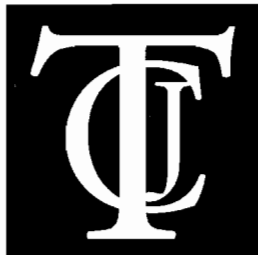


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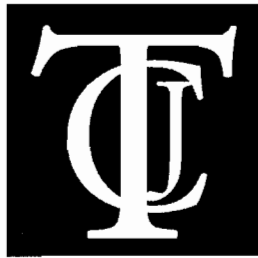
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the fiscal year ended
August 31, 2010

Tyler, Texas

**TYLER JUNIOR COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
AUGUST 31, 2010**

**Prepared By:
DEPARTMENT OF BUSINESS SERVICES
TYLER JUNIOR COLLEGE DISTRICT**



TYLER
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**TYLER JUNIOR COLLEGE DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 AUGUST 31, 2010**

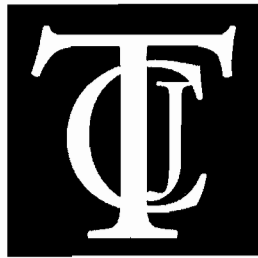
	<u>Exhibit/ Schedule</u>	<u>Page</u>
<u>INTRODUCTORY SECTION</u>		
Transmittal Letter		i-v
GFOA Certificate of Achievement		vi
Organizational Chart		vii
Principal Officials		viii
<u>FINANCIAL SECTION</u>		
Independent Auditors' Report		1-2
Management's Discussion and Analysis		3-12
Basic Financial Statements:		
Statement of Net Assets	1	13
Statement of Financial Position – Tyler Junior College Foundation	1-1	14
Statement of Revenues, Expenses, and Changes In Net Assets	2	15
Statement of Activities – Tyler Junior College Foundation	2-1	16
Statement of Cash Flows	3	17-18
Notes to the Financial Statements		19-33
Supplemental Information:		
Schedule of Operating Revenues	A	36
Schedule of Operating Expenses by Object	B	37
Schedule of Non-Operating Revenues and Expenses	C	38
Schedule of Net Assets by Source and Availability	D	39

**TYLER JUNIOR COLLEGE DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 AUGUST 31, 2010**

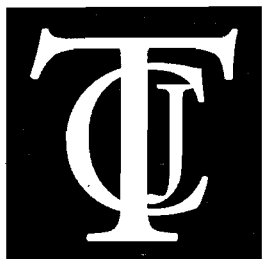
	<u>Table No.</u>	<u>Page</u>
<u>STATISTICAL SECTION (UNAUDITED)</u>		
Net Assets by Component	1	42
Revenues by Source	2	43
Program Expenses by Function	3	44
Tuition and Fees	4	46-47
Assessed Value and Taxable Assessed Value of Property	5	48
State Appropriation per FTSE and Contact Hour	6	49
Principal Taxpayers	7	50-53
Property Tax Levies and Collections	8	54
Ratios of Outstanding Debt	9	55
Pledged Revenue Coverage	10	56
Demographic and Economic Statistics – Taxing District	11	57
Principal Employers	12	58
Faculty, Staff, and Administrators Statistics	13	59
Enrollment Details	14	60
Student Profile	15	61
Transfers to Senior Institutions	16	62
Capital Asset Information	17	63
<u>SINGLE AUDIT SECTION</u>		
	<u>Schedule</u>	
Schedule of Expenditures of Federal Awards	E	66-67
Schedule of Expenditures of State Awards	F	68-69

**TYLER JUNIOR COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
AUGUST 31, 2010**

	<u>Schedule</u>	<u>Page</u>
<u>SINGLE AUDIT SECTION</u>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		70-71
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		72-73
Schedule of Findings and Questioned Costs		74-75
Summary Schedule of Prior Audit Findings		76-77

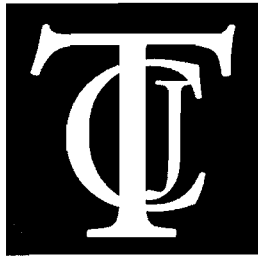


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INTRODUCTORY
SECTION



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TYLER JUNIOR COLLEGE

A QUALITY EDUCATION · A VIBRANT STUDENT LIFE · COMMUNITY SERVICE

November 15, 2010

To the President of the Tyler Junior College District:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended August 31, 2010.

The District's financial staff bears the responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Gollob, Morgan, Peddy & Co., P. C. have issued an unqualified ("clean") opinion on the Tyler Junior College financial statements for the year ended August 31, 2010. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

TYLER JUNIOR COLLEGE PROFILE

The Tyler Junior College District facilities are located in Tyler, Texas, a city of approximately 100,000 located in East Texas. The District was created in 1926 as part of the Tyler public school system to serve the higher education needs of area citizens. In 1945, Tyler voters established the Tyler Junior College District as an independent local governmental entity with a publicly elected board of trustees and the authority to levy taxes in support of the District. The District is currently comprised of some or all of six independent school districts including Chapel Hill, Grand Saline, Lindale, Tyler, Van, and Winona school districts located in Smith and Van Zandt counties. The District is considered a special-purpose government engaged in business-type activities for financial reporting purposes.

