

TEXARKANA COLLEGE

Texarkana, Texas

ANNUAL FINANCIAL REPORT

For The Years Ended

August 31, 2011 and 2010

TEXARKANA COLLEGE

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ORGANIZATIONAL DATA

TEXARKANA COLLEGE

ORGANIZATIONAL DATA

AUGUST 31, 2011 and 2010

Board of Trustees

Officers

Randy Moore	President
Jennell Ingram	Vice President
Molly Beth Malcolm	Secretary

Members

Term Expires

Jennell Ingram	Texarkana, Texas	2012
Julie-Ray Harrison	Texarkana, Texas	2012
Molly Beth Malcolm	Texarkana, Texas	2012
Randy Moore	Texarkana, Texas	2014
David Potter	Texarkana, Texas	2014
Mike Sandefur	Texarkana, Texas	2014
Thomas Coleman	Texarkana, Texas	2016
Dr. C. Jack Smith	Texarkana, Texas	2016
Terry Taylor	Texarkana, Texas	2016

Key Officers

James Henry Russell	President
Dr. Daniel DoBell	Vice President of Administration & Finance
Dr. Lynn Persyn	Vice President of Learning
Suzy Irwin	Director of Public Relations, Grants, & Foundation
Dr. Raphael Turner	Dean of Students and Student Services
Lauren Hehmeyer	Dean of Academic Affairs and Development
Dr. Mannie Hall	Dean of Workforce Education and Business Development

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Texarkana College and the
Texarkana College Foundation, Inc.

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of the Texarkana College (the College) and the Texarkana College Foundation, Inc. (the Foundation) as of and for the year ended August 31, 2011 and December 31, 2010 respectively, which collectively comprise the College and the Foundation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College and the Foundation's management. Our responsibility is to express opinions on these financial statements based on our audit. The basic financial statements of the College and the Foundation as of and for the year ended August 31, 2010 and December 31, 2009, respectively, were audited by other auditors, whose report dated December 14, 2010, expressed an unqualified opinion on those financial statements. As discussed in Note 2, the College has restated its August 31, 2010 financial statements during the current year to reflect proper matching of revenues and expenses, in conformity with accounting principles generally accepted in the United States of America. The prior auditors reported on the August 31, 2010 financial information before the restatement.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

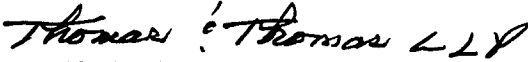
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the business-type activities and the aggregate discretely presented component unit of the Texarkana College and the Texarkana College Foundation, Inc. as of August 31, 2011 and December 31, 2010 respectively, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments described in Note 2, which were applied to restate the August 31, 2010 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2011, on our consideration of the College's and the Foundation's internal control over financial reporting and our tests of 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Texarkana College and the Texarkana College Foundation, Inc.'s financial statements as a whole. The schedule of expenditures of federal awards is 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 is also not a required part of the basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of 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 taken as a whole. The statistical sections, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Certified Public Accountants

Texarkana, Texas
December 19, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Texarkana College
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2011 and 2010

This section of Texarkana College's annual financial report presents management's discussion and analysis of the financial performance of the college during the fiscal years ending 2009, 2010 and 2011. This discussion should be read in conjunction with the accompanying financial statements, notes to the financial statements, and supplemental information. The financial statements, notes to the financial statements, supplemental information, and this discussion are the responsibility of Texarkana College's management.

A Brief Discussion of the Basic Financial Statements

This annual report contains financial statements prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities*. These financial statements differ significantly, in both the form and the accounting principles utilized, from financial statements issued prior to 2002. The financial statements presented in years prior to 2002 focused on the accountability of fund groups, while these statements focus on the financial condition, the results of operations, and cash flows of the College as a whole.

The financial statements prescribed by GASB No. 35 (the Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows) present financial information similar to that used by commercial enterprises. The statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Net Assets includes all assets and liabilities. Decreases over time in the net assets (the difference between assets and liabilities) would be one indicator of the deterioration of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital financing and related investing activities. The statement helps measure the ability to pay operating expenses with operating revenues and the extent that capital assets are financed.

Texarkana College
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
August 31, 2011 and 2010

Financial Position Summary

Assets	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 11,997,061	\$ 18,627,340	\$ 23,315,401
Capital assets	20,991,552	19,779,873	19,716,574
Total assets	<u>32,988,613</u>	<u>38,407,213</u>	<u>43,031,975</u>
Liabilities			
Long term liabilities	634,662	688,011	725,372
Other liabilities	6,503,461	3,344,602	3,294,106
Total liabilities	<u>7,138,123</u>	<u>4,032,613</u>	<u>4,019,478</u>
Net Assets			
Invested in capital assets	20,991,552	19,779,873	19,716,574
Restricted	3,211,100	3,063,248	3,029,734
Unrestricted	1,647,838	11,531,479	16,266,189
Total net assets	<u>\$ 25,850,490</u>	<u>\$ 34,374,600</u>	<u>\$ 39,012,497</u>

The College's capital assets represent 64% of the total assets at August 31, 2011 compared to 52% at August 31, 2010. The largest component of capital assets is the College's investment in buildings. The buildings represent 74% of the capital assets at the end of the 2011 fiscal year compared to 74% for 2010. Adequate facilities are an important factor in the ability of the College to meet the education needs of current and future students.

Summary of Changes in Net Assets

Operating Revenues:	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Tuition and Fees	\$ 3,419,023	\$ 5,208,655	\$ 4,276,800
Federal Grants and Contracts	1,152,471	346,925	848,698
Net Auxiliary Enterprises	1,644,430	2,116,250	2,320,449
State Grants and Contracts	433,791	428,863	857,584
Non - Governmental grants	173,102	87,417	66,953
Sales and services activities	289,905	179,181	144,618
Other	560,859	524,447	465,667
Total Operating Revenue	<u>\$ 7,673,581</u>	<u>\$ 8,891,738</u>	<u>\$ 8,980,769</u>

Texarkana College
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
August 31, 2011 and 2010

Summary of Changes in Net Assets - continued

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating Expenses:			
Instruction	\$ 13,935,976	\$ 11,772,225	\$ 12,255,073
Academic Support	2,904,737	1,917,722	1,867,262
Student Services	2,793,009	2,230,665	1,906,379
Institutional Support	6,746,109	2,263,048	2,788,637
Operation and Maintenance of Plant	2,449,060	6,334,992	2,484,075
Scholarships and Fellowships	3,462,892	4,104,643	2,713,959
Auxiliary Enterprises	2,212,327	2,878,113	2,902,848
Depreciation	1,126,137	995,800	996,357
Total Operating Expenses	<u>35,630,247</u>	<u>32,497,208</u>	<u>27,914,590</u>
Operating Loss	<u>(27,956,666)</u>	<u>(23,605,470)</u>	<u>(18,933,821)</u>
Non-Operating Income			
State Appropriations	10,919,861	11,278,370	11,575,761
Taxes	1,245,710	1,261,793	1,169,121
Federal Grants Non Operating	6,366,406	5,994,525	4,030,961
Investment Income	188,710	307,216	353,214
Gifts	18,768	-	55,451
Other Non-Operating Income	693,101	125,669	55,000
Net Non-Operating Revenues	<u>19,432,556</u>	<u>18,967,573</u>	<u>17,239,508</u>
Decrease in Net Assets	(8,524,110)	(4,637,897)	(1,694,313)
Net Assets-Beginning of Year	34,374,600	39,012,497	40,706,810
Net Assets-End of Year	<u>\$ 25,850,490</u>	<u>\$ 34,374,600</u>	<u>\$ 39,012,497</u>

The College's net assets decreased \$8,524,110 for the year ended August 31, 2011 compared to a decrease of \$4,637,897 for the year ended August 31, 2010. The change from 2011 to 2010 of approximately \$3,886,213 results from the following significant items.

Continued Implementation of Banner Software System	\$3,000,000
Increase in College's share of rising star scholarships	\$300,000
Decrease in State Funding	\$200,000

Texarkana College
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
August 31, 2011 and 2010

Summary of Changes in Net Assets – continued

In addition, the unrestricted operating education expenditures increased by approximately 12% while state funding, the major source of funding for these expenditures, decreased by 3%.

The College's net assets decreased \$4,637,897 and \$1,654,758 for the years ended August 31, 2010 and 2009, respectively. The 2010 decrease resulted in part from significant increases in rising star scholarships, banner software system installation and plant expenditures. The 2009 decrease resulted in part from significant increases in rising star scholarships and plant expenditures.

The College's unrestricted net assets decreased by \$9,883,641 for the year ended August 31, 2011. The unrestricted net assets are the assets that generate the College's investment income.

The College's available cash and cash equivalents decreased \$500,559 during the year ended August 31, 2011.

The College's available cash and cash equivalents decreased by \$11,488,395 during the year ended August 31, 2010. This significant decrease is due to certificates of deposit being reclassified in 2009 as cash and cash equivalents because of their short maturity dates. The shorter maturity dates required these investments to be classified as cash equivalents per accounting standards. Subsequently, in 2010, there were no certificates of deposit which required reclassification. Other factors contributing to the decrease in cash include an increase in accounts receivable and decrease in state appropriations.

The College's available cash and cash equivalents increased by \$10,807,358 during the year ended August 31, 2009.

Analysis of College's Overall Financial Position and Results of Operation

Current and other assets, as of August 31, 2011, totaled \$11,997,061 which is 36% of the total assets. Approximately 54% of the current assets are in cash or are invested in certificates of deposit at August 31, 2011.

Texarkana College
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
August 31, 2011 and 2010

Analysis of College's Overall Financial Position and Results of Operation (continued)

Current and other assets, as of August 31, 2010, totaled \$18,627,340 which is 48% of the total assets. Approximately 85% of the current assets are invested in certificates of deposit at August 31, 2010.

Current assets, as of August 31, 2009, totaled \$23,315,401 which is 54% of the total assets. Approximately 89% of the current assets are invested in certificates of deposit at August 31, 2009.

Current liabilities total approximately \$6,503,461 for 2011 and \$3,344,602 for 2010. Deferred revenue is 63% for 2011 and 38% for 2010 of the total current liabilities. Deferred revenue is the tuition and fees collected prior to year end for the fall classes. These are deferred because the revenue has not been earned as of the end of the year. These monies are for classes that will be primarily conducted in the next fiscal year.

The college incurred a net operating loss for the year ended August 31, 2011, 2010, and 2009, because of state appropriations, Title IV funds and property tax collections are classified as non operating revenues.

Net operating loss is an excess of the cost to provide educational instruction to our students over income from grants and funds charged to students.

Net operating income is the excess of grants and funds charged to students over the cost to provide educational instruction to our students.

State and Federal funds amounted to 67% and charges to students amounted to 23% of total revenues for the year ended August 31, 2011.

State and Federal funds amounted to 61% and charges to students amounted to 26% of total revenues for the year ended August 31, 2010.

Texarkana College
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
August 31, 2011 and 2010

Analysis of College's Overall Financial Position and Results of Operation (continued)

Salaries and benefits are approximately 54% of total operating expenses for the year ended August 31, 2011.

Salaries and benefits are approximately 54% of total operating expenses for the year ended August 31, 2010.

Non-operating revenues primarily consist of state appropriations, property tax, federal grants and contracts and investment income.

The College had negative cash flows from operating activities for the years ended August 31, 2011, 2010 and 2009 because a significant portion of the revenue, state appropriations, Title IV funds, and taxes, are considered non-operating revenue.

The College purchased capital assets during the year ended August 31, 2011 of \$3,873,194 and purchased capital assets during the year ended August 31, 2010 of \$1,124,678.

Description of significant capital asset and long-term liability activity

Significant commitments made for capital expenditures

There are significant commitments for capital expenditures in the year 2010-11 estimated in the amount of \$3.0 million which will be paid out of a \$15.00 per semester-hour increase in student fees.

Changes in credit ratings

There has not been a change in the credit rating of Texarkana College.

Debt limitations that may affect the financing of planned facilities or services

Texarkana College has no bond indebtedness. Furthermore, Texarkana College currently has no capital improvement need which would require financing.

Texarkana College
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
August 31, 2011 and 2010

Discussion of currently known facts, decisions, or conditions

Based on the significant losses the College has incurred over the past three years, several major changes have been implemented and others are being developed to improve the college's financial position.

As of June 2011, the college hired a new President who is also a Certified Public Accountant. Under the new President's direction, expenditures for the 2011-2012 budget were reduced significantly. This was done through reductions in staff, renegotiation of a major software contract and other operating expenditure decreases. On the revenue side, an increase in the tax rate along with an increase in out-of-district tuition and fees will assist in improving college operations.

As of September 1, 2011, the college began implementing a new internal control structure to protect and properly account for the college's assets. With the implementation of the new financial accounting software during the 2010-2011 fiscal year, the already weak system of internal controls that has been mentioned in prior year audit reports and management letters was not transitioned or carried forward resulting in a system with very few controls in place. This was a major part of the College Board of Trustees demanding current and accurate data and implementing a leadership change in the spring of 2011. Since then, each area of the financial system has been evaluated throughout this audit and new internal controls have been established. A strategic plan including data dashboard is being developed in a collaborative effort between management and Trustees during the 2011-2012 year to ensure controls are in place.

In an effort to further reduce expenditures, each program and area of the college is currently being analyzed for profitability and relation to the college's current mission.

With the continued decline in state appropriations, the college is forced to rely on tuition, fees and local taxes to support its mission. Currently Texarkana College receives approximately 5% of its total revenue from local property taxes, while most typical community colleges receive approximately 40% of their revenue from local taxes. The college currently serves the population of a large area that is not a part of the taxing district. Plans and discussions for a November 2012 Tax annexation election are underway that would provide the revenue needed to make up for the reductions in state revenue.

Texarkana College
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
August 31, 2011 and 2010

Discussion of currently known facts, decisions, or conditions (continued)

Based on the actions taken by the new administration, the continued evaluations and future plans, Texarkana College will regain its strong financial position over the next few years.

Texarkana College affirms, as its mission, the commitment to provide, within the resources available, educational programs and services that meet the individual and community needs.

FINANCIAL STATEMENTS

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TEXARKANA COLLEGE

EXHIBIT 1

STATEMENTS OF NET ASSETS

August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 976,671	\$ 1,417,057
Short-term investments	3,669,000	12,463,000
Accounts receivable	3,821,866	941,526
Inventories	440,244	642,570
Total Current Assets	<u>8,907,781</u>	<u>15,464,153</u>
Noncurrent Assets		
Restricted cash and cash equivalents	834	61,007
Endowment investments	1,873,000	1,873,000
Notes receivable (net of allowance for doubtful accounts of \$36,601, 2010)	-	47,721
Insurance fund investments	1,215,446	1,181,459
Capital assets, net of accumulated depreciation	20,991,552	19,779,873
Total Noncurrent Assets	<u>24,080,832</u>	<u>22,943,060</u>
Total Assets	<u><u>32,988,613</u></u>	<u><u>38,407,213</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	1,190,629	1,135,566
Accrued liabilities	631,558	330,777
Funds held for others	564,417	579,680
Deposits	18,041	27,570
Deferred revenues	4,098,816	1,271,009
Total Current Liabilities	<u>6,503,461</u>	<u>3,344,602</u>
Noncurrent Liabilities		
Accounts payable restricted	18,186	80,133
Accrued compensable absences payable	616,476	607,878
Total Noncurrent Liabilities	<u>634,662</u>	<u>688,011</u>
Total Liabilities	<u><u>7,138,123</u></u>	<u><u>4,032,613</u></u>
NET ASSETS		
Invested in capital assets, net of related debt	20,991,552	19,779,873
Restricted for		
Nonexpendable		
Student Aid	1,938,636	1,553,103
Instructional Programs	-	287,609
Expendable		
Student Aid	57,018	41,059
Loans	-	18
Insurance Fund	1,215,446	1,181,459
Unrestricted	1,647,838	11,531,479
Total Net Assets	<u><u>\$ 25,850,490</u></u>	<u><u>\$ 34,374,600</u></u>

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

TEXARKANA COLLEGE FOUNDATION, INC.

