

TEMPLE COLLEGE

Temple, Texas

Annual Financial and Compliance Reports

for the Year Ended August 31, 2011

TEMPLE COLLEGE

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Organizational Data | 1 |
| Independent Auditors' Report on the Financial Statements and Supplemental Information | 2 |
| Management's Discussion and Analysis | 4 |
| <u>Financial Statements</u> | |
| Statement of Net Assets (Exhibit 1)..... | 15 |
| Statement of Financial Position (discretely presented component unit – Exhibit 1-A) | 16 |
| Statement of Revenues, Expenses, and Changes in Net Assets (Exhibit 2) | 17 |
| Statement of Activities (discretely presented component unit – Exhibit 2-A) | 18 |
| Statement of Cash Flows (Exhibit 3)..... | 19 |
| Notes to Financial Statements..... | 20 |
| <u>Supplementary Schedules</u> | |
| Schedules | |
| A Schedule of Operating Revenues | 37 |
| B Schedule of Operating Expenses by Object | 38 |
| C Schedule of Non-Operating Revenues and Expenses | 39 |
| D Schedule of Net Assets by Source and Availability | 40 |
| E Schedule of Expenditures of Federal Awards | 41 |
| Notes to Schedule of Expenditures of Federal Awards..... | 42 |
| F Schedule of Expenditures of State Awards | 43 |
| <u>Auditors' Reports on Controls and Compliance</u> | |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i> | 44 |
| Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the State of Texas Single Audit Circular | 46 |
| Schedule of Findings and Questioned Costs..... | 48 |
| <u>Statistical Supplements (Unaudited)</u> | |
| Net Assets by Component..... | 50 |
| Revenues by Source | 51 |
| Program Expenses by Function | 52 |
| Tuition and Fees | 53 |
| Assessed Value and Taxable Assessed Value of Property | 54 |
| State Appropriation per FTSE and Contact Hour | 55 |
| Principal Taxpayers | 56 |
| Property Tax Levies and Collections | 57 |
| Ratios of Outstanding Debt..... | 58 |
| Legal Debt Margin Information..... | 59 |
| Pledged Revenue Coverage | 60 |

TEMPLE COLLEGE

Table of Contents (Continued)

| | <u>Page</u> |
|--|-------------|
| Demographic and Economic Statistics –Bell County | 61 |
| Principal Employers | 62 |
| Faculty, Staff, and Administrators Statistics..... | 63 |
| Enrollment Details | 64 |
| Student Profile Credit Students..... | 65 |
| Transfers to Senior Institutions..... | 66 |
| Schedule of Capital Asset Information | 67 |

**TEMPLE COLLEGE
ORGANIZATIONAL DATA
For the Year Ended August 31, 2011**

Board of Trustees

| | | Term Expires |
|---|------------|--------------|
| | | <u>May</u> |
| Mr. Michael W. Thompson | Chair | 2012 |
| Mr. Stephen H. Niemeier | Vice Chair | 2014 |
| Andrejs Avots-Avotins, M.D., Ph.D. | Secretary | 2016 |
| Paxton H. Howard, Jr. M.D. | | 2012 |
| Mr. Jack W. Jones, Jr. | | 2016 |
| Anne Penney Newton, Ph.D., Ed.D. | | 2012 |
| Mrs. Lydia Santibanez | | 2014 |
| Mr. Larry J. Wilkerson | | 2014 |
| Vacant – to fill unexpired term of Ms. Judy Morales | | 2016 |

Officers

| | |
|--------------------------------------|--|
| Glenda O. Barron, B.S., M.Ed., Ph.D. | President |
| Gary C. Jackson, B.S., M.B.A. | Interim Vice President for Administrative Services and Associate Vice President, Finance and Information Technology Services |
| Mark Smith, B.G.S., M.B.A., Ph.D. | Vice President of Educational Services & Chief Academic Officer |



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CERTIFIED PUBLIC ACCOUNTANTS

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Member of
American Institute & Texas Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Board of Trustees
Temple College
Temple, Texas

Members of the Board:

We have audited the accompanying financial statements of Temple College (the College), as of and for the year ended August 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the College'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. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Temple College as of August 31, 2011 and 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2011, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION (CONTINUED)**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The accompanying statistical supplements, as described in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Single Audit Circular, and are also not a required part of the financial statements. The schedule of expenditures of federal awards and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical supplements (marked "unaudited") have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Temple, Texas
November 17, 2011

Jeth, Vernon & Co., P.C.

Management's Discussion and Analysis Exhibit,
Fiscal Year Ended August 31, 2011

This discussion and analysis of Temple College financial statements provides an overview of College financial activities for the year ended August 31, 2011. Management has prepared the financial statements and the related footnote disclosures and this discussion and analysis statement. Responsibility for the completeness and fairness of this information is that of the College management. The current report, for the year ended August 31, 2011, is issued under the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This accounting policy established the reporting format for governmental annual financial statements. The State of Texas elected to adopt these new reporting standards in the fiscal year 2001-2002, and Temple College as a component unit of state government converted its financial reporting to the GASB 34 format. The following sections present comparative financial data as called for by the reporting principle.

Financial and Enrollment Highlights

- ◆ Enrollment in the academic/technical programs decreased 1.4% over the prior year (FY2010) from 120,277 semester hours to 118,640 hours. Growth over the six (6) year period (FY 2006-2011) has shown a 55% increase. However, during the same period, state funding per full-time student equivalent has decreased 23.4% (see State Appropriations per FTSE in Statistical Supplement, 6).
- ◆ Enrollment in the Continuing Education/Adult Division increased 9% compared to the FY 2010 production.

Tuition/Fee totals by resident type for this period were:

| | <u>Fall, 2009</u> | <u>Fall, 2010</u> |
|--------------------------|---------------------|---------------------|
| In-District Resident | \$75/semester hour | \$80/semester hour |
| Out-of-District Resident | \$120/semester hour | \$130/semester hour |
| Out-of-State Resident | \$190/semester hour | \$196/semester hour |

Students taking Health Science courses are charged an additional \$15/SCH. This tuition is an 18.75% increase for Health Science programs for resident students compared to general academic and other technical courses.

- ◆ The district property tax rate for FY 2011 was the same as the prior year's rate of \$0.21/100. This rate is the combined debt and maintenance/operation rate (see Statistical Supplement 5).

- ◆ State funding (allocations) for instruction and institutional support were decreased for FY 2011 compared to the prior year. This funding level is 30% less than the State contributed per Full-Time Student a decade earlier (not adjusted for inflation-see Statistical Supplement 6). The cost of attending a community college has dramatically shifted from the State to the student and local taxpayer.

The Annual Report

This report consists of three basic financial statements. The statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows provide information on the College as a whole (excluding the Temple College Foundation activities) and present a long-term view of the financial position of the College. One of the most important questions asked about finances is, “Is Temple College as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information on total institution activities in a way that helps to answer this question. When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses can be thought of as Temple College’s operating results.

These two statements report the College’s net assets and changes in them. The difference between assets and liabilities is one way to measure the financial health or financial position of Temple College. Over time, increases or decreases in the College net assets are one indicator of whether its financial health is improving. However, several non-financial factors are relevant as well, such as the trend and quality of applicants, freshman class size, student retention, faculty use of technology, building condition, campus safety, and quality of student services, to completely assess the overall health of the College.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector institutions. All current year revenues and expenses are reflected regardless of when cash is received or paid.

Financial statements for the Colleges component unit, the Temple College Foundation, are issued independent to those of the College but are presented with the Colleges basic financial statements.

Statement of Net Assets

Cash and short-term investment balances increased compared to the prior year; the increase being due to higher operating revenue from tuition and fees and proceeds from a

TEMPLE COLLEGE

\$13 million GO Bond issue. Non-operating revenue also increased due to an increase in Title IV Funds. Tuition discounts increased because of the growth in local fee waivers related to Legacy EHS, employee and dual credit enrollment increases and exerted pressure on net operating results.

Receivables include delinquent property taxes, student accounts, Federal, State, and other miscellaneous receivables. Federal and State receivables decreased slightly by about 29%. Student receivables increased by 21%. Other receivables doubled due to a 40% increase in sponsorship receivable and a receivable from the Temple College Foundation for the construction of the Rehearsal Hall.

Deferred expense (expense related to next fiscal year) increased 8.6% compared to the prior year chiefly due to Pell Grants. Other receivable categories were consistent with the prior year.

Long-term investments include both unrestricted cash and bond funds. In FY 2010, the majority of long-term investments held by Temple College were endowment investments (approximately \$556,000) in U.S. Treasury, Federal Agency bonds and Certificates of Deposit. However, the Endowment Fund was transferred to the Temple College Foundation.

Net Assets, End of Year (In Millions) Temple College

| | <u>8/31/2011</u> | <u>8/31/2010</u> |
|--|------------------|------------------|
| Current Assets | 39.0 | 25.5 |
| Non-Current Assets | <u>40.6</u> | <u>37.5</u> |
| Total Assets | <u>79.6</u> | <u>63.0</u> |
| Current Liabilities | 14.5 | 12.8 |
| Non-Current Liabilities | <u>39.0</u> | <u>28.1</u> |
| Total Liabilities | <u>53.5</u> | <u>40.9</u> |
| Net Assets: | | |
| Invested in capital assets, net of related debt | 6.8 | 5.9 |
| Restricted | 8.6 | 8.6 |
| Unrestricted | <u>10.7</u> | <u>7.6</u> |
| Total Net Assets | <u>26.1</u> | <u>22.1</u> |
| Increase in Net Assets | <u>4.0</u> | <u>2.9</u> |

Most of the College's unrestricted net assets have been designated for operating contingencies. The College has been actively involved in a fourteen-year facility construction and deferred maintenance renewal program. Debt service requirements have increased substantially during this period; however, the College now possesses more efficient and modern facilities to support enrollment growth. The College had a successful GO Bond election in November 2010, where voters approved a \$13 million bond issue to fund a new instruction building, parking lot, additions to two existing buildings, and other campus improvements.

Compensable absences (vacation/sick leave) increased this year to \$870,553 and is a material liability to the College.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the annual operating results for the College, as well as all non-operating revenues and expenses.

Tuition and fee revenue, net of exemption allowances, increased by 8.4% in FY 2011. This growth, due to a 6.7% tuition increase has been reduced by a growing tuition/fee discounting practice. The special local exemption type increased from \$1,243,345 to \$1,428,933 (a 15% increase) this year. The Temple College tuition schedule ranks in the top 20% of community college pricing (FY 2010-11 data) in Texas; however, the primary component that causes the higher rate is the building use fee charge. This charge is restricted for payment of debt service costs related to facility construction and renewals of new or renovated student classroom buildings on campus. Temple College has been on a major campus renewal and expansion program for the past 14 years and consequently, incurred substantial capital debt.

State allocations (appropriations) for instructional and support purposes decreased compared to the prior fiscal period. FY 2010 is the second year of the biennium; funding is normally consistent for both years in the biennium. This State Appropriation amount (\$1,784/FTSE) is less than the similar funding (\$2,554/FTSE) that was provided 10 years earlier in the 2001-02 fiscal year (see Schedule 6 in Statistical Supplement for FTSE funding).

Auxiliary Enterprise revenues consist, for Temple College, of vending sales and golf course lease income. Bookstore revenue which has traditionally been reported as auxiliary type revenue is now considered private contract revenue since the store is operated by a contractor.

The operating revenue category of grants and contracts does not include Title IV Grants. These Federal grant programs increased 56% in FY 2011 year. The State grant revenue area remained unchanged this year while private gifts and contracts decreased slightly compared to the prior year.

TEMPLE COLLEGE

Title IV revenue is included in the Non-Operating Revenue section and increased by 16.3% due to increasing PELL Grants.

Operating Expenses

A comparison chart is presented below of expense arranged in the natural classification categories.

OPERATING EXPENSES BY NATURAL CLASSIFICATION (In Millions) TEMPLE COLLEGE

| | Year Ended <u>8/31/2011</u> | Year Ended <u>8/31/2010</u> |
|---------------------------------|--------------------------------|--------------------------------|
| Operating Expenses | | |
| Salaries: | | |
| Faculty | 8.9 | 8.6 |
| Staff | 7.4 | 7.6 |
| Benefits | 4.6 | 4.5 |
| Other Expenses | 17.5 | 15.1 |
| Depreciation | <u>1.3</u> | <u>1.2</u> |
| Total Operating Expenses | <u>39.7</u> | <u>37.0</u> |

TEMPLE COLLEGE

Operating expenses by functional area are shown in the following schedule.

OPERATING EXPENSES BY FUNCTION

(In Millions)

TEMPLE COLLEGE

| | Year Ended <u>8/31/2011</u> | Year Ended <u>8/31/2010</u> |
|-------------------------------------|--------------------------------|--------------------------------|
| Educational & General | | |
| Instruction | 13.0 | 12.4 |
| Public Service | 1.0 | .9 |
| Academic Support | 2.4 | 2.3 |
| Student Services | 2.4 | 2.3 |
| Institutional Support | 5.5 | 5.3 |
| Operations & Maintenance of Plant | 3.0 | 2.7 |
| Student Aid | 10.0 | 8.7 |
| Total Educational Activities | <u>37.3</u> | <u>34.6</u> |
| Auxiliary Enterprises | 1.1 | 1.2 |
| Depreciation | <u>1.3</u> | <u>1.2</u> |
| Total Operating Expenses | 39.7 | 37.0 |

In the schedules of operating expenses shown above in the natural classification method and also by functional classification, the total expenditure increase in FY 2011 was about 7.3% greater than the prior year. The bulk of this increase is in the natural category of Other Expenses and the functional categories of Instruction and Student Aid, due to enrollment growth. Depreciation expense is now an accounting requirement of GASB 34 and is intended to show statement readers the asset loss each year on College facilities and equipment. The goal, of course, is to try to replace those facility losses with capital additions and deferred maintenance projects to offset these losses. Temple College, as well as most other colleges and universities, struggles with facility replacement issues and is gradually losing ground each year. This is not so noticeable at this time because the College, over the past 10 years, has infused over \$30 million in new facilities and renovations into the campus plant and has started a \$13 million GO Bond construction project that will provide for new facilities and parking. However, as these projects end and new investments slow due to high debt levels, the depreciation cost will exceed new plant investment unless new funding streams are provided. Due to the State reduction in funding for operating purposes, the College is forced to now use 75% of local property tax revenue for operations, instead of facility repair and replacement as was intended when the Community College funding formula was approved by the State Legislature.

Salary increases were limited to 2% Cost of Living Adjustment (COLA) for classified staff and 1.5% for faculty and administrative staff in FY 2011. This inability to increase

TEMPLE COLLEGE

employee compensation substantially obviously has a negative morale impact and the College will tend to lose good employees if such practice continues.

| <u>Temple College Salary Increase (%)</u> | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| 3% | 4% | 3% | 4% | 3% or 1.5% | 2% or 1.5% |

OPERATING RESULT FOR THE YEAR

(In Millions)

Temple College

| | <u>Year Ended</u> <u>8/31/2011</u> | <u>Year Ended</u> <u>8/31/2010</u> |
|---|---------------------------------------|---------------------------------------|
| Operating Revenues | | |
| Tuition & Fees (net of exemptions) | 9.9 | 9.1 |
| Grants, Contracts & Other | 3.4 | 2.7 |
| Total Operating Revenues | <u>13.3</u> | <u>11.8</u> |
| Operating Expenses | <u>39.8</u> | <u>37.0</u> |
| Net Operating Revenues (Expenses) | <u>(26.5)</u> | <u>(25.2)</u> |
| Non-Operating Revenues (Expenses) | | |
| State Allocations | 10.0 | 10.1 |
| Maintenance & Obligation Ad Valorem Taxes | 5.3 | 5.3 |
| General Obligation Debt Taxes | 1.8 | 1.8 |
| Federal Revenue, Non-Operating | 14.4 | 12.4 |
| Gifts | 1.1 | 0.0 |
| Interest on Capital Related Debt | (1.2) | (1.3) |
| Other Non-Operating | (0.9) | (0.2) |
| Total Non-Operating Revenues (Expenses) | <u>30.5</u> | <u>28.1</u> |
| Increase (Decrease in Net Assets) | 4.0 | 2.9 |
| Net Assets - Beginning of Year | <u>22.1</u> | <u>19.2</u> |
| Net Assets - End of Year | <u>26.1</u> | <u>22.1</u> |
| Percent Increase/(Decrease) | 18.1% | 15.1% |

TEMPLE COLLEGE

Although, property taxes are considered a non-operating revenue by GASB, this revenue is a major component of the College operating budget. For the FY 2011, the property tax rate was \$.21/\$100, the same as in FY 2009 & 2010.

| | Rate/\$100 Value | |
|--------------|------------------|------------------|
| | 2011 | 2010 |
| Maintenance | \$ 0.1567 | \$ 0.1575 |
| Debt Service | 0.0533 | 0.0525 |
| Total | <u>\$ 0.2100</u> | <u>\$ 0.2100</u> |

The net assessed valuation for the district decreased less than 1% for FY 2011 to \$3,357,005,058 from the previous year (FY 2010) amount of \$3,382,024,841. The property tax rate cap for the Temple College district is \$0.25/\$100 valuation. This is the maximum permissible rate for both debt service requirements and operations combined.