In 1995, the 74th Texas Legislature defined the District's service area by adding the Yantis, Alba-Golden, Arp, Bullard, Hawkins, Jacksonville, Mineola, New Summerfield, Quitman, Rusk, Troup, and Whitehouse independent school districts to the existing six districts mentioned above. While not adding to the tax base, defining the service area clarifies the geographic boundaries within which the District may offer its courses and programs.

Although the Tyler Junior College District is regional in concept, the District's forty plus areas of study in the liberal arts and vocational fields at relatively low cost attracts students from forty-one states and fifty-two foreign countries. Annual fall unduplicated enrollment is approximately 11,700 academic and vocational students, with an additional 11,000 unduplicated "non-credit" continuing education students. In addition to outstanding instructional programs, the District offers a broad array of campus activities, men's and women's intercollegiate athletic programs, marching band, Apache Belles precision dance team, and a strong performing arts program. Student and service clubs, campus housing, career guidance and counseling, endowed scholarships, federal financial aid, and a modern 101 acre campus round out the educational experience.

The Tyler Junior College District is committed to maintaining its strong "junior college" academic heritage of the first two years of a four-year baccalaureate degree education. The District is further committed to preserving a traditional campus experience for current and future students by maintaining campus housing for students, student life activities, and intercollegiate athletic programs. By maintaining the strength of its traditions while positioning itself to respond quickly and surely to rapid technological change, the District plans to continue its role as a vital educational resource in the 21st century.

COMPONENT UNIT REPORTING

In accordance with the provisions of GASB 39, the financial statements for the Tyler Junior College Foundation, a separate 501(c) (3) corporation, are presented discretely in the accompanying financial statements. The Tyler Junior College Foundation is a nonprofit corporation organized under the Texas Corporation Act. Its mission is to enhance the overall reputation of Tyler Junior College, to provide external resources to fund College priorities, and to create opportunities for the College to build partnerships with alumni, friends, donors, corporations and foundations.

BUDGETARY PROCESSES

State Requirements

The state annual budget requirements for community and/or junior colleges are contained within a rider in the general appropriations act for the State of Texas. This rider states that "each community/junior college must file by December 1 of each fiscal year directly with the Governor, Legislative Budget Board, the Legislative Reference Library, and the Texas Higher Education Coordinating Board, a copy of an annual operating budget, and subsequent amendments thereto, approved by the community/junior college governing board. The operating budget shall be in such form and manner as may be prescribed by the board and/or agency with the advice of the State Auditor providing, however, that each report include departmental operating budgets by function and salaries and emoluments for faculty and staff listed by position."

Tyler Junior College Process

Budgeting is the process whereby the plans of the institution are translated into an itemized, authorized, and systematic plan of operation expressed in dollars for a given period. Development of the budget should also ensure that all institutional activities and programs are simultaneously examined to determine, in light of available resources, which should be supported and at what levels. The budget is prepared by fund, function (e.g. Instruction) and department (e.g. History).

The result of this process is a document that is used to monitor and control the ongoing operations of the institution.

Budget Adoption

An itemized budget covering the operation of the College must be approved on or before September 1 of each year for the fiscal year beginning on September 1 of each year. The adopted budget provides the authority to expend funds for the purposes indicated and in accordance with state law, Board policy, and the College District's approved purchasing procedures. The expenditure of funds shall be under the direction of the College President or designee who shall ensure that funds are expended in accordance with the adopted budget.

Monitoring of the Budget

The budget and expenditures are monitored by the College President, the Vice President of Business Affairs, the Business Services staff and the Board. The Board may make adjustments to the operating budget at any time during the budget year upon recommendation by the College President.

Legal Level Budgetary Control

Department heads may transfer resources within a department as they see fit. However, additions to the budget or unusual transactions require oversight and approval by the College President or his designee, or the Board.

ASSESSING THE ECONOMIC CONDITION

Enrollment for the 2009-2010 academic year increased approximately 16.3% over the 2008-2009 academic year. In response to the strong enrollment growth, the College has increased course offerings at the Jacksonville Center as well as the Lindale Center. Additionally, the College in collaboration with the Rusk State Hospital and the Rusk Economic Development Council opened a nursing center at the Rusk State Hospital in the Fall, 2010.

During the past year, the College has completed or nearly completed a number of capital projects on campus, including additional classrooms at the Lindale Center, expansion of the welding lab space on the West Campus, window, roof and HVAC replacements to several buildings on the main campus, and a major upgrade to the Pat Hartley field, to name a few. Several properties were purchased during the year to allow for future growth on both the main and west campuses.

