

*NORTHEAST TEXAS COMMUNITY COLLEGE  
AND  
NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION*

*ANNUAL FINANCIAL REPORT*

*FOR THE FISCAL YEARS ENDED*

*AUGUST 31, 2011 AND 2010*

*PREPARED BY:*

*ADMINISTRATIVE SERVICES DEPARTMENT  
NORTHEAST TEXAS COMMUNITY COLLEGE*

*MOUNT PLEASANT, TEXAS*



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Northeast Texas Community College  
Mt. Pleasant, Texas  
Organizational Data  
For the Fiscal Year 2011

Board of Trustees

Officers

Dr. Dan McCauley-Mount Pleasant, TX	(2006-2012)	Board President
Mr. Chuck Johns-Pittsburg, TX	(2008-2014)	Board Vice President
Mr. Sid Greer-Daingerfield, TX	(2006-2012)	Board Secretary

Members

Mr. Bill Priefert, Mount Pleasant, TX	(2008-2014)
Mr. John Bryan, Naples, TX	(2008-2014)
Mrs. Latrel McCallum, Mount Pleasant, TX	(2010-2016)
Mr. Jerry Massey, Pittsburg, TX	(2010-2016)

Principal Administrative Officers

Dr. Brad Johnson	President
Dr. Ron Clinton	Executive Vice President for Instruction
Dr. Judy Traylor	Vice President for Student and Outreach Services
Dr. Jonathan McCullough	Vice President for Institutional Advancement
Ms. M. Beth Thompson	Vice President for Administrative Services

*INDEPENDENT AUDITORS' REPORT*

*Independent Auditors' Report*

*December 9, 2011*

*Board of Trustees  
Northeast Texas Community College and  
Northeast Texas Community College Foundation  
Mt. Pleasant, Texas*

*Members of the Board:*

We have audited the statements of net assets of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of August 31, 2011 and 2010, and the related statements of revenues, expenses, and changes in net assets and statements of cash flows for the years then ended. These financial statements are the responsibility of Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Uniform Grant Management Standards* issued by the State of Texas. 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 audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of August 31, 2011 and 2010, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011 on our consideration of Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3-10 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 principally 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 audits were conducted for the purpose of forming opinions on the basic financial statements of Northeast Texas Community College and Northeast Texas Community College Foundation Inc. taken as a whole. The accompanying Schedules of Expenditures of Federal Awards 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 State of Texas Uniform Grant Management Standards*, and are not a required part of the financial statements. The Supplemental Schedules are likewise presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. These additional schedules have been subjected to the auditing procedures applied in the audit of the basic 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, 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 Supplemental Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



**WILF & HENDERSON, P. C.**  
Certified Public Accountants



*MANAGEMENT'S DISCUSSION AND ANALYSIS*

## Management's Discussion and Analysis (MD&A)

This section of Northeast Texas Community College's Annual Financial Report presents management's discussion and analysis of the College's financial activity during fiscal years ending 2009, 2010, and 2011. Since this management's discussion and analysis is designed to focus on current activities, resulting change, decisions or conditions of facts, please read it in conjunction with the College's basic financial statements (pages 11-16) and the footnotes (pages 17-38). The College endeavors to present an objective and easily readable analysis of the overall financial activities to students and the public. Responsibility for the completeness and fairness of this information rests with the College.

### Using This Annual Report

Management Discussion & Analysis (MD&A) compares the current year to the previous year and the previous year to the preceding year based on information presented in the financial statements.

### College Foundation as a Discrete Component Unit

The College is considered to be a special purpose primary government according to the definition of GASB 14, and therefore, the College is the prime focus for this financial presentation. However, the Northeast Texas Community College Foundation is organized for the exclusive support of the Northeast Texas Community College. For this reason, the College's Foundation is included in this report, albeit as a discrete component. Any management discussion relating to the College's Foundation is considered for its significance in articulating the College's Annual Financial Report.

### Statement of Net Assets (Balance Sheet)

The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present to the readers a fiscal snapshot of the College for the current fiscal year ended. The Statement of Net Assets combines and consolidates current financial resources (short-term spendable resources) with capital assets. It presents end-of-year data concerning:

- Assets (current, capital and other non-current),
- Liabilities (current and non-current), and
- Net Assets.

#### Statement of Net Assets For the Years Ended August 31, 2011, 2010, and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
Current	\$ 6,296,340	\$ 5,211,320	\$ 3,885,765
Net Capital Assets	36,288,477	26,307,582	24,405,535
Other Non-Current	<u>1,913,485</u>	<u>2,820,817</u>	<u>3,164,072</u>
Total Assets	<u>44,498,302</u>	<u>34,339,719</u>	<u>31,455,372</u>
<u>Liabilities</u>			
Current	5,628,035	5,386,032	4,170,345
Non-Current	<u>25,348,224</u>	<u>17,914,273</u>	<u>17,351,000</u>
Total Liabilities	<u>30,976,259</u>	<u>23,300,305</u>	<u>21,521,345</u>
<u>Net Assets</u>	<u>\$ 13,522,043</u>	<u>\$ 11,039,414</u>	<u>\$ 9,934,027</u>

The definition of current assets means the ability of the College to pay obligations out of the proceeds of current operations. The total assets include the College's capital assets (net of depreciation). The capital assets include buildings, facilities and other improvements, furniture, machinery, vehicles and other equipment, and telecommunications and peripheral equipment. In determining the net capital assets, the College went into considerable detail in identifying the historical costs and the net accumulated depreciation of each asset category based on its useful life and residual values. In following the above guidelines, the College can provide more useful information about the long-term effects of short-term decisions, primarily by including the cost of consuming the capital assets used in providing services.

Net assets are divided into three major categories:

- ✓ The first asset category, invested in capital assets and reserve for debt service, provides the College's equity in property, plant and equipment.
- ✓ The next asset category is restricted net assets, which is divided into two categories, permanent and temporary. Restricted permanent is maintained only in the College's Foundation, is non-expendable and used only for investment purposes. Temporary restricted assets are maintained both by the College and the Foundation and are used for purposes determined by donors and/or external entities.
- ✓ The third asset category is the unrestricted assets and is available to both the College and the Foundation for any lawful purpose.

As of August 31, 2011, 2010, and 2009, the College's net assets were \$13,522,043, \$11,039,414, and, \$9,934,027 respectively. From the data presented, readers of the Statement of Net Assets are able to determine the Net Assets available to continue the operations of the institution. They are also able to determine how much the College owes vendors, investors and lending institutions.

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

The Statement of Revenues, Expenses, and Changes in Net Assets focus on both the gross costs and the net costs of College activities that are supported mainly by state appropriation, property taxes, tuition and fees, and other revenues. The outcome of the total activities presented in the Statement of Revenues, Expenses, and Changes in Net Assets influenced the above Statement of Net Assets. The purpose of the statement is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. For example, Ad Valorem taxes for maintenance and operations of the College and for payment of general obligation bonds are non-operating revenues because there is no direct correlation between these revenues and the goods and services that the College provides.

**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Years Ended August 31, 2011, 2010, and 2009**

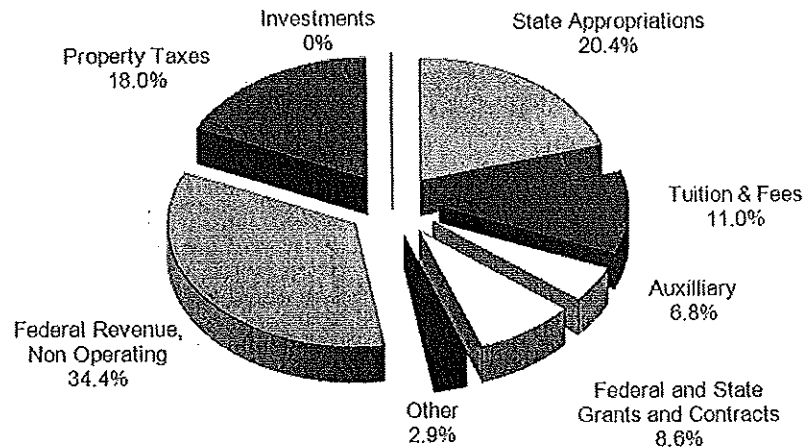
	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>SUMMARY OF REVENUES AND EXPENSES</b>			
Total, Operating Revenues	\$ 7,002,326	\$ 7,660,382	\$ 7,237,273
Total, Operating Expenses	<u>24,244,467</u>	<u>22,990,682</u>	<u>19,526,280</u>
Total, Operating (Loss)	(17,242,141)	(15,330,300)	(12,289,007)
Net Non-Operating Revenues	17,645,980	16,370,046	12,669,758
Capital Contributions	<u>2,078,790</u>	<u>65,641</u>	<u>300,319</u>
Increase (Decrease) in Net Assets	2,482,629	1,105,387	681,070
Net Assets at Beginning of Year	<u>11,039,414</u>	<u>9,934,027</u>	<u>9,252,957</u>
Net Assets - End of Year	<u><u>\$ 13,522,043</u></u>	<u><u>\$ 11,039,414</u></u>	<u><u>\$ 9,934,027</u></u>

**Operating and Non-Operating Revenues**

In an effort to further expand and enhance the interpretation of the College's financial reports, we recapped the operating and non-operating revenues to show, graphically, the significance of revenue sources and how it relates to the overall revenue representation:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Operating Revenues:</b>			
Net tuition and fees	\$ 2,836,096	\$ 3,302,945	\$ 2,850,418
Federal grants and contracts	1,363,871	1,291,366	1,201,003
State grants and contracts	840,004	1,041,996	1,152,956
Non-governmental grants and contracts	104,131	148,346	142,172
Sales and services of educational activities	120,592	95,277	58,896
Net auxiliary enterprises	1,217,701	1,266,202	1,312,258
Other operating revenues	<u>519,931</u>	<u>514,250</u>	<u>519,570</u>
Total, Operating Revenues	<u>7,002,326</u>	<u>7,660,382</u>	<u>7,237,273</u>
<b>Net Non-Operating Revenues:</b>			
State appropriations	5,247,990	5,292,271	5,352,521
Property taxes	4,643,303	4,748,097	4,378,003
Federal revenue, non-operating	8,853,884	7,120,003	3,855,714
Investment and other Income	<u>12,086</u>	<u>21,917</u>	<u>57,973</u>
Total, Non-Operating Revenues	<u>18,757,263</u>	<u>17,182,288</u>	<u>13,644,211</u>
Capital Contributions	<u>2,078,790</u>	<u>65,641</u>	<u>300,319</u>
Total Revenues, Operating and Non-Operating	<u><u>\$ 27,838,379</u></u>	<u><u>\$ 24,993,686</u></u>	<u><u>\$ 21,181,803</u></u>

**Revenue by Source**  
**Operating & Non-Operating**



In comparing the fiscal periods ended August 31, 2011 and 2010:

- Net tuition and fee revenues decreased \$466,849 as a result of increased scholarship allowances in the amount of \$898,460 offset by increased enrollment providing an additional \$431,611 in tuition and fees
- The Northeast Texas Community College Foundation, as a component of the College, contributed a total of \$219,596 in scholarships for 293 students.
- Federal revenue non-operating increased \$1,733,881 primarily as a result in increased Pell benefits and increased number of Pell awards.
- Capital contributions increased because contributions in aid of construction increased \$1,317,000 as a result of increased Federal and state grants for the acquisition of capital assets.

In comparing the fiscal periods ended August 31, 2010 and 2009:

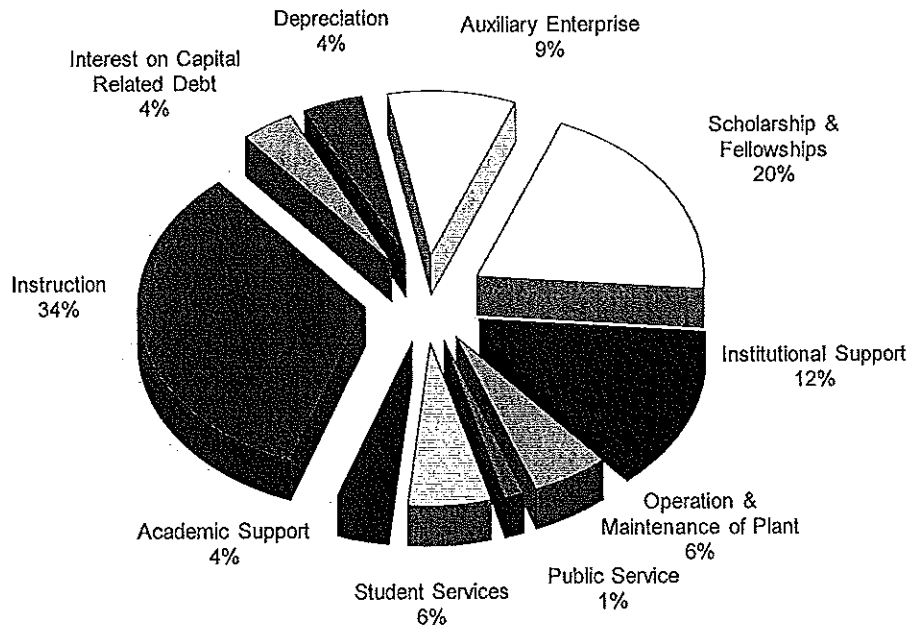
- Net tuition and fee revenues increased \$452,527 as a result of increased enrollment.
- The Northeast Texas Community College Foundation, as a component of the College, contributed a total of \$226,292 in scholarships for 381 students.
- Property taxes increased \$370,094 primarily as a result of increases in the taxable value of properties in the tri-county area and increase in tax rate.
- Federal revenue non-operating increased \$3,264,289 as a result of increased Pell benefits and increased number of Pell awards.
- Investment and other income decreased \$36,056 as a result of lower market rates for short term investments.

Additionally, the same methodology is being presented for the operating and non-operating expenses to illustrate the use of the College's resources:

**Expenses: Operating and Non-Operating  
For the Years Ended August 31, 2011, 2010, and 2009**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Operating Expenses:</b>			
Instruction	\$ 8,428,098	\$ 7,890,682	\$ 7,240,361
Public service	360,005	223,874	222,596
Academic support	947,280	950,571	987,362
Student services	1,503,051	1,961,510	2,233,336
Institutional support	3,134,828	2,935,471	2,451,352
Operation and maintenance of plant	1,382,906	1,607,839	1,518,693
Scholarship & fellowships	5,078,163	4,392,840	2,138,247
Auxiliary enterprise	2,323,460	2,160,867	1,833,070
Depreciation	1,086,676	867,028	901,263
<b>Total, Operating Expenses</b>	<u>24,244,467</u>	<u>22,990,682</u>	<u>19,526,280</u>
<b>Non-Operating Expenses:</b>			
Interest on capital related debt	1,082,044	920,504	944,773
(Gain) Loss on disposal of capital assets	(1,029)	820,356	-
Other non-operating expenses	30,268	21,382	29,680
<b>Total, non-operating expenses</b>	<u>1,111,283</u>	<u>1,762,242</u>	<u>974,453</u>
<b>Total Expenses, Operating and Non-Operating</b>	<u>\$ 25,355,750</u>	<u>\$ 24,838,299</u>	<u>\$ 20,500,733</u>

**Expenses by Source  
Operating & Non-Operating**



In comparing the fiscal periods ended August 31, 2011 and 2010:

- Instruction expense increased \$537,416 primarily as a result of increased salary cost due to salary increases and increased overload pay for full time faculty to cover additional class offerings as a result of increased enrollment.
- Public service increased \$136,131 as a result of increased State and Federal grant awards.
- Student services decreased \$458,459 as a result of decreased State and Federal grant awards offset by an increase in unrestricted student services salaries and benefits due to re-organization to better serve students.
- Institutional support increased \$199,357 primarily as a result of an additional Federal grant award and increased salaries and benefit costs.
- Operation and maintenance of Plant decreased \$224,933 primarily as a result of decreased maintenance employee headcount and decreased non capital repair expenditures.
- Scholarships and fellowships increased \$685,323 primarily as a result of increased number of students receiving awards and increased levels of awards.
- Auxiliary enterprises increased \$162,593 primarily as a result of increased cost of textbooks and increased sales volume.
- Depreciation expense increased \$219,648 primarily as a result of the completion of several building projects during the fiscal period.

In comparing the fiscal periods ended August 31, 2010 and 2009:

- Instruction expense increased \$650,321 primarily as a result of increased salary cost for new positions, salary increases and increased cost of benefits.
- Student services decreased \$271,826 primarily as a result a decrease in the number of grants awarded to the college for these activities.
- Scholarships and fellowships increased \$2,254,593 primarily as a result of increased number of students receiving awards and increased levels of awards.
- Auxiliary enterprises increased \$327,797 primarily as a result of increased cost of textbooks and increased sales volume.

#### Analysis of Net Assets

Total Net Assets of \$13,522,043 is comprised of the investment in capital assets net of related debt of \$10,207,345, reserve for debt service of \$559,076, and unrestricted net assets of \$2,755,622. The debt service reserve is set-aside in the event the pledge revenues in interest and sinking fund are not sufficient to pay the debt service payment in the future. The unrestricted net assets are the inception-to-date net of current and non-current revenues and expenses.