The Statement of Cash Flows

Another way to assess the health of an institution is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess:

- ◆ an entity's ability to generate future net cash flows
- ◆ its ability to meet its obligations as they come due
- ◆ its needs for external financing

TEMPLE COLLEGE

The College liquidity position decreased approximately \$1,364,632 during this year ended August 31, 2011. See Chart below:

CASH FLOWS FOR THE YEAR
(In Millions)
TEMPLE COLLEGE

| | Year Ended <u>8/31/2011</u> | Year Ended <u>8/31/2010</u> |
|--|-----------------------------------|-----------------------------------|
| Cash provided (used) by: | | |
| Operating activities | (23.1) | (21.2) |
| Non-capital financing activities | 29.5 | 27.1 |
| Capital and related financing activities | 7.3 | (4.8) |
| Investing activities | <u>(15.1)</u> | <u>(0.3)</u> |
| Net Increase (decrease) in cash | (1.4) | 0.8 |
| Cash, beginning of the year | <u>3.9</u> | <u>3.1</u> |
| Cash, end of the year | <u>2.5</u> | <u>3.9</u> |

Capital Asset and Debt Administration

At August 31, 2011, the College had \$48.4 million invested in capital assets, net of approximately \$16.2 million in accumulated depreciation.

CAPITAL ASSETS, NET OF DEPRECIATION

(In Millions)

TEMPLE COLLEGE

| | Year Ended <u>8/31/2011</u> | Year Ended <u>8/31/2010</u> |
|--------------------------|--------------------------------|--------------------------------|
| Land | \$ 1.8 | \$ 1.8 |
| Buildings | 27.3 | 27.4 |
| Land Improvements | 3.6 | 3.8 |
| Construction in Progress | 2.2 | 0.5 |
| Furniture & Equipment | 1.1 | 1.4 |
| Library Materials | <u>0.3</u> | <u>0.3</u> |
| Totals | <u>\$ 36.3</u> | <u>\$ 35.2</u> |

At year-end 2011, Temple College had approximately \$40.4 million in debt outstanding, a \$11.0 million increase from the prior year-end balance of \$29.4 million. The table below summarizes this amount by debt type.

OUTSTANDING DEBT, AT YEAR-END

TEMPLE COLLEGE

| | Outstanding | |
|-------------------------------|--------------------------|-------------------------|
| | <u>8/31/2011</u> | <u>8/31/2010</u> |
| Bonds/Capital Leases | | |
| Revenue Bonds | \$ 13,492,264 | \$14,331,975 |
| General Obligation Bonds | 25,095,000 | 13,060,000 |
| Leases | <u>1,777,459</u> | <u>2,041,740</u> |
| TOTAL BONDS/LEASES | <u>\$ 40,364,723</u> | <u>\$29,433,715</u> |

During FY 2011, all scheduled debt service requirements were paid.

Economic Factors That Will Affect the Future

The continuation of the national economic “melt-down” of 2009 has created a financial crisis of unprecedented magnitude for Temple College and all other Texas Colleges and Universities. The result of this recession on State revenues created a \$20+ billion State deficit in the General Revenue Fund for the current biennium which required funding reductions to State entities.

In year one of the new biennium (FY 2012), Temple College’s general appropriation was reduced by 6%, retirement funding was reduced by 40% and health insurance was decreased by 46%. These three items resulted in a \$1,489,789 loss compared to FY 2011, and compared to the first year of the previous biennium (FY 2010), it was a \$1,886,993 reduction. The College also experienced enrollment growth of 12% between biennium’s, and if the cost of this growth is factored in, the loss becomes \$2,880,004. It is expected that general instructional appropriation dollars (funding based upon contact hours) will be re-allocated during the second biennium. The College could lose even more funding if student enrollment drops.

Temple College Board of Trustees and Administration remains optimistic that the citizens of Texas will support excellent educational opportunities for the next generations of students. We will pledge to contain costs and provide the best higher education facilities and faculty that are possible within the resources available. Community colleges are critical to job and economic growth in Texas by providing a trained and educated workforce.

FINANCIAL STATEMENTS

Statement of Net Assets
August 31, 2011 and August 31, 2010

| | <u>2011</u> | <u>2010</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 536,560 | \$ 2,540,652 |
| Short Term Investments | 27,151,551 | 13,533,440 |
| Accounts Receivable (net) | 4,219,501 | 2,920,012 |
| Deferred Expense | 7,054,541 | 6,498,344 |
| Total Current Assets | <u>38,962,153</u> | <u>25,492,448</u> |
| Noncurrent Assets | | |
| Restricted Cash and Cash Equivalents | 1,977,819 | 1,338,359 |
| Endowment Investments | - | 555,943 |
| Other Long-Term Investments | 2,382,079 | 302,331 |
| Capital Assets (net)(See note 6) | 36,292,345 | 35,271,155 |
| Total Noncurrent Assets | <u>40,652,243</u> | <u>37,467,788</u> |
| Total Assets | <u>\$ 79,614,396</u> | <u>\$ 62,960,236</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | 3,901,796 | 3,526,513 |
| Deferred Revenue | 7,910,619 | 6,679,023 |
| Funds Held for Others | 488,174 | 464,952 |
| Capital Leases - Current Portion | 308,781 | 264,282 |
| Bonds Payable - Current Portion | 1,862,264 | 1,804,711 |
| Total Current Liabilities | <u>14,471,634</u> | <u>12,739,481</u> |
| Noncurrent Liabilities | | |
| Accrued Compensable Absences | 870,553 | 761,398 |
| Capital Leases | 1,468,678 | 1,777,458 |
| Bonds Payable | 36,725,000 | 25,587,264 |
| Total Noncurrent Liabilities | <u>39,064,231</u> | <u>28,126,120</u> |
| Total Liabilities | <u>\$ 53,535,865</u> | <u>\$ 40,865,601</u> |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 6,765,414 | 5,880,622 |
| Restricted for: | | |
| Nonexpendable | | |
| Student Aid | 459,024 | 354,753 |
| Endowment | - | 650,783 |
| Expendable | | |
| Loan | 30,021 | 31,554 |
| Debt Service | 8,112,936 | 7,527,269 |
| Unrestricted | 10,711,136 | 7,649,654 |
| Total Net Assets (Schedule D) | <u>26,078,531</u> | <u>22,094,635</u> |
| Total Liabilities and Net Assets | <u>\$ 79,614,396</u> | <u>\$ 62,960,236</u> |

The accompanying notes are an integral part of the financial statements.

Temple Junior College Foundation, Inc.
Statement of Financial Position
August 31, 2010

Exhibit 1-A

| | <u>2010</u> |
|---|----------------------|
| Assets | |
| Current Assets: | |
| Cash and cash equivalents | \$ 659,748 |
| Investments | 520,486 |
| Unconditional promises to give, less allowance for uncollectible promises of \$0 and \$0 | 18,779 |
| Conditional promises to give, less allowance for uncollectible promises of \$0 and \$0 | - |
| Other receivables | 26,106 |
| Total Current Assets | <u>1,225,119</u> |
| Endowment Investments: | |
| Cash and cash equivalents | 52,245 |
| Investments | 2,305,648 |
| Total Endowment Investments | <u>2,357,893</u> |
| Buildings, furniture, and equipment, net | <u>6,935,284</u> |
| Assets held in trust - long term | 403,894 |
| Long-term unconditional promises to give, less allowance for uncollectible promises of \$3,200 and \$3,200 | 313,482 |
| Long-term conditional promises to give, less allowance for uncollectible promises of \$0 and \$0 | 1,000 |
| Investment in real estate | 329,582 |
| Bond issuance costs, net of accumulated amortization of \$301,531 | <u>742,234</u> |
| Total Assets | <u>\$ 12,308,488</u> |
| Liabilities and Net Assets | |
| Current Liabilities: | |
| Accounts payable | \$ 77,219 |
| Accrued vacation payable | 10,546 |
| Accrued other | 16,821 |
| Due to management company | - |
| Due to insurance company | 614,736 |
| Accrued interest payable | 345,999 |
| Current portion - bonds payable | 70,000 |
| Deferred revenue | 23,192 |
| Tenant security deposits | 300 |
| Total Current Liabilities | <u>1,158,813</u> |
| Long-term Liabilities: | |
| Bonds payable, net of current portion and bond discount | 10,868,151 |
| Promissory note | 125,508 |
| Total Liabilities | <u>12,152,472</u> |
| Net Assets: | |
| Unrestricted Net Assets: | |
| Operating | (11,053,784) |
| Fixed assets | 6,935,284 |
| Total Unrestricted Net Assets | <u>(4,118,500)</u> |
| Temporarily restricted net assets | 1,830,173 |
| Permanently restricted net assets | 2,444,343 |
| Total Net Assets | <u>156,016</u> |
| Total Liabilities and Net Assets | <u>\$ 12,308,488</u> |

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

| | <u>2011</u> | <u>2010</u> |
|--|----------------------|----------------------|
| Operating Revenues | | |
| Tuition and Fees (Net of Allowances and Discounts \$6,777,512 and \$5,891,540, respectively) | \$ 9,891,698 | \$ 9,122,959 |
| Federal Grants and Contracts | 1,655,990 | 1,062,711 |
| State Grants and Contracts | 682,003 | 683,484 |
| Private Gifts, Grants, and Contracts | 79,786 | 105,224 |
| Sales and Services of Educational Activities | 5,482 | 4,888 |
| Auxiliary Enterprises | 350,987 | 333,658 |
| General Operating Revenues | 530,522 | 450,363 |
| Total Operating Revenues (Schedule A) | 13,196,468 | 11,763,287 |
| Operating Expenses | | |
| Instruction | 12,981,271 | 12,418,778 |
| Public Service | 1,021,402 | 910,929 |
| Academic Support | 2,400,693 | 2,301,416 |
| Student Services | 2,428,936 | 2,331,668 |
| Institutional Support | 5,481,748 | 5,256,638 |
| Operation and Maintenance of Plant | 2,972,570 | 2,644,419 |
| Scholarships and Fellowships | 10,071,348 | 8,680,049 |
| Auxiliary Enterprises | 1,124,467 | 1,211,278 |
| Depreciation | 1,272,113 | 1,234,332 |
| Total Operating Expenses (Schedule B) | 39,754,548 | 36,989,507 |
| Operating Loss | (26,558,080) | (25,226,220) |
| Non-Operating Revenues (Expenses) | | |
| State Appropriations | 10,008,660 | 10,148,366 |
| Maintenance Ad Valorem Taxes | 5,301,008 | 5,323,379 |
| Debt Service Ad Valorem Taxes | 1,789,962 | 1,758,815 |
| Federal Revenue, Non Operating | 14,364,741 | 12,349,735 |
| Gifts | 1,127,816 | 18,150 |
| Investment Income | 31,761 | 49,062 |
| Interest on Capital Related Debt | (1,193,717) | (1,252,203) |
| Loss on Disposal of Fixed Assets | (21,548) | (23,639) |
| Other Non-Operating Revenues | 1,175 | - |
| Other Non-Operating Expenses | (867,882) | (238,182) |
| Net Non-Operating Revenues and Expenses (Schedule C) | 30,541,976 | 28,133,483 |
| Increase (Decrease) in Net Assets | 3,983,896 | 2,907,263 |
| Net Assets | | |
| Net Assets - Beginning of Year | 22,094,635 | 19,187,372 |
| Net Assets - End of Year | \$ 26,078,531 | \$ 22,094,635 |

The accompanying notes are an integral part of the financial statements.

Temple Junior College Foundation, Inc.
Statement of Activities
Year Ended August 31, 2010

Exhibit 2-A

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|-----------------------|---------------------------|---------------------------|-------------------|
| Revenues, Gains and Other Support | | | | |
| Contributions | \$ 28,239 | \$ 967,319 | \$ 204,622 | \$ 1,200,180 |
| Special events | - | 105,473 | - | 105,473 |
| Interest and dividends | 37,539 | 2,658 | 54,503 | 94,700 |
| Gain/(loss) on Sale of Assets | 60,434 | 9,013 | 231,458 | 300,905 |
| Rental income, net | 929,771 | - | - | 929,771 |
| Miscellaneous income | 145,598 | - | - | 145,598 |
| Assets released from restrictions | 675,338 | (620,835) | (54,503) | - |
| Total revenues, gains and other support | <u>1,876,919</u> | <u>463,628</u> | <u>436,080</u> | <u>2,776,627</u> |
| Expenses and Losses | | | | |
| Programs: | | | | |
| Rental operating expenses | 576,834 | - | - | 576,834 |
| Scholarship Awards | 605,300 | - | - | 605,300 |
| Special events | - | 47,096 | - | 47,096 |
| Total programs | 1,182,134 | 47,096 | - | 1,229,230 |
| Administration | 457,828 | - | - | 457,828 |
| Interest | 679,893 | - | - | 679,893 |
| Other Expenses | 63,216 | - | - | 63,216 |
| Unrealized (gain) / losses | 34,932 | 5,210 | 133,790 | 173,932 |
| Total expenses and losses | <u>2,418,003</u> | <u>52,306</u> | <u>133,790</u> | <u>2,604,099</u> |
| Change in net assets | (541,084) | 411,322 | 302,290 | 172,528 |
| Net assets as of beginning of year | <u>(3,577,416)</u> | <u>1,418,851</u> | <u>2,142,053</u> | <u>(16,512)</u> |
| Net assets as of end of year | <u>\$ (4,118,500)</u> | <u>\$ 1,830,173</u> | <u>\$ 2,444,343</u> | <u>\$ 156,016</u> |

Statement of Cash Flows

For the Year Ended August 31, 2011 and August 31, 2010

| | <u>2011</u> | <u>2010</u> |
|--|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from students and other customers | \$ 10,834,078 | \$ 11,828,544 |
| Receipts from grants and contracts | 1,799,768 | 1,881,923 |
| Payments to or on behalf of employees | (18,647,878) | (18,380,448) |
| Payments to suppliers for goods and services | (6,920,949) | (7,969,105) |
| Payments for scholarships and fellowships | (10,122,592) | (8,618,214) |
| Net cash provided (used) by operating activities | <u>(23,057,573)</u> | <u>(21,257,300)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Receipts from state appropriations | 7,794,296 | 7,907,049 |
| Receipts from non operating federal revenue | 14,364,741 | 12,349,735 |
| Receipts from ad valorem taxes | 7,103,968 | 7,084,701 |
| Gifts and Grants (other than capital) | 1,127,816 | 18,150 |
| Student organization and other agency transactions | (213,508) | (238,181) |
| Other payments | (653,199) | - |
| Net cash provided (used) by non-capital financing activities | <u>29,524,114</u> | <u>27,121,454</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from issuance of capital debt | 13,000,000 | - |
| Purchases of capital assets | (2,314,851) | (1,440,426) |
| Payments on capital debt and leases - principle | (2,068,992) | (1,978,403) |
| Payments on capital debt and leases - interest | (1,337,175) | (1,394,879) |
| Net cash provided (used) by capital and related financial activities | <u>7,278,982</u> | <u>(4,813,708)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Receipts from interest on investments | 31,761 | 49,062 |
| Purchase of investments | (66,492,734) | (19,515,067) |
| Proceeds from sales and maturities of investments | 51,350,818 | 19,198,220 |
| Net cash provided (used) by investing activities | <u>(15,110,155)</u> | <u>(267,785)</u> |
| Increase (decrease) in cash and cash equivalents | (1,364,632) | 782,661 |
| Cash and cash equivalents - beginning of year | <u>3,879,011</u> | <u>3,096,350</u> |
| Cash and cash equivalents - end of year | <u>\$ 2,514,379</u> | <u>\$ 3,879,011</u> |
| Reconciliation of operating income (loss) to net cash used | | |
| by operating activities | | |
| Operating income (loss) | \$ (26,558,080) | \$ (25,226,220) |
| Adjustments to reconcile operating loss to net cash used | | |
| by operating activities: | | |
| Depreciation expense | 1,272,113 | 1,234,332 |
| Payments made directly by state for benefits | 2,214,364 | 2,241,317 |
| Changes in assets and liabilities | | |
| Receivables, net | (1,312,487) | (299,774) |
| Deferred expense | (556,197) | 1,379,869 |
| Accounts payable | 467,497 | (1,475,547) |
| Funds held for others | 74,466 | 34,975 |
| Deferred revenue | 1,231,596 | 834,617 |
| Compensated absences | 109,155 | 19,131 |
| Net cash provided (used) by operating activities | <u>\$ (23,057,573)</u> | <u>\$ (21,257,300)</u> |

The accompanying notes are an integral part of the financial statements.

Temple College
Notes to the Financial Statements
August 31, 2011

1. Reporting Entity

Temple Junior College District was established in 1926, in accordance with the laws of the State of Texas, to serve the educational needs of Temple and the surrounding communities. On April 22, 1996, the name of the Temple Junior College District was changed to Temple College. The College has a campus in Temple, Texas, Taylor, Texas and Cameron, Texas. Temple 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.

