

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

***ANNUAL FINANCIAL REPORT***

***FOR THE FISCAL YEARS ENDED***

***AUGUST 31, 2009 AND 2008***

***PREPARED BY:***

***ADMINISTRATIVE SERVICES DEPARTMENT  
NORTHEAST TEXAS COMMUNITY COLLEGE***

***MOUNT PLEASANT, TEXAS***

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Northeast Texas Community College  
Mt. Pleasant, Texas  
Organizational Data  
For the Fiscal Year 2009

**Board of Trustees**

**Officers**

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

**Members**

Mr. Bill Priefert, Mount Pleasant, TX	(2008-2014)
Mr. John Bryan, Naples, TX	(2008-2014)
Mrs. Latrel McCallum, Mount Pleasant, TX	(2004-2010)
Mr. Jerry Massey, Pittsburg, TX	(2004-2010)

**Principal Administrative Officers**

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

***INDEPENDENT AUDITORS' REPORT***

*Independent Auditors' Report*

*December 11, 2009*

*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, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets and statements of cash flows for the years then ended. These financial statements are the responsibility of Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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, 2009 and 2008, 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 11, 2009 on our consideration of Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis information on pages 3-9 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 Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and State of Texas Uniform Grant Management Standards*, and are not a required part of the financial statements. The Supplemental Schedules are likewise presented for purposes of additional analysis and are not a required part of the financial statements. 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**



***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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

This section of Northeast Texas Community College's Annual Financial Report presents management's discussion and analysis of the College's financial activity during fiscal years ending 2007, 2008 and 2009. Since this management's discussion and analysis is designed to focus on current activities, resulting change, decisions or conditions of facts, please read it in conjunction with the College's basic financial statements (pages 10-15) and the footnotes (pages 16-36). The College endeavors to present an objective and easily readable analysis of the overall financial activities to students and the public. Responsibility for the completeness and fairness of this information rests with the College.

### **Using This Annual Report**

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

### **College Foundation as a Discrete Component Unit**

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

### **Statement of Net Assets (Balance Sheet)**

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

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

#### Statement of Net Assets For the Years Ended August 31, 2009, 2008 and 2007

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b><u>Assets</u></b>			
Current	\$ 3,885,765	\$ 2,836,299	\$ 3,030,956
Net Capital Assets	24,405,535	24,582,547	24,616,985
Other Non-Current	<u>3,164,072</u>	<u>3,322,414</u>	<u>3,695,472</u>
Total Assets	<u>31,455,372</u>	<u>30,741,260</u>	<u>31,343,413</u>
<b><u>Liabilities</u></b>			
Current	4,170,345	3,738,181	3,677,955
Non-Current	<u>17,351,000</u>	<u>17,750,122</u>	<u>18,309,577</u>
Total Liabilities	<u>21,521,345</u>	<u>21,488,303</u>	<u>21,987,532</u>
<b><u>Net Assets</u></b>	<u>\$ 9,934,027</u>	<u>\$ 9,252,957</u>	<u>\$ 9,355,881</u>

The definition of current assets means the ability of the College to pay obligations out of the proceeds of current operations. The total assets include the College's capital assets (net of depreciation). The capital assets include buildings, facilities and other improvements, furniture, machinery, vehicles and other

equipment, and telecommunications and peripheral equipment. In determining the net capital assets, the College went into considerable detail in identifying the historical costs and the net accumulated depreciation of each asset category based on its useful life and residual values. In following the above guidelines, the College can provide more useful information about the long-term effects of short-term decisions, primarily by including the cost of consuming the capital assets used in providing services.

Net assets are divided into three major categories:

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

As of August 31, 2009, 2008 and 2007, the College's net assets were \$9,934,027, \$ 9,252,957, and, \$9,355,881 respectively. From the data presented, readers of the Statement of Net Assets are able to determine the Net Assets available to continue the operations of the institution. They are also able to determine how much the College owes vendors, investors and lending institutions.

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

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

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

**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Years Ended August 31, 2009, 2008 and 2007**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>SUMMARY OF REVENUES AND EXPENSES</b>			
Total, Operating Revenues	\$ 7,237,273	\$ 6,466,436	\$ 6,563,628
Total, Operating Expenses	<u>19,526,280</u>	<u>17,832,737</u>	<u>17,223,209</u>
Total, Operating (Loss)	(12,289,007)	(11,366,301)	(10,659,581)
 Net Non-Operating Revenues	 12,669,758	 11,263,377	 10,858,855
 Capital Contributions	 <u>300,319</u>	 <u>-</u>	 <u>351,593</u>
 Increase (Decrease) in Net Assets	 681,070	 (102,924)	 550,867
 Net Assets at Beginning of Year	 <u>9,252,957</u>	 <u>9,355,881</u>	 <u>8,805,014</u>
 Net Assets - End of Year	 <u>\$ 9,934,027</u>	 <u>\$ 9,252,957</u>	 <u>\$ 9,355,881</u>

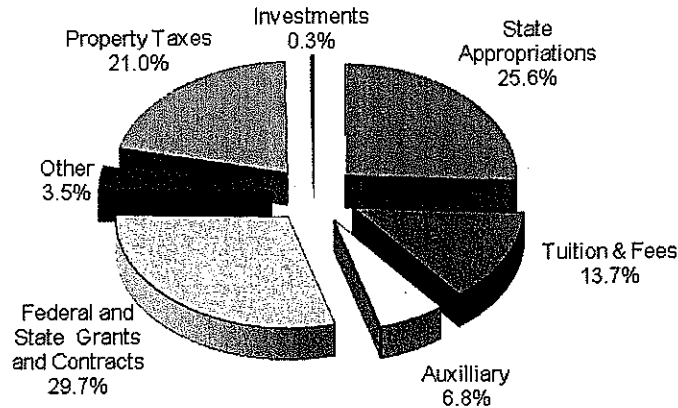
**Operating and Non-Operating Revenues**

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, 2009, 2008 and 2007**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Operating Revenues:</b>			
Net tuition and fees	\$ 2,850,418	\$ 2,730,822	\$ 2,808,248
Federal grants and contracts	1,201,003	1,602,839	1,663,214
State grants and contracts	1,152,956	343,694	303,909
Non-governmental grants and contracts	142,172	130,753	115,822
Sales and services of educational activities	58,896	31,999	34,902
Net auxiliary enterprises	1,312,258	1,213,794	1,223,905
Other operating revenues	<u>519,570</u>	<u>412,535</u>	<u>413,628</u>
Total, Operating Revenues	<u>7,237,273</u>	<u>6,466,436</u>	<u>6,563,628</u>
 <b>Net Non-Operating Revenues:</b>			
State appropriations	5,352,521	5,218,816	5,113,281
Property taxes	4,378,003	3,967,416	3,867,806
Federal revenue, non-operating	3,855,714	2,975,712	2,794,480
Investment and other Income	<u>57,973</u>	<u>124,968</u>	<u>167,812</u>
Total, Non-Operating Revenues	<u>13,644,211</u>	<u>12,286,912</u>	<u>11,943,379</u>
Capital Contributions	<u>300,319</u>	<u>-</u>	<u>-</u>
Total Revenues, Operating and Non-Operating	<u>\$ 21,181,803</u>	<u>\$ 18,753,348</u>	<u>\$ 18,507,007</u>

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



In comparing the fiscal periods ended August 31, 2009 and 2008:

- Net tuition and fee revenues increased \$119,596 and Net auxiliary enterprises increased \$98,464 as a result of increased enrollment
- The Northeast Texas Community College Foundation, as a component of the College, contributed a total of \$300,140 in scholarships for 449 students.
- Operating Federal grants and contracts decreased \$401,836 primarily due to the non-renewal of the Federal Gear Up grant.
- State grants and contracts increased \$809,262 primarily due to the award of a Skills Development grant from the Texas Workforce Commission
- Property taxes increased \$410,587 primarily as a result of increases in the taxable value of properties in the tri-county area and increase in tax rate.
- Federal revenue non-operating increased \$880,002 as a result of increased Pell benefits and increased number of Pell awards.
- Investment and other income decreased \$66,995 as a result of lower market rates for short term investments.

In comparing the fiscal periods ended August 31, 2008 and 2007:

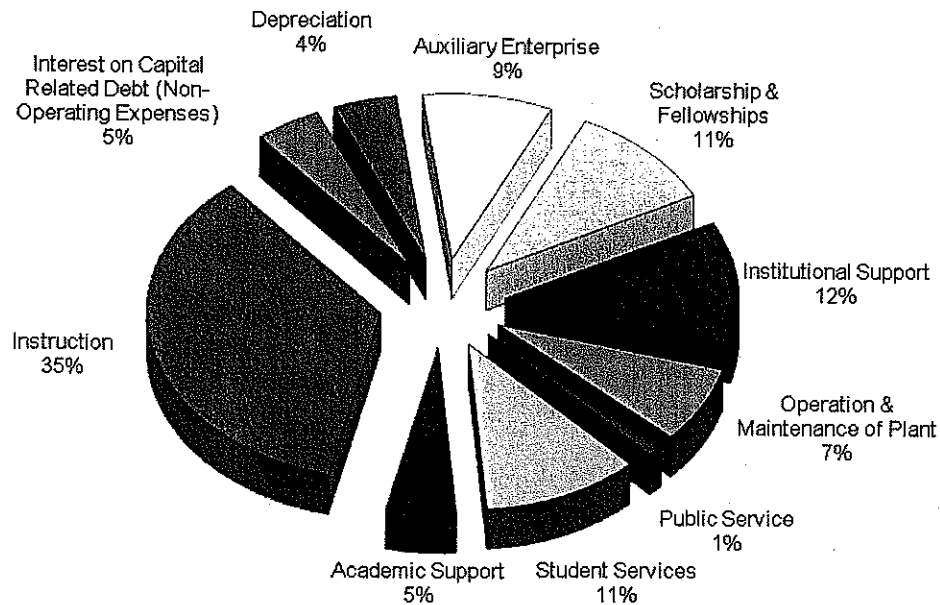
- Federal grants and contracts decreased \$60,375 primarily as a result of reductions in U.S. Department of Labor, U.S. Department of Health and Human Services and National Science Foundation grants.
- The Northeast Texas Community College Foundation, as a component of the College, contributed a total of \$262,853 in scholarships for 384 students.
- Property taxes increased \$99,610 primarily as a result of increases in the taxable value of properties in the tri-county area.
- Investment and other income decreased \$42,844 as a result of lower market rates for short term investments.

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

**Expenses: Operating and Non-Operating  
For the Years Ended August 31, 2009, 2008 and 2007**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Operating Expenses:</b>			
Instruction	\$ 7,240,361	\$ 7,010,483	\$ 6,653,768
Public service	222,596	304,941	295,839
Academic support	987,362	917,229	884,371
Student services	2,233,336	1,496,809	1,678,155
Institutional support	2,451,352	2,488,991	2,257,954
Operation and maintenance of plant	1,518,693	1,429,482	1,347,323
Scholarship & fellowships	2,138,247	1,545,616	1,526,241
Auxiliary enterprise	1,833,070	1,738,130	1,696,651
Depreciation	901,263	901,056	882,907
<b>Total, Operating Expenses</b>	<u>19,526,280</u>	<u>17,832,737</u>	<u>17,223,209</u>
<b>Non-Operating Expenses:</b>			
Interest on capital related debt	944,773	999,311	1,059,870
Other non-operating expenses	29,680	24,224	24,654
<b>Total, non-operating expenses</b>	<u>974,453</u>	<u>1,023,535</u>	<u>1,084,524</u>
<b>Total Expenses, Operating and Non-Operating</b>	<u>\$ 20,500,733</u>	<u>\$ 18,856,272</u>	<u>\$ 18,307,733</u>

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



In comparing the fiscal periods ended August 31, 2009 and 2008:

- Instruction expense increased \$229,878 primarily as a result of increased salary cost for new positions, salary increases and increased cost of benefits.
- Student services increased \$736,527 primarily as a result in the increase in number of grants awarded to the college for these activities.
- Scholarships and fellowships increased \$592,631 primarily as a result of increased number of students receiving awards and increased levels of awards.
- Auxiliary enterprises increased \$94,940 primarily as a result of increased cost of textbooks and increased sales volume.

In comparing the fiscal periods ended August 31, 2008 and 2007:

- Instruction expense increased \$356,715 primarily as a result of increased salary cost for new positions, salary increases and increased cost of benefits.
- Student services decreased \$181,346 primarily as a result in the decrease in number of grants awarded to the college for these activities.
- Institutional support increased \$231,037 primarily as a result of recruiting costs for our new president, salary increases and increased cost of benefits.
- Operation of maintenance and plant increased \$82,159 primarily as a result of increased maintenance repairs and utility costs.
- Auxiliary enterprises increased \$41,479 as a result of increased cost of food service and salary increases.

#### Analysis of Net Assets

Total Net Assets of \$ 9,934,027 is comprised of the investment in capital assets net of related debt of \$8,062,884 reserve for debt service of \$718,290. 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 \$1,152,703 is the inception-to-date net of current and non-current revenues and expenses.

#### Net Assets For the Years Ended August 31, 2009, 2008 and 2007

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Investment in Capital Assets, Net of Related Debt	\$ 8,062,882	\$ 7,654,270	\$ 7,531,961
Restricted for debt service	718,290	807,831	789,746
Temporarily Restricted	152	-	1,359
Unrestricted	<u>1,152,703</u>	<u>790,856</u>	<u>1,032,815</u>
Total Net Assets	<u>\$ 9,934,027</u>	<u>\$ 9,252,957</u>	<u>\$ 9,355,881</u>

#### Long Term Debt

In the fiscal period ended August 31, 2009, the college entered into a 4.25% capital lease payable to a bank secured by equipment. The lease is payable over a five-year period. In the fiscal period ended August 31, 2007, the College entered into a 4.45% capital lease payable to a bank and secured by equipment. The lease is payable over a five-year period. The College has revenue bonds, general obligation bonds and other notes payable for which contractual payments have been made in the fiscal periods ended August 31, 2009 and 2008. See note 7- Bonds and Notes Payable of the financial statements for further information about long-term debt activity.

## Capital Assets

In the fiscal period ended August 31, 2009, the College expended approximately \$39,600 in general revenue bond funds to design the new agriculture facility to be constructed in the 2010 fiscal period with an approximate total cost of \$2,500,000. The college also expended \$115,765 through a capital lease to purchase replacement computers and network equipment for instructional and administrative purposes. The College Foundation contributed approximately \$300,000 in aid for constructing a new softball field and replacing the roof on the Whatley center for performing arts.

