

*NORTHEAST TEXAS COMMUNITY COLLEGE
AND
NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
AUGUST 31, 2010 AND 2009*

PREPARED BY:

*ADMINISTRATIVE SERVICES DEPARTMENT
NORTHEAST TEXAS COMMUNITY COLLEGE
MOUNT PLEASANT, TEXAS*

CONTENTS

	Page
INTRODUCTORY SECTION	
Organizational Data	i
FINANCIAL SECTION	
<u>Independent Auditors' Report</u>	
Independent Auditors' Report on Financial Statements	1 - 2
<u>Management's Discussion and Analysis</u>	
Management's Discussion and Analysis (required supplementary information)	3 - 10
<u>Financial Statements</u>	
Exhibit 1 Statements of Net Assets	11-12
Exhibit 2 Statements of Revenues, Expenses, and Changes In Net Assets	13-14
Exhibit 3 Statements of Cash Flows	15-16
Notes to Financial Statements	17- 38
<u>Supplemental Schedules</u>	
Schedule A Schedule of Detailed Operating Revenues	39
Schedule B Schedule of Operating Expenses by Functional and Natural Classifications	40
Schedule C Schedule of Non – Operating Revenues and Expenses	41

Supplemental Schedules Continued)

Schedule D	Schedule of Net assets by Source and Availability	42
Schedule E	Balance Sheet	43
Schedule F	Statement of Changes in Fund Balance	44

STATISTICAL SECTION - (Unaudited)

<u>Contents</u>		45
Statistical Supplement 1	Net Assets by Component	46
Statistical Supplement 2	Revenues by Source	47
Statistical Supplement 3	Program Expenses by Function	48
Statistical Supplement 4	Tuition and Fees	49
Statistical Supplement 5	Taxable Assessed Value of Property	50
Statistical Supplement 6	State Appropriation per FTSE and Contact Hour	51
Statistical Supplement 7	Principal Taxpayers	52
Statistical Supplement 8	Property Tax Levies and Collections	53
Statistical Supplement 9	Ratios of Outstanding Debt	54
Statistical Supplement 10	Legal Debt Margin Information	55
Statistical Supplement 11	Pledged Revenue Coverage	56
Statistical Supplement 12	Demographic and Economic Statistics-Taxing District	57
Statistical Supplement 13	Principal Employers	58
Statistical Supplement 14	Faculty, Staff, and Administrators Statistics	59
Statistical Supplement 15	Enrollment Details	60
Statistical Supplement 16	Student Profile	61

STATISTICAL SECTION - (Unaudited - continued)

Statistical Supplement 17	Transfers to Senior Institutions	62
Statistical Supplement 18	Schedule of Capital Asset Information	63

FEDERAL FINANCIAL ASSISTANCE INFORMATION

	Independent Auditor's 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	64-65
	Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	66-67
Schedule G	Schedule of Expenditures of Federal Awards	68-69
	Schedule of Findings and Questioned Costs	70-72
	Summary Schedule of Prior Audit Findings	73

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	74-75
Schedule H	Schedule of Expenditures of State Awards	76-77
	State Grants Schedule of Findings and Questioned Costs	78
	Summary Schedule of Prior Audit Findings	79

Northeast Texas Community College
Mt. Pleasant, Texas
Organizational Data
For the Fiscal Year 2010

Board of Trustees

Officers

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

Members

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

Principal Administrative Officers

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

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

December 27, 2010

*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, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets and statements of cash flows for the years then ended. These financial statements are the responsibility of Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of August 31, 2010 and 2009, 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 27, 2010 on our consideration of Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audits.

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

Our audits were conducted for the purpose of forming opinions on the basic financial statements of Northeast Texas Community College and Northeast Texas Community College Foundation Inc. taken as a whole. The accompanying 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. These additional schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The Statistical Supplemental Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wilf & Henderson, P.C.

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 2008, 2009 and 2010. Since this management's discussion and analysis is designed to focus on current activities, resulting change, decisions or conditions of facts, please read it in conjunction with the College's basic financial statements (pages 11-16) and the footnotes (pages 17-38). The College endeavors to present an objective and easily readable analysis of the overall financial activities to students and the public. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

College Foundation as a Discrete Component Unit

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

Statement of Net Assets (Balance Sheet)

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

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

Statement of Net Assets For the Years Ended August 31, 2010, 2009 and 2008

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Current	\$ 5,211,320	\$ 3,885,765	\$ 2,836,299
Net Capital Assets	26,307,582	24,405,535	24,582,547
Other Non-Current	<u>2,820,817</u>	<u>3,164,072</u>	<u>3,322,414</u>
Total Assets	<u>34,339,719</u>	<u>31,455,372</u>	<u>30,741,260</u>
<u>Liabilities</u>			
Current	5,386,032	4,170,345	3,738,181
Non-Current	<u>17,914,273</u>	<u>17,351,000</u>	<u>17,750,122</u>
Total Liabilities	<u>23,300,305</u>	<u>21,521,345</u>	<u>21,488,303</u>
<u>Net Assets</u>	<u>\$ 11,039,414</u>	<u>\$ 9,934,027</u>	<u>\$ 9,252,957</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, 2010, 2009 and 2008, the College's net assets were \$11,039,414, \$9,934,027, and, \$9,252,957 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 earned by the institution, both operating and non-operating, and the expenses paid and accrued by the institution, operating and non-operating, and any other revenues, expenses, gains and losses earned or spent or accrued by the College.

Generally speaking, operating revenues are earned for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid or accrued 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 earned 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, 2010, 2009 and 2008

	<u>2010</u>	<u>2009</u>	<u>2008</u>
SUMMARY OF REVENUES AND EXPENSES			
Total, Operating Revenues	\$ 7,660,382	\$ 7,237,273	\$ 6,466,436
Total, Operating Expenses	<u>22,990,682</u>	<u>19,526,280</u>	<u>17,832,737</u>
Total, Operating (Loss)	(15,330,300)	(12,289,007)	(11,366,301)
Net Non-Operating Revenues	16,370,046	12,669,758	11,263,377
Capital Contributions	<u>65,641</u>	<u>300,319</u>	<u>-</u>
Increase (Decrease) in Net Assets	1,105,387	681,070	(102,924)
Net Assets at Beginning of Year	<u>9,934,027</u>	<u>9,252,957</u>	<u>9,355,881</u>
Net Assets - End of Year	<u><u>\$ 11,039,414</u></u>	<u><u>\$ 9,934,027</u></u>	<u><u>\$ 9,252,957</u></u>

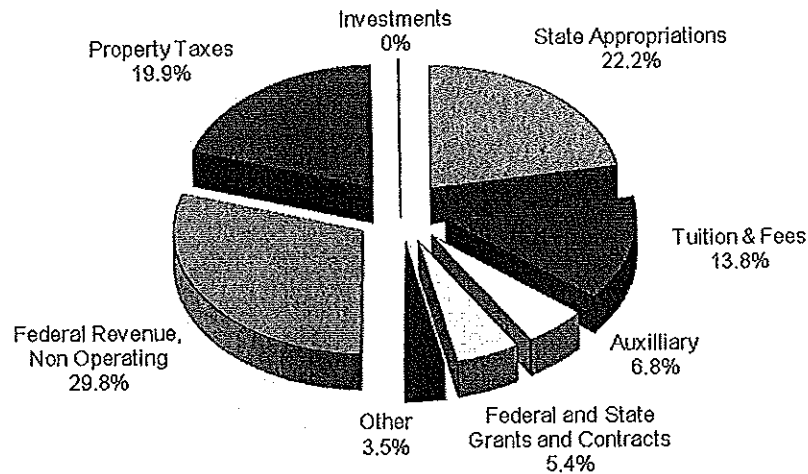
Operating and Non-Operating Revenues

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

Revenues: Operating and Non-Operating
For the Years Ended August 31, 2010, 2009 and 2008

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating Revenues:			
Net tuition and fees	\$ 3,302,945	\$ 2,850,418	\$ 2,730,822
Federal grants and contracts	1,291,366	1,201,003	1,602,839
State grants and contracts	1,041,996	1,152,956	343,694
Non-governmental grants and contracts	148,346	142,172	130,753
Sales and services of educational activities	95,277	58,896	31,999
Net auxiliary enterprises	1,266,202	1,312,258	1,213,794
Other operating revenues	<u>514,250</u>	<u>519,570</u>	<u>412,535</u>
Total, Operating Revenues	<u>7,660,382</u>	<u>7,237,273</u>	<u>6,466,436</u>
Net Non-Operating Revenues:			
State appropriations	5,292,271	5,352,521	5,218,816
Property taxes	4,748,097	4,378,003	3,967,416
Federal revenue, non-operating	7,120,003	3,855,714	2,975,712
Investment and other Income	21,917	57,973	124,968
Other non-operating revenues	<u>950,000</u>	<u>-</u>	<u>-</u>
Total, Non-Operating Revenues	<u>18,132,288</u>	<u>13,644,211</u>	<u>12,286,912</u>
Capital Contributions	<u>65,641</u>	<u>300,319</u>	<u>-</u>
Total Revenues, Operating and Non-Operating	<u><u>\$ 25,858,311</u></u>	<u><u>\$ 21,181,803</u></u>	<u><u>\$ 18,753,348</u></u>

Revenue by Source
Operating & Non-Operating



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

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

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

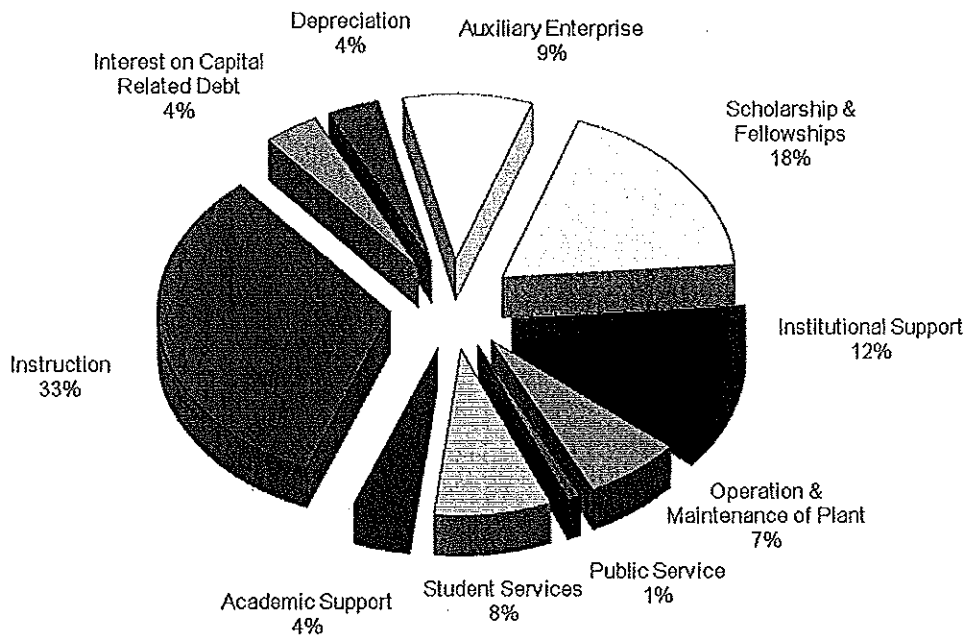
- Net tuition and fee revenues increased \$119,596 and Net auxiliary enterprises increased \$98,464 as a result of increased enrollment
- The Northeast Texas Community College Foundation, as a component of the College, contributed a total of \$300,140 in scholarships for 449 students.
- Operating Federal 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.

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, 2010, 2009 and 2008**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating Expenses:			
Instruction	\$ 7,890,682	\$ 7,240,361	\$ 7,010,483
Public service	223,874	222,596	304,941
Academic support	950,571	987,362	917,229
Student services	1,961,510	2,233,336	1,496,809
Institutional support	2,935,471	2,451,352	2,488,991
Operation and maintenance of plant	1,607,839	1,518,693	1,429,482
Scholarship & fellowships	4,392,840	2,138,247	1,545,616
Auxiliary enterprise	2,160,867	1,833,070	1,738,130
Depreciation	867,028	901,263	901,056
Total, Operating Expenses	<u>22,990,682</u>	<u>19,526,280</u>	<u>17,832,737</u>
Non-Operating Expenses:			
Interest on capital related debt	920,504	944,773	999,311
Loss on disposal of capital assets	820,356	-	-
Other non-operating expenses	21,382	29,680	24,224
Total, non-operating expenses	<u>1,762,242</u>	<u>974,453</u>	<u>1,023,535</u>
Total Expenses, Operating and Non-Operating	<u>\$ 24,752,924</u>	<u>\$ 20,500,733</u>	<u>\$ 18,856,272</u>

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



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

- Instruction expense increased \$650,321 primarily as a result of increased salary cost for new positions, salary increases and increased cost of benefits.
- Student services decreased \$271,826 primarily as a result a decrease in the number of grants awarded to the college for these activities.
- Scholarships and fellowships increased \$2,254,593 primarily as a result of increased number of students receiving awards and increased levels of awards.
- Auxiliary enterprises increased \$327,797 primarily as a result of increased cost of textbooks and increased sales volume.
- Institutional support increased \$481,119 primarily as a result of increased salary costs for new positions, lower turnover leading to less lapsed salaries, salary increases, increases in the cost of employee benefits, and a consulting contract to improve student services technology.