2. Summary of Significant Accounting Policies

Reporting Guidelines

The significant accounting policies followed by the College 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* and in accordance with generally accepted accounting policies. 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 by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code 56.0333). When the award is used by the student for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

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

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 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 they have been reduced to a legal or contractual obligation to pay.

Temple College
Notes to the Financial Statements
August 31, 2011

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrances outstanding at year-end that are provided for in subsequent year's budget are reported as designations of net assets since they do not constitute expenditures or liabilities.

Budgetary Data

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

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. The governing board has designated Tex Pool investment pools comprised of \$27,148,537 and \$13,526,203 at August 31, 2011 and August 31, 2010, respectively to be short-term investments. Long-term investments have an original maturity of greater than one year at the time of purchase.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following lives are used:

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

Deferred Revenue

Tuition and fees of \$7,731,048 and \$6,489,116 have been reported as deferred revenues at August 31, 2011 and August 31, 2010, respectively.

Temple College
Notes to the Financial Statements
August 31, 2011

Estimates

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

Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. 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 appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of the bookstore and food service is not performed by the College.

3. Authorized Investments

Temple College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. The Board of Trustees of Temple College has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The investments of the College are in compliance with the Trustee's investment policies.

4. Deposits and Investments

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

Cash and Deposits

| | | |
|---------------------------------|--------------------|--------------------|
| Bank Deposits | 2011 | 2010 |
| Demand Deposits | \$2,331,579 | \$2,617,562 |
| Time Deposits | 178,964 | 1,258,449 |
| | <u>\$2,510,543</u> | <u>\$3,876,011</u> |
| Cash and Cash Equivalents | | |
| Petty Cash on Hand | \$ 3,836 | \$ 3,000 |
| Reimbursements in Transit | - | - |
| | <u>\$ 3,836</u> | <u>\$ 3,000</u> |
| Total Cash and Cash Equivalents | <u>\$2,514,379</u> | <u>\$3,879,011</u> |

Temple College
Notes to the Financial Statements
August 31, 2011

Reconciliation of Deposits and Investments to Exhibit 1

| Type of Security | <u>Market Value</u> <u>August 31, 2011</u> | <u>Market Value</u> <u>August 31, 2010</u> |
|--|---|---|
| Total Cash and Deposits | \$ 2,514,379 | \$ 3,879,011 |
| U.S. Government Securities | 2,382,079 | 842,488 |
| Corporate Stock | - | 15,786 |
| Tex Pool | 27,148,537 | 13,526,203 |
| MBIA | 3,014 | 7,237 |
| Total Investments | <u>\$ 29,533,630</u> | <u>\$ 14,391,714</u> |
| TOTAL DEPOSITS AND INVESTMENTS | <u><u>\$ 32,048,009</u></u> | <u><u>\$ 18,270,725</u></u> |
| Cash and Cash Equivalents (Exhibit 1) | 536,560 | 2,540,652 |
| Restricted Cash and Cash Equivalents (Exhibit 1) | 1,977,819 | 1,338,359 |
| Short Term Investments (Exhibit 1) | 27,151,551 | 13,533,440 |
| Endowment Investments (Exhibit 1) | - | 555,943 |
| Other Long Term Investments (Exhibit 1) | <u>2,382,079</u> | <u>302,331</u> |
| TOTAL DEPOSITS AND INVESTMENTS (Exhibit 1) | <u><u>\$ 32,048,009</u></u> | <u><u>\$ 18,270,725</u></u> |

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

| Investment Type | Fair Value | Investment Maturities (in Years) | | | N/A |
|----------------------------|-----------------------------|---|--------------------|----------------------------|--------------------|
| | | Less than 1 | 1 to 2 | Greater than 2 | |
| U.S. Government Securities | \$ 1,960,551 | \$ - | \$ - | \$ 1,960,551 | \$ - |
| U.S. Treasuries (GNMA) | 421,528 | - | - | 421,528 | - |
| Commercial Paper | - | - | - | - | - |
| Investment Pool | 27,151,551 | 27,151,551 | - | - | - |
| Certificate of Deposit | - | - | - | - | - |
| Municipal Bonds | - | - | - | - | - |
| Common Stock | - | - | - | - | - |
| Total Fair Value | <u><u>\$ 29,533,630</u></u> | <u><u>\$ 27,151,551</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 2,382,079</u></u> | <u><u>\$ -</u></u> |

Interest Rate Risk – In accordance with state law and 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.

Temple College
Notes to the Financial Statements
August 31, 2011

Concentration of Credit Risk – The College does not place a limit on the amount the College may invest in any one issuer. No individual issuer exceeded 5% of the College’s investments.

5. Derivatives

None.

6. Capital Assets

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

| | <u>Balance</u> <u>9/1/2010</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>8/31/2011</u> |
|--|-----------------------------------|---------------------|-------------------|------------------------------------|
| <u>Not Depreciated:</u> | | | | |
| Land | \$ 1,850,055 | \$ - | \$ - | \$ 1,850,055 |
| Construction in Process | <u>550,035</u> | <u>2,178,726</u> | <u>567,850</u> | <u>2,160,911</u> |
| Total Not Depreciated | 2,400,090 | 2,178,726 | 567,850 | 4,010,966 |
| <u>Buildings and Other Capital Assets:</u> | | | | |
| Buildings | 34,634,442 | 567,850 | - | 35,202,292 |
| Land Improvements | 5,901,104 | - | - | 5,901,104 |
| Library Books | 1,895,052 | 45,939 | 31,485 | 1,909,506 |
| Furniture, Machinery, Vehicles, And Other Equipment | 1,735,251 | 73,526 | 11,000 | 1,797,777 |
| Telecommunications and Peripheral Equipment | <u>3,619,464</u> | <u>16,660</u> | <u>-</u> | <u>3,636,124</u> |
| Total Buildings and Other Capital Assets | <u>47,785,313</u> | <u>703,975</u> | <u>42,485</u> | <u>48,446,803</u> |
| <u>Accumulated Depreciation:</u> | | | | |
| Buildings | 7,245,627 | 620,876 | - | 7,866,503 |
| Land Improvements | 2,069,101 | 246,788 | - | 2,315,889 |
| Library Books | 1,604,976 | 57,436 | 9,937 | 1,652,475 |
| Furniture, Machinery, Vehicles, And Other Equipment | 963,622 | 158,658 | 11,000 | 1,111,280 |
| Telecommunications and Peripheral Equipment | <u>3,030,922</u> | <u>188,355</u> | <u>-</u> | <u>3,219,277</u> |
| Total Accumulated Depreciation | <u>\$14,914,248</u> | <u>\$1,272,113</u> | <u>\$ 20,937</u> | <u>\$ 16,165,424</u> |
| Net Other Capital Assets | <u>\$32,871,065</u> | <u>\$ (568,138)</u> | <u>\$ 21,548</u> | <u>\$ 32,281,379</u> |
| Net Capital Assets | <u>\$35,271,155</u> | <u>\$1,610,588</u> | <u>\$ 589,398</u> | <u>\$ 36,292,345</u> |

Temple College
Notes to the Financial Statements
August 31, 2011

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

| | <u>Balance</u> <u>9/1/2009</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>8/31/2010</u> |
|--|-----------------------------------|--------------------|--------------------|------------------------------------|
| <u>Not Depreciated:</u> | | | | |
| Land | \$ 590,216 | \$1,259,839 | \$ - | \$ 1,850,055 |
| Construction in Process | <u>2,290,553</u> | <u>1,139,300</u> | <u>2,879,818</u> | <u>550,035</u> |
| Total Not Depreciated | 2,880,769 | 2,399,139 | 2,879,818 | 2,400,090 |
| <u>Buildings and Other Capital Assets:</u> | | | | |
| Buildings | 33,196,508 | 1,437,934 | - | 34,634,442 |
| Land Improvements | 5,579,828 | 321,276 | - | 5,901,104 |
| Library Books | 1,877,240 | 42,211 | 24,399 | 1,895,052 |
| Furniture, Machinery, Vehicles, And Other Equipment | 1,630,868 | 119,683 | 15,300 | 1,735,251 |
| Telecommunications and Peripheral Equipment | <u>3,619,464</u> | <u>-</u> | <u>-</u> | <u>3,619,464</u> |
| Total Buildings and Other Capital Assets | <u>45,903,908</u> | <u>1,921,104</u> | <u>39,699</u> | <u>47,785,313</u> |
| <u>Accumulated Depreciation:</u> | | | | |
| Buildings | 6,641,627 | 604,000 | - | 7,245,627 |
| Land Improvements | 1,829,543 | 239,558 | - | 2,069,101 |
| Library Books | 1,558,078 | 52,099 | 5,201 | 1,604,976 |
| Furniture, Machinery, Vehicles, And Other Equipment | 824,786 | 149,695 | - | 974,481 |
| Telecommunications and Peripheral Equipment | <u>2,841,942</u> | <u>188,980</u> | <u>10,859</u> | <u>3,020,063</u> |
| Total Accumulated Depreciation | <u>\$13,695,976</u> | <u>\$1,234,332</u> | <u>\$ 16,060</u> | <u>\$ 14,914,248</u> |
| Net Other Capital Assets | <u>\$32,207,932</u> | <u>\$ 686,772</u> | <u>\$ 23,639</u> | <u>\$ 32,871,065</u> |
| Net Capital Assets | <u>\$35,088,701</u> | <u>\$3,085,911</u> | <u>\$2,903,457</u> | <u>\$ 35,271,155</u> |

Temple College
Notes to the Financial Statements
August 31, 2011

7. Long Term Liabilities

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

| | Balance September 1, 2010 | Additions | Reductions | Balance August 31, 2011 | Current Portion |
|-------------------------------------|--|-----------------------------|----------------------------|--|----------------------------------|
| <u>Bonds</u> | | | | | |
| General obligation bonds | \$ 13,060,000 | \$ 13,000,000 | \$ 965,000 | \$ 25,095,000 | \$ 1,005,000 |
| Revenue bonds | <u>14,331,975</u> | <u>-</u> | <u>839,711</u> | <u>13,492,264</u> | <u>857,264</u> |
| Subtotal | <u>\$ 27,391,975</u> | <u>\$ 13,000,000</u> | <u>\$ 1,804,711</u> | <u>\$ 38,587,264</u> | <u>\$ 1,862,264</u> |
| <u>Leases</u> | 2,041,740 | - | 264,281 | 1,777,459 | 308,781 |
| <u>Accrued compensable absences</u> | <u>761,398</u> | <u>109,155</u> | <u>-</u> | <u>870,553</u> | <u>-</u> |
| Total long-term liabilities | <u>\$ 30,195,113</u> | <u>\$ 13,109,155</u> | <u>\$ 2,068,992</u> | <u>\$ 41,235,276</u> | <u>\$ 2,171,045</u> |

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

| | Balance September 1, 2009 | Additions | Reductions | Balance August 31, 2010 | Current Portion |
|-------------------------------------|--|-------------------------|----------------------------|--|----------------------------------|
| <u>Bonds</u> | | | | | |
| General obligation bonds | \$ 13,980,000 | \$ - | \$ 920,000 | \$ 13,060,000 | \$ 965,000 |
| Revenue bonds | <u>15,139,586</u> | <u>-</u> | <u>807,611</u> | <u>14,331,975</u> | <u>839,711</u> |
| Subtotal | <u>\$ 29,119,586</u> | <u>\$ -</u> | <u>\$ 1,727,611</u> | <u>\$ 27,391,975</u> | <u>\$ 1,804,711</u> |
| <u>Leases</u> | 2,292,532 | - | 250,792 | 2,041,740 | 264,282 |
| <u>Accrued compensable absences</u> | <u>742,267</u> | <u>19,131</u> | <u>-</u> | <u>761,398</u> | <u>-</u> |
| Total long-term liabilities | <u>\$ 32,154,385</u> | <u>\$ 19,131</u> | <u>\$ 1,978,403</u> | <u>\$ 30,195,113</u> | <u>\$ 2,068,993</u> |

Temple College
Notes to the Financial Statements
August 31, 2011

8. Debt and Lease Obligations

| For the Year Ended August 31, | General Obligation Bonds | | | Revenue Bonds | | | Total Bonds | | |
|--|--------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2012 | \$ 1,005,000 | \$ 1,299,393 | \$ 2,304,393 | \$ 857,264 | \$ 733,479 | \$ 1,590,743 | \$ 1,862,264 | \$ 2,032,872 | \$ 3,895,136 |
| 2013 | 1,170,000 | 999,732 | 2,169,732 | 1,085,000 | 510,401 | 1,595,401 | 2,255,000 | 1,510,133 | 3,765,133 |
| 2014 | 1,210,000 | 946,442 | 2,156,442 | 1,120,000 | 468,335 | 1,588,335 | 2,330,000 | 1,414,777 | 3,744,777 |
| 2015 | 1,260,000 | 894,939 | 2,154,939 | 1,165,000 | 424,899 | 1,589,899 | 2,425,000 | 1,319,838 | 3,744,838 |
| 2016 | 1,315,000 | 841,268 | 2,156,268 | 1,210,000 | 379,447 | 1,589,447 | 2,525,000 | 1,220,715 | 3,745,715 |
| 2017-2021 | 7,430,000 | 3,318,772 | 10,748,772 | 5,495,000 | 1,229,465 | 6,724,465 | 12,925,000 | 4,548,237 | 17,473,237 |
| 2022-2026 | 6,655,000 | 1,769,685 | 8,424,685 | 2,560,000 | 245,775 | 2,805,775 | 9,215,000 | 2,015,460 | 11,230,460 |
| 2027-2031 | <u>5,050,000</u> | <u>569,948</u> | <u>5,619,948</u> | - | - | - | <u>5,050,000</u> | <u>569,948</u> | <u>5,619,948</u> |
| Total | <u>\$ 25,095,000</u> | <u>\$ 10,640,179</u> | <u>\$ 35,735,179</u> | <u>\$ 13,492,264</u> | <u>\$ 3,991,801</u> | <u>\$ 17,484,065</u> | <u>\$ 38,587,264</u> | <u>\$ 14,631,980</u> | <u>\$ 53,219,244</u> |

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

| For the Year Ended August 31, | <u>Total</u> |
|--|---------------------|
| 2012 | \$ 308,781 |
| 2013 | 202,800 |
| 2014 | 207,600 |
| 2015 | 212,400 |
| 2016 | 217,500 |
| 2017-2021 | <u>984,100</u> |
| Total minimum lease payments | \$ 2,133,181 |
| Less: Amount representing interest costs | <u>355,722</u> |
| Present value of minimum lease payment | <u>\$ 1,777,459</u> |

Temple College
Notes to the Financial Statements
August 31, 2011

9. Bonds Payable

Bonds payable at August 31, 2011 are comprised of the following individual issues:

| | |
|---|---------------------|
| <p>\$10,000,000 Revenue and Refunding Bonds, Series 2006, issued 12-21-06, due in installments of \$140,000 to \$545,000 from 7-01-09 through 7-01-25; interest at 4.00% to provide funds to acquire, purchase, construct, improve, enlarge, equip, operate and/or maintain any property, buildings, structures, activities, operations or facilities of any nature; to refund Series 1996 bonds maturing 2013 through 2015, 2018 and 2021 inclusive on aggregate principal amount of \$3,540,000; for funding a reserve fund paying costs of issuance related to bonds; to refund Series 2000 maturing 7-01-13 through 7-01-25 in aggregate principal amount of \$3,885,000.</p> | <p>\$ 9,560,000</p> |
| <p>\$7,500,000 Limited Tax School Building and Equipment, Bonds Series 2007, issued 2-27-07, due in installments of \$155,000 to \$535,000, from 7-01-08 to 7-01-27; interest at 3.980% to provide funds for construction and equipment of school buildings, including a new science building and renovations to existing facilities of the district.</p> | <p>6,515,000</p> |
| <p>\$945,000 Housing System and Use Fee Revenue and Capital Appreciation Bonds, Series 1996, issued 6-1-96, due in installments of \$315,000 at 7-01-10, \$315,000 at 7-01-11, and \$315,000 at 7-01-12; interest accreted at 6.0%, to provide funds to pay costs of construction, improvement, renovation and/or rehabilitation of the College's buildings and educational facilities, secured by a lien on pledged housing system revenues and student use fees.</p> | <p>287,403</p> |
| <p>\$5,900,000 Revenue and Refunding Bonds, Series 2000, issued 9-1-00, due in installments of \$25,000 to \$405,000 from 7-1-01 through 7-1-12; interest at 4.45% to 5.65%, to provide funds to construct and equip new education facilities and renovate existing facilities; to refund the College's outstanding Revenue Bonds, series 1973; to pay capitalized interest; to fund a debt service reserve fund and pay issuance costs associated with the Bonds.</p> | <p>205,000</p> |
| <p>\$10,455,000 Limited Tax School Building and Equipment and Refunding Bonds, Series 2002, issued 1-22-02, due in annual installments of \$250,000 to \$735,000 through 7-1-22; interest at 4.90%, to provide funds for construction costs and equipment in College's building expansion and to refund certain of the College's outstanding bonds, secured by future ad valorem taxes.</p> | <p>5,580,000</p> |
| <p>\$4,480,000 Revenue & Refunding Bonds, Series 2003 issued 8-15-03, due in installments of \$150,000 to \$360,000 from 1-1-2005 to 7-1-23 interest at 2.5% to 4.75%, to provide funds to construct, equipment and renovate education facilities, provide funds for capitalized interest, refund certain of Districts outstanding Series 1994 Housing System and Use Fee Revenue Bonds, and to pay costs of issuance associated with the bonds, secured by a pledge of certain revenues and additionally secured by the Reserve fund.</p> | <p>2,495,000</p> |

Temple College
Notes to the Financial Statements
August 31, 2011

| | |
|--|---------------------------------------|
| <p>\$13,000,000 Temple Junior College District Limited Tax School Building Bonds, Series 2010 issued December 30, 2010, due in installments of \$125,000 to \$975,000 from July 1, 2010 to August 31, 2031, interest at 3.950% to provide funds for the construction and equipment of school buildings in said District, including a new instructional building, and construction and renovations to existing facilities of the District, including academic buildings, parking facilities, streets, landscaping, and other campus infrastructure, and to levy, pledge, and cause to be assessed and collected, annual ad valorem taxes on all property in said District sufficient to pay the principal of, and interest on said bonds, within the limit prescribed by law.</p> | 13,000,000 |
| <p>\$1,500,000 Revenue Bonds, Series 2009 issued June 18, 2009, due in installments of \$190,000 to \$240,000 from July 1, 2010 through July 1, 2016; interest at 3.38%, to provide funds to acquire, purchase, construct, improve, enlarge, equip, operate and/or maintain any property, buildings, structures, activities, operations or facilities, or any nature and paying cost of issuance associated with the bonds, secured by a pledge of certain revenues.</p> | <u>1,110,000</u> |
| <p>Less Unamortized Discount on Capital Appreciation Bonds</p> | <u>38,752,403</u> <u>(165,139)</u> |
| | <u>\$ 38,587,264</u> |

All authorized bonds were issued for each series.