In the fiscal period ended August 31, 2008, the College expended approximately \$477,000 in general revenue bond funds to construct a soccer field with parking and an adjacent student activity center. The college also expended approximately \$226,000 of operating funds to replace its waste water treatment plant which was originally installed when the College opened in 1984. In addition, the College completed the installation of a \$92,000 replacement boiler which was financed through the issuance of a capital lease agreement in the prior year.

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

On October 14, 2009, Standard & Poor's affirmed the College's debt rating at BBB. Management does not believe it has any debt limitations that may affect the financing of planned facilities or services.

## Statement of Cash Flows

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

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

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

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

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

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

## Financial Condition and Outlook

The college has been able to increase its unrestricted fund balance approximately \$360,000 in the current year bringing the fund balance back over \$1,000,000.

Given the current economy, we anticipate continued downward pressure on our ability to earn interest on our temporary investments. We also anticipate a reduction in collected tax revenues over the next two to three years as a result of anticipated downward pressure on appraisal values and the college's having reached its tax rate cap of .10 per 100 valuation. We also anticipate reduction in state funding as a result of decreased state revenues over the next three years. We anticipate adjusting our ongoing operating spending to compensate for these reduced revenues. The college has experienced an increase in enrollment in the Fall of 2009 partially driven by the ongoing unemployment and increased dual credit high school student enrollment.



***FINANCIAL STATEMENTS***

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**EXHIBIT 1**  
**STATEMENTS OF NET ASSETS**  
**August 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$ 527,636	\$ 967,332
Accounts receivable (Note 10)	2,070,584	907,700
Inventories	421,122	362,673
Prepaid expense	204,646	139,928
Due from component unit	661,777	458,666
<b>Total Current Assets</b>	<u><b>3,885,765</b></u>	<u><b>2,836,299</b></u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 4)	864,512	1,095,723
Restricted short-term investments (Note 4)	1,836,001	1,733,234
Notes receivable (net of allowance for doubtful accounts of \$80,403 in 2009 and \$72,288 in 2008)	-	-
Deferred charges	415,555	442,475
Other assets	48,004	50,982
Capital assets, net of accumulated depreciation (Note 6)	24,405,535	24,582,547
<b>Total Noncurrent Assets</b>	<u><b>27,569,607</b></u>	<u><b>27,904,961</b></u>
<b>Total Assets</b>	<u><b>31,455,372</b></u>	<u><b>30,741,260</b></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable (Note 10)	425,964	367,634
Accrued liabilities (Note 10)	51,924	91,214
Accrued compensated absences (Note 9)	61,489	59,133
Deposits payable (Note 10)	91,730	84,995
Funds held for others	96,887	78,093
Deferred revenues	2,202,755	1,605,137
Notes and leases payable - current portion (Note 7)	71,236	175,516
Unamortized premium - current portion (Note 7)	-	49,111
Bonds payable - current portion (Note 7)	1,168,360	1,227,348
<b>Total Current Liabilities</b>	<u><b>4,170,345</b></u>	<u><b>3,738,181</b></u>
<b>Noncurrent Liabilities</b>		
Bonds payable (Note 7)	17,240,435	17,697,031
Notes and leases payable (Note 7)	110,565	53,091
<b>Total Noncurrent Liabilities</b>	<u><b>17,351,000</b></u>	<u><b>17,750,122</b></u>
<b>Total Liabilities</b>	<u><b>21,521,345</b></u>	<u><b>21,488,303</b></u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	8,062,882	7,654,270
Restricted for		
Expendable		
Debt service	718,290	807,831
Temporarily	152	-
Unrestricted	1,152,703	790,856
<b>Total Net Assets</b>	<u><b>\$ 9,934,027</b></u>	<u><b>\$ 9,252,957</b></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, 2009 and 2008**

<b>ASSETS</b>	<b>2009</b>	<b>2008</b>
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$ 1,387,589	\$ 122,724
Investments (Note 4)	1,181,204	2,155,487
Accounts receivable (Note 10)	314,394	552,628
<b>Total Current Assets</b>	<b><u>2,883,187</u></b>	<b><u>2,830,839</u></b>
<b>Noncurrent Assets</b>		
Long - term investments (Note 4)	1,196,271	1,134,541
Property, plant, and equipment, net of accumulated depreciation (Note 6)	492,152	548,157
Other assets	41,250	41,250
<b>Total Noncurrent Assets</b>	<b><u>1,729,673</u></b>	<b><u>1,723,948</u></b>
 <b>Total Assets</b>	 <b><u>4,612,860</u></b>	 <b><u>4,554,787</u></b>
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable (Note 10)	4,189	7,731
Deferred revenue	244,736	256,574
Due to Northeast Texas Community College	661,777	458,666
<b>Total Current Liabilities</b>	<b><u>910,702</u></b>	<b><u>722,971</u></b>
 <b>Total Liabilities</b>	 <b><u>910,702</u></b>	 <b><u>722,971</u></b>
 <b>Net assets:</b>		
Restricted		
Nonexpendable:		
Permanently	1,535,241	1,320,902
Expendable:		
Temporarily	1,660,603	1,942,272
Unrestricted	506,314	568,642
<b>Total Net Assets</b>	<b><u>\$ 3,702,158</u></b>	<b><u>\$ 3,831,816</u></b>

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

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**EXHIBIT 2**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Years Ended August 31, 2009 and 2008**

<b>REVENUES</b>	<b>2009</b>	<b>2008</b>
<b>Operating Revenues</b>		
Tuition and fees (net of grant and scholarship allowances of \$2,021,655 2009 and \$ 1,710,057, 2008)	\$ 2,850,418	\$ 2,730,822
Federal grants and contracts	1,201,003	1,602,839
State grants and contracts	1,152,956	343,694
Non-Governmental grants and contracts	142,172	130,753
Sales and services of educational activities	58,896	31,999
Auxiliary enterprises (net of grant and scholarship allowances of \$625,645, 2009 and \$542,703, 2008 )	1,312,258	1,213,794
Other operating revenues	519,570	412,535
<b>Total Operating Revenues (Schedule A)</b>	<b>7,237,273</b>	<b>6,466,436</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Instruction	7,240,361	7,010,483
Public service	222,596	304,941
Academic support	987,362	917,229
Student services	2,233,336	1,496,809
Institutional support	2,451,352	2,488,991
Operation and maintenance of plant	1,518,693	1,429,482
Scholarships and fellowships	2,138,247	1,545,616
Auxiliary enterprises	1,833,070	1,738,130
Depreciation	901,263	901,056
<b>Total Operating Expenses (Schedule B)</b>	<b>19,526,280</b>	<b>17,832,737</b>
<b>Operating Income (Loss)</b>	<b>(12,289,007)</b>	<b>(11,366,301)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State allocations	5,352,521	5,218,816
Ad-valorem taxes		
Taxes for maintenance & operations	3,286,079	2,853,799
Taxes on general obligations bonds	1,091,924	1,113,617
Federal revenue, non operating	3,855,714	2,975,712
Investment income (net of investment expenses)	57,973	124,968
Interest on capital related debt	(944,773)	(999,311)
Other non - operating expenses	(29,680)	(24,224)
<b>Net non-operating revenues (Schedule C)</b>	<b>12,669,758</b>	<b>11,263,377</b>
<b>Capital Contributions</b>	<b>300,319</b>	<b>-</b>
<b>Increase (Decrease) in Net Assets</b>	<b>681,070</b>	<b>(102,924)</b>
<b>Net Assets - Beginning of Year</b>	<b>9,252,957</b>	<b>9,355,881</b>
<b>Net Assets - End of Year</b>	<b>\$ 9,934,027</b>	<b>\$ 9,252,957</b>

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

**NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.**  
**COMPONENT UNIT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Years Ended August 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Federal Grants and Contracts	\$ 913,300	\$ 769,164
State Grants and Contracts	605,122	715,179
Local Grants and Contracts	368,842	335,968
<b>Total Operating Revenues</b>	<u>1,887,264</u>	<u>1,820,311</u>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Public Service	2,425,113	1,977,768
Scholarships	300,140	262,853
Depreciation	47,272	25,186
<b>Total Operating Expenses</b>	<u>2,772,525</u>	<u>2,265,807</u>
<b>Operating (Loss)</b>	<u>(885,261)</u>	<u>(445,496)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Investment income (loss)	(4,263)	201,199
<b>Net non-operating revenues</b>	<u>(4,263)</u>	<u>201,199</u>
<b>(Loss) Before Other Revenues, Expenses, Gains, Losses</b>	<u>(889,524)</u>	<u>(244,297)</u>
<b>OTHER REVENUES, (EXPENSES), GAINS, LOSSES</b>		
Additions to Endowments	254,389	145,119
Gains (losses) on investments	(35,430)	(237,219)
Contributions	540,907	611,823
<b>Total Other Revenues, Expenses, Gains, Losses</b>	<u>759,866</u>	<u>519,723</u>
<b>Increase (Decrease) in Net Assets</b>	<u>(129,658)</u>	<u>275,426</u>
<b>Net Assets - Beginning of Year</b>	<u>3,831,816</u>	<u>3,556,390</u>
<b>Net Assets - End of Year</b>	<u>\$ 3,702,158</u>	<u>\$ 3,831,816</u>

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

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**EXHIBIT 3**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended August 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from students and other customers	\$ 4,722,539	\$ 4,121,098
Receipts of grants and contracts for operating activities	2,148,962	1,903,161
Loans to students and employees	-	9,420
Other receipts	638,054	453,991
Payments to or on behalf of employees	(10,041,886)	(8,776,603)
Payments to suppliers for goods or services	(6,241,077)	(5,415,540)
Payments of scholarships	(2,138,247)	(1,545,616)
<b>Net cash provided (used) by operating activities</b>	<u><b>(10,911,655)</b></u>	<u><b>(9,250,089)</b></u>
<b>Cash Flows From Noncapital Financing Activities</b>		
State allocations	4,811,635	3,993,489
Federal revenues	3,150,305	3,093,003
Ad valorem tax revenues	4,348,514	3,948,820
<b>Net cash provided (used) by non-capital financing activities</b>	<u><b>12,310,454</b></u>	<u><b>11,035,312</b></u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Interest and other expense on capital related debt	(262,688)	(494,310)
Purchases of capital assets	(308,168)	(866,617)
Proceeds on issuance of capital debt	526,612	-
Payments on capital debt and leases	(1,926,577)	(1,157,857)
<b>Net cash provided (used) by capital and related financing activities</b>	<u><b>(1,970,821)</b></u>	<u><b>(2,518,784)</b></u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale and maturity of investments	1,188,000	-
Investment earnings	57,973	124,968
Purchases of investments	(1,344,858)	(843,476)
<b>Net cash provided (used) by investing activities</b>	<u><b>(98,885)</b></u>	<u><b>(718,508)</b></u>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(670,907)</b>	<b>(1,452,069)</b>
<b>Cash and cash equivalents - September 1,</b>	<u><b>2,063,055</b></u>	<u><b>3,515,124</b></u>
<b>Cash and cash equivalents - August 31,</b>	<u><u><b>\$ 1,392,148</b></u></u>	<u><u><b>\$ 2,063,055</b></u></u>
<b>Noncash investing, capital, and financing activities</b>		
Capital lease	115,765	-
Contributions of Capital Assets	300,319	-
<b>Total Noncash investing, capital, and financing activities</b>	<u><u><b>\$ 416,084</b></u></u>	<u><u><b>\$ -</b></u></u>
<b>Reconciliation of operating income to net cash provided</b>		
<b>by operating activities:</b>		
Operating income (loss)	\$ (12,289,007)	\$ (11,366,301)
Adjustments to reconcile operating income to net cash provided		
by operating activities:		
Depreciation expense	901,263	901,056
Staff benefits paid directly by state	465,156	1,225,327
Changes in assets and liabilities		
Receivables, net	(352,256)	(99,012)
Inventories	(58,449)	13,175
Prepaid expense	(64,718)	37,946
Due from component unit	(203,111)	(130,563)
Other assets	2,978	3,110
Deferred charges	26,920	26,351
Accounts payable	58,330	37,690
Accrued liabilities	(21,908)	26,130
Deposits payable	6,735	4,906
Funds held for others	18,794	(23,799)
Deferred revenue	597,618	84,475
Loans to students and employees	-	9,420
<b>Net cash provided (used) by operating activities</b>	<u><u><b>\$ (10,911,655)</b></u></u>	<u><u><b>\$ (9,250,089)</b></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 CASH FLOWS**  
**For the Years Ended August 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from grants and contracts for operating activities	\$ 2,075,379	\$ 1,756,532
Payments of scholarships and support of college	(97,029)	(132,290)
Payments on grants and contract costs	<u>(2,412,922)</u>	<u>(1,970,457)</u>
Net cash provided (used) by operating activities	<u>(434,572)</u>	<u>(346,215)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Additions to permanent and term endowment and other contributions	<u>833,578</u>	<u>756,942</u>
Net cash provided (used) by noncapital financing activities	<u>833,578</u>	<u>756,942</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	1,435,443	24,419
Investment income (loss)	(4,263)	201,199
Purchase of capital assets	(7,000)	(364,335)
Purchase of investments	<u>(558,320)</u>	<u>(422,066)</u>
Net cash provided (used) by investing activities	<u>865,860</u>	<u>(560,783)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,264,866</b>	<b>(150,056)</b>
<b>Cash and cash equivalents at beginning of year</b>	<u>122,724</u>	<u>272,780</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,387,590</u>	<u>\$ 122,724</u>
<b>Noncash investing, capital, and financing activities</b>		
Inkind contributions	<u>\$ -</u>	<u>\$ 48,633</u>
<b>Reconciliation of operating loss to net cash used by operating activities</b>		
Operating loss	\$ (885,261)	\$ (445,496)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	47,272	25,186
Non cash transfer to college	15,733	
Change in assets and liabilities		
Accounts receivable	199,953	(133,266)
Due to college	203,111	130,563
Deferred revenue	(11,839)	69,487
Accounts payable	<u>(3,542)</u>	<u>7,311</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (434,573)</u>	<u>\$ (346,215)</u>

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

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2009 AND 2008**

**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.



**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2009 AND 2008**

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

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

**Basis of Accounting**

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

**Budgetary data**

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1. The budget for the year ended August 31, 2009 was adopted by the Board of Trustees on August 19, 2008.

**Cash and cash equivalents**

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

**Investments**

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

**Inventories**

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

**Capital Assets**

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

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

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2009 AND 2008**

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

**Deferred Revenue and Expenditure**

Tuition and Fees of \$ 1,976,912 and \$1,571,329 and federal, state and local grants of \$225,843 and \$ 33,808 have been reported as deferred revenues at August 31, 2009 and 2008, respectively.