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.

Analysis of Net Assets

Total Net Assets of \$11,039,414 is comprised of the investment in capital assets net of related debt of \$8,292,685 reserve for debt service of \$710,185 and unrestricted net assets of \$2,036,544. The debt service reserve is set-aside in the event the pledge revenues in interest and sinking fund are not sufficient to pay the debt service payment in the future. The unrestricted net assets are the inception-to-date net of unrestricted operating and non-operating revenues and expenses.

Net Assets For the Years Ended August 31, 2010, 2009 and 2008

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Investment in Capital Assets, Net of Related Debt	\$ 8,292,685	\$ 8,062,882	\$ 7,654,270
Restricted for debt service	710,185	718,290	807,831
Temporarily Restricted	-	152	-
Unrestricted	<u>2,036,544</u>	<u>1,152,703</u>	<u>790,856</u>
Total Net Assets	<u>\$ 11,039,414</u>	<u>\$ 9,934,027</u>	<u>\$ 9,252,957</u>

Long Term Debt

In the fiscal period ended August 31, 2010, the College entered into a 4.28% capital lease payable secured by equipment. The lease is payable over a five-year period. The college also entered into a 4.34% maintenance tax note in the amount of \$1,100,000. The note is secured by the revenues of the college and is payable over a fifteen year period. 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, 2010 and 2009. See note 7- Bonds and Notes Payable of the financial statements for further information about long-term debt activity.

Subsequent to the fiscal year end the college entered into private placement financing arrangements to fund the building of new student housing with 112 beds and a new physical fitness facility. The college issued \$6,132,000 in Revenue Financing System Revenue Bonds with a fixed interest rate of 4.09% for ten years and a 25 year amortization to finance the student housing project. The college also issued \$1,471,000 in Limited Tax Bonds with a fixed interest rate of 3.72% for ten years and a 25 year amortization to finance the physical fitness facility

Capital Assets

In the fiscal period ended August 31, 2010, the College expended approximately \$1,738,000 in general revenue bonds and approximately \$497,000 in donated funds and grants for the construction of the new agriculture instructional facility. The college acquired \$134,583 through a capital lease to purchase replacement computers and network equipment for instructional and administrative purposes. The College Foundation contributed approximately, \$65,600 in aid for construction a softball concession building, instructional equipment and a baseball scoreboard. The college expended approximately \$517,000 of the maintenance tax note proceeds, on equipment to update core environmental systems and safety and security systems. The college also expended approximately \$320,000 of operating funds for the design of the new student housing complex, and physical fitness facility. The college also expended approximately \$400,000 in various small capital asset items.

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. The college also expended approximately \$269,000 in various small capital asset items.

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

On June 24, 2009, Standard & Poor's affirmed the College's Revenue Financing debt rating at BBB. On October 25, 2010, Standard & Poor's rated the College's General Obligation Financing debt at AA+. 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 and proceeds from new debt.

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 \$884,000 in the current year. Given the current economic climate, we anticipate continued downward pressure on our ability to earn interest on our temporary investments. We also anticipate a reduction in collected tax revenues over the next two to three years as a result of downward pressure on appraisal values and the college's having reached its tax rate cap of .10 per 100 valuation. We also expect reductions in state funding as a result of decreased state revenues over the next three years. We anticipate adjusting our ongoing operating spending to compensate for these reduced revenues. The college has experienced an increase in enrollment in the Fall of 2010 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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 1,887,149	\$ 527,636
Accounts receivable (Note 10)	1,106,614	2,070,584
Inventories	496,531	421,122
Prepaid expense	196,671	204,646
Due from component unit	1,524,355	661,777
Total Current Assets	<u>5,211,320</u>	<u>3,885,765</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 4)	1,572,979	864,512
Restricted short-term investments (Note 4)	799,214	1,836,001
Notes receivable (net of allowance for doubtful accounts of \$80,267 in 2010 and \$80,403 in 2009)	-	-
Deferred charges	388,444	415,555
Other assets	60,180	48,004
Capital assets, net of accumulated depreciation (Note 6)	26,307,582	24,405,535
Total Noncurrent Assets	<u>29,128,399</u>	<u>27,569,607</u>
Total Assets	<u><u>34,339,719</u></u>	<u><u>31,455,372</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable (Note 10)	1,150,963	425,964
Accrued liabilities (Note 10)	61,018	51,924
Accrued compensated absences (Note 9)	64,914	61,489
Deposits payable (Note 10)	101,711	91,730
Funds held for others	91,048	96,887
Deferred revenues	2,602,116	2,202,755
Notes and leases payable - current portion (Note 7)	132,412	71,236
Bonds payable - current portion (Note 7)	1,181,850	1,168,360
Total Current Liabilities	<u>5,386,032</u>	<u>4,170,345</u>
Noncurrent Liabilities		
Bonds payable (Note 7)	16,770,103	17,240,435
Notes and leases payable (Note 7)	1,144,170	110,565
Total Noncurrent Liabilities	<u>17,914,273</u>	<u>17,351,000</u>
Total Liabilities	<u><u>23,300,305</u></u>	<u><u>21,521,345</u></u>
NET ASSETS		
Invested in capital assets, net of related debt	8,292,685	8,062,882
Restricted for		
Expendable		
Debt service	710,185	718,290
Temporarily	-	152
Unrestricted	2,036,544	1,152,703
Total Net Assets	<u><u>\$ 11,039,414</u></u>	<u><u>\$ 9,934,027</u></u>

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

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.
COMPONENT UNIT
STATEMENTS OF NET ASSETS
August 31, 2010 and 2009

ASSETS	2010	2009
Current Assets		
Cash and cash equivalents (Note 4)	\$ 2,358,815	\$ 1,387,589
Investments (Note 4)	-	1,181,204
Accounts receivable (Note 10)	217,227	314,394
Total Current Assets	2,576,042	2,883,187
Noncurrent Assets		
Long - term investments (Note 4)	1,764,621	1,196,271
Property, plant, and equipment, net of accumulated depreciation (Note 6)	444,531	492,152
Other assets	29,100	41,250
Total Noncurrent Assets	2,238,252	1,729,673
Total Assets	4,814,294	4,612,860
LIABILITIES		
Current Liabilities		
Accounts payable (Note 10)	13,183	4,189
Deferred revenue	138,252	244,736
Due to Northeast Texas Community College	1,524,355	661,777
Total Current Liabilities	1,675,790	910,702
Total Liabilities	1,675,790	910,702
Net assets:		
Restricted		
Nonexpendable:		
Permanently	1,715,842	1,535,241
Expendable:		
Temporarily	971,426	1,660,603
Unrestricted	451,236	506,314
Total Net Assets	\$ 3,138,504	\$ 3,702,158

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, 2010 and 2009

REVENUES	2010	2009
Operating Revenues		
Tuition and fees (net of grant and scholarship allowances of \$2,920,984 2010 and \$2,021,655, 2009)	\$ 3,302,945	\$ 2,850,418
Federal grants and contracts	1,291,366	1,201,003
State grants and contracts	1,041,996	1,152,956
Non-Governmental grants and contracts	148,346	142,172
Sales and services of educational activities	95,277	58,896
Auxiliary enterprises (net of grant and scholarship allowances of \$939,290 2010 and \$625,645, 2009)	1,266,202	1,312,258
Other operating revenues	514,250	519,570
Total Operating Revenues (Schedule A)	7,660,382	7,237,273
EXPENSES		
Operating Expenses		
Instruction	7,890,682	7,240,361
Public service	223,874	222,596
Academic support	950,571	987,362
Student services	1,961,510	2,233,336
Institutional support	2,935,471	2,451,352
Operation and maintenance of plant	1,607,839	1,518,693
Scholarships and fellowships	4,392,840	2,138,247
Auxiliary enterprises	2,160,867	1,833,070
Depreciation	867,028	901,263
Total Operating Expenses (Schedule B)	22,990,682	19,526,280
Operating Income (Loss)	(15,330,300)	(12,289,007)
NON-OPERATING REVENUES (EXPENSES)		
State allocations	5,292,271	5,352,521
Ad-valorem taxes		
Taxes for maintenance & operations	3,751,876	3,286,079
Taxes on general obligations bonds	996,221	1,091,924
Federal revenue, non operating	7,120,003	3,855,714
Investment income (net of investment expenses)	21,917	57,973
Other non - operating revenues	950,000	-
Interest on capital related debt	(920,504)	(944,773)
Loss on disposal of capital assets	(820,356)	-
Other non - operating expenses	(21,382)	(29,680)
Net non-operating revenues (Schedule C)	16,370,046	12,669,758
Capital Contributions	65,641	300,319
Increase (Decrease) in Net Assets	1,105,387	681,070
Net Assets - Beginning of Year	9,934,027	9,252,957
Net Assets - End of Year	\$ 11,039,414	\$ 9,934,027

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Operating Revenues		
Federal Grants and Contracts	\$ 1,237,702	\$ 913,300
State Grants and Contracts	621,058	605,122
Local Grants and Contracts	419,988	368,842
Total Operating Revenues	<u>2,278,748</u>	<u>1,887,264</u>
EXPENSES		
Operating Expenses		
Public Service	3,448,300	2,425,113
Scholarships	226,292	300,140
Depreciation	47,621	47,272
Total Operating Expenses	<u>3,722,213</u>	<u>2,772,525</u>
Operating (Loss)	<u>(1,443,465)</u>	<u>(885,261)</u>
Non-Operating Revenues (Expenses)		
Investment income (loss)	53,594	(4,263)
Net non-operating revenues	<u>53,594</u>	<u>(4,263)</u>
(Loss) Before Other Revenues, Expenses, Gains, Losses	<u>(1,389,871)</u>	<u>(889,524)</u>
OTHER REVENUES, (EXPENSES), GAINS, LOSSES		
Additions to Endowments	81,044	254,389
Gains (losses) on investments	96,093	(35,430)
Contributions	649,080	540,907
Total Other Revenues, Expenses, Gains, Losses	<u>826,217</u>	<u>759,866</u>
Increase (Decrease) in Net Assets	<u>(563,654)</u>	<u>(129,658)</u>
Net Assets - Beginning of Year	<u>3,702,158</u>	<u>3,831,816</u>
Net Assets - End of Year	<u>\$ 3,138,504</u>	<u>\$ 3,702,158</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, 2010 and 2009

	2010	2009
Cash Flows From Operating Activities		
Receipts from students and other customers	\$ 4,918,408	\$ 4,722,539
Receipts of grants and contracts for operating activities	2,930,048	2,148,962
Other receipts	619,539	638,054
Payments to or on behalf of employees	(10,003,961)	(10,041,886)
Payments to suppliers for goods or services	(6,551,404)	(6,241,077)
Payments of scholarships	(4,392,840)	(2,138,247)
Net cash provided (used) by operating activities	(12,480,210)	(10,911,655)
Cash Flows From Noncapital Financing Activities		
State allocations	4,854,131	4,811,635
Federal revenues	7,654,142	3,150,305
Ad valorem tax revenues	4,739,159	4,348,514
Net cash provided (used) by non-capital financing activities	17,247,432	12,310,454
Cash Flows From Capital and Related Financing Activities		
Interest and other expense on capital related debt	(245,578)	(262,688)
Purchases of capital assets	(3,474,582)	(308,168)
Proceed from sale of assets	85,375	-
Contributions received in aid of construction	85,000	-
Proceeds on issuance of capital debt	1,100,000	526,612
Payments on capital debt and leases	(1,308,163)	(1,926,577)
Net cash provided (used) by capital and related financing activities	(3,757,948)	(1,970,821)
Cash Flows From Investing Activities		
Proceeds from sale and maturity of investments	2,985,500	1,188,000
Investment earnings	21,917	57,973
Purchases of investments	(1,948,711)	(1,344,858)
Net cash provided (used) by investing activities	1,058,706	(98,885)
Increase (Decrease) in cash and cash equivalents	2,067,980	(670,907)
Cash and cash equivalents - September 1,	1,392,148	2,063,055
Cash and cash equivalents - August 31,	\$ 3,460,128	\$ 1,392,148
Noncash investing, capital, and financing activities		
Capital lease	134,583	115,765
Contributions of Capital Assets	65,641	300,319
Total Noncash investing, capital, and financing activities	\$ 200,224	\$ 416,084
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income (loss)	\$ (15,330,300)	\$ (12,289,007)
Adjustments to reconcile operating income to net cash provided		
by operating activities:		
Depreciation expense	867,028	901,263
Staff benefits paid directly by state	495,768	465,156
Changes in assets and liabilities		
Receivables, net	381,141	(352,256)
Inventories	(75,409)	(58,449)
Prepaid expense	7,975	(64,718)
Due from component unit	2,422	(203,111)
Other assets	(12,176)	2,978
Deferred charges	27,111	26,920
Accounts payable	724,999	58,330
Accrued liabilities	27,728	(21,908)
Deposits payable	9,981	6,735
Funds held for others	(5,839)	18,794
Deferred revenue	399,361	597,618
Net cash provided (used) by operating activities	\$ (12,480,210)	\$ (10,911,655)