COMPONENT UNIT

STATEMENT OF FINANCIAL NET ASSETS

DECEMBER 31, 2010 AND 2009

	ASSETS	
	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 255,710	\$ 69,537
Investments	434,176	1,729,147
Accrued interest and dividends	20,439	-
Unconditional promises to Give - Net	-	48,179
TOTAL CURRENT ASSETS	710,325	1,846,863
NONCURRENT ASSETS		
Cash and cash equivalents - restricted	388,379	219,391
Investments - restricted	2,460,947	1,439,825
TOTAL NONCURRENT ASSETS	2,849,326	1,659,216
TOTAL ASSETS	3,559,651	3,506,079
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Due to College	-	-
Rising star scholarship payable	100,000	100,000
TOTAL CURRENT LIABILITIES	100,000	100,000
TOTAL LIABILITIES	100,000	100,000
NET ASSETS		
Unrestricted	1,756,540	1,701,794
Temporarily restricted	582,033	572,652
Permanantly restricted	1,121,078	1,131,633
TOTAL NET ASSETS	3,459,651	3,406,079
TOTAL LIABILITIES NET ASSETS	\$ 3,559,651	\$ 3,506,079

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

TEXARKANA COLLEGE

EXHIBIT 2

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

August 31, 2011 and 2010

REVENUES	2011	2010
Operating Revenues		
Tuition and fees (net of grant and scholarship allowances of \$3,341,037 and \$3,075,638 , respectively)	\$ 3,419,023	\$ 5,208,655
Federal grants and contracts	1,152,471	346,925
State grants and contracts	433,791	428,863
Non-Governmental grants and contracts	173,102	87,417
Sales and services of educational activities	289,905	179,181
Auxiliary enterprises (net of grant and scholarship allowances of \$660,014 and \$735,812, respectively)	1,644,430	2,116,250
Other operating revenues	560,859	524,447
Total Operating Revenues	7,673,581	8,891,738
EXPENSES		
Operating Expenses		
Instruction	13,935,976	11,772,225
Academic Support	2,904,737	1,917,722
Student Services	2,793,009	2,230,665
Institutional Support	6,746,109	2,263,048
Operation and maintenance of plant	2,449,060	6,334,992
Scholarships and fellowships	3,462,892	4,104,643
Auxiliary enterprises	2,212,327	2,878,113
Depreciation	1,126,137	995,800
Total Operating Expenses	35,630,247	32,497,208
Operating Loss	(27,956,666)	(23,605,470)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	10,919,861	11,278,370
Maintenance ad-valorem taxes		
Taxes for maintenance & operations	1,245,710	1,261,793
Federal grants and contracts non-operating	6,366,406	5,994,525
Gifts	18,768	-
Investment income (net of investment expenses)	188,710	307,216
Rent income	89,475	60,090
Other non-operating revenues	603,626	65,579
Net non-operating revenues	19,432,556	18,967,573
Decrease in Net Assets	(8,524,110)	(4,637,897)
Net Assets - Beginning of Year	34,374,600	39,012,497
Net Assets - End of Year	\$ 25,850,490	\$ 34,374,600

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

TEXARKANA COLLEGE FOUNDATION, INC.

COMPONENT UNIT

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
Revenues and gains:		
Contributions and fund raising	\$ 36,236	\$ 189,228
Interest income	60,436	73,737
Dividend income	5,151	5,882
Net realized gain (loss) on investments	(854)	511
Net unrealized gain (loss) on investments	63,969	(45,806)
	<u>164,938</u>	<u>223,552</u>
Net assets released from restrictions:		
Temporarily restricted assets		
Satisfaction of scholarships and other restrictions	69,596	-
	<u>69,596</u>	<u>-</u>
Total unrestricted support and gains	<u>234,534</u>	<u>223,552</u>
EXPENSES		
Program services:		
Scholarships	145,823	352,372
Grants	23,809	-
Fiduciary fees	10,156	8,734
	<u>179,788</u>	<u>361,106</u>
Total expenses	<u>179,788</u>	<u>361,106</u>
Increase (decrease) in unrestricted net assets	54,746	(137,554)
TEMPORARILY RESTRICTED NET ASSETS		
Support:		
Interest income	44,140	50,548
Dividend income	11,475	12,411
Net realized gain on investments	-	1,113
Net unrealized gain (loss) on investments	23,362	(27,043)
Net assets released from restriction:		
Satisfaction of scholarship and other restrictions	(69,596)	-
	<u>9,381</u>	<u>37,029</u>
Increase in temporarily restricted net assets	<u>9,381</u>	<u>37,029</u>
PERMANENTLY RESTRICTED NET ASSETS		
Contributions (refunds)	(10,555)	50,276
	<u>(10,555)</u>	<u>50,276</u>
Increase (decrease) in permanently restricted net assets	<u>(10,555)</u>	<u>50,276</u>
INCREASE (DECREASE) IN NET ASSETS	53,572	(50,249)
NET ASSETS, BEGINNING OF YEAR	<u>3,406,079</u>	<u>3,456,328</u>
NET ASSETS, END OF YEAR	<u>\$ 3,459,651</u>	<u>\$ 3,406,079</u>

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

TEXARKANA COLLEGE

EXHIBIT 3

STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2011 and 2010

	2011	2010
Cash Flows From Operating Activities		
Receipts from students and other customers	\$ 5,348,546	\$ 8,199,003
Receipts of grants and contracts	1,759,364	863,205
Other receipts	560,859	524,447
Payments to or on behalf of employees	(11,948,463)	(11,165,705)
Payments to suppliers for goods or services	(14,132,573)	(13,592,691)
Payments of scholarships	(3,462,892)	(4,104,643)
Net cash used by operating activities	<u>(21,875,159)</u>	<u>(19,276,384)</u>
Cash Flows From Non-capital Financing Activities		
Receipts from state appropriations	7,975,087	8,788,893
Ad valorem tax revenues	1,245,710	1,261,793
Federal revenue non-operating	6,366,406	5,994,525
Gifts and grants (other than capital)	18,768	-
Other receipts	693,101	125,669
Net cash provided by non-capital financing activities	<u>16,299,072</u>	<u>16,170,880</u>
Cash Flows From Capital and Related Financing Activities		
Purchases of capital assets	(3,873,195)	(1,124,678)
Net cash used by capital and related financing activities	<u>(3,873,195)</u>	<u>(1,124,678)</u>
Cash Flows From Investing Activities		
Proceeds from sale and maturity of investments	8,794,000	-
Investment Earnings	188,710	307,216
Purchase of investments	(33,987)	(7,565,429)
Net cash provided (used) by investing activities	<u>8,948,723</u>	<u>(7,258,213)</u>
Increase (Decrease) in cash and cash equivalents	(500,559)	(11,488,395)
Cash and cash equivalents - September 1,	1,478,064	12,966,459
Cash and cash equivalents - August 31,	\$ 977,505	\$ 1,478,064

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

TEXARKANA COLLEGE

EXHIBIT 3

STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (27,956,666)	\$ (23,605,470)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Staff benefits paid directly by state	2,944,774	2,489,477
Depreciation expense	1,126,137	995,800
Loss on the involuntary conversion of assets	1,535,379	65,579
Changes in assets and liabilities		
Receivables, net	(2,880,340)	748,131
Inventories	202,326	13,369
Loans to students	47,721	3,595
Accounts payable	(6,884)	112,040
Accrued Expenses	300,781	15,028
Funds held for others	(15,263)	(76,494)
Deferred revenue	2,827,807	(56,809)
Deposits held for others	(9,529)	(630)
Compensated absences	8,598	20,000
Net cash provided (used) by operating activities	<u><u>\$ (21,875,159)</u></u>	<u><u>\$ (19,276,384)</u></u>

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

TEXARKANA COLLEGE FOUNDATION, INC.

COMPONENT UNIT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 53,572	\$ (50,249)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized investment gain (loss)	86,477	(71,225)
(Increase) decrease in assets:		
Accrued interest and dividends	(20,439)	-
Unconditional promises to Give - Net	48,179	37,966
Increase (decrease) in liabilities:		
Due to College	-	-
Rising Star Scholarship	-	-
	<u>167,789</u>	<u>(83,508)</u>
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	167,789	(83,508)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	1,208,494	131,645
Purchase of investments	(1,021,122)	(59,066)
	<u>187,372</u>	<u>72,579</u>
CASH PROVIDED BY INVESTING ACTIVITIES	187,372	72,579
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	355,161	(10,929)
CASH AT BEGINNING OF YEAR	<u>288,928</u>	<u>299,857</u>
CASH AT END OF YEAR	<u>\$ 644,089</u>	<u>\$ 288,928</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

Note 1 - Reporting Entity

Texarkana College was established in 1927 in accordance with the laws of the State of Texas to serve the educational needs of Texarkana and the surrounding communities. The Texarkana College District is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14.

The Texarkana College Board of Trustees, a nine member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to Texarkana College. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

These statements include, as a component unit, Texarkana College Foundation, Inc. See Note 21.

Note 2 - Summary of Significant Accounting Policies

Reporting Guidelines

The significant accounting policies followed by Texarkana 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. The College applies all applicable GASB pronouncements and all applicable Financial Accounting Standard Board (FASB) Codified Accounting Standards, 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.

Basis of Accounting

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

Inventories

Inventories consist of bookstore stock as of August 31, 2011 and of consumable food service items and bookstore stock as of August 31, 2010. Inventories are stated at lower of cost or market using the first-in, first-out (FIFO) method and are charged to expense as consumed.

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

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

Texarkana College Foundation, Inc. - Net Assets

Temporarily restricted net assets are available for the purposes designated by the donor, primarily scholarships. These net assets consist primarily of investment earnings from permanently restricted assets.

Permanently restricted net assets are to provide a permanent endowment. The investment income from these endowments is temporarily restricted to fund scholarships grants.

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's 56.0333). When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

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

Other Tuition Discounts: The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees the amounts are recorded as tuition and fee revenue, and a corresponding amount is recorded as tuition discounts. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Budgetary Data

The College is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The official College budget prepared on the accrual basis of accounting for the current unrestricted fund was adopted by the board on August 25, 2010. The budget was properly amended by the board as needed throughout the year. Copies of the adopted budget were filed with Texas Higher Education Coordinating Board, Governor's Office of Budget and Planning, Legislative Budget Board, and Legislative Reference Library. The College is prohibited from budgeting total proposed expenditures in excess of total anticipated revenues and unencumbered funds from prior years.

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

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

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

Operating and Non-Operating Revenues and Expenses

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a business-type activity and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees, federal grants, state grants and auxiliary enterprises. The major non-operating revenues are state appropriations, property taxes, title IV funds, and investment income. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Capital Assets

Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. The College's policy is to capitalize equipment with a value greater than \$5,000 and an estimated life greater than one year. Renovations of \$100,000 to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. The College reports depreciation under a single-line item as a business-type unit. Depreciation is computed using the straight -line method over the estimated useful lives of the assets applying the half-year convention. Estimated useful lives for depreciable assets are as follows:

Building	50 years
Facilities and Other Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years
Software Costs	3 years

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

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

Deferred Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2011 and 2010 have been deferred.

Estimates

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

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation.

Date of Management's Review

Subsequent events were evaluated through December 19, 2011, which is the date the financial statements were available to be issued.

Prior Year Restatement

The August 31, 2010 financial statements have been restated to reflect the impact of items discovered by management during the current year in accordance with APB 20. A summary of the restatement is as follows:

Previously Reported Net Assets	\$ 33,685,645
Items reducing previous year expenses or increasing revenues:	
Life insurance expense overstated	92,113
Retirement expense overstated	146,653
Purchase of books over stated	61,947
Insurance fund earnings not recorded as revenue	20,192
ARRA funding not recorded as revenue	76,500
Carl Perkins funding not recorded as revenue	27,675
Insurance proceeds not recorded as revenue	312,433
Excess revenues over costs on roofing project	65,579
	<hr/>
Total increases in previously stated net assets	\$ 803,092

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

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

Prior Year Restatement (continued)

Items decreasing previous year revenues or increasing expenses:

Sales Tax	\$ (6,711)
Nursing Fund Deferred	(106,286)
Other miscellaneous differences	<u>(1,140)</u>
Total decreases in previously stated net assets	<u>(114,137)</u>
Total change in previously reported net assets	<u>688,955</u>
Restated Net Assets Reported	<u><u>\$ 34,374,600</u></u>

Note 3 - Authorized Investments

Texarkana 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.

Note 4 - Deposits and Investments

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

	<u>2011</u>	<u>2010</u>
Bank Deposits		
Demand Deposits	\$ 968,614	\$ 1,468,974
Certificates of Deposit	5,542,000	14,336,000
Cash and Cash Equivalents		
Petty Cash on Hand	<u>8,891</u>	<u>9,090</u>
Total Cash and Deposits	<u><u>\$ 6,519,505</u></u>	<u><u>\$ 15,814,064</u></u>

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

Note 4 - Deposits and Investments (continued)

Reconciliation of deposits and investments to the statement of net assets:

Type of Security	Market Value 2011	Market Value 2010
Money Market Accounts	\$ 464,570	\$ -
U.S. Government Securities	738,986	1,158,119
Mutual Funds	11,890	23,340
Total Insurance Fund Investments	1,215,446	1,181,459
Total Cash and Deposits	6,519,505	15,814,064
Total Deposits and Investments	7,734,951	16,995,523
Cash and Cash Equivalents (Exhibit 1)	976,671	1,417,057
Restricted cash and cash equivalents (Exhibit 1)	834	61,007
Total Cash and Cash equivalents	977,505	1,478,064
Short-term investments (Exhibit 1)	3,669,000	12,463,000
Endowment investments (Exhibit 1)	1,873,000	1,873,000
Insurance Fund investments (Exhibit 1)	1,215,446	1,181,459
Total Investments	6,757,446	15,517,459
Total Deposits and Investments	\$ 7,734,951	\$ 16,995,523

Cash and deposits for Texarkana College Foundation, Inc. reported on the statement of net assets consist of the following:

	2011	2010
Cash and Cash Equivalents		
Cash on Deposit	\$ 18,791	\$ 544
U.S. Savings Bonds	-	1,072
Money Market Funds	625,298	287,312
Total Cash and Deposits	\$ 644,089	\$ 288,928

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

Note 4 - Deposits and Investments (continued)

Investments for the Texarkana College Foundation, Inc. reported on the statement of net assets are as follows:

<u>Type of Security</u>	<u>Market Value December 31 , 2010</u>	<u>Market Value December 31 , 2009</u>
U.S. Government Agencies Securities	\$ 2,460,947	\$ 2,757,152
Mutual Funds	388,842	369,542
Common Stock	45,334	42,278
Total Investments	<u>\$ 2,895,123</u>	<u>\$ 3,168,972</u>

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

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Cost</u>	<u>Market Value</u>	<u>Weighted Average Maturity (Years)</u>
Money Market	N/A	\$ 464,570	\$ 464,570	N/A
U.S. Government Agencies Securities	AAA	729,620	738,986	5.3
Mutual Funds	AAA	10,795	11,890	N/A
Certificates of Deposit	N/A	5,542,000	5,542,000	0.38
Total Texarkana College		<u>6,746,985</u>	<u>6,757,446</u>	

As of December 31, 2010, Texarkana College Foundation, Inc. had the following investments and maturities:

	<u>Credit Rating</u>	<u>Cost</u>	<u>Market Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Government Agencies Securities	AAA	2,579,436	2,460,947	5.8
Mutual Funds	AAA	239,588	388,842	N/A
Equities/Common Stock	A+	1,148	45,334	N/A
Total Texarkana College Foundation, Inc.		<u>2,820,172</u>	<u>2,895,123</u>	

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

Note 4 - Deposits and Investments (continued)

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

Credit Risk: In accordance with state law and Texarkana College policy, funds may be invested in obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies, obligations of political subdivisions rated not less than A by a national investment rating firm, certificates of deposit, and other instruments and obligations authorized by statute.

Concentration of Credit Risk: The College does not place a limit on the amount that may be invested in any one issuer. More than 5% of the College's investments are in certificates of deposit (82%).

The Foundation does not place a limit on the amount that may be invested in any one issuer. More than 5% of the Foundation's investments are in FHLB (63%), FFCB (6%), money market funds (18%), and Mutual Funds (11%).

Custodial Credit Risk: At August 31, 2011, the carrying amount of Texarkana College's bank deposits was \$7,734,951 and total bank balances equaled \$8,388,253. Bank balances of \$500,000 are covered by federal depository insurance and \$7,888,253 was covered by collateral pledged in Texarkana College's name. The collateral was held in the safekeeping departments of banks which act as agents for the College.

At August 31, 2010, the carrying amount of Texarkana College's bank deposits was \$16,995,523 and total bank balances equaled \$19,458,213. Bank balances of \$500,000 are covered by federal depository insurance and \$18,582,213 was covered by collateral pledged in Texarkana College's name. The collateral was held in the safekeeping departments of banks which act as agents for the College.

