

***NORTHEAST TEXAS COMMUNITY COLLEGE
AND
NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
AUGUST 31, 2007 AND 2006***

PREPARED BY:

**ADMINISTRATIVE SERVICES DEPARTMENT
NORTHEAST TEXAS COMMUNITY COLLEGE**

MOUNT PLEASANT, TEXAS

C O N T E N T S

		Page
INTRODUCTORY SECTION		
	President's Letter	i
	Transmittal Letter	ii -viii
	Organizational Chart	ix
	Organizational Data	x
	GFOA Certificate of Achievement for Excellence in Financial Reporting	xi
 FINANCIAL SECTION		
<u>Independent Auditors' Report</u>		
	Independent Auditors' Report on Financial Statements	1 - 2
 <u>Management's Discussion and Analysis</u>		
	Management's Discussion and Analysis (required supplementary information)	3 - 9
 <u>Financial Statements</u>		
Exhibit 1	Statements of Net Assets	10
Exhibit 2	Statements of Revenues, Expenses, and Changes In Net Assets	11
Exhibit 3	Statements of Cash Flows	12
	Notes to Financial Statements	13 - 34
 <u>Supplemental Schedules</u>		
Schedule A	Schedule of Detailed Operating Revenues	35
Schedule B	Schedule of Operating Expenses by Functional and Natural Classifications	36
Schedule C	Schedule of Non – Operating Revenues and Expenses	37
Schedule D	Schedule of Net assets by Source and Availability	38

Supplemental Schedules Continued)

Schedule E Balance Sheet 39

Schedule F Statement of Changes in Fund Balance 40

STATISTICAL SECTION - (Unaudited)

Statistical Supplement 1 Net Assets by Component 41

Statistical Supplement 2 Revenues by Source 42

Statistical Supplement 3 Program Expenses by Fundction 43

Statistical Supplement 4 Tuition and Fees 44

Statistical Supplement 5 Taxable Assessed Value of Property 45

Statistical Supplement 6 State Appropriation per FTSE and Contact Hour 46

Statistical Supplement 7 Principal Taxpayers 47

Statistical Supplement 8 Property Tax Levies and Collections 48

Statistical Supplement 9 Ratios of Outstanding Debt 49

Statistical Supplement 10 Legal Debt Margin Information 50

Statistical Supplement 11 Pledged Revenue Coverage 51

Statistical Supplement 12 Demographic and Economic Statistics-Taxing District 52

Statistical Supplement 13 Principal Employers 53

Statistical Supplement 14 Faculty, Staff, and Administrators Statistics 54

Statistical Supplement 15 Enrollment Details 55

Statistical Supplement 16 Student Profile 56

Statistical Supplement 17 Transfers to Senior Institutions 57

Statistical Supplement 18 Schedule of Capital Asset Information 58

FEDERAL FINANCIAL ASSISTANCE INFORMATION

	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other matters based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	59-60
	Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	61-62
Schedule G	Schedule of Expenditures of Federal Awards	63-64
	Schedule of Findings and Questioned Costs	65
	Summary Schedule of Prior Audit Findings	66

STATE FINANCIAL ASSISTANCE INFORMATION

	Independent Auditors' Report on Compliance with Requirements Applicable to each Major State Program and Internal Control over Compliance in Accordance with State of Texas Single Audit Circular	67-68
Schedule H	Schedule of Expenditures of State Awards	69-70
	State Grants Schedule of Findings and Questioned Costs	71
	Summary Schedule of Prior Audit Findings	72



NORTHEAST TEXAS COMMUNITY COLLEGE

P.O. Box 1307 • Mount Pleasant, Texas 75456-1307 • 903-434-8100 • Fax 903-572-6712

Office of the President

December 14, 2007

To the Members of the Board of Trustees, Taxpayers of Camp, Morris, and Titus Counties and to the Citizens of the Northeast Texas Community College Service area:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the fiscal year 2007. A discussion and analysis of the College's financial statements provide an overview of its financial activities and condition for the fiscal year ending August 31, 2007.

Once again, the College has experienced a successful year. We continue to experience strong credit enrollment with over 2,400 students enrolled in the Fall of 2007. Our outreach services and continuing education programs improved the lives of over 6,000 people of all ages this past year.

Our students and employees continue to earn state and national awards. These awards validate our excellent reputation as an award-winning college which encourages more area citizens to take advantage of a stellar faculty and staff.

Our friends continue to provide financial resources to help us achieve our ambitions and very comprehensive mission. These gifts amount to over \$3.82 million during the past two fiscal years. Recent gifts helped to complete the Hanson-Sewell Center in Pittsburg with the addition of a parking facility and a beautiful park. Also, gifts are funding a student activity complex, aquatic center, and improved rodeo, baseball and softball facilities in addition to ongoing support for scholarships. We are in the silent phase of a \$25 million capital campaign and we are well on our way to meeting this goal by our 25th anniversary in 2010.

NTCC continues to be a miracle on FM 1735 with an award winning faculty, staff, and student body.

Sincerely,

Charles B. Florio, Ph.D.
President



NORTHEAST TEXAS COMMUNITY COLLEGE

P.O. Box 1307 • Mount Pleasant, Texas 75456-1307 • 903-434-8100 • Fax 903-572-6712

Transmittal Letter

December 14, 2007

To President Florio, Members of the Board of Trustees, and Citizens of Northeast Texas Community College:

The comprehensive annual financial report of Northeast Texas Community College District (College) for the fiscal year ended August 31, 2007 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Northeast Texas Community College. To the best of our knowledge, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included.

COMPARATIVE FINANCIAL STATEMENTS

The 2007 audit report contains comparative data for the last two fiscal periods. According to GASB, *this ensures that financial information will be available at a glance to financial statement users.* A Management's Discussion and Analysis is provided below in three segments:

1. A brief discussion of the basic financial statements,
2. Condensed comparative financial information, and
3. Analysis of the college's overall financial position and results of operations.

Segment 2, *Condensed comparative financial information* contains the following required elements:

- a. Total assets, distinguishing between capital and other assets
- b. Total liabilities, distinguishing between long-term liabilities and other liabilities
- c. Total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts
- d. Operating revenue by major source
- e. Operating expenses by function
- f. Non-operating revenues and expenses
- g. Income before other revenues, expenses, gains, and losses
- h. Capital contributions
- i. Contributions to term and permanent endowments
- j. Other contributions
- k. Special and extraordinary items
- l. Changes in net assets
- m. Ending net assets

We hope this Comprehensive Annual Financial Report (CAFR) presentation will help the reader better understand the overall financial status of the College as of August 31, 2007.

The comprehensive annual financial report is presented in four sections:

Introductory section includes the President's Letter, this transmittal letter, the College's principal officials and an organization chart.

The Financial section includes the report of independent accountants, the management discussion and analysis, the basic financial statements, notes to financial statements and required supplemental information, and supplemental financial information.

The Statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

The Single Audit section includes the annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, Non-Profit Organizations and the Uniform Grants Management Standards* issued by the State of Texas. Information related to this single audit, including the schedule of federal and state financial assistance and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit section of this report.

MISSION, VISION, AND STANDARDS

Mission of NTCC

Northeast Texas Community College exists to give students an affordable and superior education. The College strives to enhance access to higher education and offer programs that support personal, cultural, and economic development. It resolves to provide open admissions, equal opportunity, and wide-ranging educational service in the community.

NTCC as the College of Choice

- We, the trustees, staff and administrators, have dedicated ourselves to providing excellence in service in support of our faculty and students.
- We provide our students the warmth and caring that embodies an idyllic East Texas family life, a campus home away from home.
- We challenge our students to commit themselves in their endeavor to make a positive difference; in their family and in the community to which they belong.
- We support our faculty members with superior instructional and technological equipment and materials to enhance their academic teaching.
- We concentrate on teaching our students self-responsibility and accountability in the choices that THEY make.
- We build our students' strength and integrity when faced with life's day-to-day challenges through encouraging words and appropriate actions.
- We excel in offering quality teaching and resulting education through continued training and self-education.

NTCC as the College for Learning

- As the College of choice, we provide programs that lead to associate degrees or certificates to ANYONE who craves to learn.
- We provide vocational programs leading directly to employment in semi-skilled and skilled occupations.
- We offer continuing adult education programs for occupational upgrading and cultural awareness.
- We promote the integration of physical, mental, and emotional wellness as an important aspect of student development.

NTCC as the College Standard for Commerce

- We continue to reach out to increase articulation with other area school districts and higher education institutions.
- We acknowledge external changes and challenges identified by business, public agencies, and research data to train and prepare our students for employment.
- We continue to strengthen and develop student life-long research skills for the continuous accumulation of knowledge and skills.

ORGANIZATION OF COLLEGE

Northeast Texas Community College District was established as a public community college in an election held in Camp County, Morris County, and Titus County, Texas, in 1984. The District operates as a community college district under the laws of the State of Texas. The District is governed by a seven-member Board of Trustees elected at-large by place.

Northeast Texas Community College's campus is located approximately six miles southeast of Mt. Pleasant, Titus County, Texas. Classes are offered at alternate sites in Camp, Morris, Franklin, Red River, Titus, Upshur, and Wood Counties. The College provides associate, vocational, and continuing education courses.

ECONOMIC CONDITION AND OUTLOOK

Northeast Texas Community College is situated in northeast Texas. The taxing district of the College includes the counties of Camp, Morris, and Titus. Each of these counties has provided an increasing tax base for the last three years. The three-county certified tax appraisals have increased 42.5 percent in the last three years and 25.2 percent in the last year. The largest cities in the three counties are Mount Pleasant, Pittsburg, and Daingerfield. These cities are also the county seats of their respective counties.

The diverse economic base of Titus County has a positive impact on employment while providing the entire area with a growing, stable economic foundation. Titus County boasts two electric power-generating plants, which supply electricity to major Texas metropolitan areas. In addition to producing electricity, poultry growing and processing, lignite coal mining, sulphur processing, timber harvesting, agri-business manufacturing, utility trailer building along with the fabrication and construction of home decorative items contribute to the local tax base. Other factors contributing to our growth are the accredited 165-bed Titus Regional Medical Center staffed with over 50 doctors of varying specialties; banking; retail establishments; local, state, and federal government offices; and Northeast Texas Community College, which is centrally located in the district with an enrollment of approximately 2,400 credit students each semester, and has customized staff and training capabilities to serve the training needs of our local businesses and industry. Recent additions to the tax base include a new corporate headquarters for Pilgrims Pride, Inc.

The unemployment rate in our three counties range from 4.1% to 5.5% while the national average was 4.6%. The positive economic growth can be attributed to our industrial, civic, education, and government leaders. The growth of Northeast Texas Community College is fueled by industrial and residential growth of the surrounding counties.

The following table illustrates enrollments over the last five years using fall figures:

	<u>Fall 2003</u>	<u>Fall 2004</u>	<u>Fall 2005</u>	<u>Fall 2006</u>	<u>Fall 2007</u>
<u>Enrollment</u>					
Students in Credit Courses	2,509	2,473	2,507	2,409	2,458
Full-time Equivalents	1,920	1,880	1,874	1,804	1,814
<u>Total Credit Hours</u>	25,394	24,287	23,928	22,893	22,588
Students in Continuing Education Courses	542	381	202	302	198

MAJOR INITIATIVES

During the past year, the college has continued to increase educational opportunities for citizens in the service area of the college. Programs and services have been expanded. .

Enrollment. NTCC continues to show steady enrollment. Credit enrollment in the summer and fall 2007 year is relatively flat when compared to the same period for the year in 2006. Administration believes this is due primarily to the increase in the cost of gasoline, as the main campus is situated in a primarily rural area, and the majority of our students commute long distances to reach our campus. In addition, unemployment remains low in the tri-county area.

New Programs. A joint program with Texas A&M University – Texarkana that includes a teaching certificate in 4th – 8th grade science and 8th – 12th grade composite science was implemented in Fall 2006. We began offering a certificate in culinary arts in Fall 2006 and in Spring 2007 the Radiologic Technology program was launched.

New Facilities. In the Summer of 2007, the Hansen-Sewell parking facility with park and gazebo was completed using private donations. In the Fall of 2007, a concession and bathroom facility was built for our Rodeo arena which was funded with private donations.

Title III. The fifth and final year of a Title III Strengthening Institutions Grant has been successfully completed. The first year resulted in the enhancement of computer labs, the development of a Faculty Innovation Center, the upgrading of the Academic Skills Center, and the employment of an Instructional Technologist. The second year of Title III saw the development of a free student email program, a new Basic Skills lab housed in the LRC, and several faculty training initiatives related to Campus Connect online registration, online grade entry, and the use of technology to enhance teaching and learning. Fourteen classrooms were enhanced and equipped with digital projectors and several new initiatives in the area of student services were implemented, such as an early alert program, online registration, access to student grades online, and a new online orientation option for new students. The third year of Title III included the purchase of computer equipment to create a writing skills lab, a reading skills lab, a physics lab and to enhance the testing center. Server upgrades were implemented for both the student information system and the student email system. Laptops, document cameras and projectors were purchased for use for training via the Faculty Innovation Center. Equipment upgrades were also made available as needed for NTCC faculty. Several courses were developed for the Business Administration Fast Track Program as well. The fourth year of Title III included the addition of a computer lab and wireless technology in our University Health Sciences building, purchase of additional equipment for use in instruction and for support functions, funding of a student satisfaction survey and purchase of software for instructional, tutoring and admissions and business office enhancements. This final year, additional equipment and software was purchased for instructional use, faculty innovation and support functions.

GENERAL FINANCIAL REPORTING

The College is considered to be a “*special purpose, primary government engaged only in business-type activities*” (BTA). The financial statements are presented in a single column entity-wide format.

The College maintains its accounts and prepares its financial statements in accordance with accounting principles generally accepted in the United States (GAAP) as set forth by Governmental and Financial Accounting Boards (GASB and FASB), Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

The College's financial statements are prepared using the economic resources Measurement Focus and Basis of Accounting (MFBA). This provides more useful information about the long-term effects of short-term decisions, primarily by including the cost of consuming the capital assets used in providing services. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record-keeping requirements of these entities, the College is not a component unit of any other governmental entity.

Internal Control: The College has initiated documentation of the day-to-day paperwork process in the business and payroll offices by use of flow charts. These charts basically show that major functions are crosschecked and done by different staff for internal control. The threshold for capital equipment is \$5,000. Assets purchased above the threshold amount are tagged and recorded as capital assets. Assets valued at less than \$5,000 but that have a useful life of at least three years are also tagged regardless of cost. These controls are designed to provide reasonable, but not absolute, assurance that adequate controls are in place. Additionally, these internal structures are set-up to protect the assets of the College, prevent loss from theft or misuse and to provide that adequate accounting data are available in the preparation of financial statements.

Budgeting Controls. The implementation of the Direct Purchasing System (DPS) module of the POISE System during the summer and fall of 2003 restricts any requisition from being initiated by department users without the availability of a line item budget. Budget transfers have to be initiated and approved by College administrators. Outstanding purchase orders lapse at year-end. Departments are notified early in the fiscal year about the year-end process for planning and control. These budgetary controls ensure compliance with the legal provisions in the annual appropriated budget that was approved by the College's Board of Trustees.

DEBT ADMINISTRATION

In April of 2006, the college completed a \$4.4 million, 4% debt issuance in the form of a Revenue Financing System Refunding and Improvement Bonds. Of the proceeds, \$1.7 million was used to refund the College's Series 1992 and 1994 Dormitory System Revenue Bonds and the Series 1994 Tuition and Building Use Fee Revenue and Refunding Bonds which all carried higher interest rates. \$2.6 million of the proceeds were set aside into a construction fund. These funds will be used to purchase land adjacent to the main campus, to build additional athletic facilities and expand the college farm facilities on the main campus. The remaining proceeds were used for debt issuance costs and debt service.

The College has \$19,283,926 of outstanding Tax and Revenue bonds with stated interest rates that range from 2.5% to 6.15%. The bonds require the Board of Trustees to annually levy ad valorem taxes and tuition, fee and other revenues which will be sufficient to raise and produce the money required to pay interest and principal on the bonds as they mature.

The College has various other notes and leases payable totaling \$350,455 with interest rates ranging from 3.95% to 4.55 % and primarily secured by vehicles and equipment used in the daily operations of the College.

CASH MANAGEMENT

Temporarily available cash during the year was invested with Lone Star investment Pool administered by the Texas Association of School Boards. The average yield on investments was 5.22% percent.

The College's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The College did not have any investments that are required to be categorized in "Credit Risk Categories" in compliance with GASB Statement Number Three.

RISK MANAGEMENT

The College has developed a complete insurance program to protect against the risk inherent with the operation of a college and a public entity. This includes various policies protecting public officials, administrators, instructional personnel, law enforcement personnel, automobile liability, building and content liability, injuries in building premises, on the job, and other policies. These policies are underwritten by nationally known and rated insurers. Efforts are routinely made to make all employees aware of policies, regulations, and matters related to safety to help minimize exposure to the risks associated with College operations.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Wilf and Henderson, PC from Texarkana, Texas was selected by the College's Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133.

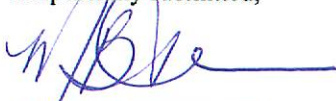
AWARDS AND ACHIEVEMENTS

For the tenth consecutive year, the Government Finance Officers Association of the United States and Canada awarded the College and its Foundation the Certificate of Achievement for Excellence in Financial Reporting. The college received this prestigious award because its comprehensive annual financial reports achieve the highest standards in government accounting and financial reporting. Although the certificate was presented to the college, it was earned primarily by the staff of the Administrative Services department.