For the year ended, August 31, 2011 the College was in compliance with all significant covenants and restrictions that are contained in the various bond indentures. Revenues pledged for retirement of Revenue Bonds consist of the tuition, fees and various auxiliary income.

10. Advance Refunding Bonds

- Refunded \$ 3,540,000 of Series 1996 Temple Junior College District Housing System and Use Fee Revenue and Refunding Bonds and \$3,885,000 of Series 2000 Temple Junior College District Housing System and Use Fee Revenue and Refunding Bonds
- Issued refunding bonds on December 21, 2006
- \$10,000,000, all authorized bond have been issued.
- Revenue & Refunding Improvement Bond, Refunding Series 2006.
- Average interest rate of bonds refunded – Series 1996 with an interest rate ranging from 5.25% to 5.85%, and Series 2000 with an interest rate ranging from 5.25% to 5.65%.
- Net proceeds from the Refunding Series - \$9,925,000 after payment of \$75,000 in issuance costs
- Additional \$7,623,295 of 2006 Series and \$192,493 of 1996 and 2000 Series debt service monies were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1996 and 2000 Series bonds that were previously scheduled after 2012.

Temple College
Notes to the Financial Statements
August 31, 2011

- The 1996 and 2000 Series bonds are considered partially defeased and the liability for those refunded bond balances has been removed from the Investment in Plant Fund Group.
- Advance refunding of the 1996 and 2000 Series bonds reduced the college's debt service payments over the next 20 year by approximately (\$1,000,000).
- Economic Gain - (\$786,780) difference between the net present value of the old and new debt service payments.
- Accounting gain - (\$1,085,127) accounting gain was resulted from the advanced refunding.

11. Defeased Bonds Outstanding

| Bond Issue | Year Refunded | Par Value Outstanding |
|--|---------------|-----------------------|
| General Long-Term Debt: | | |
| Revenue and Refunding Bonds, Series 2000 | 2006 | \$ 3,885,000 |

12. Short-term Debt

Not applicable.

13. Employees' Retirement Plan

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

Teacher Retirement System of Texas

Plan Description. Temple 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. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but established and amended by the Texas state legislature. The state funding policy is as follows; (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of 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 percent for Fiscal Years 2011 and 2010 and a state contribution rate of 6.644 percent for Fiscal Year 2011 and 6.64 percent for Fiscal Year 2010. In certain instances the reporting district

Temple College
Notes to the Financial Statements
August 31, 2011

is required to make all or a portion of the state's 6.644% contribution for Fiscal Year 2011 and 6.64% for Fiscal Year 2010.

Optional Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.4% and 6.4%, respectively. The college contributes 2.1% for all participating members. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the State for the College was \$835,088 and \$810,892 for the fiscal years ended August 31, 2011 and 2010 respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all College employees was \$16,464,139 and \$16,297,216 for fiscal years 2011 and 2010 respectively. The total payroll of employees covered by the Teacher Retirement System was \$8,672,152 and \$8,609,941, and the total payroll of employees covered by the Optional Retirement System was \$5,518,771 and \$5,402,931 for fiscal years 2011 and 2010, respectively.

14. Deferred Compensation Program

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The Plan is through AIG through the State.

As of August 31, 2011, the College has 4 employees participating in the program. Four employees were vested as of August 31, 2011. A total of \$22,900 in contributions was invested in the plan during the fiscal year. The funds are invested in Great West Retirement Services in each employee's accounts and are not a liability to Temple College.

15. Compensable Absences

Full-time employees earn annual leave from 8 to 12 hours per month depending on the number of years employed with Temple College. The College's policy is that an employee may carry his/her accrued leave forward with proper approval. Employees who terminate employment for whatever reason are entitled to payment for all accumulated annual leave up to a maximum of one year's worth of accumulation. The College recognized the accrued liability for the unpaid annual leave in the amount of \$375,087 and \$351,396 for fiscal year 2011 and 2010, respectively.

Sick leave, which is accumulated up to a limit of 1,040 hours, is earned at the rate of 8 hours per month and is paid to an employee who misses work from illness or immediate family illness. Employees who terminate employment for whatever reason or upon the death of the employee in which the funds are paid to the estate of the employee are entitled to payment of 173.33 hours provided the employee has worked 10 or more years of

Temple College
Notes to the Financial Statements
August 31, 2011

full-time employment at Temple College. The maximum sick leave that may be paid the employee at termination of employment or the employee's estate is 173.33 hours. The College recognized the accrued liability for the unpaid sick leave in the amount of \$495,466 and \$410,002 for fiscal year 2011 and 2010, respectively.

16. Pending Lawsuits and Claims

As of August 31, 2011, one lawsuit and claim involving Temple College was pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent provided for by insurance or otherwise, is not likely to have a material effect on the College.

17. Disaggregation of Receivables and Payables Balances

Receivables

Receivables at August 31, 2011 and 2010 were as follows:

| | <u>2011</u> | <u>2010</u> |
|---------------------------------------|----------------------------|----------------------------|
| Student Receivables | \$ 1,652,935 | \$ 1,367,406 |
| Taxes Receivable | 284,047 | 296,598 |
| Federal Receivable | 288,305 | 435,640 |
| State Receivable | 50,297 | 40,640 |
| Other Receivable | <u>2,515,608</u> | <u>1,229,397</u> |
| Subtotal | \$ 4,791,192 | \$ 3,369,681 |
| Less: Allowance for Doubtful Accounts | <u>(571,691)</u> | <u>(449,669)</u> |
| Total Receivables | <u>\$ 4,219,501</u> | <u>\$ 2,920,012</u> |

Payables

Payables at August 31, 2011 and 2010, were as follows:

| | <u>2011</u> | <u>2010</u> |
|-----------------------------|----------------------------|----------------------------|
| Vendors Payable | \$ 1,523,610 | \$ 581,512 |
| Salaries & Benefits Payable | (7,104) | (3,252) |
| Students Payable | 2,220,151 | 2,639,656 |
| Accrued Interest | <u>165,139</u> | <u>308,597</u> |
| Total Payables | <u>\$ 3,901,796</u> | <u>\$ 3,526,513</u> |

18. Funds Held in Trust by Others

None.

Temple College
Notes to the Financial Statements
August 31, 2011

19. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal and non-federal contracts and grant awards, funds expended, but not collected, are reported as Accounts Receivables on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2011 and 2010 for which monies have not been received nor funds expended totaled \$14,593,619 and \$12,742,909. Of these amounts, \$14,156,118 and \$12,742,909 were from Federal Contract and Grant Awards.

20. Self-Insured Plans

The College participates in self-insured worker's compensation and unemployment compensation plans. Employee health insurance is offered through the State of Texas Employee Retirement System group plan. The Worker's Compensation plan is a self-insured group comprised of approximately fifteen (15) state community colleges and a loss fund is set up on the College books to record the estimated exposure each year. Unemployment claims are managed by the Texas Workforce Commission and payments are made on a claims-made basis.

21. Post-Retirement Health Care & Life Insurance Benefits

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was \$628.88 per month for the year ended August 31, 2011 (\$601.71 per month for 2010) and totaled \$1,379,276 for 2011 (\$1,430,425 for 2010). The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees.

22. 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 district.

At August 31:

| | <u>2011</u> | <u>2010</u> |
|---------------------------------------|-------------------------|-------------------------|
| Assessed Valuation of the College: | \$ 4,213,568,538 | \$4,237,103,656 |
| Less: Exemptions | (841,368,868) | (835,102,822) |
| Less: Abatements | <u>(15,194,612)</u> | <u>(19,975,993)</u> |
| Net Assessed Valuation of the College | <u>\$ 3,357,005,058</u> | <u>\$ 3,382,024,841</u> |

Temple College
Notes to the Financial Statements
August 31, 2011

| | <u>Current</u> <u>Operations</u> | <u>2011</u> <u>Debt</u> <u>Service</u> | <u>Total</u> | <u>Current</u> <u>Operations</u> | <u>2010</u> <u>Debt</u> <u>Service</u> | <u>Total</u> |
|-----------------|-------------------------------------|--|--------------|-------------------------------------|--|--------------|
| Authorized | | | | | | |
| Tax Rate per | | | | | | |
| \$100 valuation | \$ - | \$ - | \$ 0.25 | \$ - | \$ - | \$ 0.25 |
| Assessed | | | | | | |
| Tax Rate per | | | | | | |
| \$100 valuation | \$ 0.1567 | \$ 0.0533 | \$ 0.21 | \$ 0.1575 | \$ 0.0525 | \$ 0.21 |

Taxes levied for the year ended August 31, FY 2011 and FY 2010 amounted to \$7,011,727 and \$7,066,721, respectively including 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.

| | <u>Current</u> <u>Operations</u> | <u>2011</u> <u>Debt</u> <u>Service</u> | <u>Total</u> | <u>Current</u> <u>Operations</u> | <u>2010</u> <u>Debt</u> <u>Service</u> | <u>Total</u> |
|--------------------------------|-------------------------------------|--|---------------------|-------------------------------------|--|---------------------|
| Current Tax Collected | \$ 5,149,786 | \$1,747,232 | \$ 6,897,018 | \$5,211,008 | \$1,732,923 | \$ 6,943,931 |
| Delinquent Taxes Collected | 95,354 | 26,471 | 121,825 | 62,412 | 12,245 | 74,657 |
| Penalties & Interest Collected | <u>55,708</u> | <u>16,259</u> | <u>71,967</u> | <u>49,796</u> | <u>13,647</u> | <u>63,443</u> |
| Total Collections | <u>\$ 5,300,848</u> | <u>\$1,789,962</u> | <u>\$ 7,090,810</u> | <u>\$5,323,216</u> | <u>\$1,758,815</u> | <u>\$ 7,082,031</u> |

Tax collections for the year ended August 31, FY 2011 and FY 2010 were 98.4 percent and 98.2 percent, 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 for the use of maintenance and/or general obligation debt service.

23. Branch Campus Tax

Not applicable.

24. 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, Etc Organizations. The College had no unrelated business income tax liability for the year ended August 31, 2011 and 2010.

Temple College
Notes to the Financial Statements
August 31, 2011

25. Component Units

Temple College Foundation – Discrete Component Unit

Temple College Foundation (the Foundation) was established as a separate nonprofit organization in 1982, for the purpose of providing student scholarships and assistance in the development and growth of the College. Under Governmental Accounting Standards Board Statement No 39, Determining Whether Certain Organizations are Component Units, the Foundation is a component unit of the College because:

The College provides financial support to the Foundation and the economic resources received or held by the Foundation are entirely for the benefit of the College.

The College is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the Foundation.

The economic resources held by the Foundation that the College is entitled or has the ability to otherwise access, are significant to the College.

Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit (see table of contents). Fiscal year 2011 financial statements were not included, as the audit for 2011 was not completed by the date the College's financial statements were audited and submitted. Complete financial statements of Temple College Foundation can be obtained from the administrative office of the Foundation.

26. Related Parties (Not a Component Unit)

Not applicable.

27. Subsequent Events

None.

28. Postemployment Benefits Other than Pensions

Plan Description. The 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.

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.

Temple College
Notes to the Financial Statements
August 31, 2011

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

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

The College's contributions to SRHP for the years ended August 31, 2011, 2010, and 2009, were \$2,433,777, \$2,263,039, and \$1,937,784, respectively, which equaled the required contributions each year.

SUPPLEMENTARY SCHEDULES

Schedule of Operating Revenues

For the Year Ended August 31, 2011 (with Memorandum Totals for the Year Ended August 31, 2010)

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total Educational</u> | <u>Auxiliary Enterprises</u> | <u>2011 Total</u> | <u>2010 Total</u> |
|--|----------------------|---------------------|--------------------------|------------------------------|----------------------|----------------------|
| Tuition | | | | | | |
| State funded credit courses: | | | | | | |
| In-district tuition | \$ 6,255,109 | \$ - | \$ 6,255,109 | \$ - | \$ 6,255,109 | \$ 5,617,362 |
| Out-of-district tuition | 3,892,656 | - | 3,892,656 | - | 3,892,656 | 3,413,258 |
| Non-resident tuition | 370,908 | - | 370,908 | - | 370,908 | 390,187 |
| Health science tuition | 163,358 | - | 163,358 | - | 163,358 | 156,688 |
| TPEG-Credit (set aside) * | 404,189 | - | 404,189 | - | 404,189 | 361,110 |
| State funded continuing education | 440,469 | - | 440,469 | - | 440,469 | 301,205 |
| TPEG-non-credit (set aside) * | 36,258 | - | 36,258 | - | 36,258 | 21,664 |
| Non-state funded continuing education | 140,165 | - | 140,165 | - | 140,165 | 122,159 |
| Total Tuition | 11,703,112 | - | 11,703,112 | - | 11,703,112 | 10,383,633 |
| Fees | | | | | | |
| General fee | 2,368,728 | - | 2,368,728 | - | 2,368,728 | 2,301,751 |
| Laboratory fee | 206,401 | - | 206,401 | - | 206,401 | 199,770 |
| Other fees | 2,390,969 | - | 2,390,969 | - | 2,390,969 | 2,129,345 |
| Total Fees | 4,966,098 | - | 4,966,098 | - | 4,966,098 | 4,630,866 |
| Scholarships Allowances and Discounts | | | | | | |
| Remissions and exemptions - state | (545,895) | - | (545,895) | - | (545,895) | (451,769) |
| Remissions and exemptions - local | (1,428,934) | - | (1,428,934) | - | (1,428,934) | (1,243,345) |
| TPEG awards | (92,647) | - | (92,647) | - | (92,647) | (94,197) |
| Title IV federal grants | (4,375,335) | - | (4,375,335) | - | (4,375,335) | (3,729,654) |
| Texas grants I & II | (158,581) | - | (158,581) | - | (158,581) | (188,677) |
| Other local awards | (176,120) | - | (176,120) | - | (176,120) | (183,898) |
| Total Scholarship Allowances | (6,777,512) | - | (6,777,512) | - | (6,777,512) | (5,891,540) |
| Total Net Tuition and Fees | 9,891,698 | - | 9,891,698 | - | 9,891,698 | 9,122,959 |
| Additional Operating Revenues | | | | | | |
| Federal grants and contracts | - | 1,655,990 | 1,655,990 | - | 1,655,990 | 1,062,711 |
| State grants and contracts | - | 682,003 | 682,003 | - | 682,003 | 683,484 |
| Private gifts, grants, and contracts | 79,786 | - | 79,786 | - | 79,786 | 105,224 |
| Sales and services of educational activities | 5,482 | - | 5,482 | - | 5,482 | 4,888 |
| General operating revenue | 530,522 | - | 530,522 | - | 530,522 | 450,363 |
| Total Additional Operating Revenue | 615,790 | 2,337,993 | 2,953,783 | - | 2,953,783 | 2,306,670 |
| Auxiliary Enterprises | | | | | | |
| Miscellaneous income | - | - | - | 350,987 | 350,987 | 333,658 |
| Total Auxiliary Enterprises | - | - | - | 350,987 | 350,987 | 333,658 |
| Total Operating Revenues | \$ 10,507,488 | \$ 2,337,993 | \$ 12,845,481 | \$ 350,987 | \$ 13,196,468 | \$ 11,763,287 |
| | | | | | (Exhibit 2) | (Exhibit 2) |

*In accordance with Education Code 56.033, \$440,447 and \$382,774 for years August 31, 2011 and 2010, respectively, of tuition was set aside for Texas Public Education grants (TPEG).