Note 5 – Net Unconditional Promises to Give

Texarkana College Foundation, Inc. had unconditional promises to give at December 31, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Receivables in less than one year	\$ -	\$ 50,000
Receivable in one to five years	-	-
Total	-	50,000
Less discounts to net present value	-	(1,821)
Net Unconditional Promises to give	<u>\$ -</u>	<u>\$ 48,179</u>

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

Note 6 - Delinquent Property Taxes and Taxes Receivable

Property taxes are levied by October 1 in accordance with the Texas Property tax code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the following year in which imposed. The Board contracted with the Bowie Central Appraisal District for the collection of district taxes. Collections of current taxes are remitted to the College daily; delinquent taxes are remitted monthly.

	August 31	
	2011	2010
Assessed valuation of the District	\$ 1,301,428,760	\$ 1,292,389,101
Less: Exemptions	(11,283,291)	(11,060,464)
Net assessed Valuation of the District	\$ 1,290,145,469	\$ 1,281,328,637

	Current Operations	Debt Service	Total
Tax rate authorized per \$100 valuation	1.0000	0.00000	1.00000
Tax rate assessed per \$100 valuation for 2011	0.10534	0.00000	0.10534
Tax rate assessed per \$100 valuation for 2010	0.97529	0.00000	0.97529

Taxes levied for the years ended August 31, 2011 and 2010 were \$1,254,021 and \$1,248,588, respectively including any penalty and interest assessed.

Taxes Collected	Current Operations	
	2011	2010
Current Taxes Collected	\$ 1,189,964	\$ 1,204,727
Delinquent Taxes Collected	38,583	38,127
Penalties and Interest Collected	17,163	18,939
Total Collections	\$ 1,245,710	\$ 1,261,793

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

Note 7 – Capital Assets

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

	<u>Balance August 31, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2011</u>
<u>Not Depreciated:</u>				
Land	\$ 1,433,905			\$ 1,433,905
Construction in Process	769,258	2,762,585	(769,258)	2,762,585
Total Not Depreciated	<u>2,203,163</u>	<u>2,762,585</u>	<u>(769,258)</u>	<u>4,196,490</u>
<u>Buildings and Other Capital Assets:</u>				
Infrastructure	462,825			462,825
Buildings	25,116,110	133,424	(3,390,370)	21,859,164
Land Improvements	3,291,711	33,745	(15,080)	3,310,376
Software	-	968,158	-	968,158
Library Books	2,130,542	101,400	-	2,231,942
Furniture and Equipment	3,081,174	643,140	(248,332)	3,475,982
Total Building and Other Capital Assets	<u>34,082,362</u>	<u>1,879,867</u>	<u>(3,653,782)</u>	<u>32,308,447</u>
<u>Accumulated Depreciation</u>				
Infrastructure	427,531	6,263		433,794
Buildings	9,868,611	563,982	(1,854,990)	8,577,603
Land Improvements	2,638,618	66,822	(15,080)	2,690,360
Software	-	182,257		182,257
Library Books	1,632,336	60,572		1,692,908
Furniture and Equipment	1,938,556	246,239	(248,332)	1,936,463
Total Accumulated Depreciation	<u>16,505,652</u>	<u>1,126,135</u>	<u>(2,118,402)</u>	<u>15,513,385</u>
Net Capital Assets	<u>\$ 19,779,873</u>	<u>\$ 3,516,317</u>	<u>\$ (2,304,638)</u>	<u>\$ 20,991,552</u>

TEXARKANA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2011 and 2010

Note 7 – Capital Assets (continued)

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

	<u>Balance August 31, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2010</u>
<u>Not Depreciated:</u>				
Land	\$ 1,433,905			\$ 1,433,905
Construction in Process	-	769,258	-	769,258
Total Not Depreciated	<u>1,433,905</u>	<u>769,258</u>	<u>-</u>	<u>2,203,163</u>
<u>Buildings and Other Capital Assets:</u>				
Infrastructure	462,825			462,825
Buildings	25,116,110			25,116,110
Land Improvements	3,205,869	85,842	-	3,291,711
Library Books	2,073,387	61,947	(4,792)	2,130,542
Furniture and Equipment	3,004,701	76,473		3,081,174
Total Building and Other Capital Assets	<u>33,862,892</u>	<u>224,262</u>	<u>(4,792)</u>	<u>34,082,362</u>
<u>Accumulated Depreciation</u>				
Infrastructure	418,893	8,638		427,531
Buildings	9,293,310	640,880	-65,579	9,868,611
Land Improvements	2,543,890	94,728		2,638,618
Library Books	1,577,502	59,626	(4,792)	1,632,336
Furniture and Equipment	1,746,628	191,928		1,938,556
Total Accumulated Depreciation	<u>15,580,223</u>	<u>995,800</u>	<u>(70,371)</u>	<u>16,505,652</u>
Net Capital Assets	<u>\$ 19,716,574</u>	<u>\$ (2,280)</u>	<u>\$ 65,579</u>	<u>\$ 19,779,873</u>

TEXARKANA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2011 and 2010

Note 8 – Restricted Plant Funds

Unexpended plant funds were restricted by the Board of Trustees for the following purpose:

	<u>2011</u>	<u>2010</u>
Equipment renewal and replacement	\$ -	\$ 300,000

In August of 1981, the Board adopted a policy to set aside the depreciation fund for equipment to be replaced or repaired in future years. The amount transferred will be restricted, as shown above, for equipment renewal and replacement. The accumulated reserve is not to exceed \$300,000. During 2011, the Board removed the restriction on the depreciation fund for equipment due to cash flow needs.

Note 9 – Long-term Liabilities

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

	<u>Balance August 31, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2011</u>
Compensated absences	\$ 607,878	\$ 8,598	\$ -	\$ 616,476
Deferred revenue	1,271,009	4,098,816	(1,271,009)	4,098,816
Accounts payable restricted	80,133	18,186	(80,133)	18,186
Total long-term liabilities	<u>\$ 1,959,020</u>	<u>\$ 4,125,600</u>	<u>\$ (1,351,142)</u>	<u>\$ 4,733,478</u>

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

	<u>Balance August 31, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2010</u>
Compensated absences	\$ 587,878	\$ 46,586	\$ (26,586)	\$ 607,878
Deferred revenue	81,777	84,317	1,104,915	1,271,009
Accounts payable restricted	55,717	80,139	(55,723)	80,133
Total long-term liabilities	<u>\$ 725,372</u>	<u>\$ 211,042</u>	<u>\$ 1,022,606</u>	<u>\$ 1,959,020</u>

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

Note 10 – 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. Contracts and grant revenues are recognized on Exhibit 2 and Schedule A as funds are actually expended. For federal and non-federal contracts and grants awards, funds expended, but not collected, are reported as Accounts Receivables on Exhibit 1. Contracts and grant awards that are not funded and for which the institution has not performed services are not included in the financial statements. Contract and grant award funds already committed or funds awarded during fiscal year 2011 for which monies have not been received nor funds expended totaled \$781,172 from federal contracts and grant awards and \$0 from state contracts and grant awards.

	<u>2011</u>	<u>2010</u>
Pell	\$ 108,691	\$ 99,818
SEOG	-	18,938
College Workstudy	-	25,940
Federal Votech Grant	144,581	-
Talent Search Grant	49,934	69,167
Student Support Services Grant	29,012	-
ARRA	-	76,500
Total	<u>\$ 332,218</u>	<u>\$ 290,363</u>

Note 11 - Retirement Plan

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

Teacher Retirement System of Texas

Plan Description - Texarkana 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.

TEXARKANA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2011 and 2010

Note 11 - Retirement Plan (continued)

Funding Policy - Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4 percent for fiscal years 2011, 2010, and 2009 and a state contribution rate of 6.40 percent for the fiscal year 2011 and 6.58 percent for fiscal years 2009 and 2010. In certain instances, the reporting district is required to make all or a portion of the state's 6.40 percent contribution for fiscal year 2011 and 6.58 percent contribution for fiscal years 2010 and 2009.

Optional Retirement Plan

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

Funding Policy - Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the state and each participant are (6.40%) and (6.58%), respectively. The college contributes 1.92% or 2.10% percent for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the state for the college was \$703,708 and \$753,974 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 of the College employees was \$14,901,800 and \$13,724,232 for fiscal years 2011 and 2010, respectively. The total payroll of employees covered by the Teacher Retirement System was \$6,388,164 and \$5,538,773, and the total payroll of employees covered by the Optional Retirement Program was \$6,570,733 and \$6,471,367 for fiscal years 2011 and 2010, respectively.

Note 12 - Staff Benefits

The College provides staff benefits for its employees in the form of hospital/medical insurance, salary continuance insurance, and life insurance equal to twice the employee's annual contractual salary up to a maximum of \$45,000.

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

Note 13 – Compensable Absences

Sick leave is accumulated by employees of the institution at the rate of one day per thirty calendar days worked up to a maximum of ninety days. Effective September 1, 2000, upon retirement or termination, employees with ten years or more service with Texarkana College may be paid for any accumulated sick leave in excess of thirty days at a rate of one-half of the employee's current salary. Full-time non-contractual personnel or employees with twelve month contracts accrue vacation benefits from the date of employment at the rate of one day for each full calendar month worked up to ten vacation days per year. All accrued unused vacation time computed at the employee's daily rate of compensation is paid to the employee or his beneficiary in the event of termination, retirement, or death. Sick leave and vacation benefits of \$616,476 and \$607,878 have been accrued and reported in the accompanying Statement of Net Assets as "accrued compensable absences payable" at August 31, 2011 and 2010, respectively.

Note 14 - Deferred Compensation Plan

Texarkana 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 and in Senate Bill No. 872 of the 63rd Legislature. The employees' investments are held in tax-deferred annuity plans pursuant to Internal Revenue Code Section 403(b). As of August 31, 2011 and 2010, the College had 55 and 58 employees, respectively, participating in the program. A total of \$349,279 and \$376,541 in payroll deductions were invested in approved plans during the years ended August 31, 2011 and 2010, respectively.

Note 15 - Post Retirement Health Care and Life Insurance Benefits

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the College. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums.

The state's contribution per full-time employee and retiree was \$415.48 per month plus fifty percent of spouse and/or dependent coverage as of August 31, 2011 and totaled \$1,612,085 for the year then ended. The cost of providing those benefits for 120 retirees was \$598,291 and for 244 active employees was \$1,013,794.

The state's contribution per full-time employee and retiree was \$385.38 per month plus fifty percent of spouse and/or dependent coverage as of August 31, 2010 and totaled \$1,671,246 for the year then ended. The cost of providing those benefits for 110 retirees was \$555,334 and for 231 active employees was \$1,115,912.

TEXARKANA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2011 and 2010

Note 16 - Post Employment Benefits Other than Pensions

Plan Description

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

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

Funding Policy

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

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amount 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 cost 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 \$2,455,310, \$2,427,918 and \$2,620,862, respectively, which equaled the required contribution each year.

TEXARKANA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2011 and 2010

Note 17 – Fund Endowments

The fund balances of the various Endowment Funds included in the Statement of Net Assets are as follows:

	<u>2011</u>	<u>2010</u>
Endowment Funds		
Palmer Foundation	\$ 107,144	\$ 106,658
Endowed Chair for Teaching Excellence	181,976	180,951
J.R. Johnson	299,683	297,581
Parker-Akin Memorial	8,016	7,971
B & PW Scholarship	26,964	26,798
Leonard Scholarship	190,856	190,154
Teachers Credit Union Scholarship	18,068	18,036
Music Scholarship	26,795	26,629
General Scholarship	274,053	271,988
Al Barton Bladesmithing	4,987	4,962
Elizabeth Shaw Memorial	5,329	5,297
Kiwanis Club of Texarkana	7,779	7,734
Conner Student Loan	784,668	693,888
Business Administration	2,318	2,065
Quasi Endowment Funds		
Eldridge Scholarship	57,018	41,059
Totals	<u>\$ 1,995,654</u>	<u>\$ 1,881,771</u>

Note 18 - Risk Management - Claims and Judgments

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

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

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

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

Note 19 - Contingent Liability

Texarkana College entered into an agreement with the Texas Community College Employee Benefits Consortium to self-fund their workers' compensation plan. The agreement was effective September 1, 1991 and is administered by Hibbs - Hallmark & Company.

Texarkana College agreed to pay into the fund a fixed cost amount of \$47,614 and a maximum loss fund amount of \$161,764 for the year ended August 31, 2011. The loss fund amount was for Texarkana College's claims and for claims of other group members in excess of their loss fund maximum.

Texarkana College agreed to pay into the fund a fixed cost amount of \$37,593 and a maximum loss fund amount of \$154,889 for the year ended August 31, 2010. The loss fund amount was for Texarkana College's claims and for claims of other group members in excess of their loss fund maximum.

Texarkana College incurred expenses under the plan as follows:

	<u>2011</u>	<u>2010</u>
Fixed cost	\$ 44,916	\$ 37,593
Actual claims	22,798	19,161
Increase (decrease) in accrued liabilities	<u>(3,414)</u>	<u>120,571</u>
Total Expense	<u>\$ 64,300</u>	<u>\$ 177,325</u>
2008-2009 Maximum loss fund	\$ 161,151	
2009-2010 Maximum loss fund	154,889	
2010-2011 Maximum loss fund	<u>161,764</u>	
Total	<u>\$ 477,804</u>	

Note 20 - Commitments and Contingencies

The college is not involved in any lawsuits.

Optional Retirement Program - The Texas State Auditor's office is currently investigating unauthorized transfers of participant's retirement funds from one qualified fund into another qualified fund. Management does not believe the College has any liability resulting from these transactions.

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

Note 20 - Commitments and Contingencies (continued)

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

Note 21 – Disaggregating of Receivables and Payables Balances

Receivables were as follows:

	2011	2010
Student Receivables	\$ 3,593,179	\$ 846,883
Taxes Receivable	42,251	72,152
Federal Receivable	332,218	290,363
Interest Receivable	77,401	57,323
Receivable Insurance Company	-	96,478
Allowance for Uncollectible	(223,183)	(421,673)
Total	3,821,866	941,526

Payables were as follows:

	2011	2010
Accounts Payable		
Vendors Payable	1,208,815	1,215,699
Accrued Liabilities:		
Salaries & Benefits Payable	460,048	273,389
Sales Tax Payable	65,448	57,318
Other Liabilities	106,062	70
Total Accrued Liabilities	\$ 631,558	\$ 330,777

TEXARKANA COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2011 and 2010

Note 22 - Component Unit

Texarkana College Foundation, Inc. (Foundation) is a separate nonprofit corporation organized under the Texas Nonprofit Corporation Act in 1959. The purpose of the Foundation is to solicit and manage funds for the sole benefit of Texarkana College. The Foundation primarily provides scholarships to students at Texarkana College. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Under Governmental Standards Board Statement No 39, Determining Whether Certain Organizations are Component Units, an organization should report as a discretely presented component those organizations that raise and hold economic resources for the direct benefit of a government unit. Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit. Complete financial statements of Texarkana College Foundation, Inc. can be obtained from the president of Texarkana College. The financial statements of the Foundation are as of and for the years ended December 31, 2010 and 2009.

Note 23 – Construction in Process

During 2008, the College buildings suffered significant damage from a hail storm. Initially, the estimated cost to repair the roofs was approximately \$200,000. After various roofs began leaking, a second study of the damage was performed during late 2009 and early 2010, and based upon that second opinion, it was suggested that all of the College's roofs be replaced. Due to significant damage, the complete removal and installation of one building's roof was performed during the 2009-2010 year at a cost of approximately \$312,000. The bid for replacement of the other roofs was not obtained until mid 2010-2011, and the bid selected for the project was approximately \$3,500,000. At August 31, 2011, various buildings were in various stages of replacement but none had been completed. The amount recorded as construction in process is the amount of the expenses paid to repair the roofs of the College as of the end of the year.

In accordance with Governmental Accounting Standards Board (GASB 42), which includes guidance on financial reporting for impairment of capital assets, the College recorded an impairment on the assets. Due to the magnitude of the damage, as well as the decline in service utility, the College recorded an impairment for the book value and related accumulated depreciation for the replacement cost of the roofs. Based on GASB 42 guidance, the replacement cost is to be used when the original cost of the asset impaired is unknown. Because the estimates to repair the damage were unknown until the current year, the College did not recognize the entire impairment until the 2010-2011 fiscal year. As part of the restatement of the prior year, the impairment related to the roof replaced in the previous year was recorded.