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Receipts from grants and contracts for operating activities	\$ 2,265,382	\$ 2,075,379
Payments of scholarships and support of college	(313,714)	(97,029)
Payments on grants and contract costs	<u>(2,477,156)</u>	<u>(2,412,923)</u>
Net cash provided (used) by operating activities	<u>(525,488)</u>	<u>(434,573)</u>
Cash Flows From Noncapital Financing Activities		
Additions to permanent and term endowment and other contributions	<u>734,176</u>	<u>833,578</u>
Net cash provided (used) by noncapital financing activities	<u>734,176</u>	<u>833,578</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	4,337,618	1,435,443
Investment income (loss)	53,595	(4,263)
Purchase of capital assets	-	(7,000)
Purchase of investments	<u>(3,628,675)</u>	<u>(558,320)</u>
Net cash provided (used) by investing activities	<u>762,538</u>	<u>865,860</u>
Net increase (decrease) in cash and cash equivalents	971,226	1,264,865
Cash and cash equivalents at beginning of year	<u>1,387,589</u>	<u>122,724</u>
Cash and cash equivalents at end of year	\$ <u>2,358,815</u>	\$ <u>1,387,589</u>
Noncash investing, capital, and financing activities		
Interest added to certificates of deposit	<u>\$ 661</u>	<u>\$ 2,830</u>
Reconciliation of operating loss to net cash used by by operating activities		
Operating loss	\$ (1,443,465)	\$ (885,261)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	47,621	47,272
Non cash transfer to college	-	15,733
Non cash use of assets	12,150	
Change in assets and liabilities		
Accounts receivable	93,118	199,953
Due to college	862,578	203,111
Deferred revenue	(106,484)	(11,839)
Accounts payable	<u>8,994</u>	<u>(3,542)</u>
Net cash provided (used) by operating activities	\$ <u>(525,488)</u>	\$ <u>(434,573)</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, 2010 AND 2009**

Note 1 - Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

Reporting Guidelines

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

Tuition Discounting

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

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

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

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, 2010 was adopted by the Board of Trustees on August 25, 2009.

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, 2010 AND 2009**

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

Deferred Revenue and Expenditure

Tuition and Fees of \$ 2,350,810 and \$1,976,912 and federal, state and local grants of \$251,306 and \$ 225,843 have been reported as deferred revenues at August 31, 2010 and 2009, respectively.

Estimates

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

Operating and Non-Operating Revenues and Expenses

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

Characterization of Title IV Grant Revenue

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

Reclassifications

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

Subsequent Events

Management has evaluated subsequent events through the date of this report which is the date the financial were available to be issued which was December 17, 2010.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

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>2010</u>	<u>2009</u>
Cash and Deposits		
Demand Deposits	\$ 1,951,300	\$ 712,411
Time Deposits	799,214	2,036,000
Petty Cash	6,950	7,361
Total Cash and Deposits	\$ <u>2,757,464</u>	\$ <u>2,755,772</u>

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	<u>Fair Value August 31, 2010</u>	<u>Fair Value August 31, 2009</u>
Investment Pool	1,297,094	189,713
Mutual Fund	204,784	282,664
Total	<u>1,501,878</u>	<u>472,377</u>
Total Cash and Deposits	<u>2,757,464</u>	<u>2,755,772</u>
Total Deposits and Investments	\$ <u>4,259,342</u>	\$ <u>3,228,149</u>
 Cash and Cash Equivalents (Exhibit 1)	 \$ 1,887,149	 \$ 527,636
Restricted Cash and Cash Equivalents (Exhibit 1)	1,572,979	864,512
Restricted Investments (Exhibit 1)	799,214	1,836,001
Total Deposits and Investments	\$ <u>4,259,342</u>	\$ <u>3,228,149</u>

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

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>2010</u>	<u>2009</u>
Cash and Deposits	\$ 250,000	163
Demand Deposits	113,495	146,333
Time Deposits	25,000	1,357,363
Total Cash and Deposits	\$ 388,495	\$ 1,503,859

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	Fair Value August 31, 2010	Fair Value August 31, 2009
U.S. Government Agencies	\$ 77,617	\$ 96,571
Corporate Bond/Notes	44,614	113,867
Mutual Funds	3,612,710	2,050,767
Total Investments	3,734,941	2,261,205
Total Cash and Deposits	388,495	1,503,859
Total Deposits and Investments	\$ 4,123,436	\$ 3,765,064
Cash and Cash Equivalents	\$ 2,358,815	\$ 1,387,589
Short-term Investments	-	1,181,204
Long-term Investments	1,764,621	1,196,271
Total Deposits and Investments	\$ 4,123,436	\$ 3,765,064

As of August 31, 2010 the College had the following investments and maturities:

Investment Type	Credit Rating	Market Value	Investment Maturities (in years)	Less than 1	1-2	2-3
Certificates of Deposit	N/A	\$ 799,214	\$ 799,214	\$ -	\$ -	-
AIM Treasury Cash Management	AAA	204,784	204,784	-	-	-
Investment Pool	AAA	1,297,094	1,297,094	-	-	-
Total Market Value		\$ 2,301,092	\$ 2,301,092	-	-	-

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

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 (56%), in certificates of deposit (35%) and in Mutual Funds (9%).

Custodial Credit Risk: At August 31, 2010, the College had money on deposit at 5 banks. The carrying amount of the College's and the Foundation's bank deposits was \$2,750,514 and \$388,495 and total bank balances equaled \$3,084,967 and \$388,245. Bank balances of \$1,102,405 are covered by federal depository insurance and \$2,371,057 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, 2010 or 2009.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

Note 6- Capital Assets

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

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

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

Note 6 – Capital Assets – (continued)

Foundation

For the Year Ended August 31, 2010				
	Balance			Balance
	August 31, 2009	Increases	Decreases	August 31, 2010
Not Depreciated:				
Land	\$ 140,400	\$ -	\$ -	\$ 140,400
Construction in Process	-	-	-	-
Subtotal	<u>\$ 140,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,400</u>
Other Capital Assets:				
Buildings	196,024	-	-	196,024
Furniture, Machinery, Vehicles, and other Equipment	171,410	-	-	171,410
Telecommunications and Peripheral Equipment	75,087	-	-	75,087
Subtotal	<u>\$ 442,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 442,521</u>
<u>Accumulated Depreciation:</u>				
Buildings	10,413	6,941	-	17,354
Furniture, Machinery, Vehicles and Other Equipment	57,830	25,663	-	83,493
Telecommunications and Peripheral Equipment	22,526	15,017	-	37,543
Subtotal	<u>\$ 90,769</u>	<u>\$ 47,621</u>	<u>\$ -</u>	<u>\$ 138,390</u>
Net Other Capital Assets	<u>\$ 351,752</u>	<u>\$ (47,621)</u>	<u>\$ -</u>	<u>\$ 304,131</u>
 Net Capital Assets	 <u>\$ 492,152</u>	 <u>\$ (47,621)</u>	 <u>\$ 0</u>	 <u>\$ 444,531</u>

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

Note 6 – Capital Assets – (continued)

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
<u>Not Depreciated:</u>				
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
<u>Other Capital Assets:</u>				
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
<u>Accumulated Depreciation:</u>				
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
Net Capital Assets	\$ 24,582,547	\$ (177,012)	\$ -	\$ 24,405,535

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

Note 6 – Capital Assets – (continued)

Foundation

	For the Year Ended August 31, 2009			
	Balance August 31, 2008	Increases	Decreases	Balance August 31, 2009
<u>Not Depreciated:</u>				
Land	\$ 140,400	\$ -	\$ -	\$ 140,400
Construction in Process	15,733	-	15,733	-
Subtotal	<u>\$ 156,133</u>	<u>\$ -</u>	<u>\$ 15,733</u>	<u>\$ 140,400</u>
<u>Other Capital Assets:</u>				
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	<u>\$ 435,521</u>	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ 442,521</u>
<u>Accumulated Depreciation:</u>				
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	<u>\$ 43,497</u>	<u>\$ 47,272</u>	<u>\$ -</u>	<u>\$ 90,769</u>
Net Other Capital Assets	<u>\$ 392,024</u>	<u>\$ (40,272)</u>	<u>\$ -</u>	<u>\$ 351,752</u>
Net Capital Assets	<u><u>\$ 548,157</u></u>	<u><u>\$ (40,272)</u></u>	<u><u>\$ 15,733</u></u>	<u><u>\$ 492,152</u></u>

The College was engaged in constructing an agriculture instructional facility for the approximate amount of \$3,500,000 to be paid from the 2006 revenue bond proceeds, private and state grants and private donations. The College was also engaged in the construction of a 112 bed dorm and physical fitness facility for the approximate amount of \$7,200,000. Subsequent to year end, the college issued revenue and general obligation bonds to pay for this project. As of August 31, 2010 \$2,277,107 and \$ 322,659 of these amounts, respectively, had been expended and reported as construction in progress. The college was also engaged in a energy and safety systems retrofit for the main campus in the approximate amount of \$1,100,000. The college financed this project through a maintenance tax note carried by a local bank. The college had expended \$516,975 on this project as of August 31, 2010.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

Note 7 – Bonds and Notes Payable

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

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

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

	Balance August 31, 2008	Increases	Decreases	Balance August 31, 2009	Current Portion
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
Total long-term obligations	\$ 19,202,097	\$ 854,140	\$ 1,465,641	\$ 18,590,596	\$ 1,239,596

2003 Series Limited Tax Bonds

The 2003 Series Limited Tax Bonds were issued for the construction and equipment of campus buildings in the district and the purchase of necessary sites. At an election on November 5, 2002, the voters approved the issuance of up to \$18,000,000 in bonds. These bonds represent the first installment of bonds issued under the authority granted at the November 5, 2002 election. The bonds were issued in part as Current Interest Bonds and in part as Capital Appreciation Bonds. The Capital Appreciation Bonds mature beginning April 1, 2010 and ending April 1, 2033. Interest is payable only at maturity and will accrue at a rate equal to the yield to maturity and will compound semiannually on each April and October. The bonds bear interest from 3.79% to 5.85%. Bonds outstanding at August 31, 2010 and 2009, under this issue totaled \$9,886,563 and \$10,659,193, respectively. The accreted value of the bonds at August 31, 2010 and 2009 totaled \$14,326,953 and \$14,593,795, respectively. At August 31, 2010 and 2009, the un-issued but approved bonds totaled \$7,005,837.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

Note 7 – Bonds and Notes Payable - (continued)

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, 2010 and 2009 under this issue totaled \$3,625,000 and \$3,815,000 respectively.

Notes Payable

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, 2010 and 2009 was \$0 and \$26,612 respectively.

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, 2010 and 2009 was \$36,157 and \$53,089 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, 2010 and 2009 was \$74,406 and \$102,100 respectively.

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

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.

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

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

Note 7 – Bonds and Notes Payable - (continued)

Tax Bonds

Tax bonds and revenue bonds are due in annual installments varying from \$1,005,000 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 defeased tax obligation bonds are as follows:

Years Ending August 31,	Principal		Interest	Total Requirements
2011	981,850	(A)	23,150	1,005,000
2012	955,506	(A)	64,494	1,020,000
2013	921,892	(A)	108,108	1,030,000
2014	882,400	(A)	157,600	1,040,000
2015	845,247	(A)	204,753	1,050,000
2016-2020	3,665,228	(A)	1,734,772	5,400,000
2021-2025	2,820,669	(A)	2,859,331	5,680,000
2026-2030	2,178,779	(A)	3,791,221	5,970,000
2031-2033	1,075,382	(A)	2,654,618	3,730,000
	\$ 14,326,953		\$ 11,598,047	\$ 25,925,000

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

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

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

Note 7 – Bonds and Notes Payable - (continued)

Revenue Bonds

Debt service requirements for the revenue bonds are as follows:

Years Ending August 31,	Principal	Interest	Total Requirements
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	175,000	112,165	287,165
2016 -2020	635,000	481,825	1,116,825
2021 - 2025	780,000	339,360	1,119,360
2026 - 2030	960,000	156,387	1,116,387
2031	220,000	4,813	224,813
	\$ 3,625,000	\$ 1,627,310	\$ 5,252,310

Notes Payable

Debt service requirements for the notes payable are as follows:

Years Ending August 31,	Principal	Interest	Total Requirements
2011	53,938	46,320	100,258
2012	56,213	44,045	100,258
2013	58,839	41,419	100,258
2014	61,456	38,802	100,258
2015	64,190	36,068	100,258
2016 -2020	366,239	135,051	501,290
2021 - 2025	405,307	45,846	451,153
	\$ 1,066,182	\$ 387,551	\$ 1,453,733

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

Note 7 – Bonds and Notes Payable - (continued)

Lease Payable

Capital leases as of August 31, 2010 were as follows:

For the Year Ended <u>August 31,</u>	<u>Total</u>
2011	86,964
2012	86,964
2013	52,203
Total Minimum Lease Payments	<u>226,131</u>
Less: Amount Representing Interest Costs	<u>(15,731)</u>
Present value of minimum lease payments	<u><u>\$ 210,400</u></u>

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

Note 8 – Employee's Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2010, 2009, and 2008 and a state contribution rate of and 6.644% for fiscal year 2010 and 6.58% for fiscal years 2009 and 2008.