**Estimates**

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

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

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

**Characterization of Title IV Grant Revenue**

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

**Reclassifications**

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

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2009 AND 2008**

**Note 3 - Authorized Investments**

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

**Note 4 - Deposits and Investments**

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

	<u>2009</u>	<u>2008</u>
Cash and Deposits		
Demand Deposits	\$ 712,411	\$ 260,123
Time Deposits	2,036,000	1,843,999
Petty Cash	7,361	7,400
<b>Total Cash and Deposits</b>	<b>\$ <u>2,755,772</u></b>	<b>\$ <u>2,111,522</u></b>

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

Type of Security	<u>Fair Value August 31, 2009</u>	<u>Fair Value August 31, 2008</u>
U.S. Government Agencies	\$ -	\$ 289,234
Investment Pool	189,713	1,146,779
Mutual Fund	282,664	248,754
Total	<u>472,377</u>	<u>1,684,767</u>
Total Cash and Deposits	<u>2,755,772</u>	<u>2,111,522</u>
Total Deposits and Investments	<b>\$ <u>3,228,149</u></b>	<b>\$ <u>3,796,289</u></b>
Cash and Cash Equivalents (Exhibit 1)	\$ 527,636	\$ 967,332
Restricted Cash and Cash Equivalents (Exhibit 1)	864,512	1,095,723
Restricted Investments (Exhibit 1)	1,836,001	1,733,234
<b>Total Deposits and Investments</b>	<b>\$ <u>3,228,149</u></b>	<b>\$ <u>3,796,289</u></b>

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2009 AND 2008**

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

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

	<u>2009</u>	<u>2008</u>
Cash and Deposits	\$ 163	-
Demand Deposits	146,333	122,724
Time Deposits	1,357,363	1,217,000
<b>Total Cash and Deposits</b>	<b>\$ 1,503,859</b>	<b>\$ 1,339,724</b>

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

<b>Type of Security</b>	<b>Fair Value August 31, 2009</b>	<b>Fair Value August 31, 2008</b>
U.S. Government Agencies	\$ 96,571	\$ 144,141
Corporate Bond/Notes	113,867	112,178
Mutual Funds	2,050,767	1,816,709
<b>Total Investments</b>	<b>2,261,205</b>	<b>2,073,028</b>
<b>Total Cash and Deposits</b>	<b>1,503,859</b>	<b>1,339,724</b>
<b>Total Deposits and Investments</b>	<b>\$ 3,765,064</b>	<b>\$ 3,412,752</b>
Cash and Cash Equivalents	\$ 1,387,589	\$ 122,724
Short-term Investments	1,181,204	2,155,487
Long-term Investments	1,196,271	1,134,541
<b>Total Deposits and Investments</b>	<b>\$ 3,765,064</b>	<b>\$ 3,412,752</b>

As of August 31, 2009 the College had the following investments and maturities:

<u>Investment Type</u>	<b>Credit Rating</b>	<u>Market Value</u>	<b>Investment Maturities (in years)</b>		
			<b>Less than 1</b>	<b>1-2</b>	<b>2-3</b>
Certificates of Deposit	N/A	\$ 2,036,000	\$ 2,036,000	\$ -	\$ -
AIM Treasury Cash Management	AAA	282,664	282,664	-	-
Investment Pool	AAA	189,713	189,713	-	-
<b>Total Market Value</b>		<b>\$ 2,508,377</b>	<b>\$ 2,508,377</b>	<b>-</b>	<b>-</b>

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2009 AND 2008**

**Note 4 - 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 (8%) in certificates of deposit, (81%) and in Mutual Funds (11%).

**Custodial Credit Risk:** At August 31, 2009, the College had money on deposit at 13 banks. The carrying amount of the College's and the Foundation's bank deposits was \$2,779,737 and \$1,503,859 and total bank balances equaled \$3,031,487 and \$3,765,064. Bank balances of \$1,200,000 are covered by federal depository insurance and \$1,831,487 was covered by collateral pledged in Northeast Texas Community College's name. The collateral was held in the safekeeping departments of banks which act as agents for the College.

**Note 5 – Derivatives**

The College had no derivatives at August 31, 2009 or 2008.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2009 AND 2008**

**Note 6– Capital Assets**

Capital assets activity for the year ended August 31, 2009 was as follows:

	For the Year Ended August 31, 2009			
	Balance August 31, 2008	Increases	Decreases	Balance August 31, 2009
<b>Not Depreciated:</b>				
Land	\$ 1,420,209	\$ -	\$ -	\$ 1,420,209
Construction in Process	2,672	97,861	-	100,533
Subtotal	\$ 1,422,881	\$ 97,861	\$ -	\$ 1,520,742
<b>Other Capital Assets:</b>				
Buildings	28,977,589	260,223	-	29,237,812
Equipment Purchased with Capital Lease	92,000	115,765		207,765
Furniture, Machinery, Vehicles, and other Equipment	1,745,303	211,784	232,293	1,724,794
Library Books	960,891	24,484	797	984,578
Telecommunications and Peripheral Equipment	874,991	14,134	-	889,125
Subtotal	\$ 32,650,774	\$ 626,390	\$ 233,090	\$ 33,044,074
<b>Accumulated Depreciation:</b>				
Buildings	7,002,670	616,956	-	7,619,626
Equipment Purchased with Capital Lease	2,300	16,176		18,476
Furniture, Machinery, Vehicles and Other Equipment	1,146,279	127,086	232,293	1,041,072
Library Books	578,598	67,872	797	645,673
Telecommunications and Peripheral Equipment	761,261	73,173	-	834,434
Subtotal	\$ 9,491,108	\$ 901,263	\$ 233,090	\$ 10,159,281
Net Other Capital Assets	\$ 23,159,666	\$ (274,873)	\$ -	\$ 22,884,793
<b>Net Capital Assets</b>	<b>\$ 24,582,547</b>	<b>\$ (177,012)</b>	<b>\$ -</b>	<b>\$ 24,405,535</b>

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
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AUGUST 31, 2009 AND 2008**

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

**Foundation**

	For the Year Ended August 31, 2009			
	Balance August 31, 2008	Increases	Decreases	Balance August 31, 2009
<b><u>Not Depreciated:</u></b>				
Land	\$ 140,400	\$ -	\$ -	\$ 140,400
Construction in Process	15,733	-	15,733	-
Subtotal	\$ 156,133	\$ -	\$ 15,733	\$ 140,400
<b><u>Other Capital Assets:</u></b>				
Buildings	196,024	-	-	196,024
Furniture, Machinery, Vehicles, and other Equipment	164,410	7,000	-	171,410
Telecommunications and Peripheral Equipment	75,087	-	-	75,087
Subtotal	\$ 435,521	\$ 7,000	\$ -	\$ 442,521
<b><u>Accumulated Depreciation:</u></b>				
Buildings	3,471	6,942	-	10,413
Furniture, Machinery, Vehicles and Other Equipment	32,517	25,313	-	57,830
Telecommunications and Peripheral Equipment	7,509	15,017	-	22,526
Subtotal	\$ 43,497	\$ 47,272	\$ -	\$ 90,769
Net Other Capital Assets	\$ 392,024	\$ (40,272)	\$ -	\$ 351,752
<b>Net Capital Assets</b>	<b>\$ 548,157</b>	<b>\$ (40,272)</b>	<b>\$ 15,733</b>	<b>\$ 492,152</b>

**NORTHEAST TEXAS COMMUNITY COLLEGE  
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**Note 6 – Capital Assets – (continued)**

Capital assets activity for the year ended August 31, 2008 was as follows:

	<b>For the Year Ended August 31, 2008</b>			
	<b>Balance August 31, 2007</b>	<b>Increases</b>	<b>Decreases</b>	
<b><u>Not Depreciated:</u></b>				
Land	\$ 1,387,353	\$ 32,856	-	\$ 1,420,209
Construction in Process	2,672	-	-	2,672
Purchased With Capital Lease	55,200	36,800	92,000	-
Subtotal	<u>\$ 1,445,225</u>	<u>\$ 69,656</u>	<u>\$ 92,000</u>	<u>\$ 1,422,881</u>
<b><u>Other Capital Assets:</u></b>				
Buildings	28,260,195	717,394	-	28,977,589
Equipment Purchased with Capital Lease		92,000		92,000
Furniture, Machinery, Vehicles, and other Equipment	1,701,817	43,486	-	1,745,303
Library Books	936,437	29,289	4,835	960,891
Telecommunications and Peripheral Equipment	868,198	6,793	-	874,991
Subtotal	<u>\$ 31,766,647</u>	<u>\$ 888,962</u>	<u>\$ 4,835</u>	<u>\$ 32,650,774</u>
<b><u>Accumulated Depreciation:</u></b>				
Buildings	6,407,861	594,809	-	7,002,670
Equipment Purchased with Capital Lease		2,300		2,300
Furniture, Machinery, Vehicles and Other Equipment	1,027,417	118,862	-	1,146,279
Library Books	503,783	79,650	4,835	578,598
Telecommunications and Peripheral Equipment	655,826	105,435	-	761,261
Subtotal	<u>\$ 8,594,887</u>	<u>\$ 901,056</u>	<u>\$ 4,835</u>	<u>\$ 9,491,108</u>
Net Other Capital Assets	<u>\$ 23,171,760</u>	<u>\$ (12,094)</u>	<u>\$ -</u>	<u>\$ 23,159,666</u>
<b>Net Capital Assets</b>	<u><b>\$ 24,616,985</b></u>	<u><b>\$ 57,562</b></u>	<u><b>\$ 92,000</b></u>	<u><b>\$ 24,582,547</b></u>



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

**Foundation**

	For the Year Ended August 31, 2008			
	Balance August 31, 2007	Increases	Decreases	Balance August 31, 2008
<b><u>Not Depreciated:</u></b>				
Land	\$ 135,400	\$ 5,000	\$	\$ 140,400
Construction in Process	-	15,733		15,733
Subtotal	\$ 135,400	\$ 20,733	\$ 0	\$ 156,133
<b><u>Other Capital Assets:</u></b>				
Buildings	-	196,024		196,024
Furniture, Machinery, Vehicles, and other Equipment	43,285	121,125		164,410
Telecommunications and Peripheral Equipment	-	75,087		75,087
Subtotal	\$ 43,285	\$ 392,236	\$ 0	\$ 435,521
<b><u>Accumulated Depreciation:</u></b>				
Buildings	-	3,471		3,471
Furniture, Machinery, Vehicles and Other Equipment	18,311	14,206		32,517
Telecommunications and Peripheral Equipment	-	7,509		7,509
Subtotal	\$ 18,311	\$ 25,186	\$ 0	\$ 43,497
Net Other Capital Assets	\$ 24,974	\$ 367,050	\$ 0	\$ 392,024
<b>Net Capital Assets</b>	<b>\$ 160,374</b>	<b>\$ 387,783</b>	<b>\$ 0</b>	<b>\$ 548,157</b>

The College was engaged in constructing an agriculture instructional facility for the approximate amount of \$2,500,000 to be paid from the 2006 revenue bond proceeds and private donations. The college was also engaged in construction a softball concession building for the approximate amount of \$90,000 to be paid from private donations. As of August 31, 2009, \$42,270 and \$ 58,263 of these amounts, respectively, had been expended and reported as construction in progress.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2009 AND 2008**

**Note 7 – Bonds and Notes Payable**

Long-term liability activity for the year ended August 31, 2009 was as follows:

	<b>Balance August 31, 2008</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance August 31, 2009</b>	<b>Current Portion</b>
Leases, bonds, and notes					
Revenue bonds	\$ 4,000,000	\$	185,000	\$ 3,815,000	\$ 190,000
General obligation bonds	14,924,380	711,763	1,042,348	14,593,795	978,360
Unamortized premium	49,111		49,111	-	-
Notes payable	159,314	26,612	159,314	26,612	26,612
Leases payable	69,292	115,765	29,868	155,189	44,624
<b>Total long-term obligations</b>	<b>\$ 19,202,097</b>	<b>\$ 854,140</b>	<b>\$ 1,465,641</b>	<b>\$ 18,590,596</b>	<b>\$ 1,239,596</b>

Long-term liability activity for the year ended August 31, 2008 was as follows:

	<b>Balance August 31, 2007</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance August 31, 2008</b>	<b>Current Portion</b>
Leases, bonds, and notes					
Revenue bonds	\$ 4,175,000	\$	175,000	\$ 4,000,000	\$ 185,000
General obligation bonds	15,108,926	676,462	861,008	14,924,380	1,042,348
Unamortized premium	170,743		121,632	49,111	49,111
Notes payable	258,455		99,141	159,314	159,314
Leases payable	92,000		22,708	69,292	16,202
<b>Total long-term obligations</b>	<b>\$ 19,805,124</b>	<b>\$ 676,462</b>	<b>\$ 1,279,489</b>	<b>\$ 19,202,097</b>	<b>\$ 1,451,975</b>

**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 \$ 0 and \$952,349 at August 31, 2009 and 2008, respectively.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
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**Note 7 – Bonds and Notes Payable - (continued)**

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, 2009 and 2008, \$0 and \$90,000, 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, 2009 and 2008, under this issue totaled \$10,659,193 and \$10,749,193, respectively. The accreted value of the bonds at August 31, 2009 and 2008 totaled \$14,593,795 and \$13,882,034, respectively. At August 31, 2009 and 2008, the un-issued but approved bonds totaled \$7,005,837.

2006 Series Revenue Financing System Refunding and Improvement Bonds

The 2006 Series Revenue Financing System Refunding and Improvement Bonds were issued to advance refund the College's outstanding 1992 Series Dormitory System Revenue Bonds and the outstanding 1994 Series Tuition and Building Use Fee Revenue Refunding and Revenue Bonds, to pay the cost of issuing the bonds and to provide funds for construction on the main campus. The bonds were issued with an average coupon (interest) rate of 4.19%. Bonds outstanding at August 31, 2009 and 2008 under this issue totaled \$3,815,000 and \$4,000,000, respectively.

**Notes Payable**

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 including interest due March 18, 2009. The balance of the note at August 31, 2009 and 2008 was \$0 and \$98,296 respectively.

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, 2009 and 2008 was \$0 and \$61,019 respectively.

The College entered into a 3% note payable to a bank dated June 26, 2009, secured by equipment. The note is due in one installment of \$26,612. The balance of the note at August 31, 2009 was \$26,612.

The College has a 4.45% capital lease payable to a bank dated August 13, 2007 and amended September 14, 2007 secured by equipment. The lease is due in five-annual installments of \$19,294. The balance of the lease at August 31, 2009 and 2008 was \$53,089 and \$69,292 respectively.

