Holdings	-	-	-	-	19,953
Unrealized Gain (Loss) on Holdings	-	612,914	-	612,914	455,878
Net Assets Released from Restriction	263,310	(263,310)	-	-	-
<b>Total Support, Revenue and Gains</b>	<u>263,310</u>	<u>518,843</u>	<u>313,425</u>	<u>1,095,578</u>	<u>1,321,409</u>
<b>Expenses and Losses:</b>					
Contract Services-Audit Fees	2,500	-	-	2,500	2,500
Lee College Scholarship Breakfast	2,988	-	-	2,988	3,157
Lee College Library	22,310	-	-	22,310	-
Gala Banquet	10,646	-	-	10,646	8,541
Bank Charges	185	-	-	185	358
Lee College District Scholarships	241,000	-	-	241,000	205,000
<b>Total Program and Support Expenses</b>	<u>279,629</u>	<u>-</u>	<u>-</u>	<u>279,629</u>	<u>219,556</u>
<b>Increase (Decrease) in Net Assets</b>	(16,319)	518,843	313,425	815,949	1,101,853
<b>Net Assets, beginning of year</b>	<u>463,395</u>	<u>652,435</u>	<u>4,682,455</u>	<u>5,798,285</u>	<u>4,696,432</u>
<b>Net Assets, end of year</b>	<u>\$ 447,076</u>	<u>\$ 1,171,278</u>	<u>\$ 4,995,880</u>	<u>\$ 6,614,234</u>	<u>\$ 5,798,285</u>

The accompanying notes are an integral part of this statement.

**Lee College District**  
**Exhibit 3**  
**Statements of Cash Flows**  
**For the Years Ended August 31, 2011 and 2010**

<b>Cash Flows From Operating Activities</b>	<u>2011</u>	<u>2010</u>
Receipts from students and other customers	\$ 10,074,003	\$ 8,069,935
Receipts from grants and contracts	3,172,458	3,213,586
Payments to suppliers for goods or services	(15,101,364)	(15,379,627)
Payments to or on behalf of employees	(31,961,213)	(32,524,649)
Payments of scholarships and fellowships	(9,916,206)	(9,013,606)
Other Receipts	880,784	411,617
Net cash provided (used) by operating activities	<u>(42,851,537)</u>	<u>(45,222,744)</u>
 <b>Cash Flows From Non-capital Financing Activities</b>		
Receipts from state appropriations	12,912,168	13,239,092
Receipts from Ad Valorem taxes	17,864,378	17,222,993
Receipts from gifts and grants for other than capital purposes	404,297	549,914
Receipts from Federal grants	15,570,891	12,893,803
Receipts from student organizations and other agency transactions	3,092	4,804
Other receipts (payments)	1,618,019	712,071
Net cash provided (used) by non-capital financing activities	<u>48,372,845</u>	<u>44,622,677</u>
 <b>Cash Flows From Financing Activities</b>		
Receipts from Ad Valorem tax revenues	1,855,764	1,713,072
Proceeds on Issuance of Capital Dept	3,148,043	-
Purchases of capital assets	(4,736,928)	(1,170,139)
Payments on capital debt and leases	(3,649,358)	(3,586,973)
Net cash provided (used) by capital and related financing activities	<u>(3,382,478)</u>	<u>(3,044,040)</u>
 <b>Cash Flows From Investing Activities</b>		
Receipts from sales and maturities of investments	13,540,678	19,300,826
Receipts from interest on investments	42,756	73,026
Purchases of investments	(15,661,232)	(16,128,434)
Net cash provided (used) by investing activities	<u>(2,077,797)</u>	<u>3,245,418</u>
 Increase (decrease) in cash and cash equivalents	61,033	(398,689)
 Cash and cash equivalents - September 1, 2010	<u>1,068,561</u>	<u>1,467,250</u>
 Cash and cash equivalents - August 31, 2011	<u>\$ 1,129,594</u>	<u>\$ 1,068,561</u>

The Notes to the Financial Statements are an integral part of this statement

**Lee College District**  
**Exhibit 3**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended August 31, 2011 and 2010**

	<b>2011</b>	<b>2010</b>
<b>Reconciliation of net operating income (loss) to net cash provided (used)</b>		
<b>by operating activities</b>		
Operating income (loss)	\$ (44,719,440)	\$ (45,394,746)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense	1,954,899	1,986,617
<b>Changes in Assets and Liabilities:</b>		
Receivables (net)	110,835	(1,357,087)
Inventories	145,948	(190,317)
Prepaid Expenses	(1,056,979)	62,130
Accounts payable	(35,157)	(111,700)
Accrued Liabilities	252,999	(213,163)
Compensated absences	3,191	28,855
Deferred revenue	848,204	357,084
Early retirement incentive	(356,037)	(390,417)
 Net cash Provided (used) by operating activities	 \$ (42,851,537)	 \$ (45,222,744)

The Notes to the Financial Statements are an integral part of this statement

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LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

(1) REPORTING ENTITY

The Lee College District (the District) was established in 1934, in accordance with the laws of the State of Texas, to serve the educational needs of Baytown and the surrounding communities. As a public two-year college, the District has taxing authority and possesses attributes of a local governmental unit. 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*. While the District receives funding from local, state and federal government sources and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

The accompanying financial statements include the Lee College Foundation, Inc. (the Foundation) as a component unit of the District. This unit, which has a fiscal year-end of August 31, 2011, has been discretely presented on separate pages to emphasize that it is legally separate from the District. The foundation was established to "...solicit and receive donations, gifts and grant... on behalf of Lee College, its departments and activities..." Although the Foundation is a legally separate, tax-exempt entity, it meets the criteria of GASB Statement No. 39 to be considered a component unit of the District. That is, the Foundation's economic resources are for the direct benefit of the District or its students. By the Foundation charter, the District is entitled to a majority of the Foundation's economic resources, and such economic resources are material to the District. Historically, the Foundation has made no direct contributions to the District, but has awarded scholarships to students attending the District. The Foundation is governed by a 25-member board of trustees, which includes two District regents. In August 2010, the Trustees approved changing the Foundation's fiscal year end to August 31, effective for the fourteen-month period ending August 31, 2011.

Complete financial statements for the Foundation may be obtained at the entity's administrative offices:

Lee College Foundation  
511 South Whiting  
Baytown, Texas 77522

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Report Guidelines: The significant accounting policies followed by the District in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The District applies all applicable GASB pronouncements and all applicable Financial Accounting Standard Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The District has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The District is reported as a special-purpose government engaged in business-type activities.

Tuition Discounting:

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.0333). When the student uses the award for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

Tuition Discounting:

Title IV, Higher Education Act Program Funds

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

Other Tuition Discounts

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

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.

Budgetary Data: Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The budget, which is prepared on the accrual basis of accounting, is adopted by the District's Board of Regents. A copy of the approved budget 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.

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

Investments: In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. The governing board has designated public funds investment pools comprised of TexPool and Lone Star to be short-term investments. Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories: Inventories, consisting of bookstore stock and food service and print shop supplies are valued at the lower of cost (under the "first-in, first-out" method) or market.

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



LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

The following lives are used:

Buildings	50 years
Facilities and Other Improvements	20 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years
Library Books	15 years

Deferred Revenues: Tuition and fees of \$4,169,061 and \$3,320,857 have been reported as deferred revenues at August 31, 2011 and 2010, respectively.

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

Operating and Non-Operating Revenue and Expense Policy:

The District distinguishes operating revenues and expenses from non-operating items. The College reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. 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, Federal Pell grants, all Title IV student financial aid grants, and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Long-term Obligations: Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Net Assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or law or regulations of other governments. Non-expendable endowments included in restricted net assets represent permanently restricted assets subject to restrictions of gift instruments requiring the principal be invested for perpetuity and only the income be used for donor-designated purposes. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted new assets are available.

(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)

LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

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.

(4) DEPOSITS AND INVESTMENTS

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

**Cash and Deposits**

	2011	2010
Bank Deposits		
Demand Deposits	1,119,454	1,058,021
Cash and Cash Equivalents		
Petty Cash on Hand	10,140	10,540
Total Cash and Deposits	1,129,594	1,068,561

During the year ended August 31, 2011, deposits were entirely covered by FDIC insurance or by pledged collateral held by the College's agent bank in the College's name, except during the months of January and August. No losses were incurred.

**Reconciliation of Deposits and Investments to Exhibit 1**

Type of Security	Market Value August 31, 2011	Market Value August 31, 2010
<b>Investments</b>		
Certificates of Deposit	1,762,350	3,406,394
Domestic Equities	5,738	4,670
Investment Pools	7,747,303	3,987,140
Total Investments	9,515,391	7,398,204
Total Cash and Deposits	1,129,594	1,068,561
Total Deposits and Investments	10,644,985	8,466,765
Cash and Cash Equivalents (Exhibit 1)	1,129,594	1,068,561
Short Term Investments (Exhibit 1)	9,140,378	7,053,191
Endowment Investments (Exhibit 1)	375,013	345,013
Total Deposits and Investments (Exhibit 1)	10,644,985	8,466,765

LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

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

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 3	4 to 5
Certificates of Deposit	1,762,350	1,012,350	750,000	-
Domestic Equities	5,738	5,738	-	-
Investment Pools:				
Investment in TexPool	7,746,668	7,746,668	-	-
Investment in Lone Star Pool	635	635	-	-
<b>Total Fair Value</b>	<b>9,515,391</b>	<b>8,765,391</b>	<b>750,000</b>	<b>-</b>

**Interest Rate Risk**

In accordance with state law and District policy, the District does not purchase any investments with maturities greater than 10 years.

**Credit Risk**

In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at **least A-1 or P-1**, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The District's investments in investment pools were rated AAA.

**Concentration of Credit Risk**

The District does not place a limit on the amount the District may invest in any one issuer. The District does not have a concentration of credit risk.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a custodial credit risk.

The local government investment pools such as TexPool and Lone Star Pool are not evidenced by securities in physical form. They are managed conservatively to provide safe, efficient and liquid investments to Texas governmental entities. The pools both seek to maintain a \$1 value per share as required by the Texas Public Funds Investment Act.

LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

Federated Investors manages the assets, provides participant services, and arranges for all custody and other functions in support of TexPool operations under a contract with the State Comptroller of Public Accounts. The state comptroller maintains oversight responsibility for TexPool, including the ability to influence operations, designation of management and accountability for fiscal matters. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net assets to compute share price. The fair value of the College's position in TexPool is the same as the value of TexPool shares.

Lone Star Investment Pool is administered by First Public. The fair value of the funds in Lone Star is also the same as the value of Lone Star shares.