Schedule of Operating Expenses by Object
Year Ended August 31, 2011 (with memorandum Totals for the Year Ended August 31, 2010)

| | Operating Expenses | | | | 2011 | 2010 |
|--|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | Salaries & Wages | State Benefits | Local Benefits | Other Expenses | | |
| Unrestricted-Educational Activities | | | | | | |
| Instruction | \$ 9,280,136 | \$ - | \$ 1,188,858 | \$ 1,096,678 | \$ 11,565,672 | \$ 10,847,877 |
| Public Service | 239,080 | - | 43,207 | 51,134 | 333,421 | 312,379 |
| Academic Support | 1,439,773 | - | 203,283 | 442,219 | 2,085,275 | 1,958,310 |
| Student Services | 1,153,257 | - | 199,047 | 211,706 | 1,564,010 | 1,565,205 |
| Institutional Support | 2,506,886 | - | 322,798 | 1,498,646 | 4,328,330 | 4,654,789 |
| Operation and Maintenance of Plant | 580,940 | - | 243,934 | 2,147,696 | 2,972,570 | 2,643,495 |
| Total Unrestricted Educational Activities | 15,200,072 | - | 2,201,127 | 5,448,079 | 22,849,278 | 21,982,055 |
| Restricted-Educational Activities | | | | | | |
| Instruction | 64,818 | 1,282,656 | 12,683 | 55,442 | 1,415,599 | 1,570,901 |
| Public Service | 347,991 | - | 72,341 | 267,649 | 687,981 | 598,550 |
| Academic Support | - | 315,418 | - | - | 315,418 | 343,106 |
| Student Services | 399,700 | 201,619 | 43,746 | 219,861 | 864,926 | 766,463 |
| Institutional Support | 53,824 | 414,671 | 7,034 | 677,889 | 1,153,418 | 601,849 |
| Operation and Maintenance of Plant | - | - | - | - | - | 924 |
| Scholarships & Fellowships | - | - | - | 10,071,348 | 10,071,348 | 8,680,049 |
| Total Restricted Educational Activities | 866,333 | 2,214,364 | 135,804 | 11,292,189 | 14,508,690 | 12,561,842 |
| Total Educational Activities | 16,066,405 | 2,214,364 | 2,336,931 | 16,740,268 | 37,357,968 | 34,543,897 |
| Auxiliary Enterprises | 256,951 | - | 96,746 | 770,770 | 1,124,467 | 1,211,278 |
| Depreciation of Building and Improvements | - | - | - | 867,663 | 867,663 | 843,558 |
| Depreciation of Equipment & Furniture | - | - | - | 404,450 | 404,450 | 390,774 |
| TOTAL OPERATING EXPENSES | \$ 16,323,356 | \$ 2,214,364 | \$ 2,433,677 | \$ 18,783,151 | \$ 39,754,548 | \$ 36,989,507 |
| | | | | (Exhibit 2) | (Exhibit 2) | |

Schedule of Non-Operating Revenues and Expenses

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>2011 Total</u> | <u>2010 Total</u> |
|--------------------------------------|----------------------|----------------------|----------------------------------|-----------------------|-----------------------|
| Non-Operating Revenues | | | | | |
| State Appropriations: | | | | | |
| Education and General State Support | \$ 7,654,460 | \$ - | \$ - | \$ 7,654,460 | \$ 7,731,971 |
| State Group Insurance | - | 1,379,276 | - | 1,379,276 | 1,430,425 |
| Dramatic Growth | - | 7,190 | - | 7,190 | 87,681 |
| State Retirement Matching | - | 835,088 | - | 835,088 | 810,892 |
| Professional Nursing Growth Shortage | - | 92,427 | - | 92,427 | 87,397 |
| Professional Nursing Over 70% | - | 40,219 | - | 40,219 | - |
| Total State Appropriations | 7,654,460 | 2,354,200 | - | 10,008,660 | 10,148,366 |
| Maintenance Ad Valorem Taxes | 5,301,008 | - | - | 5,301,008 | 5,323,379 |
| Debt Service ad Valorem Taxes | 1,789,962 | - | - | 1,789,962 | 1,758,815 |
| Federal Revenue, Non Operating | - | 14,364,741 | - | 14,364,741 | 12,349,735 |
| Gifts | 1,127,366 | 450 | - | 1,127,816 | 18,150 |
| Investment Income | 29,796 | 1,966 | - | 31,761 | 49,062 |
| Other Non-operating Revenue | - | 1,175 | - | 1,175 | - |
| Total Non-operating Revenues | 15,902,592 | 16,722,532 | - | 32,625,123 | 29,647,507 |
| Non-operating Expenses | | | | | |
| Interest on Capital Related Debt | 1,193,717 | - | - | 1,193,717 | 1,252,203 |
| Loss on Disposal of Capital Assets | 21,548 | - | - | 21,548 | 23,639 |
| Other Non-operating Expense | 211,974 | 655,908 | - | 867,882 | 238,182 |
| Total Non-operating Expenses | 1,427,239 | 655,908 | - | 2,083,147 | 1,514,024 |
| Net Non-operating Revenues | \$ 14,475,353 | \$ 16,066,624 | \$ - | \$ 30,541,976 | \$ 28,133,483 |
| | | | | (Exhibit 2) | (Exhibit 2) |

Schedule of Net Assets by Source and Availability
Year Ended August 31, 2011 (with Memorandum Totals for the Year Ended August 31, 2010)

| | Detail by Source | | | | | Available for Current Operations | | |
|--|----------------------|---------------------|---------------------|---|----------------------|----------------------------------|----------------------|----|
| | Restricted | | | | | Total | Yes | No |
| | Unrestricted | Expendable | Non-Expendable | Capital Assets Net of Depreciation & Related Debt | | | | |
| Current: | | | | | | | | |
| Unrestricted | \$ 6,864,744 | \$ - | \$ - | \$ - | \$ 6,864,744 | \$ 6,864,744 | \$ - | |
| Board designated | 1,173,373 | - | - | - | 1,173,373 | 1,173,373 | - | |
| Restricted | | | 459,024 | | 459,024 | 459,024 | - | |
| Auxiliary enterprises | 74,095 | - | - | - | 74,095 | 74,095 | - | |
| Loan | - | 30,021 | - | - | 30,021 | - | 30,021 | |
| Endowment: | | | | | | | | |
| Quasi: | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | |
| Plant | | | | | | | | |
| Unexpended | 1,812,650 | - | - | - | 1,812,650 | - | 1,812,650 | |
| Renewals | 786,274 | - | - | - | 786,274 | - | 786,274 | |
| Debt service | - | 8,112,936 | - | - | 8,112,936 | - | 8,112,936 | |
| Investment in plant | - | - | - | 6,765,414 | 6,765,414 | - | 6,765,414 | |
| Total Net Assets, August 31, 2011 | \$ 10,711,136 | \$ 8,142,957 | \$ 459,024 | \$ 6,765,414 | \$ 26,078,531 | \$ 8,571,236 | \$ 17,507,295 | |
| Total Net Assets, August 31, 2010 | 7,649,654 | 7,558,823 | 1,005,536 | 5,880,622 | 22,094,635 | 6,618,954 | 15,475,681 | |
| Net Increase (Decrease) in Net Assets | \$ 3,061,482 | \$ 584,134 | \$ (546,512) | \$ 884,792 | \$ 3,983,896 | \$ 1,952,282 | \$ 2,031,614 | |

Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2011

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Expenditures & Pass Through Disbursements</u> |
|---|--------------------------------|--|--|
| U.S. Department of Labor | | | |
| Pass Through Texas Workforce Commission | | | |
| Austin Community College | | | |
| Energy Efficiency & Renewable Energy Training Program | 17.259 | 1410XSW001 | \$ 247 |
| Dislocated Worker Formula Grant | 17.278 | 2611WSW000 | 357 |
| Total U.S. Department of Labor | | | <u>604</u> |
| U.S. Department of Transportation | | | |
| Tarleton State University | | | |
| NSF Central Texas 2-STEP Project | 47.000 | | 36,201 |
| U.S. Department of Education | | | |
| Direct Programs: | | | |
| Student Financial Aid Cluster | | | |
| SEOG | 84.007 | | 181,362 |
| Federal College Workstudy Program | 84.033 | | 157,368 |
| Federal PELL Grant | 84.063 | | 13,670,899 |
| Wm D Ford Direct Loans | 84.268 | | 14,949,141 |
| Academic Competitiveness Grant | 84.375 | | 163,912 |
| TRIO Cluster | | | |
| TRIO Student Support Services | 84.042A | | 191,200 |
| Pass-Through From: | | | |
| Texas Education Agency | | | |
| Adult Basic Education | 84.002A | 114100017110337 | 105,416 |
| Texas Higher Education Coordinating Board | | | |
| Carl Perkins Vocational Educ.- Basic | 84.048 | 114243 | 250,634 |
| Carl Perkins State Leadership | 84.048 | 111102 | 97,231 |
| | | | <u>347,865</u> |
| Carl Perkins Vocational Educ.- Tech Prep | 84.243 | 111719 | 263,213 |
| Carl Perkins Vocational Educ.- Tech Prep Data Collection | 84.243 | 111301 | 127,563 |
| | | | <u>390,776</u> |
| LEAP | 84.069A | | 8,076 |
| SLEAP | 84.069B | | 11,013 |
| ARRA - STA (Sustainable Technologies Academy) | 84.397A | S397A090044 | 699,212 |
| Total U. S. Department of Education | | | <u>30,876,240</u> |
| U.S. Department of Health & Human Services | | | |
| Pass-Through From: | | | |
| Texas Education Agency | | | |
| TANF | 93.558 | 113625017110316 | 28,385 |
| Texas Workforce Commission | | | |
| The Child Care Mandatory and Matching Funds of the | | | |
| the Child Care and Development Fund | 93.596 | | 7,957 |
| ARRA Child Care Quality Funds | 93.713 | C-1410 | 3,421 |
| Dallas County Community College | | | |
| Health Information Technology Grant | 93.721 | | 17,064 |
| Total U.S. Department of Health & Human Services | | | <u>56,827</u> |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | <u>\$ 30,969,872</u> |

Notes to Schedule of Expenditures of Federal Awards
Year Ended August 31, 2011

Note 1: Federal Assistance Reconciliation

| | |
|---|----------------------|
| Federal Grants and Contracts Revenue - per Schedule A | \$ 1,655,990 |
| Add: Non Operating Federal Revenue from Schedule C | 14,364,741 |
| Add: Wm. D. Ford Direct Loans | 14,949,141 |
| Total Federal Revenues per Schedule of Expenditures of Federal Awards | <u>\$ 30,969,872</u> |

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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 above represent funds, which have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the year. Some amounts reported in the schedule may differ from amounts used in the preparation of the financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Note 3: Expenditures Not Subject to Federal Single Audit

None

Note 4: Student Loans Processed and Administrative Costs Recovered - Not Included in Schedule

None

Note 5: Nonmonetary Federal Assistance Received

None

Note 6: Amounts Passed-Through by the College

The following amounts were passed-through to the listed subrecipients by the College. These amounts were from the Carl Perkins Tech Prep Program, CFDA 84.243 from the U.S. Department of Education through the Texas Higher Education Coordinating Board.

| | |
|------------------------------------|-------------------------|
| Bartlett ISD | \$ 2,500 |
| Belton ISD | 11,710 |
| Central Texas College | 1,984 |
| Copperas Cove ISD | 11,464 |
| Gatesville ISD | 7,037 |
| Hutto ISD | 718 |
| Temple ISD | 5,598 |
| Thorndale ISD | 4,600 |
| Total Amount Passed-Through | <u><u>\$ 45,611</u></u> |

Temple College

Schedule F

Schedule of Expenditures of State Awards
For the Year Ended August 31, 2011

| <u>State Grantor/Program Title</u> | <u>Contract Number</u> | <u>Expenditures</u> |
|---|------------------------|---------------------|
| Texas Workforce Commission | | |
| Skills Development | 2610SFD000 | \$ 53,634 |
| Texas Education Agency | | |
| State Adult Education | | 109,523 |
| Texas Higher Education Coordinating Board | | |
| Student Services Division | | |
| Texas Grant Program-Texas Grant I Initial | | 227,840 |
| Texas Grant Program-Texas Grant I Renewal | | 125,490 |
| Texas Grant Program-Texas Grant II Initial TEOG Initial | | 64,080 |
| Texas Grant Program-Texas Grant II Renewal TEOG Renewal | | 33,820 |
| Texas College Work Study | | 27,065 |
| Top 10% Scholarship | | 4,000 |
| State Vocational Nursing | | 564 |
| State Professional Nursing | | 3,505 |
| Be On Time | | 3,453 |
| Dramatic Growth | | 7,190 |
| Professional Nursing Growth Shortage Reduction | | 92,427 |
| Professional Nursing Growth Shortage Over 70% | | 40,219 |
| HNEP Subcontract from Scott & White | | 3,103 |
| | | <hr/> |
| Total Texas Higher Education Coordinating Board | | 632,756 |
| Texas Department of State Health Services | | |
| EMS DSHS Grant | 2011-037319 | 4,268 |
| Comptroller of Public Accounts | | |
| Jobs and Education for Texans JET Assoc. Grants | | 8,955 |
| Jobs and Education for Texans JET Certificate Grants | | 12,703 |
| | | <hr/> |
| Total Comptroller of Public Accounts | | 21,658 |
| TOTAL STATE FINANCIAL ASSISTANCE | | \$ 821,839 |
| | | <hr/> <hr/> |

Note 1: State Assistance Reconciliation

| | |
|--|-------------------|
| State Revenue - per Schedule A: | |
| State Grants and Contracts | 682,003 |
| State Appropriations - per Schedule C: | |
| Dramatic Growth | 7,190 |
| Professional Nursing Growth Shortage | 92,427 |
| Professional Nursing Over 70% | 40,219 |
| | <hr/> |
| | \$ 821,839 |
| | <hr/> <hr/> |

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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

AUDITORS' REPORTS ON CONTROLS AND COMPLIANCE



LOTT, VERNON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Temple College
Temple, Texas

Members of the Board:

We have audited the financial statements of Temple College, as of and for the year ended August 31, 2011 and 2010, and have issued our report thereon dated November 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

**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* (CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the State of Texas Single Audit Circular.

We noted certain other matters that we reported to management of the College in a separate letter dated November 17, 2011.

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

Temple, Texas
November 17, 2011

A handwritten signature in cursive script that reads "Jott, Vernon & Co., P.C." The signature is written in black ink and is positioned to the right of the date and location text.



LOTT, VERNON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE
OF TEXAS SINGLE AUDIT CIRCULAR**

Board of Trustees
Temple College
Temple, Texas

Members of the Board:

Compliance

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

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE
OF TEXAS SINGLE AUDIT CIRCULAR (CONTINUED)**

Internal Control Over Compliance

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

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

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

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

Temple, Texas
November 17, 2011

Fott, Vernon & Co., P.C.

TEMPLE COLLEGE

Schedule of Findings and Questioned Costs
August 31, 2011

I. Summary of Audit Results

Financial Statements

1. Type of auditor's report issued: *unqualified*
2. Internal control over financial reporting:
 Material weakness(es) identified? _____ yes X no
 Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

4. Internal control over major programs:
 Material weakness(es) identified? _____ yes X no
 Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported
5. Type of auditor's report issued on compliance for major programs: *unqualified*
6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 and State of Texas Single Audit Circular and Uniform Grant Management Standards? _____ yes X no

7. Identification of major programs:

| <u>Federal Programs</u> | <u>CFDA</u> | <u>State Programs</u> |
|---|-------------|--|
| Student Financial Aid Cluster: | | - Texas Workforce Commission – Skills Development |
| - FSEOG | 84.007 | - THECB – Texas Work-Study |
| - Federal College Work-Study Program | 84.033 | - THECB - Professional Nursing Growth Shortage (regular program) |
| - Federal Pell Grant Program | 84.063 | - THECB – Professional Nursing Growth Shortage (70%) |
| - Wm D Ford Direct Loans | 84.268 | |
| - Academic Competitiveness Grants | 84.375 | |
| Carl Perkins Basic & Leadership | 84.048 | |
| Carl Perkins Vocational Ed - Tech Prep Ed | 84.243 | |

TEMPLE COLLEGE

Schedule of Findings and Questioned Costs (Continued)

August 31, 2011

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

9. Auditee qualified as low-risk auditee? X yes _____ no

II. Financial Statement Findings

- None.