The state has also established an optional retirement program for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.4% and 6.65%, respectively. The College contributes 2.1% percent for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense of the State for the College was \$495,768, \$462,156, and \$428,339 for the fiscal years ended August 31, 2010, 2009, and 2008 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 \$9,893,493, \$9,611,945, and \$8,802,733 for fiscal years 2010, 2009, and 2008 respectively. The total payroll of employees covered by the Teacher Retirement System was \$4,532,998, \$5,811,010, and \$5,066,796 and the total payroll of employees covered by the Optional Retirement Program was \$3,991,487, \$3,658,805, and \$3,735,937 for fiscal years 2010, 2009, and 2008, respectively.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

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 \$64,914 and \$61,489 for August 31, 2010 and 2009, 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, 2010 were as follows:

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

Payables at August 31, 2010 were as follows:

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

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

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

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	-
Subtotal	2,491,543	314,394
Allowance for Doubtful Accounts	420,959	-
Total Receivables	\$ 2,070,584	\$ 314,394

Payables at August 31, 2009 were as follows:

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

Note 11 - Contract and Grant Awards

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

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

Note 11 - Contract and Grant Awards – continued

Contracts and grant award funds already committed or funds awarded during fiscal year 2010 and 2009 for the College and Foundation are as follows:

	<u>2010</u>	<u>2009</u>
College		
Federal	\$ 1,225,553	\$ 729,981
State	259,240	24,888
Total	\$ <u>1,484,793</u>	\$ <u>754,869</u>
Foundation		
Federal	\$ 145,931	\$ 244,941
State	864,410	754,891
Total	\$ <u>1,010,341</u>	\$ <u>999,832</u>

Note 12 – Self-Insured Plans

The College self-insures for coverage in the areas of workers' compensation and unemployment compensation. These plans are on a pay-as-you-go basis, in which no assets are set aside. Accrued liabilities are generally based on actuarial valuation and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current operations. The College accrued \$6,367 and \$16,146 as estimated future payments for the years ended August 31, 2010 and 2009.

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 \$320 per month for the year ended August 31, 2010 and \$361 per month for the year ended August 31, 2009 and totaled \$797,287 for 2010, and \$874,764 for 2009. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for active employees.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

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.

	<u>At August 31,</u>	
	<u>2010</u>	<u>2009</u>
Net Assessed Valuation of the District	\$ 4,687,482,000	\$ 4,433,693,457

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate authorized per \$100 valuation	\$ N/A	\$ N/A	\$ 0.1000
Tax rate assessed per \$100 valuation for 2010	\$ 0.0780	\$ 0.0220	\$ 0.1000
Tax rate assessed per \$100 valuation for 2009	\$ 0.0728	\$ 0.0243	\$ 0.0971

Taxes levied for the years ended August 31, 2010 and 2009 were \$4,687,482 and \$4,305,958 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.

	<u>2010</u>			<u>2009</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current Taxes	\$ 3,561,130	\$ 1,005,416	\$ 4,566,546	3,088,174	\$ 1,083,950	\$ 4,172,124
Delinquent Taxes	75,272	-	75,272	77,569	13,553	91,122
Penalties and Interest	65,286	-	65,286	71,538	-	71,538
Other Fees	7,310	-	7,310	13,730	-	13,730
Total Collections	\$ 3,708,998	\$ 1,005,416	\$ 4,714,414	3,251,011	\$ 1,097,503	\$ 4,348,514

Tax collections for the years ended August 31, 2010 and 2009 were 97.4% and 96.9%, 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, 2010 and 2009.

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

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

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

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

Note 17 - Risk Management - Claims and Judgements

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

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

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

Note 18 - Commitments and Contingencies

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

Grant Programs – The college participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the college has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2010 may be impaired. In the opinion of the college, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Note 19 – Postemployment Benefits Other than Pensions

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

**NORTHEAST TEXAS COMMUNITY COLLEGE
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2010 AND 2009**

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

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

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

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

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

The College's contributions to SRHP for the years ended August 31, 2010, 2009, and 2008 were \$1,114,737, and \$1,007,933, and \$926,537 respectively.

Note 20- Operating Lease Obligations

As of November 2, 2009, the college signed a 24 month lease agreement for a building at \$1,500 per month. The lease expires October 31, 2011. Future required minimum rental payments for this building for years ended August 31, 2011 and 2012 are be \$18,000 and \$3,000, respectively. The college also entered into an agreement on June 1, 2010 to sublet a portion of this building for 12 months at \$700 per month. Future lease income for the portion of the building will be \$5,600 for the year ended August 31, 2011.

Total rental expense and rental income related to the above lease for year ended August 31, 2010 was \$15,000 and \$2,800 respectively.

Note 21 – Subsequent Events

Subsequent to the fiscal year end the college entered into private placement financing arrangements to fund the building of new student housing with 112 beds and a new physical fitness facility. The college issued \$6,132,000 in Revenue Financing System Revenue Bonds with a fixed interest rate of 4.09% for ten years and a 25 year amortization to finance the student housing project. The college also issued \$1,471,000 in Limited Tax Bonds with a fixed interest rate of 3.72% for ten years and a 25 year amortization to finance the physical fitness facility.

SUPPLEMENTAL SCHEDULES

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE OF DETAILED OPERATING REVENUES
SCHEDULE A
For the Year Ended August 31, 2010 (With Memorandum Totals for the Year Ended August 31, 2009)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2010 Total	Memorandum 2009 Total
Tuition						
State funded courses	\$	\$	\$	\$	\$	\$
In-district resident tuition	1,126,879		1,126,879		1,126,879	847,447
Out-of-district resident tuition	733,200		733,200		733,200	590,033
TPEG (set aside)*	112,738		112,738		112,738	109,309
Non-resident tuition	237,011		237,011		237,011	208,247
State funded continuing education	268,258		268,258		268,258	308,585
Non-state funded continuing education	34,458		34,458		34,458	31,189
Total Tuition	2,512,544	-	2,512,544	-	2,512,544	2,094,810
Fees						
General fees	2,213,779		2,213,779		2,213,779	1,695,647
Student service fees				203,399	203,399	160,250
Out-of-district fees	794,299		794,299		794,299	568,258
Laboratory fees	402,194		402,194		402,194	261,713
Other fees	87,714		87,714		87,714	91,395
Total Fees	3,497,986	-	3,497,986	203,399	3,701,385	2,777,263
Scholarship Allowances and Discounts						
Scholarship allowances	(456,835)		(456,835)		(456,835)	(457,294)
Remissions and exemptions	(77,405)		(77,405)		(77,405)	(63,043)
TPEG allowances	(112,738)		(112,738)		(112,738)	(109,309)
Federal grants to students	(2,264,006)		(2,264,006)		(2,264,006)	(1,392,009)
Total Scholarship Allowances	(2,910,984)	-	(2,910,984)	-	(2,910,984)	(2,021,655)
Total Net Tuition and Fees	3,009,546	-	3,009,546	203,399	3,202,945	2,850,418
Other Operating Revenues						
Federal grants and contracts	73,677	1,217,689	1,291,366		1,291,366	1,201,003
State grants and contracts		1,041,996	1,041,996		1,041,996	1,152,956
Nongovernmental grants and contracts		148,346	148,346		148,346	142,172
Sales and services of educational activities	95,277		95,277		95,277	58,896
Other operating revenues	276,478		276,478	237,772	514,250	519,570
Total Other Operating Revenues	445,432	2,408,031	2,853,463	237,772	3,091,235	3,074,597
Auxiliary Enterprises						
Residential life				381,761	381,761	404,369
Less discounts				(76,482)	(76,482)	(77,866)
Bookstore				1,823,731	1,823,731	1,533,534
Less discounts				(862,808)	(862,808)	(547,779)
Total Net Auxiliary Enterprises	-	-	-	1,266,202	1,266,202	1,312,258
Total Operating Revenues (Exh.2)	\$ 3,544,978	\$ 2,408,031	\$ 5,953,009	\$ 1,707,373	\$ 7,660,382	\$ 7,237,273

*In accordance with Education Code 56.033, \$112,738 and \$109,309 for years August 31, 2010 and 2009, 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, 2010 (with Memorandum Totals for the Year Ended August 31, 2009)

	Operating Expenses					Memorandum Total 8/31/2009
	Salaries and Wages	Benefits State Benefits	Local Benefits	Other Expenses	Total 8/31/2010	
Unrestricted - Educational Activities						
Instruction	\$ 5,615,057		426,729	438,145	\$ 6,479,931	\$ 5,884,051
Public Service	58,160		4,420	113,995	176,575	186,861
Academic Support	703,956		53,499	88,158	845,613	870,747
Student Services	637,085		48,417	111,462	796,964	758,231
Institutional Support	1,321,255		100,412	1,172,524	2,594,191	2,182,376
Operation and Maintenance of Plant	337,037		25,614	1,194,937	1,557,588	1,433,359
Scholarships and Fellowships			-	-	-	-
Total Unrestricted Educational Activities	\$ 8,672,550	\$ -	\$ 659,091	\$ 3,119,221	\$ 12,450,862	\$ 11,315,625
Restricted - Educational Activities						
Instruction	\$ 321,998	\$ 837,190	\$ -	\$ 251,563	\$ 1,410,751	\$ 1,356,310
Public Service	33,404	8,672	-	5,223	47,299	35,735
Academic Support	-	104,958	-	-	104,958	116,615
Student Services	426,866	94,988	-	642,692	1,164,546	1,475,105
Institutional Support	66,682	196,996	-	77,602	341,280	268,976
Operation and Maintenance of Plant	-	50,251	-	-	50,251	85,334
Scholarships and Fellowships				4,392,840	4,392,840	2,138,247
Total Restricted Educational Activities	\$ 848,950	\$ 1,293,055	\$ -	\$ 5,369,920	\$ 7,511,925	\$ 5,476,322
Total Educational Activities	9,521,500	1,293,055	659,091	8,489,141	19,962,787	16,791,947
Auxiliary Enterprises	371,993		26,678	1,762,196	2,160,867	1,833,070
Depreciation Expense						
Building & Improvements					595,162	621,556
Equipment & Furniture					218,075	211,835
Library Books					53,791	67,872
Total	\$ 9,893,493	\$ 1,293,055	\$ 685,769	\$ 10,251,337	\$ 22,990,682	\$ 19,526,280

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE

SCHEDULE C

SCHEDULE OF NON - OPERATING REVENUES AND EXPENSES

For the Year Ended August 31, 2010 (With Memorandum totals for the Year Ended August 31, 2009)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 8/31/2010</u>	<u>Memorandum Totals 8/31/2009</u>
Non - Operating Revenues					
State appropriations:					
Education and general state support	\$ 3,970,317			\$ 3,970,317	3,990,179
State group insurance		797,287		797,287	874,764
State retirement matching		495,768		495,768	465,156
Professional nursing shortage reduction		28,899		28,899	22,422
Ad-valorem taxes	3,751,876	996,221		4,748,097	4,378,003
Federal revenue, non operating		7,120,003		7,120,003	3,855,714
Investment income		21,917		21,917	57,973
Other non-operating revenues		950,000		950,000	
Total Non - Operating Revenues	<u>7,722,193</u>	<u>10,410,095</u>	<u>-</u>	<u>18,132,288</u>	<u>13,644,211</u>
Non - Operating Expenses					
Interest on capital related debt	920,504			920,504	944,773
Loss on disposal of capital assets	820,356			820,356	-
Other non operating expense	21,382			21,382	29,680
Total Non - Operating Expenses	<u>1,762,242</u>	<u>-</u>	<u>-</u>	<u>1,762,242</u>	<u>974,453</u>
Net Non - Operating Revenues	<u>\$ 5,959,951</u>	<u>\$ 10,410,095</u>	<u>\$ -</u>	<u>\$ 16,370,046</u>	<u>\$ 12,669,758</u>

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE

SCHEDULE D

SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY

For the Year Ended August 31, 2010 (With Memorandum totals for the Year Ended August 31, 2009)