Total Cash and Investments for Lee College Foundation, Component Unit of Lee College District, consist of:

	<u>August 31, 2011</u>	<u>June 30, 2010</u>
<u>Bank Deposits</u>		
Demand Deposits	135,270	203,134
<u>Type of Security</u>		
Investments, at market value:		
Certificate of Deposit	-	100,000
Investment Pool	-	3
Mutual Funds	6,448,363	5,422,671
Total Investments	<u>6,448,363</u>	<u>5,522,674</u>
Total Cash and Investments	<u><u>6,583,633</u></u>	<u><u>5,725,808</u></u>

(5) DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at year-end were as follows:

	<u>District August 31, 2011</u>	<u>District August 31, 2010</u>
Student Receivables	1,739,535	2,316,575
Taxes Receivable	1,619,445	1,579,705
Federal Receivables	1,754,908	1,259,179
Accounts Receivable	85,241	114,765
Interest Receivable	5,963	9,094
TOTAL	<u>5,205,092</u>	<u>5,279,318</u>
Allowance for Uncollectibles	<u>(1,011,758)</u>	<u>(989,485)</u>
Accounts Receivable, net	<u><u>4,193,334</u></u>	<u><u>4,289,833</u></u>

LEE COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 AUGUST 31, 2011 and 2010

Accounts receivable have been reflected net of an allowance for doubtful accounts in the accompanying statements of net assets. Generally the allowances are based upon historical experience in collecting the applicable receivables. Allowances for doubtful accounts at year-end are as follows:

Description	District August 31, 2011	District August 31, 2010
Taxes Receivable	1,004,056	981,783
Accounts Receivable	<u>7,702</u>	<u>7,702</u>
<b>TOTAL</b>	<b><u>1,011,758</u></b>	<b><u>989,485</u></b>

Payables

Payables at year-end were as follows:

Description	District August 31, 2011	District August 31, 2010
Vendor's Payable	1,230,237	1,265,305
Accrued Interest	49,462	52,707
Other Accruals	<u>446,411</u>	<u>193,502</u>
<b>TOTAL</b>	<b><u>1,726,110</u></b>	<b><u>1,511,514</u></b>

LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

(6) CAPITAL ASSETS

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

	Balance August 31, 2010	Increases	Decreases	Balance August 31, 2011
<u>Not Depreciated:</u>				
Land	1,327,217	-	-	1,327,217
Construction in Process	-	3,743,998	-	3,743,998
Subtotal	1,327,217	3,743,998	-	5,071,215
<u>Other Capital Assets:</u>				
Buildings	73,465,709	-	-	73,465,709
Land Improvements	1,451,906	-	-	1,451,906
Furniture, Machinery, Vehicles and Other Equipment	17,626,495	828,544	-	18,455,039
Telecommunications and Peripheral Equipment	6,281,930	-	-	6,281,930
Library Books	2,242,130	80,037	-	2,322,167
Subtotal	101,068,170	908,581	-	101,976,751
<u>Accumulated Depreciation:</u>				
Buildings	(14,762,947)	(1,423,326)	-	(16,186,273)
Land Improvements	(930,515)	(31,088)	-	(961,603)
Furniture, Machinery, Vehicles and Other Equipment	(15,158,127)	(415,349)	-	(15,573,476)
Telecommunications and Peripheral Equipment	(6,328,155)	(7,811)	-	(6,335,966)
Library Books	(1,015,749)	(77,325)	-	(1,093,074)
Subtotal	(38,195,493)	(1,954,899)	-	(40,150,392)
Net Other Capital Assets	<u>62,872,677</u>	<u>(1,046,318)</u>	-	<u>61,826,359</u>
Net Capital Assets	<u>64,199,894</u>	<u>2,697,680</u>	-	<u>66,897,574</u>

LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

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

	Balance August 31, 2009	Increases	Decreases	Balance August 31, 2010
<u>Not Depreciated:</u>				
Land	1,327,217	-	-	1,327,217
Construction in Process	-	-	-	-
Subtotal	<u>1,327,217</u>	<u>-</u>	<u>-</u>	<u>1,327,217</u>
<u>Other Capital Assets:</u>				
Buildings	72,922,275	543,434	-	73,465,709
Land Improvements	1,451,906	-	-	1,451,906
Furniture, Machinery, Vehicles and Other Equipment	17,186,358	440,137	-	17,626,495
Telecommunications and Peripheral Equipment	6,281,930	-	-	6,281,930
Library Books	2,055,563	186,567	-	2,242,130
Subtotal	<u>99,898,032</u>	<u>1,170,138</u>	<u>-</u>	<u>101,068,170</u>
<u>Accumulated Depreciation:</u>				
Buildings	(13,339,623)	(1,423,324)	-	(14,762,947)
Land Improvements	(899,446)	(31,069)	-	(930,515)
Furniture, Machinery, Vehicles and Other Equipment	(14,714,279)	(443,848)	-	(15,158,127)
Telecommunications and Peripheral Equipment	(6,311,789)	(16,366)	-	(6,328,155)
Library Books	(943,740)	(72,009)	-	(1,015,749)
Subtotal	<u>(36,208,877)</u>	<u>(1,986,616)</u>	<u>-</u>	<u>(38,195,493)</u>
Net Other Capital Assets	<u>63,689,155</u>	<u>(816,478)</u>	<u>-</u>	<u>62,872,677</u>
Net Capital Assets	<u>65,016,372</u>	<u>(816,478)</u>	<u>-</u>	<u>64,199,894</u>

LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

(7) LONG-TERM LIABILITIES

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

	Balance August 31, 2010	Additions	Reductions	Balance August 31, 2011	Current Portion
<u>Bonds, Leases and Note</u>					
General Obligation Bonds	14,183,672	-	918,672	13,265,000	1,220,000
Revenue Bonds	13,225,000	-	630,000	12,595,000	670,000
Deferred amount	(797,757)	-	(80,109)	(717,648)	-
Bond premiums	875,659	-	84,304	791,355	-
Accretion	245,780	25,548	271,328	-	-
Capital Leases	9,819,366	12,923,784	9,775,741	12,967,409	432,384
Total Bonds and Note	<u>37,551,720</u>	<u>12,949,332</u>	<u>11,599,936</u>	<u>38,901,116</u>	<u>2,322,384</u>
<u>Other Liabilities</u>					
Compensated absences	465,867	461,783	458,593	469,057	469,057
Early retirement incentive	712,078	-	356,038	356,040	356,040
Total Other Liabilities	<u>1,177,945</u>	<u>461,783</u>	<u>814,631</u>	<u>825,097</u>	<u>825,097</u>
Total Long-term Liabilities	<u>38,729,665</u>	<u>13,411,115</u>	<u>12,414,567</u>	<u>39,726,213</u>	<u>3,147,481</u>

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

	Balance August 31, 2009	Additions	Reductions	Balance August 31, 2010	Current Portion
<u>Bonds, Leases and Note</u>					
General Obligation Bonds	15,233,672	-	1,050,000	14,183,672	918,672
Revenue Bonds	13,790,000	2,425,000	2,990,000	13,225,000	630,000
Deferred amount	(877,867)	-	(80,110)	(797,757)	-
Bond premiums	878,491	72,203	75,035	875,659	-
Accretion	221,177	24,603	-	245,780	-
Capital Leases	9,972,735	87,333	240,702	9,819,366	191,304
Total Bonds and Note	<u>39,218,208</u>	<u>2,609,139</u>	<u>4,275,627</u>	<u>37,551,720</u>	<u>1,739,976</u>
<u>Other Liabilities</u>					
Compensated absences	437,012	487,193	458,338	465,867	465,867
Early retirement incentive	1,102,495	-	390,417	712,078	356,037
Total Other Liabilities	<u>1,539,507</u>	<u>487,193</u>	<u>848,755</u>	<u>1,177,945</u>	<u>821,904</u>
Total Long-term Liabilities	<u>40,757,715</u>	<u>3,096,332</u>	<u>5,124,382</u>	<u>38,729,665</u>	<u>2,561,880</u>



LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

General information related to bonds payable as of August 31, 2011 is summarized below:

Bond Issue Name:	Series 2005	Series 2006	Series 2010
Purpose of Issue:	Advance Refunding	Capital Improvements	Advance Refunding
Original Amount Authorized:	13,688,672	12,000,000	2,425,000
Amount Issued:	13,688,672	12,000,000	2,425,000
Issue Date:	July 14, 2005	July 20, 2006	June 17, 2010
Type of Bond:	General Obligation	Revenue	Revenue
Maturity Date Range:	2011-2020	2008-2027	2011-2020
Source of Revenue for Debt Service:	Tax Revenues	Pledged Revenues	Pledged Revenues
Outstanding Balance:	13,265,000	10,365,000	2,230,000

Bonds payable are due in annual installments varying from \$215,000 to \$1,775,000 with the final installment due in 2027.

Interest rates for the General Obligation Bonds vary from 3.500% to 5.000% and on the Revenue Bonds from 2.00% to 5.00%.

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

Year Ended	General Obligation Bonds			Revenue Bonds			Total Bonds	
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
August 31,								
2012	1,220,000	625,750	1,845,750	670,000	561,263	1,231,263	1,890,000	1,187,013
2013	1,270,000	583,050	1,853,050	700,000	536,487	1,236,487	1,970,000	1,119,537
2014	1,320,000	532,150	1,852,150	725,000	508,363	1,233,363	2,045,000	1,040,513
2015	1,385,000	472,750	1,857,750	750,000	479,187	1,229,187	2,135,000	951,937
2016	1,460,000	403,500	1,863,500	785,000	447,675	1,232,675	2,245,000	851,175
2017-2021	6,610,000	846,750	7,456,750	4,190,000	1,699,400	5,889,400	10,800,000	2,546,150
2022-2026	-	-	-	3,880,000	812,825	4,692,825	3,880,000	812,825
2027	-	-	-	895,000	44,750	939,750	895,000	44,750
<b>TOTAL</b>	<b>13,265,000</b>	<b>3,463,950</b>	<b>16,728,950</b>	<b>12,595,000</b>	<b>5,089,950</b>	<b>17,684,950</b>	<b>25,860,000</b>	<b>8,553,900</b>

Defeased bonds outstanding:

The District did not have any defeased bonds outstanding at August 31, 2011.

LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

Capital Leases

During 2009, the District entered into a lease agreement for the construction of energy efficiency improvements at a cost of \$9,972,735. In 2011, the District refinanced the lease to include additional funding of \$2,797,012 to cover the cost of Phase II of the energy improvement project. Total proceeds from the refinancing were \$12,923,784. Interest incurred during the construction phase is reflected in the capitalized value of the energy improvement project. Capitalized interest for 2011 was \$149,858 and \$212,025 on the initial 2009 lease agreement. The scheduled maturity date of the final lease payment is June 25, 2028. During 2010 the District entered into a lease agreement for the purchase of Sleeper Tractor for \$87,333. The scheduled maturity date for the final payment is October 1, 2012. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. Future minimum lease payments to be paid are as follows:

<u>Year Ending August 31</u>	
2012	816,378
2013	920,633
2014	923,318
2015	934,250
2016	961,339
2017-2021	5,056,199
2022-2026	5,703,018
2027-2028	<u>2,494,186</u>
Total	17,809,321
Less Amount Representing Interest (Rate 3.86% to 4.51%)	<u>(4,841,912)</u>
Present Value of Future Minimum Lease Payments	<u><u>12,967,409</u></u>

Employees of the District are awarded twelve days sick leave per year and may accumulate up to 120 days leave; however, accumulated sick leave does not vest and employees are not paid for unused days at the time of termination of employment. Employees of the District earn up to 168 hours paid vacation each year and may accumulate up to 208 hours. Earned vacation hours are credited to the employee on a monthly basis. Accumulated vacation hours in excess of 208 are forfeited. As of August 31, 2011, the value of all accumulated vested employee vacation benefits was \$469,057 which is included in the accompanying statement of net assets.