While TJC anticipates moving forward with like projects in the upcoming year, the College must continue to find additional revenue sources to fund the acquisition of property, new construction of facilities and the ongoing renovation and maintenance of existing buildings. The 2010 state appropriations increased slightly as compared to the 2009 state appropriations. The College imposed a minimal out of district fee increase in the spring semester. However, the College believes that continued increases in tuition and fees may deny access to some of its most deserving students and continuously seeks other opportunities to increase revenues.

For now and in the near future, the College must rely on local tax revenues to support capital growth and increased capacity needs. Although tax revenues have increased over the last ten years, the growth is a result of an expanded tax base and increased property valuations. With the down turn in the federal, state and local economies, the property valuations of the District remained flat this past year. The College increased the tax rate for 2009-2010 from \$.127169 per \$100 valuation to \$.13695 per \$100 valuation. This increase is expected to help the College preserve the existing capital structures and allow for future capital growth.

In order to address the aging and sometimes failing infrastructure on campus, the College issued \$24,500,000 in Maintenance Tax Notes during fiscal year 2009. The College District applied for a rating from Standard & Poor's Corporation (S&P) and was assigned an AA+ credit rating with a "Stable" outlook. This rating is one level from the highest rating and allowed the College to obtain the needed Maintenance Tax Notes at a competitive rate. These funds are being used to provide funding for campus renovations and repairs of existing facilities and infrastructure. These renovations and repairs will ultimately enhance the college experience for our growing student population.

TRENDS

Tyler is considered the advanced manufacturing, health care, educational, and retail center of East Texas. The 2010 "Best Performing Cities" report by the Milken Institute, rated Tyler as No. 7 in the small city category. According to the report, Tyler "has an emerging service industry that could potentially compete with Dallas and Houston because of Tyler's lower costs." According to the 26th Annual Perryman Economic Outlook Conference report, the Tyler Metropolitan Statistical Area (MSA) economy "is expected to achieve significant increases in the key indicators of overall activity and several industrial sectors." Over the next five-year period, the industrial sectors expected to increase annual real gross product growth are construction, mining, manufacturing, information and services. The latest 2008 Census projections estimate the Tyler MSA population at 201,277 and according to a consulting group, Population and Survey Analysts, the City of Tyler's population is now 101,106. The population is expected to continue to grow and as the Tyler area grows, the College anticipates continuing enrollment growth.

AWARDS AND ACKNOWLEDGMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tyler Junior College District for its comprehensive annual financial report (CAFR) for the fiscal year ended August 31, 2009. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standard for preparation of a state and local government financial report.


In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The 2009 report was the fourteenth submission for the District, having earned its first Certificate of Achievement in 1996. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

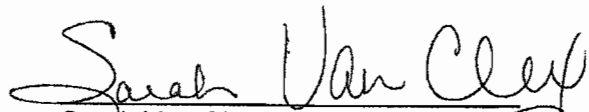
Acknowledgments

The preparation of the District's financial statements and reports requires the ongoing efforts and diligence of many persons and offices. We would like to express our appreciation to the individuals who work throughout the year to maintain the accuracy and integrity of the District's financial information. We would also like to thank the President of the College and the Board of Trustees for their progressive leadership and support of the financial operations of the District.

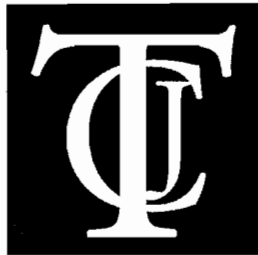
Respectfully submitted,



Carol Hutson
Director, Accounting Services/Controller



Sarah Van Cleef
Interim Vice President, Business Affairs, CFO



TYLER
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tyler Junior College District
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2009