III. Federal and State Award Findings and Questioned Costs

- None.

STATISTICAL SUPPLEMENTS (UNAUDITED)

Temple College
 Statistical Supplement 1
 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 | \$6,765,414 | \$5,880,622 | \$4,778,739 | \$4,582,865 | \$3,906,448 | \$3,751,762 | \$4,350,860 | \$4,505,586 | \$4,900,179 | \$5,086,035 | |
| Restricted - expendable | 8,142,937 | 7,558,823 | 7,166,990 | 6,516,344 | 5,735,181 | 4,520,305 | 4,157,940 | 3,822,302 | 3,553,305 | 3,379,320 | |
| Restricted - nonexpendable | 459,024 | 1,005,336 | 965,045 | 939,083 | 976,479 | 895,280 | 891,169 | 873,568 | 806,749 | 739,571 | |
| Unrestricted | 10,711,136 | 7,649,654 | 6,276,598 | 5,980,950 | 5,169,079 | 4,960,908 | 4,925,092 | 3,755,522 | 1,922,412 | 1,553,374 | |
| Total primary government net assets | \$ 26,078,531 | \$ 22,094,635 | \$ 19,187,372 | \$ 18,019,242 | \$ 15,787,187 | \$ 14,128,255 | \$ 14,325,061 | \$ 12,956,978 | \$ 11,182,645 | \$ 10,758,300 | |

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2011 are available.

Temple College
 Statistical Supplement 2
 Revenue 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) | \$9,891,598 | \$9,122,959 | \$7,747,200 | \$7,580,630 | \$6,152,819 | \$4,662,393 | \$4,171,186 | \$4,094,418 | \$3,625,261 | \$3,240,175 | |
| Governmental Grants and Contracts | | | | | | | | | | | |
| Federal Grants and Contracts | 1,655,990 | 1,062,711 | 740,102 | 715,085 | 1,283,321 | 161,444 | 827,360 | 967,583 | 738,617 | 779,465 | |
| State Grants and Contracts | 682,003 | 683,484 | 1,476,760 | 942,675 | 505,441 | 238,470 | 473,639 | 220,431 | 541,878 | 1,017,027 | |
| Local Grants and Contracts | - | - | - | - | - | - | - | - | 3,245 | - | |
| Non-Governmental Grants and Contracts | 79,786 | 105,224 | 218,030 | 425,973 | 639,953 | 399,398 | 397,114 | 501,284 | 252,912 | 219,844 | |
| Sales and services of educational activities | 5,482 | 4,888 | 16,796 | 1,451 | 5,153 | 1,199 | 10,598 | 7,677 | 7,818 | 10,957 | |
| Auxiliary enterprises | 350,987 | 333,658 | 342,863 | 251,482 | 27,201 | 18,332 | 26,846 | 19,215 | 40,396 | 170,121 | |
| Other Operating Revenues | 530,522 | 450,363 | 510,210 | 679,446 | 783,821 | 689,894 | 604,456 | 340,362 | 236,019 | 250,950 | |
| Total Operating Revenues | 13,196,468 | 11,763,287 | 11,051,961 | 10,586,742 | 9,387,709 | 6,171,130 | 6,511,199 | 6,150,970 | 5,445,946 | 5,688,549 | |
| State Appropriations | 10,008,660 | 10,148,366 | 9,277,025 | 9,217,752 | 7,941,603 | 7,853,147 | 7,691,317 | 7,763,466 | 7,623,986 | 7,932,382 | |
| Ad Valorem Taxes | 7,090,970 | 7,082,194 | 6,837,720 | 6,540,884 | 5,559,280 | 5,272,429 | 5,075,606 | 4,690,324 | 4,590,324 | 4,091,390 | |
| Federal Revenue, Non-Operating | 14,364,741 | 12,949,735 | 8,861,090 | 5,960,615 | 4,786,107 | 3,645,116 | 3,569,200 | 3,588,658 | 3,701,765 | 2,484,716 | |
| Gifts | 1,127,816 | 18,150 | 82,017 | (23,573) | 191,206 | 221,826 | 462,385 | 733,026 | 167,319 | 365,534 | |
| Investment income | 31,761 | 49,062 | 132,410 | 515,459 | 583,948 | 280,092 | 179,795 | 133,436 | 87,480 | 324,722 | |
| Other non-operating revenues | 1,175 | - | 440 | 737 | 1,124,696 | 1,074,796 | 10,682 | 10,266 | 261,002 | 83,501 | |
| Total Non-Operating Revenues | 32,625,123 | 29,647,507 | 25,290,702 | 32,828,616 | 20,156,840 | 18,344,867 | 17,185,808 | 17,304,458 | 16,531,876 | 15,282,245 | |
| Total Revenues | \$ 45,821,591 | \$ 41,410,794 | \$ 36,342,663 | \$ 32,828,616 | \$ 29,554,549 | \$ 24,515,997 | \$ 23,697,007 | \$ 23,455,428 | \$ 21,977,822 | \$ 20,970,794 | |

| | For the Year Ended August 31, | | | | | | | | | | |
|--|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | |
| Tuition and fees (net of discounts) | 21.59% | 22.03% | 21.32% | 23.09% | 20.82% | 19.02% | 17.60% | 17.46% | 16.50% | 15.45% | |
| Governmental grants and contracts | | | | | | | | | | | |
| Federal grants and contracts | 3.61% | 2.57% | 2.04% | 2.18% | 4.34% | 0.66% | 3.49% | 4.13% | 3.36% | 3.72% | |
| State grants and contracts | 1.49% | 1.65% | 4.06% | 2.87% | 1.71% | 0.97% | 2.00% | 0.94% | 2.46% | 4.85% | |
| Local grants and contracts | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.00% | |
| Non-governmental grants and contracts | 0.17% | 0.25% | 0.60% | 1.30% | 2.17% | 1.63% | 1.68% | 2.14% | 1.15% | 1.05% | |
| Sales and services of educational activities | 0.01% | 0.01% | 0.05% | 0.00% | 0.02% | 0.00% | 0.04% | 0.03% | 0.04% | 0.05% | |
| Auxiliary enterprises | 0.77% | 0.81% | 0.94% | 0.77% | 0.09% | 0.07% | 0.11% | 0.08% | 0.18% | 0.81% | |
| Other operating revenues | 1.16% | 1.09% | 1.40% | 2.07% | 2.65% | 2.81% | 2.55% | 1.45% | 1.07% | 1.20% | |
| Total Operating Revenues | 28.80% | 28.41% | 30.41% | 32.28% | 31.80% | 25.17% | 27.45% | 26.22% | 24.75% | 27.13% | |
| State appropriations | 21.84% | 24.51% | 25.53% | 28.08% | 26.87% | 32.03% | 32.46% | 33.10% | 34.69% | 37.83% | |
| Ad valorem taxes | 15.48% | 17.10% | 18.81% | 19.92% | 18.81% | 21.50% | 22.25% | 21.64% | 21.34% | 19.51% | |
| Federal Revenue, Non-Operating | 31.35% | 29.82% | 24.66% | 18.22% | 16.09% | 14.87% | 15.06% | 15.30% | 16.84% | 11.85% | |
| Gifts | 2.46% | 0.04% | 0.23% | 0.65% | 0.90% | 0.90% | 0.76% | 0.76% | 0.76% | 1.74% | |
| Investment income | 0.07% | 0.12% | 0.36% | 1.57% | 1.98% | 1.14% | 0.76% | 0.57% | 0.40% | 1.55% | |
| Other non-operating revenues | 0.00% | 0.00% | 0.00% | 0.00% | 3.81% | 4.38% | 0.05% | 0.04% | 0.19% | 0.40% | |
| Total Non-Operating Revenues | 71.20% | 71.59% | 69.59% | 67.72% | 68.20% | 74.83% | 72.52% | 73.78% | 75.22% | 72.87% | |
| Total Revenues | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | |

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2011 are available.

Temple College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2002 to 2011
(unaudited)

For the Year Ended August 31,

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Instruction | \$ 12,981,271 | \$ 12,418,778 | \$ 11,228,164 | \$ 10,405,804 | \$ 9,857,398 | \$ 8,450,003 | \$ 8,036,825 | \$ 8,185,463 | \$ 8,125,434 | \$ 7,916,194 |
| Research | 1,021,402 | 910,929 | 1,970,941 | 1,525,417 | 1,028,000 | 821,408 | 1,016,858 | 745,183 | 734,563 | 1,247,511 |
| Public service | 2,400,693 | 2,301,416 | 2,010,326 | 1,760,203 | 1,640,030 | 1,566,348 | 1,489,693 | 1,023,154 | 992,328 | 873,515 |
| Academic support | 2,428,936 | 2,331,668 | 2,073,223 | 1,995,854 | 1,755,488 | 1,659,495 | 1,622,739 | 920,180 | 842,417 | 793,003 |
| Student services | 5,481,748 | 5,256,638 | 4,900,907 | 4,556,384 | 3,826,386 | 3,809,025 | 3,642,625 | 4,104,235 | 3,834,154 | 3,761,577 |
| Institutional support | 2,972,570 | 2,644,419 | 2,550,187 | 2,306,458 | 1,970,047 | 1,771,694 | 1,720,412 | 1,582,961 | 1,446,381 | 1,581,042 |
| Operation and maintenance of plant | 10,071,348 | 8,680,049 | 6,314,577 | 4,091,785 | 2,989,126 | 1,768,671 | 1,436,048 | 1,807,873 | 1,922,549 | 1,506,200 |
| Scholarships and fellowships | 1,124,467 | 1,211,278 | 1,083,607 | 922,054 | 839,069 | 784,585 | 774,350 | 698,122 | 737,795 | 924,707 |
| Auxiliary enterprises | 1,272,113 | 1,234,332 | 1,124,034 | 1,144,547 | 1,228,093 | 1,192,205 | 1,019,772 | 990,413 | 694,451 | 564,414 |
| Depreciation | 39,754,548 | 36,989,507 | 33,255,966 | 28,708,506 | 25,133,637 | 21,823,434 | 20,759,322 | 20,057,584 | 19,330,072 | 19,168,163 |
| Total Operating Expenses | 1,193,717 | 1,252,203 | 1,271,934 | 1,435,584 | 1,096,147 | 1,221,957 | 1,178,778 | 1,199,999 | 1,358,351 | 782,988 |
| Interest on capital related debt | 21,548 | 23,639 | 80,394 | 16,841 | 3,958 | 7,948 | 14,746 | 17,072 | 326,430 | 48,438 |
| Loss on disposal of fixed assets | 867,882 | 238,182 | 566,239 | 435,630 | 546,876 | 231,199 | 376,083 | 405,442 | - | - |
| Other non-operating expenses | 2,083,147 | 1,514,024 | 1,918,567 | 1,888,055 | 1,646,981 | 1,461,104 | 1,569,607 | 1,622,513 | 1,684,781 | 831,426 |
| Total Non-Operating Expenses | \$ 41,837,695 | \$ 38,503,531 | \$ 35,174,533 | \$ 30,596,561 | \$ 26,780,618 | \$ 23,284,538 | \$ 22,328,929 | \$ 21,680,097 | \$ 21,014,853 | \$ 19,999,589 |

For the Year Ended August 31,

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Instruction | 31.03% | 32.25% | 31.92% | 34.01% | 36.81% | 36.29% | 35.99% | 37.76% | 38.67% | 39.58% |
| Research | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Public service | 2.44% | 2.37% | 5.60% | 4.99% | 3.84% | 3.53% | 4.55% | 3.44% | 3.50% | 6.24% |
| Academic support | 5.74% | 5.98% | 5.72% | 5.75% | 6.12% | 6.73% | 6.67% | 4.72% | 4.72% | 4.37% |
| Student services | 5.81% | 6.06% | 5.89% | 6.52% | 6.56% | 7.13% | 7.27% | 4.24% | 4.01% | 3.97% |
| Institutional support | 13.10% | 13.65% | 13.93% | 14.89% | 14.29% | 16.36% | 16.31% | 18.93% | 18.24% | 18.81% |
| Operation and maintenance of plant | 7.11% | 6.87% | 7.25% | 7.54% | 7.36% | 7.61% | 7.70% | 7.30% | 6.88% | 7.91% |
| Scholarships and fellowships | 24.07% | 22.54% | 17.95% | 13.37% | 11.16% | 7.60% | 6.43% | 8.34% | 9.15% | 7.53% |
| Auxiliary enterprises | 2.69% | 3.15% | 3.08% | 3.01% | 3.13% | 3.37% | 3.47% | 3.22% | 3.51% | 4.62% |
| Depreciation | 3.04% | 3.21% | 3.20% | 3.74% | 4.59% | 5.12% | 4.57% | 4.57% | 3.30% | 2.82% |
| Total Operating Expenses | 95.02% | 96.07% | 94.55% | 93.83% | 93.85% | 93.73% | 92.97% | 92.52% | 91.98% | 95.84% |
| Interest on capital related debt | 2.85% | 3.25% | 3.62% | 4.69% | 4.09% | 5.25% | 5.28% | 5.54% | 6.46% | 3.92% |
| Loss on disposal of fixed assets | 0.05% | 0.06% | 0.23% | 0.06% | 0.01% | 0.03% | 0.07% | 0.08% | 1.55% | 0.24% |
| Other non-operating expenses | 2.07% | 0.62% | 1.61% | 1.42% | 2.04% | 0.99% | 1.68% | 1.87% | 0.00% | 0.00% |
| Total Non-Operating Expenses | 4.98% | 3.93% | 5.45% | 6.17% | 6.15% | 6.27% | 7.03% | 7.48% | 8.02% | 4.16% |
| Total Expenses | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2011 are available.

Temple College
 Statistical Supplement 4
 Tuition and Fees
 Last Ten Academic Years
 (unaudited)

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

| Academic Year (Fall) | In-District Tuition | Out-of-District Tuition | Technology Fees | Student Activity Fees | Other Fees | Cost for 12 SCH In-District | Cost for 12 SCH Out-of-District | Increase from Prior Year In-District | Increase from Prior Year Out-of-District |
|----------------------|---------------------|-------------------------|-----------------|-----------------------|------------|-----------------------------|---------------------------------|--------------------------------------|--|
| 2010 | \$ 54 | \$ 104 | \$ 7 | \$ - | \$ 19 | \$ 960 | \$ 1,560 | 6.67% | 8.33% |
| 2009 | 50 | 95 | 6 | - | 19 | 900 | 1,440 | 7.14% | 9.09% |
| 2008 | 47 | 87 | 4 | - | 19 | 840 | 1,320 | 0.00% | 0.00% |
| 2007 | 47 | 87 | 4 | - | 19 | 840 | 1,320 | 0.00% | 0.00% |
| 2006 | 47 | 87 | 4 | - | 19 | 840 | 1,320 | 12.90% | 15.79% |
| 2005 | 45 | 78 | - | - | 17 | 744 | 1,140 | 6.90% | 7.95% |
| 2004 | 41 | 71 | - | - | 17 | 696 | 1,056 | 5.45% | 6.02% |
| 2003 | 32 | 60 | - | 5 | 18 | 660 | 996 | 17.02% | 16.90% |
| 2002 | 26 | 50 | - | 5 | 16 | 564 | 852 | 9.30% | 9.23% |
| 2001 | 22 | 44 | - | 5 | 16 | 516 | 780 | 7.50% | 4.84% |

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

| Academic Year (Fall) | Non-Resident Tuition Out of State | Non-Resident Tuition International | Technology Fees | Student Activity Fees | Other Fees | Cost for 12 SCH Out of State | Cost for 12 SCH International | Increase from Prior Year Out of State | Increase from Prior Year International |
|----------------------|-----------------------------------|------------------------------------|-----------------|-----------------------|------------|------------------------------|-------------------------------|---------------------------------------|--|
| 2010 | \$ 170 | \$ 170 | \$ 7 | \$ - | \$ 19 | \$ 2,352 | \$ 2,352 | 3.16% | 3.16% |
| 2009 | 165 | 165 | 6 | - | 19 | 2,280 | 2,280 | 7.95% | 7.95% |
| 2008 | 153 | 153 | 4 | - | 19 | 2,112 | 2,112 | 0.00% | 0.00% |
| 2007 | 153 | 153 | 4 | - | 19 | 2,112 | 2,112 | 0.00% | 0.00% |
| 2006 | 153 | 163 | 4 | - | 19 | 2,112 | 2,112 | 17.33% | 17.33% |
| 2005 | 133 | 133 | - | - | 17 | 1,800 | 1,800 | 0.00% | 0.00% |
| 2004 | 133 | 133 | - | - | 17 | 1,800 | 1,800 | 2.04% | 2.04% |
| 2003 | 124 | 124 | - | 5 | 18 | 1,764 | 1,764 | 10.53% | 10.53% |
| 2002 | 112 | 112 | - | 5 | 16 | 1,596 | 1,596 | 7.26% | 7.26% |
| 2001 | 103 | 103 | - | 5 | 16 | 1,488 | 1,488 | 5.08% | 5.08% |