During 2008 the District offered an early retirement incentive program to all qualified employees. Under the plan, benefits were 75% of base contract salary. The retirement benefit will be paid to participants on a monthly basis prorated over a period of forty-eight months commencing on September 15, 2008. As of August 31, 2011, the liability for the 2008 program was \$356,040, payable in 2012.

The liability for the program is included in other liabilities in the accompanying statement of net assets.

(8) OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS

As of August 31, 2011, the District had no significant commitments under non-cancelable operating lease agreements. Total rental expenditures under operating leases for the year ended August 31, 2011 was approximately \$68,490 and \$72,047 for 2010.

LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

(9) EMPLOYEES' RETIREMENT PLAN

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

**Teacher Retirement System of Texas**

*Plan Description.* Lee College 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](http://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, 2010 and 2009 and a state contribution rate of 6.644 percent for Fiscal Year 2011; 6.644 percent for Fiscal Year 2010; and 6.58 percent for Fiscal Year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644 percent contribution for Fiscal Year 2011; 6.644 percent for Fiscal Year 2010; and 6.58 percent for Fiscal Year 2009.

**Optional Retirement Plan**

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.4% and 6.65%, respectively. The college contributes 2.1% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the state for the college was \$1,225,923 and \$1,234,880 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 college.

The total payroll for all college employees was \$25,277,837 and \$25,743,944 for fiscal years 2011 and 2010, respectively. The total payroll of employees covered by the Teacher Retirement System was \$12,234,767 and \$12,225,333, and the total payroll of employees covered by the Optional Retirement Program was \$9,524,018 and \$9,884,439 for fiscal years 2011 and 2010, respectively.

LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

(10) 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.

(11) 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 \$413 to \$1,202 per month for the year ended August 31, 2011 (\$385 to \$1,121 per month for 2010) and totaled \$2,083,895 for 2011 (\$2,160,372 for the year ended 2010). The cost of providing those benefits for 177 retirees in the year ended 2011 was \$900,834 (retiree benefits for 171 retirees cost \$939,436 in 2010). For 372 active employees, the cost of providing benefits was \$1,183,577 for the year ended 2011 (active employee benefits for 382 active employees cost \$1,222,053 for the year ended 2010).

(12) 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 fiscal years 2011 and 2010. The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

(13) AD VALOREM TAXES

Delinquent taxes receivable are shown in the accompanying statement of net assets net of the allowance for doubtful taxes of \$1,004,056 and \$981,783 for fiscal years 2011 and 2010, respectively. Allowances for uncollectibles are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The District's Ad Valorem property tax is levied by October 1, on the assessed value listed as of the prior January 1, for all real and business personal property located in the District. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

At August 31:

	2011	2010
Assessed Valuation of the District	10,223,732,693	10,863,880,236
Less: Exemptions	(2,383,199,485)	(2,167,718,156)
Less: Abatements	-	-
Net Assessed Valuation of the District	<u>7,840,533,208</u>	<u>8,696,162,080</u>

LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

	2011			2010		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized Tax Rate per \$100 valuation (Maximum per Enabling Legislation)	0.280000	0.500000	0.780000	0.280000	0.500000	0.780000
Assessed Tax Rate per \$100 valuation	0.228500	0.023500	0.252000	0.201200	0.020000	0.221200

Taxes levied for the year ended August 31, 2011 and 2010 amounted to \$19,758,145 and 18,971,023, respectively including any penalty and interest assessed. Tax collections follow:

	2011			2010		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current Taxes Collected	17,560,458	1,800,576	19,361,034	16,916,197	1,673,031	18,589,228
Delinquent Taxes Collected	187,551	14,704	202,255	179,437	17,746	197,183
Penalties & Interest Collected	150,619	23,701	174,320	155,494	22,295	177,789
Total Collections	17,898,628	1,838,981	19,737,609	17,251,128	1,713,072	18,964,200

Total tax collections for the year ended August 31, 2011 and 2010 were 100% and 100%, respectively of the current tax levy. Property tax revenue is recognized in the fiscal year in which the taxes are levied and is restricted to either maintenance and operations or interest and sinking expenditures.

During 2011, tax collections from one petrochemical complex within the District's taxing authority represented approximately 28% of total tax revenues.

(14) CONTRACT AND GRANT AWARDS

At August 31, 2011, there were no contract or grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal year 2011 for which monies have not been received nor funds expended.

(15) ON-BEHALF PAYMENTS

Certain retirement and health insurance fringe benefits are funded by the State of Texas on behalf of the District (see Notes 9 and 11). For 2011, revenues and expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets include \$2,083,895 for health insurance (\$2,160,372 for 2010) and \$1,225,923 for retirement benefits (\$1,234,880 for 2010) which were funded by the State on behalf of the District.

LEE COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 and 2010

(16) DONATED PROPERTY AND MATERIALS

Donated property, plant and equipment are recorded as investment in plant at estimated fair market value at date of donation. Donated materials or consumable goods and supplies are not recorded in the financial statements, as such items are generally not material to the operations of the District.

(17) RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for claims related to risks except loss due to theft and general liability.

The District is essentially self-insured for risks arising from theft of property. Losses, if any, are funded on an as incurred basis. As a governmental entity, the District is essentially exempt from general liability claims and, accordingly, carries no general liability insurance.

The District obtains its property/casualty coverage through the PCAT – Property Casualty Alliance of Texas (Fund). The Fund is a modified self-funded plan of coverage offered to education based political subdivisions. Under the Fund, participants join together in a pool to purchase coverage for their property and liability exposures, as well as claim administration and loss control services. As a participant in the Fund, the District is not responsible for its own unpaid claims. Accordingly, no liabilities for unpaid claims have been recorded in the accompanying financial statements. Premiums paid by the District are expensed over the coverage period.

The District retains risk of loss, in the form of policy deductibles of \$100,000 for damage to or destruction of assets and \$10,000 for educator's legal liability. Current coverage amounts are substantially unchanged from prior year amounts and settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

(18) COMMITMENTS AND CONTINGENCIES

As of August 31, 2011, the District was not involved in any lawsuits or other legal actions which, in Administration's opinion (based on discussions with legal counsel) would result in any direct loss to the District which would be material to its financial position.

## **OTHER SUPPLEMENTARY INFORMATION**

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

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## SCHEDULES

Lee College District  
Schedule A  
Schedule of Detailed Operating Revenues  
For the Year Ended August 31, 2011 (With Memorandum Totals for the Year Ended August 31, 2010)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY 2011 Total	FY 2010 Total
<b>Tuition</b>						
State Funded Courses						
In-District Resident Tuition	\$ 3,157,816	\$ -	\$ 3,157,816	\$ -	\$ 3,157,816	\$ 2,624,361
Out-of-District Resident Tuition	2,840,934	-	2,840,934	-	2,840,934	2,394,257
TPEG-Credit (set aside)*	392,689	-	392,689	-	392,689	341,961
Non-Resident Tuition	291,639	-	291,639	-	291,639	290,190
State-Funded Continuing Education	761,493	-	761,493	-	761,493	613,337
TPEG Non-Credit (set aside)*	-	-	-	-	-	-
Non-State Funded Continuing Education	377,975	-	377,975	-	377,975	358,612
<b>Total Tuition</b>	<b>\$ 7,822,547</b>	<b>\$ -</b>	<b>\$ 7,822,547</b>	<b>\$ -</b>	<b>\$ 7,822,547</b>	<b>\$ 6,622,718</b>
<b>Fees</b>						
General Fee	465,060	-	465,060	-	465,060	465,617
Student Service Fee	-	-	-	302,076	302,076	298,506
Lab Fee	429,577	-	429,577	-	429,577	514,198
Building Use Fees	2,080,506	-	2,080,506	-	2,080,506	2,055,199
Other Fees	331,151	-	331,151	-	331,151	209,114
<b>Total Fees</b>	<b>\$ 3,306,294</b>	<b>\$ -</b>	<b>\$ 3,306,294</b>	<b>\$ 302,076</b>	<b>\$ 3,608,370</b>	<b>\$ 3,542,634</b>
<b>Scholarship Allowances and Discounts</b>						
Scholarship Allowances	(421,799)	-	(421,799)	-	(421,799)	(378,365)
Remissions and Exemptions	(768,093)	-	(768,093)	-	(768,093)	(648,959)
TPEG Allowances	(198,354)	-	(198,354)	-	(198,354)	(194,726)
State Grants to Students	-	-	-	-	-	-
Federal Grants to Students	(3,277,034)	-	(3,277,034)	-	(3,277,034)	(2,690,272)
Other	(114,742)	-	(114,742)	-	(114,742)	(197,231)
<b>Total Scholarship Allowances and Discounts</b>	<b>\$ (4,780,022)</b>	<b>\$ -</b>	<b>\$ (4,780,022)</b>	<b>\$ -</b>	<b>\$ (4,780,022)</b>	<b>\$ (4,109,553)</b>
<b>Total Net Tuition and Fees</b>	<b>\$ 6,348,818</b>	<b>\$ -</b>	<b>\$ 6,348,818</b>	<b>\$ 302,076</b>	<b>\$ 6,650,894</b>	<b>\$ 6,055,799</b>
<b>Additional Operating Revenues</b>						
Federal Grants and Contracts	-	2,630,900	2,630,900	-	2,630,900	3,134,212
State Grants and Contracts	-	1,008,770	1,008,770	-	1,008,770	737,532
Local Grants and Contracts	-	-	-	-	-	-
Nongovernmental Grants and Contracts	28,516	-	28,516	-	28,516	17,502
Sales and Services of Educational Activities	35,180	-	35,180	-	35,180	33,701
Investment Income (program restricted)	-	-	-	-	-	-
Other Operating Revenues	880,784	-	880,784	-	880,784	431,565
<b>Total Additional Operating Revenues</b>	<b>\$ 944,480</b>	<b>\$ 3,639,670</b>	<b>\$ 4,584,149</b>	<b>\$ -</b>	<b>\$ 4,584,150</b>	<b>\$ 4,354,512</b>
<b>Auxiliary Enterprises</b>						
Bookstore (net of discounts \$1,422,575)	-	-	-	1,521,741	1,521,741	1,833,637
Food Service	-	-	-	411,421	411,421	451,191
Other Auxiliary Services	-	-	-	-	-	-
<b>Total Net Auxiliary Enterprises</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,933,162</b>	<b>\$ 1,933,162</b>	<b>\$ 2,284,828</b>
<b>Total Operating Revenues</b>	<b>\$ 7,293,298</b>	<b>\$ 3,639,670</b>	<b>\$ 10,932,968</b>	<b>\$ 2,235,238</b>	<b>\$ 13,168,207</b>	<b>\$ 12,695,139</b>