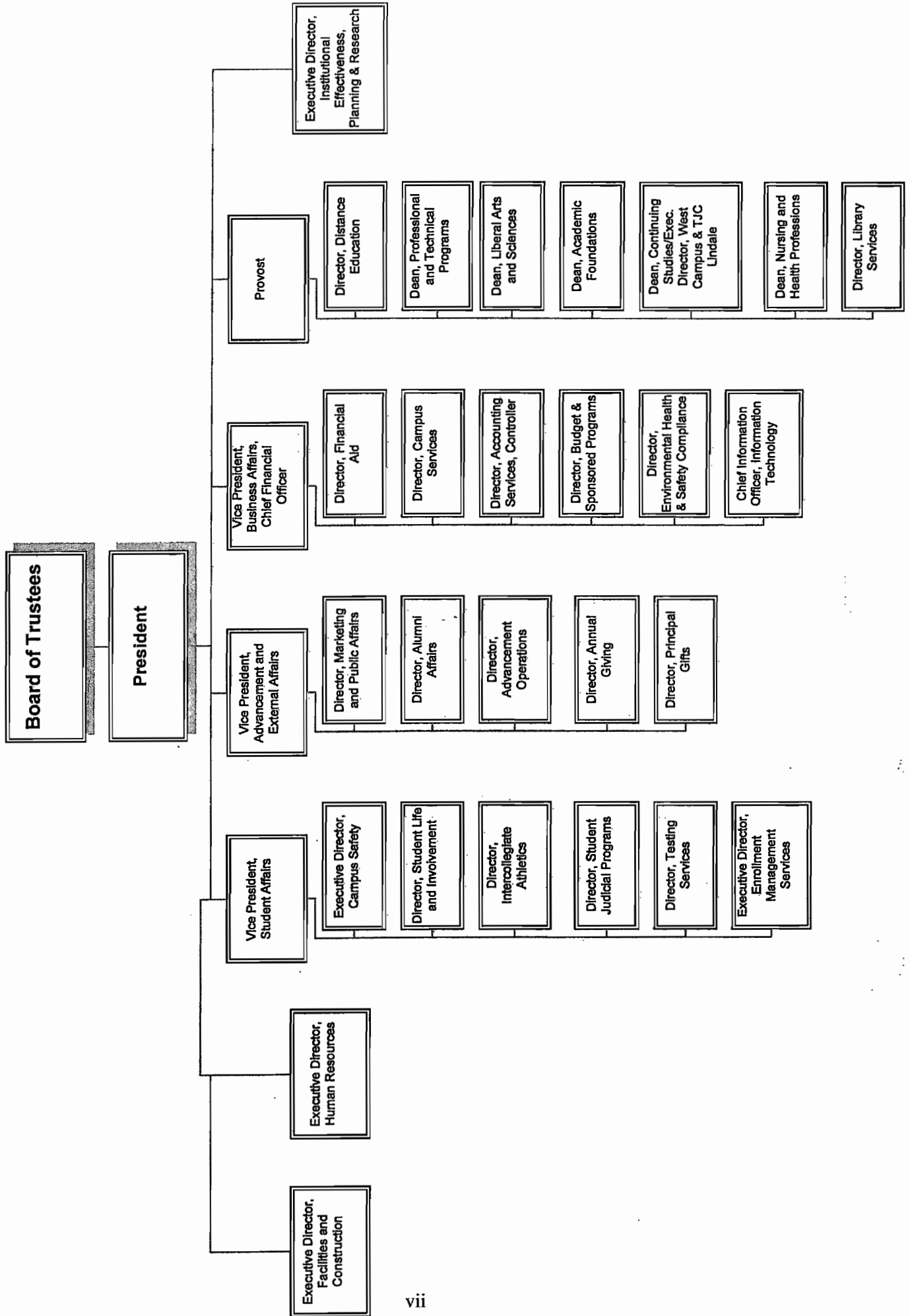
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

TYLER JUNIOR COLLEGE ORGANIZATIONAL STRUCTURE



TYLER JUNIOR COLLEGE

ORGANIZATIONAL DATA For the Fiscal Year 2010-2011

Board of Trustees

Officers

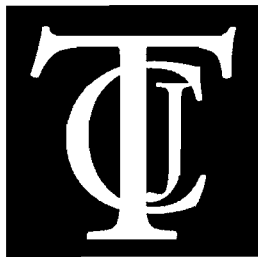
Clint Roxburgh	President
John Hills	First Vice President
Dr. Joseph Prud'homme	Second Vice President

Members

		Term Expires
		<u>May</u>
Rohn Boone	Tyler, Texas	2014
Ann Brookshire	Tyler, Texas	2014
Mike Coker	Tyler, Texas	2012
David Hudson	Tyler, Texas	2014
Peggy W. Smith	Tyler, Texas	2016
Lonny Uzzell	Tyler, Texas	2012

Principal Administrative Officers

L. Michael Metke	President
Homer M. Hayes	Provost
Johnny Moore	Vice President, Student Affairs
Kim Russell	Vice President, Advancement/External Affairs
Sarah Van Cleef	Interim Vice President, Business Affairs, CFO
W. Clayton Allen	Dean, Professional/Technical Programs
Shelley Caraway	Interim Dean, Liberal Arts/Sciences
Lisa M. Harper	Dean, Academic Foundations
Paul R. Monagan	Dean, Nursing and Health Professions
Aubrey D. Sharpe	Dean, Continuing Studies/Executive Administrator, West Campus/TJC Lindale

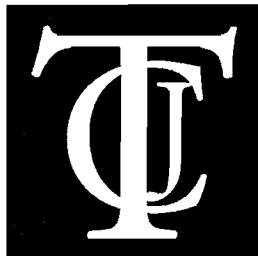


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FINANCIAL
SECTION



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Tyler Junior College District
Tyler, Texas