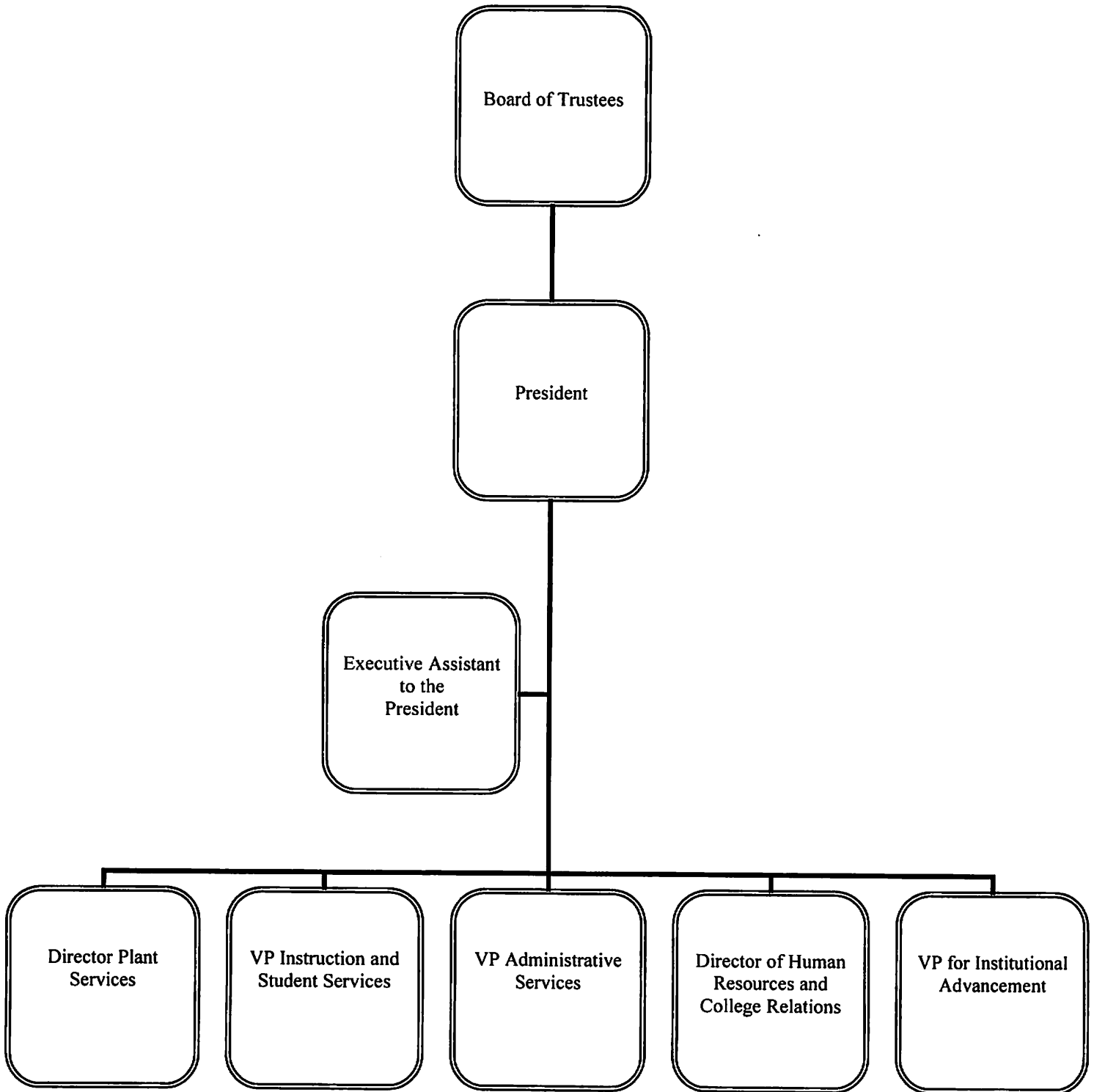
ACKNOWLEDGMENTS

The preparation of the comprehensive annual financial report on a timely basis was made possible by the hard work and diligence of many college employees. Particularly, we commend the staff in the Business Office, under the controllership of Ms. Jaci Merritt, who worked many long days and nights. We would also like to thank David Moore and the accounting firm of Wilf & Henderson, PC, for their assistance and timely completion of the audit.

Respectfully submitted,



M. Beth Thompson, CPA
Vice President for Administrative Services



**Northeast Texas Community College
Mt. Pleasant, Texas**

Board of Trustees

Mrs. Latrel McCallum	Board President
Mr. Sid Greer	Board Vice President
Mr. Jerry Massey	Board Secretary
Dr. Dan McCauley	
Mr. Chuck Johns	
Mr. Bill Priefert	
Mr. John Bryan	

Deans' Council Members

Dr. Charles Florio	President
Dr. Herbert Riedel	Vice President for Instruction and Student Development
Ms. M. Beth Thompson	Vice President for Administrative Services
Mr. Larry Smith	Director of Plant Services
Dr. Jonathan McCullough	Vice President for Institutional Advancement
Dr. Judy Traylor	Associate Vice President for Outreach Services
Ms. Jeri Thornton	Dean of Enrollment Management
Dr. Leah Reagan	Director of Instruction
Ms. Jodi Weber	Director of Marketing and Public Relations
Dr. Shirley Clay	Director of Instruction
Mr. Russell Kunz	Dean of Business, Technology and Continuing Education
Ms. Betty Brock	Dean of Allied Health
Mr. Jerry Henry	Director of Human Resources and College Relations
Ms. Pat Tallant	Executive Assistant to the President

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Northeast Texas Community College

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Enos

Executive Director

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

December 12, 2007

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

Members of the Board:

We have audited the statements of net assets of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of August 31, 2007 and 2006, and the related statements of revenues, expenses, and changes in net assets and statements of cash flows for the years then ended. These financial statements are the responsibility of Northeast Texas Community College and Northeast Texas Community College Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of August 31, 2007 and 2006, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2007 on our consideration of Northeast Texas Community College and Northeast Texas Community College Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audits.

Board of Trustees
Page 2
December 12, 2007

The management's discussion and analysis information on pages 3 through 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Northeast Texas Community College and Northeast Texas Community College Foundation taken as a whole. The accompanying Schedules of Expenditures of Federal Awards and State Awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and Uniform Grant Management Standards*, and are not a required part of the financial statements. The Supplemental Schedules are likewise presented for purposes of additional analysis and are not a required part of the financial statements. These additional schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The Statistical Supplemental Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



WILF & HENDERSON, P. C.
Certified Public Accountants

Texarkana, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A)

This section of Northeast Texas Community College's Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during fiscal years ending 2005, 2006 and 2007. Since this management's discussion and analysis is designed to focus on current activities, resulting change, decisions or conditions of facts, please read it in conjunction with the transmittal letters (pages ii-vii), the College's basic financial statements (pages 10-12) and the footnotes (pages 13-34). The College endeavors to present an objective and easily readable analysis of the overall financial activities to students and the public. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

College Foundation as a Discrete Component Unit

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

Statement of Net Assets (Balance Sheet)

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

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

Statement of Net Assets For the Years Ended August 31, 2007, 2006 and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Assets</u>			
Current	\$ 3,030,956	\$ 3,626,002	\$ 3,719,764
Net Capital Assets	24,616,985	24,715,933	24,867,189
Other Non-Current	<u>3,695,472</u>	<u>3,354,824</u>	<u>487,510</u>
Total Assets	\$ 31,343,413	\$ 31,696,759	\$ 29,074,463
<u>Liabilities</u>			
Current	3,677,955	4,175,160	4,109,929
Non-Current	<u>18,309,577</u>	<u>18,716,585</u>	<u>16,786,868</u>
Total Liabilities	21,987,532	22,891,745	20,896,797

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

Net assets are divided into three major categories:

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

As of August 31, 2007, 2006 and 2005, the College's net assets were \$ 9,355,881, \$ 8,805,014 and , \$8,177,666 respectively. From the data presented, readers of the Statement of Net Assets are able to determine the Net Assets available to continue the operations of the institution. They are also able to determine how much the College owes vendors, investors and lending institutions.

Statement of Revenues, Expenses and Changes in Net Assets

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

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

For the Years Ended August 31, 2007, 2006 and 2005

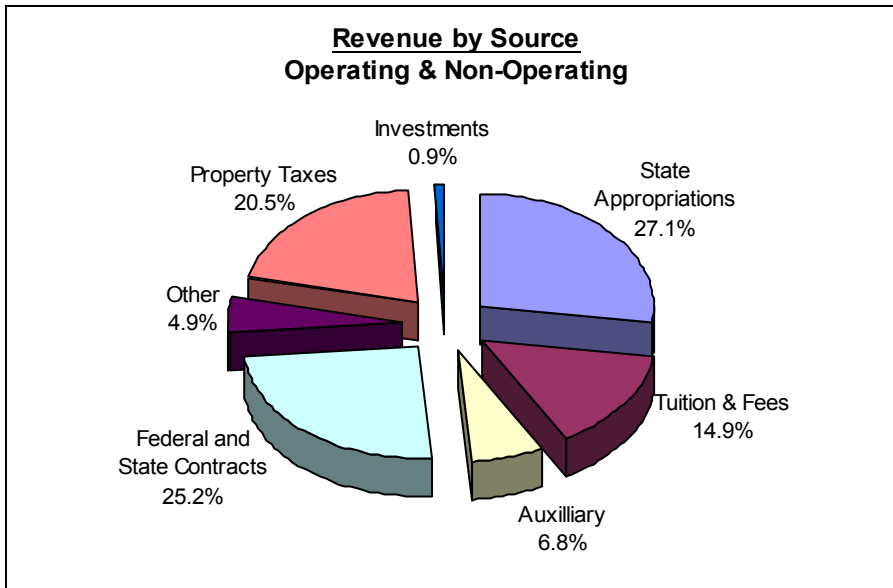
	<u>2007</u>	<u>2006</u>	<u>2005</u>
SUMMARY OF REVENUES AND EXPENSES			
Total, Operating Revenues	\$ 9,358,108	\$ 9,090,311	\$ 9,647,126
Total, Operating Expenses	<u>17,223,209</u>	<u>16,234,872</u>	<u>16,387,428</u>
Total, Operating (Loss)	(7,865,101)	(7,144,561)	(6,740,302)
 Net Non-Operating Revenues	 8,064,375	 7,451,909	 6,935,778
 Capital Contributions	 351,593	 320,000	 -
 Increase (Decrease) in Net Assets	 550,867	 627,348	 195,476
 Net Assets at Beginning of Year	 <u>8,805,014</u>	 <u>8,177,666</u>	 <u>7,982,190</u>
 Net Assets - End of Year	 <u><u>\$ 9,355,881</u></u>	 <u><u>\$ 8,805,014</u></u>	 <u><u>\$ 8,177,666</u></u>

Operating and Non-Operating Revenues

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

**Revenues: Operating and Non-Operating
For the Years Ended August 31, 2007, 2006 and 2005**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating Revenues:			
Net tuition and fees	\$ 2,808,248	\$ 2,672,106	\$ 2,167,101
Federal grants and contracts	4,457,694	4,341,657	5,101,887
State grants and contracts	303,909	574,001	604,566
Non-governmental grants and contracts	115,822	99,802	113,586
Sales and services of educational activities	34,902	23,052	36,350
Net auxiliary enterprises	1,223,905	1,039,537	1,191,216
Other operating revenues	<u>413,628</u>	<u>340,156</u>	<u>432,420</u>
Total, Operating Revenues	<u>9,358,108</u>	<u>9,090,311</u>	<u>9,647,126</u>
 Net Non-Operating Revenues:			
State appropriations	5,113,281	4,998,581	4,607,933
Property taxes	3,867,806	3,345,281	3,204,204
Investment and other Income	167,812	57,019	55,906
Gain on sale of assets	-	-	4,100
Contributions	-	147,589	-
Total, Non-Operating Revenues	<u>9,148,899</u>	<u>8,548,470</u>	<u>7,872,143</u>
Capital Contributions	351,593	320,000	
Total Revenues, Operating and Non-Operating	<u><u>\$ 18,858,600</u></u>	<u><u>\$ 17,958,781</u></u>	<u><u>\$17,515,169</u></u>



In comparing the fiscal periods ended August 31, 2007 and 2006:

- Net tuition and fee revenues increased \$136,142 due to an increase in amounts charged.
- Federal grants increased by \$116,037 primarily as a result of the addition of the Academic Competitiveness Grant in the amount of \$76,237.
- The Northeast Texas Community College Foundation, as a component of the College, contributed a total of \$297,621 in scholarships for 340 students.
- Net revenue from Auxiliary Operations increased by \$184,368 primarily as a result of the refunding of bonds that historically had pledged revenues from housing fees.
- Property tax revenues increased \$522,525 primarily as a result of increases in the taxable value of properties in the tri-county area.
- Contributions in the amount of \$351,593 were received this year through the foundation to offset the cost of building the Hansen-Sewell Center parking facility and outdoor park.

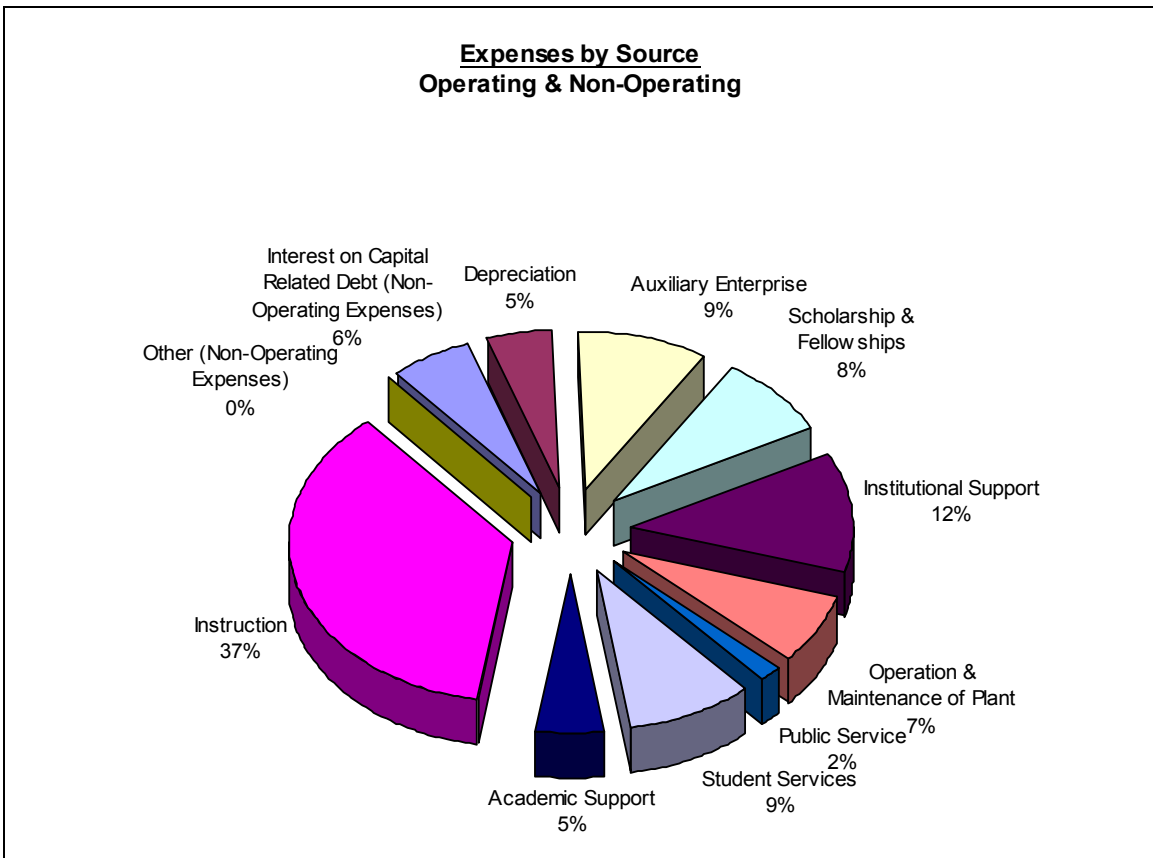
In comparing the fiscal periods ended August 31, 2006 and 2005:

- Net tuition and fee revenues increased \$505,005 due to an increase in amounts charged.
- Federal grants decreased by \$760,230 primarily as a result of decreases in Pell grants of \$429,922 and timing of spending of Title III funds. The decrease in Pell grants was a result of changes in the formulas used by the government to determine eligibility and the grant amount awarded to each individual.
- The Northeast Texas Community College Foundation, as a component of the College, contributed a total of \$227,124 in scholarships for 389 students.
- Net revenue from Auxiliary Operations decreased by \$151,679 primarily as a result of decreased sales in the College store as competition from internet discount sales of textbooks increased.
- Property tax revenues increased \$141,077 primarily as a result of increases in the taxable value of properties in the tri-county area.
- Contributions in the amount of \$467,589 were received this year through the foundation to offset the cost of building the Hansen-Sewell Center as well as an in-kind contribution of stables on the main campus.