#### Net Assets For the Years Ended August 31, 2011, 2010, and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Investment in Capital Assets, Net of Related Debt	\$ 10,207,345	\$ 8,292,685	\$ 8,062,882
Restricted for debt service	559,076	710,185	718,290
Temporarily Restricted	-	-	152
Unrestricted	<u>2,755,622</u>	<u>2,036,544</u>	<u>1,152,703</u>
Total Net Assets	<u>\$ 13,522,043</u>	<u>\$ 11,039,414</u>	<u>\$ 9,934,027</u>

## Long Term Debt

In the fiscal period ended August 31, 2011, the college entered into private placement financing arrangements to fund the building of new student housing with 112 beds and a new physical fitness facility. The college issued \$6,132,000 in Revenue Financing System Revenue Bonds with a fixed interest rate of 4.09% for ten years and a 25 year amortization to finance the student housing project. The college also issued \$1,471,000 in Limited Tax Bonds with a fixed interest rate of 3.72% for ten years and a 25 year amortization to finance the physical fitness facility. The college also entered into a Time Warrant payable to a bank in the amount of \$500,000 for the purchase of an instructional facility. The warrant is due in 9 semi-annual payments of \$22,029 with a final payment of \$385,635 on March 1, 2016.

In the fiscal period ended August 31, 2010, the College entered into a 4.28% capital lease payable secured by equipment. The lease is payable over a five-year period. The college also entered into a 4.34% maintenance tax note in the amount of \$1,100,000. The note is secured by the revenues of the college and is payable over a fifteen year period.

The College has revenue bonds, general obligation bonds, and other notes payable for which contractual payments have been made in the fiscal periods ended August 31, 2011 and 2010. See note 7- Bonds and Notes Payable of the financial statements for further information about long-term debt activity.

## Capital Assets

In the fiscal period ended August 31, 2011, the College expended approximately \$467,500 in general revenue bonds and \$743,000 in grant funds to complete the construction of the new agriculture instructional facility. The college expended \$5,736,000 in general revenue bonds to construct a 112 bed dorm facility. The college expended \$1,471,000 in general obligation funds to construct a new physical fitness facility. The college expended \$500,000 in Time Warrant funds to purchase a new building to be used for workforce instruction. The foundation contributed approximately \$608,800 to make capital improvements to this new building.

In the fiscal period ended August 31, 2010, the College expended approximately \$1,738,000 in general revenue bonds and approximately \$497,000 in donated funds and grants for the construction of the new agriculture instructional facility. The college expended \$135,000 through a capital lease to purchase replacement computers and network equipment for instructional and administrative purposes. The College Foundation contributed approximately, \$65,600 in aid for construction a softball concession building, instructional equipment and a baseball scoreboard. The college expended approximately \$517,000 of the maintenance tax note proceeds, on equipment to update core environmental systems and safety and security systems. The college also expended approximately \$320,000 of operating funds for the design of the new student housing complex, and physical fitness facility.

See note 6-Capital Assets of the financial statements for further information about capital asset activity.

On February 22, 2011, Standard & Poor's affirmed the College's Revenue Financing debt rating at BBB. On April 26, 2010, Standard & Poor's rated the College's General Obligation Financing debt at A. Management does not believe it has any debt limitations that may affect the financing of planned facilities or services.



## Statement of Cash Flows

The final statement presented by the Northeast Texas Community College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts:

*Part 1* deals with operating cash flows and shows the net cash used in the operating activities of the institution. The bulk of receipts from students and other customers, appropriations, grants and contracts, and other proceeds help the College cover its payments for payroll, scholarships, loans, and other cash payments.

*Part 2* shows the cash flow from non-capital and related financing activities. Part of the ad-valorem local tax revenues pays for maintenance and operations of the College and the rest is for the settlement of general obligation bonds (note 7).

*Part 3* reflects the cash flows from capital and related financing activities. It shows payments made on expenses and interest on capital related debt, purchase of capital assets and payments on capital debt and leases.

*Part 4* shows the cash flows from investing activities where proceeds from sale and purchase of investments including investment earnings are reflected.

*Part 5* reconciles the net cash used in the operating income or loss that is reflected on the Statement of Net Assets under the line item 'Cash and Cash Equivalents'.

## Financial Condition and Outlook

The college has been able to increase its unrestricted fund balance approximately \$719,000 in the current year. Given the current economic climate, we anticipate continued downward pressure on our ability to earn interest on our temporary investments. We also anticipate a reduction in collected tax revenues over the next two to three years as a result of downward pressure on appraisal values as a result of economic conditions coupled with the college's having reached its tax rate cap of .10 per \$100 valuation. In addition, the college's largest taxpayer has filed suit in Titus County asserting a significant (more than 40%) reduction in the appraised value of their coal fed power generation assets. The EPA has also placed emission reduction requirements on the plant that, at this time, will require the decommissioning of 2/3 of the plant for several years in order for the company to retrofit the equipment for cleaner coal burning capabilities. We also expect reductions in state funding as a result of decreased state revenues over the next three years. We anticipate adjusting our ongoing operating spending to compensate for these reduced revenues. The college experienced a level enrollment in the Fall of 2011 and does not anticipate significant growth in enrollment levels in the next few years.

*FINANCIAL STATEMENTS*

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**EXHIBIT 1**  
**STATEMENTS OF NET ASSETS**  
**August 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$ 3,263,196	\$ 1,887,149
Accounts receivable (Note 10)	1,528,629	1,106,614
Inventories	542,775	496,531
Prepaid expense	344,395	196,671
Due from component unit	617,345	1,524,355
<b>Total Current Assets</b>	<u>6,296,340</u>	<u>5,211,320</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 4)	1,029,911	1,572,979
Restricted short-term investments (Note 4)	356,892	799,214
Notes receivable (net of allowance for doubtful accounts of \$80,267 in 2011 and 2010)	-	-
Deferred charges	477,772	388,444
Other assets	48,910	60,180
Capital assets, net of accumulated depreciation (Note 6)	36,288,477	26,307,582
<b>Total Noncurrent Assets</b>	<u>38,201,962</u>	<u>29,128,399</u>
<b>Total Assets</b>	<u>44,498,302</u>	<u>34,339,719</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable (Note 10)	736,890	1,150,963
Accrued liabilities (Note 10)	220,273	61,018
Accrued compensated absences (Note 9)	100,709	64,914
Deposits payable (Note 10)	131,955	101,711
Funds held for others	95,816	91,048
Deferred revenues	2,937,535	2,602,116
Notes and leases payable - current portion (Note 7)	162,091	132,412
Bonds payable - current portion (Note 7)	1,242,766	1,181,850
<b>Total Current Liabilities</b>	<u>5,628,035</u>	<u>5,386,032</u>
<b>Noncurrent Liabilities</b>		
Bonds payable (Note 7)	23,839,513	16,770,103
Notes and leases payable (Note 7)	1,508,711	1,144,170
<b>Total Noncurrent Liabilities</b>	<u>25,348,224</u>	<u>17,914,273</u>
<b>Total Liabilities</b>	<u>30,976,259</u>	<u>23,300,305</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	10,207,345	8,292,685
Restricted for		
Expendable		
Debt service	559,076	710,185
Temporarily	-	-
Unrestricted	2,755,622	2,036,544
<b>Total Net Assets</b>	<u>\$ 13,522,043</u>	<u>\$ 11,039,414</u>

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

*NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.*  
*COMPONENT UNIT*  
*STATEMENTS OF NET ASSETS*  
*August 31, 2011 and 2010*

ASSETS	<u>2011</u>	<u>2010</u>
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$ 1,433,628	\$ 2,358,815
Investments (Note 4)	25,000	-
Accounts receivable (Note 10)	280,320	217,227
<b>Total Current Assets</b>	<u>1,738,948</u>	<u>2,576,042</u>
<b>Noncurrent Assets</b>		
Long - term investments (Note 4)	2,108,474	1,764,621
Property, plant, and equipment, net of accumulated depreciation (Note 6)	528,143	444,531
Other assets	29,100	29,100
<b>Total Noncurrent Assets</b>	<u>2,665,717</u>	<u>2,238,252</u>
 <b>Total Assets</b>	 <u><u>4,404,665</u></u>	 <u><u>4,814,294</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable (Note 10)	14,850	13,183
Deferred revenue	193,156	138,252
Due to Northeast Texas Community College	617,345	1,524,355
<b>Total Current Liabilities</b>	<u>825,351</u>	<u>1,675,790</u>
 <b>Total Liabilities</b>	 <u><u>825,351</u></u>	 <u><u>1,675,790</u></u>
<b>Net assets:</b>		
<b>Restricted</b>		
<b>Nonexpendable:</b>		
Permanently	1,897,592	1,715,842
<b>Expendable:</b>		
Temporarily	1,144,280	971,426
Unrestricted	537,442	451,236
<b>Total Net Assets</b>	<u><u>\$ 3,579,314</u></u>	<u><u>\$ 3,138,504</u></u>

The accompanying Notes to the Financial Statements are an integral part of these financial statements.

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**EXHIBIT 2**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Years Ended August 31, 2011 and 2010**

REVENUES	<u>2011</u>	<u>2010</u>
<b>Operating Revenues</b>		
Tuition and fees (net of grant and scholarship allowances of \$3,809,444, 2011 and \$2,910,984, 2010)	\$ 2,836,096	\$ 3,302,945
Federal grants and contracts	1,363,871	1,291,366
State grants and contracts	840,004	1,041,996
Non-Governmental grants and contracts	104,131	148,346
Sales and services of educational activities	120,592	95,277
Auxiliary enterprises (net of grant and scholarship allowances of \$1,177,733, 2011 and \$939,290, 2010)	1,217,701	1,266,202
Other operating revenues	<u>519,931</u>	<u>514,250</u>
<b>Total Operating Revenues (Schedule A)</b>	<b><u>7,002,326</u></b>	<b><u>7,660,382</u></b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Instruction	8,428,098	7,890,682
Public service	360,005	223,874
Academic support	947,280	950,571
Student services	1,503,051	1,961,510
Institutional support	3,134,828	2,935,471
Operation and maintenance of plant	1,382,906	1,607,839
Scholarships and fellowships	5,078,163	4,392,840
Auxiliary enterprises	2,323,460	2,160,867
Depreciation	<u>1,086,676</u>	<u>867,028</u>
<b>Total Operating Expenses (Schedule B)</b>	<b><u>24,244,467</u></b>	<b><u>22,990,682</u></b>
<b>Operating Income (Loss)</b>	<b><u>(17,242,141)</u></b>	<b><u>(15,330,300)</u></b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State allocations	5,247,990	5,292,271
Ad-valorem taxes		
Taxes for maintenance & operations	3,610,446	3,751,876
Taxes for general obligations bonds	1,032,857	996,221
Federal revenue, non operating	8,853,884	7,120,003
Investment income (net of investment expenses)	12,086	21,917
Other non - operating revenues	-	950,000
Interest on capital related debt	(1,082,044)	(920,504)
Gain (Loss) on disposal of capital assets	1,029	(820,356)
Other non - operating expenses	<u>(30,268)</u>	<u>(21,382)</u>
<b>Net non-operating revenues (Schedule C)</b>	<b><u>17,645,980</u></b>	<b><u>16,370,046</u></b>
<b>CAPITAL CONTRIBUTIONS</b>		
Component unit	761,767	65,641
Federal contributions in aid of construction	1,096,288	-
State contributions in aid of construction	<u>220,735</u>	<u>-</u>
<b>Total capital contributions</b>	<b><u>2,078,790</u></b>	<b><u>65,641</u></b>
<b>Increase (Decrease) in Net Assets</b>	<b>2,482,629</b>	<b>1,105,387</b>
<b>Net Assets - Beginning of Year</b>	<b><u>11,039,414</u></b>	<b><u>9,934,027</u></b>
<b>Net Assets - End of Year</b>	<b><u>\$ 13,522,043</u></b>	<b><u>\$ 11,039,414</u></b>

The accompanying "Notes to the Financial Statement" are an integral part of this statement.

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.  
 COMPONENT UNIT  
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 For the Years Ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>REVENUES</b>		
Operating Revenues		
Federal Grants and Contracts	\$ 1,035,377	\$ 1,237,702
State Grants and Contracts	655,853	621,058
Local Grants and Contracts	392,603	419,988
Total Operating Revenues	<u>2,083,833</u>	<u>2,278,748</u>
<b>EXPENSES</b>		
Operating Expenses		
Public Service	3,010,486	3,448,300
Scholarships	219,596	226,292
Depreciation	47,621	47,621
Total Operating Expenses	<u>3,277,703</u>	<u>3,722,213</u>
Operating (Loss)	<u>(1,193,870)</u>	<u>(1,443,465)</u>
Non-Operating Revenues		
Investment income	60,417	53,594
Net non-operating revenues	<u>60,417</u>	<u>53,594</u>
(Loss) Before Other Revenues, Expenses, Gains, Losses	<u>(1,133,453)</u>	<u>(1,389,871)</u>
<b>OTHER REVENUES, (EXPENSES), GAINS, LOSSES</b>		
Additions to Endowments	5,925	81,044
Gains on investments	170,105	96,093
Contributions	1,398,233	649,080
Total Other Revenues, Expenses, Gains, Losses	<u>1,574,263</u>	<u>826,217</u>
Increase (Decrease) in Net Assets	440,810	(563,654)
Net Assets - Beginning of Year	<u>3,138,504</u>	<u>3,702,158</u>
Net Assets - End of Year	<u>\$ 3,579,314</u>	<u>\$ 3,138,504</u>

The accompanying Notes to the Financial Statements are an integral part of these financial statements.

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**EXHIBIT 3**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended August 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from students and other customers	\$ 4,553,776	\$ 4,918,408
Receipts of grants and contracts for operating activities	1,357,395	2,930,048
Other receipts	648,494	619,539
Payments to or on behalf of employees	(8,696,670)	(10,003,961)
Payments to suppliers for goods or services	(8,475,135)	(6,551,404)
Payments of scholarships	(5,078,163)	(4,392,840)
Net cash provided (used) by operating activities	<u>(15,690,303)</u>	<u>(12,480,210)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
State allocations	4,735,707	4,854,131
Federal revenues	9,109,412	7,654,142
Ad valorem tax revenues	4,640,226	4,739,159
Net cash provided (used) by non-capital financing activities	<u>18,485,345</u>	<u>17,247,432</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Interest and other expense on capital related debt	(602,508)	(405,473)
Purchases of capital assets	(10,236,436)	(3,474,582)
Proceed from sale of assets	5,608	85,375
Capital contributions	1,892,790	85,000
Proceeds on issuance of capital debt	7,603,000	1,100,000
Payments on capital debt and leases	(1,078,925)	(1,148,268)
Net cash provided (used) by capital and related financing activities	<u>(2,416,471)</u>	<u>(3,757,948)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale and maturity of investments	442,322	2,985,500
Investment earnings	12,086	21,917
Purchases of investments	-	(1,948,711)
Net cash provided (used) by investing activities	<u>454,408</u>	<u>1,058,706</u>
<b>Increase (Decrease) in cash and cash equivalents</b>	<u>832,979</u>	<u>2,067,980</u>
<b>Cash and cash equivalents - September 1,</b>	<u>3,460,128</u>	<u>1,392,148</u>
<b>Cash and cash equivalents - August 31,</b>	<u>\$ 4,293,107</u>	<u>\$ 3,460,128</u>
<b>Noncash investing, capital, and financing activities</b>		
Capital lease	-	134,583
Purchase of building with note payable	500,000	
Contributions of Capital Assets	186,000	65,641
Total Noncash investing, capital, and financing activities	<u>\$ 686,000</u>	<u>\$ 200,224</u>
<b>Reconciliation of operating income to net cash provided</b>		
<b>by operating activities:</b>		
Operating income (loss)	\$ (17,242,141)	\$ (15,330,300)
<b>Adjustments to reconcile operating income to net cash provided</b>		
<b>by operating activities:</b>		
Depreciation expense	1,086,676	867,028
Staff benefits paid directly by state	513,389	495,768
Bad debts	219,992	-
<b>Changes in assets and liabilities</b>		
Receivables, net	(895,564)	381,141
Inventories	(46,244)	(75,409)
Prepaid expense	(147,724)	7,975
Due from component unit	907,010	2,422
Other assets	11,270	(12,176)
Deferred charges	(89,328)	27,111
Accounts payable	(414,073)	724,999
Accrued liabilities	36,003	27,728
Deposits payable	30,244	9,981
Funds held for others	4,768	(5,839)
Deferred revenue	335,419	399,361
Net cash provided (used) by operating activities	<u>\$ (15,690,303)</u>	<u>\$ (12,480,210)</u>

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

**NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.**  
**COMPONENT UNIT**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from grants and contracts for operating activities	\$ 2,075,644	\$ 2,265,382
Payments of scholarships and support of college	(1,126,606)	(313,714)
Payments on grants and contract costs	<u>(2,822,819)</u>	<u>(2,477,156)</u>
Net cash provided (used) by operating activities	<u>(1,873,781)</u>	<u>(525,488)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Additions to permanent and term endowment and other contributions	<u>1,086,925</u>	<u>734,176</u>
Net cash provided (used) by noncapital financing activities	<u>1,086,925</u>	<u>734,176</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	665,748	4,337,618
Investment income (loss)	60,417	53,595
Purchase of capital assets	-	-
Purchase of investments	<u>(864,496)</u>	<u>(3,628,675)</u>
Net cash provided (used) by investing activities	<u>(138,331)</u>	<u>762,538</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(925,187)</u>	<u>971,226</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>2,358,815</u>	<u>1,357,589</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,433,628</u>	<u>\$ 2,358,815</u>
<b>Noncash investing, capital, and financing activities</b>		
Inkind contributions	<u>\$ 317,235</u>	<u>\$ -</u>
<b>Reconciliation of operating loss to net cash used by by operating activities</b>		
Operating loss	\$ (1,193,870)	\$ (1,443,465)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	47,621	47,621
Non cash transfer to college	186,000	-
Non cash use of assets	-	12,150
<b>Change in assets and liabilities</b>		
Accounts receivable	(63,093)	93,118
Due to college	(907,010)	862,578
Deferred revenue	54,904	(106,484)
Accounts payable	<u>1,667</u>	<u>8,994</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (1,873,781)</u>	<u>\$ (525,488)</u>

The accompanying Notes to the Financial Statements are an integral part of these financial statements.