(Exhibit 2) (Exhibit 2)

\* In accordance with Education Code 56.033, \$392,689 and \$341,961 for years August 31, 2011 and 2010 respectively, of tuition was set aside for Texas Public Educational Grants (TPEG)

Lee College District  
Schedule B  
Schedule of Operating Expenses By Object  
For the Year Ended August 31, 2011  
(with Memorandum Totals for the Year ended August 31, 2010)

	Operating Expenses				FY 2011 Total	FY 2010 Total
	Benefits			Other Expenses		
	Salaries and Wages	State	Local			
Educational Activities						
Instruction	\$ 13,284,661		\$ 1,901,270	\$ 921,091	\$ 16,107,022	\$ 16,138,123
Public Service	521,380		\$ 74,619	593,584	1,189,582	1,042,546
Academic Support	1,946,768		\$ 278,617	309,500	2,534,885	2,492,021
Student Services	1,792,009		\$ 256,468	275,572	2,324,050	2,264,800
Institutional Support	4,121,531		\$ 589,864	1,678,925	6,390,320	7,483,189
Operation and Maintenance of Plant	1,645,461		\$ 235,495	3,245,949	5,126,904	6,052,753
Scholarships and Fellowships	-			-	-	-
<b>Total Unrestricted Educational Activities</b>	<b>23,311,809</b>		<b>3,336,332</b>	<b>7,024,621</b>	<b>33,672,763</b>	<b>35,473,432</b>
Instruction	339,177	1,887,918	63,051	1,719,265	4,009,411	3,577,991
Public Service	26,949	74,095	376	411,550	512,970	544,940
Academic Support	-	276,660	-	460	277,120	303,820
Student Services	258,834	254,667	62,537	251,502	827,541	975,278
Institutional Support	463,568	819,563	90,098	935,776	2,309,005	1,735,196
Operation and Maintenance of Plant	-			-	-	-
Scholarships and Fellowships	144,093			9,916,206	10,060,298	9,156,659
<b>Total Restricted Educational Activities</b>	<b>1,232,621</b>	<b>3,312,902</b>	<b>216,063</b>	<b>13,234,759</b>	<b>17,996,345</b>	<b>16,293,884</b>
<b>Total Educational Activities</b>	<b>24,544,430</b>	<b>3,312,902</b>	<b>3,552,395</b>	<b>20,259,380</b>	<b>51,669,108</b>	<b>51,767,316</b>
Auxiliary Enterprises	373,152		78,485	3,812,003	4,263,639	4,335,951
Depreciation Expense-Buildings and Improvements				1,454,414	1,454,414	1,454,394
Depreciation Expense-Equipment and Furniture				500,485	500,485	532,223
<b>Total Operating Expenses</b>	<b>\$ 24,917,582</b>	<b>\$ 3,312,902</b>	<b>\$ 3,630,880</b>	<b>\$ 26,026,282</b>	<b>\$ 57,887,647</b>	<b>\$ 58,089,885</b>
				(Exhibit 2)	(Exhibit 2)	

Lee College District  
Schedule C  
Schedule of Non-Operating Revenues and Expenses  
For the Year Ended August 31, 2011  
With Comparative Data for the Year Ended August 31, 2010

	Unrestricted	Restricted	Auxiliary Enterprises	FY 2011 Total	FY 2010 Total
<b>NON-OPERATING REVENUES</b>					
Education and General State Support	\$ 9,529,202	\$ 70,065		\$ 9,599,267	\$ 9,843,840
State Group Insurance		2,086,979		2,086,979	2,160,372
State Retirement Matching		1,225,923		1,225,923	1,234,880
<b>Total State Support</b>	<u>9,529,202</u>	<u>3,382,967</u>	-	<u>12,912,169</u>	<u>13,239,092</u>
Maintenance Ad Valorem Taxes	17,881,845			17,881,845	17,251,128
General Obligation Bond Taxes		1,855,764		1,855,764	1,713,072
Federal Non-Operating Grants	-	15,570,891		15,570,891	12,893,803
Gifts	404,297			404,297	549,914
Investment Income	42,756	-		42,756	73,026
Payments in Lieu of Taxes	1,618,019	-		1,618,019	712,071
<b>Total Non-Operating Revenues</b>	<u>29,476,119</u>	<u>20,809,622</u>	-	<u>50,285,741</u>	<u>46,432,106</u>
<b>NON-OPERATING EXPENSES</b>					
Interest on Capital Related Debt		1,853,957		1,853,957	1,862,621
Other Non-Operating Expenses		-		-	
<b>Total Non-Operating Expenses</b>	<u>-</u>	<u>1,853,957</u>	-	<u>1,853,957</u>	<u>1,862,621</u>
<b>Net Non-Operating Revenues</b>	<u>\$ 29,476,119</u>	<u>\$ 18,955,665</u>	<u>\$ -</u>	<u>\$ 48,431,784</u>	<u>\$ 44,569,485</u>
				(Exhibit 2)	(Exhibit 2)

Lee College District  
Schedule D  
Schedule of Net Assets by Source and Availability  
For the Year Ended August 31, 2011  
With Memorandum Totals for the Year Ended August 31, 2010

	Detail by Source					Available for Current Operations	
	Restricted			Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
	Unrestricted	Expendable	Non-Expendable				
<b>Current</b>							
Unrestricted	\$ 11,330,559	\$ -	\$ -	\$ -	11,330,559	\$ 11,330,559	\$ -
Restricted		773,447			773,447	773,447	
Auxiliary Enterprises	-				-		
<b>Loan</b>							
Endowment			375,013		375,013		375,013
<b>Plant</b>							
Unexpended	-				-		
Debt Service		130,556			130,556		130,556
Investment in Plant				27,996,458	27,996,458		27,996,458
<b>Total Net Assets, August 31, 2011</b>	<b>\$ 11,330,559</b>	<b>\$ 904,003</b>	<b>\$ 375,013</b>	<b>\$ 27,996,458</b>	<b>\$ 40,606,033</b>	<b>\$ 12,104,006</b>	<b>\$ 28,502,027</b>
					(Exhibit 1)		
<b>Total Net Assets, August 31, 2010</b>	<b>\$ 9,199,998</b>	<b>\$ 700,504</b>	<b>\$ 345,013</b>	<b>\$ 26,648,174</b>	<b>\$ 36,893,689</b>	<b>\$ 9,895,848</b>	<b>\$ 26,997,841</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>\$ 2,130,561</b>	<b>\$ 203,499</b>	<b>\$ 30,000</b>	<b>\$ 1,348,284</b>	<b>\$ 3,712,344</b>	<b>\$ 2,208,158</b>	<b>\$ 1,504,186</b>
					(Exhibit 2)		

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

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Pass Through Disbursements and Expenditures
U.S. Department of Education			
Direct Programs:			
Student Financial Assistance Cluster			
SEOG 2010-11	84.007		\$ 35,808
SEOG 2011-12	84.007		1,500
Federal Family Education Loan Program 2010-11	84.032		10,756
Federal College Workstudy Program 2010-11	84.033		99,031
Federal College Workstudy Program 2011-12	84.033		1,573
Federal PELL 2008-09	84.063		(807)
Federal PELL 2009-10	84.063		(7,116)
Federal PELL 2010-11	84.063		9,549,944
Federal PELL 2011-12	84.063		255,489
Direct Loan Program 2009-10	84.268		2,869
Direct Loan Program 2010-11	84.268		4,240,223
Direct Loan Program 2011-12	84.268		170,710
Academic Competitiveness 2010-11	84.375		94,648
Title V 2009-10	84.031S		9,879
Title V 2010-11	84.031S		331,551
Student Support Services 2010-11	84.042A		163,365
Educational Opportunity Center 2010-11	84.066A		234,672
Pass-Through From:			
Texas Higher Education Coordinating Bd.			
Carl Perkins Vocational Education - Basic 10-11	84.048	114228	337,941
Special Leveraging Educational Assistance Partnerships 2010-11	84.069B		9,082
Gulf Coast Tech Prep			
Carl Perkins Vocational Education - Tech Prep 10-11	84.243		25,752
Total U.S. Department of Education			<u>15,586,861</u>
U.S. Department of Housing and Urban Development			
Pass-Through From:			
Harris County			
Community Development Block Grant	14.218	B-2010-UC-48-0002	630,103
Total U.S. Department of Housing and Urban Development			<u>630,103</u>
U.S. Department of Labor			
Direct Programs:			
Community-Based Job Training 09-10	17.269	CB-18226-09-60-A-48	(693)
Community-Based Job Training 10-11 (note 3)	17.269	CB-18226-09-60-A-48	256,226
Community-Based Job Training 11-12 (note 3)	17.269	CB-18226-09-60-A-48	208,684
Pass-Through From:			
San Jacinto College			
Community-Based Job Training 10-11	17.269	DOL531708003	256,233
Community-Based Job Training 11-12	17.269	DOL531708003	158,621
WTP High Growth and Emerging Industry Sectors 10-11	17.275	DOL5317021009	462,870
WTP High Growth and Emerging Industry Sectors 11-12	17.275	DOL5317021009	134,587
Pass-Through From:			
Texas Workforce Commission			
WIA Adult Program & Dislocated Workers 11-12	17.278	2811WSW002	17,018
Total U.S. Department of Labor			<u>1,493,548</u>
National Science Foundation			
Direct Programs:			
NSF ATE Program for Physics Faculty 2010-11	47.076		87,641
NSF ATE Program for Physics Faculty 2011-12	47.076		16,929
NSF ATE Workshops for Physics Faculty 2010-11	47.076		24,952
NSF ATE Workshops for Physics Faculty 2011-12	47.076		13,328
NSF Analyzer Technician Opportunities Project 2010-11 (note 3)	47.076		259,384
NSF Analyzer Technician Opportunities Project 2011-12	47.076		20,132
Total National Science Foundation			<u>422,366</u>
U.S. Small Business Administration			
Pass-Through From:			
University of Houston			
Small Business Development Center 2009-10	59.037	10-603001-Z-0047-26	6,842
Small Business Development Center 2010-11	59.037	1-603001-Z-0047-27	62,570
Total Small Business Administration			<u>69,412</u>

Schedule Continued on Following Page.