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

Expenses: Operating and Non-Operating
For the Years Ended August 31, 2007, 2006 and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating Expenses:			
Instruction	\$ 6,653,768	\$ 6,561,461	\$ 6,075,398
Public service	295,839	376,344	713,536
Academic support	884,371	759,418	790,797
Student services	1,678,155	1,523,805	1,376,129
Institutional support	2,257,954	2,078,964	2,073,787
Operation and maintenance of plant	1,347,323	1,366,895	1,129,971
Scholarship & fellowships	1,526,241	1,340,710	1,986,483
Auxiliary enterprise	1,696,651	1,505,817	1,642,882
Depreciation	882,907	721,458	598,445
Total, Operating Expenses	<u>17,223,209</u>	<u>16,234,872</u>	<u>16,387,428</u>
Non-Operating Expenses:			
Interest on capital related debt	1,059,870	1,078,410	908,905
Other non-operating expenses	24,654	18,151	27,460
Total, non-operating expenses	<u>1,084,524</u>	<u>1,096,561</u>	<u>932,265</u>
Total Expenses, Operating and Non-Operating	<u><u>\$ 18,307,733</u></u>	<u><u>\$ 17,331,433</u></u>	<u><u>\$ 17,319,693</u></u>



In comparing the fiscal periods ended August 31, 2007 and 2006:

- Instruction expense increased \$92,307 primarily as a result of increased salary cost for new positions as well as salary increases.
- Student services increased \$154,350 primarily as a result of increased positions, salary increases, and purchase of non-capital assets.
- Institutional support expenses increased \$178,990 due to increased tax collection fees, credit card processing fees, increased salaries and wages and travel expenses.
- Scholarships and fellowships increased \$185,531 due to the new Federal Academic Competitiveness Grant and an increase in Foundation awards.
- Auxiliary enterprises expense increased \$190,834 as a result of increases in cost of sales for textbooks in the College Store and increased salary costs.
- Depreciation expense increased \$161,449 as a result of a full year of depreciation on new buildings put into service in fiscal year ended 2006.

In comparing the fiscal periods ended August 31, 2006 and 2005:

- Instruction expense increased \$486,063 primarily as a result of increased salary cost for new positions as well as salary increases.
- Operations and maintenance of plant expense increased by \$236,924 as a result of a full year of operation of new buildings as well as increases in heating and cooling costs resulting from higher fuel prices.
- Scholarships and fellowships decreased \$645,773. Pell grants decreased \$429,922 as a result of changes in the formulas used by the government to determine eligibility and the grant amount awarded to each individual.
- Auxiliary enterprises expense decreased \$137,035 as a result of decreased textbook sales as previously discussed.
- Interest on Capital Related Debt increased by \$169,505 due discontinuation of capitalization of interest on building projects during construction as construction was completed in fiscal year ended 2005.
- Depreciation expense increased \$123,013 as a result of first half year depreciation on new buildings put into service in early fiscal year ended 2006.

Analysis of Net Assets

Total Net Assets of \$ 9,355,881 comprised of the investment in capital assets net of related debt of \$5,112,958, unexpended bond proceeds of \$2,419,003 reserve for debt service of \$789,746 and temporarily restricted assets of 1,359. The debt service reserve is set-aside in the event the pledge revenues in interest and sinking fund are not sufficient to pay the debt service payment in the future. The unrestricted net of \$1,032,815 is the inception-to-date net of current and non-current revenues and expenses.

Net Assets For the Years Ended August 31, 2007, 2006 and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Investment in Capital Assets, Net of Related Debt	\$ 5,112,958	\$ 4,912,016	\$ 6,474,457
Restricted for Capital Expenditures	2,419,003	2,307,641	394,189
Restricted for debt service	789,746	607,662	401,710
Temporarily Restricted	1,359	608	-
Unrestricted	<u>1,032,815</u>	<u>977,087</u>	<u>907,310</u>
Total Net Assets	<u>\$ 9,355,881</u>	<u>\$ 8,805,014</u>	<u>\$ 8,177,666</u>

Statement of Cash Flows

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

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

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

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

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

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

Financial Condition and Outlook

The College has continued to balance its revenues and expenditures as evidenced by unrestricted net assets increasing by \$55,728 compared to the prior year's increase of \$69,777. For the first time, Unrestricted net assets have exceed \$1 million and stand at \$1,032,815 at year end.

Continued steady enrollment and increases in financial resources are expected for the next 3-5 years. The district tax base is strengthening, and the college plans on continued expansion of instructional facilities as it enters into a new capital campaign which will culminate on the 25th anniversary of the College in 2010.

FINANCIAL STATEMENTS

NORTHEAST TEXAS COMMUNITY COLLEGE
EXHIBIT 1
STATEMENTS OF NET ASSETS
August 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	\$ 1,241,748	\$ 1,582,692
Accounts receivable (Note 22)	907,383	1,024,692
Inventories	375,848	359,404
Prepaid expense	177,874	139,202
Due from component unit	328,103	301,858
Total Current Assets	<u>3,030,956</u>	<u>3,407,848</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 5)	2,273,376	571,201
Restricted short-term investments (Note 5)	889,758	2,215,397
Notes receivable (net of allowance for doubtful accounts of \$75,855, 2007 and \$70,427, 2006)	9,420	9,563
Deferred charges	468,826	501,473
Other assets	54,092	57,190
Capital assets, net of accumulated depreciation (Note 3)	24,616,985	24,715,933
Total Noncurrent Assets	<u>28,312,457</u>	<u>28,070,757</u>
Total Assets	<u><u>31,343,413</u></u>	<u><u>31,478,605</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable (Note 22)	329,944	422,339
Accrued liabilities (Note 22)	78,761	178,525
Accrued compensated absences (Note 11)	71,060	46,186
Deposits payable (Note 22)	80,089	63,308
Funds held for others	101,892	103,168
Deferred revenues	1,520,662	1,687,530
Notes and leases payable - current portion (Note 7)	121,849	118,774
Unamortized premium - current portion (Note 7)	170,743	230,090
Bonds payable - current portion (Note 7)	1,202,955	1,107,086
Total Current Liabilities	<u>3,677,955</u>	<u>3,957,006</u>
Noncurrent Liabilities		
Unamortized premium (Note 7)	-	122,325
Bonds payable (Note 7)	18,080,971	18,337,132
Notes and leases payable (Note 7)	228,606	257,128
Total Noncurrent Liabilities	<u>18,309,577</u>	<u>18,716,585</u>
Total Liabilities	<u><u>21,987,532</u></u>	<u><u>22,673,591</u></u>
NET ASSETS		
Invested in capital assets, net of related debt	5,112,958	4,912,016
Restricted for		
Expendable		
Unexpended Bond Proceeds	2,419,003	2,307,641
Debt service	789,746	607,662
Temporarily	1,359	608
Unrestricted	1,032,815	977,087
Total Net Assets	<u><u>\$ 9,355,881</u></u>	<u><u>\$ 8,805,014</u></u>

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

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.
COMPONENT UNIT
STATEMENTS OF NET ASSETS
August 31, 2007 and 2006

ASSETS	<u>2007</u>	<u>2006</u>
Current Assets		
Cash and cash equivalents (Note 5)	\$ 272,780	\$ 393,157
Investments (Note 5)	1,754,331	1,013,659
Accounts receivable (Note 22)	402,463	476,718
Total Current Assets	<u>2,429,574</u>	<u>1,883,534</u>
Noncurrent Assets		
Long - term investments (Note 5)	1,440,803	306,814
Property, plant, and equipment, net of accumulated depreciation (Note 3)	160,374	162,431
Other assets	41,250	41,250
Total Noncurrent Assets	<u>1,642,427</u>	<u>510,495</u>
 Total Assets	 <u><u>4,072,001</u></u>	 <u><u>2,394,029</u></u>
 LIABILITIES		
Current Liabilities		
Accounts payable (Note 22)	420	638
Deferred revenue	187,088	133,960
Due to Northeast Texas Community College	328,103	301,858
Total Current Liabilities	<u>515,611</u>	<u>436,456</u>
 Total Liabilities	 <u><u>515,611</u></u>	 <u><u>436,456</u></u>
 Net assets:		
Restricted		
Nonexpendable:		
Permanently	1,189,156	1,069,232
Expendable:		
Temporarily	2,215,945	705,362
Unrestricted	151,289	182,979
Total Net Assets	\$ <u><u>3,556,390</u></u>	\$ <u><u>1,957,573</u></u>

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

NORTHEAST TEXAS COMMUNITY COLLEGE**EXHIBIT 2****STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS****For the Years Ended August 31, 2007 and 2006**

REVENUES	2007	2006
Operating Revenues		
Tuition and fees (net of grant and scholarship allowances of \$ 1,650,408, 2007 and \$1,619,650, 2006)	\$ 2,808,248	\$ 2,672,106
Federal grants and contracts	4,457,694	4,341,657
State grants and contracts	303,909	574,001
Non-Governmental grants and contracts	115,822	99,802
Sales and services of educational activities	34,902	23,052
Auxiliary enterprises (net of grant and scholarship allowances of \$471,108, 2007 and \$492,910, 2006)	1,223,905	1,039,537
Other operating revenues	413,628	340,156
Total Operating Revenues (Schedule A)	9,358,108	9,090,311
EXPENSES		
Operating Expenses		
Instruction	6,653,768	6,561,461
Public service	295,839	376,344
Academic support	884,371	759,418
Student services	1,678,155	1,523,805
Institutional support	2,257,954	2,078,964
Operation and maintenance of plant	1,347,323	1,366,895
Scholarships and fellowships	1,526,241	1,340,710
Auxiliary enterprises	1,696,651	1,505,817
Depreciation	882,907	721,458
Total Operating Expenses (Schedule B)	17,223,209	16,234,872
Operating Income (Loss)	(7,865,101)	(7,144,561)
NON-OPERATING REVENUES (EXPENSES)		
State allocations	5,113,281	4,998,581
Ad-valorem taxes		
Taxes for maintenance & operations	2,683,663	2,171,008
Taxes on general obligations bonds	1,184,143	1,174,273
Investment income (net of investment expenses)	167,812	57,019
Contributions	-	147,589
Interest on capital related debt	(1,059,870)	(1,078,410)
Other non - operating expenses	(24,654)	(18,151)
Net non-operating revenues	8,064,375	7,451,909
Capital Contributions	351,593	320,000
Increase (Decrease) in Net Assets	550,867	627,348
Net Assets - Beginning of Year	8,805,014	8,177,666
Net Assets - End of Year	\$ 9,355,881	\$ 8,805,014

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

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.
COMPONENT UNIT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended August 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
REVENUES		
Operating Revenues		
Federal Grants and Contracts	\$ 879,110	\$ 508,543
State Grants and Contracts	588,765	588,655
Local Grants and Contracts	273,259	160,777
Total Operating Revenues	<u>1,741,134</u>	<u>1,257,975</u>
EXPENSES		
Operating Expenses		
Public Service	2,128,674	1,737,347
Scholarships	373,340	273,951
Depreciation	5,057	4,907
Total Operating Expenses	<u>2,507,071</u>	<u>2,016,205</u>
Operating Income (Loss)	<u>(765,937)</u>	<u>(758,230)</u>
Non-Operating Revenues (Expenses)		
Investment income	82,583	32,060
Net non-operating revenues	<u>82,583</u>	<u>32,060</u>
Income (Loss) Before Other Revenues, Expenses, Gains, Losses	<u>(683,354)</u>	<u>(726,170)</u>
OTHER REVENUES, (EXPENSES), GAINS, LOSSES		
Additions to Endowments	47,009	323,592
Gains on investments	89,618	65,003
Contributions	2,145,544	331,392
Total Other Revenues, Expenses, Gains, Losses	<u>2,282,171</u>	<u>719,987</u>
Increase (Decrease) in Net Assets	<u>1,598,817</u>	<u>(6,183)</u>
Net Assets - Beginning of Year	<u>1,957,573</u>	<u>1,963,756</u>
Net Assets - End of Year	<u>\$ 3,556,390</u>	<u>\$ 1,957,573</u>

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

NORTHEAST TEXAS COMMUNITY COLLEGE
EXHIBIT 3
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities		
Receipts from students and other customers	\$ 3,950,572	\$ 3,567,187
Receipts of grants and contracts for operating activities	4,856,084	5,121,484
Loans to students and employees	143	8,271
Other receipts	542,164	420,870
Payments to or on behalf of employees	(8,675,270)	(8,021,200)
Payments to suppliers for goods or services	(5,119,697)	(5,114,272)
Payments of scholarships	(1,526,241)	(1,340,710)
Net cash provided (used) by operating activities	<u>(5,972,245)</u>	<u>(5,358,370)</u>
Cash Flows From Noncapital Financing Activities		
State allocations	3,965,870	3,965,869
Ad valorem tax revenues	3,860,182	3,345,281
Net cash provided (used) by non-capital financing activities	<u>7,826,052</u>	<u>7,311,150</u>
Cash Flows From Capital and Related Financing Activities		
Interest and other expense on capital related debt	(724,995)	(660,606)
Purchases of capital assets	(783,960)	(422,613)
Contributions received in aid of construction	351,593	320,000
Proceeds on issuance of capital debt	92,000	2,621,486
Payments on capital debt and leases	(920,665)	(1,101,227)
Net cash provided (used) by capital and related financing activities	<u>(1,986,027)</u>	<u>757,040</u>
Cash Flows From Investing Activities		
Proceeds from sale and maturity of investments	1,325,639	-
Investment earnings	167,812	57,019
Purchases of investments	-	(1,937,718)
Net cash provided (used) by investing activities	<u>1,493,451</u>	<u>(1,880,699)</u>
Increase (Decrease) in cash and cash equivalents	1,361,231	829,121
Cash and cash equivalents - September 1,	<u>2,153,893</u>	<u>1,324,772</u>
Cash and cash equivalents - August 31,	<u>\$ 3,515,124</u>	<u>\$ 2,153,893</u>
Noncash investing, capital, and financing activities		
Contributions	-	147,589
Capital debt incurred refunding existing bonds payable	-	1,749,196
Total Noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ 1,896,785</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (7,865,101)	\$ (7,144,561)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	882,907	721,458
Staff benefits paid directly by state	1,147,411	1,032,712
Changes in assets and liabilities		
Receivables, net	124,933	262,723
Inventories	(16,444)	(3,038)
Prepaid expense	(38,672)	990
Due from component unit	(26,245)	(106,962)
Other assets	3,098	1,665
Deferred charges	32,647	(4,503)
Accounts payable	(92,395)	80,827
Accrued liabilities	26,836	(24,038)
Deposits payable	16,781	17,932
Funds held for others	(1,276)	37,144
Deferred revenue	(166,868)	(238,990)
Loans to students and employees	143	8,271
Net cash provided (used) by operating activities	<u>\$ (5,972,245)</u>	<u>\$ (5,358,370)</u>

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

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.
COMPONENT UNIT
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities		
Receipts from grants and contracts for operating activities	\$ 1,857,255	\$ 1,263,039
Payments of scholarships and support of college	(347,095)	(166,989)
Payments on grants and contract costs	<u>(2,128,893)</u>	<u>(1,590,021)</u>
Net cash provided (used) by operating activities	<u>(618,733)</u>	<u>(493,971)</u>
Cash Flows From Noncapital Financing Activities		
Additions to permanent and term endowment and other contributions	<u>2,192,553</u>	<u>601,576</u>
Net cash provided (used) by noncapital financing activities	<u>2,192,553</u>	<u>601,576</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	28,345	169,692
Investment income	82,583	32,060
Purchase of capital assets	-	-
Purchase of investments	<u>(1,805,125)</u>	<u>(8,480)</u>
Net cash provided (used) by investing activities	<u>(1,694,197)</u>	<u>193,272</u>
Net increase (decrease) in cash and cash equivalents	(120,377)	300,877
Cash and cash equivalents at beginning of year	<u>393,157</u>	<u>92,280</u>
Cash and cash equivalents at end of year	<u>\$ 272,780</u>	<u>\$ 393,157</u>
Noncash investing, capital, and financing activities		
Contribution of investment	\$ -	\$ 4,000
Inkind contributions	<u>3,000</u>	<u>165,739</u>
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (765,937)	\$ (758,230)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Non-cash transfer to Northeast Texas Community College		147,589
Depreciation	5,057	4,907
Change in assets and liabilities		
Accounts receivable	62,992	(97,525)
Due to college	26,245	106,962
Deferred revenue	53,128	102,589
Accounts payable	<u>(218)</u>	<u>(263)</u>
Net cash provided by operating activities	<u>\$ (618,733)</u>	<u>\$ (493,971)</u>

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

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 1 - Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

Reporting Guidelines

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

Tuition Discounting

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

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

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

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.

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

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 is adopted by the Board of Trustees. Copies of the adopted budget were filed with Texas Higher Education Coordinating Board, Governor's Office of Budget and Planning, Legislative Budget Board, Legislative Reference Library, Morris County Clerk's office, Titus County Clerk's office, and Camp County Clerk's office by December 1.

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.

Inventories

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

Deferred Revenue and Expenditure

Unrestricted revenue on fall tuition and fees charged prior to the end of the fiscal year and unrestricted expenditures related to the fall semester are deferred to provide for reporting revenue and expenditures within the fiscal year in which the program is predominately conducted.

Bond Premiums and Discounts

Bond premiums and discounts are being amortized over the life of the bonds based on the interest method.

State Retirement and Insurance Contributions

The State of Texas contributes to the retirement plan and insurance program. State contributions are reported as income and staff benefits as expenditures in accordance with *Governmental Accounting Standards*.