**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 AND 2010**

**Note 1 - Reporting Entity**

Northeast Texas Community College (the College) was formed in January, 1984, within a voter approved tax district encompassing Camp, Morris, and Titus Counties in Northeast Texas, in accordance with the laws of the State of Texas. A seven member Board of Trustees elected at large from the three counties serves as the oversight unit. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

In defining the College's reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The following is a brief summary of the potential component unit addressed in defining the College's reporting entity.

Northeast Texas Community College Foundation – The Foundation is organized for the exclusive support of Northeast Texas Community College. The Foundation is a thirty-two member board and the members of the College Board of Trustees are members of the Board of Directors of the Foundation.

**Note 2 - Summary of Significant Accounting Policies**

**Reporting Guidelines**

The significant accounting policies followed by Northeast Texas Community College (the College) and Northeast Texas Community College Foundation 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 College 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 College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The College 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 for qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code Sec. 56.0333). When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

**Title IV, HEA Program Funds:** Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the college and recorded as restricted revenue. When funds are awarded to students and used for tuition and fees the amounts are recorded as revenue, and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

*NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 AND 2010*

**Note 2 - Summary of Significant Accounting Policies - (continued)**

Other tuition discounts: The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as tuition and fee revenue and a corresponding 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 College have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when reduced to a legal or contractual obligation to pay.

**Budgetary data**

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1. The budget for the year ended August 31, 2011 was adopted by the Board of Trustees on August 24, 2010.

**Cash and cash equivalents**

The College'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. Long-term investments have an original maturity of greater than one year at the time of purchase.

**Inventories**

Inventories consist of consumable office supplies, physical plant supplies and bookstore stock. Inventories are stated at lower of cost or market using the first-in, first-out (FIFO) method and are charged to expense as consumed.

**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 estimated useful life in excess of one year. Renovations of \$50,000 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.

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

*NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 AND 2010*

**Note 2 - Summary of Significant Accounting Policies - (continued)**

**Deferred Revenue and Expenditure**

Tuition and Fees of \$2,692,280 and \$2,350,810, and federal, state and local grants of \$245,255 and \$251,306 have been reported as deferred revenues at August 31, 2011 and 2010, respectively.

**Estimates**

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

**Operating and Non-Operating Revenues and Expenses**

The College 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. The principal operating revenues are tuition and related fees. The major non-operating revenues are state allocations, Title IV federal revenue, and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of food service is not performed by the College.

**Characterization of Title IV Grant Revenue**

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

**Reclassifications**

Certain reclassifications have been made to the prior year to conform to current year presentation.

**Subsequent Events**

Management has evaluated subsequent events through the date of this report which is the date the financial were available to be issued which was December 9, 2011.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 AND 2010**

**Note 3 - Authorized Investments**

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

**Note 4 - Deposits and Investments**

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

	2011	2010
Cash and Deposits		
Demand Deposits	\$ 2,033,059	\$ 1,951,300
Time Deposits	356,892	799,214
Petty Cash	10,280	6,950
<b>Total Cash and Deposits</b>	<b>\$ 2,400,231</b>	<b>\$ 2,757,464</b>

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

Type of Security	Fair Value August 31, 2011	Fair Value August 31, 2010
Investment Pool	1,430,880	1,297,094
Mutual Fund	818,888	204,784
Total	2,249,768	1,501,878
Total Cash and Deposits	2,400,231	2,757,464
Total Deposits and Investments	<b>\$ 4,649,999</b>	<b>\$ 4,259,342</b>
Cash and Cash Equivalents (Exhibit 1)	\$ 3,263,196	\$ 1,887,149
Restricted Cash and Cash Equivalents (Exhibit 1)	1,029,911	1,572,979
Restricted Investments (Exhibit 1)	356,892	799,214
Total Deposits and Investments	<b>\$ 4,649,999</b>	<b>\$ 4,259,342</b>

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 AND 2010**

**Note 4 - Deposits and Investments -- (continued)**

Cash and Deposits for Northeast Texas Community College Foundation, Inc. reported on Exhibit 1 consist of the following:

	<u>2011</u>	<u>2010</u>
Demand Deposits	773,996	113,495
Time Deposits	25,000	275,000
<b>Total Cash and Deposits</b>	<b>\$ 798,996</b>	<b>\$ 388,495</b>

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

<b>Type of Security</b>	<b>Fair Value August 31, 2011</b>	<b>Fair Value August 31, 2010</b>
U.S. Government Agencies	\$ 77,781	\$ 77,617
Corporate Bond/Notes	43,985	44,614
Mutual Funds	2,646,340	3,612,710
Total Investments	2,768,106	3,734,941
Total Cash and Deposits	798,996	388,495
<b>Total Deposits and Investments</b>	<b>\$ 3,567,102</b>	<b>\$ 4,123,436</b>
Cash and Cash Equivalents	\$ 1,433,628	\$ 2,358,815
Short-term Investments	25,000	-
Long-term Investments	2,108,474	1,764,621
<b>Total Deposits and Investments</b>	<b>\$ 3,567,102</b>	<b>\$ 4,123,436</b>

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

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Investment Maturities (in years)</u>			
		<u>Market Value</u>	<u>Less than 1</u>	<u>1-2</u>	<u>2-3</u>
Certificates of Deposit	N/A	\$ 356,892	\$ 356,892	\$ -	\$ -
AIM Treasury Cash Management	AAA	818,888	818,888	-	-
Investment Pool	AAA	1,430,880	1,430,880	-	-
<b>Total Market Value</b>		<b>\$ 2,606,660</b>	<b>\$ 2,606,660</b>	<b>-</b>	<b>-</b>

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 AND 2010**

**Note 4 - Deposits and Investments – (continued)**

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

<u>Investment Type</u>	Rating	Investment Maturities (in years)				
		Market Value	No Maturity	Less than 1	1-2	2-3
Certificates of Deposit	N/A	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -
AIM Treasury Cash Management	AAA	659,632	-	659,632	-	-
US Gov't Agencies	AAA	77,781	-	-	-	77,781
Corporate Bonds/Notes	AA3	23,235	-	-	-	23,235
Corporate Bonds/Notes	A3	20,750	-	-	-	20,750
Mutual Funds	N/A	1,986,708	1,986,708	-	-	-
<b>Total Market Value</b>		<b>\$ 2,793,106</b>	<b>\$ 1,986,708</b>	<b>\$ 684,632</b>	<b>\$ -</b>	<b>\$ 121,766</b>

**Interest Rate Risk:** In accordance with state law and Northeast Texas Community College policy, the College does not purchase any investments with maturities greater than 10 years.

**Credit Risk:** In accordance with state law and the College'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 Foundation has no such requirements for ratings.

**Concentration of Credit Risk:** The College does not place a limit on the amount that may be invested in any one issuer. More than 5% of the College's investments are in investment pools (55%), in certificates of deposit (14%) and in Mutual Funds (31%). The Foundation does not place limit on the amount that may be invested in any one issuer. More than 5% of the Foundation's investments are in mutual funds (95%).

**Custodial Credit Risk:** At August 31, 2011, the College had money on deposit at 4 banks. The carrying amount of the College's and the Foundation's bank deposits was \$2,389,954 and \$798,996 and total bank balances equaled \$3,096,943 and \$798,996. Bank balances of \$523,144 are covered by federal depository insurance and \$3,372,795 was covered by collateral pledged in Northeast Texas Community College's name. The collateral was held in the safekeeping departments of banks which act as agents for the College.

**Note 5 – Derivatives**

The College had no derivatives at August 31, 2011 or 2010.

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**Note 6- Capital Assets**

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

	For the Year Ended August 31, 2011			Balance August 31, 2011
	Balance August 31, 2010	Increases	Decreases	
<b>Not Depreciated:</b>				
Land	\$ 1,420,209	\$ -	\$ -	\$ 1,420,209
Construction in Process	3,116,741	644,961	3,116,741	644,961
Subtotal	<u>\$ 4,536,950</u>	<u>\$ 644,961</u>	<u>\$ 3,116,741</u>	<u>\$ 2,065,170</u>
<b>Other Capital Assets:</b>				
Buildings	28,017,348	11,718,159	-	39,735,507
Equipment Purchased with Capital Lease	342,348	-	-	342,348
Furniture, Machinery, Vehicles, and other Equipment	1,639,987	1,563,126	5,385	3,197,728
Library Books	1,000,065	17,757		1,017,822
Telecommunications and Peripheral Equipment	919,824	244,886	-	1,164,710
Subtotal	<u>\$ 31,919,572</u>	<u>\$ 13,543,928</u>	<u>\$ 5,385</u>	<u>\$ 45,458,115</u>
<b>Accumulated Depreciation:</b>				
Buildings	7,755,697	732,901	-	8,488,598
Equipment Purchased with Capital Lease	59,687	54,670	-	114,357
Furniture, Machinery, Vehicles and Other Equipment	810,550	201,311	808	1,011,053
Library Books	698,540	50,084		748,624
Telecommunications and Peripheral Equipment	824,466	47,710		872,176
Subtotal	<u>\$ 10,148,940</u>	<u>\$ 1,086,676</u>	<u>\$ 808</u>	<u>\$ 11,234,808</u>
Net Other Capital Assets	<u>\$ 21,770,632</u>	<u>\$ 12,457,252</u>	<u>\$ 4,577</u>	<u>\$ 34,223,307</u>
<b>Net Capital Assets</b>	<u><u>\$ 26,307,582</u></u>	<u><u>\$ 13,102,213</u></u>	<u><u>\$ 3,121,318</u></u>	<u><u>\$ 36,288,477</u></u>

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**Note 6 – Capital Assets – (continued)**

**Foundation**

	For the Year Ended August 31, 2011			
	Balance August 31, 2010	Increases	Decreases	Balance August 31, 2011
Not Depreciated:				
Land	\$ 140,400	\$ -	\$ -	\$ 140,400
Works of Art, Antiques	-	131,233	-	131,233
Subtotal	\$ 140,400	\$ 131,233	\$ -	\$ 271,633
Other Capital Assets:				
Buildings	196,024	-	-	196,024
Furniture, Machinery, Vehicles, and other Equipment	171,410	-	-	171,410
Telecommunications and Peripheral Equipment	75,087	-	-	75,087
Subtotal	\$ 442,521	\$ -	\$ -	\$ 442,521
<u>Accumulated Depreciation:</u>				
Buildings	17,354	6,942	-	24,296
Furniture, Machinery, Vehicles and Other Equipment	83,493	25,662	-	109,155
Telecommunications and Peripheral Equipment	37,543	15,017	-	52,560
Subtotal	\$ 138,390	\$ 47,621	\$ -	\$ 186,011
Net Other Capital Assets	\$ 304,131	\$ (47,621)	\$ -	\$ 256,510
 Net Capital Assets	 \$ 444,531	 \$ 83,612	 \$ -	 \$ 528,143



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**Note 6 – Capital Assets – (continued)**

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

	<b>For the Year Ended August 31, 2010</b>			
	<b>Balance August 31, 2009</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance August 31, 2010</b>
<b>Not Depreciated:</b>				
Land	\$ 1,420,209	\$ -	\$ -	\$ 1,420,209
Construction in Process	100,533	3,072,496	56,288	3,116,741
Subtotal	<u>\$ 1,520,742</u>	<u>\$ 3,072,496</u>	<u>\$ 56,288</u>	<u>\$ 4,536,950</u>
<b>Other Capital Assets:</b>				
Buildings	29,237,812	131,147	1,351,611	28,017,348
Equipment Purchased with Capital Lease	207,765	134,583	-	342,348
Furniture, Machinery, Vehicles, and other Equipment	1,724,794	287,300	372,107	1,639,987
Library Books	984,578	16,414	927	1,000,065
Telecommunications and Peripheral Equipment	889,125	90,081	59,382	919,824
Subtotal	<u>\$ 33,044,074</u>	<u>\$ 659,525</u>	<u>\$ 1,784,027</u>	<u>\$ 31,919,572</u>
<b>Accumulated Depreciation:</b>				
Buildings	7,619,626	595,162	459,091	7,755,697
Equipment Purchased with Capital Lease	18,476	41,211	-	59,687
Furniture, Machinery, Vehicles and Other Equipment	1,041,072	127,447	357,969	810,550
Library Books	645,673	53,794	927	698,540
Telecommunications and Peripheral Equipment	834,434	49,414	59,382	824,466
Subtotal	<u>\$ 10,159,281</u>	<u>\$ 867,028</u>	<u>\$ 877,369</u>	<u>\$ 10,148,940</u>
Net Other Capital Assets	<u>\$ 22,884,793</u>	<u>\$ (207,503)</u>	<u>\$ 906,658</u>	<u>\$ 21,770,632</u>
<b>Net Capital Assets</b>	<u><u>\$ 24,405,535</u></u>	<u><u>\$ 2,864,993</u></u>	<u><u>\$ 962,946</u></u>	<u><u>\$ 26,307,582</u></u>

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**Note 6 -- Capital Assets -- (continued)**

**Foundation**

	For the Year Ended August 31, 2010			
	Balance August 31, 2009	Increases	Decreases	Balance August 31, 2010
Not Depreciated:				
Land	\$ 140,400	\$ -	\$ -	\$ 140,400
Subtotal	\$ 140,400	\$ -	\$ -	\$ 140,400
Other Capital Assets:				
Buildings	196,024	-	-	196,024
Furniture, Machinery, Vehicles, and other Equipment	171,410	-	-	171,410
Telecommunications and Peripheral Equipment	75,087	-	-	75,087
Subtotal	\$ 442,521	\$ -	\$ -	\$ 442,521
<u>Accumulated Depreciation:</u>				
Buildings	10,413	6,941	-	17,354
Furniture, Machinery, Vehicles and Other Equipment	57,830	25,663	-	83,493
Telecommunications and Peripheral Equipment	22,526	15,017	-	37,543
Subtotal	\$ 90,769	\$ 47,621	\$ -	\$ 138,390
Net Other Capital Assets	\$ 351,752	\$ (47,621)	\$ -	\$ 304,131
 Net Capital Assets	 \$ 492,152	 \$ (47,621)	 \$ -	 \$ 444,531

The Foundation was engaged in constructing a new instructional facility for the College in the approximate amount of \$845,547 to be paid from several private donations. As of August 31, 2011, \$608,767 of the amount had been expended and is reflected as construction in progress on the College's books.

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**Note 7 – Bonds and Notes Payable**

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

	Balance August 31, 2010	Increases	Decreases	Balance August 31, 2011	Current Portion
Leases, bonds, and notes					
Revenue bonds	\$ 3,625,000	\$ 6,132,000	200,000	\$ 9,557,000	\$ 210,000
General obligation bonds	14,326,953	2,180,176	981,850	15,525,279	1,032,766
Notes payable	1,066,182	500,000	27,306	1,538,876	80,224
Leases payable	210,400	-	78,474	131,926	81,867
<b>Total long-term obligations</b>	<b>\$ 19,228,535</b>	<b>\$ 8,812,176</b>	<b>\$ 1,287,630</b>	<b>\$ 26,753,081</b>	<b>\$ 1,404,857</b>

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

	Balance August 31, 2009	Increases	Decreases	Balance August 31, 2010	Current Portion
Leases, bonds, and notes					
Revenue bonds	\$ 3,815,000		190,000	\$ 3,625,000	\$ 200,000
General obligation bonds	14,593,795	711,518	978,360	14,326,953	981,850
Notes payable	26,612	1,100,000	60,430	1,066,182	53,938
Leases payable	155,189	134,583	79,372	210,400	78,474
<b>Total long-term obligations</b>	<b>\$ 18,590,596</b>	<b>\$ 1,946,101</b>	<b>\$ 1,308,162</b>	<b>\$ 19,228,535</b>	<b>\$ 1,314,262</b>

**2003 Series Limited Tax Bonds**

The 2003 Series Limited Tax Bonds were issued for the construction and equipment of campus buildings in the district and the purchase of necessary sites. At an election on November 5, 2002, the voters approved the issuance of up to \$18,000,000 in bonds. These bonds represent the first installment of bonds issued under the authority granted at the November 5, 2002 election. The bonds were issued in part as Current Interest Bonds and in part as Capital Appreciation Bonds. The Capital Appreciation Bonds mature beginning April 1, 2010 and ending April 1, 2033. Interest is payable only at maturity and will accrue at a rate equal to the yield to maturity and will compound semiannually on each April and October. The bonds bear interest from 3.79% to 5.85%. Bonds outstanding at August 31, 2011 and 2010, under this issue totaled \$9,153,574 and \$9,886,563, respectively. The accreted value of the bonds at August 31, 2011 and 2010 totaled \$14,054,279 and \$14,326,953, respectively. At August 31, 2011 and 2010, the un-issued but approved bonds totaled \$5,534,837 and \$7,005,837 respectively.