SCHEDULE E (Continued)

Department of Health and Human Services Health Resources and Services Administration

Pass-Through From:			
Lamar University			
Academic Collaboration and Caring for Education Success and Sen	93,359	NU5029-Lee	10,808
Texas Department of Housing and Community Affairs			
Pass-Through From:			
Gulf Coast Community Services Association			
ARRA-Community Services Block Grant	93,710		8,693
Total Department of Health and Human Services Health Resources and Services Administration			<u>19,501</u>
Total Federal Financial Assistance			<u>\$ 18,201,791</u>

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenues per Schedule A	\$ 2,630,900
Federal Grants and Contracts Revenues per Schedule C	15,570,891
Less: Indirect/Administrative Costs Recoveries	-
Add: Cost of Capital Asset Acquisitions	-
Add: General Services Surplus Property Acquisitions	-
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 18,201,791</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 expended by the college for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the 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: Subrecipients

The following amounts were passed-through to the listed subrecipients by the college. These amounts were from Community-Based Job Training program CFDA 17.269 from U. S. Department of Labor:

Brazosport College	\$ 125,517
College of the Mainland	85,682
San Jacinto College	<u>158,570</u>
Total amount passed-through	<u>\$ 369,769</u>

The following amounts were passed-through to the listed subrecipients by the college. These amounts were from NSF Analyzer Technician Opportunities Project CFDA 47.076 from National Science Foundation:

San Jacinto College	\$ <u>69,193</u>
Total amount passed-through	<u>\$ 69,193</u>

LEE COLLEGE DISTRICT  
SCHEDULE F  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended August 31, 2011

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Higher Education Coordinating Board		
Texas College Work Study		\$ 45,867
Texas Grant Program		162,810
Texas Education Opportunity Grant		94,825
Total Texas Higher Education Coordinating Board		<u>303,502</u>
Texas Workforce Commission		
Skills Development 2009-10	2809SDFZ07	187
Skills Development 2010-11	2809SDFZ07	64,340
Small Business Program	2811SSD000	6,376
Pass Through From:		
San Jancinto College		
Skills Development - EHCMA	TWC551005001	367,973
Total Texas Workforce Commission		<u>438,876</u>
Texas Comptroller of Public Accounts		
JET Grant Program 2009-10	3572-28	9,211
JET Grant Program 2010-11	3572-28	84,784
JET Equipment Grant	4776-9	162,674
Total Texas Comptroller of Public Accounts		<u>256,669</u>
Pass-Through From:		
Texas Education Agency		
Goose Creek Consolidated Independent School District		
Communities In Schools/21st Century Community Learning Centers 09-10		4
Communities In Schools/21st Century Community Learning Centers 10-11		317
Communities In Schools/21st Century Community Learning Centers #2 10-11		9,403
Texas Education Agency		<u>9,723</u>
Total State Financial Assistance		<u>\$ 1,008,770</u>

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A		
State Financial Assistance		
Per Schedule of expenditures of state awards		\$ 1,008,770
State Financial Assistance		
Continuing Education tuition and fees included in Schedule A captioned "Tuition and Fees"		<u>-</u>
Total State Revenues per Schedule 2-A		<u>\$ 1,008,770</u>

Note 2: Significant Accounting Policies Used In Preparing the Schedule

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



SINGLE AUDIT SECTION

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# Lovvorn & Kieschnick

CERTIFIED PUBLIC ACCOUNTANTS

418 Peoples Street, Suite 308 tele 361-884-8897  
Corpus Christi, TX 78401 fax 361-884-3457

## Independent Auditor's Report

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

Board of Regents  
Lee College District  
Baytown, Texas 77520

Members of the Board of Regents:

We have audited the basic financial statements of Lee College District (the District) as of and for the years ended August 31, 2011 and 2010, and have issued our report thereon dated December 8, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the State of Texas, *Uniform Grant and Contract Management Standards (UGCMS)*.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered Lee College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Lee College 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 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 would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lee College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and UGCMS*.

Public Funds Investment Act

We have performed tests designed to verify Lee College'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 management, others within the entity, the Board of Regents, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Lovvorn & Kieschnick, LLP  
December 8, 2011



# Lovvorn & Kieschnick

CERTIFIED PUBLIC ACCOUNTANTS

418 Peoples Street, Suite 308 tele 361-884-8897  
Corpus Christi, TX 78401 fax 361-884-3457

## Independent Auditor's Report

Report on Compliance with Requirements that  
Could Have a Direct and Material Effect on  
Each Major Program and on Internal Control over Compliance in  
Accordance with OMB Circular A-133

Board of Regents  
Lee College District  
Baytown, Texas 77520

Members of the Board of Regents:

### Compliance

We have audited the compliance of Lee College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the provisions of the State of Texas, *Uniform Grant and Contract Management Standards (UGCMS)* that are applicable to each of its major federal and state programs for the year ended August 31, 2011. The District's major federal and state programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of the major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Lee College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended August 31, 2011.

#### Internal Control Over Compliance

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

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

*Lovvorn & Kieschnick, LLP*

Lovvorn & Kieschnick, LLP  
December 8, 2011

**LEE COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2011**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weakness(es) identified?      Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?      Yes   X   None Reported

Noncompliance material to financial statements noted?      Yes   X   No

2. Federal Awards

Internal control over major programs:

One or more material weakness(es) identified?      Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?      Yes   X   None Reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Programs Cluster:
	Federal Supplemental Education Opportunity Grant Program
84.007	Federal Family Education Loan Program
84.032	Federal Work Study Program
84.033	Federal Pell Grant Program
84.063	Direct Loan Program
84.268	Academic Competitiveness Grant
84.375	Title V
84.031S	Community Development Block Grant
14.218	WTP High Growth and Emerging Sectors
17.275	

Dollar threshold used to distinguish between type A and type B programs: \$413,640

Auditee qualified as low-risk auditee?   X   Yes      No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**LEE COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED AUGUST 31, 2010**

3. State Awards

Internal control over major programs:

One or more material weakness(es) identified?           Yes        X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?           Yes        X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with State of Texas Single Audit Circular           Yes        X   No

Identification of major programs:

<u>Grant Number</u>	<u>Name of State Program</u>
TWC 551005001	Skills Development - EHCMA

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

Auditee qualified as low-risk auditee?        X   Yes           No

B. Financial Statement Findings

NONE

C. Federal/State Award Findings and Questioned Costs

NONE



**LEE COLLEGE DISTRICT**  
SCHEDULE OF CORRECTIVE ACTION PLAN  
YEAR ENDED AUGUST 31, 2011

Program

N/A

Corrective Action Plan

No Corrective Action Required

**LEE COLLEGE DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED AUGUST 31, 2011**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A - No Prior Findings		

# STATISTICAL SUPPLEMENT (Unaudited)

Tables in the statistical supplement present detailed information as a context for understanding what the information contained in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the District.

## Contents

### **Financial Trends**

**Schedules 1-3**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

### **Revenue Capacity**

**Schedules 4-8**

These schedules contain information to help the reader assess the District's significant revenue sources.

### **Debt Capacity**

**Schedules 9-11**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt as needed in the future.

### **Demographic and Economic Information**

**Schedules 12-13**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

### **Operating Information**

**Schedules 14-18**

These schedules contain employment, enrollment and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Lee College District  
 Statistical Supplement 1  
 Net Assets by Component  
 Last Ten Fiscal Years  
 (Unaudited)

	For the Fiscal year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 27,996,458	\$ 26,648,174	25,798,164	\$ 19,784,147	\$ 18,532,913	\$ 18,587,135	\$ 18,026,611	\$ 18,937,949	\$ 17,780,628	\$ 16,482,341
Restricted, expendable	\$ 904,003	700,504	887,700	955,326	\$ 908,306	\$ 980,502	\$ 760,402	\$ 686,804	\$ 837,151	\$ 2,264,722
Restricted, nonexpendable	\$ 375,013	345,013	345,013	345,013	\$ 345,013	\$ 345,013	\$ 344,998	\$ 329,308	\$ 324,558	\$ 322,306
Unrestricted	\$ 11,380,559	9,199,998	10,878,073	15,178,895	13,947,545	\$ 11,867,756	\$ 11,291,371	\$ 9,475,942	\$ 10,304,445	\$ 9,925,889
Total primary government net assets	40,606,033	36,863,669	37,718,950	\$ 36,263,384	\$ 33,733,777	\$ 31,800,406	\$ 30,423,322	\$ 29,640,003	\$ 29,246,962	\$ 28,995,260

Statistical Supplement 2  
Revenue by Source  
Last Ten Fiscal Years  
(Unaudited)

	For the Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	\$ 6,650,894	\$ 6,055,799	\$ 5,476,770	\$ 5,359,829	\$ 5,359,387	\$ 4,417,141	\$ 4,163,969	\$ 4,284,617	\$ 4,147,039	\$ 3,116,792
Governmental Grants and Contracts										
Federal Grants and Contracts	2,630,900	3,134,212	9,514,455	11,697,874	8,482,279	7,810,806	8,067,683	7,313,901	5,597,401	5,284,111
State Grants and Contracts	1,008,770	737,532	466,843	802,942	468,762	135,390	114,958	155,783	834,937	366,850
Local Grants and Contracts	-	-	-	-	-	-	-	-	-	-
Non-Governmental Grants and Contracts	28,516	17,502	23,494	14,846	17,894	19,895	27,585	18,379	129,757	29,695
Sales and Services of Educational Activities	35,180	33,701	23,297	20,741	25,388	22,972	27,102	24,208	24,479	29,554
Auxiliary Enterprises	1,933,162	2,284,828	1,888,509	2,557,030	1,807,920	1,837,505	1,799,100	1,571,413	1,886,676	1,775,509
Other Operating Revenues	880,784	431,565	977,549	639,180	-	-	-	-	-	-
Total Operating Revenues	13,168,206	12,695,139	18,370,917	21,092,142	16,181,620	14,249,710	14,200,397	13,368,301	12,620,289	10,582,511
State Appropriations	12,912,169	13,239,092	13,403,545	13,690,714	13,094,725	12,676,041	12,501,044	12,456,093	13,307,580	13,935,998
Ad Valorem Taxes	19,737,600	18,964,200	19,267,545	18,687,122	17,220,056	15,659,224	14,898,579	14,218,340	14,126,035	13,243,288
Federal Non-Operating Grants	15,570,891	12,893,803	-	-	-	-	-	-	303,092	-
Gifts	404,297	648,914	1,433,650	1,178,305	378,609	710,654	932,863	1,065,535	645,392	502,289
Investment Income	42,756	73,026	237,458	909,169	1,475,537	714,360	294,119	161,079	223,850	685,390
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	138,778	-	-	-	-	-
Other Non-Operating Revenues	1,618,019	712,071	1,239,485	858,698	1,824,285	1,122,240	940,088	997,575	774,354	743,019
Total Non-Operating Revenues	50,285,732	46,432,106	35,581,683	35,323,908	34,181,889	31,082,518	29,566,691	29,818,592	29,380,303	29,110,994
Total Revenues	\$63,453,938	\$59,127,245	\$53,952,600	\$56,416,050	\$50,343,609	\$45,326,229	\$43,767,088	\$42,286,893	\$42,000,592	\$39,693,505