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.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

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

Investments

In accordance with GASB Statement No 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Operating and Non-Operating Revenues and Expenses

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state allocations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of food service is not performed by the College.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and estimated useful life in excess of one year. Renovations of \$50,000 to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

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

Reclassifications

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

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 3 – Capital Assets

Capital assets activity for the year ended August 31, 2007 was as follows:

	For the Year Ended August 31, 2007			
	Balance August 31, 2006	Increases	Decreases	Balance August 31, 2007
<u>Not Depreciated:</u>				
Land	\$ 1,279,778	\$ 107,575	\$	\$ 1,387,353
Construction in Process		2,672		2,672
Construction in Process Purchased With Capital Lease		55,200		55,200
Subtotal	<u>\$ 1,279,778</u>	<u>\$ 165,447</u>	<u>\$ 0</u>	<u>\$ 1,445,225</u>
<u>Other Capital Assets:</u>				
Buildings	28,111,517	491,556		28,603,073
Furniture, Machinery, Vehicles, and other Equipment	1,284,717	104,252	30,030	1,358,939
Library Books	910,009	43,725	17,297	936,437
Telecommunications and Peripheral Equipment	868,198			868,198
Subtotal	<u>\$ 31,174,441</u>	<u>\$ 639,533</u>	<u>\$ 47,327</u>	<u>\$ 31,766,647</u>
<u>Accumulated Depreciation:</u>				
Buildings	5,837,985	569,876		6,407,861
Furniture, Machinery, Vehicles and Other Equipment	924,951	235,816	9,009	1,151,758
Library Books	443,865	77,215	17,297	503,783
Telecommunications and Peripheral Equipment	531,485			531,485
Subtotal	<u>\$ 7,738,286</u>	<u>\$ 882,907</u>	<u>\$ 26,306</u>	<u>\$ 8,594,887</u>
Net Other Capital Assets	<u>\$ 23,436,155</u>	<u>\$ (243,374)</u>	<u>\$ 21,021</u>	<u>\$ 23,171,760</u>
Net Capital Assets	<u><u>\$ 24,715,933</u></u>	<u><u>\$ (77,927)</u></u>	<u><u>\$ 21,021</u></u>	<u><u>\$ 24,616,985</u></u>

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 3 – Capital Assets – (continued)

Foundation

	For the Year Ended August 31, 2007			
	Balance August 31, 2006	Increases	Decreases	Balance August 31, 2007
<u>Not Depreciated:</u>				
Land	\$ 135,400	\$	\$	\$ 135,400
Subtotal	\$ 135,400	\$ 0	\$ 0	\$ 135,400
<u>Other Capital Assets:</u>				
Furniture, Machinery, Vehicles, and other Equipment	40,285	3,000		43,285
Subtotal	\$ 40,285	\$ 3,000	\$ 0	\$ 43,285
<u>Accumulated Depreciation:</u>				
Furniture, Machinery, Vehicles and Other Equipment	13,254	5,057		18,311
Subtotal	\$ 13,254	\$ 5,057	\$ 0	\$ 18,311
Net Other Capital Assets	\$ 27,031	\$ (2,057)	\$ 0	\$ 24,974
Net Capital Assets	\$ 162,431	\$ (2,057)	\$ 0	\$ 160,374

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 3 – Capital Assets – (continued)

Capital assets activity for the year ended August 31, 2006 was as follows:

	For the Year Ended August 31, 2006			
	Balance August 31, 2005	Increases	Decreases	Balance August 31, 2006
<u>Not Depreciated:</u>				
Land	\$ 1,009,520	\$ 270,258		\$ 1,279,778
Construction in Process	759,828		759,828	0
Subtotal	<u>\$ 1,769,348</u>	<u>\$ 270,258</u>	<u>\$ 759,828</u>	<u>\$ 1,279,778</u>
<u>Other Capital Assets:</u>				
Buildings	27,130,639	980,878		28,111,517
Furniture, Machinery, Vehicles, and other Equipment	1,255,840	28,877		1,284,717
Library Books	878,941	39,820	8,752	910,009
Telecommunications and Peripheral Equipment	858,001	10,197		868,198
Subtotal	<u>\$ 30,123,421</u>	<u>\$ 1,059,772</u>	<u>\$ 8,752</u>	<u>\$ 31,174,441</u>
<u>Accumulated Depreciation:</u>				
Buildings	5,389,695	448,290		5,837,985
Furniture, Machinery, Vehicles and Other Equipment	850,877	74,074		924,951
Library Books	377,849	74,768	8,752	443,865
Telecommunications and Peripheral Equipment	407,159	124,326		531,485
Subtotal	<u>\$ 7,025,580</u>	<u>\$ 721,458</u>	<u>\$ 8,752</u>	<u>\$ 7,738,286</u>
Net Other Capital Assets	<u>\$ 23,097,841</u>	<u>\$ 338,314</u>	<u>\$ 0</u>	<u>\$ 23,436,155</u>
Net Capital Assets	<u>\$ 24,867,189</u>	<u>\$ 608,572</u>	<u>\$ 759,828</u>	<u>\$ 24,715,933</u>

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 3 – Capital Assets – (continued)

Foundation

	For the Year Ended August 31, 2006			
	Balance August 31, 2005	Increases	Decreases	Balance August 31, 2006
<u>Not Depreciated:</u>				
Land	\$ 135,400	\$	\$	\$ 135,400
Piano	21,500		21,500	0
Subtotal	\$ 156,900	\$ 0	\$ 21,500	\$ 135,400
<u>Other Capital Assets:</u>				
Furniture, Machinery, Vehicles, and other Equipment	18,785	21,500		40,285
Subtotal	\$ 18,785	\$ 21,500	\$ 0	\$ 40,285
<u>Accumulated Depreciation:</u>				
Furniture, Machinery, Vehicles and Other Equipment	8,347	4,907		13,254
Subtotal	\$ 8,347	\$ 4,907	\$ 0	\$ 13,254
Net Other Capital Assets	\$ 10,438	\$ 16,593	\$ 0	\$ 27,031
 Net Capital Assets	 \$ 167,338	 \$ 16,593	 \$ 21,500	 \$ 162,431

At August 31, 2007, the College was engaged in a construction contract to install equipment on the main campus in the amount of \$92,000 which was financed with a lease agreement. At August 31, 2007, \$55,200 of the funds had been expended and reported as construction in progress. The College had a contract to build a concession stand in the amount of \$89,233 to be paid out of operating funds. The College also had various contracts to build a student activities complex including a softball field, a volleyball court and a basketball court which totaled approximately \$506,000 which will be paid out of the 2006 Revenue Bond Issue proceeds and cash donations. As of August 31, 2007, \$2,672 had been expended and is recorded in construction in process.

Note 4 - Authorized Investments

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

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 5 - Deposits and Investments

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

	<u>2007</u>	<u>2006</u>
Cash and Deposits		
Demand Deposits	\$ 326,566	\$ 853,336
Time Deposits	546,000	961,161
Total Cash and Deposits	\$ <u>872,566</u>	\$ <u>1,814,497</u>

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	<u>Fair Value August 31, 2007</u>	<u>Fair Value August 31, 2006</u>
U.S. Government Agencies	\$ 487,410	\$ -
U.S. Treasury Notes	273,538	1,254,235
Investment Pool	1,421,251	872,144
Mutual Fund	1,342,717	421,664
Total	<u>3,524,916</u>	<u>2,548,043</u>
Total Cash and Deposits	879,966	1,821,247
Total Deposits and Investments	\$ <u>4,404,882</u>	\$ <u>4,369,290</u>
Cash and Temporary Investments (Exhibit 1)	\$ 1,241,748	\$ 1,582,692
Restricted Cash and Cash Equivalents (Exhibit 1)	2,273,376	571,201
Restricted Investments (Exhibit 1)	889,758	2,215,397
Total Deposits and Investments	\$ <u>4,404,882</u>	\$ <u>4,369,290</u>

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 5 - Deposits and Investments – (continued)

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

	<u>2007</u>	<u>2006</u>
Cash and Deposits		
Demand Deposits	\$ 270,480	199,834
Time Deposits	124,000	125,000
Petty Cash		50
Total Cash and Deposits	\$ 394,480	\$ 324,884

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	Fair Value August 31, 2007	Fair Value August 31, 2006
U.S. Government Agencies	\$ 1,464,348	\$
Corporate Bond/Notes	111,561	
Mutual Funds	1,497,525	1,388,746
Total Investments	3,073,434	1,388,746
Total Cash and Deposits	394,480	324,884
Total Deposits and Investments	\$ 3,467,914	\$ 1,713,630
Cash and Temporary Investments	\$ 2,027,111	\$ 1,406,816
Investments	1,440,803	306,814
Total Deposits and Investments	\$ 3,467,914	\$ 1,713,630

As of August 31, 2007 the College had the following investments and maturities:

<u>Investment Type</u>	Credit Rating	Market Value	Investment Maturities (in years)		
			Less than 1	1-2	2-3
Certificates of Deposit	N/A	\$ 546,000	\$ 546,000		
U.S. Government Agencies		487,410	487,410		
U.S. Treasury Notes		273,538	273,538		
AIM Treasury Cash Management		1,342,717	1,342,717		
Investment Pool	AAA	1,421,251	1,421,251		
Total Market Value		\$ 4,070,916	\$ 4,070,916	-	

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 5 - Deposits and Investments – (continued)

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

Credit Risk: In accordance with state law and the College’s investment policy, investments in mutual funds, and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A.

Concentration of Credit Risk: The College does not place a limit on the amount that may be invested in any one issuer. More than 5% of the College’s investments are in investment pools (35%) in certificates of deposit (13%), in U.S. Treasuries (7%), U.S. Government Agencies (12%) and Mutual Funds (33%).

Custodial Credit Risk: At August 31, 2007, the College had money on deposit at six banks. The carrying amount of the College’s and the Foundation’s bank deposits was \$872,566 and \$394,480 and total bank balances equaled \$2,975,395 and \$3,467,914. Bank balances of \$600,000 are covered by federal depository insurance and \$2,375,395 was covered by collateral pledged in Northeast Texas Community College’s name. The collateral was held in the safekeeping departments of banks which act as agents for the College.

At August 31, 2006, the College had money on deposit at eight banks. The carrying amount of the College’s and the Foundation’s bank deposits was \$1,814,497 and \$324,834 and total bank balances equaled \$2,048,791 and \$305,696. Bank balances of \$900,000 are covered by federal depository insurance and \$1,148,791 was covered by collateral pledged in Northeast Texas Community College’s name. The collateral was held in the safekeeping departments of banks which act as agents for the College.

Note 6 – Derivatives

The College had no derivatives at August 31, 2007 or 2006.

Note 7 – Bonds and Notes Payable

Long-term liability activity for the year ended August 31, 2007 was a follows:

	Balance August 31, 2006	Increases	Decreases	Balance August 31, 2007	Current Portion
Leases, bonds, and notes					
Revenue bonds	\$ 4,270,000		95,000	\$ 4,175,000	\$ 175,000
General obligation bonds	15,174,218	642,926	708,218	15,108,926	1,027,955
Unamortized premium	352,415		181,672	170,743	170,743
Notes payable	375,902		117,447	258,455	99,141
Leases payable	-	92,000		92,000	22,708
Total long-term obligations	\$ 20,172,535	\$ 734,926	\$ 1,102,337	\$ 19,805,124	\$ 1,495,547

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 7 – Bonds and Notes Payable - (continued)

Long-term liability activity for the year ended August 31, 2006 was as follows:

	Balance August 31, 2005	Increases	Decreases	Balance August 31, 2006	Current Portion
Leases, bonds, and notes					
Revenue bonds	\$ 1,785,000	\$ 4,490,000	2,005,000	\$ 4,270,000	\$ 95,000
General obligation bonds	15,150,582	607,591	583,955	15,174,218	1,012,086
Unamortized premium	580,363		227,948	352,415	230,090
Notes payable	587,330		211,428	375,902	118,774
Total long-term obligations	\$ 18,103,275	\$ 5,097,591	\$ 3,028,331	\$ 20,172,535	\$ 1,455,950

1994 Series Limited Tax Refunding Bonds (Dated September 28, 1994):

1994 Series Limited Tax Refunding Bonds of \$6,050,000 (maturity value) were issued to refund a portion of the College's outstanding 1986 Compound Interest Bonds and to pay the costs related to the issuance of the bonds. The bonds bear interest from 18.18% to 20.23% (effective rate of 5.55% to 6.15% considering bond premium) and mature through 2009. The bonds are secured with the proceeds of a continuing, direct ad valorem tax levied, within the limitations prescribed by law, against all taxable property within the District. All proceeds from the bonds were placed in escrow for the defeasance of the 1986 Series. All bonds authorized were issued at the date of issue. The accreted value of the bonds plus unamortized bond premium represents the carrying value of the bonds of \$1,738,356 and \$2,386,575 at August 31, 2007 and 2006, respectively.

2003 Series Limited Tax Bonds

The 2003 Series Limited Tax Bonds were issued for the construction and equipment of campus buildings in the district and the purchase of necessary sites. At an election on November 5, 2002, the voters approved the issuance of up to \$18,000,000 in bonds. These bonds represent the first installment of bonds issued under the authority granted at the November 5, 2002 election. The bonds were issued in part as Current Interest Bonds and in part as Capital Appreciation Bonds. The Current Interest Bonds bear interest from 2.50% to 3.50% and mature on April 1, each year beginning April 1, 2004 and ending April 1, 2009. At August 31, 2007 and 2006, \$165,000 and \$225,000, respectively, of these bonds were outstanding. The Capital Appreciation Bonds mature beginning April 1, 2010 and ending April 1, 2033. Interest is payable only at maturity and will accrue at a rate equal to the yield to maturity and will compound semiannually on each April and October. The bonds bear interest from 3.79% to 5.85%. Bonds outstanding at August 31, 2007 and 2006, under this issue totaled \$10,824,192 and \$10,884,193, respectively. The accreted value of the bonds at August 31, 2007 and 2006 totaled \$13,205,570 and \$12,562,644, respectively. At August 31, 2007 and 2006, the un-issued but approved bonds totaled \$7,005,837.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 7 – Bonds and Notes Payable - (continued)

2006 Series Revenue Financing System Refunding and Improvement Bonds

During 2006, the College issued \$4,490,000 revenue Financing System Refunding and Improvement Bonds with an average coupon (interest) rate of 4.19%. The proceeds were used to advance refund \$365,000 of the College's outstanding 1992 Series Dormitory System Revenue Bonds, \$330,000 of the outstanding 1994 series Dormitory System Revenue Bonds, and \$1,020,000 of the outstanding 1994 Series Tuition and Building Use Fee Revenue Refunding and Revenue Bonds. These bonds had an average coupon (interest) rate of 6.25%.

The net proceeds of the bond issue were \$4,513,746. Funds placed in escrow for advance refunding of the above bonds was \$1,749,197. Proceeds in the amount of \$2,600,000 were deposited into the construction fund. Proceeds in the amount of \$21,486 were deposited into debt service fund. The balance of \$143,063 was withheld for underwriter fees and other issuance cost. As a result, all three bonds issues listed above are considered defeased and the liability for the bonds has been removed from the obligations of the college. The advanced refunding reduced the total debt service over the next five years by \$498,524. The advanced refunding reduced the total debt service over the remaining term of the defeased debt, ten years, by \$1,728. The economic gain resulting from this refunding transaction, calculated on a present value basis is \$98,906. Bonds outstanding at August 31, 2007 and 2006 under this issue totaled \$4,175,000 and \$4,270,000, respectively.

Notes Payable

The College had a 4.0% note payable to a bank dated July 2, 2004, secured by a vehicle. The note is due in three annual installments of \$3,225. The balance of the note at August 31, 2007 and 2006 was \$0 and \$3,118, respectively.

The College had a 4.0% note payable to a bank dated July 2, 2004, secured by a vehicle. The note is due in three annual installments of \$4,649. The balance of the note at August 31, 2007 and 2006 was \$0 and \$4,496, respectively.

The College had a 4.0% note payable to a bank dated September 23, 2003, secured by a vehicle. The note is due in three annual installments of \$4,533. The balance of the note at August 31, 2007 and 2006 was \$0 and \$4,357, respectively.

The College had a 4.0% note payable to a bank dated July 2, 2004, secured by a vehicle. The note is due in three annual installments of \$4,033. The balance of the note at August 31, 2007 and 2006 was \$0 and \$3,900, respectively.

The College had a 4.0% note payable to a bank dated July 2, 2004, secured by a vehicle. The note is due in three annual installments of \$8,207. The balance of the note at August 31, 2007 and 2006 was \$0 and \$7,936, respectively.

The College has an unsecured 3.95% note payable to a bank dated March 18, 2004. The note is due in four annual installments of \$25,000 with the balance of \$102,143 due March 18, 2009. The balance of the note at August 31, 2007 and 2006 was \$119,928 and \$138,144 respectively.

The College has a 4.00% note payable to a bank dated September 15, 2004, secured by a vehicle. The note is due in 4 annual installments of \$18,569. The balance of the note at August 31, 2007 and 2006 was \$17,886 and \$35,050 respectively.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 7 – Bonds and Notes Payable - (continued)

The College has a 4.55% note payable to a vendor dated March 10, 2005, secured by equipment. The note is due in five annual installments of \$62,448. The balance of the note at August 31, 2007 and 2006 was \$120,641 and \$178,900 respectively.