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**Note 7 – Bonds and Notes Payable - (continued)**

**2010 Series Limited Tax Bonds**

The 2010 Series Limited Tax Bonds were issued for the construction and equipment of a campus building in the district. The Bonds bear a fixed interest rate of 3.72% for ten years if not refinanced by October 1, 2020, the rate increases to 15% or the highest rate allowable under Texas. The College anticipates refinancing the remaining issue prior to that date. Bonds outstanding at August 31, 2011 totaled \$1,471,000.

**2006 Series Revenue Financing System Refunding and Improvement Bonds**

The 2006 Series Revenue Financing System Refunding and Improvement Bonds were issued to advance refund the College's outstanding 1992 Series Dormitory System Revenue Bonds and the outstanding 1994 Series Tuition and Building Use Fee Revenue Refunding and Revenue Bonds, to pay the cost of issuing the bonds and to provide funds for construction on the main campus. The bonds were issued with an average coupon (interest) rate of 4.19%. Bonds outstanding at August 31, 2011 and 2010 under this issue totaled \$3,425,000 and \$3,625,000 respectively.

**2010 Series Revenue Financing System Bonds**

The 2010 Series Revenue Financing System Bonds were issued for the construction and equipment of a 112 bed dorm building in the district. The Bonds bear a fixed interest rate of 4.09% for ten years if not refinanced by October 1, 2020, the rate increases to 15% or the highest rate allowable under Texas. The College anticipates refinancing the remaining issue prior to that date. Bonds outstanding at August 31, 2011 totaled \$6,132,000.

**Notes Payable**

The College has a 4.45% capital lease payable to a bank dated August 13, 2007 and amended September 14, 2007 secured by equipment. The lease is due in five-annual installments of \$19,294. The balance of the lease at August 31, 2011 and 2010 was \$18,472 and \$36,157 respectively.

The College entered into a 4.25% capital lease payable to a bank dated February 24, 2009 secured by equipment. The lease is due in forty eight monthly installments of \$2,625. The balance of the lease at August 31, 2011 and 2010 was \$ 45,514 and \$74,406 respectively.

The College entered into a 4.28% capital lease payable to a bank dated May 12, 2010 secured by equipment. The lease is due in four annual installments of \$36,175. The balance of the lease at August 31, 2011 and 2010 was \$67,940 and \$99,837 respectively.

The College entered into a 4.34% maintenance tax note payable to a bank on April 27, 2010 in the amount of \$1,100,000. The note is due in 30 semi-annual payments of \$50,129. The balance of the note at August 31, 2011 and 2010 was \$1,038,876 and \$1,066,182 respectively.

The College entered into a Time Warrant payable to a bank on March 1, 2011 in the amount of \$500,000. The warrant is due in 9 semi-annual payments of \$22,029 with a final payment of \$385,635 on March 1, 2016. The balance of the note at August 31, 2011 was \$500,000.

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**Note 7 – Bonds and Notes Payable - (continued)**

**Tax Bonds**

The 2003 Series Limited Tax Bonds are due in annual installments varying from \$1,020,000 to \$1,255,000 with interest rates from 2.50% to 14.5% and the final installment due in 2033. The 2010 Series Limited Tax Bonds are due in annual installments varying from \$405,401 to \$894,900. The principal and interest expense for the next five years and beyond for the undefeased tax obligation bonds are as follows:

<u>Years Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	1,032,766 (A)	78,267	1,111,033
2013	1,000,336 (A)	121,009	1,121,345
2014	963,818 (A)	167,369	1,131,187
2015	927,220 (A)	213,461	1,140,681
2016	889,592 (A)	260,545	1,150,137
2017-2021	3,908,254 (A)	1,999,115	5,907,369
2022-2026	3,113,041 (A)	1,901,707	5,014,748
2027-2031	2,538,717 (A)	2,968,234	5,506,951
2032-2036	1,151,535 (A)	3,830,467	4,982,002
	<u>\$ 15,525,279</u>	<u>\$ 11,540,174</u>	<u>\$ 27,065,453</u>

(A) 2003 Series Limited Tax Bonds are stated at their current accreted value.

The orders authorizing the issuance of the tax obligation bonds require the Board of Trustees to annually levy ad valorem taxes which will be sufficient to raise and produce the money required to pay the interest and principal of the bonds as they mature. The tax collections that are restricted for payment of the bond principal and interest are to be deposited into the Retirement of Indebtedness Fund.

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Note 7 – Bonds and Notes Payable - (continued)

Revenue Bonds

Debt service requirements for the revenue bonds are as follows:

Years Ending August 31,	Principal	Interest	Total Requirements
2012	210,000	396,664	606,664
2013	375,000	385,294	760,294
2014	386,000	370,232	756,232
2015	343,000	354,604	697,604
2016	295,000	339,589	634,589
2017-2021	1,647,000	1,503,404	3,150,404
2022-2026	2,017,000	1,137,299	3,154,299
2027-2031	2,480,000	680,950	3,160,950
2032-2036	1,804,000	195,284	1,999,284
	\$ <u>9,557,000</u>	\$ <u>5,363,320</u>	\$ <u>14,920,320</u>

Notes Payable

Debt service requirements for the notes payable are as follows:

Years Ending August 31,	Principal	Interest	Total Requirements
2012	80,224	64,091	144,315
2013	83,812	60,503	144,315
2014	87,380	56,935	144,315
2015	91,101	53,214	144,315
2016	458,455	49,466	507,921
2017-2021	374,324	126,963	501,287
2022-2025	363,580	37,008	400,588
	\$ <u>1,538,876</u>	\$ <u>448,180</u>	\$ <u>1,987,056</u>

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Note 7 – Bonds and Notes Payable - (continued)

Leases Payable

Capital leases as of August 31, 2011 were as follows:

<b>For the Year Ended <u>August 31,</u></b>	<b><u>Total</u></b>
2012	81,867
2013	57,350
Total Minimum Lease Payments	<u>139,217</u>
Less: Amount Representing Interest Costs	<u>(7,291)</u>
Present value of minimum lease payments	<u><u>\$ 131,926</u></u>

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**Note 8 – Employee’s Retirement Plan**

*Plan Description.* The College contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](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 6.0% of the member’s annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2011, 2010, and 2009 and a state contribution rate of 6.644% for fiscal years 2011 and 2010 and 6.58% for fiscal years 2009.

The state has also established an optional retirement program for institutions of higher education. 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. 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% percent 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 of the State for the College was \$513,389, \$495,768 and \$462,156 for the fiscal years ended August 31, 2011, 2010, and 2009 respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for the College employees was \$10,385,135, \$9,893,493, and \$9,611,945 for fiscal years 2011, 2010, and 2009 respectively. The total payroll of employees covered by the Teacher Retirement System was \$5,429,570, \$4,532,998, and \$5,811,010 and the total payroll of employees covered by the Optional Retirement Program was \$3,829,921, \$3,991,487, and \$3,658,805, for fiscal years 2011, 2010, and 2009, respectively.



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**Note 9 – Compensable Absences**

Full time College employees earn vacation of 5-15 days per year based on years of service and sick leave benefits of 8 hours per month. The amount of vacation allowed to be carried over after August 31, is limited to 40 hours for each employee, which is lost December 31 of that year unless, in certain instances, approval is obtained from management to carry over amounts in excess of the 40 hours. The College has accrued \$100,709 and \$64,914 for August 31, 2011 and 2010; respectively, in the financial statements for vacation to be carried over to the next fiscal year. Administration believes that all of the accrued vacation will be taken or paid out in the next fiscal year. Sick leave can be accumulated up to 480 hours, but cannot be redeemed in pay. Accordingly, no accrual sick leave has been made.

**Note 10 - Disaggregation of Receivables and Payables Balances**

Receivables at August 31, 2011 were as follows:

	<u>College</u>	<u>Foundation</u>
Tuition and Fees Receivable	\$ 440,976	\$ -
Taxes Receivable	401,584	-
Scholarship and Pledges Receivable		29,690
State Appropriations	16,996	-
Contracts and Grants Receivable	1,325,599	250,630
Other Receivables	13,334	-
<b>Subtotal</b>	<u>2,198,489</u>	<u>280,320</u>
Allowance for Doubtful Accounts	669,860	-
<b>Total Receivables</b>	<u>\$ 1,528,629</u>	<u>\$ 280,320</u>

Payables at August 31, 2011 were as follows:

	<u>College</u>	<u>Foundation</u>
Accounts Payable:		
Vendors Payable	\$ <u>736,890</u>	\$ <u>14,850</u>
Accrued Liabilities:		
Accrued payroll liabilities	\$ 42,526	\$ -
Interest payable	177,747	-
<b>Total Accrued Liabilities</b>	<u>220,273</u>	<u>-</u>
Deposits payable:		
Student deposits payable	\$ <u>131,955</u>	<u>-</u>

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**Note 10 - Disaggregation of Receivables and Payables Balances - (continued)**

Receivables at August 31, 2010 were as follows:

	<u>College</u>	<u>Foundation</u>
Tuition and Fees Receivable	\$ 488,052	\$ -
Taxes Receivable	398,507	-
Scholarship and Pledges Receivable	-	25,053
State Appropriations	18,102	-
Contracts and Grants Receivable	630,516	192,174
Other Receivables	21,305	-
<b>Subtotal</b>	<u>1,556,482</u>	<u>217,227</u>
Allowance for Doubtful Accounts	449,868	-
<b>Total Receivables</b>	<u>\$ 1,106,614</u>	<u>\$ 217,227</u>

Payables at August 31, 2010 were as follows:

	<u>College</u>	<u>Foundation</u>
Accounts Payable:		
Vendors Payable	<u>\$ 1,150,963</u>	<u>\$ 13,183</u>
Accrued Liabilities:		
Accrued payroll liabilities	\$ 42,318	\$ -
Interest payable	<u>18,700</u>	<u>-</u>
<b>Total Accrued Liabilities</b>	<u>61,018</u>	<u>-</u>
Deposits payable:		
Student deposits payable	<u>\$ 101,711</u>	<u>\$ -</u>

**Note 11 - Contract and Grant Awards**

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2, and Schedule A, and Schedule C. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
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**Note 11 - Contract and Grant Awards -- continued**

Contracts and grant award funds already committed or funds awarded during fiscal year 2011 and 2010 for the College and Foundation are as follows:

	<u>2011</u>	<u>2010</u>
College		
Federal	\$ 935,333	\$ 1,225,553
State	-	259,240
Total	<u>\$ 935,333</u>	<u>\$ 1,484,793</u>
Foundation		
Federal	\$ 140,417	\$ 145,931
State	355,091	864,410
Total	<u>\$ 495,508</u>	<u>\$ 1,010,341</u>

**Note 12 – Self-Insured Plans**

The College self-insures for coverage in the areas of workers' compensation and unemployment compensation. These plans are on a pay-as-you-go basis, in which no assets are set aside. Accrued liabilities are generally based on actuarial valuation and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current operations. The College accrued \$6,337 and \$6,367 as estimated future payments for the years ended August 31, 2011 and 2010.

**Note 13 - 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 college. 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 insured was \$304 for the years ended August 31, 2011 and 2010 and totaled \$770,884 for 2011, and \$797,287 for 2010. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for active employees.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 AND 2010**

**Note 14 – Ad Valorem Tax**

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

	At August 31,	
	2011	2010
Assessed Valuation	\$ 5,241,963,734	\$ 5,339,544,932
Less Exemptions and Reductions	649,221,734	652,062,572
Net Taxable Assessed Value	\$ 4,592,742,000	\$ 4,687,482,360

	Current Operations	Debt Service	Total
	Tax rate authorized per \$100 valuation	\$ N/A	\$ N/A
Tax rate assessed per \$100 valuation for 2011	\$ 0.0778	\$ 0.0222	\$ 0.1000
Tax rate assessed per \$100 valuation for 2010	\$ 0.0780	\$ 0.0220	\$ 0.1000

Taxes levied for the years ended August 31, 2011 and 2010 were \$4,592,742 and \$4,687,482 respectively excluding any penalty and interest assessed. 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.

	2011			2010		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current Taxes	\$ 3,484,490	\$ 996,823	\$ 4,481,313	3,561,130	\$ 1,005,416	\$ 4,566,546
Delinquent Taxes	75,031	21,465	96,496	75,272	-	75,272
Penalties and Interest	51,614	14,766	66,380	65,286	-	65,286
Other Fees	3,834	1,096	4,930	7,310	-	7,310
Total Collections	\$ 3,614,969	\$ 1,034,150	\$ 4,649,119	3,708,998	\$ 1,005,416	\$ 4,714,414

Tax collections for the years ended August 31, 2011 and 2010 were 97.6% and 97.4%, respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations and/or general obligation debt service.

The college anticipates that future tax collections will be negatively impacted as a result of its largest taxpayer filing suit against the local appraisal district asserting a significant, (over 40%), reduction in appraised value of their coal fired electrical generation plant.

**Note 15 - Income Taxes**

The College 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 Organizations. The college had no unrelated business income for the years ended August 31, 2011 and 2010.

*NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 AND 2010*

**Note 16 – Northeast Texas Community College Foundation, Inc – Discrete Component Unit**

Northeast Texas Community College Foundation, Inc (the Foundation) was established in 1984 as a separate nonprofit organization to raise funds to provide student scholarships and assistance in the development and growth of the College. Under Government Standards Board Statement No 39, Determining Whether Certain Organizations are Component Units, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit.

Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit. Complete financial statements of Northeast Texas Community College Foundation, Inc. can be obtained from the administrative office of the Foundation.

**Note 17 - Risk Management - Claims and Judgements**

In the normal course of operations the College is exposed to risks of loss from a number of sources including fire and casualty, errors and omissions by board members and employees, and injuries to employees during the course of performing their duties.

The College attempts to cover these losses by purchase of insurance. Significant risks are covered by commercial insurance for property and liability programs. There has been no significant reduction in coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

In management's estimation there are no current loss claims that exceed the maximum coverage or any material unfunded claim benefit obligation for the self-funded programs.

**Note 18 - Commitments and Contingencies**

Litigation – The College may be subjected to loss contingencies arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

Grant Programs – The college participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the college has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2011 may be impaired. In the opinion of the college, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**Note 19 – Postemployment Benefits Other than Pensions**

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

*NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011 AND 2010*

**Note 19 – Postemployment Benefits Other than Pensions – (continued)**

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

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

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

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

The College's contributions to SRHP for the years ended August 31, 2011, 2010, and 2009 were \$1,334,001, \$1,114,737, and \$1,007,933 respectively.

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*SUPPLEMENTAL SCHEDULES  
REQUIRED BY TEXAS HIGHER EDUCATION  
COORDINATING BOARD*



NORTHEAST TEXAS COMMUNITY COLLEGE  
 SCHEDULE OF DETAILED OPERATING REVENUES  
 SCHEDULE A  
 For the Year Ended August 31, 2011 (With Memorandum Totals for the Year Ended August 31, 2010)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Memorandum	
					2011 Total	2010 Total
<b>Tuition</b>						
State funded courses	\$ 1,254,228	\$ -	\$ 1,254,228	\$ -	\$ 1,254,228	\$ 1,126,879
In-district resident tuition	828,435		828,435		828,435	733,200
Out-of-district resident tuition	129,154		129,154		129,154	112,738
TPEG (set aside)*	255,700		255,700		255,700	237,011
Non-resident tuition	125,106		125,106		125,106	268,258
State funded continuing education	31,941		31,941		31,941	34,458
Non-state funded continuing education	2,624,564	-	2,624,564	-	2,624,564	2,512,544
<b>Total Tuition</b>	<b>3,810,544</b>	<b>-</b>	<b>3,810,544</b>	<b>210,432</b>	<b>4,020,976</b>	<b>3,701,385</b>
<b>Fees</b>						
General fees	2,353,300		2,353,300		2,353,300	2,213,779
Student service fees	897,471		897,471	210,432	897,471	203,399
Out-of-district fees	433,040		433,040		433,040	794,299
Laboratory fees	126,733		126,733		126,733	402,194
Other fees	3,810,544	-	3,810,544	210,432	4,020,976	87,714
<b>Total Fees</b>	<b>(399,712)</b>	<b>(88,256)</b>	<b>(99,712)</b>	<b>(3,809,444)</b>	<b>(3,809,444)</b>	<b>(456,835)</b>
<b>Scholarship Allowances and Discounts</b>						
Scholarship allowances	(88,256)		(88,256)		(88,256)	(77,405)
Remissions and exemptions	(129,154)		(129,154)		(129,154)	(112,738)
TPEG allowances	(3,192,322)		(3,192,322)		(3,192,322)	(2,264,006)
Federal grants to students	(3,809,444)	-	(3,809,444)	-	(3,809,444)	(2,910,984)
<b>Total Scholarship Allowances</b>	<b>2,625,664</b>	<b>-</b>	<b>2,625,664</b>	<b>210,432</b>	<b>2,836,096</b>	<b>3,302,945</b>
<b>Total Net Tuition and Fees</b>	<b>55,361</b>	<b>1,308,510</b>	<b>1,363,871</b>	<b>464,642</b>	<b>1,563,871</b>	<b>1,291,366</b>
<b>Other Operating Revenues</b>						
Federal grants and contracts	840,004		840,004		840,004	1,041,996
State grants and contracts	104,131		104,131		104,131	148,346
Nongovernmental grants and contracts	120,592		120,592		120,592	95,277
Sales and services of educational activities	316,631		316,631	203,300	519,931	514,250
Other operating revenues	492,584	2,252,645	2,745,229	203,300	2,948,529	3,091,235
<b>Total Other Operating Revenues</b>	<b>1,775,942</b>	<b>2,252,645</b>	<b>4,028,587</b>	<b>203,300</b>	<b>4,231,887</b>	<b>4,841,058</b>
<b>Auxiliary Enterprises</b>						
Residential life	(93,318)		(93,318)	464,642	381,761	(76,482)
Less discounts	1,930,792		1,930,792	(93,318)	1,837,474	1,823,731
Bookstore	(1,084,415)		(1,084,415)	1,930,792	(1,084,415)	(362,808)
Less discounts	1,217,701		1,217,701	(1,084,415)	133,286	1,266,202
<b>Total Net Auxiliary Enterprises</b>	<b>3,118,248</b>	<b>2,252,645</b>	<b>5,370,893</b>	<b>1,631,433</b>	<b>7,002,326</b>	<b>7,660,382</b>
<b>Total Operating Revenues (Exh.2)</b>	<b>\$ 3,118,248</b>	<b>\$ 2,252,645</b>	<b>\$ 5,370,893</b>	<b>\$ 1,631,433</b>	<b>\$ 7,002,326</b>	<b>\$ 7,660,382</b>