The College entered into a 4.25% capital lease payable to a bank dated February 24, 2009 secured by equipment. The lease is due in forty eight monthly installments of \$2,625. The balance of the lease at August 31, 2009 was \$102,100

**NORTHEAST TEXAS COMMUNITY COLLEGE  
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**Note 7 – Bonds and Notes Payable - (continued)**

The College entered into a 4.25% maintenance tax note payable to a bank on April 21, 2009 in the amount of \$510,000. The note was paid in full on August 18, 2009.

**Tax Bonds**

Tax bonds and revenue bonds are due in annual installments varying from \$1,000,000 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:

<b>Years Ending August 31,</b>		<b>Principal</b>		<b>Interest</b>		<b>Total Requirements</b>
2010	\$	978,360	(A)	21,640	\$	1,000,000
2011		943,353	(A)	61,647		1,005,000
2012		916,874	(A)	103,126		1,020,000
2013		883,149	(A)	146,851		1,030,000
2014		842,838	(A)	197,162		1,040,000
2015-2019		3,662,499	(A)	1,687,501		5,350,000
2020-2024		2,816,346	(A)	2,803,654		5,620,000
2025-2029		2,165,641	(A)	3,744,359		5,910,000
2030-2033		1,384,735	(A)	3,561,785		4,946,520
	\$	<b>14,593,795</b>		\$	<b>12,327,725</b>	\$ <b>26,921,520</b>

(A) Compound Interest Bonds and Tax Refunding Bonds are stated at their current accreted value.

In 2009 and 2008, interest cost of \$112,652 and \$458,202, respectively, were incurred on the 1994 Series LTD Tax Refunding Bonds. Premium amortization on the 1994 Series LTD Tax Refunding Bonds was \$49,111 and \$120,881 for 2009 and 2008.

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

**Revenue Bonds**

Debt service requirements for the revenue bonds are as follows:

<b>Years Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2010	\$ 190,000	\$ 153,665	\$ 343,665
2011	200,000	145,865	345,865
2012	210,000	137,665	347,665
2013	220,000	129,065	349,065
2014	225,000	120,165	345,165
2015 -2019	670,000	507,925	1,177,925
2020 - 2024	750,000	370,637	1,120,637
2025 - 2029	920,000	196,956	1,116,956
2030 -2031	430,000	19,032	449,032
	<b>\$ 3,815,000</b>	<b>\$ 1,780,975</b>	<b>\$ 5,595,975</b>

**Notes Payable**

Debt service requirements for the notes payable are as follows:

<b>Years Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2010	\$ 26,612	\$ 179	\$ 26,791

**NORTHEAST TEXAS COMMUNITY COLLEGE  
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**Note 7 – Bonds and Notes Payable - (continued)**

**Lease Payable**

Capital leases as of August 31, 2009 were as follows:

<b>For the Year Ended <u>August 31,</u></b>	<b><u>Total</u></b>
2010	50,790
2011	50,790
2012	50,790
2013	16,028
Total Minimum Lease Payments	168,398
Less: Amount Representing Interest Costs	(13,209)
<b>Present value of minimum lease payments</b>	<b><u>\$ 155,189</u></b>

**Note 8 – Pension Plan**

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2009, 2008, and 2007 and a state contribution rate of 6.58% for fiscal years 2009 and 2008 and 6.0% for fiscal year 2007.

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**Note 8 – Pension Plan – (continued)**

The state has also established an optional retirement program for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts. The percentages of participant salaries currently contributed by the state and each participant are 6.58% and 6.65%, respectively. The College contributes 1.92% percent for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense of the State for the College was \$465,156, \$428,339, and \$364,733 for the fiscal years ended August 31, 2009, 2008, and 2007 respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for the College employees was \$9,611,945, \$8,802,733, and \$8,702,106 for fiscal years 2009, 2008, and 2007 respectively. The total payroll of employees covered by the Teacher Retirement System was \$5,811,010, \$5,066,796, and \$4,806,362 and the total payroll of employees covered by the Optional Retirement Program was \$3,658,805, \$3,735,937, and \$3,800,238 for fiscal years 2009, 2008, and 2007, respectively.

**Note 9 – Compensable Absences**

Full time College employees earn vacation of 5-15 days per year based on years of service and sick leave benefits of 8 hours per month. The amount of vacation allowed to be carried over after August 31, is limited to 40 hours for each employee, which is lost December 31 of that year unless, in certain instances, approval is obtained from management to carry over amounts in excess of the 40 hours. The College has accrued \$61,489 and \$59,133 for August 31, 2009 and 2008, respectively, in the financial statements for vacation to be carried over to the next fiscal year. Administration believes that all of the accrued vacation will be taken or paid out in the next fiscal year. Sick leave can be accumulated up to 480 hours, but cannot be redeemed in pay. Accordingly, no accrual sick leave has been made.

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

Receivables at August 31, 2009 were as follows:

	<u>College</u>	<u>Foundation</u>
Tuition and Fees Receivable	\$ 379,001	\$ -
Taxes Receivable	392,363	-
Scholarship and Pledges Receivable	-	29,103
State Appropriations	75,730	-
Contracts and Grants Receivable	1,612,996	285,291
Other Receivables	31,453	-
<b>Subtotal</b>	<b>2,491,543</b>	<b>314,394</b>
Allowance for Doubtful Accounts	420,959	-
<b>Total Receivables</b>	<b>\$ 2,070,584</b>	<b>\$ 314,394</b>

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

Payables at August 31, 2009 were as follows:

	<u>College</u>	<u>Foundation</u>
Accounts Payable:		
<b>Vendors Payable</b>	\$ <b>425,964</b>	\$ <b>4,189</b>
Accrued Liabilities:		
Accrued payroll liabilities	\$ 33,040	\$ -
Interest payable	18,884	-
<b>Total Accrued Liabilities</b>	<b>51,924</b>	<b>-</b>
Deposits payable:		
<b>Student housing deposits payable</b>	\$ <b>91,730</b>	\$ <b>-</b>

Receivables at August 31, 2008 were as follows:

	<u>College</u>	<u>Foundation</u>
Tuition and Fees Receivable	\$ 345,249	\$ -
Taxes Receivable	348,332	-
Scholarship and Pledges Receivable	-	102,364
Contracts and Grants Receivable	560,417	450,264
Other Receivables	10,638	-
<b>Subtotal</b>	<b>1,264,636</b>	<b>552,628</b>
Allowance for Doubtful Accounts	(356,936)	-
<b>Total Receivables</b>	<b>\$ 907,700</b>	<b>\$ 552,628</b>

Payables at August 31, 2008 were as follows:

	<u>College</u>	<u>Foundation</u>
Accounts Payable:		
<b>Vendors Payable</b>	\$ <b>367,634</b>	\$ <b>7,731</b>
Accrued Liabilities:		
Accrued payroll liabilities	\$ 57,305	\$ -
Interest payable	33,909	-
<b>Total Accrued Liabilities</b>	<b>91,214</b>	<b>-</b>
Deposits payable:		
<b>Student housing deposits payable</b>	\$ <b>84,995</b>	\$ <b>-</b>



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

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

Contracts and grant award funds already committed or funds awarded during fiscal year 2009 and 2008 for the College and Foundation are as follows:

		2009		2008
College				
Federal	\$	729,981	\$	1,074,583
State		24,888		1,290,851
Total	\$	754,869	\$	2,365,434
Foundation				
Federal	\$	244,941	\$	95,481
State		754,891		750,958
Total	\$	999,832	\$	846,439

**Note 12 – Self-Insured Plans**

The College self-insures for coverage in the areas of workers' compensation and unemployment compensation. These plans are on a pay-as-you-go basis, in which no assets are set aside. Accrued liabilities are generally based on actuarial valuation and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current operations. The College accrued \$16,146 and \$38,100 as estimated future payments for the years ended August 31, 2009 and 2008.

**Note 13 - Post Retirement Health Care and Life Insurance Benefits**

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the college. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per insured was \$361 per month for the years ended August 31, 2009 and 2008 respectively and totaled \$874,764 for 2009, and \$796,987 for 2008. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for active employees.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
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**Note 14 – Ad Valorem Tax**

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

	At August 31,	
	2009	2008
Assessed Valuation of the District	\$ 4,433,693,457	\$ 4,258,908,176

	Current Operations	Debt Service	Total
Tax rate authorized per \$100 valuation	\$ N/A	\$ N/A	\$ 0.1000
Tax rate assessed per \$100 valuation for 2009	\$ 0.0728	\$ 0.0243	\$ 0.0971
Tax rate assessed per \$100 valuation for 2008	\$ 0.0666	\$ 0.0250	\$ 0.0916

Taxes levied for the years ended August 31, 2009 and 2008 were \$4,305,958 and \$3,900,393 respectively excluding any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

	2009			2008		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current Taxes	\$ 3,088,174	\$ 1,083,950	\$ 4,172,124	2,704,020	\$ 1,104,889	\$ 3,808,909
Delinquent Taxes	77,569	13,553	91,122	60,721	3,232	63,953
Penalties and Interest	71,538	-	71,538	64,468	-	64,468
Other Fees	13,730	-	13,730	11,490	-	11,490
Total Collections	\$ 3,251,011	\$ 1,097,503	\$ 4,348,514	2,840,699	\$ 1,108,121	\$ 3,948,820

Tax collections for the years ended August 31, 2009 and 2008 were 96.9% and 97.7%, respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations and/or general obligation debt service.

**Note 15 - Income Taxes**

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable Organizations. The college had no unrelated business income for the years ended August 31, 2009 and 2008.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2009 AND 2008**

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

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

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

**Note 17 - 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, 2009 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 18 – Postemployment Benefits Other than Pensions**

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

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

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

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

*NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2009 AND 2008*

**Note 18 – Postemployment Benefits Other than Pensions – (continued)**

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

The College's contributions to SRHP for the years ended August 31, 2009, 2008, and 2007 were \$907,062, and \$830,989, and \$806,584 respectively.

***SUPPLEMENTAL SCHEDULES***

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**SCHEDULE OF DETAILED OPERATING REVENUES**  
**SCHEDULE A**

*For the Year Ended August 31, 2009 (With Memorandum Totals for the Year Ended August 31, 2008)*

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Memorandum 2008	
					2009 Total	Total
<b>Tuition</b>						
State funded courses						
In-district resident tuition	\$ 847,447	\$	\$ 847,447	\$	\$ 847,447	\$ 808,437
Out-of-district resident tuition	590,033		590,033		590,033	597,512
TPEG (set aside)*	109,309		109,309		109,309	54,250
Non-resident tuition	208,247		208,247		208,247	174,081
State funded continuing education	308,585		308,585		308,585	167,103
Non-state funded continuing education	31,189		31,189		31,189	23,841
<b>Total Tuition</b>	<b>2,094,810</b>	<b>-</b>	<b>2,094,810</b>	<b>-</b>	<b>2,094,810</b>	<b>1,825,224</b>
<b>Fees</b>						
General fees	1,695,647		1,695,647		1,695,647	1,602,487
Student service fees		160,250		160,250	160,250	160,618
Out-of-district fees	568,258		568,258		568,258	575,461
Laboratory fees	261,713		261,713		261,713	222,713
Other fees	91,395		91,395		91,395	54,376
<b>Total Fees</b>	<b>2,617,013</b>	<b>-</b>	<b>2,617,013</b>	<b>160,250</b>	<b>2,777,263</b>	<b>2,615,655</b>
<b>Scholarship Allowances and Discounts</b>						
Scholarship allowances	(457,294)		(457,294)		(457,294)	(435,100)
Remissions and exemptions	(63,043)		(63,043)		(63,043)	(47,216)
TPEG allowances	(109,309)		(109,309)		(109,309)	(54,250)
Federal grants to students	(1,392,009)		(1,392,009)		(1,392,009)	(1,173,491)
<b>Total Scholarship Allowances</b>	<b>(2,021,655)</b>	<b>-</b>	<b>(2,021,655)</b>	<b>-</b>	<b>(2,021,655)</b>	<b>(1,710,057)</b>
<b>Total Net Tuition and Fees</b>	<b>2,690,168</b>	<b>-</b>	<b>2,690,168</b>	<b>160,250</b>	<b>2,850,418</b>	<b>2,730,822</b>
<b>Other Operating Revenues</b>						
Federal grants and contracts	76,305	1,124,698	1,201,003		1,201,003	1,602,839
State grants and contracts		1,152,956	1,152,956		1,152,956	343,694
Nongovernmental grants and contracts		142,172	142,172		142,172	130,753
Sales and services of educational activities	58,896		58,896		58,896	31,999
Other operating revenues	344,239		344,239	175,331	519,570	412,535
<b>Total Other Operating Revenues</b>	<b>479,440</b>	<b>2,419,826</b>	<b>2,899,266</b>	<b>175,331</b>	<b>3,074,597</b>	<b>2,521,820</b>
<b>Auxiliary Enterprises</b>						
Residential life				404,369	404,369	438,900
Less discounts				(77,866)	(77,866)	(75,753)
Bookstore				1,533,534	1,533,534	1,317,597
Less discounts				(547,779)	(547,779)	(466,950)
<b>Total Net Auxiliary Enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,312,258</b>	<b>1,312,258</b>	<b>1,213,794</b>
<b>Total Operating Revenues (Exh.2)</b>	<b>\$ 3,169,608</b>	<b>\$ 2,419,826</b>	<b>\$ 5,589,434</b>	<b>\$ 1,647,839</b>	<b>\$ 7,237,273</b>	<b>\$ 6,466,436</b>

\*In accordance with Education Code 56.033, \$109,309 and \$54,250 for years August 31, 2009 and 2008, 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, 2009 (with Memorandum Totals for the Year Ended August 31, 2008)

	Operating Expenses					Memorandum Total 8/31/2008
	Salaries and Wages	Benefits		Other Expenses	Total 8/31/2009	
		State Benefits	Local Benefits			
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 5,195,374		290,638	398,039	\$ 5,884,051	\$ 5,501,180
Public Service	54,194		3,032	129,635	186,861	178,467
Academic Support	726,116		40,620	104,011	870,747	806,840
Student Services	636,236		35,592	86,403	758,231	624,157
Institutional Support	1,199,902		67,125	915,349	2,182,376	2,302,359
Operation and Maintenance of Plant	531,342		29,724	872,293	1,433,359	1,354,197
Scholarships and Fellowships			-	-	-	-
<b>Total Unrestricted Educational Activities:</b>	<b>\$ 8,343,164</b>	<b>\$ -</b>	<b>\$ 466,731</b>	<b>\$ 2,505,730</b>	<b>\$ 11,315,625</b>	<b>\$ 10,767,200</b>
<b>Restricted - Educational Activities</b>						
Instruction	\$ 309,303	\$ 834,383	\$ -	\$ 212,624	\$ 1,356,310	\$ 1,509,303
Public Service	7,453	8,704	-	19,578	35,735	126,474
Academic Support	-	116,615	-	-	116,615	110,389
Student Services	583,524	102,180	-	789,401	1,475,105	872,652
Institutional Support	54,327	192,705	-	21,944	268,976	186,632
Operation and Maintenance of Plant	-	85,334	-	-	85,334	75,285
Scholarships and Fellowships				2,138,247	2,138,247	1,545,616
<b>Total Restricted Educational Activities</b>	<b>\$ 954,607</b>	<b>\$ 1,339,921</b>	<b>\$ -</b>	<b>\$ 3,181,794</b>	<b>\$ 5,476,322</b>	<b>\$ 4,426,351</b>
<b>Total Educational Activities</b>	<b>9,297,771</b>	<b>1,339,921</b>	<b>466,731</b>	<b>5,687,524</b>	<b>16,791,947</b>	<b>15,193,551</b>
<b>Auxiliary Enterprises</b>	<b>314,174</b>		<b>20,958</b>	<b>1,497,938</b>	<b>1,833,070</b>	<b>1,738,130</b>
<b>Depreciation Expense</b>						
<b>Building &amp; Improvements</b>					<b>621,556</b>	<b>597,109</b>
<b>Equipment &amp; Furniture</b>					<b>211,835</b>	<b>224,297</b>
<b>Library Books</b>					<b>67,872</b>	<b>79,650</b>
<b>Total</b>	<b>\$ 9,611,945</b>	<b>\$ 1,339,921</b>	<b>\$ 487,689</b>	<b>\$ 7,185,462</b>	<b>\$ 19,526,280</b>	<b>\$ 17,832,737</b>

See independent auditors' report.