	For the Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	10.48%	10.24%	10.15%	9.50%	10.65%	9.75%	9.51%	10.13%	9.87%	7.85%
Governmental Grants and Contracts										
Federal Grants and Contracts	4.15%	5.30%	17.63%	20.74%	16.85%	17.23%	18.43%	17.30%	13.39%	13.26%
State Grants and Contracts	1.59%	1.25%	0.87%	1.42%	0.93%	0.30%	0.28%	0.37%	1.99%	0.92%
Local Grants and Contracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-Governmental Grants and Contracts	0.04%	0.03%	0.04%	0.03%	0.04%	0.04%	0.06%	0.04%	0.31%	0.07%
Sales and Services of Educational Activities	0.06%	0.06%	0.04%	0.04%	0.05%	0.05%	0.06%	0.06%	0.06%	0.07%
Auxiliary Enterprises	3.05%	3.86%	3.50%	4.53%	3.59%	4.05%	4.11%	3.72%	4.49%	4.47%
Other Operating Revenues	1.39%	0.73%	1.81%	1.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Operating Revenues	20.75%	21.47%	34.05%	37.39%	32.10%	31.42%	32.45%	31.61%	30.05%	26.66%
State Appropriations	20.35%	22.39%	24.84%	24.27%	26.01%	28.41%	28.56%	29.46%	31.68%	35.11%
Ad Valorem Taxes	31.11%	32.07%	35.71%	33.12%	34.21%	34.65%	34.04%	33.62%	33.63%	33.36%
Federal Non-Operating Grants	24.54%	21.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.72%	0.00%
Gifts	0.64%	0.93%	2.65%	2.09%	0.75%	1.57%	2.13%	2.57%	1.54%	1.27%
Investment Income	0.07%	0.12%	0.44%	1.51%	2.93%	1.58%	0.87%	0.38%	0.53%	1.73%
Gain (Loss) on Disposal of Capital Assets	0.00%	0.00%	0.00%	0.00%	0.37%	-	-	-	-	-
Other Non-Operating Revenues	2.55%	1.20%	2.30%	1.52%	3.62%	2.48%	2.15%	2.36%	1.84%	1.87%
Total Non-Operating Revenues	79.25%	78.53%	65.95%	62.61%	67.90%	68.58%	67.55%	68.39%	69.95%	73.34%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Lee College District  
 Statistical Supplement 3  
 Program Expenses by Function  
 Last Ten Fiscal Years  
 (Unaudited)

	For the Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$ 20,116,433	\$ 19,716,114	\$ 18,383,984	\$18,357,748	\$16,429,752	\$14,829,285	\$14,890,470	\$15,456,488	\$17,117,425	\$15,970,199
Public Service	1,702,552	1,587,486	1,577,333	2,247,089	1,511,726	1,149,408	1,418,780	1,362,445	1,394,243	1,115,967
Academic Support	2,812,005	2,795,841	2,651,148	2,941,448	2,699,558	2,876,431	2,688,668	2,092,358	2,339,146	2,498,349
Student Services	3,151,591	3,240,079	2,803,272	2,710,449	2,433,240	2,214,590	3,058,077	2,704,975	2,872,317	2,715,086
Institutional Support	8,699,325	9,218,385	9,143,964	9,566,286	7,667,524	7,018,310	6,498,091	6,648,616	6,184,349	6,349,006
Operation and Maintenance of Plant	5,126,904	6,052,753	5,985,660	6,337,946	6,587,886	5,881,683	4,749,284	4,310,154	3,825,051	3,317,108
Scholarships and Fellowships	10,060,298	9,156,659	5,213,560	5,356,998	4,285,780	3,490,332	2,548,135	2,521,834	1,829,909	1,977,713
Auxiliary Enterprises	4,263,639	4,335,951	3,608,188	3,649,078	3,527,389	3,933,220	3,702,326	3,423,552	3,331,625	3,175,664
Depreciation	1,954,899	1,986,617	1,674,690	1,268,598	1,395,648	1,473,637	1,762,668	2,158,941	1,494,191	1,600,915
Total Operating Expenses	57,887,647	58,089,885	51,041,799	52,435,640	46,638,503	42,866,896	41,316,499	40,679,363	40,388,256	38,720,027
Interest on Capital Related Debt	1,853,957	1,862,621	1,455,234	1,450,803	1,686,793	1,160,969	1,083,874	1,294,219	1,347,535	1,555,981
Loss on Disposal of Fixed Assets	-	-	-	-	-	-	-	15,331	15,331	-
Total Non-Operating Expenses	1,853,957	1,862,621	1,455,234	1,450,803	1,686,793	1,160,969	1,083,874	1,309,550	1,362,866	1,555,981
Total Expenses	59,741,604	59,952,506	52,497,033	53,886,443	48,325,296	44,027,865	42,400,373	41,988,913	41,751,122	40,276,008

	For the Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	33.67%	32.89%	35.02%	34.07%	34.00%	33.88%	35.12%	36.81%	41.00%	39.65%
Public Service	2.85%	2.65%	3.00%	4.17%	3.34%	2.61%	3.35%	3.24%	3.34%	2.77%
Academic Support	4.71%	4.66%	5.05%	5.46%	5.59%	6.53%	6.34%	4.98%	5.60%	6.20%
Student Services	5.28%	5.40%	5.34%	5.03%	5.04%	5.03%	7.21%	6.44%	6.88%	6.74%
Institutional Support	14.56%	15.38%	17.42%	17.75%	15.87%	15.94%	15.33%	15.83%	14.81%	15.76%
Operation and Maintenance of Plant	8.58%	10.10%	11.40%	11.76%	13.63%	13.36%	11.20%	10.28%	9.16%	8.24%
Scholarships and Fellowships	16.84%	15.27%	9.93%	9.94%	8.87%	7.53%	6.01%	6.01%	4.38%	4.91%
Auxiliary Enterprises	7.14%	7.23%	6.87%	6.77%	7.30%	8.83%	8.73%	8.15%	7.98%	7.58%
Depreciation	3.27%	3.31%	3.19%	2.35%	2.89%	3.35%	4.18%	5.14%	3.58%	3.97%
Total Operating Expenses	96.90%	96.83%	97.23%	97.31%	96.51%	97.36%	97.44%	96.88%	96.74%	96.14%
Interest on Capital Related Debt	3.10%	3.11%	2.77%	2.69%	3.49%	2.64%	2.56%	3.08%	3.23%	3.86%
Loss on Disposal of Fixed Assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.04%	0.00%
Total Non-Operating Expenses	3.10%	3.11%	2.77%	2.69%	3.49%	2.64%	2.56%	3.12%	3.26%	3.86%
Total Expenses	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Lee College District  
 Statistical Supplement 4  
 Tuition and Fees  
 Last Ten Academic Years  
 (Unaudited)

Resident Fees per Semester Credit Hour (SCH)
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Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees	Building Use Fees	Student Activity 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
2011	27	35	63	0	15	2.5	651	987	14.81%	9.30%
2010	27	28	56	0	15	2.5	567	903	6.78%	8.66%
2009	27	25	50	0	15	2.5	531	831	0.00%	0.00%
2008	27	25	50	0	15	2.5	531	831	0.00%	0.00%
2007	27	25	50	0	15	2.5	531	831	0.76%	0.48%
2006	27	25	50	0	15	2	527	827	23.13%	13.60%
2005	27	25	50	0	9	2	428	728	16.30%	13.04%
2004	27	22	45	0	7	2	368	644	0.00%	0.00%
2003	27	22	45	0	7	2	368	644	35.29%	31.97%
2002	25	14	32	4	3	2	272	488		

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

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out-of-State	Non-Resident Tuition International	Technology Fees	Building Use Fees	Student Activity Fees	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2011	27	85	85	0	15	2.5	1251	1251	0.00%	0.00%
2010	27	85	85	0	15	2.5	1251	1251	0.00%	0.00%
2009	27	85	85	0	15	2.5	1251	1251	0.00%	0.00%
2008	27	85	85	0	15	2.5	1251	1251	0.00%	0.00%
2007	27	85	85	0	15	2.5	1251	1251	0.32%	0.32%
2006	27	85	85	0	15	2	1247	1247	47.05%	47.05%
2005	27	60	60	0	9	2	848	848	2.91%	2.91%
2004	27	60	60	0	7	2	824	824	0.00%	0.00%
2003	27	60	60	0	7	2	824	824	41.10%	41.10%
2002	25	40	40	4	3	2	584	584		

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

Lee 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 and Operations (a)	Debt Service (a)	Total (a)
2010-11	10,223,732,693	2,383,199,485	7,840,533,208	76.69%	0.2285	0.0235	0.2520
2009-10	10,888,246,618	2,167,718,156	8,720,528,462	80.09%	0.2012	0.0200	0.2212
2008-09	11,928,454,819	2,598,043,535	9,330,411,284	78.22%	0.1871	0.0187	0.2058
2007-08	11,249,290,016	2,275,939,341	8,973,350,675	79.77%	0.1873	0.0194	0.2068
2006-07	10,824,409,159	2,305,908,514	8,518,500,645	78.70%	0.1830	0.0193	0.2023
2005-06	9,380,333,529	1,801,706,380	7,578,627,149	80.79%	0.1829	0.0238	0.2067
2004-05	8,399,768,080	1,397,186,750	7,002,581,330	83.37%	0.1822	0.0262	0.2084
2003-04	8,164,446,150	1,454,198,160	6,710,247,990	82.19%	0.1825	0.0260	0.2084
2002-03	8,151,447,630	1,425,654,380	6,725,793,250	82.51%	0.1804	0.0280	0.2084
2001-02	7,890,000,000	1,586,000,000	6,304,000,000	79.90%	0.1787	0.0297	0.2084

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 taxable Assessed Valuation



Lee College  
 Statistical Supplement 6  
 State Appropriations per FTSE and Contact Hour  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	Appropriation per FTSE		Appropriation per Contact Hour				State Appropriation per Contract Hour
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (b)	Voc/Tech Contact Hours (c)	Total Contact Hours	
2010-11	\$ 12,912,169	4,917	\$ 2,626	1,664,928	1,398,560	3,063,488	\$4.21
2009-10	\$ 13,239,092	4,917	\$ 2,693	1,641,034	1,559,371	3,200,405	\$4.14
2008-09	\$ 13,403,545	4,114	\$ 3,258	1,394,464	1,458,315	2,852,779	\$4.70
2007-08	\$ 13,690,714	4,253	\$ 3,219	1,363,904	1,376,048	2,739,952	\$5.00
2006-07	\$ 13,094,725	3,738	\$ 3,503	1,367,908	1,226,144	2,594,052	\$5.05
2005-06	\$ 12,876,041	3,985	\$ 3,231	1,336,768	1,111,024	2,447,792	\$5.26
2004-05	\$ 12,501,044	4,331	\$ 2,886	1,443,632	1,363,533	2,807,165	\$4.45
2003-04	\$ 12,456,063	4,642	\$ 2,683	1,554,448	1,462,206	3,016,654	\$4.13
2002-03	\$ 13,307,580	4,449	\$ 2,991	1,501,104	1,401,155	2,902,259	\$4.59
2001-02	\$ 13,935,998	4,362	\$ 3,195	1,431,936	1,454,405	2,886,341	\$4.83

Notes:

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

- (a) FTE enrollment is based upon 30 SCH per student for SCH courses (CBM004) and 900 contact hours per student for CEU courses (CBM00C).
- (b) Source: Academic Contact Hours from CBM004.
- (c) Source: Technical Contact Hours from CBM004 and Total Contact Hours from CBM00C.