\*In accordance with Education Code 56.033, \$129,154 and \$112,738 for years August 31, 2011 and 2010, respectively, of tuition was set aside for Texas Public Education Grants(TPEG).  
 See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE  
 SCHEDULE B  
 SCHEDULE OF OPERATING EXPENSES BY FUNCTIONAL AND NATURAL CLASSIFICATIONS  
 For the Year Ended August 31, 2011 (with Memorandum Totals for the Year Ended August 31, 2010)

	Operating Expenses					Memorandum Total 8/31/2010
	Salaries and Wages	Benefits		Other Expenses	Total 8/31/2011	
		State Benefits	Local Benefits			
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 5,805,987		564,570	492,299	\$ 6,862,856	\$ 6,479,931
Public Service	54,700		5,319	127,583	187,602	176,575
Academic Support	685,529		66,660	97,981	850,170	845,613
Student Services	738,260		71,788	125,403	935,451	796,964
Institutional Support	1,464,353		142,393	1,017,490	2,624,236	2,594,191
Operation and Maintenance of Plant	317,241		30,848	989,878	1,337,967	1,557,588
Scholarships and Fellowships						
<b>Total Unrestricted Educational Activities</b>	<b>\$ 9,066,070</b>	<b>\$ -</b>	<b>\$ 881,578</b>	<b>\$ 2,850,634</b>	<b>\$ 12,798,282</b>	<b>\$ 12,450,862</b>
<b>Restricted - Educational Activities</b>						
Instruction	\$ 363,711	\$ 822,459	\$ -	\$ 379,072	\$ 1,565,242	\$ 1,410,751
Public Service	92,853	7,749		71,801	172,403	47,299
Academic Support	-	97,110		-	97,110	104,958
Student Services	308,131	104,580		154,889	567,600	1,164,546
Institutional Support	165,442	207,436		137,714	510,592	341,280
Operation and Maintenance of Plant	-	44,939		-	44,939	50,251
Scholarships and Fellowships				5,078,163	5,078,163	4,392,840
<b>Total Restricted Educational Activities</b>	<b>\$ 930,137</b>	<b>\$ 1,284,273</b>	<b>\$ -</b>	<b>\$ 5,821,639</b>	<b>\$ 8,036,049</b>	<b>\$ 7,511,925</b>
<b>Total Educational Activities</b>	<b>9,996,207</b>	<b>1,284,273</b>	<b>881,578</b>	<b>8,672,273</b>	<b>20,834,331</b>	<b>19,962,787</b>
<b>Auxiliary Enterprises</b>	<b>388,928</b>		<b>27,615</b>	<b>1,906,917</b>	<b>2,323,460</b>	<b>2,160,867</b>
<b>Depreciation Expense</b>						
Building & Improvements					732,901	595,162
Equipment & Furniture					303,691	218,075
Library Books					50,084	53,791
<b>Total</b>	<b>\$ 10,385,135</b>	<b>\$ 1,284,273</b>	<b>\$ 909,193</b>	<b>\$ 10,579,190</b>	<b>\$ 24,244,467</b>	<b>\$ 22,990,682</b>

See independent auditors' report.

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**SCHEDULE C**  
**SCHEDULE OF NON - OPERATING REVENUES AND EXPENSES**  
*For the Year Ended August 31, 2011 (With Memorandum totals for the Year Ended August 31, 2010)*

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 8/31/2011</u>	<u>Memorandum Total 8/31/2010</u>
<b>Non - Operating Revenues</b>					
State appropriations:					
Education and general state support	\$ 3,929,713			\$ 3,929,713	3,970,317
State group insurance		770,884		770,884	797,287
State retirement matching		513,389		513,389	495,768
Professional nursing shortage reduction		34,004		34,004	28,899
Ad-valorem taxes	3,610,446	1,032,857		4,643,303	4,748,097
Federal revenue, non operating		8,853,884		8,853,884	7,120,003
Investment income		12,086		12,086	21,917
Other non-operating revenues		-		-	950,000
<b>Total Non - Operating Revenues</b>	<u>7,540,159</u>	<u>11,217,104</u>	<u>-</u>	<u>18,757,263</u>	<u>18,132,288</u>
<b>Non - Operating Expenses</b>					
Interest on capital related debt	1,082,044			1,082,044	920,504
(Gain) loss on disposal of capital assets	(1,029)			(1,029)	820,356
Other non operating expense	30,268			30,268	21,382
<b>Total Non - Operating Expenses</b>	<u>1,111,283</u>	<u>-</u>	<u>-</u>	<u>1,111,283</u>	<u>1,762,242</u>
<b>Net Non - Operating Revenues</b>	<u>\$ 6,428,876</u>	<u>\$ 11,217,104</u>	<u>\$ -</u>	<u>\$ 17,645,980</u>	<u>\$ 16,370,046</u>

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE  
 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							
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total 8/31/2011	Available for Current Operations		Memorandum Total 8/31/2010
		Expendable	Unexpended Bond Proceeds			Yes	No	
Current Unrestricted	\$ 2,755,622	\$	\$	\$	\$ 2,755,622	\$ 2,755,622	\$	2,036,544
Plant Investment in plant		559,076		10,207,345	10,766,421		10,766,421	9,002,870
Total Net Assets, August 31, 2011	2,755,622	559,076	0	10,207,345	13,522,043	2,755,622	10,766,421	11,039,414
Total Net Assets, August 31, 2010	2,036,544	710,185	0	8,292,685	11,039,414	2,036,544	9,002,870	9,934,027
Net Increase (Decrease) in Net Assets	\$ 719,078	\$ (151,109)	\$ 0	\$ 1,914,660	\$ 2,482,629	\$ 719,078	\$ 1,763,551	1,105,387

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE  
 SCHEDULE E  
 BALANCE SHEET  
 AUGUST 31, 2011

	Current Funds			Loan Funds	Unexpended	Retirement of Indebtedness	Investment in Plant	Agency	Total
	Unrestricted	Auxiliary Enterprises	Current Restricted						
Assets									
Cash and Cash Equivalents	\$ 3,247,115	\$ 9,798	\$ 6,283	\$ 15,620	\$ 327,323	\$ 568,229	\$	\$ 118,739	\$ 4,293,107
Short Term Investments	118,182	-	1,325,599	-	-	356,892	-	-	356,892
Accounts Receivable	940,623	592,019	-	-	52,315	84,848	-	413,956	1,528,629
Due From Other Funds	617,345	-	-	-	-	420,832	-	-	2,419,745
Due From Foundation	344,395	-	-	-	-	-	-	-	617,345
Prepaid Expenses	46,254	496,521	-	-	-	131,634	-	-	344,395
Deferred Charges	-	-	-	-	-	-	-	-	477,772
Inventory, at Cost	-	-	-	-	-	-	346,138	-	542,775
Land	-	-	-	-	-	-	1,420,209	-	1,420,209
Buildings and Improvements	-	-	-	-	-	-	37,331,602	-	37,331,602
Improvements Other Than Buildings	-	-	-	-	-	-	3,147,086	-	3,147,086
Equipment	-	-	-	-	-	-	2,498,152	-	2,498,152
Library Books	-	-	-	-	-	-	1,017,818	-	1,017,818
Vehicles	-	-	-	-	-	-	693,361	-	693,361
Telecommunications	-	-	-	-	-	-	1,415,058	-	1,415,058
Accumulated Depreciation	-	-	-	-	-	-	(11,234,809)	-	(11,234,809)
Other	-	-	-	-	-	-	48,910	-	48,910
<b>Total Assets</b>	<b>\$ 5,313,914</b>	<b>\$ 1,098,338</b>	<b>\$ 1,331,882</b>	<b>\$ 15,620</b>	<b>\$ 379,638</b>	<b>\$ 1,567,435</b>	<b>\$ 36,683,525</b>	<b>\$ 532,695</b>	<b>\$ 46,918,047</b>
Liabilities and Fund Balance									
Accounts Payable	\$ 305,393	383,767	16,015	\$ 844	\$ 18,695	\$ 145,532	\$ 32,215	\$ 12,176	\$ 736,890
Accrued Liabilities	42,526	-	-	-	-	-	-	-	220,273
Deposits Payable	82,875	49,080	-	-	-	-	-	-	131,955
Due to Other Funds	-	-	1,070,612	14,776	-	857,827	51,827	424,703	2,419,745
Deferred Revenues	1,891,799	800,481	245,255	-	-	-	-	-	2,937,535
Accrued Compensated Absences	100,709	-	-	-	-	-	25,082,279	-	100,709
Bonds Payable	-	-	-	-	-	-	-	-	-
Unamortized Premium	-	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	1,670,802	95,816	1,670,802
Funds Held in Custody for Others	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>\$ 2,423,302</b>	<b>\$ 1,233,328</b>	<b>\$ 1,331,882</b>	<b>\$ 15,620</b>	<b>\$ 18,695</b>	<b>\$ 1,003,359</b>	<b>\$ 26,837,123</b>	<b>\$ 532,695</b>	<b>\$ 33,396,004</b>
Fund Balances									
Net Investment in Plant	\$	\$	\$	\$	\$	\$	\$ 9,846,402	\$	\$ 10,207,345
Reserved for Debt Service									559,076
Restricted									
Student Aid									
Temporarily									
Permanently									
Unrestricted	2,890,612	(134,990)	-	-	-	-	-	-	2,755,622
<b>Total Fund Balance</b>	<b>\$ 2,890,612</b>	<b>\$ (134,990)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 360,943</b>	<b>\$ 559,076</b>	<b>\$ 9,846,402</b>	<b>\$ -</b>	<b>\$ 13,572,043</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 5,313,914</b>	<b>\$ 1,098,338</b>	<b>\$ 1,331,882</b>	<b>\$ 15,620</b>	<b>\$ 379,638</b>	<b>\$ 1,567,435</b>	<b>\$ 36,683,525</b>	<b>\$ 532,695</b>	<b>\$ 46,918,047</b>

See independent auditors report.

NORTHEAST TEXAS COMMUNITY COLLEGE  
 SCHEDULE F  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED AUGUST 31, 2011

	Current Funds			Loan Funds	Unexpended	Retirement of Indebtedness	Investment in Plant	Total
	Unrestricted	Auxiliary Enterprises	Current Restricted					
Revenues and Other Additions								
Unrestricted Current Funds Revenues	\$ 14,331,317	2,917,148	\$ 1,284,273	\$ -	\$ -	\$ -	\$ -	\$ 17,248,465
State Appropriations - Restricted			11,314,043					1,284,273
Federal grants and Contracts			1,094,743					11,314,043
State grants and Contracts			104,131					1,094,743
Local gifts, grants and Contracts			-			1,032,857		104,131
Taxes for Debt Retirement			-				933,289	1,032,857
Net Decreases in Bonds Payable			-			426,434		933,289
Net increase in Notes Payable			-		5,589	6,497		426,434
Investment Income (Loss)			-		-	-	762,796	12,086
Other Revenues			-		-	-	1,696,085	762,796
Total Revenue and Other Additions	14,331,317	2,917,148	13,797,190	-	5,589	1,465,788	1,696,085	34,213,117
Expenditures and Other Deductions								
Expenditures	12,941,835	2,749,776	12,424,805	-	-	-	-	28,116,416
Indirect Cost Recovered			55,361					55,361
Retirement of Indebtedness - Bonds			-			933,289		933,289
Retirement of Indebtedness - Notes			-			887,379		426,434
Interest on Indebtedness			-			-		194,665
Depreciation Expense			-			2,300		1,086,676
Other Expenditures	12,941,835	2,749,776	12,480,166	-	-	1,822,968	1,735,743	30,268
Transfers - Additions (Deductions)								
Mandatory Transfers:								
Retirement of Indebtedness								
Building Use Fees								
Tuition Use Fees								
Revenue Bond	(345,865)					345,865		-
Contractual Obligations	362,907				7,352,714	(120,574)		-
TPEG to Restricted							(7,595,047)	-
Non - Mandatory Transfers:								
Capital Outlay	(853,252)	(20,786)	(1,317,024)		(7,955,434)		10,146,496	-
Other	19,220							-
Total Transfers - Additions (Deductions)	(816,990)	(20,786)	(1,317,024)		(602,720)	206,071	2,531,449	-
Net Increase (Decrease) for Year	572,492	146,586	-		(597,131)	(151,109)	2,511,791	2,482,629
Fund Balance (Deficit) August 31, 2010	2,318,120	(281,576)	-		938,074	710,185	7,334,611	11,039,414
Fund Balance (Deficit) August 31, 2011	2,890,612	(134,990)	-		360,943	559,076	9,846,402	13,522,043

See independent auditors report.

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*STATISTICAL SUPPLEMENT*  
*(UNAUDITED)*



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## Statistical Section

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the college's financial performance and well-being have changed over time.	46-48
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the college's ability to generate its property taxes.	49-53
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the college's current levels of outstanding debt and the college's ability to issue additional debt in the future.	54-56
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the college's financial activities take place and to help make comparisons over time and with other governments.	57-58
<b>Operating Information</b> These schedules contain information about the college's operations and resources to help the reader understand how the college's financial information relates to the services the college provide and the activities it performs.	59-63

Northeast Texas Community College  
 Statistical Supplement I  
 Net Assets by Component  
 Fiscal Years 2002 to 2011  
 (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	\$10,207,245	\$8,292,685	\$8,062,882	\$7,654,270	\$7,531,961	\$7,219,657	\$6,868,646	\$6,070,953	\$6,934,610	\$6,228,567
Restricted - expendable	599,076	710,185	718,462	807,831	791,105	608,270	401,710	362,096	401,032	397,965
Unrestricted	2,755,622	2,036,544	1,152,709	790,856	1,033,815	977,087	907,310	949,141	481,606	980,723
<b>Total primary government net assets</b>	<b>\$ 13,522,043</b>	<b>\$ 11,039,414</b>	<b>\$ 9,934,027</b>	<b>\$ 9,252,957</b>	<b>\$ 9,355,881</b>	<b>\$ 8,805,014</b>	<b>\$ 8,177,666</b>	<b>\$ 7,982,190</b>	<b>\$ 7,817,248</b>	<b>\$ 7,607,256</b>

Northwest Texas Community College  
 Statistical Supplement 2  
 Revenues by Source  
 Fiscal Years 2002 to 2011  
 (unaudited)

	For the Year Ended August 31,										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Tuition and Fees (Net of Discounts)	\$2,836,096	\$3,302,945	\$2,850,418	\$2,770,822	\$2,808,248	\$2,673,106	\$2,167,101	\$2,160,998	\$1,832,136	\$1,667,829	
Governmental Grants and Contracts	1,563,871	1,291,366	1,201,000	1,602,899	1,661,207	1,677,166	2,020,989	1,725,361	1,649,422	1,555,800	
Federal Grants and Contracts	840,004	1,041,996	1,152,956	943,694	303,809	574,001	694,565	301,634	880,839	678,046	
State Grants and Contracts	164,131	148,346	142,172	130,753	153,802	99,802	113,986	111,993	84,377	352,752	
Non-Governmental Grants and Contracts	120,592	31,999	58,896	34,802	34,802	23,052	36,550	28,069	29,804	28,590	
Sales and services of educational activities	1,217,701	1,266,202	1,312,258	1,213,794	1,223,905	1,039,577	1,191,316	1,162,895	1,065,242	1,003,968	
Auxiliary enterprises	519,931	599,625	519,570	412,335	631,623	340,156	432,400	486,348	373,265	381,867	
Other Operating Revenues	7,002,326	7,745,737	7,327,723	6,626,336	6,531,621	6,423,820	6,565,338	6,183,398	5,935,265	5,199,292	
Total Operating Revenues	2,297,990	5,297,271	5,352,521	5,218,816	4,986,581	4,986,581	4,607,933	4,608,402	4,406,873	4,939,116	
State Appropriations	4,643,303	4,748,097	4,378,003	3,967,416	3,807,806	3,345,281	3,204,174	2,928,441	2,869,618	2,865,136	
Federal Revenues, Non Operating	8,853,884	7,120,003	3,803,714	2,975,712	2,784,807	2,664,491	3,081,798	3,248,982	2,997,290	2,396,125	
Investment income	12,086	21,917	57,973	124,968	167,812	57,019	55,906	112,891	41,997	17,398	
Contributions	1,317,023	65,641	300,319	-	-	147,589	-	-	-	-	
Other non-operating income	950,000	-	-	-	-	-	-	-	-	-	
Total Non-Operating Revenues	20,074,286	18,197,929	13,944,230	12,206,912	11,845,386	11,212,961	10,953,911	10,923,716	10,315,778	10,217,775	
Total Revenues	\$ 27,076,612	\$ 25,943,686	\$ 21,181,800	\$ 18,755,348	\$ 18,507,007	\$ 17,656,781	\$ 17,519,239	\$ 17,109,114	\$ 16,251,043	\$ 15,417,167	