TEXARKANA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011 and 2010

Note 23 – Construction in Process (continued)

The College has also received insurance proceeds as reimbursement for the project, in the amount of approximately \$2,400,000, which has been recorded as an offsetting amount to the loss recorded in the financial statements. As of the date of issuance of the audit report, it was still unknown as to what additional funding would be provided by the insurance company to cover the cost already incurred as of year-end, and the significant amount of costs that would be incurred subsequent to year end.

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

Note 25 – Subsequent Events

In accordance with the Financial Accounting Standards Board (FASB) – Accounting Standards Codification, which is effective for financial period ending after June 15, 2009 and requires disclosure of the date through which the College has evaluated subsequent events, the College has evaluated events through December 19, 2011, and has determined that no disclosures are necessary.

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SUPPLEMENTAL INFORMATION

TEXARKANA COLLEGE

SCHEDULE A - SCHEDULE OF OPERATING REVENUES

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

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Total 8/31/11	Totals 8/31/10
Tuition						
State funded courses						
In district resident tuition	\$ 1,104,839	\$ -	\$ 1,104,839	\$ -	\$ 1,104,839	\$ 1,141,398
Out of district resident tuition	1,692,313	-	1,692,313	-	1,692,313	2,079,545
TPEG (set aside)	67,675	-	67,675	-	67,675	73,472
Non-resident tuition	-	-	-	-	-	685,692
State funded Continuing Education	-	-	-	-	-	791,330
Total Tuition	2,864,827	-	2,864,827	-	2,864,827	4,771,437
Fees						
General Fees	1,332,732	-	1,332,732	-	1,332,732	1,018,134
Student Service fees	220,679	-	220,679	-	220,679	252,222
Course Fees	517,413	-	517,413	-	517,413	251,904
Laboratory fees	50,386	-	50,386	-	50,386	52,145
Building use fees	1,774,025	-	1,774,025	-	1,774,025	1,971,126
Total Fees	3,895,235	-	3,895,235	-	3,895,235	3,545,531
Scholarship allowances and discounts						
Scholarship allowances	(319,312)	-	(319,312)	-	(319,312)	(142,273)
Rising star scholarships	(1,431,300)	-	(1,431,300)	-	(1,431,300)	(1,112,225)
Remissions and exemptions	(32,144)	-	(32,144)	-	(32,144)	(685,692)
Title IV allowances	(1,558,283)	-	(1,558,283)	-	(1,558,283)	(1,168,123)
Total Scholarship Allowances	(3,341,039)	-	(3,341,039)	-	(3,341,039)	(3,108,313)
Total Net Tuition and Fees	3,419,023	-	3,419,023	-	3,419,023	5,208,655
Other Operating Revenues						
Federal grants and contracts	-	1,152,471	1,152,471	-	1,152,471	346,925
State grants and contracts	-	433,791	433,791	-	433,791	428,863
Nongovernmental grants and contracts	173,102	-	173,102	-	173,102	87,417
Sales and Services of educational activities	289,905	-	289,905	-	289,905	179,181
Other operating revenues	560,859	-	560,859	-	560,859	524,447
Total Other Operating Revenues	1,023,866	1,586,262	2,610,128	-	2,610,128	1,566,833
Auxiliary Enterprises						
Residential Life	-	-	-	99,556	99,556	154,567
Less discounts	-	-	-	-	-	(47,109)
Bookstore	-	-	-	1,927,180	1,927,180	2,277,928
Less discounts	-	-	-	(622,955)	(622,955)	(688,699)
Cafeteria	-	-	-	273,143	273,143	396,911
Less discounts	-	-	-	(37,059)	(37,059)	-
Gameroom	-	-	-	4,565	4,565	22,652
Total Net Auxiliary Enterprises	-	-	-	1,644,430	1,644,430	2,116,250
Total Operating Revenues	\$ 4,442,889	\$ 1,586,262	\$ 6,029,151	\$ 1,644,430	\$ 7,673,581	\$ 8,891,738

TEXARKANA COLLEGE

SCHEDULE B - SCHEDULE OF OPERATING EXPENSES BY OBJECT

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

	Operating Expenses						Total 8/31/10
	Salaries and Wages	State Benefits	Local Benefits	Other Expenses	Total 8/31/11	Total 8/31/10	
Unrestricted - Educational Activities							
Instruction	\$ 9,016,698	\$ -	\$ 1,659,247	\$ 946,514	\$ 11,622,459	\$ 9,678,657	
Academic Support	997,462		207,600	1,494,774	2,699,836	1,664,035	
Student Services	1,213,054		299,367	419,466	1,931,887	1,387,239	
Institutional Support	1,973,127		5,198	4,457,138	6,435,463	2,009,726	
Operation and Maintenance of Plant	695,800		195,906	1,449,224	2,340,930	6,188,938	
Total Unrestricted Educational Activities	13,896,141	-	2,367,318	8,767,116	25,030,575	20,928,595	
Restricted - Educational Activities							
Instruction	113,425	1,418,851		781,241	2,313,517	2,093,568	
Academic Support	41,112	161,398		2,391	204,901	253,687	
Student Services	474,321	262,224		124,577	861,122	843,426	
Institutional Support	1,102	306,802		2,742	310,646	253,322	
Operation and Maintenance of Plant	-	108,130		-	108,130	146,054	
Scholarships and Fellowships	-	-		3,462,892	3,462,892	4,104,643	
Total Restricted Educational Activities	629,960	2,257,405	-	4,373,843	7,261,208	7,694,700	
Total Educational Activities	14,526,101	2,257,405	2,367,318	13,140,959	32,291,783	28,623,295	
Auxiliary Enterprises							
Depreciation Expense	375,734	58,388	54,661	1,723,544	2,212,327	2,878,113	
Building & Improvements					637,068	744,246	
Software					182,257	-	
Equipment & Furniture					246,240	191,928	
Library Books					60,572	59,626	
Total Auxiliary Activities & Depreciation	375,734	58,388	54,661	1,723,544	3,338,464	3,873,913	
Total	\$ 14,901,835	\$ 2,315,793	\$ 2,421,979	\$ 14,864,503	\$ 35,630,247	\$ 32,497,208	

TEXARKANA COLLEGE

SCHEDULE C - SCHEDULE OF NON - OPERATING REVENUES AND EXPENSES

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

	Unrestricted	Restricted	Auxiliary Enterprises	Total 8/31/11	Total 8/31/10
Non operating revenues					
Education and general state support	\$ 7,975,087	\$ -	\$ -	\$ 7,975,087	\$ 8,691,200
Dramatic enrollment growth	628,981			628,981	97,723
State group insurance		1,612,085		1,612,085	1,671,246
State retirement matching		703,708		703,708	818,201
Total State Appropriation	8,604,068	2,315,793	-	10,919,861	11,278,370
Other non operating revenues					
Ad-valorem taxes	1,245,710			1,245,710	1,261,793
Federal Revenue non operating		6,366,406		6,366,406	5,994,525
Gifts	18,768			18,768	-
Investment income	188,710			188,710	307,216
Rent Income	89,475			89,475	60,090
Insurance Proceeds - Net	603,626			603,626	65,579
Total Other Non-operating Revenues	2,146,289	6,366,406	-	8,512,695	7,689,203
Total Non-operating Revenues	10,750,357	8,682,199	-	19,432,556	18,967,573
Non-Operating Expenses					
Loss on disposal of capital assets					
Total Non Operating Expenses	-	-	-	-	-
Net Non - Operating Revenues	\$ 10,750,357	\$ 8,682,199	\$ -	\$ 19,432,556	\$ 18,967,573

See independent auditor's report

TEXARKANA COLLEGE

SCHEDULE D - SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY

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

	Detail By Source				Capital Assets Net of Depreciation & Related Debt	Total	Available for Current Operations	
	Unrestricted	Restricted		Non Expendable			Yes	No
		Expendable	Non Expendable					
Current								
Unrestricted	\$ 1,647,838				\$ 1,647,838	\$ 1,647,838		
Insurance fund		\$ 1,215,446			1,215,446		\$	1,215,446
Endowment funds		57,018	\$ 1,938,636		1,995,654			1,995,654
Plant								
Unexpended Investment in Plant				\$ 20,991,552	20,991,552			20,991,552
Total Net Assets, August 31, 2011	1,647,838	1,272,464	1,938,636	\$ 20,991,552	25,850,490	1,647,838		24,202,652
Total Net Assets, August 31, 2010	11,531,479	1,222,536	1,840,712	19,779,873	34,374,600	2,242,397		32,132,203
Net Increase (Decrease) in Net Assets	\$ (9,883,641)	\$ 49,928	\$ 97,924	\$ 1,211,679	\$ (8,524,110)	\$ (594,559)		\$ (7,929,551)

See independent auditor's report

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Texarkana College

SCHEDULE E - 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 Grantors Number</u>	<u>Pass Through Disbursements and Expenditures</u>
<u>U.S. Department of Education</u>			
Direct Programs:			
<i>Student Financial Assistance Cluster:</i>			
Federal Supplemental Education Opportunity Grants	84.007 *	N/A	\$ 34,953
Federal Work Study Program	84.033 *	N/A	67,968
Federal Pell Grant	84.063 *	N/A	5,471,753
Academic Competitiveness Grant	84.375 *	N/A	292,449
<i>Subtotal Student Financial Assistance Cluster</i>			<u>5,867,123</u>
<i>TRIO Cluster:</i>			
TRIO - Student Support Services	84.042 *	P042A060013	219,748
TRIO - Talent Search	84.044 *	P042A060013	279,535
<i>Subtotal TRIO Cluster</i>			<u>499,283</u>
Passed Through the Texas Higher Education Coordinating Board			
Vocational Education - Basic Grant	84.048 *	N/A	277,936
Leveraging Educational Assistance Partnership Grant (LEAP)	84.069A	N/A	3,722
Special Leveraging Educational Assistance Partnership Grants	84.069B	N/A	-
State Fiscal Stabilization Fund - ARRA	84.397A *	N/A	76,565
Total Passed Through the Texas Higher Education Coordinating Board			<u>358,223</u>
Total U.S Department of Education			<u>6,724,629</u>
<u>U.S. Department of Labor</u>			
Passed Through the Texas Workforce Commission			
Summer Youth Activities	17.159	N/A	1,500
Total U.S. Department of Labor			<u>1,500</u>
<u>U.S. Department of Justice</u>			
Passed through the Texas Higher Education Coordinating Board			
Texas Military Preparedness - ARRA	84.397A *	N/A	792,748
Total U.S. Department of Justice			<u>792,748</u>
Total Federal Financial Assistance			<u>\$ 7,518,877</u>

* Major Program

Texarkana College

SCHEDULE E - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2011

Note 1- Federal Assistance Reconciliation

Federal Grants and Contract Revenue - Per Schedule of Operating Revenues (Schedule A)	\$ 1,152,471
Federal Grants and Contract Revenue - Per Schedule of Operating Revenues (Schedule C)	<u>6,366,406</u>
Total Federal Revenues per the Schedule of Expenditures of Federal Awards	<u>\$ 7,518,877</u>

Note 2- Significant Accounting Policies

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

Note 3 - Expenditures Not Subject to Federal Single Audit

None

Note 4 - Student Loans Processed and Administrative Costs Recovered

The College had no new loans processed and no administrative costs recovered related to the Federal Perkins Loan Program (CFDA 84.038) for the year ended August 31, 2011.

Note 5 - Amounts Passed Through by the College

None

Texarkana College

SCHEDULE F - SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended August 31, 2011

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Grantors Number	Pass Through Disbursements and Expenditures
<u>Texas Higher Education Coordinating Board</u>		
Texas Grant Program	N/A	* \$ 159,310
Texas Grant II - TEOG	N/A	* 35,600
ISP - Grant	N/A	* 42,701
Professional Nursing Shortage Reduction	N/A	37,942
Professional Nursing Shortage	N/A	45,500
Nursing Scholarship	N/A	1,770
Nursing Scholarship	N/A	5,861
Trauma Scholarship Startup Grant	N/A	4,190
Total Texas Higher Education Coordinating Board		332,874
<u>Texas Workforce Commission</u>		
Skills Grant - Humco	N/A	21,569
Total Texas Workforce Commission		21,569
<u>Texas Commission of Environmental Quality</u>		
Passed Through Sulphur River Basin Authority Clean Rivers Grant	N/A	79,348
Total Texas Commission on Environmental Quality		79,348
Total State Financial Assistance		\$ 433,791

* Major Program

Notes to the Schedule of Expenditures of State Awards

Note 1: Significant Accounting Policies

The accompanying schedule of expenditures of state awards has been prepared on the accrual basis of accounting. The expenditures included in this schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the College for the purposes of the award. The College has followed the applicable guidelines issued by the various entities in the preparation of the schedule.

TEXARKANA COLLEGE

**SCHEDULE G - AUXILIARY ENTERPRISES - STATEMENT OF INCOME AND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2011 WITH COMPARATIVE FIGURES FOR 2010**

	2011				2010					
	Cafeteria	Bookstore	Gameroom	Housing	Total	Cafeteria	Bookstore	Gameroom	Housing	Total
Sales and Gross Profit										
Sales	\$ 273,143	\$ 1,927,180	\$ 4,566	\$ 99,556	\$ 2,304,445	\$ 396,911	\$ 2,277,928	\$ 22,652	\$ 154,567	\$ 2,852,058
Total Sales	273,143	1,927,180	4,566	99,556	2,304,445	396,911	2,277,928	22,652	154,567	2,852,058
Less Direct Cost										
Cost of goods sold	211,179	1,435,200	-	-	1,646,379	584,945	1,790,514	-	-	2,375,459
Salaries	189,221	148,813	-	37,700	375,734	253,275	135,596	-	-	388,871
Total Direct Cost	400,400	1,584,013	-	37,700	2,022,113	838,220	1,926,110	-	-	2,764,330
Gross Profit	(127,257)	343,167	4,566	61,856	282,332	(441,309)	351,818	22,652	154,567	87,728
Operating Expenditures										
Benefits	20,552	80,431	-	12,066	113,049	8,093	13,325	-	-	21,418
Supplies	16,995	2	-	5,693	22,690	16,774	16,141	-	50,666	83,581
Travel	327	3,460	-	-	3,787	16	185	-	-	201
Contracted Services	23,771	7,551	-	670	31,992	4,365	-	-	-	4,365
Capital Outlay	1,218	-	-	17,177	18,395	-	-	-	-	-
Student Aid	-	-	-	-	-	-	-	-	4	4
Utilities	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	96	96	-	-	-	-	-
Miscellaneous	169	37	-	-	206	-	-	4,214	-	4,214
Total Operating Expenditures	63,032	91,481	-	35,702	190,215	29,248	29,651	4,214	50,670	113,783
Excess of Income Over Expense	\$ (190,289)	\$ 251,686	\$ 4,566	\$ 26,154	\$ 92,117	\$ (470,557)	\$ 322,167	\$ 18,438	\$ 103,897	\$ (26,055)

See independent auditor's report

TEXARKANA COLLEGE

SCHEDULE H - INSURANCE IN FORCE

August 31, 2011

Company	Policy Number	Coverage	Coverage In Thousands	Expiration Date
Texas Association of Public Schools	TX10093J	Property	65,848	September 1, 2011
Texas Association of Public Schools	TX10093J	Automobile Liability	1,000	September 1, 2011
Texas Association of Public Schools	TX10093J	Mobile Equipment	98	September 1, 2011
Texas Association of Public Schools	TX10093J	General Liability	1,000	September 1, 2011
Darwin Select	0202-1076	Board Liability	1,000	September 1, 2011
Fidelity & Deposit	CCP6155276	Employee Dishonesty	25/25/140	March 1, 2013

See independent auditor's report

***FEDERAL FINANCIAL ASSISTANCE INFORMATION
SINGLE AUDIT***

**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***

To the Board of Trustees of
Texarkana College
Texarkana, Texas.

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Texarkana College (the College), as of and for the year ended August 31, 2011, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 19, 2011. The basic financial statements of the College as of and for the year ended August 31, 2010, were audited by other auditors, whose report dated December 14, 2010, expressed an unqualified opinion on those financial statements. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. Findings numbers 2011-1 through 2011-6 are considered to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. Findings numbers 2011-7 through 2011-9 are considered to be significant deficiencies.

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, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2011-10 through 2011-20.

We noted certain other matters that we reported to management of the College in a separate letter dated December 19, 2011.

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

This report is intended solely for the information and use of management, the Audit Committee, the Board of Trustees, the Texas Higher Education Coordinating Board, others within the entity, and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thomas & Thomas LLP
Certified Public Accountants

Texarkana, Texas
December 19, 2011

**INDEPENDENT AUDITOR'S 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**

To the Board of Trustees
Of Texarkana College and the
Texarkana, Texas

Compliance

We have audited the Texarkana College (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2011. The College's major federal programs are identified in the summary of 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 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

As described in items 2011-10 through 2011-20 in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding eligibility, special tests and provisions, cash management, matching, and other that are applicable to its Student Financial Assistance cluster and TRIO Cluster. Compliance with such requirements is necessary, in our opinion, for the College, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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 programs for the year ended August 31, 2011.

Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal 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 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, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-1 through 2011-6 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-7 through 2011-9 to be significant deficiencies.

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

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

Thomas & Thomas LLP

Certified Public Accountants

Texarkana, Texas
December 19, 2011

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Trustees
Of Texarkana College and the
Texarkana, Texas

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Texarkana College and the Texarkana College Foundation, Inc.'s financial statements as a whole. The schedule of expenditures of federal awards is 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 is also not a required part of the basic financial statements.

This report is intended solely for the information and use of management, the Audit Committee, the Board of Trustees, the Texas Higher Education Coordinating Board, others within the entity, and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thomas & Thomas LLP

Certified Public Accountants

Texarkana, Texas
December 19, 2011

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section I – Summary of Auditor’s Results

Financial Statements

The Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified that are Not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are Not considered to be material weaknesses?	Yes
Type of auditor’s report issued on compliance for major programs:	Qualified
Audit findings disclosed that are required to be reported in accordance with Section 510(a) of circular A-133?	Yes
Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.004, 84.003, 84.063 and 84.375	Student Financial Assistance Cluster
84.042 and 84.044	TRIO Cluster
84.397A	State Fiscal Stabilization Fund (ARRA)
84.397A	Military Preparedness (ARRA)
84.048	Carl Perkins Grant

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low risk auditee?	No

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section II – Financial Statement Findings

Finding 2011-1

Criteria:

The College should maintain internal controls that provide reasonable assurance that the entity is managing its operations efficiently and that liabilities incurred are proper and reasonable.

Condition:

The College does not have a system that provides assurance that accounts payable are approved and within budgeted amounts:

- Accounts payable are approved without references to budgeted amounts, or approved purchase orders.
- Payments for goods and services were made prior to obtaining approval for the purchase.
- There is no review of the classifications for reasonableness of the expenses incurred resulting in errors in properly categorizing the expenditure and in at least one instance resulted in the payment of an inappropriate expense.

Cause:

There is no formal system for the processing of accounts payable that includes lines of authority or responsibility.

Effect:

There is a fertile environment for material errors in the expenditures of the College that could affect the statement of financial position and operating results of the College.

Questioned Costs:

An expense that is inappropriate for an entity receiving public funds in the amount of \$346 was noted.

Recommendation

A system for the procurement of goods and services that involves reviews of the accounts payable for underlying documentation to assure that proper authorization for the expenditure is present, that budgetary constraints are considered and that proper classifications and reasonableness for the approved payment have been performed. Personnel should have clear instructions concerning the limits of their authority and responsibilities in the processing of accounts payable. The person who is authorized to approve expenditures should have no role in the payment of the liability or in the processing of any cash transactions of the College.

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-1 (continued)

Management Reponses:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-2

Criteria:

The College should maintain a payroll system that will assure management that payroll costs are controlled within budgeted amounts and that there is compliance with the related regulatory requirements associated with those costs.

- The lack of internal controls over payroll and related costs resulted in the following findings:
 - Payments for accrued payroll liabilities were improperly posted
 - There was no documentation of rates of pay or agreed upon salary levels
 - There were inconsistencies in obtaining employee authorizations for withholding
 - Time sheets which are used as the basis for calculating wages were not approved or reviewed.
 - Various instances were noted in which employees were paid at a different salary or wage per hour than the approved rate of pay.
 - Errors were noted in recording payroll expense to the appropriate fund, organization, and account and program code.
 - Errors in complying with the Department of Labor's requirement to pay overtime at a rate of one and one-half times the normal base pay were noted in various instances.
 - Unauthorized withholdings from employee earnings at the rate of 1.45% for an unidentified insurance were noted.
 - Withholdings from the earnings of employees who were not yet qualified for the Teacher Retirement System and other retirement plans were made and were not properly documented. In one instance, the College had matched the employee contributions on both of the retirement plans.
 - Although it was noted in only one instance, the sick leave/vacation pay benefits were overpaid.
 - The improper separation of duties in the processing of payroll resulted in unauthorized changes in the rate of pay to terminated employees to allow agreement in the amount paid and the amount owed to the employee.
 - Various accruals for payroll related costs were not reconciled to the payment of the accrued liability resulting in an improper matching of expenses in the proper period.
 - Payroll reports are maintained in an unsecured area and are accessible to unauthorized personnel.
 - Employee records relative to rates of pay, benefits and other human resource related matters are not filed in a central location but are indiscriminately left in various locations.
 - Individuals were paid as employees versus contract labor and visa versa.

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-2 (continued)

Cause:

Issues stem from lack of a clearly delineated structure relative to lines of authority and responsibilities over the payroll system of the College.

Effect:

The lack of controls in processing the payroll of the College affords the opportunity for material misstatements of the financial statements, exposure to penalties for non-compliance with DOL regulations and non-compliance with the employer's fiduciary responsibilities to the employee.

Questioned Costs:

Indeterminable

Recommendation

The payroll system should be designed to assure that employee's files contain accurate information regarding authorized withholding and approved rates of pay /salaries that have been reviewed and authorized by the appropriate department head or other responsible official. Payments to employees based upon time sheets should not be made unless there is proper approval of the time submitted. Continuing analytical reviews of payroll expenses should be performed by qualified College personnel to determine that there is consistency in the recorded expenses within grants, programs, etc. All systems design changes should be made contemplating that there will be a division of duties, authority and responsibilities related to the system.

Management Responses:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-3

Criteria:

Inventories required substantial adjustments at the end of the fiscal year based upon the differences in the physical counts and the amounts recorded in the financial statements.

Condition:

The physical counting of inventory was performed by students with limited supervision. The lack of supervision and the inexperience of the students in performing these tests provided ample opportunity for a misstatement of the inventory by errors in recording the inventory quantities or by the omission of items of inventory from the counts. The differences in the physical count of the inventory at the end of fiscal year resulted in a material adjustment to the inventory in the financial statements.

Causes:

There is limited involvement by those in authority to supervise and direct the counting of inventory by the student personnel. The lack of a systematic approach to assuring the accuracy of the counts contributed to the finding.

Effect:

The material adjustment to inventory at the end of the fiscal year indicates that a lack of controls over inventory at interim periods within the year was present and that there was no periodic review of inventory reports to determine if there were significant variations that should be analyzed to determine the underlying reason for the differences. This condition affects the financial statements of the College by the amount of differences that might exist. There is also the opportunity to misappropriate inventory as well.

Questioned Costs:

Indeterminable

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-3 (continued)

Recommendation:

Inventory reports should be reviewed on a continuing basis and any differences should be resolved in a timely fashion. Procedures to scan inventory for purchases and sales should be revised to assure that appropriate procedures are being applied. The physical inventory counting should be systematically done utilizing numbered count tags and supervised by someone in management.

Management Reponses:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-4

Criteria:

The College should maintain a system to provide for the approval of the acquisition and disposal of fixed assets. The system should establish limits beyond which expenditures will be capitalized and provide for a means for the ratable depreciation of those assets which are capitalized and which will benefit future periods.

Condition:

The College does not have a system that properly accounts for the acquisition and disposition of fixed assets. All assets acquired are expensed and not properly capitalized. We noted that for those assets that have been capitalized by past adjustments to the financial statements there were dispositions of various assets that lacked supporting documentation for their removal.

Cause:

The lack of a fixed asset system that provides accountability and controls.

Effect:

There is no periodic depreciation of those assets which, through adjustment, had been capitalized. All expenditures for the acquisitions of assets are expensed in the period the expense is incurred and require adjustment at year-end. It was noted that certain assets that had been capitalized in prior years were no longer in service and that there was no authorization for their disposal.

The expensing of fixed assets overstates expenses of the College, which impacts the budgeting process and misstates the financial results of the College. The unauthorized acquisitions and disposals of fixed assets further present opportunities for their misappropriation.

Questioned Costs:

Indeterminable

Recommendation:

The Banner system provides the means for providing accountability for fixed assets and should be made a part of the process of authorizing the acquisition of and disposal of fixed assets. The system will provide the means to ratably charge off these assets against operations throughout the year allowing management of the College to assess the effect of those assets on operations and providing them with information necessary to budget asset additions and disposals.

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-4 (continued)

Management Responses:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-5

Criteria:

The College should adopt a system of internal control that will provide assurance that proper reviews of authorized entries into the financial accounting system are conducted on a recurring basis. The system should also require that reviews of the payroll register be made prior to issuing payrolls.

Condition:

It was noted that entries to the financial system are not reviewed for authorization or content and that payrolls are issued without reviewing the underlying payroll register.

Cause:

There are no formally established policies which allow tighter controls over journal entries and payrolls.

Effect:

Uncontrolled and unauthorized entries within the financial accounting system were noted as the cause for the duplication of some entries within the system. Uncontrolled access to the accounting records affords opportunities for the misstatement of the financial position and operating results of the College. The lack of reviews of payroll have resulted in unauthorized deductions from employee wages and increase the risk of overpayment of salaries and wages and afford an opportunity to establish a fictitious employee.

Questioned Costs:

Indeterminate

Recommendation:

Entries to the accounting system outside of the normal recording of income and expenses should be limited to one individual who possesses the requisite knowledge to assess the appropriateness of the entry. Payrolls should be reviewed and compared to the payroll register by someone outside of the processing of payroll. The reviews of payrolls should include testing the validity of new hires and employee termination and performing analytical reviews to determine the existence of any unusual variations in payroll expense.

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-5 (continued)

Management Responses:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-6

Criteria:

The performance of procedures related to deleting and restoring data from an old system to a newer system should be only be performed by personnel that have the requisite experience to perform such complex tasks.

Condition:

A student performed the restoration of back up data from one system to another without any supervision. Restoring data backups is performed only when catastrophic incidents have occurred and only then by qualified trained professionals.

Cause:

There is a lack of expertise within the employees of the College to perform these types of tasks.

Effect:

An error in performing these types of computer related tasks could result in the irretrievability of vital financial information that forms the basis for generating financial statements for the College.

Questioned Costs:

None

Recommendation:

The College should establish a written policy that restricts the performance of these types of tasks and should institute password access that is available only to qualified trained personnel.

Management Reponses:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-7

Criteria:

The College should review an aging of accounts receivable on a regular basis.

Condition:

The system previously utilized by the College did not have the capability of aging the accounts receivable whereas the recently acquired system has the capability to generate this document.

Cause:

System capability

Effect:

The lack of a schedule of the aging of accounts receivable does not afford a basis for the management of the College to analyze the collectability of accounts receivable thereby overstating the financial results of operations.

Questioned Costs:

None

Recommendation:

The newly implemented computer system generates data relative to the aging of accounts receivable which should be reviewed on a regular basis to determine the collectability of the accounts.

Management Responses:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-8

Criteria:

Income from investments should be recognized in the financial statements as earned.

Condition:

Investment income is not recorded in the financial statements until year-end.

Cause:

Accounting personnel did not recognize the importance of recording income as earned.

Effect:

The financial operating results are incorrect by the amount of earnings on investments which in prior years has required a material adjustment at year-end.

Questioned Costs:

None

Recommendation:

Qualified personnel should calculate and adjust investment income on a timely basis.

Management Reponses:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-9

Criteria:

There should be controlled access by one employee for each cash register in the bookstore.

Condition:

It was noted that there was uncontrolled access to different cash registers by various employees.

Cause:

The College has no controls in place relative to cash registers in the bookstore.

Effect:

Without access restrictions to the cash registers to specified personnel, there is no accountability by any one employee for cash for their assigned register.

Questioned Costs:

None

Recommendation:

The responsibility and access to a cash register should be assigned and restricted to one employee per register on each shift.

Management Responses:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs

Department of Education

Student Financial Assistance – CFDA# 84.007/84.033/84.063/84.375

Award year – July 1, 2010 to June 30, 2011

Award numbers – P063P102318, P007A104134, P033A104134, and P375A102318

Finding 2011-10

Requests for Funding and Supporting Documentation

Type of Finding – Significant Deficiency

Criteria:

Fund requests under Grants and Financial Aid Awards were not compared to the specifics of those Grants and Awards before requests for funding were made.

Condition:

The advancing of funds under the terms of the Grants and the Financial Aid Awards require the incurrence of allowed expenses which serve as the basis for reimbursement to the College.

Cause:

The lack of controls associated with the accounting system did not provide proper accountability for qualified expenses.

Effect:

Funding requests were made without any reference to the incurrence of qualified expenses under the terms of the Grants or Financial Aid Awards. Without the proper accountability, there exists the possibility of over/under funding resulting in the College being in violation of Uniform Grant Management Standards and other regulations and which could result in demands for repayment of the over funded status or in the discontinuance of those sources of funds.

Questioned Costs:

Indeterminable

Recommendation:

The implementation of the new accounting software will supply the means to assure the proper recording of these types of expenses and will afford management the basis for assessing the status of funding before requests for funds are initiated.

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-10 (continued)

Requests for Funding and Supporting Documentation

Type of Finding – Significant Deficiency

Management Responses:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-11

Department of Education

Student Financial Assistance – CFDA# 84.007/84.033/84.063/84.375

Award year – July 1, 2010 to June 30, 2011

Award numbers – P063P102318, P007A104134, P033A104134, and P375A102318

Eligibility

Type of Finding – Significant Deficiency

Criteria:

The determination of Student Financial Assistance award amounts is based on financial need which is generally defined as the student's cost of attendance minus financial resources reasonably available. Student Financial Assistance awards must be coordinated among the various programs and with other Federal and non-Federal aid to ensure that total aid is not awarded in excess of the student's financial need.

Condition:

In reviewing the procedures for determining the eligibility for student financial assistance, it was noted that there was no formal process in place to ensure that a student's total aid was not awarded in excess of the student's financial need. Further testing did not indicate that there were any findings relative to the non-performance of these comparisons.

Cause:

There is no clear direction on procedures to be performed when determining qualifications for student financial assistance.

Effect:

Without clear direction on the need to perform these comparisons, there is ample opportunity for the occurrence of errors in awarding financial aid.

Recommendation:

A formal process for a comparison of student's need to the amount of student financial aid awarded should be adopted and distributed to those involved in this process.

Management's Response:

A formal policy will be adopted and distributed to those involved in the process.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date: Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-12

Department of Education

Student Financial Assistance – CFDA# 84.007/84.033/84.063/84.375

Award year – July 1, 2010 to June 30, 2011

Award numbers – P063P102318, P007A104134, P033A104134, and P375A102318

Eligibility

Type of Finding – Significant Deficiency

Criteria:

To be eligible to receive an Academic Competitiveness Grant (ACG) award for a student's first academic year, the student must have successfully completed a rigorous secondary school program of study as defined in 34 CFR Section 691.16.

Condition:

Any secondary school program in which a student successfully completes specified courses as defined in 34 CFR Section 691.16 meets the definition of a rigorous secondary school program.

As a result of testing performed, of the 63 students selected for testing, we noted 5 students did not meet the requirements to receive an ACG award as they had not successfully completed a rigorous program of study. Further, for an additional 5 out of 63 students selected, we noted that the College failed to maintain the required documentation to support that the student successfully completed a rigorous program of study to qualify for an ACG award.

Cause:

The lack of a program outlining procedures to be performed in determining eligibility and the documentation required to be retained to support the eligibility determination.

Effect:

Student financial assistance could be awarded to ineligible students.

Questioned Costs:

None

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-12(continued)

Recommendation:

A clearly defined program for procedures to be performed in determining student eligibility for ACG awards should be instituted.

Management's Response:

A procedural approach for determining student's eligibility for ACG awards will be adopted and installed.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-13

Department of Education

Student Financial Assistance – CFDA# 84.007/84.033/84.063/84.375

Award year – July 1, 2010 to June 30, 2011

Award numbers – P063P102318, P007A104134, P033A104134, and P375A102318

Eligibility

Type of Finding – Significant Deficiency

Criteria:

Each year, based on the maximum Pell award established by Congress, the Department of Education provides to institutions Payment and Disbursement Schedules for determining Pell awards. The Payment and Disbursement Schedule provides the maximum annual amount a student could receive for a full academic year for a given enrollment status, Expected Family Contribution (EFC), and Cost of Attendance (COA) with separate schedules for three-quarter time, half-time, and less-than-half-time students.