We have audited the accompanying basic financial statements of the Tyler Junior College District as of and for the year ended August 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Tyler Junior College Foundation, a component unit of the District, which statements reflect total assets of \$31,772,040 as of August 31, 2010 and total revenues of \$3,665,751 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the component unit in Exhibits 1-1 and 2-1, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Tyler Junior College District as of August 31, 2010 and 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010 on our consideration of the Tyler Junior College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 3 through 11 is not a required part of the basic financial statements but is supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Tyler Junior College District's basic financial statements. The accompanying financial information listed as supplementary schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. The accompanying schedules of expenditures of federal 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 by the Uniform Grant Management Standards (UGMS), and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Certified Public Accountants

Tyler, Texas
November 15, 2010

Tyler Junior College District

Management's Discussion and Analysis

Tyler Junior College District is a public, open door, comprehensive community college dedicated to meeting the changing needs of citizens in its seven county service area. By offering a broad spectrum of programs, the District provides students with opportunities for educational, personal and professional advancement. A wide range of academic courses prepares students to transfer to four-year institutions. Technical programs equip students to master certain skills as well as to utilize them through job entry.

Tyler Junior College District is proud to present its financial statements for fiscal year 2010. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

This discussion and analysis of the District's financial statements provides an overview of its financial activities for the year.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the District as of the end of the fiscal year. The Statement of Net Assets is a 'point in time' financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of Tyler Junior College District. The Statement of Net Assets presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (Assets minus Liabilities). The difference between current and noncurrent assets will be discussed in the financial statement disclosures.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors and lending institutions.

Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for

expenditure by the institution, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any appropriate purpose of the institution.

Statement of Net Assets (thousands of dollars)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assets			
Current assets	\$ 28,775	\$ 25,635	\$ 24,511
Capital assets, net	115,901	105,866	104,942
Other assets	30,616	13,390	14,432
Total assets	<u>175,292</u>	<u>144,891</u>	<u>143,885</u>
Liabilities			
Current liabilities	29,906	24,457	24,361
Noncurrent liabilities	72,569	54,266	57,334
Total liabilities	<u>102,475</u>	<u>78,723</u>	<u>81,695</u>
Net assets			
Invested in capital assets, net of debt	64,758	53,315	50,438
Restricted - expendable	323	390	280
Restricted - nonexpendable	-	-	-
Unrestricted	7,736	12,463	11,472
Total net assets	<u>\$ 72,817</u>	<u>\$ 66,168</u>	<u>\$ 62,190</u>

The \$175.3 million in assets includes cash and cash equivalents of \$36 million, of that amount \$8.8 million is in the form of certificates of deposit. The issuance of Maintenance Tax Notes, Series 2009, issued on October 22, 2009 for \$24,500,000 accounted for the increase in the cash and cash equivalents and the \$5.9 million in investments. A review of the Statement of Net Assets also reveals accounts receivable of just over \$17 million compared to \$9.1 million in 2009 and \$9.8 million in 2008. Over 50 percent of the accounts receivable are for student loans and fees.

Capital assets display the result of the implementation of a policy to capitalize only those capital assets with an acquisition cost of \$5,000 or more. The consumption of assets follows the institutional philosophy to use available resources to acquire and improve all areas of the institution to better serve the instruction and public service missions of the institution.

Completed projects included the addition of new classroom space at the Lindale Center, expansion of the welding lab space on the West Campus, window, roof and HVAC replacements to several buildings on the main campus, a major upgrade to the Pat Hartley field, upgrades to

the information technology department, and upgrades to several classrooms across campus. Several properties were acquired throughout the year that increased the footprint of the District. More detailed information of capital asset activity and long-term debt activity is presented in the note disclosures Number 6 that details the capital assets, Number 8 that discloses the details pertaining to long-term liabilities and Number 9 that displays details of all outstanding bonds payable.

Liabilities of \$102.5 million include debt of \$78 million and compensated absences of \$1.4 million as of the end of the 2010 fiscal year. Also included in the liabilities are student deposits and deferred revenue in excess of \$18 million.

The assets less liabilities result in net assets of \$72.8 million compared to \$66 million in 2009 and \$62 million in 2008. A major portion of the net assets is the District's capital assets of \$64.8 million, and \$7.7 million in unrestricted resources.

The District reports as an enterprise activity and as such does not have a debt limit that impacts the financing of any planned facilities or services. Additional information that pertains to the District's long-term debt liability can be found in the notes to the financial statements, Numbers 9 and 10.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution.

Operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. For example, property taxes are nonoperating because the taxes are paid by citizens without the citizens receiving any commensurate goods or services. Additionally, state appropriations and Title IV financial aid revenue are considered to be nonoperating revenues based on the reporting requirements set forth by the Texas Higher Education Coordinating Board.