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**SCHEDULE C**  
**SCHEDULE OF NON - OPERATING REVENUES AND EXPENSES**  
*For the Year Ended August 31, 2009(With Memorandum totals for the Year Ended August 31, 2008)*

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 8/31/2009</u>	<u>Memorandum Totals 8/31/2008</u>
<b>Non - Operating Revenues</b>					
State appropriations:					
Education and general state support	\$ 3,990,179			\$ 3,990,179	3,990,216
State group insurance		874,764		874,764	796,988
State retirement matching		465,156		465,156	428,339
Professional nursing shortage reduction		22,422		22,422	3,273
Ad-valorem taxes	3,286,079	1,091,924		4,378,003	3,967,416
Federal revenue, non operating		3,855,714		3,855,714	2,975,712
Investment income		57,973		57,973	124,968
Contributions				-	-
<b>Total Non - Operating Revenues</b>	<b><u>7,276,258</u></b>	<b><u>6,367,953</u></b>	<b><u>-</u></b>	<b><u>13,644,211</u></b>	<b><u>12,286,912</u></b>
<b>Non - Operating Expenses</b>					
Interest on capital related debt	944,773			944,773	999,311
Loss on disposal of capital assets				-	-
Other non operating expense	29,680			29,680	24,224
<b>Total Non - Operating Expenses</b>	<b><u>974,453</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>974,453</u></b>	<b><u>1,023,535</u></b>
<b>Net Non - Operating Revenues</b>	<b><u>\$ 6,301,805</u></b>	<b><u>\$ 6,367,953</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,669,758</u></b>	<b><u>\$ 11,263,377</u></b>

See independent auditors' report.



NORTHEAST TEXAS COMMUNITY COLLEGE  
 SCHEDULE D  
 SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY  
 For the Year Ended August 31, 2009 (With Memorandum totals for the Year Ended August 31, 2008)

	Detail By Source						
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Available for Current Operations	
		Expendable	Unexpended Bond Proceeds			Yes	No
Current							
Unrestricted	\$ 1,152,703	\$	\$	\$	\$ 1,152,703	\$ 1,152,703	\$
Loan		152			152		152
Plant							
Investment in plant		718,290		8,062,882	8,781,172		8,781,172
<b>Total Net Assets, August 31, 2009</b>	<b>1,152,703</b>	<b>718,442</b>	<b>0</b>	<b>8,062,882</b>	<b>9,934,027</b>	<b>1,152,703</b>	<b>8,781,324</b>
<b>Total Net Assets, August 31, 2008</b>	<b>790,856</b>	<b>807,831</b>	<b>0</b>	<b>7,654,270</b>	<b>9,252,957</b>	<b>790,856</b>	<b>8,462,101</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>\$ 361,847</b>	<b>\$ (89,389)</b>	<b>\$ 0</b>	<b>\$ 408,612</b>	<b>\$ 681,070</b>	<b>\$ 361,847</b>	<b>\$ 319,223</b>

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NORTHEAST TEXAS COMMUNITY COLLEGE  
 SCHEDULE E  
 BALANCE SHEET  
 AUGUST 31, 2009

	Current Funds					Loan Funds	Unexpended	Retirement of Indebtedness	Investment in Plant	Agency	Total
	Unrestricted	Auxiliary Enterprises	Current Restricted	Total							
<b>Assets</b>											
Cash and Cash Equivalents	\$ 513,989	8,655	4,162	\$ 526,806	\$ 15,568	\$ 531,518	\$ 181,439	\$ 136,817	\$ 1,392,148		
Short Term Investments	363,243			1,976,239	-	1,492,000	344,001		1,836,001		
Accounts Receivable	1,582,826		1,612,996	1,582,826			94,345		2,070,584		
Due From Other Funds	661,777			661,777			417,544		2,381,771	381,401	
Due From Foundation	204,646			204,646					661,777		
Prepaid Expenses	32,993	388,129		421,122			150,963		264,592		
Deferred Charges											
Inventory, at Cost											
Land											
Buildings									1,420,209		1,420,209
Improvements Other Than Buildings									27,667,688		27,667,688
Equipment						4,648			1,758,009		1,762,657
Library Books									1,262,541		1,262,541
Vehicles									984,578		984,578
Telecommunications									694,546		694,546
Accumulated Depreciation									1,004,890		1,004,890
Other									(10,391,574)		(10,391,574)
									48,004		48,004
<b>Total Assets</b>	<b>\$ 3,359,474</b>	<b>\$ 396,784</b>	<b>\$ 1,617,158</b>	<b>\$ 5,373,416</b>	<b>\$ 15,568</b>	<b>\$ 2,028,166</b>	<b>\$ 1,188,292</b>	<b>\$ 518,218</b>	<b>\$ 24,713,483</b>	<b>\$ 518,218</b>	<b>\$ 33,837,143</b>
<b>Liabilities and Fund Balance</b>											
Accounts Payable	\$ 126,580	108,846	186,953	\$ 422,379	\$ 844	\$	\$	\$	\$	\$ 2,741	\$ 425,964
Accrued Liabilities	33,040			33,040			18,884				51,924
Deposits Payable	65,332	26,398		91,730					91,730		91,730
Due to Other Funds	204,958		1,204,362	1,409,320	14,572	36,344	451,118		51,827	418,590	2,381,771
Deferred Revenues	1,587,889	389,023	225,843	2,202,755					2,202,755		2,202,755
Accrued Compensated Absences	61,489			61,489					18,408,795		18,408,795
Bonds Payable											
Unamortized Premium											
Notes Payable									181,801		181,801
Funds Held in Custody for Others										96,887	96,887
<b>Total Liabilities</b>	<b>\$ 1,874,330</b>	<b>\$ 729,225</b>	<b>\$ 1,617,158</b>	<b>\$ 4,220,713</b>	<b>\$ 15,416</b>	<b>\$ 36,344</b>	<b>\$ 470,002</b>	<b>\$ 518,218</b>	<b>\$ 18,642,423</b>	<b>\$ 518,218</b>	<b>\$ 23,903,116</b>
<b>Fund Balances</b>											
Net Investment in Plant	\$	\$	\$	\$	\$	\$ 1,991,822	\$	\$	6,071,060	\$	8,062,882
Reserved for Debt Service							718,290				718,290
Restricted											
Student Aid											
Temporarily											152
Permanently											
Unrestricted	1,485,144	(332,441)	-	1,152,703							1,152,703
<b>Total Fund Balance</b>	<b>\$ 1,485,144</b>	<b>\$ (332,441)</b>	<b>\$ -</b>	<b>\$ 1,152,703</b>	<b>\$ 152</b>	<b>\$ 1,991,822</b>	<b>\$ 718,290</b>	<b>\$ -</b>	<b>\$ 6,071,060</b>	<b>\$ -</b>	<b>\$ 9,934,027</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,359,474</b>	<b>\$ 396,784</b>	<b>\$ 1,617,158</b>	<b>\$ 5,373,416</b>	<b>\$ 15,568</b>	<b>\$ 2,028,166</b>	<b>\$ 1,188,292</b>	<b>\$ 518,218</b>	<b>\$ 24,713,483</b>	<b>\$ 518,218</b>	<b>\$ 33,837,143</b>

See independent auditors report.

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**SCHEDULE F**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED AUGUST 31, 2009**

	Current Funds					Loan Funds	Unexpended	Retirement of Indebtedness	Investment in Plan	Total
	Unrestricted	Auxiliary Enterprises	Current Restricted	Total						
Revenues and Other Addition:										
Unrestricted Current Funds Revenue	\$ 12,356,267	2,364,190	\$ 1,339,920	\$ 14,720,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,720,457
State Appropriations - Restricted			5,056,717	5,056,717						1,339,920
Federal grants and Contracts			1,175,378	1,175,378						5,056,717
State grants and Contracts			142,172	142,172						1,175,378
Local gifts, grants and Contracts			-	-						142,172
Taxes for Debt Retirement			-	-				1,091,924		1,091,924
Interest / Endowment Income			-	-	152	43,528				43,680
Net Decreases in Bonds Payable			-	-				1,269,049		1,269,049
Net Decreases in Notes Payable			-	-				46,806		46,806
Investment Income (Loss)			-	-			14,294			14,294
Other Revenues			-	-				300,319		300,319
Total Revenue and Other Addition	<u>12,356,267</u>	<u>2,364,190</u>	<u>7,714,187</u>	<u>22,434,644</u>	<u>152</u>	<u>43,528</u>	<u>1,106,218</u>	<u>1,616,174</u>		<u>25,200,716</u>
Expenditures and Other Deduction:										
Expenditures	11,445,210	2,297,672	7,508,890	21,251,772						21,251,772
Indirect Cost Recovered			76,305	76,305						76,305
Retirement of Indebtedness - Bond			-	-			1,269,049			1,269,049
Retirement of Indebtedness - Note:			-	-			46,806			46,806
Interest on Indebtedness:			-	-			934,231		10,540	944,771
Depreciation Expense			-	-			1,300		901,263	901,263
Other Expenditures	<u>11,445,210</u>	<u>2,297,672</u>	<u>7,585,195</u>	<u>21,328,077</u>	<u>8,116</u>	<u>-</u>	<u>2,251,386</u>	<u>932,067</u>	<u>20,264</u>	<u>29,680</u>
Transfers - Additions (Deductions)										
Mandatory Transfers:										
Retirement of Indebtedness:										
Building Use Fee:			-	-						-
Tuition Use Fees:			-	-						-
Revenue Bond:	(346,165)			(346,165)			346,165			-
Contractual Obligation:	(57,348)			(57,348)			758,573		(701,225)	-
TPEG to Restricted				-						-
Non - Mandatory Transfers				-						-
Capital Outlay	(229,860)	(15,939)	(128,992)	(374,791)		(47,165)			421,956	-
Other	33,584			33,584	8,116				(41,700)	-
Total Transfers - Additions (Deductions)	<u>(599,789)</u>	<u>(15,939)</u>	<u>(128,992)</u>	<u>(744,720)</u>	<u>8,116</u>	<u>(47,165)</u>	<u>1,104,738</u>	<u>(320,969)</u>	<u>(320,969)</u>	<u>-</u>
Net Increase (Decrease) for Year	311,268	50,579	0	361,847	152	(3,637)	(40,430)	363,138		681,070
Fund Balance (Deficit) August 31, 2008	<u>1,173,876</u>	<u>(383,020)</u>	<u>-</u>	<u>790,856</u>	<u>-</u>	<u>1,995,459</u>	<u>758,720</u>	<u>5,707,922</u>		<u>9,252,957</u>
Fund Balance (Deficit) August 31, 2009	\$ <u>1,485,144</u>	\$ <u>(332,441)</u>	\$ <u>0</u>	\$ <u>1,152,703</u>	\$ <u>152</u>	\$ <u>1,991,822</u>	\$ <u>718,290</u>	\$ <u>6,071,060</u>	\$	\$ <u>9,934,027</u>

See independent auditors report

***STATISTICAL SUPPLEMENT***  
***(UNAUDITED)***

## Statistical Section

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

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Debt Capacity These schedules present information to help the reader assess the affordability of the college's current levels of outstanding debt and the college's ability to issue additional debt in the future.	52-54
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Northeast Texas Community College  
 Statistical Supplement 1  
 Net Assets by Component  
 Fiscal Years 2002 to 2009  
 (unaudited)

	For the Fiscal Year Ended August 31,									
	2009	2008	2007	2006	2005	2004	2003	2002		
Invested in capital assets, net of related debt	\$8,062,882	\$7,654,270	\$7,531,961	\$7,219,657	\$6,868,646	\$6,670,953	\$6,934,610	\$6,228,567		
Restricted - expendable	718,442	807,831	791,105	608,270	401,710	362,096	401,032	397,966		
Unrestricted	1,152,703	790,856	1,032,815	977,087	907,310	949,141	481,606	980,723		
<b>Total primary government net assets</b>	<b>\$ 9,934,027</b>	<b>\$ 9,252,957</b>	<b>\$ 9,355,881</b>	<b>\$ 8,805,014</b>	<b>\$ 8,177,666</b>	<b>\$ 7,982,190</b>	<b>\$ 7,817,248</b>	<b>\$ 7,607,256</b>		

**Note:** Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

Northeast Texas Community College  
 Statistical Supplement 2  
 Revenues by Source  
 Fiscal Years 2002 to 2009  
 (unaudited)