Lee College  
Statistical Supplement 7  
Principal Taxpayers  
(Unaudited)

<b>Taxpayer</b>	<b>Business Type</b>	<b>2011</b>
Exxon Mobile Corp (03030)	Oil and Gas	2,790,917,248
Bayer Corp	Chemical	1,056,550,400
Chevron Phillips	Oil and Gas	410,794,453
NRG Texas Power LLC	Utility	263,294,200
Baytown Energy Center LP	Utility	164,054,740
Walmart Stores Inc.	Retail/Distribution	142,432,552
Air Products	Chemical	73,276,620
First Chemical Texas LLP	Chemical	73,094,290
Center Point Energy	Utility	65,941,711
Home Depot	Retail	56,854,685
		<u>5,097,212,910</u>
Total Taxable Value		<u>7,840,533,208</u>

<b>Taxpayer</b>	<b>Business Type</b>	<b>2011</b>
Exxon Mobile Corp (03030)	Oil and Gas	35.60%
Bayer Corp	Chemical	13.48%
Chevron Phillips	Oil and Gas	5.24%
NRG Texas Power LLC	Utility	3.36%
Baytown Energy Center LP	Utility	2.09%
Walmart Stores Inc.	Retail/Distribution	1.82%
Air Products	Chemical	0.93%
First Chemical Texas LLP	Chemical	0.93%
Center Point Energy	Utility	0.84%
Home Depot	Retail	0.73%
		<u>65.01%</u>

Lee College District  
 Statistical Supplement 8  
 Property Tax Levies and Collections  
 Last Ten Tax Years  
 (Unaudited)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections- Year of Levy (c)	Percentage	Current Collections of Prior Levies (d)	Total Collections (C+ D)	Cumulative Collections of Adjusted Levy
2011	19,758,145		19,758,145	19,361,034	97.99%	202,255	19,563,289	99.01%
2010	18,971,023		18,971,023	18,589,228	97.99%	197,183	18,786,411	99.03%
2009	19,203,189		19,203,189	18,816,816	97.99%	258,122	19,074,938	99.33%
2008	18,540,535		18,540,835	18,263,528	98.50%	196,165	18,459,693	99.56%
2007	17,234,162		17,234,162	16,528,580	95.91%	691,476	17,220,056	99.92%
2006	15,702,128		15,702,128	15,249,755	97.12%	409,469	15,659,224	99.73%
2005	14,593,379		14,593,379	14,539,437	99.63%	359,142	14,898,579	102.09%
2004	13,984,157		13,984,157	13,830,382	98.90%	387,959	14,218,341	101.67%
2003	14,017,427		14,017,427	13,741,163	98.03%	215,195	13,956,358	99.56%
2002	13,137,536		13,137,536	12,865,000	97.93%	236,000	13,101,000	99.72%

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 31 of the reporting year.

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

(d) Represents current year collections of prior years levies.

Lee College District  
 Statistical Supplement 9  
 Ratios of Outstanding Debt  
 Last Ten Fiscal Years  
 (Unaudited)

	For the Year Ended August 31									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>General Bonded Debt</b>										
General Obligation Bonds	13,265,000	14,183,672	15,233,672	16,228,672	17,168,672	18,058,672	18,903,672	19,705,000	20,470,000	21,200,000
Notes										
Less: Funds Restricted for Debt Service										
<b>Net General Bonded Debt</b>	13,265,000	14,183,672	15,233,672	16,228,672	17,168,672	18,058,672	18,903,672	19,705,000	20,470,000	21,200,000
<b>Other Debt</b>										
Revenue Bonds	12,595,000	13,200,000	13,790,000	14,360,000	14,905,000	15,055,000	3,200,000	3,335,000	3,465,000	3,585,000
Notes				-	470,823	470,823				
Capital Lease Obligations	12,957,409	9,819,366	9,972,735	-	-	3,937	14,876	24,927	182,824	350,000
<b>Total Outstanding Debt</b>	38,827,409	37,203,038	38,996,407	30,588,672	32,544,495	33,588,432	22,118,548	23,064,927	24,127,824	25,135,000
<b>General Bonded Debt Ratio</b>										
Per Capita	128.71	139.00	148.52	160.67	171.86	209.01	221.46	213.19	224.55	236.18
Per FTSE	2,697.78	2,884.82	3,702.89	3,815.82	4,593.01	4,065.44	4,354.74	4,244.94	4,601.03	4,860.16
As Percentage of Taxable Assessed Value	0.17%	0.16%	0.16%	0.16%	0.20%	0.24%	0.27%	0.29%	0.30%	0.34%
<b>Total Outstanding Debt Ratios</b>										
Per Capita	376.73	364.58	382.76	303.21	325.77	388.76	259.12	249.54	264.67	280.02
Per FTSE	7,896.58	7,586.21	9,476.95	7,182.26	8,706.39	7,581.56	5,107.03	4,968.75	5,423.20	5,762.27
As Percentage of Taxable Assessed Value	0.50%	0.43%	0.41%	0.34%	0.38%	0.45%	0.32%	0.34%	0.36%	0.40%

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

Lee College District  
 Statistical Supplement 10  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (Unaudited)

	For the Year Ended August 31									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Taxable Assessed Value	7,840,533,208	8,720,528,482	9,330,411,284	\$8,973,359,775	\$8,518,500,645	\$7,578,627,149	\$7,002,581,330	\$6,710,247,990	\$6,725,793,250	\$ 6,304,000,000
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	39,202,666	43,602,642	46,652,056	44,866,799	42,592,503	37,893,136	35,012,907	33,551,240	33,628,966	31,520,000
Less Funds restricted for repayment of General Obligation Bonds										
Total Net General Obligation Debt	39,202,666	43,602,642	46,652,056	44,866,799	42,592,503	37,893,136	35,012,907	33,551,240	33,628,966	31,520,000
Current Year Debt Service Requirements	1,220,000	1,050,000	995,000	940,000	890,000	890,000	845,000	765,000	765,000	730,000
Excess of Statutory Limit for Debt Service Requirements	37,982,666	42,552,642	45,657,056	43,926,799	41,702,503	37,003,136	34,167,907	32,786,240	32,863,966	30,790,000
Net Current Requirements as a % of Statutory Limit	3.11%	2.41%	2.13%	2.10%	2.09%	2.35%	2.41%	2.28%	2.27%	2.32%

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

Lee College District  
 Statistical Supplement 11  
 Pledged Revenue Coverage  
 Last Ten Fiscal Years  
 (unaudited)

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)							Debt Service Requirements (\$000 omitted)			
	Tuition	Building use Fee	General Fee	Lab Fee	Out-of-District Fee	Other Fees	Total	Principal	Interest	Total	Coverage Ratio
2011	6,650	2,080	465	429		633	10,257	630	599	1,229	8.35
2010	6,611	2,055	466	514		507	10,153	590	590	1,180	8.60
2009	5,376	1,801	421	446	-	429	8,473	570	675	1,245	6.81
2008	5,647	1,665	406	283		431	8,432	545	701	1,246	6.77
2007	5,548	1,671	384	271		235	8,109	150	779	929	8.73
2006	4,821	1,620	355	271	-	262	7,329	145	168	313	23.42
2005	5,638	961	407	288	-	192	7,486	135	177	312	23.99
2004	4,769	840	409	294	-	149	6,460	130	187	317	20.38
2003	3,763	605	365	146	229	378	5,486	120	195	315	17.42
2002	2,461	312	253	152	478	624	4,280	115	271	386	11.09

Lee College  
 Statistical Supplement 12  
 Demographic and Economic Statistics - Taxing District  
 last Ten Fiscal Years  
 (Unaudited)

Calendar Year	District Population	District Personal Income (a) (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2010	103,063	(1)	(1)	8.2%
2009	102,043	(1)	(1)	8.4%
2008	101,033	(1)	(1)	7.0%
2007	100,883	(1)	(1)	6.5%
2006	99,900	\$1,967,630	\$19,696	6.2%
2005	85,359	\$1,843,413	\$21,596	7.8%
2004	92,429	(1)	(1)	7.6%
2003	91,162	(1)	(1)	8.3%
2002	89,763	(1)	(1)	7.5%
2001	88,284	(1)	(1)	5.8%

**Sources:**

Population: US Census Bureau

Income: US Bureau of Economic Analysis

Unemployment: Texas Workforce Commission

(1) Data Unavailable

**Lee College  
Statistical Supplement 13  
Principal Employers  
2010-2011  
(Unaudited)**

Employer	Number of Employees	Percentage of Total Employment (2)	Nine Years Prior		
			Employer	Number of Employees	Percentage of Total Employment
Exxon Mobil Chemical Co	2000+	1.07%	(1)		
Bayer Corp	1,000+	1.07%			
Walmart Distribution Center	1,000+	1.07%			
San Jacinto Methodist Hospital	1,000+	1.07%			
Wal-Mart Supercenter	1,000+	1.07%			
Chevron Phillips Chemical Co	500-999	0.80%			
<b>Total</b>	<b>6,500 - 6,999</b>	<b>5.07%</b>			

**Source:**  
Socrates

Note: Percentages are calculated using midpoints of the ranges.  
This institution previously did not present this schedule and chose to implement prospectively.

(1) Information Not Available.