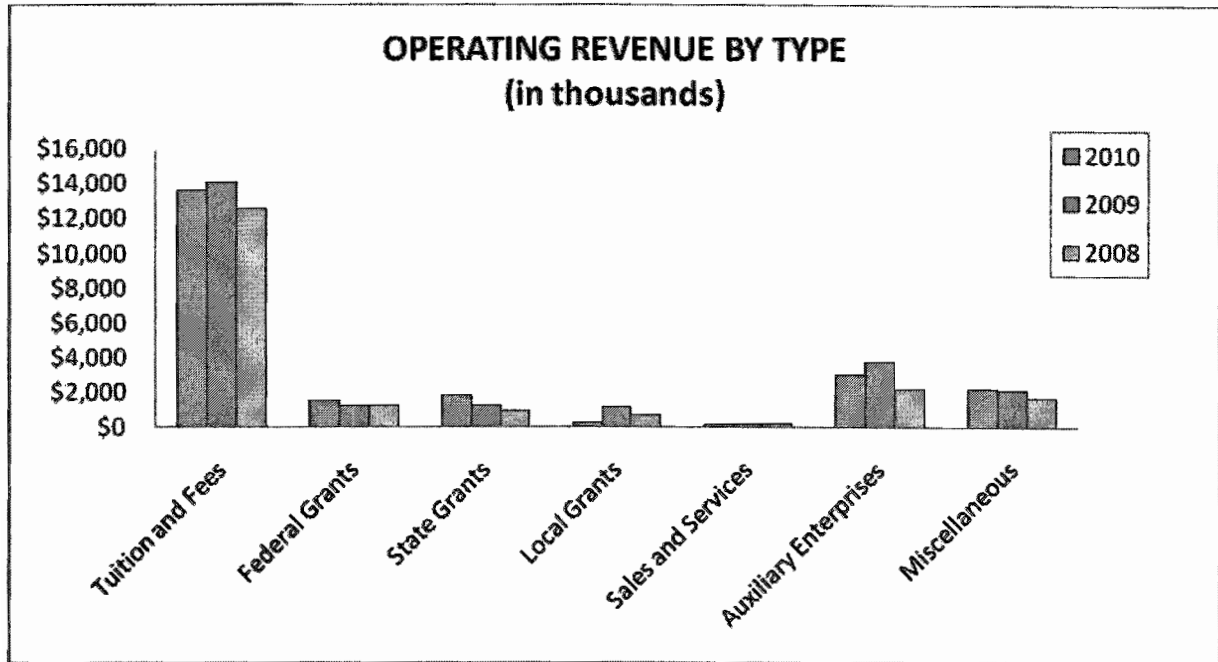
**Statement of Revenues, Expenses and Changes in Net Assets
(thousands of dollars)**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating revenues			
Tuition and fees	\$ 13,604	\$ 14,090	\$ 12,618
Federal grants and contracts	1,455	1,212	1,213
State grants and contracts	1,808	1,164	880
Local grants and contracts	221	1,084	639
Sales and service of educational activities	117	118	117
Auxiliary enterprises	2,946	3,669	2,156
Miscellaneous	2,122	2,084	1,637
Total operating revenues	<u>22,273</u>	<u>23,421</u>	<u>19,260</u>
Operating expenses			
Instruction	28,627	23,422	22,710
Public service	1,151	938	767
Academic support	2,894	2,288	2,792
Student service	8,405	7,624	6,653
Institutional support	9,791	9,429	8,006
Operation and maintenance of plant	5,081	6,695	4,568
Scholarship and fellowships	2,818	2,681	3,376
Auxiliary enterprises	6,166	6,132	4,731
Depreciation	4,348	4,126	3,128
Total operating expenses	<u>69,281</u>	<u>63,335</u>	<u>56,731</u>
Operating loss	(47,008)	(39,914)	(37,471)
Nonoperating revenues and expenses	<u>53,657</u>	<u>43,892</u>	<u>42,421</u>
Income (loss) before other revenues, Expenses, gains or losses	<u>6,649</u>	<u>3,978</u>	<u>4,950</u>
Increase in net assets	6,649	3,978	4,950
Net assets at beginning of year	66,168	62,190	56,989
Prior period adjustment			251
Net assets at end of year	<u>\$ 72,817</u>	<u>\$ 66,168</u>	<u>\$ 62,190</u>

The nonoperating revenues (expenses) are comprised of \$22.6 million state educational contracts, \$14.6 million property taxes, \$19 million in Title IV financial assistance, investment income of \$338,646 and \$3 million interest paid on capital related debt. These amounts differ from FY 2009 by approximately \$1.5 million from additional property tax revenue that resulted from a slight increase in the maintenance and operation rate of .009781 per \$100 valuation bringing the M&O rate to .13695 per \$100 valuation. A 73% increase in federal nonoperating