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

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

(amounts expressed in thousands)

Direct Rate

| Fiscal Year | Assessed Valuation of Property | Less: Exemptions | Taxable Assessed Value (TAV) | Ratio of Taxable Assessed Value to Assessed Value | Maintenance & Operations (a) | Debt Service (a) | Total (a) |
|-------------|--------------------------------------|------------------|------------------------------------|---|------------------------------------|------------------------|--------------|
| 2010-11 | \$ 4,213,569 | \$ 856,563 | \$ 3,357,006 | 79.67% | 0.156700 | 0.053300 | 0.210000 |
| 2009-10 | 4,237,104 | 855,079 | 3,382,025 | 79.82% | 0.157500 | 0.052500 | 0.210000 |
| 2008-09 | 4,136,044 | 872,473 | 3,263,571 | 78.91% | 0.180100 | 0.029900 | 0.210000 |
| 2007-08 | 3,874,490 | 865,446 | 3,009,044 | 77.66% | 0.164700 | 0.053300 | 0.218000 |
| 2006-07 | 3,616,986 | 854,479 | 2,762,507 | 76.38% | 0.163000 | 0.037000 | 0.200000 |
| 2005-06 | 3,481,986 | 835,980 | 2,646,006 | 75.99% | 0.166700 | 0.038700 | 0.205400 |
| 2004-05 | 3,293,101 | 817,916 | 2,475,185 | 75.16% | 0.173800 | 0.041600 | 0.215400 |
| 2003-04 | 3,018,982 | 757,809 | 2,261,173 | 74.90% | 0.178900 | 0.045600 | 0.224500 |
| 2002-03 | 2,925,033 | 728,156 | 2,196,877 | 75.11% | 0.177600 | 0.046900 | 0.224500 |
| 2001-02 | 2,727,702 | 657,510 | 2,070,192 | 75.90% | 0.177600 | 0.018000 | 0.195600 |

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

Temple 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 | Voc/Tech | | | State Appropriation per Contact Hour |
| | | | | Academic Contact Hours (a) | Contact Hours (a, b) | Total Contact Hours | |
| 2010-11 | \$ 7,654,460 | \$ 4,289.60 | \$ 1,784 | 1,813,032 | 842,655 | 2,544,412 | \$ 3.01 |
| 2009-10 | 7,741,971 | 4,009.23 | 1,931 | 1,781,000 | 810,630 | 2,591,630 | 2.99 |
| 2008-09 | 7,050,650 | 3,667.10 | 1,923 | 1,572,297 | 776,493 | 2,348,790 | 3.00 |
| 2007-08 | 7,050,649 | 3,352.60 | 2,103 | 1,439,896 | 689,698 | 2,129,594 | 3.31 |
| 2006-07 | 6,149,060 | 3,025.22 | 2,033 | 1,290,544 | 672,197 | 1,962,741 | 3.13 |
| 2005-06 | 6,164,634 | 2,647.99 | 2,328 | 1,154,416 | 583,975 | 1,738,391 | 3.55 |
| 2004-05 | 6,083,440 | 2,744.12 | 2,217 | 1,192,248 | 612,353 | 1,804,601 | 3.37 |
| 2003-04 | 6,083,542 | 2,653.17 | 2,293 | 1,113,448 | 646,003 | 1,759,451 | 3.46 |
| 2002-03 | 5,864,592 | 2,578.02 | 2,275 | 1,037,795 | 696,675 | 1,734,470 | 3.38 |
| 2001-02 | 6,306,013 | 2,468.85 | 2,554 | 970,192 | 687,401 | 1,657,593 | 3.80 |

Notes:

FTSE enrollment is based upon 30 SCH per student for SCH courses (CBM004) and 900 contact hours per student for CEU courses (CBM00C).

(a) Source CBM001

(b) Source CBM00A

Temple College
Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(unaudited)

| Taxpayer | Type of Business | Taxable Assessed Value (TAV) by Tax Year (\$000 omitted) | | | | | | | | | |
|---------------------------------------|------------------|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| McLane Company, Inc. | Food Supplier | \$ 119,495,788 | \$ 103,142,892 | \$ 108,106,597 | \$ 127,164,445 | \$ 118,688,778 | \$ 68,009,510 | \$ 67,352,070 | \$ 70,006,420 | \$ - | \$ - |
| Pactiv Corp | Manufacturing | 108,300,131 | 112,479,478 | 120,736,672 | 85,731,871 | 82,208,705 | 64,210,068 | 69,944,226 | 55,644,380 | 60,487,754 | 45,624,925 |
| Wal-Mart Real Estate Business Trust | Real Estate | 101,226,832 | 98,704,356 | 100,689,195 | 102,369,026 | 98,219,416 | - | - | - | - | - |
| Wilsonart International #68401 | Manufacturing | 77,939,544 | 85,237,223 | 96,479,186 | 94,882,694 | 94,819,214 | - | - | - | 83,172,588 | 118,094,220 |
| Sam's East Inc #6279 | Discount Chain | 45,436,338 | 21,332,380 | - | - | - | - | - | - | - | 19,488,709 |
| Oncor Electric | Utility | 38,398,648 | 35,842,350 | 45,160,152 | 46,838,173 | - | - | - | - | - | 26,462,807 |
| BNSF Railway Co | Transportation | 23,254,385 | 19,701,015 | 17,137,330 | 15,336,500 | 15,337,000 | - | - | - | - | - |
| H.E. Butt Grocery | Grocery Chain | 21,564,960 | - | - | - | - | - | - | - | - | - |
| Performance Food Group | Food Supplier | 18,436,429 | 15,842,556 | 15,812,670 | 15,532,592 | 14,940,468 | 15,008,368 | 13,834,346 | - | 15,138,398 | 13,770,458 |
| Coyote Temple Mall LP | Real Estate | 15,449,291 | 16,188,406 | 16,717,145 | 17,245,882 | 17,751,244 | 16,468,970 | - | - | - | - |
| General Electric Capital Corp | Utility | - | 14,623,746 | 16,742,349 | - | - | - | - | - | - | - |
| LJT Texas LP | Manufacturing | - | - | 22,139,012 | - | 12,307,880 | - | - | - | - | - |
| Southwestern Bell Telephone co. | Utility | - | - | - | 17,576,970 | 20,350,253 | 21,468,130 | 20,137,520 | 19,327,500 | 27,218,456 | 26,210,865 |
| Pecan Pointe LTD | Utility | - | - | - | 15,566,088 | - | - | - | - | - | - |
| TXU Electric Delivery Co. | Utility | - | - | - | - | 33,737,770 | 41,096,780 | 29,772,120 | 29,653,930 | - | - |
| Wal-Mart DC #6083 | Discount Chain | - | - | - | - | - | 47,444,072 | 86,485,005 | 85,601,080 | 46,495,852 | 53,569,198 |
| Wilsonart International, Inc #562160 | Manufacturing | - | - | - | - | - | 42,700,874 | 64,889,312 | 61,553,934 | - | - |
| North Arkansas Wholesale | Wholesale | - | - | - | - | - | 21,914,605 | 21,914,605 | 21,722,460 | 21,654,689 | 19,315,262 |
| Wilsonart International, Inc. #562155 | Manufacturing | - | - | - | - | - | 18,076,852 | 20,016,360 | 20,531,630 | - | - |
| Colonial Realty Limited Partnership | Real Estate | - | - | - | - | - | - | 16,280,768 | 17,422,223 | 17,422,223 | 17,277,256 |
| TXU Electric Co. | Utility | - | - | - | - | - | - | - | - | - | - |
| Wilsonart International #562161 | Manufacturing | - | - | - | - | - | - | - | 18,453,530 | - | - |
| McLane Southwest Inc. | Food Supplier | - | - | - | - | - | - | - | - | 54,457,420 | 59,594,910 |
| City of Temple | Municipal | - | - | - | - | - | - | - | - | - | 8,726,639 |
| Totals | | \$ 569,502,346 | \$ 523,094,402 | \$ 559,720,308 | \$ 538,244,241 | \$ 508,360,728 | \$ 356,398,229 | \$ 410,626,332 | \$ 399,917,087 | \$ 371,998,896 | \$ 392,548,472 |
| Total Taxable Assessed Value | | \$ 3,357,005,058 | \$ 3,382,024,841 | \$ 3,263,570,108 | \$ 3,009,044,202 | \$ 2,762,506,979 | \$ 2,646,005,795 | \$ 2,475,184,639 | \$ 2,261,173,313 | \$ 2,196,877,027 | \$ 2,070,192,369 |

| Taxpayer | Type of Business | % of Taxable Assessed Value (TAV) by Tax Year | | | | | | | | | |
|---------------------------------------|------------------|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| McLane Company, Inc. | Food Supplier | 3.56% | 3.05% | 3.31% | 4.23% | 4.30% | 2.57% | 2.72% | 3.10% | 0.00% | 0.00% |
| Pactiv Corp | Manufacturing | 3.23% | 3.33% | 3.70% | 2.85% | 2.98% | 2.43% | 2.83% | 2.46% | 2.75% | 2.20% |
| Wal-Mart Real Estate Business Trust | Real Estate | 3.02% | 2.92% | 3.09% | 3.40% | 3.56% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Wilsonart International #68401 | Manufacturing | 2.32% | 2.52% | 2.96% | 3.15% | 3.43% | 0.00% | 0.00% | 0.00% | 3.79% | 5.70% |
| Sam's East Inc #6279 | Discount Chain | 1.35% | 0.63% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.89% | 0.00% |
| Oncor Electric | Utility | 1.14% | 1.06% | 1.38% | 1.56% | 0.00% | 0.00% | 0.00% | 0.00% | 1.20% | 1.47% |
| BNSF Railway Co | Transportation | 0.69% | 0.58% | 0.53% | 0.51% | 0.56% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| H.E. Butt Grocery | Grocery Chain | 0.64% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Performance Food Group | Food Supplier | 0.55% | 0.47% | 0.48% | 0.52% | 0.54% | 0.57% | 0.56% | 0.00% | 0.69% | 0.67% |
| Coyote Temple Mall LP | Real Estate | 0.46% | 0.48% | 0.51% | 0.57% | 0.64% | 0.62% | 0.00% | 0.00% | 0.00% | 0.00% |
| General Electric Capital Corp | Utility | 0.00% | 0.43% | 0.51% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| LJT Texas LP | Manufacturing | 0.00% | 0.00% | 0.68% | 0.00% | 0.45% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Southwestern Bell Telephone Co. | Utility | 0.00% | 0.00% | 0.00% | 0.00% | 0.58% | 0.74% | 0.81% | 0.85% | 1.24% | 1.27% |
| Pecan Pointe LTD | Utility | 0.00% | 0.00% | 0.00% | 0.52% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| TXU Electric Delivery Co. | Utility | 0.00% | 0.00% | 0.00% | 0.00% | 1.22% | 1.55% | 1.20% | 1.31% | 0.00% | 0.00% |
| Wal-Mart DC #6083 | Discount Chain | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 1.79% | 3.49% | 2.12% | 2.12% | 2.59% |
| Wilsonart International, Inc #562160 | Manufacturing | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 1.61% | 2.62% | 2.72% | 0.00% | 0.00% |
| North Arkansas Wholesale | Wholesale | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.83% | 0.89% | 0.96% | 0.99% | 0.93% |
| Wilsonart International, Inc. #562155 | Manufacturing | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.68% | 0.81% | 0.91% | 0.00% | 0.00% |
| Colonial Realty Limited Partnership | Real Estate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.66% | 0.77% | 0.79% | 0.83% |
| TXU Electric Co. | Utility | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Wilsonart International #562161 | Manufacturing | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.82% | 0.00% | 0.00% |
| McLane Southwest Inc. | Food Supplier | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 2.48% | 2.88% |
| City of Temple | Municipal | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.42% |
| Totals | | 16.96% | 15.47% | 17.15% | 17.89% | 18.40% | 13.47% | 16.59% | 17.69% | 16.93% | 18.96% |

Source: Local County Appraisal District

Note: Some may be listed more than once because they have separate accounts.

Temple College
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
 (unaudited)

| Fiscal Year Ended August 31 | Levy (a) | Cumulative Levy Adjustments | Adjusted Tax Levy (b) | Collections - Year of Levy (c) | Percentage | Prior Collections of Prior Levy (d) | Current Collections of Prior Levies (e) | Total Collections (c+e) | Cumulative Collections of Adjusted Levy |
|-----------------------------|--------------|-----------------------------|-----------------------|--------------------------------|------------|-------------------------------------|---|-------------------------|---|
| 2011 | \$ 7,011,727 | \$ - | \$ 7,011,727 | \$ 6,897,018 | 98.36% | | \$ 121,825 | \$ 7,018,843 | 100.10% |
| 2010 | 7,066,721 | - | 7,066,721 | 6,943,931 | 98.26% | | 74,657 | 7,018,588 | 99.32% |
| 2009 | 6,833,459 | - | 6,833,459 | 6,710,567 | 98.20% | | 67,363 | 6,777,930 | 99.19% |
| 2008 | 6,559,805 | - | 6,559,805 | 6,412,398 | 97.75% | | 70,849 | 6,483,247 | 98.83% |
| 2007 | 5,694,844 | - | 5,694,844 | 5,440,027 | 95.53% | | 67,268 | 5,507,295 | 96.71% |
| 2006 | 5,434,930 | - | 5,434,930 | 5,205,897 | 95.79% | | 14,953 | 5,220,850 | 96.06% |
| 2005 | 5,331,563 | - | 5,331,563 | 5,157,703 | 96.74% | | 62,744 | 5,220,447 | 97.92% |
| 2004 | 5,076,336 | - | 5,076,336 | 4,976,810 | 98.04% | | 53,882 | 5,030,692 | 99.10% |
| 2003 | 4,931,989 | - | 4,931,989 | 4,720,299 | 95.71% | | (78,882) | 4,641,417 | 94.11% |
| 2002 | 4,049,296 | - | 4,049,296 | 4,003,271 | 98.86% | | 88,119 | 4,091,390 | 101.04% |

Source: Local Tax Assessor/Collector and District records.

- (a) As reported in notes to the financial statements for the year of levy.
- (b) As of August 31st of the current reporting year.
- (c) Property tax only
- (d) Unavailable
- (e) As of August 31 for prior years.

Temple College
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(unaudited)

For the Year Ended August 31

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Bonded Debt | | | | | | | | | | |
| General obligation bonds | \$ 25,095,000 | \$ 13,060,000 | \$ 13,980,000 | \$ 14,860,000 | \$ 15,600,000 | \$ 8,660,000 | \$ 9,195,000 | \$ 9,710,000 | \$ 10,205,000 | \$ 10,455,000 |
| Less: Funds restricted for debt service | (790,206) | (462,310) | (248,993) | (247,091) | (204,209) | (89,582) | (88,867) | (64,899) | (68,737) | (75,200) |
| Net General Bonded Debt | \$ 24,304,794 | \$ 12,597,690 | \$ 13,731,007 | \$ 14,612,909 | \$ 15,395,791 | \$ 8,570,418 | \$ 9,106,133 | \$ 9,645,101 | \$ 10,136,263 | \$ 10,379,800 |
| Other Debt | | | | | | | | | | |
| Revenue bonds | \$ 13,492,264 | \$ 14,331,975 | \$ 15,139,586 | \$ 14,389,586 | \$ 14,979,586 | \$ 12,959,586 | \$ 13,489,486 | \$ 13,984,586 | \$ 10,769,586 | \$ 11,079,586 |
| Capital lease obligations | 1,777,459 | 2,041,740 | 2,292,532 | 2,035,894 | 2,164,406 | 2,231,917 | 2,261,713 | 97,092 | 126,466 | - |
| Total Outstanding Debt | \$ 39,574,517 | \$ 28,971,405 | \$ 31,163,125 | \$ 31,038,389 | \$ 32,539,783 | \$ 23,761,921 | \$ 24,857,332 | \$ 23,726,779 | \$ 21,032,315 | \$ 21,459,386 |
| General Bonded Debt Ratios | | | | | | | | | | |
| Per capita | \$ 404.27 | \$ 209.54 | \$ 228.39 | \$ 244.42 | \$ 260.30 | \$ 150.82 | \$ 161.98 | \$ 173.16 | \$ 182.42 | \$ 188.29 |
| Per student | 5,665 | 3,142 | 3,744 | 4,359 | 5,090 | 3,237 | 3,319 | 3,636 | 3,932 | 4,204 |
| As a percentage of taxable assessed value | 0.75% | 0.37% | 0.42% | 0.49% | 0.56% | 0.32% | 0.37% | 0.43% | 0.46% | 0.50% |
| Total Outstanding Debt Ratios | | | | | | | | | | |
| Per capita | \$ 658.26 | \$ 481.89 | \$ 518.35 | \$ 515.11 | \$ 550.15 | \$ 418.15 | \$ 442.18 | \$ 425.98 | \$ 378.50 | \$ 389.26 |
| Per student | 9,225 | 7,227 | 8,498 | 9,260 | 10,757 | 8,974 | 9,059 | 8,943 | 8,158 | 8,692 |
| As a percentage of taxable assessed value | 1.18% | 0.86% | 0.95% | 1.03% | 1.18% | 0.90% | 1.00% | 1.05% | 0.96% | 1.04% |

Notes: Used Temple College's taxing district (the population of the City of Temple) for the ratio per capita. Other ratios based on Supplemental Schedules 6.