The College entered into a 4.45% capital lease payable to a bank dated August 13, 2007 and amended September 14, 2007 secured by equipment. The lease is due in five-annual installments of \$19,294. The balance of the lease at August 31, 2007 was \$92,000.

Tax Bonds

Tax bonds and revenue bonds are due in annual installments varying from \$25,000 to \$1,255,000 with interest rates from 2.50% to 14.5% and the final installment due in 2033. The principal and interest expense for the next five years and beyond for the undefeased tax obligation bonds are as follows:

Years Ending August 31,		Principal		Interest		Total Requirements
2008	\$	1,027,955	(A)	117,632	\$	1,145,587
2009		875,401	(A)	282,749		1,158,150
2010		907,586	(A)	92,414		1,000,000
2011		870,830	(A)	134,170		1,005,000
2012		844,233	(A)	175,767		1,020,000
2013-2017		3,671,081	(A)	1,578,919		5,250,000
2018-2022		2,822,356	(A)	2,687,644		5,510,000
2023-2027		2,138,351	(A)	3,651,649		5,790,000
2028-2032		1,664,043	(A)	4,430,957		6,095,000
2033		287,090	(A)	967,910		1,255,000
	\$	15,108,926		14,119,811	\$	29,228,737

(A) Compound Interest Bonds and Tax Refunding Bonds are stated at their current accreted value. In 2007 and 2006, interest cost of \$345,671 and \$531,047, respectively, were incurred on the 1994 Series LTD Tax Refunding Bonds. Premium amortization on the 1994 Series LTD Tax Refunding Bonds was \$180,582 and \$227,948 for 2007 and 2006.

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

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 7 – Bonds and Notes Payable - (continued)

Revenue Bonds

Debt service requirements for the revenue bonds are as follows:

Years Ending August 31,	Principal	Interest	Total Requirements
2008	\$ 175,000	\$ 168,365	\$ 343,365
2009	185,000	161,165	346,165
2010	190,000	153,665	343,665
2011	200,000	145,865	345,865
2012	210,000	137,665	347,665
2013 -2017	860,000	569,125	1,429,125
2018 - 2022	690,000	428,850	1,118,850
2023 - 2027	845,000	271,868	1,116,868
2028 -2031	820,000	73,937	893,937
	\$ 4,175,000	\$ 2,110,505	\$ 6,285,505

Notes Payable

Debt service requirements for the notes payable are as follows:

Years Ending August 31,	Principal	Interest	Total Requirements
2008	\$ 99,141	\$ 1,125	\$ 100,266
2009	159,314	5,276	164,590
	\$ 258,455	\$ 6,401	\$ 264,856

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 7 – Bonds and Notes Payable - (continued)

Lease Payable

Obligations under capital leases at August 31, 2007 were as follows:

<u>For the Year Ended August 31,</u>	<u>Total</u>
2008	\$ 23,544
2009	19,295
2010	19,295
2011	19,295
2012	19,295
Total Minimum Lease Payments	<u>100,724</u>
Less: Amount representing interest Costs	<u>(8,724)</u>
Present value of minimum lease payments	<u><u>\$ 92,000</u></u>

Note 8 – Defeased Debt

All defeased debt has been retired as of August 31, 2007 and 2006.

Note 9 – Employees’ Retirement Plan

Teacher Retirement System of Texas

Plan Description – The College participates in the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications.

Funding Policy – State law provides for fiscal years 2007 and 2006 a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances the reporting district (I.S.D., college, university, or state agency) is required to make all or portion of the state’s 6.0% contribution.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 9 – Employees’ Retirement Plan – (continued)

Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate not less than 6.0% of the member’s annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS’s 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. The state contributed 100% of required amounts for years ended August 31, 2007 and 2006. The required and actual contributions to the plan, for the current and prior year, in dollars and percentages of participant’s salaries by the State and by the participant are as follows:

<u>Year</u>	<u>Amount</u>	<u>Percentages</u>	
		<u>State</u>	<u>Participant</u>
2007	\$ 560,933	6.0	6.4
2006	\$ 503,925	6.0	6.4
2005	\$ 461,277	6.0	6.4

The Teacher Retirement System does not separately account for each of its component government agencies because it bears sole responsibility for retirement commitments beyond contributions fixed by the legislature. The total payroll of employees covered by the Teacher Retirement System was \$4,806,362 and \$4,060,923 for years ended August 31, 2007 and 2006 respectively.

Note 10 - Optional Retirement Program (ORP)

Plan Description – The College also participates in an Optional Retirement Program (ORP) for institutions of higher education. Participation in the Optional Retirement is in lieu of participation in the Teacher Retirement System. It operates primarily under the provisions of the Texas Administrative Code, Sections 25.3(d), (e) and 25.72(c). The Teachers Retirement System of Texas (TRS) is responsible for establishing, amending and administering the plan. The Optional Retirement Program is a cost-sharing, multiple-employer defined contribution plan. The plan provides retirement benefits based on the balance of the participant’s account at the date of termination or the date of retirement. The Optional Retirement Program provides for the purchase of annuity contracts. Since these are individual annuity contracts, the State has no additional or unfunded liabilities for this program. The state contributed 100% of required amounts for years ended August 31, 2007 and 2006. The amount and percentages of participant salaries required to be contributed and actually contributed by the State, participant and College, for the current and prior years, are as outlined as follows:

<u>Year</u>	<u>Amount</u>	<u>Percentages</u>		
		<u>State</u>	<u>Participant</u>	<u>College</u>
2007	\$ 533,127	6.0	6.65	2.5
2006	\$ 551,061	6.0	6.65	2.5
2005	\$ 515,433	6.0	6.65	2.5

* For participants who were receiving a matching 8.5% prior to September 1995, and were grandfathered in with the College paying the 2.5% difference.

Note 10 - Optional Retirement Program (ORP) – (continued)

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

The retirement expense to the State for the College was \$364,733 and \$341,500 for the fiscal years ended August 31, 2007 and 2006, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College and are recognized as revenue and expenditure during the period.

The total payroll for all College employees was \$8,702,106 and \$7,997,162 for the years ended August 31, 2007 and 2006, respectively, and the total payroll of employees covered by the Optional Retirement System was \$3,800,238 and \$3,912,438 for years ended August 31, 2007 and 2006, respectively.

Note 11 – Compensated Absences

College employees earn vacation of 5-15 days per year based on years of service and sick leave benefits of 8 hours per month. The amount of vacation allowed to be carried over after August 31, is limited to 40 hours for each employee, which is lost December 31 of that year unless, in certain instances, approval is obtained from management to carry over amounts in excess of the 40 hours. The College has accrued \$71,060 and \$46,186 for August 31, 2007 and 2006, respectively, in the financial statements for vacation to be carried over to the next fiscal year. Administration believes that all of the accrued vacation will be taken or paid out in the next fiscal year. Sick leave can be accumulated up to 480 hours, but cannot be redeemed in pay. Accordingly, no accrual sick leave has been made.

Note 12 – Deferred Compensation

The College does not currently offer any deferred compensation plans to its employees.

Note 13 – Discounts

Scholarship discounts in the amount of \$2,121,516 and \$2,112,560 were recorded for the year ended August 31, 2007 and 2006, respectively.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 14 - Contract and Grant Awards

Contracts and grant revenues are recognized on Exhibit 2 as funds are actually expended. For 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. Contracts and grant award funds already committed or funds awarded during fiscal year 2007 and 2006 for the College and Foundation are as follows:

		<u>2007</u>		<u>2006</u>
College				
Federal	\$	672,122	\$	523,168
State		90,762		89,360
Total	\$	<u>762,884</u>	\$	<u>612,528</u>
Foundation				
Federal	\$	145,836	\$	158,040
State		704,110		588,765
Total	\$	<u>849,946</u>	\$	<u>746,805</u>

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 cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees.

Note 16 – Ad Valorem Property Tax

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. A lien can be imposed on properties as early as one year of delinquency after all collections efforts have been exhausted.

	<u>August 31,</u>	
	<u>2007</u>	<u>2006</u>
Assessed Valuation of the District	\$ <u>3,908,062,375</u>	\$ <u>3,311,968,407</u>

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 16 – Ad Valorem Property Tax – (continued)

	Current Operations	Debt Service	Total
Tax rate authorized per \$100 valuation	\$ 0.0668	\$ 0.0295	\$ 0.0962
Tax rate assessed per \$100 valuation for 2007	\$ 0.0668	\$ 0.0295	\$ 0.0962
Tax rate assessed per \$100 valuation for 2006	\$ 0.0639	\$ 0.0323	\$ 0.0962

	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 2,538,643	\$ 1,123,412	\$ 3,662,055
Delinquent Taxes Collected	58,828	32,473	91,301
Penalties and Interest Collected	51,519	22,748	74,267
Other Fees Collected	34,673	5,510	40,183
Total Collections	\$ 2,683,663	\$ 1,184,143	\$ 3,867,806

Taxes levied for the years ended August 31, 2007 and 2006 were \$3,760,740 and \$3,350,890, respectively excluding any penalty and interest assessed.

Current tax collections for the years ended August 31, 2007 and 2006 were 97.4% and 96.3% of the current tax levy. The use of tax proceeds is restricted to maintenance and operations expenditures or interest and sinking expenditures. Allowances for uncollectible taxes are based upon historical collections of delinquent taxes.

Note 17 - Concentration of Credit Risks

The College administers numerous grants and/or contracts funded by the State and Federal governments. Accordingly, a majority of the accounts receivable represents amounts due on contract or grant reimbursements either directly or indirectly from the State and/or Federal government.

Note 18 – Contributions

All contributions received by the Foundation are recorded at their estimated fair value at the date of receipt or bequest. The Foundation has recorded as a receivable, all unconditional promises to give in the aggregate of \$15,575 and \$29,777 at August 31, 2007 and 2006, respectively. The receivable is recorded at its net present value discounted at 6% at the date of the pledge.

Note 19 - Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, "Income of States, Municipalities, Etc.", although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable Organizations. The college had no unrelated business income for the years ended August 31, 2007 and 2006.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 20 - 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.

Note 21 – Health Care Coverage

During the year ended August 31, 2007 and 2006, employees of the College were covered by a health insurance plan (the Plan). The Plan is funded by the State with all premiums being paid to a licensed insurer. The Plan was authorized by Article 3.51.2, Texas Insurance Code. The State's total contribution for the years ended August 31, 2007 and 2006, amounted to \$782,678 and \$691,211, respectively, and covered an average of 192 and 198, respectively, employees per month. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees.

Note 22- Disaggregation of Receivables and Payables Balances

Receivables at August 31, 2007 were as follows:

	College	Foundation
Tuition and Fees Receivable	\$ 389,754	\$
Taxes Receivable	322,472	
Scholarship and Pledges Receivable		85,463
Contracts and Grants Receivable	503,583	317,000
Other Receivables	20,095	
Subtotal	1,235,904	402,463
Allowance for Doubtful Accounts	(328,521)	-
Total Receivables	\$ 907,383	\$ 402,463

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 22- Disaggregation of Receivables and Payables Balances – (continued)

Payables at August 31, 2007 were as follows:

	<u>College</u>	<u>Foundation</u>
Accounts Payable:		
Vendors Payable	\$ 329,944	\$ 420
Accrued Liabilities:		
Accrued payroll liabilities	\$ 19,248	\$
Interest payable	59,513	
Total Accrued Liabilities	<u>78,761</u>	
Deposits payable:		
Student housing deposits payable	\$ 80,089	

Receivables at August 31, 2006 were as follows:

	<u>College</u>	<u>Foundation</u>
Tuition and Fees Receivable	\$ 456,480	\$
Taxes Receivable	312,080	
Scholarship and Pledges Receivable		96,726
Contracts and Grants Receivable	482,242	379,992
Bond Cost Receivable	29,231	
Other Receivables	84,498	
Subtotal	<u>1,364,531</u>	<u>476,718</u>
Allowance for Doubtful Accounts	(339,839)	-
Total Receivables	\$ <u>1,024,692</u>	\$ <u>476,718</u>

Payables at August 31, 2006 were as follows:

	<u>College</u>	<u>Foundation</u>
Accounts Payable:		
Vendors Payable	\$ 422,339	\$ 638
Accrued Liabilities:		
Accrued payroll liabilities	\$ 17,286	\$
Interest payable	161,239	
Total Accrued Liabilities	<u>178,525</u>	
Deposits payable:		
Student housing deposits payable	\$ 63,308	

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2007 AND 2006**

Note 23 - Commitments and Contingencies

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

Grant Programs – The college participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the college has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2007 may be impaired. In the opinion of the college, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Note 24 – Northeast Texas Community College Foundation, Inc – Discrete Component Unit

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

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

SUPPLEMENTAL SCHEDULES

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE OF DETAILED OPERATING REVENUES
SCHEDULE A

For the Year Ended August 31, 2007 (With Memorandum Totals for the Year Ended August 31, 2006)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2007 Total	Memorandum 2006 Total
Tuition						
State funded courses						
In-district resident tuition	\$ 821,294	\$	\$ 821,294	\$	\$ 821,294	\$ 796,848
Out-of-district resident tuition	575,920		575,920		575,920	528,025
TPEG (set aside)*	51,092		51,092		51,092	56,129
Non-resident tuition	153,554		153,554		153,554	161,399
Non-state funded continuing education	263,634		263,634		263,634	255,389
Total Tuition	1,865,494	0	1,865,494	0	1,865,494	1,797,790
Fees						
General fees	1,589,319		1,589,319		1,589,319	1,432,290
Student service fees				183,117	183,117	211,817
Out-of-district fees	554,665		554,665		554,665	508,468
Laboratory fees	210,146		210,146		210,146	205,634
Other fees	55,915		55,915		55,915	135,757
Total Fees	2,410,045	0	2,410,045	183,117	2,593,162	2,493,966
Scholarship Allowances and Discounts						
Scholarship allowances	(457,975)		(457,975)		(457,975)	(352,340)
Remissions and exemptions	(49,323)		(49,323)		(49,323)	(58,120)
TPEG allowances	(51,092)		(51,092)		(51,092)	(56,129)
Federal grants to students	(1,092,018)		(1,092,018)		(1,092,018)	(1,153,061)
Total Scholarship Allowances	(1,650,408)	0	(1,650,408)	0	(1,650,408)	(1,619,650)
Total Net Tuition and Fees	2,625,131	0	2,625,131	183,117	2,808,248	2,672,106
Other Operating Revenues						
Federal grants and contracts	34,121	4,423,573	4,457,694		4,457,694	4,341,657
State grants and contracts		303,909	303,909		303,909	574,001
Nongovernmental grants and contracts		115,822	115,822		115,822	99,802
Sales and services of educational activities	34,902		34,902		34,902	23,052
Other operating revenues	244,875		244,875	168,753	413,628	340,156
Total Other Operating Revenues	313,898	4,843,304	5,157,202	168,753	5,325,955	5,378,668
Auxiliary Enterprises						
Residential life				369,323	369,323	295,523
Less discounts				(65,980)	(65,980)	(55,846)
Bookstore				1,325,690	1,325,690	1,236,924
Less discounts				(405,128)	(405,128)	(437,064)
Total Net Auxiliary Enterprises	0	0	0	1,223,905	1,223,905	1,039,537
Total Operating Revenues (Exh.2)	\$ 2,939,029	\$ 4,843,304	\$ 7,782,333	\$ 1,575,775	\$ 9,358,108	\$ 9,090,311

*In accordance with Education Code 56.033, \$51,092 and \$56,129 for years August 31, 2007 and 2006, respectively, of tuition was set aside for Texas Public Education Grants(TPEG).