For the Year Ended August 31,

	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	\$2,850,418	\$2,730,822	\$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	1,201,003	1,602,839	1,661,207	1,677,166	1,776,909	1,909,817	1,679,810	467,968
State Grants and Contracts	1,152,956	343,694	303,909	574,001	604,566	501,634	880,839	678,046
Non-governmental Grants and Contracts	142,172	130,753	115,822	99,802	113,586	111,093	84,557	352,932
Sales and services of educational activities	58,896	31,999	34,902	23,052	36,350	28,069	29,804	28,950
Auxiliary enterprises	1,312,258	1,213,794	1,223,905	1,039,537	1,191,216	1,162,895	1,085,242	1,033,968
Other Operating Revenues	519,570	412,535	413,628	340,156	432,420	486,348	373,265	381,867
<b>Total Operating Revenues</b>	<b>7,237,273</b>	<b>6,466,436</b>	<b>6,561,621</b>	<b>6,425,820</b>	<b>6,322,148</b>	<b>6,369,854</b>	<b>5,965,653</b>	<b>4,611,560</b>
State Appropriations	5,352,521	5,218,816	5,113,281	4,998,581	4,607,933	4,603,402	4,406,873	4,939,116
Ad Valorem Taxes	4,378,003	3,967,416	3,867,806	3,345,281	3,204,174	2,958,441	2,869,618	2,865,136
Federal Revenue, Non Operating	3,855,714	2,975,712	2,796,487	2,664,491	3,081,798	3,248,982	2,997,290	2,396,125
Investment income	57,973	124,968	167,812	57,019	55,906	112,891	41,997	17,398
Contributions	-	-	-	147,589	-	-	-	-
Gain on disposal of capital assets	-	-	-	-	4,100	-	-	-
<b>Total Revenues</b>	<b>13,644,211</b>	<b>12,286,912</b>	<b>11,945,386</b>	<b>11,212,961</b>	<b>10,953,911</b>	<b>10,923,716</b>	<b>10,315,778</b>	<b>10,217,775</b>
	\$ 20,881,484	\$ 18,753,348	\$ 18,507,007	\$ 17,658,781	\$ 17,276,059	\$ 17,293,570	\$ 16,281,431	\$ 14,829,335

For the Year Ended August 31,

	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	13.65%	14.56%	15.17%	15.15%	12.54%	12.55%	11.25%	11.25%
Governmental grants and contracts								
Federal grants and contracts	5.75%	8.55%	8.98%	9.51%	10.29%	11.04%	10.32%	3.16%
State grants and contracts	5.52%	1.83%	1.64%	3.25%	3.50%	2.90%	5.41%	4.57%
Non-governmental grants and contracts	0.68%	0.70%	0.63%	0.57%	0.66%	0.64%	0.52%	2.38%
Sales and services of educational activities	0.28%	0.17%	0.19%	0.13%	0.21%	0.16%	0.18%	0.20%
Auxiliary enterprises	6.28%	6.47%	6.61%	5.89%	6.90%	6.72%	6.67%	6.97%
Other operating revenues	2.49%	2.20%	2.23%	1.93%	2.50%	2.81%	2.29%	2.58%
<b>Total Operating Revenues</b>	<b>34.66%</b>	<b>34.48%</b>	<b>35.45%</b>	<b>36.43%</b>	<b>36.59%</b>	<b>36.83%</b>	<b>36.64%</b>	<b>31.10%</b>
State appropriations	25.63%	27.83%	27.63%	28.34%	26.67%	26.62%	27.07%	33.31%
Ad valorem taxes	20.97%	21.16%	20.90%	18.97%	18.55%	17.11%	17.63%	19.32%
Federal Revenue, Non Operating	18.46%	15.87%	15.11%	15.11%	17.84%	18.79%	18.41%	16.16%
Investment income	0.28%	0.67%	0.91%	0.32%	0.32%	0.65%	0.26%	0.12%
Contributions	0.00%	0.00%	0.00%	0.84%	0.00%	0.00%	0.00%	0.00%
Gain on disposal of capital assets	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%
<b>Total Non-Operating Revenues</b>	<b>65.34%</b>	<b>65.52%</b>	<b>64.55%</b>	<b>63.57%</b>	<b>63.41%</b>	<b>63.17%</b>	<b>63.36%</b>	<b>68.90%</b>
<b>Total Revenues</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

Northeast Texas Community College  
Statistical Supplement L3  
Program Expenses by Function  
Fiscal Years 2002 to 2009  
(unaudited)

For the Fiscal Year Ended August 31,

	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$7,240,361	\$7,010,483	\$6,653,768	\$6,561,461	\$6,075,398	\$5,536,415	\$6,006,220	\$5,644,694
Public service	222,596	304,941	295,839	376,344	713,536	546,000	574,619	250,416
Academic support	987,362	917,229	884,371	759,418	790,797	800,439	827,786	911,078
Student services	2,233,336	1,496,809	1,678,155	1,523,805	1,376,129	1,275,110	1,012,905	1,022,857
Institutional support	2,451,352	2,488,991	2,257,954	2,078,964	2,073,787	2,137,074	2,040,704	1,857,087
Operation and maintenance of plant	1,518,693	1,429,482	1,347,323	1,366,895	1,129,971	1,043,060	1,026,326	1,089,447
Scholarships and fellowships	2,138,247	1,545,616	1,526,241	1,340,710	1,986,483	1,977,687	1,879,617	1,669,417
Auxiliary enterprises	1,833,070	1,738,130	1,696,651	1,505,817	1,642,882	1,589,001	1,492,701	1,340,793
Depreciation	901,263	901,056	882,907	721,458	598,445	552,022	433,618	388,007
<b>Total Operating Expenses</b>	<b>19,526,280</b>	<b>17,832,737</b>	<b>17,223,209</b>	<b>16,234,872</b>	<b>16,387,428</b>	<b>15,456,808</b>	<b>15,294,496</b>	<b>14,173,796</b>
Interest on capital related debt	944,773	999,311	1,059,870	1,078,410	908,905	1,035,407	715,108	577,929
Loss on disposal of fixed assets	-	-	-	-	-	-	23,649	-
Other non-operating expenses	29,680	24,224	24,654	18,151	27,460	37,403	7,798	4,526
<b>Total Non-Operating Expenses</b>	<b>974,453</b>	<b>1,023,535</b>	<b>1,084,524</b>	<b>1,096,561</b>	<b>936,365</b>	<b>1,102,108</b>	<b>746,555</b>	<b>582,455</b>
<b>Total Expenses</b>	<b>\$ 20,500,733</b>	<b>\$ 18,856,272</b>	<b>\$ 18,307,733</b>	<b>\$ 17,331,433</b>	<b>\$ 17,323,793</b>	<b>\$ 16,558,916</b>	<b>\$ 16,041,051</b>	<b>\$ 14,756,251</b>

For the Fiscal Year Ended August 31,

	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	35.37%	37.18%	36.34%	37.86%	35.07%	33.43%	37.44%	38.25%
Public service	1.09%	1.62%	1.62%	2.17%	4.12%	3.30%	3.58%	1.70%
Academic support	4.82%	4.86%	4.83%	4.38%	4.56%	4.83%	5.16%	6.17%
Student services	10.89%	7.94%	9.17%	8.79%	7.94%	7.70%	6.31%	6.93%
Institutional support	11.96%	13.20%	12.33%	12.00%	11.97%	12.91%	12.72%	12.59%
Operation and maintenance of plant	7.41%	7.58%	7.36%	7.89%	6.52%	6.30%	6.40%	7.38%
Scholarships and fellowships	10.43%	8.20%	8.34%	7.74%	11.47%	11.72%	11.72%	11.31%
Auxiliary enterprises	8.94%	9.22%	9.27%	8.69%	9.48%	9.60%	9.31%	9.09%
Depreciation	4.40%	4.78%	4.82%	4.16%	3.45%	3.33%	2.70%	2.63%
<b>Total Operating Expenses</b>	<b>95.25%</b>	<b>94.57%</b>	<b>94.08%</b>	<b>93.67%</b>	<b>94.59%</b>	<b>93.34%</b>	<b>95.35%</b>	<b>96.05%</b>
Interest on capital related debt	4.61%	5.30%	5.79%	6.22%	5.25%	6.25%	4.46%	3.92%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.18%	0.15%	0.00%
Other non-operating expenses	0.14%	0.13%	0.13%	0.10%	0.16%	0.23%	0.05%	0.03%
<b>Total Non-Operating Expenses</b>	<b>4.75%</b>	<b>5.43%</b>	<b>5.92%</b>	<b>6.33%</b>	<b>5.41%</b>	<b>6.66%</b>	<b>4.65%</b>	<b>3.95%</b>
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 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		
2008	\$ 15	\$ 29	\$ 58	\$ 32	\$ -	\$ -	\$ -	747	1,095	3.32%	3.40%		
2007	15	28	56	31	-	-	-	723	1,059	0.00%	0.00%		
2006	15	28	56	31	-	-	-	723	1,059	4.32%	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%	17.44%		
1999	10	15	25	-	3	11	2	382	502		11.95%		

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					
2008	\$ 15	103	\$ 32	\$ -	\$ -	\$ 1,632	1,632	2.97%					
2007	15	100	31	-	-	1,585	1,585	0.00%					
2006	15	100	31	-	-	1,585	1,585	4.62%					
2005	15	95	30	-	-	1,515	1,515	67.77%					
2004	15	50	24	-	-	903	903	0.00%					
2003	15	50	24	-	-	903	903	15.77%					
2002	12	43	21	-	-	780	780	0.00%					
2001	12	43	21	-	-	780	780	6.85%					
2000	10	42	18	-	-	730	730	3.40%					
1999	10	42	-	3	11	706	706	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)

Tax Roll Year	Taxable Assessed Value (TAV)	Direct Rate		
		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2008	\$ 4,433,694	0.072767	0.024352	0.097119
2007	4,258,908	0.066629	0.024953	0.091582
2006	3,918,384	0.066758	0.029472	0.096230
2005	3,311,968	0.063920	0.032310	0.096230
2004	3,195,566	0.064180	0.034880	0.099060
2003	2,927,359	0.063900	0.036100	0.100000
2002	2,841,977	0.062000	0.038000	0.100000
2001	2,896,573	0.061700	0.038300	0.100000
2000	2,559,351	0.059500	0.040500	0.100000
1999	2,233,597	0.057250	0.042750	0.100000

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

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

Fiscal Year	State		Appropriation per FTSE		Appropriation per Contact Hour				State Appropriation per Contact Hour
	Appropriation	FTSE (a)	FTSE (a)	Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	Appropriation per Contact Hour	
2008-09	\$ 5,352,521	1,866	1,866	2,868	812,032	301,792	1,113,824	\$ 4.81	
2007-08	5,218,816	1,896	1,896	2,753	800,296	329,334	1,129,630	4.62	
2006-07	5,113,281	1,674	1,674	3,055	761,776	294,116	1,055,892	4.84	
2005-06	4,998,581	1,730	1,730	2,889	798,352	263,710	1,062,062	4.71	
2004-05	4,607,933	1,879	1,879	2,452	852,288	261,766	1,114,054	4.14	
2003-04	4,603,402	1,968	1,968	2,339	882,220	268,128	1,150,348	4.00	
2002-03	4,406,873	1,886	1,886	2,337	741,104	416,922	1,158,026	3.81	
2001-02	4,939,116	1,649	1,649	2,995	700,992	297,176	998,168	4.95	
2000-01	4,793,540	1,457	1,457	3,290	603,712	255,986	859,698	5.58	
1999-00	4,571,141	1,518	1,518	3,011	639,276	312,020	951,296	4.81	

Notes:

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

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

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

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
AEP/Southwestern Titus Co.	Utility	-	21,155	25,104	-	24,285	24,285	37,496	21,559	-	-
AEP/Southwestern Morris Co.	Utility	-	-	-	-	15,595	-	13,819	-	-	-
AEP/SWEPCO	Utility	218,251	218,250	257,689	213,971	212,594	263,234	272,489	329,564	231,757	
BLC Corporation	Utility	-	-	-	18,400	27,239	27,239	24,723	28,781	28,652	
Cinco Pipe & Supply	Pipe & Supply	-	-	-	26,565	-	-	-	-	-	
Exxon Mobil Corp	Utility	29,435	29,435	-	-	-	-	-	-	-	
Lone Star Steel	Steel Foundry	27,413	208,221	249,318	203,780	155,655	144,218	147,456	153,510	190,075	
Ocor Electric	Utility	-	18,822	-	-	-	-	15,910	18,054	-	
Pilgrim's Pride Corp Camp Co.	Poultry Processing	39,823	54,456	49,341	47,748	36,500	33,099	33,099	23,068	73,237	
Pilgrim's Pride Corp.	Poultry Processing	25,490	-	-	-	16,666	16,666	-	-	-	
Pilgrim's Pride Corp. Titus Co.	Poultry Processing	83,416	83,416	90,121	31,089	28,385	69,960	74,114	67,960	62,476	
Pilgrim's Pride Corp. Feed Mill	Feed Mill	-	-	-	21,942	-	19,499	18,709	-	-	
Pilgrim's Pride Corp. Feed Mill	Poultry Processing	22,995	-	-	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	-	
Texas Tubular	Manufacturing	180,809	22,960	24,507	-	-	-	-	-	-	
Luminant Generation Co LLC (TXU)	Utility	1,081,563	1,082,143	945,126	890,287	809,353	809,353	673,600	635,392	695,931	
Luminant Mining Company LP (TXU)	Mining	28,003	28,064	-	22,596	24,740	24,740	-	20,670	23,058	
Scott Industries	Manufacturing	-	-	-	-	-	-	-	-	28,589	
TXU Electric Delivery Company	Utility	-	-	-	-	-	-	-	16,792	18,945	
Voest Alpine	Mining Equipment	-	-	-	-	-	-	-	-	16,166	
Totals		\$ 1,737,198	\$ 1,766,922	\$ 1,718,657	\$ 1,504,737	\$ 1,351,014	\$ 1,340,079	\$ 1,298,797	\$ 1,254,358	\$ 1,470,008	
		\$ 4,433,693	\$ 4,258,908	\$ 3,918,384	\$ 3,311,968	\$ 3,195,566	\$ 2,927,359	\$ 2,841,977	\$ 2,896,573	\$ 2,559,351	
										\$ 2,233,597	