	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	\$ 2,036,544	\$	\$	\$	\$ 2,036,544	\$ 2,036,544	\$
Plant							
Investment in plant		710,185		8,292,685	9,002,870		9,002,870
Total Net Assets, August 31, 2010	2,036,544	710,185	0	8,292,685	11,039,414	2,036,544	9,002,870
Total Net Assets, August 31, 2009	1,152,703	718,442	0	8,062,882	9,934,027	1,152,703	8,781,324
Net Increase (Decrease) in Net Assets	\$ 883,841	\$ (8,257)	\$ 0	\$ 229,803	\$ 1,105,387	\$ 883,841	\$ 221,546

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE E
BALANCE SHEET
AUGUST 31, 2010

	Current Funds			Loan Funds	Unexpended	Indebtedness	In Plant	Agency	Total
	Unrestricted	Auxiliary Enterprises	Current Restricted						
Assets									
Cash and Cash Equivalents	\$ 1,878,217	6,207	2,725	\$ 1,887,149	\$ 15,598	\$ 189,624		\$ 161,609	\$ 3,460,128
Short Term Investments						350,714			799,214
Accounts Receivable	378,032			1,023,215		83,399			1,106,614
Due From Other Funds	692,891	14,667	630,516			427,660		377,321	1,497,872
Due From Foundation	1,524,355			1,524,355					1,524,355
Prepaid Expenses	196,671			196,671					196,671
Deferred Charges						141,233	247,211		388,444
Inventory, at Cost	36,549	459,982		496,531					496,531
Land							1,420,209		1,420,209
Buildings and Improvements							29,446,845		29,446,845
Improvements Other Than Buildings							1,785,459		1,785,459
Equipment							950,225		950,225
Library Books							1,000,065		1,000,065
Vehicles							683,547		683,547
Telecommunications							1,170,172		1,170,172
Accumulated Depreciation							(10,148,940)		(10,148,940)
Other							60,180		60,180
Total Assets	\$ 4,706,715	\$ 480,856	\$ 633,241	\$ 5,820,812	\$ 15,598	\$ 1,192,630	\$ 26,614,973	\$ 538,930	\$ 35,837,591
Liabilities and Fund Balance									
Accounts Payable	\$ 240,059	394,506	28,902	\$ 593,467	\$ 844	\$ 18,700		\$ 16,953	\$ 1,150,963
Accrued Liabilities	42,318			42,318					61,018
Deposits Payable	74,111	27,600		101,711					101,711
Due to Other Funds		26,709	353,033	379,742	14,754	463,745	51,827	430,929	1,497,872
Deferred Revenues	1,967,193	383,617	251,306	2,602,116					2,602,116
Accrued Compensated Absences	64,914			64,914			17,951,953		17,951,953
Bonds Payable									
Unamortized Premium							1,276,582		1,276,582
Notes Payable								91,048	91,048
Funds Held in Custody for Others									
Total Liabilities	\$ 2,388,595	\$ 762,432	\$ 633,241	\$ 3,784,268	\$ 15,598	\$ 482,445	\$ 19,280,362	\$ 538,930	\$ 24,798,177
Fund Balances									
Net Investment in Plant									8,292,685
Reserved for Debt Service									710,185
Restricted									
Student Aid									
Temporarily									
Permanently									
Unrestricted	2,318,120	(281,576)		2,036,544					2,036,544
Total Fund Balance	\$ 2,318,120	\$ (281,576)	\$ -	\$ 2,036,544	\$ -	\$ 710,185	\$ 7,334,611	\$ -	\$ 11,039,414
Total Liabilities and Fund Balance	\$ 4,706,715	\$ 480,856	\$ 633,241	\$ 5,820,812	\$ 15,598	\$ 1,192,630	\$ 26,614,973	\$ 538,930	\$ 35,837,591

See independent auditors report.

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE F
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED AUGUST 31, 2010

	Current Funds				Loan Funds	Unexpended	Retirement of Indebtedness	Investment in Plant	Total
	Unrestricted	Auxiliary Enterprises	Current Restricted	Total					
Revenues and Other Additions									
Unrestricted Current Funds Revenues	\$ 14,080,458	2,742,911	\$ 16,823,369	\$	\$	\$	\$	\$	16,823,369
State Appropriations - Restricted			1,293,055	1,293,055					1,293,055
Federal grants and Contracts			8,411,369	8,411,369					8,411,369
State grants and Contracts			1,070,895	1,070,895					1,070,895
Local gifts, grants and Contracts			148,346	148,346					148,346
Taxes for Debt Retirement			-	-			996,221		996,221
Net Decreases in Bonds Payable			-	-			1,094,781	962,330	962,330
Net increase in Notes Payable			-	-	30	14,633	7,254		1,094,781
Investment Income (Loss)			-	-		950,000			21,917
Other Revenues					30	964,633	2,098,256	65,641	1,015,641
Total Revenue and Other Additions	14,080,458	2,742,911	10,923,665	27,747,034	30			1,027,971	31,837,924
Expenditures and Other Deductions									
Expenditures	12,588,383	2,647,106	10,736,992	25,972,481			962,330		25,972,481
Indirect Cost Recovered			73,677	73,677					73,677
Retirement of Indebtedness - Bonds			-	-				1,094,781	962,330
Retirement of Indebtedness - Notes			-	-			896,366	24,138	1,094,781
Interest on Indebtedness			-	-				867,028	920,504
Depreciation Expense			-	-	(137)		1,300		867,028
Other Expenditures	12,588,383	2,647,106	10,810,669	26,046,158	(137)	-	1,859,996	840,573	841,736
					(137)			2,826,520	30,732,537
Transfers - Additions (Deductions)									
Mandatory Transfers:									
Retirement of Indebtedness									
Building Use Fees									
Tuition Use Fees									
Revenue Bond	(343,665)			(343,665)			343,665		
Contractual Obligations	(18,361)		(10,995)	(29,356)		1,100,000	(589,294)	(481,350)	
TPEG to Restricted									
Non - Mandatory Transfers:									
Capital Outlay	(383,504)	(44,940)	(102,001)	(530,445)				3,628,826	
Other	86,431			86,431	(319)		(736)	(85,376)	
Total Transfers - Additions (Deductions)	(343,504)	(44,940)	(102,001)	(530,445)	(319)	(3,098,381)	(736)	3,628,826	
	86,431			86,431	(319)	(1,998,381)	(246,365)	(85,376)	
	(659,099)	(44,940)	(112,996)	(817,035)	(319)	(1,998,381)	(246,365)	3,062,100	
Net Increase (Decrease) for Year	832,976	50,865	-	883,841	(152)	(1,033,748)	(8,105)	1,263,551	1,105,387
Fund Balance (Deficit) August 31, 2009	\$ 1,485,144	\$ (332,441)	\$ -	\$ 1,152,703	\$ 152	\$ 1,991,822	\$ 718,290	\$ 6,071,060	\$ 9,934,027
Fund Balance (Deficit) August 31, 2010	\$ 2,318,120	\$ (281,576)	\$ -	\$ 2,036,544	\$ -	\$ 958,074	\$ 710,185	\$ 7,334,611	\$ 11,039,414

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.

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

Northeast Texas Community College
Statistical Supplement 1
Net Assets by Component
Fiscal Years 2002 to 2010
(unaudited)

	For the Fiscal Year Ended August 31,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Invested in capital assets, net of related debt	\$8,292,685	\$8,062,882	\$7,554,270	\$7,531,961	\$7,219,657	\$6,868,646	\$6,670,553	\$6,934,610	\$6,228,567	
Restricted - expendable	710,185	718,442	807,831	791,105	608,270	401,710	562,096	401,032	397,966	
Unrestricted	2,036,544	1,152,703	790,856	1,032,815	977,087	907,310	949,141	481,606	980,723	
Total primary government net assets	\$ 11,039,414	\$ 9,934,027	\$ 9,152,957	\$ 9,355,881	\$ 8,805,014	\$ 8,177,666	\$ 7,982,190	\$ 7,817,248	\$ 7,607,256	

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2010 are available.

Northeast Texas Community College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2002 to 2010
(unaudited)

	For the Year Ended August 31,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Tuition and Fees (Net of Discounts)	\$3,302,945	\$2,450,418	\$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	1,291,366	1,201,003	1,602,839	1,661,207	1,677,166	2,020,089	1,725,361	1,649,422	1,055,800	
State Grants and Contracts	1,041,996	1,152,956	343,694	303,909	574,001	604,566	501,634	880,839	678,046	
Non-Governmental Grants and Contracts	148,346	142,172	130,753	115,822	98,802	113,586	111,093	84,557	352,932	
Sales and services of educational activities	95,277	58,896	31,999	34,902	23,052	36,530	28,069	29,804	28,950	
Auxiliary enterprises	1,266,202	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	514,250	519,570	412,535	413,628	340,156	432,420	486,348	373,265	381,867	
Total Operating Revenues	7,660,382	7,237,273	6,466,436	6,561,621	6,523,820	6,563,728	6,185,398	5,935,265	5,199,392	
State Appropriations	5,292,271	5,352,521	5,218,816	5,113,281	4,994,581	4,607,903	4,603,402	4,406,873	4,939,116	
Ad Valorem Taxes	4,748,097	4,378,003	3,967,416	3,867,806	3,345,281	3,204,174	2,948,441	2,869,618	2,865,136	
Federal Revenue, Non Operating	7,120,093	3,855,714	2,975,712	2,796,487	2,664,491	3,061,798	3,248,982	2,997,290	2,396,125	
Investment income	21,917	57,973	124,568	167,812	147,589	55,906	112,891	41,597	17,398	
Contributions	65,641	300,319	-	-	-	-	-	-	-	
Other non-operating income	950,000	-	-	-	-	-	-	-	-	
Total Non-Operating Revenues	18,197,929	13,944,530	12,286,912	11,945,346	11,212,961	10,933,911	10,923,716	10,315,778	10,217,775	
Total Revenues	\$25,858,311	\$21,181,803	\$18,753,348	\$18,507,007	\$17,658,781	\$17,519,259	\$17,109,114	\$16,251,043	\$15,417,167	

For the Year Ended August 31,

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	12.77%	13.46%	14.56%	15.17%	15.15%	12.37%	12.68%	11.27%	10.82%
Governmental grants and contracts	4.99%	5.67%	8.55%	8.98%	9.51%	11.53%	10.08%	10.15%	6.85%
Federal grants and contracts	4.03%	5.44%	1.83%	1.64%	3.25%	3.45%	2.93%	5.42%	4.40%
State grants and contracts	0.97%	0.67%	0.70%	0.63%	0.57%	0.65%	0.65%	0.52%	2.29%
Non-governmental grants and contracts	0.37%	0.28%	0.17%	0.19%	0.13%	0.21%	0.16%	0.18%	0.19%
Sales and services of educational activities	4.90%	6.20%	6.47%	6.61%	5.89%	6.80%	6.80%	6.88%	6.71%
Auxiliary enterprises	1.99%	2.45%	2.20%	2.53%	1.93%	2.47%	2.84%	2.30%	2.48%
Other operating revenues	29.62%	34.17%	34.48%	35.45%	36.43%	37.47%	36.15%	36.97%	33.72%
Total Operating Revenues	20.48%	25.27%	27.83%	27.63%	28.34%	26.30%	27.12%	27.12%	32.04%
State appropriations	18.36%	20.67%	21.16%	20.90%	18.36%	18.29%	17.29%	17.66%	18.58%
Ad valorem taxes	27.54%	18.20%	15.87%	15.11%	15.11%	17.59%	18.99%	18.44%	15.54%
Federal Revenue, Non Operating	0.08%	0.27%	0.67%	0.91%	0.32%	0.32%	0.66%	0.26%	0.11%
Investment income	-	1.42%	-	-	0.84%	-	-	-	-
Contributions	3.67%	-	-	-	-	-	-	-	-
Other non-operating income	70.38%	65.83%	65.52%	64.55%	63.57%	62.53%	63.85%	63.48%	66.28%
Total Non-Operating Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total Revenues									

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-20010 are available.