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE B
SCHEDULE OF OPERATING EXPENSES BY FUNCTIONAL AND NATURAL CLASSIFICATIONS
For the Year Ended August 31, 2007 (with Memorandum Totals for the Year Ended August 31, 2006)

	Operating Expenses					Memorandum Total 8/31/2006
	Salaries and Wages	Benefits		Other Expenses	Total 8/31/2007	
		State Benefits	Local Benefits			
Unrestricted - Educational Activities						
Instruction	\$ 4,670,177		252,991	476,000	\$ 5,399,168	\$ 5,097,911
Public Service	47,467		2,571	118,424	168,462	155,038
Academic Support	668,153		36,195	77,144	781,492	670,280
Student Services	472,963		25,621	98,406	596,990	543,142
Institutional Support	1,106,221		59,926	921,477	2,087,624	1,932,012
Operation and Maintenance of Plant	486,972		26,380	758,990	1,272,342	1,301,889
Scholarships and Fellowships			-		-	-
Total Unrestricted Educational Activities	\$ 7,451,953	\$ -	\$ 403,684	\$ 2,450,441	\$ 10,306,078	\$ 9,700,272
Restricted - Educational Activities						
Instruction	\$ 351,932	\$ 719,088		\$ 183,580	\$ 1,254,600	\$ 1,463,550
Public Service	64,946	7,309		55,122	127,377	221,306
Academic Support		102,879			102,879	89,138
Student Services	560,990	72,824		447,351	1,081,165	980,663
Institutional Support		170,330			170,330	146,952
Operation and Maintenance of Plant		74,981			74,981	65,006
Scholarships and Fellowships		-		1,526,241	1,526,241	1,340,710
Total Restricted Educational Activities	\$ 977,868	\$ 1,147,411	\$ -	\$ 2,212,294	\$ 4,337,573	\$ 4,307,325
Total Educational Activities	8,429,821	1,147,411	403,684	4,662,735	14,643,651	14,007,597
Auxiliary Enterprises	272,285		20,838	1,403,528	1,696,651	1,505,817
Depreciation Expense						
Building & Improvements					569,875	448,290
Equipment & Furniture					235,817	198,400
Library Books					77,215	74,768
Total	\$ 8,702,106	\$ 1,147,411	\$ 424,522	\$ 6,066,263	\$ 17,223,209	\$ 16,234,872

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE C
SCHEDULE OF NON - OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2007 (With Memorandum totals for the Year Ended August 31, 2006)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 8/31/2007</u>	<u>Memorandum Totals 08/31/06</u>
Non - Operating Revenues					
State appropriations:					
Education and general state support	\$ 3,965,870			\$ 3,965,870	3,965,869
State group insurance		782,678		782,678	691,211
State retirement matching		364,733		364,733	341,501
Ad-valorem taxes	2,683,663	1,184,143		3,867,806	3,345,281
Investment income		167,812		167,812	57,019
Contributions				-	147,589
Total Non - Operating Revenues	<u>6,649,533</u>	<u>2,499,366</u>	<u>-</u>	<u>9,148,899</u>	<u>8,548,470</u>
Non - Operating Expenses					
Interest on capital related debt	1,059,870			1,059,870	1,078,410
Loss on disposal of capital assets				-	-
Other non operating expense	24,654			24,654	18,151
Total Non - Operating Expenses	<u>1,084,524</u>	<u>0</u>	<u>0</u>	<u>1,084,524</u>	<u>1,096,561</u>
Net Non - Operating Revenues	<u>\$ 5,565,009</u>	<u>\$ 2,499,366</u>	<u>\$ 0</u>	<u>\$ 8,064,375</u>	<u>\$ 7,451,909</u>

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE D
SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2007(With Memorandum totals for the Year Ended August 31, 2006)

	Detail By Source					Available for	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Current Operations	
		Expendable	Unexpended Bond Proceeds			Yes	No
Current							
Unrestricted	\$ 1,032,815	\$	\$	\$	\$ 1,032,815	\$ 1,032,815	\$
Loan		1,359			1,359		1,359
Unexpended			2,419,003		2,419,003		2,419,003
Plant							
Investment in plant		789,746		5,112,958	5,902,704		5,902,704
Total Net Assets, August 31, 2007	1,032,815	791,105	2,419,003	5,112,958	9,355,881	1,032,815	8,323,066
Total Net Assets, August 31, 2006	977,087	608,270	2,307,641	4,912,016	8,805,014	977,087	7,827,927
Net Increase (Decrease) in Net Assets	\$ 55,728	\$ 182,835	\$ 111,362	\$ 200,942	\$ 550,867	\$ 55,728	\$ 495,139

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE E
BALANCE SHEET
AUGUST 31, 2007

	Current Funds				Loan Funds	Unexpended	Retirement of Indebtedness	Investment in Plant	Agency	Total
	Unrestricted	Auxiliary Enterprises	Current Restricted	Total						
Assets										
Cash and Cash Equivalents	\$ 1,072,159	7,675	18,425	\$ 1,098,259	\$ 14,934	1,916,814	\$ 356,562		128,555	\$ 3,515,124
Short Term Investments				-		543,758	346,000			889,758
Accounts Receivable	322,572		503,583	826,155		-	81,228			907,383
Due From Other Funds	974,561			974,561			132,536		131,494	1,238,591
Due From Foundation	328,103			328,103						328,103
Prepaid Expenses	176,566	1,308		177,874						177,874
Deferred Charges		-		-			169,994	298,832		468,826
Long Term Investments				-						-
Accrued Interest Receivable				-						-
Student Loans (Net of allowance for doubtful accounts of \$xxxxxx at 08/31/06)					9,420					9,420
Inventory, at Cost	17,948	357,900		375,848						375,848
Land								1,387,353		1,387,353
Buildings						57,872		28,200,751		28,258,623
Improvements Other Than Buildings								402,322		402,322
Equipment								748,783		748,783
Library Books								936,437		936,437
Vehicles								610,156		610,156
Telecommunications								868,198		868,198
Accumulated Depreciation								(8,594,887)		(8,594,887)
Other								54,092		54,092
Total Assets	\$ 2,891,909	\$ 366,883	\$ 522,008	\$ 3,780,800	\$ 24,354	\$ 2,518,444	\$ 1,086,320	\$ 24,912,037	\$ 260,049	\$ 32,582,004
Liabilities and Fund Balance										
Accounts Payable	\$ 156,229	161,936	4,500	\$ 322,665	\$ 845	\$ 6,033	\$	\$	\$ 401	\$ 329,944
Accrued Liabilities	19,248			19,248			59,513			78,761
Deposits Payable	52,589	27,500		80,089						80,089
Due to Other Funds		229,733	504,528	734,261	22,150	35,536	237,061	51,827	157,756	1,238,591
Deferred Revenues	1,183,668	324,014	12,980	1,520,662						1,520,662
Accrued Compensated Absences	71,060			71,060						71,060
Bonds Payable								19,283,926		19,283,926
Unamortized Premium							170,743			170,743
Notes Payable								350,455		350,455
Funds Held in Custody for Others									101,892	101,892
Total Liabilities	\$ 1,482,794	\$ 743,183	\$ 522,008	\$ 2,747,985	\$ 22,995	\$ 41,569	\$ 467,317	\$ 19,686,208	\$ 260,049	\$ 23,226,123
Fund Balances										
Net Investment in Plant	\$	\$	\$	\$	\$	\$ 2,476,875	(170,743)	\$ 5,225,829	\$	\$ 7,531,961
Reserved for Debt Service							789,746			789,746
Restricted										
Student Aid										
Temporarily					1,359					1,359
Permanently										
Unrestricted	<u>1,409,115</u>	<u>(376,300)</u>	<u>-</u>	<u>1,032,815</u>						<u>1,032,815</u>
Total Fund Balance	\$ 1,409,115	\$ (376,300)	\$ -	\$ 1,032,815	\$ 1,359	\$ 2,476,875	\$ 619,003	\$ 5,225,829	\$ -	\$ 9,355,881
Total Liabilities and Fund Balance	\$ 2,891,909	\$ 366,883	\$ 522,008	\$ 3,780,800	\$ 24,354	\$ 2,518,444	\$ 1,086,320	\$ 24,912,037	\$ 260,049	\$ 32,582,004

See independent auditors report.

**NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE F
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED AUGUST 31, 2007**

	Current Funds				Loan Funds	Unexpended	Retirement of Indebtedness	Investment in Plant	Total
	Unrestricted	Auxiliary Enterprises	Current Restricted	Total					
Revenues and Other Additions:									
Unrestricted Current Funds Revenue:	\$ 11,206,322	\$ 2,148,862		\$ 13,355,184	\$	\$	\$	\$	\$ 13,355,184
State Appropriations - Restricted			1,147,411	1,147,411					1,147,411
Federal Grants and Contracts			4,457,694	4,457,694					4,457,694
State Grants and Contracts			303,909	303,909					303,909
Local Gifts, Grants and Contracts			115,822	115,822					115,822
Taxes for Debt Retirement			-	-			1,184,143		1,184,143
Interest / Endowment Income			-	-	751	121,297			122,048
Net Decreases in Bonds Payable			-	-				803,219	803,219
Net Decreases in Notes Payable			-	-				117,447	117,447
Investment Income			-	-		10,141	35,624		45,765
Other Revenues			-	-				351,593	351,593
Total Revenue and Other Additions:	11,206,322	2,148,862	6,024,836	19,380,020	751	131,438	1,219,767	1,272,259	22,004,235
Expenditures and Other Deductions:									
Expenditures	10,446,150	2,158,675	5,926,326	18,531,151					18,531,151
Indirect Cost Recovered			34,121	34,121					34,121
Retirement of Indebtedness - Bonds			-	-			803,218		803,218
Retirement of Indebtedness - Notes			-	-			117,447		117,447
Interest on Indebtedness			-	-			1,046,543	13,327	1,059,870
Depreciation Expense			-	-				882,907	882,907
Other Expenditures			-	-			5,467	19,187	24,654
Total Expenditures and Other Deductions:	10,446,150	2,158,675	5,960,447	18,565,272	-	-	1,972,675	915,421	21,453,368
Transfers - Additions (Deductions):									
Mandatory Transfers:									
Retirement of Indebtedness				-					-
Building Use Fees	-			-			-		-
Tuition Use Fees	-			-			-		-
Revenue Bond	(348,790)	-		(348,790)			348,790		-
Contractual Obligations	(130,773)	-		(130,773)		92,000	760,374	(721,601)	-
TPEG to Restricted				-					-
Non - Mandatory Transfers:									
Capital Outlay	(215,068)	-	(64,389)	(279,457)		(95,034)	-	374,491	-
Other				-			7,500	(7,500)	-
Total Transfers - Additions (Deductions):	(694,631)	-	(64,389)	(759,020)	-	(3,034)	1,116,664	(354,610)	-
Net Increase (Decrease) for Year	65,541	(9,813)	-	55,728	751	128,404	363,756	2,228	550,867
Fund Balance (Deficit)	1,343,574	(366,487)		977,087	608	2,348,471	255,247	5,223,601	8,805,014
Fund Balance (Deficit) August 31,	\$ 1,409,115	\$ (376,300)	\$ -	\$ 1,032,815	\$ 1,359	\$ 2,476,875	\$ 619,003	\$ 5,225,829	\$ 9,355,881

See independent auditors report.

***STATISTICAL SUPPLEMENT
(UNAUDITED)***

Northeast Texas Community College
 Statistical Supplement 1
 Net Assets by Component
 Fiscal Years 2002 to 2007
 (unaudited)

	For the Fiscal Year Ended August 31,					
	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$5,112,958	\$4,912,016	\$6,868,646	\$6,670,953	\$6,934,610	\$6,228,567
Restricted - expendable	3,210,108	2,915,911	401,710	362,096	401,032	397,966
Unrestricted	1,032,815	977,087	907,310	949,141	481,606	980,723
Total primary government net assets	\$ 9,355,881	\$ 8,805,014	\$ 8,177,666	\$ 7,982,190	\$ 7,817,248	\$ 7,607,256

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2007 are available.

Northeast Texas Community College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2002 to 2007
(unaudited)

For the Year Ended August 31,						
	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	\$2,808,248	\$2,672,106	\$2,167,101	\$2,169,998	\$1,832,136	\$1,667,829
Governmental Grants and Contracts						
Federal Grants and Contracts	4,457,694	4,341,657	5,101,887	4,974,343	4,646,712	3,451,925
State Grants and Contracts	303,909	574,001	604,566	501,634	880,839	678,046
Non-Governmental Grants and Contracts	115,822	99,802	113,586	111,093	84,557	352,932
Sales and services of educational activities	34,902	23,052	36,350	28,069	29,804	28,950
Auxiliary enterprises	1,223,905	1,039,537	1,191,216	1,162,895	1,085,242	1,033,968
Other Operating Revenues	413,628	340,156	432,420	486,348	373,265	381,867
Total Operating Revenues	9,358,108	9,090,311	9,647,126	9,434,380	8,932,555	7,595,517
State Appropriations	5,113,281	4,998,581	4,607,933	4,603,402	4,406,873	4,939,116
Ad Valorem Taxes	3,867,806	3,345,281	3,204,174	2,958,441	2,869,618	2,865,136
Investment income	167,812	57,019	55,906	112,891	41,997	17,398
Contributions	-	147,589	-	-	-	-
Gain on disposal of capital assets	-	-	4,100	-	-	-
Total Non-Operating Revenues	9,148,899	8,548,470	7,872,113	7,674,734	7,318,488	7,821,650
Total Revenues	\$ 18,507,007	\$ 17,638,781	\$ 17,519,239	\$ 17,109,114	\$ 16,251,043	\$ 15,417,167

For the Year Ended August 31,						
(amounts expressed in thousands)						
	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	15.17%	15.15%	12.37%	12.68%	11.27%	10.82%
Governmental grants and contracts						
Federal grants and contracts	24.09%	24.61%	29.12%	29.07%	28.59%	22.39%
State grants and contracts	1.64%	3.25%	3.45%	2.93%	5.42%	4.40%
Non-governmental grants and contracts	0.63%	0.57%	0.65%	0.65%	0.52%	2.29%
Sales and services of educational activities	0.19%	0.13%	0.21%	0.16%	0.18%	0.19%
Auxiliary enterprises	6.61%	5.89%	6.80%	6.80%	6.68%	6.71%
Other operating revenues	2.23%	1.93%	2.47%	2.84%	2.30%	2.48%
Total Operating Revenues	50.57%	51.54%	55.07%	55.14%	54.97%	49.27%
State appropriations	27.63%	28.34%	26.30%	26.91%	27.12%	32.04%
Ad valorem taxes	20.90%	18.97%	18.29%	17.29%	17.66%	18.58%
Investment income	0.91%	0.32%	0.32%	0.66%	0.26%	0.11%
Contributions	0.00%	0.84%	0.00%	0.00%	0.00%	0.00%
Gain on disposal of capital assets	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%
Total Non-Operating Revenues	49.43%	48.46%	44.93%	44.86%	45.03%	50.73%
Total Revenues	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 2002-2007 are available.

Northeast Texas Community College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2002 to 2007
(unaudited)

For the Fiscal Year Ended August 31,

	2007	2006	2005	2004	2003	2002
Instruction	\$6,653,768	\$6,561,461	\$6,075,398	\$5,536,415	\$6,006,220	\$5,644,694
Public service	295,839	376,344	713,536	546,000	574,619	250,416
Academic support	884,371	759,418	790,797	800,439	827,786	911,078
Student services	1,678,155	1,523,805	1,376,129	1,275,110	1,012,905	1,022,857
Institutional support	2,257,954	2,078,964	2,073,787	2,137,074	2,040,704	1,857,087
Operation and maintenance of plant	1,347,323	1,366,895	1,129,971	1,043,060	1,026,326	1,089,447
Scholarships and fellowships	1,526,241	1,340,710	1,986,483	1,977,687	1,879,617	1,669,417
Auxiliary enterprises	1,696,651	1,505,817	1,642,882	1,589,001	1,492,701	1,340,793
Depreciation	882,907	721,458	598,445	552,022	433,618	388,007
Total Operating Expenses	17,223,209	16,234,872	16,387,428	15,456,808	15,294,496	14,173,796
Interest on capital related debt	1,059,870	1,078,410	908,905	1,035,407	715,108	577,929
Loss on disposal of fixed assets	-	-	-	29,298	23,649	-
Other non-operating expenses	24,654	18,151	27,460	37,403	7,798	4,526
Total Non-Operating Expenses	1,084,524	1,096,561	936,365	1,102,108	746,555	582,455
Total Expenses	\$ 18,307,733	\$ 17,331,433	\$ 17,323,793	\$ 16,558,916	\$ 16,041,051	\$ 14,756,251

For the Fiscal Year Ended August 31,

	2007	2006	2005	2004	2003	2002
Instruction	36.34%	37.86%	35.07%	33.43%	37.44%	38.25%
Public service	1.71%	2.17%	4.12%	3.30%	3.58%	1.70%
Academic support	5.10%	4.38%	4.56%	4.83%	5.16%	6.17%
Student services	9.68%	8.79%	7.94%	7.70%	6.31%	6.93%
Institutional support	13.03%	12.00%	11.97%	12.91%	12.72%	12.59%
Operation and maintenance of plant	7.77%	7.89%	6.52%	6.30%	6.40%	7.38%
Scholarships and fellowships	8.81%	7.74%	11.47%	11.94%	11.72%	11.31%
Auxiliary enterprises	9.79%	8.69%	9.48%	9.60%	9.31%	9.09%
Depreciation	5.09%	4.16%	3.45%	3.33%	2.70%	2.63%
Total Operating Expenses	97.33%	93.67%	94.59%	93.34%	95.35%	96.05%
Interest on capital related debt	6.12%	6.22%	5.25%	6.25%	4.46%	3.92%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.18%	0.15%	0.00%
Other non-operating expenses	0.13%	0.10%	0.16%	0.23%	0.05%	0.03%
Total Non-Operating Expenses	6.25%	6.33%	5.41%	6.66%	4.65%	3.95%
Total Expenses	103.58%	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 2002-2007 are available.