Temple College
 Statistical Supplement 10
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (unaudited)

| | For the Year Ended August 31 | | | | | | | | | |
|---|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Taxable Assessed Value | \$ 3,357,005,058 | \$ 3,382,024,841 | \$ 3,263,570,108 | \$ 3,009,044,202 | \$ 2,762,506,979 | \$ 2,646,005,795 | \$ 2,475,184,639 | \$ 2,261,173,313 | \$ 2,196,877,027 | \$ 2,070,192,369 |
| General Obligation Bonds | | | | | | | | | | |
| Authorized Tax Limit .25 per \$100 valuation | 8,392,513 | 8,455,062 | 8,159,925 | 7,522,611 | 6,906,267 | 6,615,014 | 6,187,962 | 5,652,933 | 5,492,193 | 5,175,481 |
| Assessed for M&O and Debt | (5,300,848) | (5,323,216) | (5,856,425) | (4,938,585) | (4,532,812) | (4,280,000) | (4,259,262) | (4,080,561) | (3,701,765) | (3,716,368) |
| Less: Current Operation M&O Taxes | (790,206) | (462,310) | (248,993) | (247,091) | (204,209) | (89,582) | (86,867) | (64,899) | (68,737) | (75,200) |
| Less: Funds Restricted for Repayment of General Obligation Bonds | | | | | | | | | | |
| Total Net General Obligation Debt Margin | 2,301,459 | 2,669,536 | 2,053,507 | 2,336,935 | 2,169,246 | 2,245,432 | 1,839,833 | 1,507,473 | 1,721,691 | 1,383,913 |
| Current Year Debt Service Requirements | 965,000 | 920,000 | 880,000 | 740,000 | 560,000 | 535,000 | 515,000 | 495,000 | 250,000 | 235,000 |
| Excess of Authorized for M & O and Debt Service over Current Requirements | \$ 6,637,307 | \$ 7,072,752 | \$ 7,029,932 | \$ 6,535,520 | \$ 6,142,058 | \$ 5,990,432 | \$ 5,584,095 | \$ 5,093,034 | \$ 5,173,456 | \$ 4,865,281 |
| Net Current Requirements as a % of Authorized Rate | 2.08% | 5.41% | 7.73% | 6.55% | 5.15% | 6.73% | 6.89% | 7.61% | 3.30% | 3.09% |

Note: Maximum authorized rate for Temple College is .25 per \$100. For current year 0.1567 is the rate for Maintenance and Operations and 0.0533 for Debt Service, for a total of .2100.

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

Revenue Bonds

| Fiscal Year Ended August 31 | Pledged Revenues | | | | | | Debt Service Requirements | | | Coverage Ratio (%) |
|--------------------------------|----------------------|--------------------|------------|----------------|------------------|-----------|---------------------------|----------|-----------|-----------------------|
| | Auxiliary Revenue | Interest Income | Use Fee | General Fee | Other Pledged | Total | Principal | Interest | Total | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| 2011 | 350,987 | 23,179 | 2,119,388 | 249,340 | - | 2,742,894 | 839,711 | 754,857 | 1,594,568 | 1.72 |
| 2010 | 333,658 | 19,439 | 2,059,713 | 242,038 | - | 2,654,848 | 807,611 | 775,660 | 1,583,271 | 1.68 |
| 2009 | 342,863 | 74,707 | 1,808,098 | 212,691 | - | 2,438,359 | 750,000 | 576,728 | 1,326,728 | 1.84 |
| 2008 | 251,482 | 246,975 | 1,650,104 | 194,163 | - | 2,342,724 | 590,000 | 600,197 | 1,190,197 | 1.97 |
| 2007 | 220,861 | 327,892 | 1,465,441 | 86,440 | 9,326 | 2,109,960 | 555,000 | 628,615 | 1,183,615 | 1.78 |
| 2006 | 138,904 | 247,786 | 1,311,854 | - | 9,326 | 1,707,870 | 530,000 | 646,590 | 1,176,590 | 1.45 |
| 2005 | 139,726 | 171,842 | 1,359,847 | - | 9,326 | 1,680,741 | 495,000 | 663,225 | 1,158,225 | 1.45 |
| 2004 | 523,186 | 79,557 | 1,109,072 | - | 9,326 | 1,721,141 | 325,000 | 561,945 | 886,945 | 1.94 |
| 2003 | 488,363 | 61,797 | 1,041,100 | - | 9,326 | 1,600,586 | 310,000 | 577,220 | 887,220 | 1.80 |
| 2002 | 581,344 | 111,946 | 999,296 | - | 9,326 | 1,701,912 | - | - | - | - |

Temple College
Statistical Supplement 12
Demographic and Economic Statistics - Bell County
Last Ten Fiscal Years
(unaudited)

| Calendar Year | Bell County Population | Bell County Personal Income (a) (thousands of dollars) | Bell County Personal Income Per Capita | Bell County Unemployment Rate |
|---------------|------------------------|--|--|-------------------------------|
| 2010 | 310,235 | NA | NA | 7.5% |
| 2009 | 285,787 | \$ 11,385,582 | \$ 39,839 | 6.7% |
| 2008 | 285,084 | 10,761,807 | 37,682 | 5.0% |
| 2007 | 277,743 | 9,559,309 | 34,414 | 4.5% |
| 2006 | 273,458 | 8,826,958 | 33,222 | 5.0% |
| 2005 | 256,057 | 7,979,543 | 30,469 | 5.1% |
| 2004 | 250,466 | 7,124,285 | 28,444 | 5.5% |
| 2003 | 249,193 | 6,678,408 | 26,800 | 6.4% |
| 2002 | 244,763 | 6,282,305 | 25,667 | 6.0% |
| 2001 | 240,735 | 5,943,406 | 24,689 | 5.0% |

Sources:

Texas Association of Counties

Temple College
 Statistical Supplement 13
 Principal Employers (top 10)
 Current Fiscal Year
 (unaudited)

| Employer | 2010-2011 | | 2009-2010 | | 2008-2009 | | 2007-2008 | | 2006-2007 | | 2005-2006 | |
|---|---------------------|------------------------------------|---------------------|------------------------------------|---------------------|------------------------------------|---------------------|------------------------------------|---------------------|------------------------------------|---------------------|------------------------------------|
| | Number of Employees | Percentage of Total Employment (2) | Number of Employees | Percentage of Total Employment (2) | Number of Employees | Percentage of Total Employment (2) | Number of Employees | Percentage of Total Employment (2) | Number of Employees | Percentage of Total Employment (2) | Number of Employees | Percentage of Total Employment (2) |
| Scott & White Hospital & Clinic | 6,000 | 20.16% | 8,000 | 27.95% | 6,848 | 23.96% | 7,000 | 24.52% | 7,608 | 26.63% | 7,608 | 26.63% |
| Central Texas Veterans Healthcare Systems | 2,850 | 9.58% | 2,269 | 7.94% | 2,269 | 7.94% | 2,269 | 7.95% | 2,753 | 9.64% | 2,753 | 9.64% |
| Wilsonart International | 2,000 | 6.72% | 1,072 | 3.75% | 1,204 | 4.21% | 1,309 | 4.59% | 1,685 | 5.90% | 1,685 | 5.90% |
| McLane Company, Inc and McLane Southwest | 1,800 | 6.05% | 2,255 | 7.88% | 2,385 | 8.35% | 1,532 | 5.37% | 1,549 | 5.42% | 1,549 | 5.42% |
| Wal-Mart Store, Distribution Center, and Sam's Club | 1,450 | 4.87% | 1,700 | 5.94% | 1,398 | 4.89% | 782 | 2.74% | 660 | 2.31% | 660 | 2.31% |
| Temple Independent School District | 1,350 | 4.54% | 1,327 | 4.64% | 1,327 | 4.64% | 1,301 | 4.56% | 1,368 | 4.79% | 1,368 | 4.79% |
| PACTIV Packaging | 780 | 2.62% | 1,056 | 3.72% | 1,066 | 3.73% | 820 | 2.87% | 1,046 | 3.66% | 1,046 | 3.66% |
| City of Temple | 626 | 2.10% | 759 | 2.65% | 759 | 2.66% | 856 | 3.00% | 637 | 2.23% | 637 | 2.23% |
| Sprint Nextel Communications | 550 | 1.85% | 1,000 | 3.49% | 1,000 | 3.50% | 1,120 | 3.92% | 1,000 | 3.50% | 1,000 | 3.50% |
| Artco-Bell Corporation | 426 | 1.43% | 580 | 2.03% | | | | | | | | |
| Total | 17,832 | 59.92% | 20,028 | 69.98% | 18,256 | 63.88% | 16,989 | 59.52% | 18,306 | 64.08% | 18,306 | 64.08% |

Source:
 Texas Workforce Commission
 Temple Economic Development Corporation
 City of Temple

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

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

| | Fiscal Year | | | | | | | | | |
|---------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2010-2011 | 2009-2010 | 2008-2009 | 2007-2008 | 2006-2007 | 2005-2006 | 2004-2005 | 2003-2004 | 2002-2003 | 2001-2002 |
| Faculty | | | | | | | | | | |
| Full-Time | 117 | 113 | 99 | 97 | 94 | 85 | 85 | 80 | 82 | 82 |
| Part-Time | 196 | 186 | 146 | 175 | 162 | 150 | 149 | 119 | 110 | 106 |
| Total | 313 | 299 | 245 | 272 | 256 | 235 | 234 | 199 | 192 | 188 |
| Percent | | | | | | | | | | |
| Full-Time | 37.4% | 37.8% | 40.4% | 35.7% | 36.7% | 36.2% | 36.3% | 40.2% | 42.7% | 43.6% |
| Part-Time | 62.6% | 62.2% | 59.6% | 64.3% | 63.3% | 63.8% | 63.7% | 59.8% | 57.3% | 56.4% |
| Staff and Administrators | | | | | | | | | | |
| Full-Time | 138 | 141 | 149 | 149 | 144 | 157 | 150 | 139 | 155 | 140 |
| Part-Time | 18 | 15 | 15 | 15 | 15 | 5 | 6 | 6 | 12 | 15 |
| Total | 156 | 156 | 164 | 164 | 159 | 162 | 156 | 145 | 167 | 155 |
| Percent | | | | | | | | | | |
| Full-Time | 88.5% | 90.4% | 90.9% | 90.9% | 90.6% | 96.9% | 96.2% | 95.9% | 92.8% | 90.3% |
| Part-Time | 11.5% | 9.6% | 9.1% | 9.1% | 9.4% | 3.1% | 3.8% | 4.1% | 7.2% | 9.7% |
| FTSE per Full-time Faculty | 28.7 | 29.7 | 33.9 | 34.6 | 32.2 | 31.2 | 32.3 | 33.2 | 31.4 | 30.1 |
| FTSE per Full-Time Staff Member | 24.3 | 23.8 | 22.5 | 22.5 | 21.0 | 16.9 | 18.3 | 19.1 | 16.6 | 17.6 |
| Average Annual Faculty Salary | \$51,144 | \$52,834 | \$51,628 | \$50,865 | \$49,560 | \$48,386 | \$43,386 | \$45,596 | \$45,779 | \$47,995 |

Temple College
 Statistical Supplement 17
 Transfers to Senior Institutions
 2009-10 Students as of Fall 2010
 (Includes only public senior colleges in Texas)

| <u>Institution</u> | <u>Transfer Student Count</u> | | | <u>All Transfers</u> | <u>% of Temple College Transfers</u> |
|---|-------------------------------|------------------|------------------|----------------------|--------------------------------------|
| | <u>Academic</u> | <u>Technical</u> | <u>Tech-Prep</u> | | |
| Texas A&M University | 126 | | 2 | 128 | 19.6% |
| Texas State University - San Marcos | 111 | 1 | | 112 | 17.2% |
| Texas A&M University - Central Texas | 68 | 1 | 2 | 71 | 10.9% |
| The University of Texas at Austin | 67 | | | 67 | 10.3% |
| Tarleton State University | 41 | 2 | 3 | 46 | 7.0% |
| Sam Houston State University | 32 | | | 32 | 4.9% |
| University of North Texas | 27 | | 1 | 28 | 4.3% |
| Stephen F. Austin State University | 21 | | | 21 | 3.2% |
| Texas Tech University | 21 | | | 21 | 3.2% |
| The University of Texas at Arlington | 21 | | | 21 | 3.2% |
| The University of Texas at San Antonio | 18 | | | 18 | 2.8% |
| Angelo State University | 15 | | | 15 | 2.3% |
| Texas A&M University - Corpus Christi | 11 | | | 11 | 1.7% |
| University of Houston | 9 | | | 9 | 1.4% |
| Texas Woman's University | 7 | | 2 | 9 | 1.4% |
| West Texas A&M University | 5 | | | 5 | 0.8% |
| Texas A&M University - Kingsville | 4 | | | 4 | 0.6% |
| The University of Texas at Dallas | 4 | | | 4 | 0.6% |
| The University of Texas at Tyler | 4 | | | 4 | 0.6% |
| Lamar University | 3 | | 1 | 4 | 0.6% |
| Midwestern State University | 3 | | | 3 | 0.5% |
| Texas A&M University - Commerce | 3 | | | 3 | 0.5% |
| University of Houston - Downtown | 3 | | | 3 | 0.5% |
| Prairie View A&M University | 2 | | | 2 | 0.3% |
| The University of Texas of the Permian Basin | 2 | | | 2 | 0.3% |
| Texas Tech University Health Sciences Center | 2 | | | 2 | 0.3% |
| The University of Texas Medical Branch at Galveston | 2 | | | 2 | 0.3% |
| Sul Ross State University | 1 | | | 1 | 0.2% |
| Texas Southern University | 1 | | | 1 | 0.2% |
| The University of Texas at El Paso | 1 | | | 1 | 0.2% |
| University of Houston - Victoria | 1 | | | 1 | 0.2% |
| The University of Texas Health Science Center at Houston | 1 | | | 1 | 0.2% |
| University of North Texas Health Science Center at Fort Worth | 1 | | | 1 | 0.2% |
| Totals | 638 | 4 | 11 | 653 | 100.0% |

Source: Automated Student & Adult Learner Follow-up System

Temple College
Statistical Supplement 18
Schedule of Capital Asset Information
Fiscal Years 2002 to 2011
(unaudited)

| | Fiscal Year | | | | | | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | <u>2010-2011</u> | <u>2009-2010</u> | <u>2008-2009</u> | <u>2007-2008</u> | <u>2006-2007</u> | <u>2005-2006</u> | <u>2004-2005</u> | <u>2003-2004</u> | <u>2002-2003</u> | <u>2001-2002</u> |
| Academic buildings | | | | | | | | | | |
| Square footage | 465,853 | 465,853 | 465,853 | 316,958 | 298,726 | 280,611 | 280,611 | 237,022 | 237,022 | 214,767 |
| Libraries | | | | | | | | | | |
| Square footage | 19,830 | 19,830 | 19,830 | 19,830 | 19,830 | 19,830 | 19,830 | 19,830 | 19,830 | 19,830 |
| Number of Volumes | 59,499 | 58,771 | 58,488 | 58,823 | 58,759 | 58,000 | 57,000 | 57,000 | 57,000 | 56,000 |
| Administrative and support buildings | | | | | | | | | | |
| Square footage | 18,752 | 18,752 | 18,752 | 18,752 | 18,752 | 18,752 | 18,752 | 13,152 | 13,152 | 13,152 |
| Dining Facilities | | | | | | | | | | |
| Square footage | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| Average daily customers | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 75 | - | 75 |
| Athletic Facilities | | | | | | | | | | |
| Square footage | 37,818 | 37,818 | 37,818 | 37,818 | 37,818 | 37,818 | 37,818 | 37,818 | 37,818 | 37,818 |
| Gymnasiums | 10,080 | 10,080 | 10,080 | 10,080 | 10,080 | 10,080 | 10,080 | 10,080 | 10,080 | 10,080 |
| Fitness Centers | 6,475 | 6,475 | 6,475 | 6,475 | 6,475 | 2,144 | 2,144 | 2,144 | 2,144 | 2,144 |
| Tennis Court | N/A | N/A | N/A | N/A | N/A | - | 25,000 | 25,000 | 25,000 | 25,000 |
| Plant facilities | | | | | | | | | | |
| Square footage | 15,037 | 15,037 | 15,037 | 8,217 | 8,217 | 8,217 | 8,217 | 8,217 | 8,217 | 8,217 |
| Transportation | | | | | | | | | | |
| Cars | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | - | - |
| Light Trucks/Vans | 9 | 9 | 10 | 10 | 8 | 9 | 9 | 11 | 11 | 9 |
| Buses | 2 | 2 | 2 | 2 | 1 | 1 | - | - | - | - |