Northeast Texas Community College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2002 to 2010
(unaudited)

	For the Fiscal Year Ended August 31,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Instruction	\$7,890,482	\$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	223,874	222,596	304,941	295,839	376,344	713,536	546,000	574,619	250,416	
Academic support	950,371	987,362	917,229	884,371	759,418	790,797	800,439	827,786	911,078	
Student services	1,961,510	2,453,356	1,696,809	1,678,155	1,532,805	1,376,129	1,275,110	1,012,905	1,022,857	
Institutional support	2,935,471	2,451,352	2,488,991	2,257,954	2,078,964	2,073,787	2,137,074	2,040,704	1,837,087	
Operation and maintenance of plant	1,607,839	1,518,693	1,429,482	1,349,233	1,366,895	1,129,971	1,043,060	1,026,326	1,089,447	
Scholarships and fellowships	4,392,840	2,138,247	1,545,616	1,526,241	1,346,710	1,986,483	1,977,687	1,879,617	1,669,417	
Auxiliary enterprises	2,160,867	1,833,070	1,738,130	1,696,651	1,508,317	1,642,882	1,589,001	1,492,701	1,340,793	
Depreciation	867,028	901,263	901,056	882,907	721,458	598,445	522,022	433,618	388,007	
Total Operating Expenses	22,980,682	19,526,280	17,832,737	17,223,209	16,234,872	16,387,428	15,556,808	13,294,496	14,173,796	
Interest on capital related debt	920,504	944,773	999,311	1,059,870	1,078,410	988,905	1,035,407	715,108	577,929	
Loss on disposal of fixed assets	820,356	29,680	24,224	24,654	18,151	27,460	37,403	7,738	4,526	
Other non-operating expenses	21,382	974,453	1,023,535	1,084,524	1,096,561	936,365	1,102,108	746,555	582,455	
Total Non-Operating Expenses	1,762,242	2,048,906	2,047,070	2,169,048	2,193,126	2,052,725	2,235,918	1,468,801	1,165,910	
Total Expenses	\$ 24,742,924	\$ 21,575,186	\$ 19,880,807	\$ 19,392,257	\$ 18,428,000	\$ 18,440,153	\$ 17,792,726	\$ 14,763,297	\$ 15,339,706	

For the Fiscal Year Ended August 31,

	For the Fiscal Year Ended August 31,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Instruction	31.88%	35.32%	37.18%	36.34%	37.86%	35.07%	33.43%	37.48%	38.25%	
Public service	0.90%	1.09%	1.62%	1.62%	2.17%	4.12%	3.30%	3.58%	1.70%	
Academic support	3.84%	4.82%	4.86%	4.83%	4.38%	4.56%	4.83%	5.16%	6.17%	
Student services	7.92%	10.89%	7.94%	9.17%	8.79%	7.94%	7.70%	6.31%	6.93%	
Institutional support	11.86%	11.96%	13.20%	12.33%	12.00%	11.97%	12.91%	12.72%	12.59%	
Operation and maintenance of plant	6.50%	7.41%	7.58%	7.56%	7.89%	6.52%	6.30%	6.40%	7.38%	
Scholarships and fellowships	17.75%	10.43%	8.20%	8.34%	7.74%	11.47%	11.94%	9.60%	11.31%	
Auxiliary enterprises	8.73%	8.94%	9.22%	9.27%	8.69%	9.48%	9.60%	9.31%	9.09%	
Depreciation	3.50%	4.40%	4.78%	4.82%	4.16%	3.45%	3.33%	2.70%	2.63%	
Total Operating Expenses	92.88%	95.23%	94.57%	94.08%	93.67%	94.53%	93.34%	92.33%	96.05%	
Interest on capital related debt	3.72%	4.61%	5.30%	5.79%	6.22%	5.25%	6.23%	4.66%	3.92%	
Loss on disposal of fixed assets	3.31%	0.14%	0.13%	0.13%	0.10%	0.16%	0.18%	0.15%	0.03%	
Other non-operating expenses	0.09%	4.73%	5.03%	5.92%	6.33%	6.63%	6.63%	6.63%	3.82%	
Total Non-Operating Expenses	7.12%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2010 are available.

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

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)											
	Registration Fee (per student)	In-District Tuition	Out-of- District Tuition	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	
\$	15	30	63	33	-	-	1	783	1,179	4.98%	7.67%	
2009	15	29	58	32	-	-	-	747	1,095	3.32%	3.40%	
2008	15	28	56	31	-	-	-	723	1,059	0.00%	0.00%	
2007	15	28	56	31	-	-	-	723	1,059	4.32%	4.75%	
2006	15	27	53	30	-	-	-	699	1,011	25.95%	29.12%	
2005	15	21	40	24	-	-	-	555	783	0.00%	0.00%	
2004	15	21	40	24	-	-	-	555	783	15.63%	18.64%	
2003	15	21	40	24	-	-	-	480	660	0.00%	0.00%	
2002	12	18	33	21	-	-	-	480	660	11.63%	17.44%	
2001	12	18	33	21	-	-	-	430	562	12.57%	11.95%	
2000	10	17	28	18	-	-	-					

Academic Year (Fall)	Non-Resident Fees per Semester Credit Hour (SCH)									
	Registration Fee (per student)	Non-Resident Tuition	General Service Fee	Technology Fee	Building Use Fee	Student Services Fee/Act	Cost for 12 SCH Out of State	Cost for 12 SCH In- District	Increase from Prior Year Out of State	Increase from Prior Year In- District
	\$	\$	\$	\$	\$	\$	\$	\$	%	%
2009	15	108	33	-	-	1	1,716	783	5.15%	5.15%
2008	15	103	32	-	-	-	1,632	747	2.97%	2.97%
2007	15	100	31	-	-	-	1,585	723	0.00%	0.00%
2006	15	100	31	-	-	-	1,585	723	4.62%	4.62%
2005	15	95	30	-	-	-	1,515	699	67.77%	67.77%
2004	15	50	24	-	-	-	903	555	0.00%	0.00%
2003	15	50	24	-	-	-	903	555	15.77%	15.77%
2002	12	43	21	-	-	-	780	480	0.00%	0.00%
2001	12	43	21	-	-	-	780	480	6.85%	6.85%
2000	10	42	18	-	-	-	730	430	3.40%	3.40%

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

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

Direct Rate				
Tax Roll Year	Taxable Assessed Value (TAV)	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2009	\$ 4,687,482	0.077983	0.022017	0.100000
2008	4,433,694	0.072767	0.024352	0.097119
2007	4,258,908	0.066629	0.024953	0.091582
2006	3,918,384	0.066758	0.029472	0.096230
2005	3,311,968	0.063920	0.032310	0.096230
2004	3,195,566	0.064180	0.034880	0.099060
2003	2,927,359	0.063900	0.036100	0.100000
2002	2,841,977	0.062000	0.038000	0.100000
2001	2,896,573	0.061700	0.038300	0.100000
2000	2,559,351	0.059500	0.040500	0.100000

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

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

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2009-10	\$ 5,292,271	2,219	2,385	959,296	450,759	1,410,055	3.75
2008-09	5,352,521	1,866	2,868	812,032	301,792	1,113,824	4.81
2007-08	5,218,816	1,896	2,753	800,296	329,334	1,129,630	4.62
2006-07	5,113,281	1,674	3,055	761,776	294,116	1,055,892	4.84
2005-06	4,998,581	1,730	2,889	798,352	263,710	1,062,062	4.71
2004-05	4,607,933	1,879	2,452	852,288	261,766	1,114,054	4.14
2003-04	4,603,402	1,968	2,339	882,220	268,128	1,150,348	4.00
2002-03	4,406,873	1,886	2,337	741,104	416,922	1,158,026	3.81
2001-02	4,939,116	1,649	2,995	700,992	297,176	998,168	4.95
2000-01	4,793,540	1,457	3,290	603,712	255,986	859,698	5.58
1999-00	4,571,141	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

		Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Type of Business	Taxpayer										
Utility	AEF/Southwestern Tins Co.	24,259	-	21,155	25,104	-	24,285	24,285	37,496	21,559	-
Utility	AEF/Southwestern Morris Co.	-	-	-	-	-	15,595	-	13,819	-	-
Utility	AEF/SWEPFO	260,554	218,251	218,250	257,689	213,971	212,594	212,594	263,234	272,489	329,564
Utility	BLC Corporation	-	-	-	-	18,400	27,239	27,239	24,723	-	28,781
Pipe & Supply	Cinco Pipe & Supply	19,352	29,435	29,435	-	26,565	-	-	-	-	-
Utility	Exxon Mobil Corp	33,758	27,413	208,221	249,318	203,780	155,655	144,218	147,456	153,510	190,075
Steel Foundry	Lone Star Steel	-	-	18,822	-	-	-	-	15,910	18,054	-
Utility	Oscar Electric	-	39,823	54,456	49,341	47,748	36,500	33,099	33,099	23,068	85,612
Poultry Processing	Pilgrim's Pride Corp Camp Co.	-	25,490	-	-	-	16,666	-	-	-	-
Poultry Processing	Pilgrim's Pride Corp.	-	83,416	83,416	90,121	31,089	28,385	28,385	69,960	74,114	67,960
Poultry Processing	Pilgrim's Pride Corp. Tins Co.	86,022	-	-	-	21,942	-	19,499	19,499	18,709	-
Feed Mill	Pilgrim's Pride Corp. Feed Mill	-	-	-	-	28,259	-	-	-	-	-
Poultry Processing	Pilgrim's Pride Corp. Feed Mill	17,974	22,995	-	22,422	-	-	-	-	-	-
Manufacturing	Priefert Manufacturing Co.	-	-	-	28,053	-	-	-	-	-	-
Pipe & Supply	Red Man Pipe & Supply	-	-	-	26,976	-	-	-	-	-	15,953
Pipe & Supply	Sooner Pipe and Supply	36,335	-	-	-	-	-	-	-	-	14,128
Utility	Southwestern Bell	-	-	-	-	-	-	-	-	-	-
Manufacturing	Texas Tubular	143,493	180,809	22,960	24,507	-	-	-	-	-	-
Utility	Luminant Generation Co LLC (TXU)	942,252	1,081,563	1,082,143	945,126	890,287	809,353	809,353	673,600	635,392	685,931
Mining	Luminant Mining Company LP (TXU)	32,048	28,003	28,064	-	22,596	24,740	24,740	-	20,670	23,058
Manufacturing	Soot Industries	-	-	-	-	-	-	-	-	-	-
Utility	TXU Electric Delivery Company	-	-	-	-	-	-	-	-	16,792	18,945
Mining Equipment	Voest Alpine	-	-	-	-	-	-	-	-	-	-
Totals		\$1,596,047	\$ 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
Total Taxable Assessed Value \$		4,687,482	\$ 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

		% of Taxable Assessed Value (TAV) by Tax Year									
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Type of Business	Taxpayer										
Utility	AEF/Southwestern Tins Co.	0.52%	-	0.50%	0.64%	-	0.76%	0.83%	1.32%	0.74%	-
Utility	AEF/Southwestern Morris Co.	0.00%	-	-	-	-	0.49%	-	0.49%	-	-
Utility	AEF/SWEPFO	5.56%	4.92%	5.12%	6.58%	6.46%	6.65%	7.26%	9.26%	9.41%	12.88%
Utility	BLC Corporation	-	-	-	-	0.56%	0.83%	0.93%	0.87%	-	1.12%
Pipe & Supply	Cinco Pipe & Supply	0.41%	-	-	-	0.80%	0.00%	0.00%	0.00%	0.00%	-
Utility	Exxon Mobil	0.72%	0.66%	0.69%	0.00%	0.00%	0.00%	0.00%	5.19%	5.30%	7.43%
Steel Foundry	Lone Star Steel	0.00%	0.62%	4.89%	6.36%	6.15%	4.87%	4.93%	0.56%	0.62%	-
Utility	Oscar Electric	0.00%	-	0.44%	-	-	-	-	1.16%	0.80%	3.35%
Poultry Processing	Pilgrim's Pride Corp Camp Co.	-	0.90%	1.28%	1.28%	1.44%	1.14%	1.13%	0.00%	-	-
Poultry Processing	Pilgrim's Pride Corp.	-	0.57%	-	-	-	0.52%	0.57%	0.00%	-	-
Poultry Processing	Pilgrim's Pride Corp. Tins Co.	1.84%	1.83%	1.96%	2.30%	0.94%	0.89%	0.97%	2.46%	2.56%	2.66%
Feed Mill	Pilgrim's Pride Corp. Feed Mill	0.38%	0.52%	-	-	0.68%	-	0.67%	0.69%	0.65%	-
Poultry Processing	Priefert Manufacturing Co.	0.00%	-	-	-	0.86%	-	-	-	-	-
Manufacturing	Red Man Pipe & Supply	-	-	-	0.57%	-	-	-	-	-	-
Pipe & Supply	Sooner Pipe and Supply	0.78%	-	-	0.72%	-	-	-	-	-	-
Pipe & Supply	Southwestern Bell	0.00%	-	-	-	-	-	-	-	-	-
Utility	Texas Tubular	3.06%	4.08%	0.44%	0.63%	-	-	-	-	-	-
Manufacturing	Luminant Generation Co LLC (TXU)	20.10%	24.39%	25.41%	24.12%	28.88%	25.33%	27.65%	23.70%	21.94%	27.19%
Mining	Luminant Mining Company LP (TXU)	0.68%	0.63%	0.66%	-	0.68%	0.77%	0.85%	-	0.71%	0.90%
Manufacturing	Soot Industries	0.00%	-	-	-	-	-	-	-	-	-
Utility	TXU Electric Delivery Company	-	-	-	-	-	-	-	-	0.58%	0.74%
Mining Equipment	Voest Alpine	-	-	-	-	-	-	-	-	-	-
Totals		40.73%	39.18%	41.49%	43.86%	45.43%	42.38%	45.78%	45.70%	43.30%	57.44%