For the Year Ended August 31,

	For the Year Ended August 31,										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Tuition and fees (net of discounts)	10.47%	12.73%	13.46%	14.56%	15.17%	15.15%	12.37%	12.68%	11.27%	10.82%	
Governmental grants and contracts	5.04%	4.98%	5.67%	8.55%	8.98%	9.51%	11.57%	10.08%	10.15%	6.85%	
Federal grants and contracts	3.10%	4.02%	5.44%	1.83%	1.64%	2.23%	3.45%	2.91%	5.42%	4.40%	
State grants and contracts	0.38%	0.57%	0.67%	0.78%	0.65%	0.37%	0.65%	0.65%	0.52%	2.29%	
Non-governmental grants and contracts	0.65%	0.37%	0.28%	0.17%	0.19%	0.13%	0.21%	0.16%	0.18%	0.19%	
Sales and services of educational activities	4.50%	4.88%	6.20%	6.47%	6.61%	5.89%	6.87%	6.88%	6.68%	6.71%	
Auxiliary enterprises	1.92%	2.31%	2.45%	2.20%	2.23%	1.93%	2.47%	2.84%	2.30%	2.48%	
Total Operating Revenues	23.86%	29.85%	34.17%	34.88%	35.43%	37.47%	37.12%	36.15%	36.32%	33.27%	
State appropriations	19.38%	18.30%	20.67%	27.83%	27.63%	28.34%	36.30%	26.91%	27.12%	32.04%	
Federal Revenues, Non Operating	31.70%	27.44%	18.20%	15.87%	15.11%	15.11%	17.59%	18.39%	17.60%	18.38%	
Investment income	0.04%	0.08%	0.27%	0.67%	0.67%	0.33%	0.32%	0.60%	0.26%	0.11%	
Contributions	4.86%	0.25%	1.42%	-	-	0.84%	-	-	-	-	
Other non-operating income	0.00%	3.66%	-	-	-	63.57%	-	63.85%	-	66.28%	
Total Revenues	74.14%	70.14%	65.83%	63.22%	64.50%	68.00%	68.00%	68.00%	68.00%	68.00%	

Northeast Texas Community College  
 Statistical Supplement 3  
 Program Expense by Function  
 Fiscal Years 2002 to 2011  
 (unaudited)

	For the Fiscal Year Ended August 31,										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Instruction	\$8,428,098	\$7,890,682	\$7,440,361	\$7,010,483	\$6,653,768	\$6,561,461	\$6,075,098	\$5,536,415	\$6,006,220	\$5,644,691	
Public service	360,005	222,874	222,596	304,941	295,839	78,314	713,526	846,000	574,619	250,416	
Academic support	947,280	950,371	987,362	917,229	884,371	739,316	788,397	808,439	827,786	911,078	
Student services	1,503,051	1,561,510	2,233,336	1,466,809	1,678,155	1,523,805	1,376,129	1,274,110	1,012,903	1,029,857	
Institutional support	3,134,828	2,915,471	2,451,352	2,488,991	2,257,934	2,078,964	2,073,787	2,137,074	2,040,704	1,857,087	
Operation and maintenance of plant	1,382,906	1,607,859	1,218,693	1,409,482	1,473,223	1,366,895	1,138,871	1,043,660	1,036,326	1,089,447	
Scholarships and fellowships	5,078,163	4,359,840	2,138,247	1,545,616	1,505,241	1,340,710	1,086,443	1,877,687	1,879,617	1,669,417	
Auxiliary enterprises	2,323,460	2,160,867	1,833,070	1,738,130	1,696,651	1,505,817	1,668,882	1,589,001	1,492,701	1,346,793	
Depreciation	1,086,676	867,028	901,263	901,056	882,359	721,453	528,442	453,022	433,618	388,907	
<b>Total Operating Expenses</b>	<b>24,244,467</b>	<b>22,920,682</b>	<b>19,536,280</b>	<b>17,832,737</b>	<b>17,223,259</b>	<b>16,224,872</b>	<b>16,387,438</b>	<b>15,456,368</b>	<b>15,294,006</b>	<b>14,173,706</b>	
Interest on capital related debt	1,082,044	920,804	944,773	999,311	1,059,870	1,078,410	968,905	1,058,407	715,108	577,929	
(Gain) Loss on disposal of fixed assets	(1,029)	905,731	-	-	24,224	24,654	27,460	23,298	23,649	4,526	
Other non-operating expenses	20,268	21,382	29,680	24,224	24,654	18,151	27,460	37,403	7,728	4,526	
<b>Total Non-Operating Expenses</b>	<b>1,111,283</b>	<b>1,847,917</b>	<b>974,453</b>	<b>1,023,535</b>	<b>1,094,324</b>	<b>1,096,361</b>	<b>956,365</b>	<b>1,102,108</b>	<b>706,337</b>	<b>782,455</b>	
<b>Total Expenses</b>	<b>\$ 25,355,750</b>	<b>\$ 24,838,599</b>	<b>\$ 20,530,733</b>	<b>\$ 18,856,272</b>	<b>\$ 18,307,333</b>	<b>\$ 17,321,433</b>	<b>\$ 17,243,793</b>	<b>\$ 16,558,476</b>	<b>\$ 16,000,343</b>	<b>\$ 14,956,161</b>	

	For the Fiscal Year Ended August 31,										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Instruction	33.24%	31.77%	35.32%	37.18%	36.34%	37.86%	35.07%	35.43%	37.44%	38.23%	
Public service	1.42%	0.99%	1.02%	1.62%	1.62%	1.17%	4.12%	3.0%	3.8%	1.7%	
Academic support	3.74%	3.83%	4.82%	4.86%	4.83%	4.83%	4.56%	4.83%	5.16%	6.17%	
Student services	5.93%	7.90%	10.87%	7.94%	7.94%	8.79%	7.94%	7.0%	6.31%	6.93%	
Institutional support	12.36%	11.82%	11.56%	13.20%	12.33%	12.00%	11.97%	12.91%	12.22%	12.5%	
Operation and maintenance of plant	5.45%	6.47%	7.41%	7.58%	7.36%	7.89%	6.52%	6.30%	6.40%	7.38%	
Scholarships and fellowships	20.03%	17.65%	10.43%	8.20%	7.74%	7.74%	11.47%	11.94%	11.22%	11.31%	
Auxiliary enterprises	9.16%	8.70%	8.94%	9.22%	9.27%	8.69%	9.48%	9.60%	9.31%	9.0%	
Depreciation	4.29%	4.45%	4.40%	4.78%	4.83%	4.16%	3.43%	3.33%	2.70%	2.6%	
<b>Total Operating Expenses</b>	<b>95.62%</b>	<b>92.85%</b>	<b>92.32%</b>	<b>94.57%</b>	<b>94.08%</b>	<b>92.57%</b>	<b>94.39%</b>	<b>93.38%</b>	<b>95.33%</b>	<b>96.52%</b>	
Interest on capital related debt	4.27%	3.71%	4.61%	5.30%	5.39%	6.22%	5.25%	6.25%	4.66%	3.72%	
Loss on disposal of fixed assets	0.00%	3.65%	-	-	-	0.18%	-	0.18%	0.19%	0.03%	
Other non-operating expenses	0.12%	0.09%	0.14%	0.13%	0.13%	0.16%	0.16%	0.23%	0.23%	0.23%	
<b>Total Non-Operating Expenses</b>	<b>4.38%</b>	<b>7.44%</b>	<b>4.75%</b>	<b>5.43%</b>	<b>5.43%</b>	<b>6.33%</b>	<b>5.41%</b>	<b>6.66%</b>	<b>4.83%</b>	<b>3.92%</b>	
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	

Northeast Texas Community College  
 Statistical Supplement 4  
 Tuition and Fees  
 Last Ten Academic Years  
 (unaudited)

Resident  
 Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of- District Tuition	General Service Fee	Technology Fee	Building Use Fee	Student Services Fee/Act	Cost for 12		Increase from	
								SCH In- District	SCH Out-of- District	Prior Year In- District	Prior Year Out-of- District
2010	\$ 15	\$ 31	\$ 68	\$ 34	\$ 0	\$ 0	\$ 1	\$ 810	\$ 1,254	\$ 3,45%	\$ 6,36%
2009	15	30	63	33	0	0	1	783	1,179	4.98%	7.67%
2008	15	29	58	32	0	0	-	747	1,095	3.32%	3.40%
2007	15	28	56	31	0	0	-	723	1,039	0.00%	0.00%
2006	15	28	56	31	0	0	-	723	1,039	4.32%	4.75%
2005	15	27	53	30	0	0	-	699	1,011	25.95%	29.12%
2004	15	21	40	24	0	0	-	555	783	0.00%	0.00%
2003	15	21	40	24	0	0	-	555	783	15.63%	18.64%
2002	12	18	33	21	0	0	-	480	660	0.00%	0.00%
2001	12	18	33	21	0	0	-	480	660	11.63%	17.44%

Non-Resident  
 Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	General Service Fee	Technology Fee	Building Use Fee	Student Services Fee/Act	Cost for 12 SCH		Increase from	
							In- District	Out of State	Prior Year In- District	Prior Year Out of State
2010	\$ 15	\$ 113	\$ 34	\$ -	\$ 0	\$ 1	\$ 1,799	\$ 4,84%		
2009	15	108	33	-	0	1	1,716	5.15%		
2008	15	103	32	-	0	-	1,632	2.97%		
2007	15	100	31	-	0	-	1,585	0.00%		
2006	15	100	31	-	0	-	1,585	4.62%		
2005	15	95	30	-	0	-	1,515	67.77%		
2004	15	50	24	-	0	-	903	0.00%		
2003	15	50	24	-	0	-	903	15.77%		
2002	12	43	21	-	0	-	780	0.00%		
2001	12	43	21	-	0	-	780	6.85%		

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

Northeast Texas Community College  
 Statistical Supplement 5  
 Taxable Assessed Value of Property  
 Last Ten Fiscal Years  
 (unaudited)  
 (amounts expressed in thousands)

Direct Rate

Tax Roll Year	Taxable Assessed Value (TAY)	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2010	\$ 4,592,742	0.077756	0.022244	0.100000
2009	4,710,949	0.077983	0.022017	0.100000
2008	4,433,694	0.072767	0.024352	0.097119
2007	4,258,908	0.066629	0.024953	0.091582
2006	3,918,384	0.066758	0.029472	0.096230
2005	3,311,968	0.063920	0.032310	0.096230
2004	3,195,566	0.064180	0.034880	0.099060
2003	2,927,359	0.063900	0.036100	0.100000
2002	2,841,977	0.062000	0.038000	0.100000
2001	2,896,573	0.061700	0.038300	0.100000

Source: Local Appraisal District  
 Notes: Property is assessed at full market value.  
 (a) per \$100 Taxable Assessed Valuation

Northeast Texas Community College  
 Statistical Supplement 6  
 State Appropriation per FTSE and Contact Hour  
 Last Ten Fiscal Years  
 (unaudited)

Fiscal Year	Appropriation per FTSE		Appropriation per Contact Hour				
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2010-11	\$ 5,247,990	2,447	2,145	953,584	468,408	1,421,992	3.69
2009-10	5,292,271	2,219	2,385	959,296	450,759	1,410,055	3.75
2008-09	5,352,521	1,866	2,868	812,032	301,792	1,113,824	4.81
2007-08	5,218,816	1,896	2,753	800,296	329,334	1,129,630	4.62
2006-07	5,113,281	1,674	3,055	761,776	294,116	1,055,892	4.84
2005-06	4,998,581	1,730	2,889	798,352	263,710	1,062,062	4.71
2004-05	4,607,933	1,879	2,452	852,288	261,766	1,114,054	4.14
2003-04	4,603,402	1,968	2,339	882,220	268,128	1,150,348	4.00
2002-03	4,406,873	1,886	2,337	741,104	416,922	1,158,026	3.81
2001-02	4,939,116	1,649	2,995	700,992	297,176	998,168	4.95
2000-01	4,793,540	1,457	3,290	603,712	255,986	859,698	5.58

Notes:

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

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



Northeast Texas Community College  
Statistical Supplement 7  
Principal Taxpayers  
Last Ten Tax Years  
(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
AEP/Southwestern Tins Co.	Utility	29,411	24,259	-	21,155	25,104	-	24,285	24,285	37,496	21,559
AEP/Southwestern Morris Co.	Utility	-	-	-	-	-	-	15,595	-	13,819	-
AEP/SWEPCO	Utility	231,880	260,554	218,251	218,250	257,689	213,971	212,594	212,594	265,234	272,489
BLC Corporation	Utility	-	-	-	-	-	18,400	27,239	27,239	24,723	-
Cinco Pipe & Supply	Pipe & Supply	-	19,352	-	-	-	26,565	-	-	-	-
Exxon Mobil Corp	Utility	23,048	33,758	29,435	29,435	-	203,780	155,655	144,218	147,456	153,510
Lone Star Steel	Steel Foundry	-	-	27,413	208,221	249,318	-	-	-	15,910	18,054
Oncor Electric	Utility	-	-	18,822	-	-	-	-	-	33,099	23,068
Pilgrim's Pride Corp Camp Co. -Dist	Poultry Processing	42,719	-	39,823	54,456	49,341	47,748	36,500	33,099	16,666	-
Pilgrim's Pride Corp.	Poultry Processing	-	-	25,490	-	-	-	16,666	16,666	-	-
Pilgrim's Pride Corp. Tins Co.	Poultry Processing	78,410	86,022	83,416	83,416	90,121	31,089	28,385	28,385	69,960	74,114
Pilgrim's Pride Corp. Feed Mill	Feed Mill	-	-	-	-	-	21,942	-	19,499	19,499	18,709
Pilgrim's Pride Corp. Feed Mill	Poultry Processing	-	17,974	22,595	-	-	28,359	-	-	-	-
Priefert Manufacturing Co.	Manufacturing	31,220	-	-	-	22,422	-	-	-	-	-
Red Man Pipe & Supply	Pipe & Supply	-	-	-	-	28,053	-	-	-	-	-
Sooner Pipe and Supply	Pipe & Supply	32,704	36,335	-	-	26,976	-	-	-	-	-
Texas Tubular	Pipe & Supply	125,580	143,493	180,809	22,960	24,507	-	-	-	-	-
Luminant Generation Co LLC (TXU)	Manufacturing	976,549	942,252	1,081,563	1,082,143	945,126	890,287	\$ 809,353	\$ 809,353	\$ 673,600	\$ 635,392
Luminant Mining Company LP (TXU)	Utility	-	-	28,003	28,064	-	22,596	24,740	24,740	-	20,670
TXU Electric Delivery Company	Mining	41,512	32,048	-	-	-	-	-	-	-	16,792
TXU Electric Delivery Company	Utility	-	-	1,737,198	1,766,922	1,718,657	1,504,737	1,351,014	1,340,079	1,298,797	1,254,358
<b>Totals</b>		<b>\$ 1,613,033</b>	<b>\$ 1,596,047</b>	<b>\$ 4,433,693</b>	<b>\$ 4,258,908</b>	<b>\$ 3,918,384</b>	<b>\$ 3,311,968</b>	<b>\$ 3,195,566</b>	<b>\$ 2,927,359</b>	<b>\$ 2,841,977</b>	<b>\$ 2,896,573</b>

Total Taxable Assessed Value \$ 4,592,742 \$ 4,710,949 \$ 4,433,693 \$ 4,258,908 \$ 3,918,384 \$ 3,311,968 \$ 3,195,566 \$ 2,927,359 \$ 2,841,977 \$ 2,896,573

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
AEP/Southwestern Tins Co.	Utility	0.62%	0.51%	-	0.50%	0.64%	-	0.76%	0.83%	1.32%	0.74%
AEP/Southwestern Morris Co.	Utility	0.00%	0.00%	-	-	-	-	0.49%	-	0.49%	-
AEP/SWEPCO	Utility	4.92%	5.53%	4.92%	5.12%	6.58%	6.46%	6.65%	7.26%	9.26%	9.41%
BLC Corporation	Utility	-	-	-	-	-	0.80%	0.85%	0.93%	0.87%	-
Cinco Pipe & Supply	Pipe & Supply	0.00%	0.41%	-	-	-	0.80%	-	-	-	-
Exxon Mobil	Utility	0.49%	0.72%	0.66%	0.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lone Star Steel	Steel Foundry	0.00%	0.00%	0.62%	4.85%	6.56%	6.15%	4.87%	4.93%	5.19%	5.30%
Oncor Electric	Utility	0.00%	0.00%	-	0.44%	-	-	-	-	0.56%	0.62%
Pilgrim's Pride Corp Camp Co.	Poultry Processing	0.01	-	0.90%	1.28%	1.26%	1.44%	1.14%	1.13%	1.16%	0.80%
Pilgrim's Pride Corp.	Poultry Processing	-	-	0.57%	-	-	-	0.52%	0.57%	0.00%	-
Pilgrim's Pride Corp. Tins Co.	Poultry Processing	1.66%	1.83%	1.89%	1.96%	2.30%	0.94%	0.89%	0.97%	2.46%	2.56%
Pilgrim's Pride Corp. Tins Co.	Feed Mill	-	-	-	-	-	0.66%	0.67%	0.67%	0.69%	0.65%
Pilgrim's Pride Corp. Feed Mill	Poultry Processing	0.00%	0.38%	0.52%	-	-	0.86%	-	-	-	-
Priefert Manufacturing Co.	Manufacturing	0.66%	0.00%	-	-	0.57%	-	-	-	-	-
Red Man Pipe & Supply	Pipe & Supply	-	-	-	-	0.72%	-	-	-	-	-
Sooner Pipe and Supply	Pipe & Supply	0.69%	0.77%	-	-	0.69%	-	-	-	-	-
Texas Tubular	Manufacturing	2.67%	3.05%	4.08%	0.54%	0.63%	-	-	-	-	-
Luminant Generation Co LLC (TXU)	Manufacturing	20.73%	20.00%	24.39%	25.41%	24.12%	26.88%	25.33%	27.65%	23.70%	21.94%
Luminant Mining Company LP (TXU)	Utility	0.88%	0.88%	0.63%	0.66%	-	0.68%	0.77%	0.85%	-	0.71%
TXU Electric Delivery Company	Mining	-	-	-	-	-	-	-	-	-	0.58%
TXU Electric Delivery Company	Utility	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>		<b>41.17%</b>	<b>40.73%</b>	<b>39.18%</b>	<b>41.49%</b>	<b>43.86%</b>	<b>45.43%</b>	<b>42.88%</b>	<b>45.78%</b>	<b>45.70%</b>	<b>43.30%</b>