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

Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of- District Tuition	General Service Fee	Technology Fee	Building Use Fee	Student Services Fee/Act	Cost for 12 SCH In- District	Cost for 12 SCH Out-of- District	Increase from Prior Year In- District	Increase from Prior Year Out-of- District
2006	\$ 15	\$ 28	\$ 56	\$ 31				\$ 723	1,059	3.43%	4.75%
2005	15	27	53	30				699	1,011	25.95%	29.12%
2004	15	21	40	24	-	-	-	555	783	0.00%	0.00%
2003	15	21	40	24	-	-	-	555	783	15.63%	18.64%
2002	12	18	33	21	-	-	-	480	660	0.00%	0.00%
2001	12	18	33	21	-	-	-	480	660	11.63%	17.44%
2000	10	17	28	18	-	-	-	430	562	12.57%	11.95%
1999	10	15	25	-	3	11	2	382	502	0.00%	0.00%
1998	10	15	25	-	3	11	2	382	502	10.40%	7.73%
1997	10	15	25	-	-	11	2	346	466	0.00%	0.00%

Non - Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	General Service Fee	Technology Fee	Building Use Fee	Student Services Fee/Act	Cost for 12 SCH Out of State	Increase from Prior Year Out of State
2006	\$ 15	100	\$ 31				\$ 1,585	4.59%
2005	15	95	30	-	-	-	1,515	67.77%
2004	15	50	24	-	-	-	903	0.00%
2003	15	50	24	-	-	-	903	15.77%
2002	12	43	21	-	-	-	780	0.00%
2001	12	43	21	-	-	-	780	6.85%
2000	10	42	18	-	-	-	730	3.40%
1999	10	42	-	3	11	2	706	0.00%
1998	10	42	-	3	11	2	706	5.37%
1997	10	42	-	-	11	2	670	0.00%

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

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

Direct Rate

Tax Roll Year	Taxable Assessed Value (TAV)	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2006	\$ 3,908,062	0.066758	0.029472	0.096230
2005	3,311,968	0.063920	0.032310	0.096230
2004	3,195,566	0.064180	0.034880	0.099060
2003	2,927,359	0.063900	0.036100	0.100000
2002	2,841,977	0.062000	0.038000	0.100000
2001	2,896,573	0.061700	0.038300	0.100000
2000	2,559,351	0.059500	0.040500	0.100000
1999	2,233,597	0.057250	0.042750	0.100000
1998	2,270,047	0.055450	0.044550	0.100000
1997	2,208,034	0.054500	0.044990	0.099490

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

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

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			State Appropriation per Contact Hour
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	
2006-07	\$ 5,113,281	1,674	3,055	761,776	294,116	1,055,892	\$ 4.84
2005-06	4,998,581	1,730	2,889	798,352	263,710	1,062,062	4.71
2004-05	4,607,933	1,879	2,452	852,288	261,766	1,114,054	4.14
2003-04	4,603,402	1,968	2,339	882,220	268,128	1,150,348	4.00
2002-03	4,406,873	1,886	2,337	741,104	416,922	1,158,026	3.81
2001-02	4,939,116	1,649	2,995	700,992	297,176	998,168	4.95
2000-01	4,793,540	1,457	3,290	603,712	255,986	859,698	5.58
1999-00	4,571,141	1,518	3,011	639,276	312,020	951,296	4.81
1998-99	4,212,505	1,642	2,565	612,016	409,175	1,021,191	4.13
1997-98	4,065,606	1,566	2,596	686,936	398,080	1,085,016	3.75
1996-97	4,149,500	1,554	2,670	576,832	411,124	987,956	4.20

Notes:

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

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

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

		Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
Taxpayer	Type of Business	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
AEP/Southwestern Titus Co.	Utility	25,104	-	24,285	24,285	37,496	21,559	-	-	-	-
AEP/Southwestern Morris Co.	Utility	-	-	15,595	-	13,819	-	-	-	-	-
AEP/SWEPCO	Utility	257,689	213,971	212,594	212,594	263,234	272,489	329,564	231,757	236,324	278,233
BLC Corporation	Utility	-	18,400	27,239	27,239	24,723	-	28,781	28,652	25,937	26,218
Cinco Pipe & Supply	Pipe & Supply	-	26,565	-	-	-	-	-	-	-	-
Houston Power and Light	Utility	-	-	-	-	-	-	-	14,600	14,998	15,984
Lone Star Steel	Steel Foundry	249,318	203,780	155,655	144,218	147,456	153,510	190,075	190,055	239,872	211,747
Oncor Electric	Utility	-	-	-	-	15,910	18,054	-	-	-	-
Pilgrim's Pride Corp Camp Co.	Poultry Processing	49,341	47,748	36,500	33,099	33,099	23,068	85,612	73,237	45,685	45,535
Pilgrim's Pride Corp.	Poultry Processing	-	-	16,666	16,666	-	-	-	-	-	-
Pilgrim's Pride Corp. Titus Co.	Poultry Processing	90,121	31,089	28,385	28,385	69,960	74,114	67,960	62,476	63,751	64,128
Pilgrim's Pride Corp. Titus Co.	Feed Mill	-	21,942	-	19,499	19,499	18,709	-	-	-	-
Pilgrim's Pride Corp.Feed Mill	Poultry Processing	-	28,359	-	-	-	-	-	-	-	-
Priefert Manufacturing Co.	Manufacturing	22,422	-	-	-	-	-	-	-	-	-
Red Man Pipe & Supply	Pipe & Supply	28,053	-	-	-	-	-	-	-	-	-
Sooner Pipe and Supply	Pipe & Supply	26,976	-	-	-	-	-	15,953	-	-	-
Southwestern Bell	Utility	-	-	-	-	-	-	14,128	-	-	14,913
Texas Tubular	Manufacturing	24,507	-	-	-	-	-	-	-	-	-
TXU Generation Company LP	Utility	945,126	890,287	\$ 809,353	\$ 809,353	\$ 673,600	\$ 635,392	\$ 695,931	\$ 260,468	\$ 236,842	\$ 256,430
TXU Mining Company LP	Mining	-	22,596	24,740	24,740	-	20,670	23,058	28,589	28,622	50,963
TXU Electric Delivery Company	Utility	-	-	-	-	-	16,792	18,945	16,166	16,955	-
Voest Alpine	Mining Equipment	-	-	-	-	-	-	-	18,926	18,336	19,746
Totals		\$ 1,718,657	\$ 1,504,737	\$ 1,351,014	\$ 1,340,079	\$ 1,298,797	\$ 1,254,358	\$ 1,470,008	\$ 905,999	\$ 908,985	\$ 964,150
Total Taxable Assessed Value		\$ 3,908,062	\$ 3,311,968	\$ 3,195,566	\$ 2,927,359	\$ 2,841,977	\$ 2,896,573	\$ 2,559,351	\$ 2,233,597	\$ 2,270,047	\$ 2,208,034

		% of Taxable Assessed Value (TAV) by Tax Year									
Taxpayer	Type of Business	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
AEP/Southwestern Titus Co.	Utility	0.76%	-	0.73%	0.73%	1.13%	0.65%	-	-	-	-
AEP/Southwestern Morris Co.	Utility	-	-	0.47%	-	0.42%	-	-	-	-	-
AEP/SWEPCO	Utility	7.78%	6.46%	6.42%	6.42%	7.95%	8.23%	9.95%	7.00%	7.14%	8.40%
BLC Corporation	Utility	-	0.56%	0.82%	0.82%	0.75%	-	0.87%	0.87%	0.78%	0.79%
Cinco Pipe & Supply	Pipe & Supply	-	0.80%	-	-	-	-	-	-	-	-
Houston Power and Light	Utility	-	-	-	-	-	-	-	0.44%	0.45%	0.48%
Lone Star Steel	Steel Foundry	7.53%	6.15%	4.70%	4.35%	4.45%	4.64%	5.74%	5.74%	7.24%	6.39%
Oncor Electric	Utility	-	-	-	-	0.48%	0.55%	-	-	-	-
Pilgrim's Pride Corp Camp Co.	Poultry Processing	1.49%	1.44%	1.10%	1.00%	1.00%	0.70%	2.58%	2.21%	1.38%	1.37%
Pilgrim's Pride Corp.	Poultry Processing	-	-	0.50%	0.50%	-	-	-	-	-	-
Pilgrim's Pride Corp. Titus Co.	Poultry Processing	2.72%	0.94%	0.86%	0.86%	2.11%	2.24%	2.05%	1.89%	1.92%	1.94%
Pilgrim's Pride Corp. Titus Co.	Feed Mill	-	0.66%	-	0.59%	0.59%	0.56%	-	-	-	-
Pilgrim's Pride Corp.Feed Mill	Poultry Processing	-	0.86%	-	-	-	-	-	-	-	-
Priefert Manufacturing Co.	Manufacturing	0.68%	-	-	-	-	-	-	-	-	-
Red Man Pipe & Supply	Pipe & Supply	0.85%	-	-	-	-	-	-	-	-	-
Sooner Pipe and Supply	Pipe & Supply	0.81%	-	-	-	-	-	0.48%	-	-	-
Southwestern Bell	Utility	-	-	-	-	-	-	0.43%	-	-	0.45%
Texas Tubular	Manufacturing	0.74%	-	-	-	-	-	-	-	-	-
TXU Generation Company LP	Utility	28.54%	26.88%	24.44%	24.44%	20.34%	19.18%	21.01%	7.86%	7.15%	7.74%
TXU Mining Company LP	Mining	-	0.68%	0.75%	0.75%	-	0.62%	0.70%	0.86%	0.86%	1.54%
TXU Electric Delivery Company	Utility	-	-	-	-	-	0.51%	0.57%	0.49%	0.51%	-
Voest Alpine	Mining Equipment	-	-	-	-	-	-	-	0.57%	0.55%	0.60%
Totals		51.89%	45.43%	40.79%	40.46%	39.22%	37.87%	44.38%	27.36%	27.45%	29.11%

Source: Local County Appraisal District

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

Fiscal Year	Total Tax Levy (a)	Collections - Current Levy (b)	Percentage	Current Collections of Prior Levies (b)	Total Collections (c)	Percentage of Current Levy
2006-07	\$ 3,760,740	\$ 3,662,056	97.4%	\$ 91,301	3,753,357	99.8%
2005-06	3,350,890	3,226,487	96.3%	83,729	3,310,216	98.8%
2004-05	3,168,754	3,075,793	97.1%	75,974	3,151,767	99.5%
2003-04	2,930,862	2,829,677	96.5%	62,264	2,891,941	98.7%
2002-03	2,841,977	2,758,410	97.1%	71,674	2,830,084	99.6%
2001-02	2,896,876	2,808,865	97.0%	67,919	2,876,784	99.3%
2000-01	2,561,528	2,429,664	94.9%	70,806	2,500,470	97.6%
1999-00	2,233,598	2,155,908	96.5%	58,596	2,214,504	99.1%
1998-99	2,270,047	2,187,181	96.3%	61,864	2,249,045	99.1%
1997-98	2,208,034	2,133,404	96.6%	63,424	2,196,828	99.5%

Source: Local Tax Assessor/Collector and District records.
(a) As of August 31st
(b) Property tax only - does not include penalties and interest
(c) Ties to sum of M&O and Debt Service taxes on Exhibit 2

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

	For the Fiscal Year Ended August 31									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Bonded Debt										
General obligation bonds	\$ 15,108,926	\$ 15,174,218	\$ 15,150,582	\$ 15,046,221	\$ 14,921,293	\$ 4,181,692	\$ 4,613,113	\$ 4,802,991	\$ 6,979,436	\$ 7,762,372
Other Debt										
Revenue bonds	\$ 4,175,000	\$ 4,270,000	\$ 1,785,000	\$ 2,020,000	\$ 2,240,000	\$ 2,450,000	\$ 2,645,000	\$ 2,835,000	\$ 3,002,428	\$ 3,170,964
Notes and capital leases	350,455	375,902	587,330	345,861	163,486	123,869	159,274	77,822	82,934	37,847
Total Outstanding Debt	\$ 19,634,381	\$ 19,820,120	\$ 17,522,912	\$ 17,412,082	\$ 17,324,779	\$ 6,755,561	\$ 7,417,387	\$ 7,715,813	\$ 10,064,798	\$ 10,971,183

General Bonded Debt Ratios

Per Capita	\$ 270	\$ 274	\$ 280	\$ 279	\$ 279	\$ 83	\$ 91	\$ 97	\$ 141	\$ 159
Per Student	\$ 2,359	\$ 2,240	\$ 2,195	\$ 2,205	\$ 2,287	\$ 681	\$ 852	\$ 919	\$ 1,237	\$ 1,410
As a percentage of Taxable Assessed Value	0.39%	0.46%	0.47%	0.51%	0.53%	0.14%	0.18%	0.22%	0.31%	0.35%

Total Outstanding Debt Ratios

Per Capita	\$ 350.29	\$ 358.44	\$ 323.64	\$ 322.67	\$ 324.25	\$ 134.28	\$ 146.73	\$ 155.12	\$ 203.79	\$ 224.96
Per Student	3,065	2,926	2,539	2,552	2,656	1,100	1,371	1,476	1,784	1,993
As a percentage of Taxable Assessed Value	0.50%	0.59%	0.55%	0.59%	0.61%	0.23%	0.29%	0.35%	0.44%	0.50%

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

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

	For the Fiscal Year Ended August 31									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Taxable Assessed Value	\$ 3,908,062,375	\$ 3,311,968,407	\$ 3,195,566,951	\$ 2,927,359,577	\$ 2,902,438,634	\$ 2,935,538,359	\$ 2,559,351,510	\$ 2,233,597,902	\$ 2,270,047,040	\$ 2,208,034,621
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	3,908,062	3,311,968	3,195,567	2,927,360	2,902,439	2,935,538	2,559,352	2,233,598	2,270,047	2,208,035
Less: Funds Restricted for Repayment of General Obligation Bonds										
Total Net General Obligation Debt	3,908,062	3,311,968	3,195,567	2,927,360	2,902,439	2,935,538	2,559,352	2,233,598	2,270,047	2,208,035
Current Year Debt Service Requirements	1,145,587	1,132,388	1,126,279	1,068,780	1,089,062	1,088,751	1,039,477	959,001	1,007,281	998,087
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 2,762,475	\$ 2,179,580	\$ 2,069,288	\$ 1,858,580	\$ 1,813,377	\$ 1,846,787	\$ 1,519,875	\$ 1,274,597	\$ 1,262,766	\$ 1,209,948
Net Current Requirements as a % of Statutory Limit	29.31%	34.19%	35.25%	36.51%	37.52%	37.09%	40.61%	42.94%	44.37%	45.20%

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

Northeast Texas Community College
Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Revenue Bonds

Fiscal Year	Pledged Revenues							Debt Service Requirements			
	Tuition and Fees	Dorm Fees	Other Fees	Continuing Education	Bookstore Revenues	Other Revenues	Total	Principal	Interest	Total	Coverage Ratio
2006-07	\$ 2,727,566	\$ 369,323	\$ 266,061	\$ 263,633	\$ 1,325,690	\$ 448,530	\$ 5,400,803	\$ 95,000	\$ 253,790	348,790	15.48
2005-06	2,538,175	295,523	341,391	255,389	1,236,924	363,208	5,030,610	250,000	\$ 115,180	365,180	13.78
2004-05	2,167,101	248,801	-	-	-	-	2,415,902	235,000	130,005	365,005	6.62
2003-04	2,169,998	262,632	-	-	-	-	2,432,630	220,000	143,735	363,735	6.69
2002-03	1,862,136	238,978	-	-	-	-	2,101,114	210,000	156,465	366,465	5.73
2001-02	1,667,829	228,026	-	-	-	-	1,895,855	198,000	168,233	366,233	5.18
2000-01	1,614,164	136,019	-	-	-	-	1,750,183	190,000	175,546	365,546	4.79
1999-00	1,482,207	131,309	-	-	-	-	1,613,516	185,000	189,879	374,879	4.30
1998-99	1,710,351	123,095	-	-	-	-	1,833,446	170,000	199,623	369,623	4.96
1997-98	1,720,415	122,903	-	-	-	-	1,843,318	165,000	208,508	373,508	4.94

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

Calendar Year	District Population (1)	District Personal Income (2) (a) (thousands of dollars)	District Personal Income Per Capita (a)	County Unemployment Rate			National Unemployment Rate (4)
				Camp County (3)	Morris County (3)	Titus County (3)	
2006	56,052	\$ 1,387,000	\$ 24,745	5.1%	5.5%	4.1%	4.6%
2005	55,296	1,386,710	25,078	5.0%	5.3%	4.1%	5.1%
2004	54,143	-	-	4.5%	6.8%	4.6%	5.4%
2003	53,962	-	-	6.4%	9.7%	4.9%	5.8%
2002	53,431	-	-	5.2%	7.0%	3.9%	4.8%
2001	50,311	-	-	5.3%	7.2%	4.2%	4.0%
2000	50,552	-	-	6.6%	11.0%	5.7%	4.1%
1999	49,742	-	-	8.1%	12.7%	6.5%	3.8%
1998	49,389	-	-	6.9%	8.2%	6.5%	5.4%
1997	48,770	-	-	7.8%	8.1%	7.3%	5.1%

Sources:

- (1) Population from Texas State Data Center - TAMU
- (2) Personal income from U.S. bureau of Economic Analysis. Data is from the year 2004.
- (3) Unemployment rate from Texas Workforce Commission
- (4) National Unemployment rate from Bureau of Labor Statistics

Notes:

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

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

Employer	2006-07		2005-06	
	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Percentage of Total Employment
Pilgrim's Pride	4,000	5.27%	4,000	5.27%
Lone Star Steel	2,000	1.32%	2,000	1.32%
Mt. Pleasant ISD	966	1.27%	940	1.24%
Titus Regional Medical Center	650	0.86%	400	0.53%
Texas Utilities	600	0.79%	400	0.53%
Wal-Mart Supercenter	450	0.59%	400	0.53%
Priefert Manufacturing	595	0.78%	450	0.59%
Northeast Texas Community College	340	0.45%	340	0.45%
Big Tex Trailer World, Inc.	462	0.61%	300	0.40%
Diamond C Trailers	85	0.11%	300	0.40%
City of Mt. Pleasant	155	0.20%	150	0.20%
Total	10,303	12.25%	9,680	11.43%