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 Collections of Prior Levies (b)	Total Collections (c)	Percentage of Current Levy
		Current Levy (b)	Current Levy				
2009-10	\$ 4,687,482	\$ 4,566,546	\$ 4,566,546	97.4%	\$ 75,272	4,641,818	99.0%
2008-09	4,305,958	4,172,124	4,172,124	96.9%	91,122	4,263,246	99.0%
2007-08	3,900,393	3,808,909	3,808,909	97.7%	65,566	3,874,475	99.3%
2006-07	3,770,440	3,662,056	3,662,056	97.1%	91,301	3,753,357	99.5%
2005-06	3,350,890	3,226,487	3,226,487	96.3%	83,729	3,310,216	98.8%
2004-05	3,168,754	3,075,793	3,075,793	97.1%	75,974	3,151,767	99.5%
2003-04	2,930,862	2,829,677	2,829,677	96.5%	62,264	2,891,941	98.7%
2002-03	2,841,977	2,758,410	2,758,410	97.1%	71,674	2,830,084	99.6%
2001-02	2,896,876	2,808,865	2,808,865	97.0%	67,919	2,876,784	99.3%
2000-01	2,561,528	2,429,664	2,429,664	94.9%	70,806	2,500,470	97.6%

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										
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
\$ 14,326,953	\$ 14,593,795	\$ 14,924,380	\$ 15,108,926	\$ 15,174,218	\$ 15,150,582	\$ 15,046,221	\$ 14,921,293	\$ 4,181,692	\$ 4,613,113	\$ 4,802,991	
\$ 3,625,000	\$ 3,815,000	\$ 4,000,000	\$ 4,175,000	\$ 4,270,000	\$ 1,785,000	\$ 2,020,000	\$ 2,240,000	\$ 2,450,000	\$ 2,645,000	\$ 2,835,000	
1,276,582	181,801	228,606	350,455	375,902	587,330	345,861	163,486	123,869	159,274	77,822	
\$ 19,228,535	\$ 18,590,596	\$ 19,152,986	\$ 19,634,381	\$ 19,820,120	\$ 17,522,912	\$ 17,412,082	\$ 17,324,779	\$ 6,755,561	\$ 7,417,387	\$ 7,715,813	

General Bonded Debt Ratios											
Per Capita	\$ 253	\$ 267	\$ 266	\$ 273	\$ 280	\$ 281	\$ 282	\$ 297	\$ 83	\$ 93	\$ 97
Per Student	\$ 1,896	\$ 2,312	\$ 2,372	\$ 2,424	\$ 2,449	\$ 2,362	\$ 2,331	\$ 2,430	\$ 773	\$ 883	\$ 851
As a percentage of Taxable Assessed Value	0.30%	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	\$ 339.92	\$ 339.70	\$ 341.70	\$ 355.08	\$ 366.07	\$ 324.73	\$ 325.88	\$ 344.35	\$ 133.64	\$ 149.12	\$ 156.23
Per Student	2,544	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	0.41%	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.

	For the Fiscal Year Ended August 31										
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Taxable Assessed Value	\$ 4,687,482,000	\$ 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
General Obligation Bonds											
Statutory Tax Levy Limit for Debt Service	23,437,410	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	23,437,410	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	1,123,888	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	\$ 22,437,410	\$ 21,010,317	\$ 20,148,954	\$ 18,459,530	\$ 15,435,954	\$ 14,851,556	\$ 13,568,018	\$ 13,423,131	\$ 13,588,941	\$ 11,757,281	\$ 10,208,989
Net Current Requirements as a % of Statutory Limit	4.27%	5.22%	5.38%	5.78%	6.79%	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 \$0.50 per hundred dollars taxable assessed valuation.

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

Revenue Bonds

Fiscal Year	Pledged Revenues						Debt Service Requirements			
	Tuition and Fees	Dorm Fees	Other Fees	Continuing Education	Bookstore Revenues	Other Revenues	Principal	Interest	Total	Coverage Ratio
2009-10	\$ 3,730,253	\$ 381,761	\$ 489,908	\$ 302,716	\$ 1,823,731	\$ 457,130	190,000	153,665	343,665	20.91
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

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

Calendar Year	District Population (1)	District Personal Income (2) (a) (thousands of dollars)	District Personal Income Per Capita (a)	County Unemployment Rate			National Unemployment Rate (4)
				Camp County (3)	Morris County (3)	Titus County (3)	
2009	56,568	\$ 1,633,896	\$ 29,845	8.5%	14.9%	7.5%	9.3%
2008	54,726	1,637,904	29,929	5.0%	6.2%	4.3%	5.8%
2007	56,370	1,514,516	26,867	4.8%	6.4%	4.7%	5.1%
2006	56,052	1,387,000	24,745	5.1%	5.5%	4.1%	4.6%
2005	55,296	1,386,710	25,078	5.0%	5.3%	4.1%	5.1%
2004	54,143	-	-	4.5%	6.8%	4.6%	5.4%
2003	53,962	-	-	6.4%	9.7%	4.9%	5.8%
2002	53,431	-	-	5.2%	7.0%	3.9%	4.8%
2001	50,311	-	-	5.3%	7.2%	4.2%	4.0%
2000	50,552	-	-	6.6%	11.0%	5.7%	4.1%

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	2009-10			2008-09			2007-08			2006-07			2005-06		
	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Approximate Number of Employees	Percentage of Total Employment	
Pilgrim's Pride	3,000	3.95%	3,000	3,000	3.95%	4,000	4,000	5.27%	4,000	4,000	5.27%	4,000	4,000	5.27%	
US Steel (Innity Lone Star Steel) *	N/A	N/A	N/A	N/A	N/A	2,000	2,000	2.63%	2,000	2,000	2.63%	2,000	2,000	2.63%	
Mt. Pleasant ISD	968	1.28%	968	968	1.28%	966	966	1.27%	966	966	1.27%	940	940	1.24%	
Titus Regional Medical Center	740	0.97%	740	740	0.97%	650	650	0.86%	650	650	0.86%	400	400	0.53%	
Texas Utilities	482	0.63%	482	482	0.63%	600	600	0.79%	600	600	0.79%	400	400	0.53%	
Wal-Mart Supercenter	460	0.61%	460	460	0.61%	450	450	0.59%	450	450	0.59%	400	400	0.53%	
Priefert Manufacturing	450	0.59%	485	485	0.64%	595	595	0.78%	595	595	0.78%	450	450	0.59%	
Northeast Texas Community College	474	0.62%	357	357	0.47%	360	360	0.47%	340	340	0.45%	340	340	0.45%	
Big Tex Trailer World, Inc.	120	0.16%	200	200	0.26%	462	462	0.61%	462	462	0.61%	300	300	0.40%	
Diamond C Trailers	90	0.12%	85	85	0.11%	85	85	0.11%	85	85	0.11%	300	300	0.40%	
City of Mt. Pleasant	153	0.20%	153	153	0.20%	155	155	0.20%	155	155	0.20%	150	150	0.20%	
AEP SWEPSCO	170	0.22%	170	170	0.22%										
Total	7,107	9.36%	7,100	7,100	9.35%	10,323	10,303	13.60%	10,303	10,303	13.57%	9,680	9,680	12.75%	

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 Eight Fiscal Years
(unaudited)

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

Source:
Human Resources IPEDS

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

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

	Fiscal 2010		Fiscal 2009		Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005	
Student Classification	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Freshman	5,103	67.52%	4,370	69.23%	4,290	68.19%	4,083	65.90%	4,329	69.82%	4,788	74.66%
Sophomore	1,637	21.66%	1,228	19.46%	1,251	19.89%	895	14.44%	1,224	19.74%	1,047	16.33%
Unclassified	714	9.45%	680	10.77%	660	10.49%	1,174	18.95%	597	9.63%	539	8.40%
Associate Degree	103	1.36%	29	0.46%	90	1.43%	9	0.15%	18	0.29%	14	0.22%
Baccalaureate or above	1	0.01%	5	0.08%	0	0.00%	35	0.56%	32	0.52%	25	0.39%
Total	7,558	100.00%	6,312	100.00%	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%

	Fiscal 2010		Fiscal 2009		Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005	
Semester Hour Load	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	99	1.32%	147	2.33%	220	3.50%	108	1.75%	150	2.42%	131	2.04%
3-5 semester hours	2,067	27.35%	1,890	29.94%	1,869	29.71%	2,120	34.21%	2,112	34.07%	2,153	33.57%
6-8 Semester hours	1,857	24.57%	1,408	22.31%	1,513	24.05%	1,174	18.94%	1,380	22.25%	1,344	20.96%
9-11 semester hours	698	9.23%	609	9.65%	566	9.00%	691	11.15%	596	9.61%	608	9.48%
12-14 semester hours	2,083	27.56%	1,661	26.31%	1,632	25.94%	1,434	23.15%	1,508	24.32%	1,664	25.95%
15-17 semester hours	524	6.93%	437	6.92%	392	6.23%	528	8.52%	350	5.65%	381	5.94%
18 & over	230	3.04%	160	2.53%	99	1.57%	141	2.28%	104	1.68%	132	2.06%
Total	7,558	100.00%	6,312	100.00%	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%

Average course load

10.0

9.7

9.4

8.8

8.5

8.7

	Fiscal 2010		Fiscal 2009		Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005	
Tuition Status	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In-District	4,525	59.87%	3,707	58.73%	3,582	56.94%	3,619	58.41%	3,609	58.21%	3,775	58.86%
Out-of-District	2,695	35.66%	2,240	35.49%	2,387	37.94%	2,261	36.49%	2,246	36.23%	2,328	36.30%
Nonresident	194	2.57%	182	2.88%	168	2.67%	154	2.49%	153	2.47%	149	2.32%
Tuition Exemption for Texas Resident	42	0.56%	29	0.46%	32	0.51%	27	0.44%	38	0.61%	38	0.59%
Foreign Classified In-Dist Resident	83	1.09%	125	1.98%	86	1.37%	90	1.45%	83	1.34%	49	0.76%
Foreign Classified Out-of-Dist Resident	3	0.04%	9	0.14%	8	0.13%	5	0.08%	8	0.13%	5	0.08%
Foreign Pending In-Dist Resident	14	0.18%	15	0.24%	23	0.37%	36	0.58%	59	0.95%	62	0.97%
Foreign Pending Out-of-Dist Resident	2	0.03%	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%
Total	7,558	100.00%	6,312	100.00%	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%

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

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

	Fiscal 2010		Fiscal 2009		Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	4,832	63.93%	4,094	64.86%	4,182	66.48%	4,045	65.28%	3,957	63.82%	4,201	65.51%
Male	2,726	36.07%	2,218	35.14%	2,109	33.52%	2,151	34.72%	2,243	36.18%	2,212	34.49%
Total	7,558	100.00%	6,312	100.00%	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%

	Fiscal 2010		Fiscal 2009		Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	4,744	62.77%	4,326	68.54%	4,546	72.26%	4,515	72.87%	4,569	73.69%	4,770	74.38%
African American	1,111	14.70%	799	12.66%	651	10.35%	595	9.60%	586	9.45%	699	10.90%
Hispanic	1,247	16.50%	1,040	16.48%	918	14.59%	928	14.98%	870	14.03%	790	12.32%
Asian	78	1.03%	72	1.14%	71	1.13%	44	0.71%	46	0.74%	33	0.51%
Native American	54	0.71%	36	0.57%	52	0.83%	40	0.65%	30	0.48%	27	0.42%
Foreign	23	0.30%	36	0.57%	50	0.79%	74	1.19%	99	1.60%	94	1.47%
Unknown or Not Reported	301	3.99%	3	0.05%	3	0.05%	-	-	-	-	-	-
Total	7,558	100.00%	6,312	100.00%	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%

	Fiscal 2010		Fiscal 2009		Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	1,052	13.92%	817	12.94%	875	13.91%	757	12.22%	693	11.18%	744	11.60%
18 - 21	3,213	42.51%	2,976	47.15%	2,840	45.14%	2,817	45.46%	2,818	45.45%	2,834	44.19%
22 - 24	820	10.85%	637	10.09%	706	11.22%	617	9.96%	653	10.53%	699	10.90%
25 - 30	920	12.17%	699	11.07%	720	11.44%	706	11.39%	695	11.21%	715	11.15%
31 - 35	463	6.13%	347	5.50%	366	5.82%	422	6.81%	454	7.32%	515	8.03%
36 - 50	853	11.29%	665	10.54%	586	9.31%	662	10.68%	686	11.06%	743	11.59%
51 & over	237	3.13%	171	2.71%	198	3.15%	215	3.47%	201	3.24%	163	2.54%
Total	7,558	100.00%	6,312	100.00%	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%