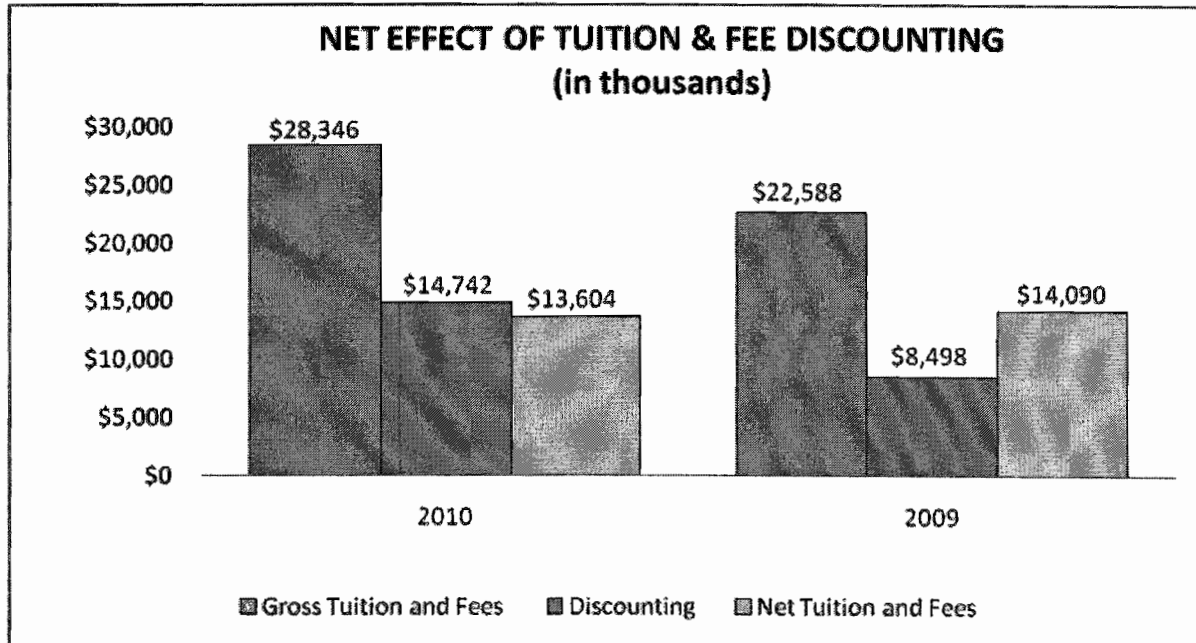
revenue and a slight increase in investment income of a little over \$338,000 round out the nonoperating revenues.

The Statement of Revenues, Expenses, and Changes in Net Assets reflect a positive year with an increase in the net assets at the end of the year. Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Assets are discussed in the following section.



The above chart displays, in thousands of dollars, the operating revenues by type and their relationship with one another. Student tuition and fees represent the largest type of revenue followed by auxiliary enterprises. All other types of revenue represent less than 27 percent of the total operating revenue.

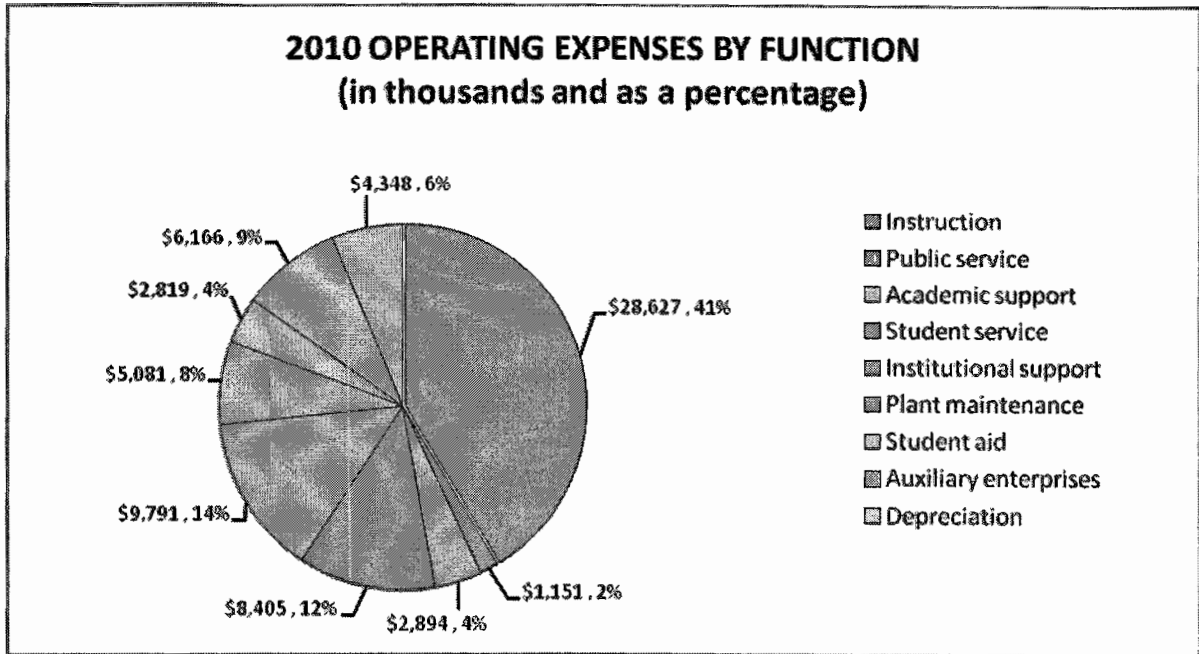
An interesting item to note, as seen in the following chart, is that even though the gross tuition and fees increased in 2010 by \$5.7 million over gross tuition and fees in 2009, the net tuition and fees, after discounting for scholarship allowances and discounts, decreased by \$486 thousand. The tuition and fee discounting amount increased more than 73% from \$8.5 million in 2009 to \$14.7 million in 2010. The dramatic increase in scholarship allowances and discounts is due in part to the increased enrollment at the District, the downturn in the economy and an increase in the federal Pell award per student. The following chart graphically illustrates this change.