Additionally, in determining a student's enrollment status that is the basis for the student's Pell award, a full-time student is defined as an enrolled student who is carrying a full-time academic workload. For an undergraduate student enrolled in a program that measures progress in credit hours and uses standard terms (i.e. semesters, trimesters, or quarters), a full-time academic workload is defined as a minimum of 12 semester or 12 quarter hours per academic term.

Condition:

We noted during our testing that certain students were awarded and distributed an annual award that was inconsistent with the 2010-2011 Payment and Disbursement Schedules provided by the Department of Education. Also in testing performed, noted that students were awarded and distributed Pell awards based on a full-time enrollment status that was not consistent with the minimum standards defined above.

Effect:

Inappropriate disbursements were made in excess of appropriate amounts or to non-qualifying students.

Cause:

A lack of controls for the disbursement of Pell Awards is caused by the absence of any systemic approach in monitoring the disbursement of these funds.

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-13 (Continued)

Questioned Costs:

Indeterminable

Recommendation:

Controls should be adopted by outlining procedures to be performed in assuring that proper disbursements of Pell Grants are made.

Management's Response:

Procedures for assuring that the proper disbursement of Pell Grant Awards will be prepared and disseminated to the appropriate personnel.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-14

Department of Education

Student Financial Assistance – CFDA# 84.007/84.033/84.063/84.375

Award year – July 1, 2010 to June 30, 2011

Award numbers – P063P102318, P007A104134, P033A104134, and P375A102318

Eligibility

Type of Finding – Significant Deficiency

Criteria:

ACG award recipients cannot be enrolled as regular students in an ACG-eligible program while attending high school unless the college courses are an integral part of the high school's program.

Condition:

It was noted that awards of ACG funds were made to secondary school students who were taking college courses that were not a part of the secondary schools program.

Cause:

There are no formal procedures to critically analyze student qualifications for these ACG awards.

Effect:

Without formal procedures in place to analyze student eligibility for ACG awards, disbursements to non-qualifying applicants can occur.

Recommendation:

Procedures should be adopted to analyze student eligibility for ACG awards.

Management's Response:

Procedures for assuring that the proper disbursement of ACG Awards will be prepared and disseminated to the appropriate personnel.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-15

Department of Education

Student Financial Assistance – CFDA# 84.007/84.033/84.063/84.375

Award year – July 1, 2010 to June 30, 2011

Award numbers – P063P102318, P007A104134, P033A104134, and P375A102318

Eligibility

Type of Finding – Significant Deficiency

Criteria:

The determination of student financial assistance awards is based on financial need which is defined as the student's cost of attendance minus financial resources reasonably available. The cost of attendance is the cornerstone of establishing a student's financial need, as it sets a limit on the total aid that a student may receive. The cost of attendance is an estimate of that student's educational expenses for a period of enrollment and is typically an average of expenses for students with the same enrollment status rather than actual expenses.

Condition:

The calculation of the cost of attendance for Texarkana College is a key factor in determining the amount of student financial assistance to award. Currently, there is no documentation of the methodology or assumptions used in determining the calculation of the cost of attendance for Texarkana College.

Cause:

The cost of attendance is calculated by the Director of Financial Aid with no review of the calculation by a second party of supervisory authority.

Effect:

By utilizing a cost of attendance that has no basis could provide for the opportunity to calculate a cost of attendance that is unreasonably high which could result in a student receiving financial assistance in excess of actual financial need.

Questioned Costs:

None

Recommendation:

Formal reviews and approval of cost of attendance calculations should be performed and documented.

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-15 (continued)

Management's Response:

Procedures for assuring that the proper disbursement of student financial assistance will be prepared and disseminated to the appropriate personnel.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date: Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-16

Department of Education

Student Financial Assistance – CFDA# 84.007/84.033/84.063/84.375

Award year – July 1, 2010 to June 30, 2011

Award numbers – P063P102318, P007A104134, P033A104134, and P375A102318

Special Tests and Provisions – Return of Title IV Funds

Type of Finding – Significant Deficiency

Criteria:

When a recipient of Title IV grant assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment.

Condition:

The amount to be returned to the Department of Education is calculated by the Director of Financial Aid with no review of the calculation by a second party of supervisory authority.

Additionally, we noted during testing performed that adequate documentation supporting the Return to Title IV calculation for the 2010-2011 award year was not retained nor was there any evidence that the calculation was performed for certain student's that withdrew.

Cause:

There is no clear systemic approach to assure that return to Title IV calculations are performed accurately and within required timeframes.

Effect:

Incorrect calculations could result in refunding amounts that are insufficient or in excess of amounts required to be returned.

Questioned Costs:

None

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-16 (continued)

Recommendation:

The College should implement a formal process whereby the calculation is reviewed by a second party of supervisory authority with adequate knowledge of Title IV requirements.

Management's Response:

Procedures for assuring that the proper disbursement of student financial assistance will be prepared and disseminated to the appropriate personnel.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-17

Department of Education

Student Financial Assistance – CFDA# 84.007/84.033/84.063/84.375

Award year – July 1, 2010 to June 30, 2011

Award numbers – P063P102318, P007A104134, P033A104134, and P375A102318

Special Tests and Provisions – Disbursements to or on behalf of student

Type of Finding – Significant Deficiency

Criteria:

The disbursement amount and the date in the Common Origination and Disbursement (COD) System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to the students.

Condition:

For 124 out of 126 disbursements, it was noted that the disbursement date did not match the date the funds were distributed or made available to the student. For 19 out of 126 disbursements, it was noted that the disbursement amount did not match the actual amount distributed or made available to the student.

Cause:

The Financial Aid department inputs the date and amount of disbursement, which is the estimated disbursement date. However, the funds are not actually disbursed to the student by the Business Office until a later date. The COD system is not updated with the actual disbursement date.

Effect:

The College reported incorrect disbursement dates and amounts to the COD system.

Questioned Costs:

None

Recommendation:

The College should implement a formal process to correct the Pell disbursement date in the COD System to update the estimated date with the actual disbursement date when the funds are disbursed to the students.

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-17 (continued)

Management's Response:

Procedures for assuring that the proper disbursement of student financial assistance will be prepared and disseminated to the appropriate personnel.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-18

Department of Education

Student Financial Assistance – CFDA# 84.007/84.033/84.063/84.375

Award year – July 1, 2010 to June 30, 2011

Award numbers – P063P102318, P007A104134, P033A104134, and P375A102318

Cash Management

Type of Finding – Significant Deficiency

Criteria:

An institution is permitted to draw down Title IV funds prior to disbursing funds to eligible students. However, the institution's request must not exceed the amount immediately needed to disburse funds to students and the institution must make the disbursements no later than 3 business days following the receipt of funds. Any amounts not disbursed by the end of the third business day are considered to be excess cash and generally are required to be promptly returned to the Department of Education.

Condition:

The College does not have a formal process in place to ensure that cash drawdowns are appropriate and matches amount that is required to be drawn. There is no reconciliation between what was required to be drawn down and the actual amount disbursed to students. Additionally, there is no approval process prior to the drawdown and no review to verify that the draw down was actually performed and funds disbursed within the required timeframe.

Cause:

The College does not have controls in place to ensure compliance with the requirements of the program.

Effect:

The lack of a monitoring system of cash drawn from federal sources provides ample opportunity for the College to be non-compliant with the fund requirements and affords the possibility of incurring a liability for amounts withdrawn in excess of approved amounts.

Questioned Costs:

Indeterminable

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-18 (continued)

Recommendation:

A well-documented system that requires approval of cash drawn down from funding sources and provides for reviews of withdrawals and that monitors the matching requirements to ensure that the College is in compliance with the requirements of the funding source should be adopted.

Management's Response:

Procedures for assuring that the proper disbursement of student financial assistance will be prepared and disseminated to the appropriate personnel.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-19

Department of Education

Student Financial Assistance – CFDA# 84.007/84.033/84.063/84.375

Award year – July 1, 2010 to June 30, 2011

Award numbers – P063P102318, P007A104134, P033A104134, and P375A102318

Reporting

Type of Finding – Significant Deficiency

Criteria:

An institution is required to submit Pell origination and disbursement records to the Common Origination and Disbursement (COD) system. Origination records include key data such as student social security numbers, award amount, enrollment date, verification status code, cost of attendance and academic calendar. Origination records can be sent in advance of any disbursements as long as the institution reasonably believes the student will be eligible for payment.

Condition:

For 12 out of 126 selections, discrepancies were noted in comparing the key data items per the origination record to the key data per the student's financial aid file maintained by the College.

Cause:

Until the implementation of the Banner system, data was entered into the COD system manually by the financial aid department. Such a manual process created opportunity for data entry errors with no review process in place to identify and correct discrepancies.

Effect:

The College reported incorrect data to the COD system.

Questioned Costs:

None

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-19 (continued)

Recommendation:

The College should implement a formal process to ensure data is reported to the COD system accurately.

Management Response:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-20

Department of Education

Student Financial Assistance – CFDA# 84.007/84.033/84.063/84.375

Award year – July 1, 2010 to June 30, 2011

Award numbers – P063P102318, P007A104134, P033A104134, and P375A102318

TRIO Cluster – CFDA #84.042/84.044

Award year – September 1, 2010 to August 31, 2011

Award number – P044A060001 and P042A060013-09A

Matching

Type of Finding – Significant Deficiency

Criteria:

Entities shall maintain internal controls over federal programs that provide reasonable assurance that the entity is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements.

Condition:

The College does not have internal controls designed or maintained to ensure that funds received are appropriate and match the amount that can be received or that funding required to be received has been requested. Advances on funds are requested based upon an informal unapproved document that is furnished to the accounting clerk that processes the request. There is no reconciliation of amounts requested to the amounts approved under the terms of the funding source or the amounts required to be funded.

Cause:

There are no internal controls that contain a delineation of responsibilities and authorities for these transactions.

Effect:

The funding requests may be in excess of amounts authorized or there may not be funds requested adequate to cover expenses.

Texarkana College

Schedule of Findings and Questioned Costs Year Ended August 31, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 2011-20 (continued)

Questioned Costs:

None

Recommendation:

The College should implement a formal process to ensure that drawdowns are approved prior to the initiation of the drawdown and that the correct amount was drawn down.

Management Response:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date: Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2010

Section IV – Findings and Questioned Costs – Major Federal Award Programs

Prior Year Findings and Questioned Costs Relating to Federal Awards

The College made attempts at correcting the findings from the previous year with limited success. Due the turnover in key management areas of the business office and the implementation of a new accounting information system, many of the changes that were implemented were not maintained or monitored. The bulk of the previous year findings were noted as findings in the current period, see current year audit findings in the previous section.

STATE FINANCIAL ASSISTANCE INFORMATION

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

To the Board of Trustees
Of Texarkana College and the
Texarkana, Texas

Compliance

We have audited the Texarkana College (the College) compliance with the types of compliance requirements described in the *Uniform Grant Management Standards* that could have direct and material effect on each of the College's major state programs for the year ended August 31, 2011. The College's major state programs are identified in the summary of 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 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; and the *Uniform Grant Management Standards*. Those standards and the State of Texas require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about 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.

As described in items 2011-21 and 2011-22 in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding Cash Management that are applicable to its Texas Grant. Compliance with such requirements is necessary, in our opinion, for the College, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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 state programs for the year ended August 31, 2011.

Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to 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 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 the *Uniform Grant Management Standards*, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-21 and 2013-22 to be significant deficiencies.

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

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

Thomas & Thomas LLP
Certified Public Accountants

Texarkana, Texas
December 19, 2011



Texarkana College

State Grant Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section I – Summary of Auditor’s Results

Financial Statements

The Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	No

State Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditor’s report issued on compliance for major programs:	Qualified
Audit findings disclosed that are required to be reported in accordance with State of Texas Single Audit Circular?	Yes
Identification of major programs:	

Name of Federal Program or Cluster

Texas Grant

Texas II Grant

Intensive Summer Program (ISP) Grant

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low risk auditee?	No

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section II – Findings and Questioned Costs – Major State Award Programs

Finding 2011-21

Criteria:

The College should establish and maintain internal controls that provide reasonable assurance that the entity is maintaining compliance with Cash Management as provided in the grant documents.

Condition:

The College does not have a system that provides assurance that funds drawn down from the State for student financial assistance, is complete and accurate. They also do not have a system in place that provides for the proper posting of the payments on a timely basis to the students or the student accounts.

Cause:

There is no formal system to document and summarize the students eligible for Texas Grant and Texas II Grant, to document the students for whom drawdowns are being made, to monitor when the money is drawn down, or to ensure that funds are applied to a student's account or paid to the student timely.

Effect:

As of the end of the year, it was noted that a significant portion of the funding drawn down from the State was due back to the state. The requests for funds were made without regard to the student's eligibility. The amount due back to the state is recorded as a liability in the audited financial statements.

Questioned Costs:

None

Recommendation

A system for awarding financial assistance and for drawing down funds from the State should always require accompanying documentation to assure that proper authorization for the expenditure is present. Personnel should have clear instructions concerning the limits of their authority and responsibilities in the processing of student financial aid.

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section II – Findings and Questioned Costs – Major State Award Programs (continued)

Finding 2011-21 (continued)

Management Responses:

Certain procedural changes have been implemented based on audit recommendations.

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section II – Findings and Questioned Costs – Major State Award Programs (continued)

Finding 2011-22

Criteria:

The College should establish and maintain internal controls that provide reasonable assurance that the entity is in compliance with eligibility as provided in the grant documents.

Condition:

The College does not have a system that provides assurance that eligibility for State student financial assistance is complete and accurate. We noted the following findings:

- Several files did not contain a substance abuse and felony conviction confirmation sheet.
- The financial aid office either did not recalculate or incorrectly calculated the satisfactory academic progress (SAP) – GPA.
- The SAP completion rate was either not calculated or incorrectly calculated.

Cause:

There is no formal system to document and summarize the student eligible for Texas Grant and Texas II Grant.

Effect:

In certain instances, it was noted that students were receiving funding from the program without regard to the eligibility requirements.

Questioned Costs:

Not Determinable

Recommendation

A system for awarding financial assistance from the State should always be documented to assure that proper eligibility and authorization for the expenditure is present.

Management Reponses:

Certain procedural changes have been implemented based on audit recommendations.

Texarkana College

**Schedule of Findings and Questioned Costs
Year Ended August 31, 2011**

Section II – Findings and Questioned Costs – Major State Award Programs (continued)

Finding 2011-22

Responsible Individual:

Kim Jones, CFO

Anticipated Completion Date:

Fiscal Year 2011-2012

Texarkana College

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section III – Findings and Questioned Costs – Major State Award Programs

Prior Year Findings and Questioned Costs Relating to State Awards

A State Single Audit was not performed in the previous year.

STATISTICAL SECTION (UNAUDITED)

Texarkana College

Statistical Supplement I

Net Assets by Component

Fiscal Years 2003 to 2011

(unaudited)

	For the Fiscal Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	
Invested in capital assets, net of related debt	\$ 20,991,552	\$ 19,779,873	\$ 19,716,574	\$ 19,128,843	\$ 18,930,080	\$ 18,148,904	\$ 18,610,957	\$ 19,041,860	\$ 20,076,282	
Restricted - expendable	1,272,464	1,222,536	1,189,022	1,176,886	1,146,775	1,092,234	1,305,540	1,503,022	1,519,767	
Restricted - nonexpendable	1,938,636	1,840,712	1,840,712	1,811,804	1,081,107	1,021,329	989,462	964,929	948,696	
Unrestricted	1,647,838	11,531,479	16,305,744	18,589,277	18,379,156	18,844,349	17,660,344	16,967,577	16,255,558	
Total primary government net assets	\$ 25,850,490	\$ 34,374,600	\$ 39,052,052	\$ 40,706,810	\$ 39,537,118	\$ 39,104,816	\$ 38,566,303	\$ 38,477,388	\$ 38,800,303	

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2011 are available.