Average Age	24	24	24	24	24	25	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
2009-2010 Graduates, Completers and Non-Returners
(Includes only public senior colleges in Texas)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Transfer Student Count	% of all Transfer Students
	Academic	Technical	Tech-Prep	all	
Angelo State University	2			2	0.61%
Lamar University	1			1	0.30%
Midwestern State		1		1	0.30%
Sam Houston State University	3			3	0.91%
Stephen F. Austin State University	26			26	7.88%
Tarleton State University	8	1		9	2.73%
Texas A&M University	27	1	1	29	8.79%
Texas A&M University at Commerce	54	6		60	18.18%
Texas A&M University at Texarkana	89	1		90	27.27%
Texas State University	4	1		5	1.52%
Texas Tech University	7	1		8	2.42%
Texas Women's University	6	2		8	2.42%
The University of Texas at Arlington	8	3		11	3.33%
The University of Texas at Austin	8			8	2.42%
The University of Texas at Dallas	1			1	0.30%
The University of Texas at Tyler	46	3		49	14.85%
University of Houston	1			1	0.30%
University of Houston at Victoria	1			1	0.30%
University of North Texas	15		1	16	4.85%
University of North Texas at Dallas	1			1	0.30%
Totals	308	20	2	330	100.00%

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

Northeast Texas Community College
Statistical Supplement 18
Schedule of Capital Asset Information
Fiscal Years 2002 to 2010

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Academic buildings	11	11	11	10	10	6	6	6	6	
Square footage	167,001	185,242	185,242	182,786	182,786	102,863	102,863	102,863	102,863	
Libraries	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	
Number of Volumes (a)	35,233	35,233	34,559	33,574	33,574	-	-	-	-	
Auditoriums	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	
Administrative and support buildings	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	
Dormitories	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	
Number of Beds	112	112	112	112	112	112	112	112	112	
Dining Facilities	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	
Athletic Facilities	3	2	2	2	2	2	2	2	2	
Square footage	12,654	11,358	11,358	11,358	10,158	10,158	10,158	10,158	10,158	
Fitness Center	1	1	1	1	1	1	1	1	1	
Tennis Court	1	1	1	1	1	1	1	1	1	
Baseball Field	1	1	1	1	1	1	1	1	1	
Softball Field	2	1	1	1	1	1	1	1	1	
Rodeo Arena	1	1	1	1	1	1	1	1	1	
Soccer Field	1	1	1	1	1	1	1	1	1	
Barns and Stables	6	6	6	6	6	5	5	5	5	
Plant facilities	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	
Transportation										
Cars (a)	7	6	6	4	4	-	-	-	-	
Light Trucks/Vans (a)	15	14	14	14	14	-	-	-	-	
Buses (a)	3	3	2	2	2	-	-	-	-	
Semi Tractors (a)	-	-	2	2	2	-	-	-	-	

Notes:

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

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 27, 2010

***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, 2010 and 2009, and have issued our report thereon dated December 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Uniform Grant Management Standards*, issued by the State of Texas.

Internal Control Over Financial Reporting

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

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


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

Compliance and Other Matters

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

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 27, 2010.

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 27, 2010

*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, 2010. 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, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2.

Internal Control over Compliance

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

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

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

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

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, 2010
Page 1 of 2

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantors Number	Pass Through Disbursements and Expenditures
U.S. Department of Education			
Direct Programs			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	* 84.007A		\$ 37,293
Federal Work-Study Program	* 84.033A		90,998
Federal Pell Grant Program	* 84.063P		6,875,567
Direct Loans	* 84.268		291,214
Academic Competitiveness Grant	* 84.375		113,145
Total Student Financial Assistance Cluster			<u>7,408,217</u>
TRIO - Upward Bound	84.047A		<u>250,307</u>
21st Century Community Learning Centers	84.287	(A)	<u>1,007,924</u>
Passed Through Texas Education Agency			
Adult Basic Education	84.002A	41000901/41001001	117,061
EL Civics	84.002A	41000908/41001008	99,302
Total Passed Through Texas Education Agency			<u>216,363</u>
Passed Through Texas Higher Education Coordinating Board			
Vocational Education - Allocated	84.048		153,565
Vocational Education- Teacher Excellence	84.048		10,000
Sleep	84.069B		900
Leap	84.069A		1,150
Robert C. Byrd Honors Scholarship	84.185A		3,000
College Access Challenge Grant	84.378	1162-1	55,995
ARRA Funds	84.397		64,761
Total Passed Through Texas Higher Education Coord. Board			<u>289,371</u>
Passed Through Upper East Texas Tech Prep Consortium			
Tech Prep	84.243		2,820
Total U.S. Department of Education			<u>\$ 9,175,002</u>
U.S. Department of Labor			
Passed Through Texas Higher Education Coordinating Board			
Passed Through Arbor Education & Training	17.259	100407-3	34,967
Passed Through Texas Workforce Commission			
Passed Through Workforce Investment Act Dislocated Worker Prog.	17.260		27,796
Passed Through Workforce Investment Act Adult Program	17.258		1,080
Passed Through Workforce Investment Act Adult Program	17.260		9,001
Passed Through Workforce Investment Act Adult Program	17.266		32,701
Total U.S. Department of Labor			<u>\$ 105,545</u>
National Science Foundation	47.076		<u>\$ 62,409</u>
U.S. Department of Energy			
Biodiesel Fuel Grant	81.087		148,506
Passed Through Texas State Comptroller			
Seco Alternative Fuels	81.041		4,425
Total U.S. Department of Energy			<u>\$ 152,931</u>
U.S. Office of Personnel Management	84.215K		<u>\$ 143,000</u>
U.S. Department of Health and Human Services			
Passed Through Texas Education Agency			
Temporary Assist to Needy Families	* 93.558	36250801	15,842
Temporary Assist to Needy Families	* 93.558	(A)	146,687
Total Passed Through Texas Education Agency			<u>\$ 162,529</u>
Passed Through Texas Workforce Commission			
Temporary Assist to Needy Families	* 93.558		55,777
Mentoring Children of Prisoners	93.616	(A) 90CV0316/02	80,298
Total U.S. Department of Health and Human Services			<u>\$ 298,604</u>
Corporation for National and Community Service			
Passed Through Communities in Schools, Inc.			
CNCS Service-Learning	94.007	(A)	2,794
Total Corporation for National and Community Service			
Total Federal Financial Assistance			<u>\$ 9,940,285</u>

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2010
Page 2 of 2

Note 1: Federal Financial Assistance Reconciliation

Federal Grants and Contracts Revenue - Per Schedule A - College	\$	1,291,366
Federal Grants and Contracts Revenue - Per Schedule C - College		7,120,003
Direct Loans		291,214
Federal Grants and Contracts Revenue - Foundation		<u>1,237,702</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$	<u><u>9,940,285</u></u>

Note 2: Significant Accounting Policies

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

Note 3: Student Loans Processed and Administrative Costs Recovered

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

US Department of Education

All direct loans processed are included in the schedule.

* Major Program

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

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE
FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2010

A: Summary of Audit Results

Financial Statements

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

The auditor's report on compliance for the major 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 ☐ 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
Direct Loans	CFDA #84.268
Academic Competitiveness Grant	CFDA #84.375

Temporary Assist to Needy Families CFDA #93.558

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

B: Findings - Financial Statements Audit

None

***NORTHEAST TEXAS COMMUNITY COLLEGE
FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2010***

C. Findings and Questioned Costs – Major Federal Award Programs Audit

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

Compliance Requirement: Matching, Level of Effort, Earmarking

Criteria:

The regulations at 34 CFR 675.18(g) set forth the community service expenditure requirements under the Federal Work Study (FWS) Program that a school must meet unless it is granted a Community Service Waiver from the Department of Education. The regulation requires an institution to use 7% of its FWS allocation to students employed in Community Service Activities.

Condition/Context:

Northeast Texas Community College did not use at least 7% of its FWS allocations for the award period to compensate students employed in community service activities. A waiver from the Department of Education for the award period ended August 31, 2010 was not granted exempting the College from this earmarking requirement. The College disbursed total Federal Work Study earned compensation of \$90,998 including federal share of community service earned compensation of \$2,336. Additional funds of \$ 4,034 were needed to comply with the 7% earmark requirement.

Questioned Costs: \$ 4,034

Effect:

Northeast Texas Community College was not in compliance with the regulation under the Federal Work Study (FWS) Program relating to Earmarking.

Cause:

The College did not allocate the required federal share of Federal Work Study compensation for community service employment due to lack of students interested in participating in the program.

Recommendation:

Northeast Texas Community College should ensure all required earmarking is performed and allocated to meet the 7% earmark requirement in the future or have a valid waiver from the Department of Education exempting the College from the earmarking requirement.

Response:

Northeast Texas Community College concurs with this recommendation and acknowledges the need for compliance with federal regulations. The College will ensure compliance with the Federal Work Study Program regulations by actively recruiting students to participate in the America Read/Count Program. However, the institution will request a waiver of the community service expenditure requirement from the Department of Education.

***NORTHEAST TEXAS COMMUNITY COLLEGE
FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2010***

C. Findings and Questioned Costs – Major Federal Award Programs Audit

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

Compliance Requirement: Eligibility

Criteria:

Provisions included in 34 CFR 668 provides general provisions for administering Student Financial Aid Programs and rules by which a student establishes eligibility for assistance under the Title IV, Higher Education Act programs. To receive a Pell Grant the student must meet the general eligibility requirements. A student is ineligible for Federal Student Aid if the student is in default on an SFA loan or owes an overpayment on a SFA grant or loan and has not made a repayment arrangement for the default or overpayment.

Condition/Context:

Northeast Texas Community College disbursed Federal Student Aid to a student who was ineligible for the award. From a sample of 60 students, we identified 1 student who received Federal Pell during the Spring 2010 semester totaling \$669. This student's Institutional Student Information Record and National Student Loan Data System History indicated that the student was in Default on a federal student loan and was ineligible for federal student aid.

Effect/Questioned Costs:

A total of \$669 was disbursed from Pell to an ineligible student. A projection of this error to the sample population would result in likely questioned costs in excess of the \$10,000 required reporting threshold.

Population and Sample Size:

	<u>Number</u>	<u>Dollars</u>	<u>Questioned Costs</u>
Population	1755	\$6,201,185	
Sample	60	228,467	
Not in Compliance	1	669	
Questioned Costs			\$ 669

Cause:

Documentation could not be provided by the Financial Aid Office to support student eligibility.

Recommendation:

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

Response:

Northeast Texas Community College is contracting with a company called Vangent to handle all student financial aid verifications. The process includes the following activities: (1) importing ISIRs into Vangent's Verification Management System, (2) contacting students for required documentation, receiving, scanning, and archiving the documentation, and (3) reporting all "Verified" and "Not-Verified" results to NTCC. This process will serve as the management controls needed to ensure all ISIRs are reviewed properly, documentation is maintained to support student eligibility, and that Federal Student Aid is awarded only to eligible students.

***NORTHEAST TEXAS COMMUNITY COLLEGE
FEDERAL SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2010***

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 27, 2010

*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, 2010. 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, 2010. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with *Uniform Grant Management Standards*.

Internal Control over Compliance

The management of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *Uniform Grant Management* Standards issued by the State of Texas, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s internal control over compliance.

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

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

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


WILF & HENDERSON, P. C.
Certified Public Accountants

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE H
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2010
Page 1 of 2

<u>Grantor/Program/Title</u>	<u>Grant Contract Number</u>	<u>Pass Through Disbursements and Expenditures</u>
Texas Education Agency		\$ 22,219
Adult Basic Education		12,404
Communities in Schools Caregivers Choice	(A)	608,654
Temporary Assist to Needy Families	(A) 0710580171200011	643,277
Total Texas Education Agency		
U.S. Small Business Administration		23,724
SBDC State		
Texas Higher Education Coordinating Board		
Texas Grant Program	N/A	278,503
Texas Grant II	N/A	39,663
Early High School Graduation		5,088
Certified Education Aide Program		34,792
Nursing Scholarship		1,079
Nursing shortage		28,899
P-16 Program		17,040
Top 10%		16,000
Texas Guaranteed Student Loan		1,886
Texas B On Time		10,359
Total Texas Higher Education Coordinating Board		433,309
Texas College Workstudy		56,262
Texas Workforce Commission		
Skills Development Fund		33,037
Skills Development Fund RAMA	0709SSF000	502,344
Total Skills Development		535,381
Total State Financial Assistance		\$ 1,691,953

* Major Program

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

NORTHEAST TEXAS COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2010
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	\$ 1,041,996
State Grants and Contracts Revenue - Per Schedule C - College	28,899
State Grants and Contracts - Foundation	<u>621,058</u>
 Total State Financial Assistance	 \$ <u><u>1,691,953</u></u>

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	\$ 214,707
Texarkana College	0708SDF002	107,584
Total Amount Passed Through		<u>\$ 322,291</u>

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE
STATE GRANTS SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2010

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:

Temporary Assist to Needy Families –
Communities in School

Grant Project Number

071058017120011

Dollar threshold used to distinguish between

Type A and B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes _____ no

B: Findings - Financial Statements Audit

None

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

None

***NORTHEAST TEXAS COMMUNITY COLLEGE
STATE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2010***

Prior year audit disclosed no findings or questioned costs.