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
AEP/Southwestern Titus Co.	Utility	0.00%	0.50%	0.64%	-	0.76%	0.83%	1.32%	0.74%	-	-
AEP/Southwestern Morris Co.	Utility	0.00%	0.00%	-	-	0.49%	-	0.49%	-	-	-
AEP/SWEPCO	Utility	5.12%	5.12%	6.58%	6.46%	6.65%	7.26%	9.26%	9.41%	12.88%	
BLC Corporation	Utility	-	-	-	0.56%	0.85%	0.93%	0.87%	-	1.12%	
Cinco Pipe & Supply	Pipe & Supply	-	-	-	0.80%	-	-	-	-	-	
Exxon Mobil	Utility	0.69%	0.69%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Lone Star Steel	Steel Foundry	0.64%	4.89%	6.36%	6.15%	4.87%	4.93%	5.19%	5.30%	7.43%	
Ocor Electric	Utility	0.00%	0.44%	-	-	1.14%	1.13%	0.56%	0.62%	8.51%	
Pilgrim's Pride Corp Camp Co.	Poultry Processing	0.94%	1.28%	1.26%	1.44%	1.14%	1.16%	1.16%	0.80%	3.28%	
Pilgrim's Pride Corp.	Poultry Processing	0.60%	1.96%	-	-	0.52%	0.57%	0.00%	-	-	
Pilgrim's Pride Corp. Titus Co.	Poultry Processing	1.96%	1.96%	2.30%	0.94%	0.89%	0.97%	2.46%	2.56%	2.80%	
Pilgrim's Pride Corp. Feed Mill	Feed Mill	-	-	-	0.66%	-	0.67%	0.69%	0.65%	-	
Priefert Manufacturing Co.	Poultry Processing	0.54%	-	-	0.86%	-	-	-	-	-	
Red Man Pipe & Supply	Manufacturing	0.00%	0.00%	0.57%	-	-	-	-	-	-	
Sooner Pipe and Supply	Pipe & Supply	0.00%	0.00%	0.72%	-	-	-	-	-	0.62%	
Southwestern Bell	Pipe & Supply	0.00%	0.00%	0.69%	-	-	-	-	-	0.55%	
Texas Tubular	Manufacturing	4.25%	0.54%	0.63%	-	-	-	-	-	-	
Luminant Generation Co LLC (TXU)	Utility	25.40%	25.41%	24.12%	26.88%	25.33%	27.65%	23.70%	21.94%	27.19%	
Luminant Mining Company LP (TXU)	Mining	0.66%	0.66%	-	0.68%	0.77%	0.85%	-	0.71%	0.90%	
Scott Industries	Manufacturing	0.00%	0.00%	-	-	-	-	-	-	-	
TXU Electric Delivery Company	Utility	-	-	-	-	-	-	-	0.58%	0.74%	
Voest Alpine	Mining Equipment	-	-	-	-	-	-	-	-	0.85%	
Totals		40.79%	41.49%	43.86%	45.43%	42.28%	45.78%	45.70%	43.30%	57.44%	
										39.91%	

Source: Local County Appraisal District

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

Fiscal Year	Total Tax Levy (a)	Collections -		Percentage	Current		Total Collections (c)	Percentage of Current Levy
		Current Levy (b)	Current Levy (b)		Prior Levies (b)	Total Collections (c)		
2008-09	\$ 4,305,958	\$ 4,172,124	\$ 91,122	96.9%	\$ 91,122	\$ 4,263,246	99.0%	
2007-08	3,900,393	3,808,909	65,566	97.7%	65,566	3,874,475	99.3%	
2006-07	3,770,440	3,662,056	91,301	97.1%	91,301	3,753,357	99.5%	
2005-06	3,350,890	3,226,487	83,729	96.3%	83,729	3,310,216	98.8%	
2004-05	3,168,754	3,075,793	75,974	97.1%	75,974	3,151,767	99.5%	
2003-04	2,930,862	2,829,677	62,264	96.5%	62,264	2,891,941	98.7%	
2002-03	2,841,977	2,758,410	71,674	97.1%	71,674	2,830,084	99.6%	
2001-02	2,896,876	2,808,865	67,919	97.0%	67,919	2,876,784	99.3%	
2000-01	2,561,528	2,429,664	70,806	94.9%	70,806	2,500,470	97.6%	
1999-00	2,233,598	2,155,908	58,596	96.5%	58,596	2,214,504	99.1%	

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									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>General Bonded Debt</b>										
General obligation bonds	\$ 14,593,795	\$ 14,924,380	\$ 15,108,926	\$ 15,174,218	\$ 15,150,582	\$ 15,046,221	\$ 14,921,293	\$ 4,181,692	\$ 4,613,113	\$ 4,802,991
<b>Other Debt</b>										
Revenue bonds	\$ 3,815,000	\$ 4,000,000	\$ 4,175,000	\$ 4,270,000	\$ 1,785,000	\$ 2,020,000	\$ 2,240,000	\$ 2,450,000	\$ 2,645,000	\$ 2,835,000
Notes and capital leases	181,801	228,606	350,455	375,902	587,330	345,861	163,486	123,869	159,274	77,822
<b>Total Outstanding Debt</b>	<b>\$ 18,590,596</b>	<b>\$ 19,152,986</b>	<b>\$ 19,634,381</b>	<b>\$ 19,820,120</b>	<b>\$ 17,522,912</b>	<b>\$ 17,412,082</b>	<b>\$ 17,324,779</b>	<b>\$ 6,755,561</b>	<b>\$ 7,417,387</b>	<b>\$ 7,715,813</b>

**General Bonded Debt Ratios**

Per Capita	\$ 267	\$ 266	\$ 273	\$ 280	\$ 281	\$ 282	\$ 297	\$ 83	\$ 93	\$ 97
Per Student	\$ 2,312	\$ 2,372	\$ 2,424	\$ 2,449	\$ 2,362	\$ 2,331	\$ 2,430	\$ 773	\$ 883	\$ 851
As a percentage of Taxable Assessed Value	0.33%	0.35%	0.45%	0.47%	0.52%	0.53%	0.52%	0.16%	0.21%	0.21%

**Total Outstanding Debt Ratios**

Per Capita	\$ 339.70	\$ 341.70	\$ 355.08	\$ 366.07	\$ 324.73	\$ 325.88	\$ 344.35	\$ 133.64	\$ 149.12	\$ 156.23
Per Student	2,945	3,045	3,150	3,199	2,732	2,697	2,821	1,248	1,419	1,368
As a percentage of Taxable Assessed Value	0.42%	0.45%	0.59%	0.62%	0.60%	0.61%	0.60%	0.26%	0.33%	0.34%

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									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Taxable Assessed Value	\$ 4,433,693,457	\$ 4,258,908,176	\$ 3,918,383,612	\$ 3,311,968,407	\$ 3,195,566,951	\$ 2,927,359,577	\$ 2,902,438,634	\$ 2,935,538,359	\$ 2,559,351,510	\$ 2,233,597,902
<b>General Obligation Bonds</b>										
Statutory Tax Levy Limit for Debt Service	22,168,467	21,294,541	19,591,918	16,559,842	15,977,835	14,636,798	14,512,193	14,677,692	12,796,758	11,167,990
Less: Funds Restricted for Repayment of General Obligation Bonds										
Total Net General Obligation Debt	22,168,467	21,294,541	19,591,918	16,559,842	15,977,835	14,636,798	14,512,193	14,677,692	12,796,758	11,167,990
Current Year Debt Service Requirements	1,000,000	1,158,150	1,145,587	1,132,388	1,126,279	1,068,780	1,089,062	1,088,751	1,039,477	959,001
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 21,168,467	\$ 20,136,391	\$ 18,446,331	\$ 15,427,454	\$ 14,851,556	\$ 13,568,018	\$ 13,423,131	\$ 13,588,941	\$ 11,757,281	\$ 10,208,989
Net Current Requirements as a % of Statutory Limit	4.51%	5.44%	5.85%	6.84%	7.05%	7.30%	7.50%	7.42%	8.12%	8.59%

Note: Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to 50.50 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			Coverage Ratio	
	Tuition and Fees	Dorm Fees	Other Fees	Continuing Education	Bookstore Revenues	Other Revenues	Principal	Interest		Total
2008-09	\$ 2,862,914	\$ 404,369	\$ 353,108	\$ 339,774	\$ 1,533,534	\$ 403,135	\$ 185,000	\$ 161,168	\$ 346,168	17.03
2007-08	2,747,136	438,900	277,089	190,944	1,317,597	436,534	175,000	168,365	343,365	15.75
2006-07	2,727,566	369,323	266,061	263,633	1,325,690	448,530	95,000	253,790	348,790	15.48
2005-06	2,538,175	295,523	341,391	255,389	1,236,924	363,208	250,000	115,180	365,180	13.78
2004-05	2,167,101	248,801	-	-	-	-	235,000	130,005	365,005	6.62
2003-04	2,169,998	262,632	-	-	-	-	220,000	143,735	363,735	6.69
2002-03	1,862,136	238,978	-	-	-	-	210,000	156,465	366,465	5.73
2001-02	1,667,829	228,026	-	-	-	-	198,000	168,233	366,233	5.18
2000-01	1,614,164	136,019	-	-	-	-	190,000	175,546	365,546	4.79
1999-00	1,482,207	131,309	-	-	-	-	185,000	189,879	374,879	4.30



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

Calendar Year	District Population (1)	District Personal Income (2) (a)	District Personal Income Per Capita (a)	County Unemployment Rate			National Unemployment Rate (4)
				Camp County (3)	Morris County (3)	Titus County (3)	
2008	54,726	\$ 1,637,904	\$ 29,929	5.0%	6.2%	4.3%	5.8%
2007	56,370	1,514,516	26,867	4.8%	6.4%	4.7%	5.1%
2006	56,052	1,387,000	24,745	5.1%	5.5%	4.1%	4.6%
2005	55,296	1,386,710	25,078	5.0%	5.3%	4.1%	5.1%
2004	54,143	-	-	4.5%	6.8%	4.6%	5.4%
2003	53,962	-	-	6.4%	9.7%	4.9%	5.8%
2002	53,431	-	-	5.2%	7.0%	3.9%	4.8%
2001	50,311	-	-	5.3%	7.2%	4.2%	4.0%
2000	50,552	-	-	6.6%	11.0%	5.7%	4.1%
1999	49,742	-	-	8.1%	12.7%	6.5%	3.8%

**Sources:**

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

**Notes:**

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

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

Employer	2008-09			2007-08			2006-07			2005-06		
	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Percentage of Total Employment		
Pilgrim's Pride	3,000	3.95%	4,000	5.27%	4,000	5.27%	4,000	5.27%	4,000	5.27%		
US Steel (fmrly Lone Star Steel) *	N/A	N/A	2,000	2.63%	2,000	2.63%	2,000	2.63%	2,000	2.63%		
Mt. Pleasant ISD	968	1.28%	966	1.27%	966	1.27%	940	1.24%	940	1.24%		
Titus Regional Medical Center	740	0.97%	650	0.86%	650	0.86%	400	0.53%	400	0.53%		
Texas Utilities	482	0.63%	600	0.79%	600	0.79%	400	0.53%	400	0.53%		
Wal-Mart Supercenter	460	0.61%	450	0.59%	450	0.59%	400	0.53%	400	0.53%		
Priefert Manufacturing	485	0.64%	595	0.78%	595	0.78%	450	0.59%	450	0.59%		
Northeast Texas Community College	357	0.47%	360	0.47%	340	0.45%	340	0.45%	340	0.45%		
Big Tex Trailer World, Inc.	200	0.26%	462	0.61%	462	0.61%	300	0.40%	300	0.40%		
Diamond C Trailers	85	0.11%	85	0.11%	85	0.11%	300	0.40%	300	0.40%		
City of Mt. Pleasant	153	0.20%	155	0.20%	155	0.20%	150	0.20%	150	0.20%		
AEP SWEPCO	170	0.22%										
<b>Total</b>	<b>7,100</b>	<b>9.35%</b>	<b>10,323</b>	<b>13.60%</b>	<b>10,303</b>	<b>13.57%</b>	<b>9,680</b>	<b>12.75%</b>				

**Source:**

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

**Note:**

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

\* Data not available for release

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

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
<b>Faculty</b>							
Full-Time	59	60	55	58	53	53	55
Part-Time	142	102	102	96	75	113	90
Total	201	162	157	154	128	166	145

<b>Percent</b>							
Full-Time	29.4%	37.0%	35.0%	37.7%	41.4%	31.9%	37.9%
Part-Time	70.6%	63.0%	65.0%	62.3%	58.6%	68.1%	62.1%

<b>Staff and Administrators</b>							
Full-Time	140	144	140	147	130	125	129
Part-Time	5	5	6	9	11	12	9
Total	145	149	146	156	141	137	138

<b>Percent</b>							
Full-Time	96.6%	96.6%	95.9%	94.2%	92.2%	91.2%	93.5%
Part-Time	3.4%	3.4%	4.1%	5.8%	7.8%	8.8%	6.5%

FTSE per Full-time Faculty	32	32	30	30	35	37	34
FTSE per Full-Time Staff Member	13	13	12	12	14	16	15

Average Annual Faculty Salary	\$51,053	\$51,607	\$50,151	\$46,491	\$44,206	\$44,107	\$42,780
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**Source:**  
 Human Resources IPEDS

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

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

Student Classification	Fiscal 2009		Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Freshman	4,370	69.23%	4,290	68.19%	4,083	65.90%	4,329	69.82%	4,788	74.66%
Sophomore	1,228	19.46%	1,251	19.89%	895	14.44%	1,224	19.74%	1,047	16.33%
Unclassified	680	10.77%	660	10.49%	1,174	18.95%	597	9.63%	539	8.40%
Associate Degree	29	0.46%	90	1.43%	9	0.15%	18	0.29%	14	0.22%
Baccalaureate or above	5	0.08%	0	0.00%	35	0.56%	32	0.52%	25	0.39%
<b>Total</b>	<b>6,312</b>	<b>100.00%</b>	<b>6,291</b>	<b>100.00%</b>	<b>6,196</b>	<b>100.00%</b>	<b>6,200</b>	<b>100.00%</b>	<b>6,413</b>	<b>100.00%</b>

Semester Hour Load	Fiscal 2009		Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	147	2.33%	220	3.50%	108	1.75%	150	2.42%	131	2.04%
3-5 semester hours	1,890	29.94%	1,869	29.71%	2,120	34.21%	2,112	34.07%	2,153	33.57%
6-8 Semester hours	1,408	22.31%	1,513	24.05%	1,174	18.94%	1,380	22.25%	1,344	20.96%
9-11 semester hours	609	9.65%	566	9.00%	691	11.15%	596	9.61%	608	9.48%
12-14 semester hours	1,661	26.31%	1,632	25.94%	1,434	23.15%	1,508	24.32%	1,664	25.95%
15-17 semester hours	437	6.92%	392	6.23%	528	8.52%	350	5.65%	381	5.94%
18 & over	160	2.53%	99	1.57%	141	2.28%	104	1.68%	132	2.06%
<b>Total</b>	<b>6,312</b>	<b>100.00%</b>	<b>6,291</b>	<b>100.00%</b>	<b>6,196</b>	<b>100.00%</b>	<b>6,200</b>	<b>100.00%</b>	<b>6,413</b>	<b>100.00%</b>