**Statistical Supplement 14**  
**Faculty, Staff, and Administrators Statistics**  
**Last Ten Fiscal Years**  
**(Unaudited)**

		Fiscal Year									
		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Faculty</b>											
	Full-Time	172	170	178	172	163	154	150	148	143	154
	Part-Time	212	197	198	185	178	180	161	207	195	206
	<b>Total</b>	<b>384</b>	<b>367</b>	<b>376</b>	<b>357</b>	<b>341</b>	<b>311</b>	<b>311</b>	<b>355</b>	<b>338</b>	<b>360</b>
<b>Percent</b>											
	Full-Time	44.8%	46.3%	47.3%	48.2%	47.8%	49.5%	48.2%	41.7%	42.3%	42.8%
	Part-Time	55.2%	53.7%	52.7%	51.8%	52.2%	57.9%	51.8%	58.3%	57.7%	57.2%
<b>Staff and Administrators</b>											
	Full-Time	220	216	218	210	204	206	214	208	212	197
	Part-Time	80	94	196	184	216	191	220	193	234	232
	<b>Total</b>	<b>300</b>	<b>310</b>	<b>414</b>	<b>394</b>	<b>420</b>	<b>397</b>	<b>434</b>	<b>401</b>	<b>446</b>	<b>429</b>
<b>Percent</b>											
	Full-Time	73.3%	69.7%	52.7%	53.3%	48.6%	51.9%	49.3%	51.9%	47.5%	45.9%
	Part-Time	26.7%	30.3%	47.3%	46.7%	51.4%	48.1%	50.7%	48.1%	52.5%	54.1%
FTSE per Full-time Faculty		28.59	28.92	24.73	24.73	22.93	25.88	28.31	30.54	26.17	25.81
FTSE per Full-Time Staff Member		22.35	22.76	12.40	12.40	18.32	19.34	20.24	22.32	20.99	22.14
Average Annual Faculty Salary		\$ 60,479	\$ 60,291	\$ 59,430	\$ 52,234	\$ 62,118	\$ 58,829	\$ 56,650	\$ 57,326	\$ 53,774	\$ 53,957

**Lee College  
Statistical Supplement 15  
Enrollment Details  
Last Five Fiscal Years  
(Unaudited)**

Student Classification	Fall 2010		Fall 2009	
	Number	Percent	Number	Percent
00-30 hours	3,996	66.87%	3,895	68.00%
31-60 hours	1,386	23.19%	1,218	21.00%
> 60 hours	594	9.94%	621	11.00%
Total	<u>5,976</u>	<u>100.00%</u>	<u>5,734</u>	<u>100.00%</u>

Semester Hour Load	Fall 2010		Fall 2009	
	Number	Percent	Number	Percent
Less than 3	48	0.80%	38	1.00%
3-5 semester hours	1,301	21.77%	1,193	21.00%
6-8 Semester hours	1,588	26.57%	1,597	28.00%
9-11 semester hours	1,170	19.58%	1,014	18.00%
12-14 semester hours	1,482	24.80%	1,521	27.00%
15-17 semester hours	341	5.71%	329	6.00%
18 & over	46	0.77%	42	1.00%
Total	<u>5,976</u>	<u>100.00%</u>	<u>5,734</u>	<u>100.00%</u>

Average course load	8.6	8.7
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Tuition Status	Fall 2010		Fall 2009	
	Number	Percent	Number	Percent
Texas Resident (in-District)	3,580	59.91%	3,400	59.30%
Texas Resident (out-of-District)	2,170	36.31%	2,134	37.22%
Non-Resident Tuition	226	3.78%	200	3.49%
Total	<u>5,976</u>	<u>100.00%</u>	<u>5,734</u>	<u>100.00%</u>

Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent
3,902	66.80%	3,819	65.22%	3,454	64.43%
1,312	22.46%	1,403	23.96%	1,366	25.48%
627	10.73%	634	10.83%	541	10.09%
<u>5,841</u>	<u>100.00%</u>	<u>5,856</u>	<u>100.00%</u>	<u>5,361</u>	<u>100.00%</u>

Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent
57	0.98%	43	0.73%	71	1.32%
1,156	19.79%	1,068	18.24%	866	16.15%
2,008	34.38%	2,097	35.81%	1,750	32.64%
936	16.02%	872	14.89%	879	16.40%
1,310	22.43%	1,393	23.79%	1,467	27.36%
321	5.50%	326	5.57%	284	5.30%
53	0.91%	57	0.97%	44	0.82%
<u>5,841</u>	<u>100.00%</u>	<u>5,856</u>	<u>100.00%</u>	<u>5,361</u>	<u>100.00%</u>

9.9

Fall 2008		Fall 2007		Fall 2006	
Number	Percent	Number	Percent	Number	Percent
3,683	63.05%	3,731	63.71%	3,406	63.53%
1,973	33.78%	1,912	32.65%	1,774	33.09%
185	3.17%	213	3.64%	181	3.38%
<u>5,841</u>	<u>100.00%</u>	<u>5,856</u>	<u>100.00%</u>	<u>5,361</u>	<u>100.00%</u>

**Lee College**  
**Statistical Supplement 16**  
**Student Profile**  
**Last Five Fiscal Years**  
**(Unaudited)**

	Fall 2010		Fall 2009	
	Number	Percent	Number	Percent
Gender				
Female	3,380	56.56%	3,236	56.44%
Male	2,596	43.44%	2,498	43.56%
Unknown	-		-	
Total	5,976	100.00%	5,734	100.00%

Ethnic Origin	Fall 2010		Fall 2009	
	Number	Percent	Number	Percent
White	2,749	46.00%	2,821	49.20%
Black	1,034	17.30%	1,017	17.74%
Hispanic	1,860	31.12%	1,618	28.22%
Asian	89	1.49%	82	1.43%
Native American	16	0.27%	19	0.33%
International/Foreign	70	1.17%	87	1.52%
Other	158	2.64%	90	1.57%
Total	5,976	100.00%	5,734	100.00%

Age	Fall 2010		Fall 2009	
	Number	Percent	Number	Percent
Under 18	528	8.84%	455	7.94%
18 -25	3,204	53.61%	3,168	55.25%
26-41	1,675	28.03%	1,585	27.64%
42+	569	9.52%	526	9.17%
Total	5,976	100.00%	5,734	100.00%

Average Age	26	26
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Fall 2008	
Number	Percent
2,931	50.18%
2,910	49.82%
-	0.00%
<u>5,841</u>	<u>100.00%</u>

Fall 2007	
Number	Percent
2887	49.30%
2969	50.70%
0	0.00%
<u>5,856</u>	<u>100.00%</u>

Fall 2006	
Number	Percent
2844	53.05%
2517	46.95%
0	0.00%
<u>5,361</u>	<u>100.00%</u>

Fall 2008	
Number	Percent
2,914	49.89%
1,016	17.39%
1,650	28.25%
94	1.61%
27	0.46%
65	1.11%
75	1.28%
<u>5,841</u>	<u>100.00%</u>

Fall 2007	
Number	Percent
2975	50.80%
1090	18.61%
1573	26.86%
92	1.57%
21	0.36%
71	1.21%
34	0.58%
<u>5,856</u>	<u>100.00%</u>

Fall 2006	
Number	Percent
2804	52.30%
980	18.28%
1366	25.48%
69	1.29%
14	0.26%
73	1.36%
55	1.03%
<u>5,361</u>	<u>100.00%</u>

Fall 2008	
Number	Percent
410	7.02%
1,929	33.03%
772	13.22%
1,517	25.97%
988	16.91%
225	3.85%
<u>5,841</u>	<u>100.00%</u>

Fall 2007	
Number	Percent
288	4.92%
1901	32.46%
777	13.27%
1619	27.65%
1046	17.86%
225	3.84%
<u>5,856</u>	<u>100.00%</u>

Fall 2006	
Number	Percent
97	1.81%
1882	35.11%
741	13.82%
1484	27.68%
938	17.50%
219	4.09%
<u>5,361</u>	<u>100.00%</u>

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Lee College  
 Statistical Supplement 17  
 Transfers to Senior Institutions  
 2009-2010 to Fall 2010  
 (Includes only public senior institutions in Texas)  
 (Unaudited)

Institution	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total Transfers	% of All Transfers
University of Houston - Clear Lake	152	1	1	154	22.3%
University of Houston	91	5	2	98	14.2%
Lamar University	54	2	9	65	9.4%
Texas A&M University	57	2	0	59	8.5%
The University of Texas at Austin	46	3	0	49	7.1%
Stephen F. Austin State University	39	1	5	45	6.5%
Texas State University - San Marcos	36	3	2	41	5.9%
Sam Houston State University	35	1	3	39	5.6%
The University of Texas at Arlington	18	1	4	23	3.3%
University of Houston - Downtown	16	3	3	22	3.2%
Texas Southern University	10	1	3	14	2.0%
Texas Tech University	9	0	0	9	1.3%
The University of Texas at San Antonio	8	0	0	8	1.2%
The University of Texas Health Science Center at Housto	1	0	7	8	1.2%
Prairie View A&M University	4	1	2	7	1.0%
The University of Texas at Tyler	6	0	0	6	0.9%
University of North Texas	6	0	0	6	0.9%
Texas A&M University at Galveston	4	0	1	5	0.7%
Texas Woman's University	5	0	0	5	0.7%
Texas A&M University - Corpus Christi	3	0	1	4	0.6%
The University of Texas at Dallas	3	1	0	4	0.6%
The University of Texas Medical Branch at Galveston	1	0	3	4	0.6%
University of Houston - Victoria	1	0	2	3	0.4%
Tarleton State University	2	0	0	2	0.3%
The University of Texas Health Science Center at San An	2	0	0	2	0.3%
West Texas A&M University	1	0	1	2	0.3%
Angelo State University	1	0	0	1	0.1%
Midwestern State University	1	0	0	1	0.1%
Texas A&M University System Health Science Center	1	0	0	1	0.1%
Texas Tech University Health Sciences Center	1	0	0	1	0.1%
The University of Texas - Pan American	1	0	0	1	0.1%
The University of Texas at Brownsville	0	0	1	1	0.1%
The University of Texas at El Paso	1	0	0	1	0.1%
The University of Texas of the Permian Basin	1	0	0	1	0.1%
<b>Total</b>	<b>617</b>	<b>25</b>	<b>50</b>	<b>692</b>	<b>100.0%</b>

This is the most recent data from the Coord Board.

Lee College District  
 Statistical Supplement 18  
 Capital Asset Information  
 Fiscal Years 2006 to 2011  
 (Unaudited)

	Fiscal Year					
	2011	2010	2009	2008	2007	2006
<b>Academic Buildings</b>	21	20	20	19	18	18
Square footage	445,325	389,325	389,325	331,425	324,890	324,890
<b>Libraries</b>	1	1	1	1	1	1
Square footage	25,000	25,000	25,000	25,000	25,000	25,000
Number of Volumes	101,192	101,192	115,000	113,393	110,000	
Number of Volumes (including e-books)	147,662	147,662	178,000	172,450	140,000	
<b>Administrative and support buildings</b>	7	7	7	7	7	6
Square footage	153,375	153,375	153,375	153,375	153,375	123,235
<b>Dining Facilities</b>	1	1	1	1	1	1
Square footage	2,600	2,600	2,600	2,600	2,600	2,500
Average daily sales	\$ 2,251	\$ 2,251	\$ 2,251	\$ 1,836	n/a *	\$ 2,782
Average daily customers	421	421	421	413	-	-
<b>Athletic Facilities</b>	4	4	4	4	4	4
Square footage	77,000	77,000	77,000	77,000	77,000	77,000
Gymnasiums	2	2	2	2	2	2
Fitness Centers	1	1	1	1	1	1
Tennis court	1	1	1	1	1	1
<b>Plant Facilities</b>	10	10	10	10	10	10
Square footage	37,716	37,716	37,716	37,716	37,716	37,716
<b>Transportation</b>						
Cars	4	4	4	4	2	2
Light Trucks/Vans	25	35	38	38	26	30
Heavy trucks	2	2	2	2	2	
Buses and RVs	0	2	2	2	2	2

\* not tracked this year