Source: Local County Appraisal District

Northeast Texas Community College  
 Statistical Supplement 8  
 Property Tax Levies and Collections  
 Last Ten Tax Years  
 (unaudited)

Fiscal Year	Total Tax Levy (a)	Collections -		Percentage	Current		Percentage of
		Current Levy (b)	Current Levy (b)		Collections of Prior Levies (b)	Total Collections (c)	
2010-11	\$ 4,592,742	\$ 4,481,313	\$ 96,496	97.6%	\$	96,496	99.7%
2009-10	4,687,482	4,566,546	75,272	97.4%		75,272	99.0%
2008-09	4,305,958	4,172,124	91,122	96.9%		91,122	99.0%
2007-08	3,900,393	3,808,909	65,566	97.7%		65,566	99.3%
2006-07	3,770,440	3,662,056	91,301	97.1%		91,301	99.5%
2005-06	3,350,890	3,226,487	83,729	96.3%		83,729	98.8%
2004-05	3,168,754	3,075,793	75,974	97.1%		75,974	99.5%
2003-04	2,930,862	2,829,677	62,264	96.5%		62,264	98.7%
2002-03	2,841,977	2,758,410	71,674	97.1%		71,674	99.6%
2001-02	2,896,876	2,808,865	67,919	97.0%		67,919	99.3%

Source: Local Tax Assessor/Collector and District records.

(a) As of August 31st

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

(c) Ties to sum of M&O and Debt Service taxes on Exhibit 2

Northeast Texas Community College  
 Statistical Supplement 9  
 Ratios of Outstanding Debt  
 Last Ten Fiscal Years  
 (unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>General Bonded Debt</b>											
General obligation bonds	\$ 15,525,279	\$ 14,326,953	\$ 14,593,795	\$ 14,924,380	\$ 15,108,926	\$ 15,174,218	\$ 15,150,582	\$ 15,046,221	\$ 14,921,293	\$ 4,181,692	\$ 4,613,113
<b>Other Debt</b>											
Revenue bonds	\$ 9,557,000	\$ 3,625,000	\$ 3,815,000	\$ 4,000,000	\$ 4,175,000	\$ 4,270,000	\$ 1,785,000	\$ 2,020,000	\$ 2,240,000	\$ 2,450,000	\$ 2,645,000
Notes and capital leases	1,670,802	1,276,582	181,801	228,606	350,455	375,902	587,330	345,861	163,486	123,869	159,274
<b>Total Outstanding Debt</b>	<b>\$ 26,753,081</b>	<b>\$ 19,228,535</b>	<b>\$ 18,590,596</b>	<b>\$ 19,152,986</b>	<b>\$ 19,634,381</b>	<b>\$ 19,820,120</b>	<b>\$ 17,522,912</b>	<b>\$ 17,412,082</b>	<b>\$ 17,324,779</b>	<b>\$ 6,755,561</b>	<b>\$ 7,417,387</b>

**General Bonded Debt Ratios**

Per Capita	\$ 263	\$ 253	\$ 267	\$ 266	\$ 273	\$ 280	\$ 281	\$ 282	\$ 297	\$ 83	\$ 93
Per Student	\$ 2,111	\$ 1,896	\$ 2,312	\$ 2,372	\$ 2,424	\$ 2,449	\$ 2,362	\$ 2,331	\$ 2,430	\$ 773	\$ 883
As a percentage of Taxable Assessed Value	0.34%	0.30%	0.33%	0.35%	0.45%	0.47%	0.52%	0.53%	0.52%	0.16%	0.21%

**Total Outstanding Debt Ratios**

Per Capita	\$ 453.94	\$ 339.92	\$ 339.70	\$ 341.70	\$ 355.08	\$ 366.07	\$ 324.73	\$ 325.88	\$ 344.35	\$ 133.64	\$ 149.12
Per Student	3,638	2,544	2,945	3,045	3,150	3,199	2,732	2,697	2,821	1,248	1,419
As a percentage of Taxable Assessed Value	0.58%	0.41%	0.42%	0.45%	0.59%	0.62%	0.60%	0.61%	0.60%	0.26%	0.33%

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

Northeast Texas Community College  
 Statistical Supplement 10  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (unaudited)

	For the Fiscal Year Ended August 31										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Taxable Assessed Value	\$ 4,592,742,000	\$ 4,710,948,600	\$ 4,433,693,457	\$ 4,258,908,176	\$ 3,918,383,612	\$ 3,311,968,407	\$ 3,195,566,951	\$ 2,927,359,577	\$ 2,902,438,654	\$ 2,955,538,359	\$ 2,559,351,510
<b>General Obligation Bonds</b>											
Statutory Tax Levy Limit for Debt Service	22,963,710	23,554,743	22,168,467	21,294,541	19,591,918	16,559,842	15,977,835	14,636,798	14,512,193	14,677,692	12,796,758
Less: Funds Restricted for Repayment of General Obligation Bonds											
Total Net General Obligation Debt	22,963,710	23,554,743	22,168,467	21,294,541	19,591,918	16,559,842	15,977,835	14,636,798	14,512,193	14,677,692	12,796,758
Current Year Debt Service Requirements	1,005,000	1,000,000	1,158,150	1,145,587	1,132,388	1,123,888	1,126,279	1,068,780	1,089,062	1,088,751	1,039,477
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 21,958,710	\$ 22,554,743	\$ 21,010,317	\$ 20,148,954	\$ 18,459,530	\$ 15,435,954	\$ 14,851,556	\$ 13,568,018	\$ 13,423,131	\$ 13,588,941	\$ 11,757,281
Net Current Requirements as a % of Statutory Limit	4.38%	4.25%	5.22%	5.38%	5.78%	6.79%	7.05%	7.30%	7.50%	7.42%	8.12%

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



Northeast Texas Community college  
 Statistical Supplement 12  
 Demographic and Economic Statistics - Taxing District  
 Last Ten Fiscal Years  
 (unaudited)

Calendar Year	District Population (1)	District Personal Income (2) (a)	District Personal Income Per Capita (a)	County Unemployment Rate			National Unemployment Rate (4)
				Camp County (3)	Morris County (3)	Titus County (3)	
2010	58,935	\$ 1,714,894	\$ 31,060	9.2%	11.6%	7.9%	9.1%
2009	56,568	1,633,896	29,845	8.5%	14.9%	7.5%	9.3%
2008	54,726	1,637,904	29,929	5.0%	6.2%	4.3%	5.8%
2007	56,370	1,514,516	26,867	4.8%	6.4%	4.7%	5.1%
2006	56,052	1,387,000	24,745	5.1%	5.5%	4.1%	4.6%
2005	55,296	1,386,710	25,078	5.0%	5.3%	4.1%	5.1%
2004	54,143	-	-	4.5%	6.8%	4.6%	5.4%
2003	53,962	-	-	6.4%	9.7%	4.9%	5.8%
2002	53,431	-	-	5.2%	7.0%	3.9%	4.8%
2001	50,311	-	-	5.3%	7.2%	4.2%	4.0%

Sources:

- (1) Population from Texas State Data Center
- (2) Personal income from U.S. Bureau of Economic Analysis. Data is from the year 2006.
- (3) Unemployment rate from U.S. Department of Labor
- (4) National Unemployment rate from U.S. Department of Labor

Notes:

- (a) This institution previously did not present this information and chose to implement prospectively.

Northeast Texas Community College  
 Statistical Supplement 13  
 Principal Employers  
 Current Fiscal Year  
 (unaudited)

Employer	2010-11			2009-10			2008-09			2007-08			2006-07		
	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Approximate Number of Employees	Percentage of Total Employment	
Pilgrim's Pride as subsidiary of JBS	3,400	4.48%	3,000	3,95%	3,000	3.95%	4,000	5.27%	4,000	5.27%	4,000	5.27%	4,000	5.27%	
US Steel (fmrly Lone Star Steel) *	N/A	N/A	N/A	N/A	N/A	N/A	2,000	2.63%	2,000	2.63%	2,000	2.63%	2,000	2.63%	
Mt. Pleasant ISD	968	1.28%	968	1.28%	968	1.28%	966	1.27%	966	1.27%	966	1.27%	966	1.27%	
Titus Regional Medical Center	740	0.97%	740	0.97%	740	0.97%	650	0.86%	650	0.86%	650	0.86%	650	0.86%	
Texas Utilities	482	0.63%	482	0.63%	482	0.63%	600	0.79%	600	0.79%	600	0.79%	600	0.79%	
Wal-Mart Supercenter	460	0.61%	460	0.61%	460	0.61%	450	0.59%	450	0.59%	450	0.59%	450	0.59%	
Priefert Manufacturing	485	0.64%	474	0.59%	485	0.64%	595	0.78%	595	0.78%	595	0.78%	595	0.78%	
Northeast Texas Community College	474	0.62%	474	0.62%	357	0.47%	360	0.47%	360	0.47%	340	0.45%	340	0.45%	
Big Tex Trailer World, Inc.	386	0.51%	120	0.16%	200	0.26%	462	0.61%	462	0.61%	462	0.61%	462	0.61%	
Diamond C Trailers	85	0.11%	90	0.12%	85	0.11%	85	0.11%	85	0.11%	85	0.11%	85	0.11%	
City of Mt. Pleasant	153	0.20%	153	0.20%	153	0.20%	155	0.20%	155	0.20%	155	0.20%	155	0.20%	
AEP SWEPSCO	170	0.22%	170	0.22%	170	0.22%	170	0.22%	170	0.22%	170	0.22%	170	0.22%	
Total	7,803	10.28%	7,107	9.36%	7,100	9.35%	10,323	13.60%	10,303	13.57%	10,303	13.57%	10,303	13.57%	

Source:  
 Mount Pleasant Industrial Foundation, City of Pittsburg, and Texas Workforce Commission

Note:  
 This institution previously did not present this schedule and chose to implement prospectively.  
 \* Data not available for release

Northeast Texas Community College  
 Statistical Supplement 14  
 Faculty, Staff, and Administrators Statistics  
 Last Nine Fiscal Years  
 (unaudited)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Faculty</b>									
Full-Time	72	72	67	57	55	58	53	53	55
Part-Time	110	120	111	101	102	96	75	113	90
Total	182	192	178	158	157	154	128	166	145
<b>Percent</b>									
Full-Time	39.6%	37.5%	37.6%	36.1%	35.0%	37.7%	41.4%	31.9%	37.9%
Part-Time	60.4%	62.5%	62.4%	63.9%	65.0%	62.3%	58.6%	68.1%	62.1%
<b>Staff and Administrators</b>									
Full-Time	133	135	138	144	140	147	130	125	129
Part-Time	159	147	134	4	6	9	11	12	9
Total	292	282	272	148	146	156	141	137	138
<b>Percent</b>									
Full-Time	45.5%	47.9%	50.7%	97.3%	95.9%	94.2%	92.2%	91.2%	93.5%
Part-Time	54.5%	52.1%	49.3%	2.7%	4.1%	5.8%	7.8%	8.8%	6.5%
<b>FTSE per Full-time Faculty</b>	34	31	28	33	30	30	35	37	34
<b>FTSE per Full-Time Staff Member</b>	18	16	14	13	12	12	14	16	15
<b>Average Annual Faculty Salary</b>	\$54,496	\$54,762	\$51,053	\$51,607	\$50,151	\$46,491	\$44,206	\$44,107	\$42,780

Source:  
 Human Resources IPEDS

Note:  
 This institution previously did not present this schedule and chose to implement prospectively.



Northeast Texas Community College  
 Statistical Supplement 15  
 Enrollment Details  
 Last Five Fiscal Years  
 (unaudited)

Student Classification	Fiscal 2011		Fiscal 2010		Fiscal 2009		Fiscal 2008		Fiscal 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Freshman	4,897	66.42%	5,103	67.52%	4,370	69.23%	4,290	68.19%	4,083	65.90%
Sophomore	1,529	20.74%	1,637	21.66%	1,228	19.46%	1,251	19.89%	895	14.44%
Unclassified	935	12.68%	714	9.45%	680	10.77%	660	10.49%	1,174	18.95%
Associate Degree	10	0.14%	103	1.36%	29	0.46%	90	1.43%	9	0.15%
Baccalaureate or above	2	0.03%	1	0.01%	5	0.08%	0	0.00%	35	0.56%
Total	7,373	100.00%	7,558	100.00%	6,312	100.00%	6,291	100.00%	6,196	100.00%

Semester Hour Load	Fiscal 2011		Fiscal 2010		Fiscal 2009		Fiscal 2008		Fiscal 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	36	0.52%	99	1.32%	147	2.33%	220	3.50%	108	1.75%
3-5 semester hours	1,503	20.05%	2,067	27.35%	1,890	29.94%	1,869	29.71%	2,120	34.21%
6-8 Semester hours	1,611	21.12%	1,857	24.57%	1,408	22.31%	1,513	24.05%	1,174	18.94%
9-11 semester hours	830	11.32%	698	9.23%	609	9.65%	566	9.00%	691	11.15%
12-14 semester hours	2,649	36.83%	2,083	27.56%	1,661	26.31%	1,632	25.94%	1,434	23.15%
15-17 semester hours	526	7.34%	524	6.93%	437	6.92%	392	6.23%	528	8.52%
18 & over	218	2.82%	230	3.04%	160	2.53%	99	1.57%	141	2.28%
Total	7,373	100.00%	7,558	100.00%	6,312	100.00%	6,291	100.00%	6,196	100.00%

Average course load

9.8

10.0

9.7

9.4

8.8

Tuition Status	Fiscal 2011		Fiscal 2010		Fiscal 2009		Fiscal 2008		Fiscal 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In-District	4,536	61.52%	4,525	59.87%	3,707	58.73%	3,582	56.94%	3,619	58.41%
Out-of-District	2,570	34.86%	2,695	35.66%	2,240	35.49%	2,387	37.94%	2,261	36.49%
Nonresident	184	2.50%	194	2.57%	182	2.88%	168	2.67%	154	2.49%
Tuition Exemption for Texas Resident	43	0.58%	42	0.56%	29	0.46%	32	0.51%	27	0.44%
Foreign Classified In-Dist Resident	33	0.45%	83	1.10%	125	1.98%	86	1.37%	90	1.45%
Foreign Classified Out-of-Dist Resident	1	0.01%	3	0.04%	9	0.14%	8	0.13%	5	0.08%
Foreign Pending In-Dist Resident	6	0.08%	14	0.19%	15	0.24%	23	0.37%	36	0.58%
Foreign Pending Out-of-Dist Resident	-	0.00%	2	0.03%	5	0.08%	5	0.08%	4	0.06%
Visiting Student Due To Natural Disaster	-	0.00%	-	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	7,373	100.00%	7,558	100.00%	6,312	100.00%	6,291	100.00%	6,196	100.00%

Source: CBM004 and CBM00A reports submitted to the State of Texas Coordinating Board

Northeast Texas Community College  
 Statistical Supplement 16  
 Student Profile  
 Last Five Fiscal Years  
 (unaudited)

Gender	Fiscal 2011		Fiscal 2010		Fiscal 2009		Fiscal 2008		Fiscal 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	4,896	66.40%	4,832	63.93%	4,094	64.86%	4,182	66.48%	4,045	65.28%
Male	2,477	33.60%	2,726	36.07%	2,218	35.14%	2,109	33.52%	2,151	34.72%
Total	7,373	100.00%	7,558	100.00%	6,312	100.00%	6,291	100.00%	6,196	100.00%

Ethnic Origin	Fiscal 2011		Fiscal 2010		Fiscal 2009		Fiscal 2008		Fiscal 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	4,342	58.89%	4,744	62.77%	4,326	68.54%	4,546	72.26%	4,515	72.87%
African American	957	12.98%	1,111	14.70%	799	12.66%	651	10.35%	595	9.60%
Hispanic	1,185	16.07%	1,247	16.50%	1,040	16.48%	918	14.59%	928	14.98%
Asian	49	0.66%	78	1.03%	72	1.14%	71	1.13%	44	0.71%
Native American	63	0.85%	54	0.71%	36	0.57%	52	0.83%	40	0.65%
Foreign	168	2.28%	23	0.30%	36	0.57%	50	0.79%	74	1.19%
Unknown or Not Reported	609	8.26%	301	3.98%	3	0.05%	3	0.05%	-	-
Total	7,373	100.00%	7,558	100.00%	6,312	100.00%	6,291	100.00%	6,196	100.00%