Average course load 9.7 9.4 8.8 8.5 8.7

Tuition Status	Fiscal 2009		Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In-District	3,707	58.73%	3,582	56.94%	3,619	58.41%	3,609	58.21%	3,775	58.86%
Out-of-District	2,240	35.49%	2,387	37.94%	2,261	36.49%	2,246	36.23%	2,328	36.30%
Nonresident	182	2.88%	168	2.67%	154	2.49%	153	2.47%	149	2.32%
Tuition Exemption for Texas Resident	29	0.46%	32	0.51%	27	0.44%	38	0.61%	38	0.59%
Foreign Classified In-Dist Resident	125	1.98%	86	1.37%	90	1.45%	83	1.34%	49	0.76%
Foreign Classified Out-of-Dist Resident	9	0.14%	8	0.13%	5	0.08%	8	0.13%	5	0.08%
Foreign Pending In-Dist Resident	15	0.24%	23	0.37%	36	0.58%	59	0.95%	62	0.97%
Foreign Pending Out-of-Dist Resident	5	0.08%	5	0.08%	4	0.06%	0	0.00%	7	0.11%
Visiting Student Due To Natural Disaster	0	0.00%	0	0.00%	0	0.00%	4	0.06%	0	0.00%
<b>Total</b>	<b>6,312</b>	<b>100.00%</b>	<b>6,291</b>	<b>100.00%</b>	<b>6,196</b>	<b>100.00%</b>	<b>6,200</b>	<b>100.00%</b>	<b>6,413</b>	<b>100.00%</b>

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 2009		Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	4,094	64.86%	4,182	66.48%	4,045	65.28%	3,957	63.82%	4,201	65.51%
Male	2,218	35.14%	2,109	33.52%	2,151	34.72%	2,243	36.18%	2,212	34.49%
Total	6,312	100.00%	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%

Ethnic Origin	Fiscal 2009		Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	4,326	68.54%	4,546	72.26%	4,515	72.87%	4,569	73.69%	4,770	74.38%
African American	799	12.66%	651	10.35%	595	9.60%	586	9.45%	699	10.90%
Hispanic	1,040	16.48%	918	14.59%	928	14.98%	870	14.03%	790	12.32%
Asian	72	1.14%	71	1.13%	44	0.71%	46	0.74%	33	0.51%
Native American	36	0.57%	52	0.83%	40	0.65%	30	0.48%	27	0.42%
Foreign	36	0.57%	50	0.79%	74	1.19%	99	1.60%	94	1.47%
Unknown or Not Reported	3	0.05%	3	0.05%	-	-	-	-	-	-
Total	6,312	100.00%	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%

Age	Fiscal 2009		Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	817	12.94%	875	13.91%	757	12.22%	693	11.18%	744	11.60%
18 - 21	2,976	47.15%	2,840	45.14%	2,817	45.46%	2,818	45.45%	2,834	44.19%
22 - 24	637	10.09%	706	11.22%	617	9.96%	653	10.53%	699	10.90%
25-30	699	11.07%	720	11.44%	706	11.39%	695	11.21%	715	11.15%
31-35	347	5.50%	366	5.82%	422	6.81%	454	7.32%	515	8.03%
36-50	665	10.54%	586	9.31%	662	10.68%	686	11.06%	743	11.59%
51 & over	171	2.71%	198	3.15%	215	3.47%	201	3.24%	163	2.54%
Total	6,312	100.00%	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%

Average Age 24 24 25 25

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

Northeast Texas Community College  
 Statistical Supplement 17  
 Transfers to Senior Institutions  
 2007-2008 Graduates, Completers and Non-Returners  
 (Includes only public senior colleges in Texas)

	Transfer Student Count	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Transfer Students	% of all Transfer Students
1	1				1	0.27%
2	2				2	0.54%
3	8				8	2.17%
4	26		1		27	7.34%
5	3				3	0.82%
6	44		1		45	12.23%
7	63		2	1	66	17.93%
8	1				1	0.27%
9	72		6	1	79	21.47%
10	1				1	0.27%
11	6				6	1.63%
12	8				8	2.17%
13	7		1		8	2.17%
14	9				9	2.45%
15	16				16	4.35%
17	3				3	0.82%
19	51		1		52	13.86%
20	1		7		8	2.17%
24	24				24	6.52%
<b>Totals</b>	<b>347</b>	<b>19</b>	<b>2</b>	<b>368</b>	<b>100.00%</b>	

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

Northeast Texas Community College  
Statistical Supplement 18  
Schedule of Capital Asset Information  
Fiscal Years 2002 to 2009

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002		
Academic buildings	11	11	10	10	6	6	6	6	6	6
Square footage	185,242	185,242	182,786	182,786	102,863	102,863	102,863	102,863	102,863	102,863
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage	15,087	15,087	15,087	15,087	15,087	15,087	15,087	15,087	15,087	15,087
Number of Volumes (a)	35,233	34,559	33,574	33,574	-	-	-	-	-	-
Auditoriums	1	1	1	1	1	1	1	1	1	1
Square footage	26,129	26,129	26,129	26,129	26,129	26,129	26,129	26,129	26,129	26,129
Administrative and support buildings	1	1	1	1	1	1	1	1	1	1
Square footage	11,673	11,673	11,673	11,673	11,673	11,673	11,673	11,673	11,673	11,673
Dormitories	1	1	1	1	1	1	1	1	1	1
Square footage	26,304	26,304	26,304	26,304	26,304	26,304	26,304	26,304	26,304	26,304
Number of Beds	112	112	112	112	112	112	112	112	112	112
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage	16,149	16,149	16,149	16,149	16,149	16,149	16,149	16,149	16,149	16,149
Athletic Facilities	2	2	2	2	2	2	2	2	2	2
Square footage	11,358	11,358	11,358	10,158	10,158	10,158	10,158	10,158	10,158	10,158
Fitness Center	1	1	1	1	1	1	1	1	1	1
Tennis Court	1	1	1	1	1	1	1	1	1	1
Baseball Field	1	1	1	1	1	1	1	1	1	1
Softball Field	1	1	1	1	1	1	1	1	1	1
Rodeo Arena	1	1	1	1	1	1	1	1	1	1
Soccer Field	1	1	1	1	1	1	1	1	1	1
Barns and Stables	6	6	6	6	5	5	5	5	5	5
Plant facilities	2	2	2	2	2	2	2	2	2	2
Square footage	6,660	6,660	6,660	6,660	6,660	6,660	6,660	6,660	6,660	6,660
Transportation										
Cars (a)	6	6	4	4	-	-	-	-	-	-
Light Trucks/Vans (a)	14	14	14	14	-	-	-	-	-	-
Buses (a)	3	2	2	2	-	-	-	-	-	-
Semi Tractors (a)	-	2	2	2	-	-	-	-	-	-

**Notes:**

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

***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 11, 2009***

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

***Members of the Board:***

We have audited the financial statements of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of August 31, 2009 and 2008, and have issued our report thereon dated December 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Uniform Grant Management Standards*, issued by the State of Texas.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purposes of expressing an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s internal control over financial reporting.

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

We noted certain other matters that we reported to management of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. in a separate letter dated December 11, 2009.

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**

**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 11, 2009*

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

***Members of the Board:***

**Compliance**

We have audited the compliance of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2009. Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s management. Our responsibility is to express an opinion on Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance based on our audit.

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

In our opinion, Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2009.

**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, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. internal control over compliance.

A 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 defined above.

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

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

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**SCHEDULE G**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2009**  
**Page 1 of 2**

<b>Federal Grantor/Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Grantors Number</b>	<b>Pass Through Disbursements and Expenditures</b>
<b>U.S. Department of Education</b>			
Direct Programs			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	*	84.007A	\$ 51,412
Federal Work-Study Program	*	84.033A	109,820
Federal Pell Grant Program	*	84.063P	3,663,882
Academic Competiveness Grant	*	84.375	30,600
Total Student Financial Assistance Cluster			<u>3,855,714</u>
TRIO - Upward Bound	84.047A		<u>182,067</u>
FIPSE/SFA	84.116		<u>1,297</u>
21st Century Community Learning Centers	*	84.287 (A)	<u>656,188</u>
Gear Up	84.334A		<u>4,055</u>
<b>Passed Through Texas Education Agency</b>			
Adult Basic Education	84.002A	41000901/41001001	139,676
EL Civics	84.002A	41000908/41001008	92,292
Total Passed Through Texas Education Agency			<u>231,968</u>
<b>Passed Through Texas Higher Education Coordinating Board</b>			
Vocational Education - Allocated	84.048	94234	155,026
Vocational Education- Teacher Excellence	84.048		10,000
LEAP	84.069A		4,417
SLEAP	84.069B		3,429
College Access Challenge Grant	84.378	1162-1	38,503
Total Passed Through Texas Higher Education Coord. Board			<u>211,375</u>
<b>Total U.S. Department of Education</b>			<b>\$ <u>5,142,664</u></b>
<b>U.S. Department of Labor</b>			
<b>Passed Through Texas Higher Education Coordinating Board</b>			
Passed Through Arbor Education & Training	17.259	100407-3	51,051
<b>Passed Through East Texas Counsel of Governments</b>			
Passed Through Workforce Investment Act Adult Program	17.258	NTCC-EDF-PY08-01	8,997
<b>Passed Through Texas Workforce Commission</b>			
Passed Through Workforce Investment Act Dislocated Worker Prog	17.260	FY09-56	5,792
<b>Total U.S. Department of Labor</b>			<b>\$ <u>65,840</u></b>
<b>National Science Foundation</b>	47.076		<b>\$ <u>35,349</u></b>
<b>U. S. Small Business Administration</b>			
Small Business Development Center	59.037		<b>\$ <u>761</u></b>
<b>U.S. Department of Energy</b>	81.087		<b>\$ <u>196,343</u></b>
<b>U.S. Office of Personnel Management</b>	84.215		<b>\$ <u>191,593</u></b>
<b>U.S. Department of Health and Human Services</b>			
<b>Passed Through Texas Education Agency</b>			
Temporary Assist to Needy Families	93.558	36250801	1,459
Temporary Assist to Needy Families	93.558	(A)	145,836
Total Passed Through Texas Education Agency			<u>147,295</u>
<b>Passed Through Texas Workforce Commission</b>			
Temporary Assist to Needy Families	93.558	NTCC-TANF-PY08-01	78,896
MCP Grant	93.616	(A) 90CV0316/02	111,276
Total Passed Through Texas Workforce Commission			<u>190,172</u>
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ <u>337,467</u></b>
<b>Total Federal Financial Assistance</b>			<b>\$ <u>5,970,017</u></b>

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Year Ended August 31, 2009*  
 Page 2 of 2

**Note 1: Federal Financial Assistance Reconciliation**

<b>Federal Grants and Contracts Revenue - Per Schedule A - College</b>	\$ 1,201,003
<b>Federal Grants and Contracts Revenue - Per Schedule C - College</b>	3,855,714
<b>Federal Grants and Contracts Revenue - Foundation</b>	<u>913,300</u>
<b>Total Federal Revenues per Schedule of Expenditures of Federal Awards</b>	<b>\$ <u>5,970,017</u></b>

**Note 2: Significant Accounting Policies**

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

\* 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, 2009**

**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 Cluster	
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 #84.375
21 <sup>st</sup> Century Community Learning Centers	CFDA #84.287

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, 2009***

**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 11, 2009*

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

***Members of the Board:***

**Compliance**

We have audited the compliance of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. with the types of compliance requirements described in the *Uniform Grant Management Standards* issued by the State of Texas that are applicable to each of its major state programs for the years ended August 31, 2009. Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s management. Our responsibility is to express an opinion on Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance based on our audit.

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

In our opinion, Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the years ended August 31, 2009. 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, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s internal control over compliance.

A 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 a 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, 2009**  
**Page 1 of 2**

<u>Grantor/Program/Title</u>	<u>Grant Contract Number</u>	<u>Pass Through Disbursements and Expenditures</u>
<b>Texas Education Agency</b>		
Adult Basic Education		\$ 25,705
Temporary Assist to Needy Families Rider 82		11,201 164
STAR Reading/TX Learns		2,523
Temporary Assist to Needy Families	(A) 0710580171200011	605,122
<b>Total Texas Education Agency</b>		<b>644,715</b>
<b>U.S. Small Business Administration</b>		
<b>SBDC State</b>		<b>9,557</b>
<b>Texas Higher Education Coordinating Board</b>		
Texas Grant Program	N/A	145,870
Texas Grant II	N/A	19,910
College Readiness		1,200
Tech Prep Mini		1,200
Early High School Graduation		13,578
Certified Education Aide Program		29,359
Nursing Scholarship		774
Nursing shortage		22,422
P-16 Program		6,493
<b>Total Texas Higher Education Coordinating Board</b>		<b>240,806</b>
<b>Texas College Workstudy</b>		<b>10,919</b>
<b>Texas Workforce Commission</b>		
Skills Development Fund		13,231
Skills Development Fund RAMA	* 0708SDF002	861,272
<b>Total Skills Development</b>		<b>874,503</b>
<b>Total State Financial Assistance</b>		<b>\$ 1,780,500</b>

\* Major Program

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

**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

**For the Year Ended August 31, 2009**

**Page 2 of 2**

**Note 1: Significant Accounting Policies**

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

**Note 2: State Financial Assistance Reconciliation**

	<u>Expenditures</u>
State Grants and Contracts Revenue - Per Schedule A - College	\$ 1,152,956
State Grants and Contracts Revenue - Per Schedule C - College	22,422
State Grants and Contracts - Foundation	<u>605,122</u>
<b>Total State Financial Assistance</b>	<b>\$ <u>1,780,500</u></b>

**Note 3: Amounts Passed through by the College**

The following amounts were passed through to the listed subrecipients by the college. These amounts were from the Skills Development Fund RAMA grant from the Texas Workforce Commission.

	<u>Grant Contract Number</u>	<u>Pass Through Disbursements</u>
Paris Junior College	0708SDF002	\$ 202,347
Texarkana College	0708SDF002	<u>154,887</u>
<b>Total Amount Passed Through</b>		<b>\$ <u>357,234</u></b>

See independent auditors' report.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
STATE GRANTS SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2009**

**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

*State Awards*

Internal control over major programs:

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

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

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

The programs tested as major programs include:

	<u>Grant Project Number</u>
Texas Workforce Commission Skills Development Fund - RAMA	0708SDF002
Dollar threshold used to distinguish between Type A and B programs:	\$ <u>300,000</u>
Auditee qualified as low-risk auditee?	<u>  x  </u> 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, 2009***

**Prior year audit disclosed no findings or questioned costs.**