Texarkana College
 Statistical Supplement 2
 Revenues by Source
 Fiscal Years 2003 to 2011
 (unaudited)

	For the Year Ended August 31,										
	2011	2010	2009	2008	2007	2006	2005	2004	2003		
Tuition and Fees (Net of Discounts)	\$ 3,419,023	\$ 5,208,655	\$ 4,276,800	\$ 3,955,930	\$ 3,843,715	\$ 3,932,661	\$ 3,593,745	\$ 3,457,484	\$ 3,183,710		
Governmental Grants and Contracts	1,152,471	346,925	848,698	897,097	3,760,079	3,859,953	4,357,743	4,254,740	3,501,627		
Federal Grants and Contracts	433,791	428,863	857,584	476,410	1,111,478	215,220	151,038	393,586	456,102		
State Grants and Contracts											
Local Grants and Contracts	173,102	87,417	66,953	42,049	39,600	20,196	54,242	6,062	38,549		
Non-Governmental Grants and Contracts	289,905	179,181	144,618	127,157	134,185	119,686	144,778	116,699	116,987		
Sales and services of educational activities	1,644,430	2,116,250	2,320,449	1,984,724	1,791,611	1,876,376	1,716,550	2,088,171	1,821,307		
Auxiliary enterprises	560,859	524,447	465,667	675,847	450,600	540,901	449,077	472,648	442,333		
Other Operating Revenues	7,673,581	8,891,738	8,980,789	8,159,214	11,131,268	10,564,993	10,467,173	10,789,390	9,560,615		
Total Operating Revenues	10,919,861	11,278,370	11,575,761	11,687,675	11,151,680	11,044,135	9,920,587	9,942,053	10,590,896		
State Appropriations	1,245,710	1,261,793	1,169,121	1,089,803	997,089	909,946	869,106	810,207	775,473		
Ad Valorem Taxes	6,366,406	5,994,525	4,030,961	3,493,767	28,585	49,653	94,170	51,634	63,154		
Federal Grants and Contracts	18,710	307,216	353,214	950,178	1,099,333	805,765	573,862	553,646	522,878		
Gifts	89,475	60,090	55,000	-	-	-	-	243,864	-		
Investment income	603,626	65,579	-	-	-	-	-	-	-		
Other non-operating revenues	19,432,556	18,967,573	17,239,508	17,919,540	13,276,687	12,809,499	11,457,725	11,601,404	11,952,401		
Insurance Proceeds (Net of Loss)	\$ 27,106,137	\$ 27,859,311	\$ 26,220,277	\$ 26,078,754	\$ 24,407,955	\$ 23,374,482	\$ 21,924,898	\$ 22,390,794	\$ 21,513,016		
Total Non-Operating Revenues	27,106,137	27,859,311	26,220,277	26,078,754	24,407,955	23,374,482	21,924,898	22,390,794	21,513,016		
Total Revenues	38,025,998	39,137,681	37,796,038	37,766,429	35,558,635	34,418,617	31,845,485	32,333,278	32,103,912		

	For the Year Ended August 31,										
	2011	2010	2009	2008	2007	2006	2005	2004	2003		
Tuition and fees (net of discounts)	12.61%	18.70%	16.31%	15.17%	15.75%	16.82%	16.39%	15.44%	14.80%		
Governmental grants and contracts	4.25%	1.25%	3.24%	3.44%	15.41%	16.51%	19.88%	19.00%	16.28%		
Federal grants and contracts	1.60%	1.54%	3.27%	1.83%	4.55%	0.92%	0.69%	1.76%	2.12%		
State grants and contracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Local grants and contracts	0.64%	0.31%	0.26%	0.16%	0.16%	0.09%	0.25%	0.03%	0.18%		
Non-governmental grants and contracts	1.07%	0.64%	0.55%	0.49%	0.55%	0.51%	0.66%	0.52%	0.54%		
Sales and services of educational activities	6.07%	7.60%	8.85%	7.61%	7.34%	8.03%	7.83%	9.33%	8.47%		
Auxiliary enterprises	2.07%	1.88%	1.78%	2.59%	1.85%	2.31%	2.05%	2.11%	2.06%		
Other operating revenues	28.31%	31.92%	34.25%	31.29%	45.61%	45.20%	47.74%	48.19%	44.44%		
Total Operating Revenues	40.29%	40.48%	44.15%	44.82%	45.69%	47.25%	45.25%	44.40%	49.23%		
State appropriations	4.60%	4.53%	4.46%	4.18%	4.09%	3.89%	3.96%	3.62%	3.60%		
Ad valorem taxes	23.49%	21.52%	15.37%	13.40%	0.00%	0.00%	0.00%	0.00%	0.00%		
Federal grants and contracts	0.07%	0.00%	0.21%	2.68%	0.12%	0.43%	0.43%	0.23%	0.29%		
Gifts	0.70%	1.10%	1.35%	3.64%	4.50%	3.45%	2.62%	2.47%	2.43%		
Investment income	0.33%	0.22%	0.21%	0.00%	0.00%	0.00%	0.00%	1.09%	0.00%		
Other non-operating revenues	2.23%	0.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Insurance Proceeds (Net of Loss)	71.69%	68.08%	65.75%	68.71%	54.39%	54.80%	52.26%	51.81%	55.56%		
Total Non-Operating Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		
Total Revenues	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 2003-2011 are available.

Texarkana 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	\$ 13,935,976	\$ 11,772,225	\$12,215,518	\$11,287,318	\$11,131,893	\$10,367,797	\$10,071,468	\$9,570,255	\$9,442,420	\$9,347,571
Research	-	-	-	-	-	-	-	-	-	-
Public service	2,904,737	1,917,722	1,867,262	1,864,236	1,900,571	1,762,847	1,754,900	1,594,200	1,474,418	1,592,802
Academic support	2,793,009	2,230,665	1,906,379	1,896,173	1,989,656	1,909,108	1,692,005	1,586,099	1,603,315	1,545,219
Student services	6,746,109	2,263,048	2,788,637	2,264,580	2,075,800	1,960,639	1,702,206	1,698,625	1,650,066	1,474,585
Institutional support	2,449,060	6,334,992	2,484,075	2,132,502	2,035,731	2,040,847	1,860,839	1,893,067	1,922,946	2,031,533
Operation and maintenance of plant	3,462,892	4,104,643	2,713,959	2,196,421	1,828,320	1,769,884	1,860,332	1,942,592	1,775,712	1,603,017
Scholarships and fellowships	2,212,327	2,878,113	2,902,848	2,380,504	2,177,404	2,192,454	2,077,209	2,301,818	2,093,155	2,152,882
Auxiliary enterprises	1,126,137	995,800	996,357	887,328	836,278	832,603	817,024	779,150	731,519	734,480
Depreciation	35,630,247	32,497,208	27,875,035	24,909,062	23,975,653	22,835,979	21,835,983	21,365,806	20,693,551	20,482,089
Interest on capital related debt	-	-	-	-	-	-	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	\$ 35,630,247	\$ 32,497,208	\$ 27,875,035	\$ 24,909,062	\$ 23,975,653	\$ 22,835,979	\$ 21,835,983	\$ 21,365,806	\$ 20,693,551	\$ 20,482,089

For the Year Ended August 31,

	2011	2009	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	39.11%	36.23%	43.82%	45.31%	46.43%	45.40%	46.12%	44.79%	45.63%	45.64%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	8.15%	5.90%	6.70%	7.48%	7.93%	7.72%	8.04%	7.46%	7.13%	7.78%
Academic support	7.84%	6.86%	6.84%	7.61%	8.30%	8.36%	7.75%	7.42%	7.75%	7.54%
Student services	18.93%	6.96%	10.00%	9.09%	8.66%	8.59%	7.80%	7.95%	7.97%	7.20%
Institutional support	6.87%	19.49%	8.91%	8.56%	8.49%	8.94%	8.52%	8.86%	9.29%	9.92%
Operation and maintenance of plant	9.72%	12.63%	9.74%	8.82%	7.63%	7.75%	8.52%	9.09%	8.58%	7.83%
Scholarships and fellowships	6.21%	8.86%	10.41%	9.56%	9.08%	9.60%	9.51%	10.77%	10.12%	10.51%
Auxiliary enterprises	3.16%	3.06%	3.57%	3.56%	3.49%	3.65%	3.74%	3.65%	3.54%	3.59%
Depreciation	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Interest on capital related debt	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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.

Texarkana College

Statistical Supplement 4

Tuition and Fees

Last Ten Academic Years (unaudited)

Academic Year (Fall)	Resident Fees Per Semester Credit Hour (SCH)									
	Registration Fee (per student)	In District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	Cost for 12 SCH In District	Cost for 12 SCH Out of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District	
2011	\$ 20	\$ 16	\$ 16	\$ -	\$ 3	\$ 245	\$ 245	3.81%	3.81%	
2010	20	15	15	-	3	236	236	0.00%	0.00%	
2009	20	15	15	-	3	236	236	0.00%	0.00%	
2008	20	15	15	-	3	236	236	18.00%	18.00%	
2007	20	12	12	-	3	200	200	0.00%	0.00%	
2006	20	12	12	-	3	200	200	0.00%	0.00%	
2005	20	12	12	-	3	200	200	0.00%	0.00%	
2004	20	12	12	-	3	200	200	2.56%	2.56%	
2003	15	12	12	-	3	195	195	0.00%	0.00%	
2002	15	12	12	-	3	195	195	9.55%	9.55%	
2001	10	12	12	-	2	178	178	0.00%	0.00%	
2000	10	12	12	-	2	178	178	0.00%	0.00%	

Academic Year (Fall)	Non - Resident Fees Per Semester Credit Hour (SCH)									
	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	Student Activity 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	
2011	\$ 20	\$ 37	\$ 37	\$ -	\$ 3	\$ 501	\$ 501	4.38%	4.38%	
2010	20	35	35	-	3	480	480	0.00%	0.00%	
2009	20	35	35	-	3	480	480	0.00%	0.00%	
2008	20	35	35	-	3	480	480	8.11%	8.11%	
2007	20	32	32	-	3	444	444	0.00%	0.00%	
2006	20	32	32	-	3	444	444	0.00%	0.00%	
2005	20	32	32	-	3	444	444	0.00%	0.00%	
2004	20	32	32	-	3	444	444	1.14%	1.14%	
2003	15	32	32	-	3	439	439	0.00%	0.00%	
2002	15	32	32	-	3	439	439	4.03%	4.03%	
2001	10	32	32	-	2	422	422	0.00%	0.00%	
2000	10	32	32	-	2	422	422	0.00%	0.00%	
1999	10	32	32	-	2	422	422	0.00%	0.00%	
1998	10	32	32	-	2	422	422	0.00%	0.00%	

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

Texarkana College

Statistical Supplement 5

Assessed Value and Taxable Assessed Value of Property

Last Ten Fiscal Years

(unaudited)

Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Direct Rate			Total (a)
					Maintenance & Operations (a)	Debt Service (a)		
2010-11	1,301,428,760	11,283,291	1,290,145,469	99.13%	0.010534	0.000000	0.010534	0.010534
2009-10	1,292,389,101	11,060,464	1,281,328,637	99.14%	0.097527	0.000000	0.097527	0.097527
2008-09	1,322,982,651	25,632,792	1,297,349,859	98.06%	0.089590	0.000000	0.089590	0.089590
2007-08	1,258,193,000	29,557,420	1,228,635,580	97.65%	0.087000	0.000000	0.087000	0.087000
2006-07	1,179,491,200	25,679,410	1,153,811,790	97.82%	0.085300	0.000000	0.085300	0.085300
2005-06	1,103,492,469	23,338,800	1,080,153,669	97.89%	0.082700	0.000000	0.082700	0.082700
2004-05	1,073,343,294	28,060,262	1,045,283,032	97.39%	0.082000	0.000000	0.082000	0.082000
2003-04	982,521,232	27,084,989	955,436,243	97.24%	0.083500	0.000000	0.083500	0.083500
2002-03	949,206,655	27,099,015	922,107,640	97.15%	0.083100	0.000000	0.083100	0.083100
2001-02	933,863,991	24,131,006	909,732,985	97.42%	0.080600	0.000000	0.080600	0.080600
2000-01	863,899,668	23,692,539	840,207,129	97.26%	0.084000	0.000000	0.084000	0.084000

Source: Local Appraisal District

Texarkana College

Statistical Supplement 6

State Appropriation per FTSE and Contact Hour

Last Ten Fiscal Years

(unaudited)

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			State Appropriation per Contact Hour
		FTSE (a)	State Appropriation per FTSE	Credit Contact Hours	Non-Credit Contact Hours (b)	Total Contact Hours	
2010-11	\$ 8,604,068	3,776	2,279	2,099,837	436,460	2,536,297	3.39
2009-10	\$ 11,286,508	3,489	3,235	2,415,707	350,108	2,765,815	4.08
2008-09	\$ 11,552,579	3,496	3,305	2,236,626	389,676	2,626,302	4.40
2007-08	\$ 11,635,653	3,020	3,853	2,086,368	442,056	2,528,424	4.60
2006-07	\$ 11,151,680	2,980	3,742	1,932,981	444,665	2,377,646	4.69
2005-06	\$ 11,044,135	2,621	4,214	1,929,560	451,176	2,380,736	4.64
2004-05	\$ 9,920,587	2,707	3,665	2,061,985	457,305	2,519,290	3.94
2003-04	\$ 9,942,053	2,802	3,548	2,102,376	477,570	2,579,946	3.85
2002-03	\$ 10,590,896	2,389	4,433	1,876,018	516,159	2,392,177	4.43
2001-02	\$ 11,090,485	2,433	4,558	1,869,797	453,130	2,322,927	4.77
2000-01	\$ 10,339,645	2,341	4,417	1,749,003	504,036	2,253,039	4.59
1999-00	\$ 10,065,406	2,377	4,234	1,757,779	352,023	2,109,802	4.77

Notes:

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

(a) Source CBM004

(b) Source CBM00C

Texarkana College

Statistical Supplement 7

Principal Taxpayers

Last Ten Tax Years

(unaudited)

Taxpayer	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)										
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Central Mall Partners	32,622	32,622	33,939	31,518	29,750	27,242	26,975	26,403	26,634	25,662	23,061
Valor Telecommunications	13,044	-	15,604	14,751	16,081	17,832	17,988	19,960	20,374	21,735	25,892
AEP Swepco	17,125	-	14,501	14,064	14,504	14,064	11,789	10,270	8,631	8,769	7,988
Merchant Holding Dev	-	-	9,725	8,450	19,818	12,582	3,003	-	-	-	-
Target	9,078	9,591	9,591	9,407	12,494	9,056	-	-	-	-	-
Four States Regional Hlth	-	8,331	-	-	5,502	9,718	14,211	13,906	11,765	4,107	3,693
American Heritage	5,698	5,766	-	-	-	7,169	3,344	-	-	-	-
Albertsons Inc.	-	-	-	-	-	6,635	3,549	-	-	-	-
International Paper	-	-	-	6,219	5,870	6,217	5,082	4,921	5,040	5,112	4,714
Walmart/Sam's	5,673	-	-	-	5,471	5,840	-	6,765	6,873	7,120	6,304
Walsh Lumpkin Co	7,590	7,338	7,338	-	-	-	-	6,000	6,303	6,985	6,155
Jasper Howard	4,500	-	-	-	-	-	-	5,616	5,616	5,181	-
Sam's Real Est. Bus.	4,064	-	-	-	-	-	-	5,127	5,127	-	4,748
American Natl Bank	-	-	-	-	-	-	-	4,397	-	4,397	-
Woodlands Phase I & II	-	-	-	-	-	-	-	-	-	-	-
Condeb LP	6,829	7,102	7,201	6,293	5,600	-	-	-	4,867	4,271	3,755
Orr Inc.	11,115	11,186	11,573	13,023	-	-	-	-	-	-	-
Arden Texarkana, LLC	20,966	18,166	13,133	6,565	-	-	-	-	-	-	-
ASKU Baba LLC	5,789	6,863	-	-	-	-	-	-	-	-	-
Clearwater Creek	9,432	7,975	7,975	8,441	-	-	-	-	-	-	-
HD Development Prop	-	-	-	-	-	-	-	-	-	-	-
Totals	153,525	114,940	130,580	118,731	119,986	120,231	100,212	103,368	101,230	93,338	91,052

Total Taxable Assessed Value \$ 1,281,329 \$ 1,297,350 \$ 1,153,811 \$ 1,153,811 \$ 1,080,285 \$ 1,045,283 \$ 955,436 \$ 922,108 \$ 909,733 \$ 840,207 \$ 828,197