Age	Fiscal 2011		Fiscal 2010		Fiscal 2009		Fiscal 2008		Fiscal 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	1,080	14.65%	1,052	13.92%	817	12.94%	875	13.91%	757	12.22%
18 - 21	3,129	42.44%	3,213	42.51%	2,976	47.15%	2,840	45.14%	2,817	45.46%
22 - 24	828	11.23%	820	10.85%	637	10.09%	706	11.22%	617	9.96%
25-30	950	12.88%	920	12.17%	699	11.07%	720	11.44%	706	11.39%
31-35	471	6.39%	463	6.13%	347	5.50%	366	5.82%	422	6.81%
36-50	726	9.85%	853	11.29%	665	10.54%	586	9.31%	662	10.68%
51 & over	189	2.56%	237	3.14%	171	2.71%	198	3.15%	215	3.47%
Total	7,373	100.00%	7,558	100.00%	6,312	100.00%	6,291	100.00%	6,196	100.00%

Average Age

25

24

24

24

25

Source: CBM004 and CBM00A reports submitted to the State of Texas Coordinating Board

Northeast Texas Community College  
 Statistical Supplement 17  
 Transfers to Senior Institutions  
 2009-2010 Graduates, Completers and Non-Returners  
 (Includes only public senior colleges in Texas)

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Transfer Students	% of all Transfer Students
Angelo State University	1	-	-	1	0.24%
Midwestern State	1	-	-	1	0.24%
Sam Houston State University	11	-	-	11	2.61%
Stephen F. Austin State University	24	-	-	24	5.69%
Tarleton State University	2	1	-	3	0.71%
Texas A&M University	44	2	-	46	10.90%
Texas A&M University at Commerce	56	9	-	65	15.40%
Texas A&M University at Corpus Christi	5	-	-	5	1.18%
Texas A&M University at Kingsville	1	-	-	1	0.24%
Texas A&M University at Texarkana	112	2	-	114	27.01%
Texas A&M at Galveston	1	-	-	1	0.24%
Texas Southern University	1	-	-	1	0.24%
Texas State University	10	-	-	10	2.37%
Texas Tech University	15	-	-	15	3.79%
Texas Women's University	4	2	-	6	1.42%
The University of Texas at Arlington	9	3	-	12	2.84%
The University of Texas at Austin	7	1	-	8	1.90%
The University of Texas at Dallas	5	-	-	5	1.18%
The University of Texas at San Antonio	1	-	-	1	0.24%
The University of Texas at Tyler	52	5	-	57	13.51%
The University of Texas of the Permian Basin	1	-	-	1	0.24%
University of Houston	1	1	-	2	0.47%
University of North Texas	27	2	-	29	6.87%
West Texas A&M University	2	-	-	2	0.47%
<b>Totals</b>	<b>393</b>	<b>29</b>	<b>0</b>	<b>422</b>	<b>100.00%</b>

<http://www.txhighereddata.org/reports/performance/ctcasalf/ctcaddl/>

Northeast Texas Community College  
 Statistical Supplement 18  
 Schedule of Capital Asset Information  
 Fiscal Years 2002 to 2011

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Academic buildings										
Square footage	200,934	167,001	185,242	185,242	182,786	182,786	102,863	102,863	102,863	102,863
Libraries										
Square footage	15,087	15,087	15,087	15,087	15,087	15,087	15,087	15,087	15,087	15,087
Number of Volumes (a)	36,664	35,233	34,559	34,559	33,574	33,574	-	-	-	-
Auditoriums										
Square footage	26,129	26,129	26,129	26,129	26,129	26,129	26,129	26,129	26,129	26,129
Administrative and support buildings										
Square footage	11,673	11,673	11,673	11,673	11,673	11,673	11,673	11,673	11,673	11,673
Dormitories										
Square footage	59,684	26,304	26,304	26,304	26,304	26,304	26,304	26,304	26,304	26,304
Number of Beds	224	112	112	112	112	112	112	112	112	112
Dining Facilities										
Square footage	16,149	16,149	16,149	16,149	16,149	16,149	16,149	16,149	16,149	16,149
Athletic Facilities										
Square footage	13,850	12,654	11,358	11,358	11,358	10,158	10,158	10,158	10,158	10,158
Fitness Center	1	1	1	1	1	1	1	1	1	1
Tennis Court	1	1	1	1	1	1	1	1	1	1
Baseball Field	1	1	1	1	1	1	1	1	1	1
Softball Field	2	2	1	1	1	1	1	1	1	1
Rodeo Arena	1	1	1	1	1	1	1	1	1	1
Soccer Field	1	1	1	1	1	1	1	1	1	1
Barns and Stables										
Square footage	6	6	6	6	6	6	6	6	6	6
Plant facilities										
Square footage	6,660	6,660	6,660	6,660	6,660	6,660	6,660	6,660	6,660	6,660
Transportation										
Cars (a)	11	7	6	6	4	4	-	-	-	-
Light Trucks/Vans (a)	15	15	14	14	14	14	-	-	-	-
Buses (a)	3	3	3	2	2	2	-	-	-	-
Semi Tractors (a)	-	-	-	2	2	2	-	-	-	-

Notes:  
 (a) This institution previously did not present this information and chose to implement prospectively.

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*FEDERAL FINANCIAL ASSISTANCE INFORMATION*

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*Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other  
Matters based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards*

*December 9, 2011*

*Board of Trustees  
Northeast Texas Community College and  
Northeast Texas Community College Foundation  
Mt. Pleasant, Texas*

*Members of the Board:*

We have audited the financial statements of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of August 31, 2011 and 2010, and have issued our report thereon dated December 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Uniform Grant Management Standards*, issued by the State of Texas.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purposes of expressing an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'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 control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'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* or *Uniform Grant Management Standards*.

This report is intended solely for the information and use of management, the Board of Trustees, the Texas Higher Education Coordinating Board, 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.

*Wilf & Henderson, P.C.*  
WILF & HENDERSON, P.C.  
Certified Public Accountants

*Independent Auditors' Report on Compliance with  
Requirements Applicable to each Major Program and Internal Control  
over Compliance in Accordance with OMB Circular A-133*

*December 9, 2011*

*Board of Trustees  
Northeast Texas Community College and  
Northeast Texas Community College Foundation  
Mt. Pleasant, Texas*

*Members of the Board:*

Compliance

We have audited the compliance of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2011. Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s management. Our responsibility is to express an opinion on Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'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 State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance with those requirements.

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


**Internal Control over Compliance**

The management of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. 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 non compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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, the Board of Trustees, the Texas Higher Education Coordinating Board, 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.

  
**WILF & HENDERSON, P. C.**  
Certified Public Accountants

NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.  
SCHEDULE G  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 2011  
Page 1 of 2

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantors Number	Pass Through Disbursements and Expenditures
<b>U.S. Department of Education</b>			
<u>Direct Programs</u>			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	* 84.007A		\$ 38,304
Federal Work-Study Program	* 84.033A		79,779
Federal Pell Grant Program	* 84.063P		8,674,461
Direct Loans	* 84.268		2,674,371
Academic Competitiveness Grant	* 84.375		58,339
Total Student Financial Assistance Cluster			<u>11,525,254</u>
TRIO - Upward Bound	84.047A		<u>230,263</u>
21st Century Community Learning Centers	84.287 C (A)		<u>866,610</u>
Title III	* 84.031		<u>341,030</u>
<u>Passed Through Texas Education Agency</u>			
Adult Basic Education	84.002A	41000901/41001001	183,338
EL Civics	84.002A	41000908/41001008	103,125
Total Passed Through Texas Education Agency			<u>286,463</u>
<u>Passed Through Texas Higher Education Coordinating Board</u>			
Vocational Education - Allocated	84.048		143,428
Vocational Education- Teacher Excellence	84.048		19,452
Sleep	84.069B		5,146
Leap	84.069A		3,773
Robert C. Byrd Honors Scholarship	84.185A		3,000
College Access Challenge Grant	84.378A	1162-1	35,502
ARRA Funds	84.397A		4,879
Total Passed Through Texas Higher Education Coord. Board			<u>215,180</u>
<u>Passed Through Upper East Texas Tech Prep Consortium</u>			
Tech Prep	84.243		2,476
<b>Total U.S. Department of Education</b>			<b>\$ <u>13,467,276</u></b>
<b>U.S. Department of Labor</b>			
<u>Passed Through Texas Higher Education Coordinating Board</u>			
Passed Through Arbor Education & Training	17.259	100407-3	<u>20,230</u>
<b>Total U.S. Department of Labor</b>			<b>\$ <u>20,230</u></b>
<b>U.S. Department of Energy</b>			
Biodiesel Fuel Grant	81.087		94,423
<u>Passed Through Texas State Comptroller</u>			
Seco Alternative Fuels	* 81.041		185,332
Seco Renewable Energy	* 81.041		743,333
<b>Total U.S. Department of Energy</b>			<b>\$ <u>1,023,088</u></b>
<b>U.S. Office of Personnel Management</b>			
Fund for Improvement of Education	84.215K		<u>197,549</u>

NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 2011  
Page 2 of 2

<b>U.S. Department of Health and Human Services</b>			
<u>Passed Through Texas Education Agency</u>			
Temporary Assist to Needy Families	93.558	36250801	17,287
Temporary Assist to Needy Families	93.558 (A)		<u>145,931</u>
Total Passed Through Texas Education Agency			<u>163,218</u>
<u>Passed Through Workforce Solutions of East Texas</u>			
Temporary Assist to Needy Families	93.558		39,085
Mentoring Children of Prisoners	93.616 (A)	90CV0316/02	<u>22,468</u>
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ <u>224,771</u></b>
<b>U.S. Small Business Administration</b>	59.037		<b>\$ <u>90,509</u></b>
<b>Corporation for National and Community Service</b>			
<u>Passed Through Communities in Schools, Inc.</u>			
CNCS Service-Learning	94.007 (A)		<u>\$ 368</u>
<b>Total Federal Financial Assistance</b>			<b>\$ <u>15,023,791</u></b>

**Note 1: Federal Financial Assistance Reconciliation**

Federal Grants and Contracts Revenue - Per Schedule A - College	\$	1,363,871
Federal Grants and Contracts Revenue - Per Schedule C - College		8,853,884
Federal Contributions in Aid of Construction- Per Exhibit 2- College		1,096,288
Direct Loans		2,674,371
Federal Grants and Contracts Revenue - Foundation		<u>1,035,377</u>
<b>Total Federal Revenues per Schedule of Expenditures of Federal Awards</b>	<b>\$</b>	<b><u>15,023,791</u></b>

**Note 2: Significant Accounting Policies**

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

**Note 3: Student Loans Processed and Administrative Costs Recovered**

Federal Grantor CFDA Number/Program Name	New Loans Processed	Administrative Cost Recovered	Total
---	------------------------	----------------------------------	-------

US Department of Education  
All direct loans processed are included in the schedule.

\* Major Program

(A) Denotes federal financial assistance program for the Component Unit - Northeast Texas  
Community College Foundation.



**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.  
FEDERAL SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED AUGUST 31, 2011**

**Finding (C) 2010-1**                    **U.S. Department of Education, Student Financial Aid Cluster - Federal Work Study (CFDA No. 84.033) Award period - Year Ended August 31, 2010**

**Description:**

Northeast Texas Community College did not use at least 7% of its FWS allocations for the award period to compensate students employed in community service activities. A waiver from the Department of Education for the award period ended August 31, 2010 was not granted exempting the College from this earmarking requirement.

**Questioned Costs:** \$4,034.

**Corrective Action:**

Northeast Texas Community College ensured compliance with the Federal Work Student Program regulations by actively recruiting students to participate in the America Read Program to meet the community service expenditure requirement.

**Status:**

Current year testing revealed that prior year corrective actions were successful and NTCC met the 7% earmarking requirement by employing students in the America Read community service program during the year ended August 31, 2011.

**Finding (C) 2010-2**                    **Student Financial Assistance (Federal Pell) CFDA No. 84.063, Grant period – Year ended August 31, 2010**

**Description:**

Northeast Texas Community College disbursed Federal Student Aid to a student who was ineligible for the award.

**Questioned Costs:**

A total of \$669 was disbursed from Pell to an ineligible student.

**Corrective Action:**

Northeast Texas Community College implemented management controls to ensure all ISIRs are reviewed properly and documentation maintained to support student eligibility to ensure Federal Student Aid is awarded only to eligible students.

**Status:**

Current year testing revealed that prior year corrective actions were successful.

*STATE FINANCIAL ASSISTANCE INFORMATION*



*Independent Auditors' Report on Compliance with  
Requirements Applicable to each Major State Program and Internal Control  
over Compliance in Accordance with State of Texas Single Audit Circular*

December 9, 2011

*Board of Trustees  
Northeast Texas Community College and  
Northeast Texas Community College Foundation  
Mt. Pleasant, Texas*

*Members of the Board:*

Compliance

We have audited the compliance of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. with the types of compliance requirements described in the *Uniform Grant Management Standards* issued by the State of Texas that are applicable to each of its major state programs for the years ended August 31, 2011. Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s management. Our responsibility is to express an opinion on Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'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 the *Uniform Grant Management Standards*. Those standards and the State of Texas *Uniform Grant Management Standards* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance with those requirements.

In our opinion, Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the years ended August 31, 2011. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with *Uniform Grant Management Standards*.

**Internal Control over Compliance**

The management of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major 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 *Uniform Grant Management Standards* issued by the State of Texas, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'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 non compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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, the Board of Trustees, the Texas Higher Education Coordinating Board, 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.

*Wilf & Henderson, P.C.*

**WILF & HENDERSON, P. C.**  
Certified Public Accountants

NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.  
**SCHEDULE H**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the Year Ended August 31, 2011  
Page 1 of 2

<u>Grantor/Program/Title</u>	<u>Grant Contract Number</u>	<u>Pass Through Disbursements and Expenditures</u>
<b>Texas Education Agency</b>		
Adult Basic Education		\$ 100,229
Communities in Schools Caregivers Choice	(A)	4,854
Temporary Assist to Needy Families	(A) 1110580171219	611,959
<b>Total Texas Education Agency</b>		<u>\$ 717,042</u>
<b>U.S. Small Business Administration</b>		<u>\$ 48,582</u>
<b>Office of the Governor of Texas</b>		
Business Growth Conference		<u>\$ 20,907</u>
<b>Texas Higher Education Coordinating Board</b>		
Texas Grant Program *	N/A	324,833
Texas Grant II	N/A	38,895
Early High School Graduation		27,081
Certified Education Aide Program		55,921
Nursing Scholarship		1,428
Nursing shortage		34,004
P-16		2,021
Top 10%		8,000
Texas Guaranteed Student Loan		19,599
Texas B On Time		12,950
<b>Total Texas Higher Education Coordinating Board</b>		<u>\$ 524,732</u>
<b>Texas College Workstudy</b>		<u>\$ 66,186</u>
<b>Texas Workforce Commission</b>		
Skills Development Fund	TWC-0710SSD000	2,045
Skills Development Fund	TWC-0711SDF000	9,165
Skills Development Fund	TWC-0710SDF002	88,808
<b>Total Skills Development</b>		<u>\$ 100,018</u>
<b>Texas State Comptroller's Office</b>		
Jet Equipment Grant *		222,107
Jet Scholarships		51,022
<b>Total State Comptroller's Office</b>		<u>\$ 273,129</u>
<b>Total State Financial Assistance</b>		<u>\$ 1,750,596</u>

\* Major Program

(A) Denotes state financial assistance program for the Component Unit  
Northeast Texas Community College Foundation

*NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended August 31, 2011  
Page 2 of 2*

**Note 1: Significant Accounting Policies**

The accompanying schedule of expenditures of state awards has been prepared on the accrual basis of accounting. The expenditures included in the schedule are reported for the college's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the college for the purposes of the award. The expenditures reported may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The college has followed all applicable guidelines issued by various entities in the preparation of the schedule.

**Note 2: State Financial Assistance Reconciliation**

	<u>Expenditures</u>
State Grants and Contracts Revenue - Per Schedule A - College	\$ 840,004
State Grants and Contracts Revenue - Per Schedule C - College	34,004
State Contributions in Aid of Construction -Per Exhibit 2- College	220,735
State Grants and Contracts - Foundation	<u>655,853</u>
 Total State Financial Assistance	 \$ <u><u>1,750,596</u></u>

See independent auditors' report.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.  
STATE GRANTS SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2011**

**A: Summary of Audit Results**

*Financial Statements*

The auditor's report expresses an unqualified opinion on the financial statements of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*State Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

The auditor's report on compliance for the major state awards programs for Northeast Texas Community College and Northeast Texas Community College Foundation, Inc expresses an unqualified opinion.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of State of Texas Single Audit Circular?

\_\_\_\_\_ yes      X   no

The programs tested as major programs include:

Texas Grant Program  
Jet Scholarship Grant

Grant Project Number

Dollar threshold used to distinguish between

Type A and B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

  x   yes    \_\_\_\_\_ no

**B: Findings - Financial Statements Audit**

None

**C : Findings and Questioned Costs - Major State Award Programs Audit**

None

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*NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.  
STATE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED AUGUST 31, 2011*

Prior year audit disclosed no findings or questioned costs.