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

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

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

	Fiscal Year				
	2007	2006	2005	2004	2003
Faculty					
Full-Time	55	58	53	53	55
Part-Time	102	96	75	113	90
Total	157	154	128	166	145
Percent					
Full-Time	35.0%	37.7%	41.4%	31.9%	37.9%
Part-Time	65.0%	62.3%	58.6%	68.1%	62.1%
Staff and Administrators					
Full-Time	140	147	130	125	129
Part-Time	6	9	11	12	9
Total	146	156	141	137	138
Percent					
Full-Time	95.9%	94.2%	92.2%	91.2%	93.5%
Part-Time	4.1%	5.8%	7.8%	8.8%	6.5%
FTSE per Full-time Faculty	30	30	35	37	34
FTSE per Full-Time Staff Member	12	12	14	16	15
Average Annual Faculty Salary	\$50,151	\$46,491	\$44,206	\$ 44,107	\$42,780

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

Student Classification	Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004		Fiscal 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Freshman	4,311	67.31%	4,687	69.20%	5,130	74.33%	4,558	66.80%	4,660	71.44%
Softmore	1,154	18.02%	1,371	20.24%	1,151	16.68%	1,366	20.02%	1,229	18.84%
Unclassified	893	13.94%	662	9.77%	581	8.42%	887	13.00%	597	9.15%
Associate Degree	14	0.22%	19	0.28%	15	0.22%	2	0.03%	6	0.09%
Baccalaureate or above	33	0.52%	34	0.50%	25	0.36%	10	0.15%	31	0.48%
Total	6,405	100.00%	6,773	100.00%	6,902	100.00%	6,823	100.00%	6,523	100.00%

Semester Hour Load	Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004		Fiscal 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	112	1.75%	164	2.42%	141	2.04%	108	1.58%	120	1.84%
3-5 semester hours	2,191	34.21%	2,307	34.06%	2,317	33.57%	2,168	31.77%	2,181	33.44%
6-8 Semester hours	1,213	18.94%	1,507	22.25%	1,447	20.96%	1,454	21.31%	1,269	19.45%
9-11 semester hours	714	11.15%	651	9.61%	654	9.48%	598	8.76%	545	8.36%
12-14 semester hours	1,483	23.15%	1,647	24.32%	1,791	25.95%	1,820	26.67%	1,626	24.93%
15-17 semester hours	546	8.52%	383	5.65%	410	5.94%	511	7.49%	589	9.03%
18 & over	146	2.28%	114	1.68%	142	2.06%	164	2.40%	193	2.96%
Total	6,405	100.00%	6,773	100.00%	6,902	100.00%	6,823	100.00%	6,523	100.00%

Average course load	8.8	8.5	8.7	9.0	8.9
---------------------	-----	-----	-----	-----	-----

Tuition Status	Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004		Fiscal 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In-District	3,754	58.61%	3,972	58.64%	4,086	59.20%	4,125	60.46%	4,040	61.93%
Out-of-District	2,320	36.22%	2,417	35.69%	2,478	35.90%	2,415	35.39%	2,256	34.59%
Nonresident	158	2.47%	162	2.39%	158	2.29%	143	2.10%	146	2.24%
Tuition Exemption for Texas Resident	34	0.53%	45	0.66%	44	0.64%	42	0.62%	27	0.41%
Foreign Classified In-Dist Resident	89	1.39%	92	1.36%	53	0.77%	40	0.59%	21	0.32%
Foreign Classified Out-of-Dist Resident	5	0.08%	9	0.13%	5	0.07%	6	0.09%	0	0.00%
Foreign Pending In-Dist Resident	41	0.64%	66	0.97%	71	1.03%	45	0.66%	28	0.43%
Foreign Pending Out-of-Dist Resident	4	0.06%	0	0.00%	7	0.10%	7	0.10%	5	0.08%
Visiting Student Due To Natural Disaster	0	0.00%	10	0.15%	0	0.00%	0	0.00%	0	0.00%
Total	6,405	100.00%	6,773	100.00%	6,902	100.00%	6,823	100.00%	6,523	100.00%

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

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

Gender	Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004		Fiscal 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	4,173	65.15%	4,273	63.09%	4,492	65.08%	4,512	66.13%	4,211	64.56%
Male	2,232	34.85%	2,500	36.91%	2,410	34.92%	2,311	33.87%	2,312	35.44%
Total	6,405	100.00%	6,773	100.00%	6,902	100.00%	6,823	100.00%	6,523	100.00%

Ethnic Origin	Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004		Fiscal 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	4,666	72.85%	4,992	73.70%	5,136	74.41%	5,199	76.20%	5,107	78.29%
African American	616	9.62%	635	9.38%	736	10.66%	773	11.33%	713	10.93%
Hispanic	953	14.88%	951	14.04%	862	12.49%	710	10.41%	568	8.71%
Asian	48	0.75%	51	0.75%	34	0.49%	27	0.40%	36	0.55%
Native American	42	0.66%	34	0.50%	28	0.41%	44	0.64%	47	0.72%
Foreign	80	1.25%	110	1.62%	106	1.54%	70	1.03%	52	0.80%
Total	6,405	100.00%	6,773	100.00%	6,902	100.00%	6,823	100.00%	6,523	100.00%

Age	Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004		Fiscal 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	451	7.04%	380	5.61%	390	5.65%	351	5.14%	361	5.53%
18 -21	2,960	46.21%	3,148	46.48%	3,208	46.48%	3,050	44.70%	2,898	44.43%
22 - 24	825	12.88%	890	13.14%	884	12.81%	895	13.12%	836	12.82%
25-30	777	12.13%	824	12.17%	839	12.16%	869	12.74%	831	12.74%
31-35	429	6.70%	513	7.57%	554	8.03%	617	9.04%	510	7.82%
36-50	707	11.04%	788	11.63%	826	11.97%	866	12.69%	883	13.54%
51 & over	256	4.00%	230	3.40%	201	2.91%	175	2.56%	204	3.13%
Total	6,405	100.00%	6,773	100.00%	6,902	100.00%	6,823	100.00%	6,523	100.00%

Average Age	26	26	25	26	26
-------------	----	----	----	----	----

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

**Northeast Texas Community College
Statistical Supplement 17
Transfers to Senior Institutions
2004-2005 Graduates, Completers and Non-Returners
(Includes only public senior colleges in Texas)**

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Transfer Students	% of all Transfer Students
1 Angelo State University	2	0	0	2	0.43%
2 Midwestern State University	2	0	0	2	0.43%
3 Midwestern State University	0	2	0	2	0.43%
4 Prarie View A&M University	0	1	0	1	0.22%
5 Sam Houston State University	7	1	1	9	1.96%
6 Stephen F. Austin State University	31	4	0	35	7.61%
7 Tarleton State University	6	1	0	7	1.52%
8 Texas A&M International University	1	0	0	1	0.22%
9 Texas A&M University	49	1	0	50	10.87%
10 Texas A&M University at Commerce	53	2	0	55	11.96%
11 Texas A&M University at Galveston	1	0	0	1	0.22%
12 Texas A&M University at Kingsville	1	0	0	1	0.22%
13 Texas A&M University at Texarkana	105	6	2	113	24.57%
14 Texas State University	9	0	0	9	1.96%
15 Texas Tech University	14	0	0	14	3.04%
16 Texas Women's University	9	0	0	9	1.96%
17 The University of Texas at Arlington	8	1	0	9	1.96%
18 The University of Texas at Austin	17	0	0	17	3.70%
19 The University of Texas at Dallas	7	0	0	7	1.52%
20 The University of Texas at Tyler	67	2	2	71	15.43%
21 The University of Texas Medical Branch at Galveston	1	0	0	1	0.22%
22 The University of Texas Southwestern Medical Center at Dallas	0	1	0	1	0.22%
23 University of Houston	3	0	0	3	0.65%
24 University of Houston - Downtown	1	0	0	1	0.22%
25 University of North Texas	38	0	0	38	8.26%
26 University of North Texas	0	0	1	1	0.22%
Totals	432	22	6	460	100.00%

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

**Northeast Texas Community College
Statistical Supplement 18
Schedule of Capital Asset Information
Fiscal Years 2002 to 2007**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Academic buildings	10	10	6	6	6	6
Square footage	182,786	182,786	102,863	102,863	102,863	102,863
Libraries	1	1	1	1	1	1
Square footage	15,087	15,087	15,087	15,087	15,087	15,087
Number of Volumes (in thousands) (a)	33,574	33,574	-	-	-	-
Auditoriums	1	1	1	1	1	1
Square footage	26,129	26,129	26,129	26,129	26,129	26,129
Administrative and support buildings	1	1	1	1	1	1
Square footage	11,673	11,673	11,673	11,673	11,673	11,673
Dormitories	1	1	1	1	1	1
Square footage	26,304	26,304	26,304	26,304	26,304	26,304
Number of Beds	112	112	112	112	112	112
Dining Facilities	1	1	1	1	1	1
Square footage	16,149	16,149	16,149	16,149	16,149	16,149
Athletic Facilities	2	2	2	2	2	2
Square footage	11,358	10,158	10,158	10,158	10,158	10,158
Fitness Center	1	1	1	1	1	1
Tennis Court	1	1	1	1	1	1
Baseball Field	1	1	1	1	1	1
Softball Field	1	1	1	1	1	1
Rodeo Arena	1	1	1	1	1	1
Barns and Stables	6	6	5	5	5	5
Plant facilities	2	2	2	2	2	2
Square footage	6,660	6,660	6,660	6,660	6,660	6,660
Transportation						
Cars (a)	4	4	-	-	-	-
Light Trucks/Vans (a)	14	14	-	-	-	-
Buses (a)	2	2	-	-	-	-
Semi Tractors (a)	2	2	-	-	-	-

Notes:

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

FEDERAL FINANCIAL ASSISTANCE INFORMATION

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

December 12, 2007

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

Members of the Board:

We have audited the financial statements of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of and for the year ended August 31, 2007, and have issued our report thereon dated December 12, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Uniform Grant Management Standards*, issued by the State of Texas.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Northeast Texas Community College and Northeast Texas Community College Foundation Inc. ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s internal control.

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

Compliance and Other Matters

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

We noted certain other matters that we have reported to the administration of Northeast Texas Community College in a separate letter dated December 12, 2007.

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

A handwritten signature in black ink that reads "Wilf & Henderson, P.C." The signature is written in a cursive, flowing style.

WILF & HENDERSON, P.C.
Certified Public Accountants

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

December 12, 2007

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

Members of the Board:

Compliance

We have audited the compliance of Northeast Texas Community College and Northeast Texas Community College Foundation with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2007. Northeast Texas Community College and Northeast Texas Community College Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Northeast Texas Community College and Northeast Texas Community College Foundation's management. Our responsibility is to express an opinion on Northeast Texas Community College and Northeast Texas Community College Foundation's compliance based on our audit.

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

In our opinion, Northeast Texas Community College and Northeast Texas Community College Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2007.

Internal Control over Compliance

The management of Northeast Texas Community College and Northeast Texas Community College Foundation Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A control deficiency in an entity's internal control over compliance 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 non compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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



WILF & HENDERSON, P. C.
Certified Public Accountants

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE G
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2007
Page 1 of 2

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantors Number	Pass Through Disbursements and Expenditures
U.S. Department of Education			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	* 84.007A		\$ 55,112
Title III	* 84.031A		361,302
Federal Work-Study Program	* 84.033A		72,314
TRIO - Upward Bound	84.047A		226,943
Federal Pell Grant Program	* 84.063P		2,607,309
FIPSE/SFA	84.116		108
STEP	84.215	(A)	80,675
21st Century Community Learning Centers	* 84.287	(A)	526,395
Gear Up	84.334A		296,866
Academic Competiveness Grant	* 84.376		59,745
Subtotal Direct U.S. Department of Education			4,286,769
Passed Through			
Texas Education Agency			
Adult Basic Education	84.002A		112,825
EL Civics	84.002A		85,359
Subtotal Passed Through Texas Education Agency			198,184
Texas Higher Education Coordinating Board			
Vocational Education - Allocated	84.048	54234	162,530
Vocational Education- Teacher Excellence	84.048		9,400
LEAP	84.069A		3,881
SLEAP	84.069B		6,500
Subtotal Passed Through Texas Higher Education Coordinating Board			182,311
Total U.S. Department of Education			4,667,264
U.S. Department of Labor			
Pass Through From Texas Higher Education Coordinating Board			
First Generation College Student	17.267		54,123
Pass through Arbor Education & Training	17.259		68,423
Total U.S. Department of Labor			122,546
National Endowment for the Arts			
Passed Through From			
Texas Commissions on the Arts			
Promotion of the Arts	45.025		1,753
National Science Foundation	47.076		29,824
U. S. Small Business Administration			
Small Business Development Center	59.037		61,542
U.S. Department of Health and Human Services			
Pass - Through From			
Texas Education Agency			
Temporary Assist to Needy Families	93.558		15,272
Temporary Assist to Needy Families	* 93.558	(A)	158,040
Subtotal Passed Through Texas Education Agency			173,312
Pass - Through From			
Texas Workforce commissior			
Temporary Assist to Needy Families	93.558		102,877
Federal Maritime Commissior			
Pass Through From East Texas Council of Governments	93.558		50,436
MCP Grant	93.616	(A)	114,000
Total U.S. Department of Health and Human Services			440,625
AmeriCorps			
Pass - Through From			
OneStar Foundation	94.006		13,250
Total Federal Financial Assistance			\$ 5,336,804

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2007
 Page 2 of 2

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - Per Schedule A - College	\$ 4,457,694
Federal Grants and Contracts Revenue - Foundation	<u>879,110</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u><u>\$ 5,336,804</u></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 on the award period basis. The expenditures reported represent funds which have been expended by the college for the purposes of the award. The expenditures reported may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The college has followed all applicable guidelines issued by various entities in the preparation of the schedule. Some amounts reported in the schedule may differ from amounts used in the preparation of the basis financial statements.

* Major Program

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

See independent auditors' report.

**NORTHEAST TEXAS COMMUNITY COLLEGE
FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2007**

A: Summary of Audit Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

The auditor's report on compliance for the major federal awards programs for Northeast Texas Community College expresses an unqualified opinion.

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

The programs tested as major programs include:

Student Financial Aid

Federal Supplemental Educational Opportunity Grants	CFDA # 84.007A
Federal Work-Study Program	CFDA # 84.033A
Federal Pell Grant Program	CFDA # 84.063P
Academic Competitiveness Grant	CFDA # 84.376

Title III CFDA # 84.031A

21st Century Community Learning Center CFDA # 84.287C

Communities in Schools CFDA # 93.558

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

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

B: Findings - Financial Statements Audit

None

C : Findings and Questioned Costs - Major Federal Award Programs Audit

None

***NORTHEAST TEXAS COMMUNITY COLLEGE
FEDERAL SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2007***

Prior year audit disclosed no findings or questioned costs.

STATE FINANCIAL ASSISTANCE INFORMATION

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

December 12, 2007

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

Members of the Board:

Compliance

We have audited the compliance of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. with the types of compliance requirements described in the *Uniform Grant Management Standards* issued by the State of Texas that are applicable to each of its major state programs for the year ended August 31, 2007. Northeast Texas Community College and Northeast Community College Foundation, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying state grants 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 Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s management. Our responsibility is to express an opinion on Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Uniform Grant Management Standards*. Those standards and the State of Texas *Uniform Grant Management Standards* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance with those requirements.

In our opinion, Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended August 31, 2007. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with *Uniform Grant Management Standards*.

Internal Control over Compliance

The management of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State of Texas Single Audit Circular.

A control deficiency in an entity's internal control over compliance 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 non compliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

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

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



WILF & HENDERSON, P. C.
Certified Public Accountants

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE H
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2007
Page 1 of 2

<u>Grantor/Program/Title</u>	<u>Grant Contract Number</u>	<u>Pass Through Disbursements and Expenditures</u>
Texas Education Agency		
Adult Basic Education		22,741
Temporary Assist to Needy Families		4,919
State Engineering & Science Recruitment Fund (SENSR)		19,064
Communities in School *	(A) 0710580171200011	588,765
Total Texas Education Agency		<u>635,489</u>
U.S. Small Business Administration		
SBDC State		<u>49,437</u>
Texas Higher Education Coordinating Board		
Texas Grant Program	N/A	165,290
Texas Grant II	N/A	19,745
Texas Guaranteed Loan		10,000
Nursing Scholarship		1,328
Total Texas Higher Education Coordinating Board		<u>196,363</u>
Texas College Workstudy		<u>11,385</u>
Total State Financial Assistance		\$ <u><u>892,674</u></u>

* - Major Program

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended August 31, 2007

Page 2 of 2

Note 1: Significant Accounting Policies

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

Note 2: State Financial Assistance Reconciliation

	<u>Expenditures</u>
State Grants and Contracts - College per Schedule A	\$ 303,909
State Grants and Contracts - - Foundation	<u>588,765</u>
Total State Financial Assistance	\$ <u><u>892,674</u></u>

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

See independent auditors' report.

***NORTHEAST TEXAS COMMUNITY COLLEGE
STATE GRANTS SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2007***

A: Summary of Audit Results

Financial Statements

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

Internal control over financial reporting:

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

State Awards

Internal control over major programs:

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

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

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

The programs tested as major programs include:

Communities in School Grant Project Number
0710580171200011

Dollar threshold used to distinguish between Type A and B programs: \$ 300,000
Auditee qualified as low-risk auditee? yes no

B: Findings - Financial Statements Audit

None

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

None

***NORTHEAST TEXAS COMMUNITY COLLEGE
STATE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2007***

Prior year audit disclosed no findings or questioned costs.