Taxpayer	% of Taxable Assessed Value (TAV) by Tax Year										
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Central Mall Partners	2.55%	2.51%	2.94%	2.73%	2.75%	2.61%	2.82%	2.86%	2.93%	3.05%	2.78%
Valor Telecommunications	1.02%	0.00%	1.35%	1.28%	1.49%	1.71%	1.88%	2.16%	2.24%	2.59%	3.13%
AEP Swepco	1.34%	0.00%	1.26%	1.22%	1.30%	1.39%	1.23%	1.11%	0.95%	1.04%	0.96%
Merchant Holding Dev	0.00%	0.00%	0.84%	0.73%	1.83%	1.20%	0.31%	0.00%	0.00%	0.00%	0.00%
Target	0.71%	0.74%	0.83%	0.82%	0.87%	1.20%	0.95%	0.00%	0.00%	0.00%	0.00%
Four States Regional Hlth	0.00%	0.64%	0.00%	0.00%	0.51%	0.93%	1.49%	1.51%	1.29%	0.49%	0.45%
American Heritage	0.44%	0.44%	0.00%	0.00%	0.00%	0.63%	0.35%	0.00%	0.00%	0.00%	0.00%
Albertsons Inc.	0.00%	0.00%	0.00%	0.00%	0.00%	0.63%	0.37%	0.00%	0.00%	0.00%	0.00%
International Paper	0.00%	0.00%	0.00%	0.00%	0.54%	0.59%	0.53%	0.00%	0.00%	0.00%	0.57%
Walmart/Sam's	0.44%	0.00%	0.00%	0.00%	0.51%	0.56%	0.55%	0.53%	0.55%	0.61%	0.57%
Walsh Lumpkin Co	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.73%	0.76%	0.83%	0.76%
Jasper Howard	0.59%	0.57%	0.64%	0.00%	0.00%	0.00%	0.00%	0.65%	0.69%	0.83%	0.74%
Sam's Real Est. Bus.	0.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.61%	0.62%	0.62%	0.00%
American Natl Bank	0.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.56%	0.56%	0.00%	0.57%
Woodlands Phase I & II	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.48%	0.00%	0.00%	0.00%
Condeb LP	0.00%	0.00%	0.00%	0.00%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Orr Inc.	0.87%	0.86%	1.00%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Arden Texarkana, LLC	1.64%	1.40%	1.14%	1.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.45%
ASKU Baba LLC	0.00%	0.00%	0.00%	0.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Clearwater Creek	0.45%	0.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
HD Development Prop	0.74%	0.61%	0.69%	0.73%	0.78%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Totals	11.98%	8.86%	11.32%	10.59%	11.11%	11.50%	10.49%	11.21%	11.13%	11.11%	10.99%

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

Fiscal Year Ended August 31	Cumulative		Collections		Percentage	Prior Collections of Prior Levies	Current		Total Collections	Cumulative Collections of Adjusted Levy
	Levy	Adjustments	Adjusted Tax Levy	Year of Levy			Prior Levies	Prior Levies		
2011	\$ 1,253,565	\$ 456	\$ 1,254,021	\$ 1,212,331	96.71%	\$	\$ 33,967	\$ 1,246,298	99.38%	
2010	\$ 1,256,435	\$ (7,847)	\$ 1,248,588	\$ 1,204,725	95.88%	\$	\$ 38,127	\$ 1,242,852	99.54%	
2009	\$ 1,161,284	\$ 1,012	\$ 1,162,296	\$ 1,112,127	95.77%	\$	\$ 30,530	\$ 1,142,657	98.31%	
2008	\$ 1,068,863	\$ 356	\$ 1,069,219	\$ 1,015,879	95.04%	\$	\$ 25,770	\$ 1,041,649	97.42%	
2007	\$ 983,740	\$ 85	\$ 983,825	\$ 936,907	95.24%	\$	\$ 24,256	\$ 961,163	97.70%	
2006	\$ 888,435	\$ -	\$ 888,435	\$ 862,417	97.07%	\$	\$ 27,094	\$ 889,511	100.12%	
2005	\$ 857,132	\$ (211)	\$ 856,921	\$ 827,701	96.57%	\$	\$ 22,138	\$ 849,839	99.17%	
2004	\$ 797,790	\$ (898)	\$ 796,892	\$ 775,696	97.23%	\$	\$ 14,771	\$ 790,467	99.19%	
2003	\$ 766,272	\$ (1,228)	\$ 765,044	\$ 749,247	97.78%	\$	\$ 19,334	\$ 768,581	100.46%	
2002	\$ 733,246	\$ (1,304)	\$ 731,942	\$ 717,250	97.82%	\$	\$ 17,569	\$ 734,819	100.39%	
2001	\$ 705,774	\$ (11,009)	\$ 694,765	\$ 683,526	96.85%	\$	\$ 17,165	\$ 700,691	100.85%	
2000	\$ 690,716	\$ (1,393)	\$ 689,323	\$ 665,444	96.34%	\$	\$ 15,566	\$ 681,010	98.79%	
1999	\$ 669,533	\$ (6,538)	\$ 662,995	\$ 648,066	96.79%	\$	\$ 16,849	\$ 664,915	100.29%	
1998	\$ 658,097	\$ (2,409)	\$ 655,688	\$ 632,070	96.05%	\$	\$ 20,589	\$ 652,659	99.54%	

Source: Local Tax Assessor/Collector and District records.

Texarkana College

Statistical Supplement 9

Ratios of Outstanding Debt

Last Ten Fiscal Years

(unaudited)

NOT APPLICABLE TO TEXARKANA COLLEGE

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Bonded Debt											
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Other Debt

(The amounts for Other Debt are not from Exhibit 1 of Sample CC. They are for illustration only)

Revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-	-
Capital lease obligations	-	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

General Bonded Debt Ratios

Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per FTSE	-	-	-	-	-	-	-	-	-	-	-
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Total Outstanding Debt Ratios

Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per FTSE	-	-	-	-	-	-	-	-	-	-	-
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Texarkana College

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

NOT APPLICABLE TO TEXARKANA COLLEGE

For the Year Ended August 31 (amount expressed in thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Taxable Assessed Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	-	-	-	-	-	-	-	-	-	-
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	-	-	-	-	-	-	-	-	-	-
Current Year Debt Service Requirements	-	-	-	-	-	-	-	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Current Requirements as a % of Statutory Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Texarkana College

Statistical Supplement 11

Pledged Revenue Coverage

Last Ten Fiscal Years

(unaudited)

NOT APPLICABLE TO TEXARKANA COLLEGE

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)										Debt Service Requirements (\$000)		
	Tuition	Technology Fee	Registration Fees	Laboratory Fees	Education Fees	Interest Income	Vending Commission	Bookstore Commission	Total	Principal	Interest	Total	Coverage Ratio
2011										\$ -			0.00
2010										\$ -			0.00
2009										\$ -			0.00
2008										\$ -			0.00
2007										\$ -			0.00
2006										\$ -			0.00
2005										\$ -			0.00
2004										\$ -			0.00
2003										\$ -			0.00
2002										\$ -			0.00

Texarkana College

Statistical Supplement 12

Demographic and Economic Statistics - Texarkana MSA

Last Ten Fiscal Years

(unaudited)

Calendar Year	Texarkana Population *	MSA Personal Income Per Capita	MSA Unemployment Rate
2010	66,330	\$ 22,618	7.90%
2009	65,293	\$ 22,618	6.7%
2008	65,293	\$ 22,618	5.1%
2007	65,293	\$ 22,618	4.9%
2006	65,293	\$ 22,618	3.1%
2005	65,293	\$ 22,618	5.1%
2004	65,293	\$ 22,618	5.8%
2003	65,293	\$ 24,246	5.4%
2002	65,293	\$ 23,640	5.0%

Sources:

Texarkana College Fact Book and Texarkana Chamber of Commerce

*Population is from 2000 Census

Texarkana College

Statistical Supplement 13

Principal Employers

Current Fiscal Year

(unaudited)

Employer For year ended August 31,	Number of Employees				
	2011	2010	2009	2008	2007
Red River Army Depot & tenants	6,000	6,000	6,000	6,000	5,000
Cooper Tire and Rubber	1,550	1,550	1,400	1,575	1,600
Christus St. Michael Health System	1,883	1,883	1,792	1,792	1,680
Domtar, Inc.	1,300	1,300	1,300	1,300	1,200
Wal-Mart/Sam's Club	967	967	1,100	1,100	1,100
Wadley Regional Medical Center	778	778	925	925	1,000
International Paper Company	960	960	960	960	865
Texarkana Texas ISD	1,100	1,100	795	795	787
Texarkana Arkansas ISD	835	835	785	785	785
Southern Refrigerated Transport	750	750	750	750	1,000
Total	16,123	16,123	15,807	15,982	15,017

Source:

City of Texarkana, Texas

Texarkana College

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Faculty										
Full-Time	114	103	109	108	110	105	104	108	109	108
Part-Time	139	139	113	113	95	90	90	88	88	88
Total	253	242	222	221	205	195	194	196	197	196

Percent										
Full-Time	45.1%	42.6%	49.1%	48.9%	53.7%	53.8%	53.6%	55.1%	55.3%	55.1%
Part-Time	54.9%	57.4%	50.9%	51.1%	46.3%	46.2%	46.4%	44.9%	44.7%	44.9%

Staff and Administrators										
Full-Time	140	139	127	127	125	123	125	124	133	130
Part-Time	62	31	-	-	-	-	-	-	-	-
Total	202	170	127	127	125	123	125	124	133	130

Percent										
Full-Time	0.693069	81.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Part-Time	0.306931	18.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

FTSE per Full-time Faculty	30.6	33.87	32.00	28.00	25.80	27.80	29.40	28.90	24.60	24.80
FTSE per Full-Time Staff Member	24.9	25.10	27.50	23.80	22.70	23.80	24.90	24.90	21.60	20.20
Average Annual Faculty Salary	\$ 52,135	\$ 58,934	\$ 58,162	\$ 57,235	\$ 56,517	\$ 53,236	\$ 51,049	\$ 49,706	\$ 47,981	\$ 46,856

Texarkana College

Statistical Supplement 15

Enrollment Details

Last Five Fiscal Years

(unaudited)

Student Classification	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	2,770	69.20%	2,994	69.35%	2,801	69.28%	2,269	57.94%	2,041	55.60%
31-60 hours	886	22.13%	921	21.33%	850	21.02%	1,463	37.36%	1,457	39.69%
> 60 hours	347	8.67%	402	9.31%	392	9.70%	184	4.70%	173	4.71%
Total	4,003	100.00%	4,317	100.00%	4,043	100.00%	3,916	100.00%	3,671	100.00%

Semester Hour Load	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	21	0.52%	23	0.53%	25	0.62%	18	0.46%	31	0.84%
3-5 semester hours	1,010	25.23%	1,072	24.83%	1,037	25.65%	926	23.65%	853	23.24%
6-8 Semester hours	879	21.96%	774	17.93%	817	20.21%	838	21.40%	865	23.56%
9-11 semester hours	480	11.99%	548	12.69%	492	12.17%	571	14.58%	483	13.16%
12-14 semester hours	1,242	31.03%	1,415	32.78%	1,194	29.53%	1,120	28.60%	1,029	28.03%
15-17 semester hours	317	7.92%	415	9.61%	409	10.12%	376	9.60%	354	9.64%
18 & over	54	1.35%	70	1.62%	69	1.71%	67	1.71%	56	1.53%
Total	4,003	100.00%	4,317	100.00%	4,043	100.00%	3,916	100.00%	3,671	100.00%

Average course load

9.1

9.1

9.1

9.0

Tuition Status	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	494	12.34%	487	11.28%	471	11.65%	534	13.64%	520	14.17%
Texas Resident (out-of-District)	3,484	87.03%	3,790	87.79%	3,543	87.63%	3,350	85.55%	3,129	85.24%
Non-Resident Tuition	25	0.62%	40	0.93%	29	0.72%	32	0.82%	22	0.60%
Total	4,003	100.00%	4,317	100.00%	4,043	100.00%	3,916	100.00%	3,671	100.00%

Source: CMB001

Texarkana College

Statistical Supplement 16

Student Profile

Last Five Fiscal Years

(unaudited)

Gender	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	2,518	62.90%	2,729	63.22%	2,612	64.61%	2,526	64.50%	2,405	65.51%
Male	1,485	37.10%	1,588	36.78%	1,431	35.39%	1,390	35.50%	1,266	34.49%
Total	4,003	100.00%	4,317	100.00%	4,043	100.00%	3,916	100.00%	3,671	100.00%

Ethnic Origin	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	3,209	80.16%	3,359	77.81%	3,189	78.88%	3,143	80.26%	2,985	81.31%
Hispanic	101	2.52%	125	2.90%	97	2.40%	91	2.32%	69	1.88%
African American	622	15.54%	748	17.33%	695	17.19%	621	15.86%	574	15.64%
Asian	40	1.00%	39	0.90%	30	0.74%	23	0.59%	16	0.44%
Foreign	6	0.15%	32	0.74%	24	0.59%	25	0.64%	16	0.44%
Native American	25	0.62%	14	0.32%	8	0.20%	13	0.33%	11	0.30%
Other	0	0.00%	0	0.00%	0	0.00%	0	0.00%	-	0.00%
Total	4,003	100.00%	4,317	100.00%	4,043	100.00%	3,916	100.00%	3,671	100.00%

Age	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	1,078	26.93%	1,004	23.26%	886	21.91%	566	14.45%	581	15.83%
18 - 21	1,602	40.02%	1,791	41.49%	1,642	40.61%	1,678	42.85%	1,527	41.60%
22 - 24	358	8.94%	402	9.31%	394	9.75%	475	12.13%	415	11.30%
25 - 35	588	14.69%	621	14.38%	673	16.65%	721	18.41%	669	18.22%
36 - 50	302	7.54%	392	9.08%	378	9.35%	392	10.01%	395	10.76%
51 & over	75	1.87%	107	2.48%	70	1.73%	84	2.15%	84	2.29%
Total	4,003	100.00%	4,317	100.00%	4,043	100.00%	3,916	100.00%	3,671	100.00%

Average Age	23	23	23	24.2	24.3
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Source: CBM001 and CBM00A reports.

Texarkana College

Statistical Supplement 17

Transfers to Senior Institutions

2003 Fall Students as of Fall 2004

(Includes only public senior colleges in Texas)

(Unaudited)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Prairie View A&M University	3	1		4	0.81%
2 Sam Houston State University	3		1	4	0.81%
3 Stephen F. Austin State University	20	3	1	24	4.84%
4 Tarleton State University	1			1	0.20%
5 Texas A&M University	19	3	1	23	4.64%
6 Texas A&M University at Commerce	6			6	1.21%
7 Texas A&M University at Texarkana	267	40	21	328	66.13%
8 Texas Southern University	3	1		4	0.81%
9 Texas State University	3	1		4	0.81%
10 Texas Tech University	10	2	1	13	2.62%
11 Texas Women's University	7	2		9	1.81%
12 The University of Texas at Arlington	7	3		10	2.02%
13 The University of Texas at Austin	12			12	2.42%
14 The University of Texas at Dallas	5			5	1.01%
15 The University of Texas of Tyler	14	2	1	17	3.43%
16 The University of Texas of the Permian Basin	1			1	0.20%
17 University of Houston	1	1		2	0.40%
18 University of North Texas	22	5	1	28	5.65%
19 University of Texas Medical Branch at Galveston	1			1	0.20%
Totals	405	64	27	496	100.00%

Texarkana College

Statistical Supplement 18

Capital Asset Information

Fiscal Years 2006 to 2011

(unaudited)

Fiscal Year Ended August 31,

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Academic buildings	14	14	14	13	12	11
Square footage (in thousands)	286,000	286,000	286,000	252,000	246,000	240,000
Libraries	1	1	1	1	1	1
Square footage (in thousands)	25,240	25,240	25,240	25,240	25,240	25,240
Number of Volumes (in thousands)	49,415	49,415	47,205	47,205	47,205	45,365
Administrative and support buildings	1	1	1	1	1	1
Square footage (in thousands)	28,000	28,000	28,000	28,000	28,000	28,000
Dormitories	1	1	1	1	1	1
Square footage (in thousands)	29,280	29,280	29,280	29,280	29,280	20,480
Number of Beds	149	149	149	149	149	104
Apartments	3	3	3	3	3	3
Square footage (in thousands)	5,040	5,040	5,040	5,040	5,040	5,040
Number of beds	24	24	24	24	24	24
Dining Facilities	1	1	1	1	1	1
Square footage (in thousands)	6,900	6,900	6,900	6,900	6,900	6,900
Average daily customers	450	450	450	200	200	200
Athletic Facilities	1	1	1	1	1	1
Square footage (in thousands)	53,000	53,000	53,000	53,000	53,000	53,000
Stadiums	-	-	-	-	-	-
Gymnasiums	1	1	1	1	1	1
Fitness Centers (with pool)	1	1	1	1	1	1
Tennis Court	8	8	8	8	8	8
Plant facilities	3	3	3	3	3	3
Square footage (in thousands)	8,680	8,680	8,680	8,680	8,680	8,680
Transportation						
Cars	9	9	9	8	8	8
Light Trucks/Vans	30	30	26	26	26	26
Buses	1	1	1	1	1	1