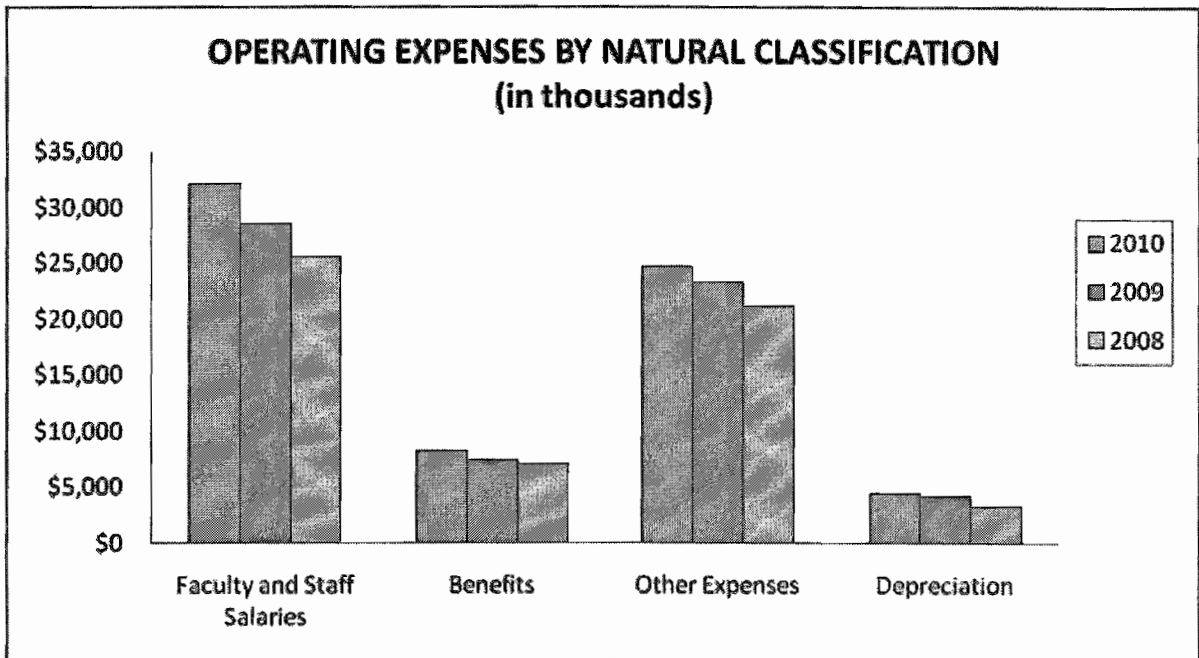
The income from residential housing contributes significantly as the major source of revenue for auxiliary enterprises. The increase in students living on campus in 2009 was maintained during 2010. The gross housing revenue experienced an increase in 2010 of \$966 thousand for a total of \$8 million up from \$7 million in 2009. Just as the discounting amount for tuition and fees increased between 2010 and 2009, the discounting amount for auxiliary services also experienced an increase between 2010 and 2009. The discounting amount for auxiliary services increased 45% from \$1.9 million in 2009 to \$2.8 million in 2010. Thus, the net housing revenue only increased 2%, \$5.3 million in 2010 and \$5.2 million in 2009.

The auxiliary services, other than the residence halls, are not self-supporting activities as the services include student life and athletics. Two principal auxiliary services, athletics and student activities, are programmed to be supported by the general operating resources. The \$69 million in operating expenses by function (displayed in thousands) are displayed in the exhibit on the following page.

Although comparative information is not presented in the graph, several changes in expenses from prior years are worth noting. Costs to support enrollment growth at the District can be seen through the increases in Academic Support and Student Service expenses of approximately \$606,000 and \$781,000, respectively. The addition of one new instructional site, the expansion of two existing instructional sites, new instructional programs and the overhaul of several existing programs increased instructional expenditures in 2010 by \$5.2 million over 2009.



Although the District's operating expenses are reported by functional classification, the operating expenses restated by their natural classification is necessary because each function contains each of the natural classification expenses except depreciation that is considered both a functional and natural expense class. Operating expenses are summarized here by natural classification. Natural classification displays the type of expense regardless of program.



Approximately forty-six percent of the District's \$69 million operating expenses are expended for salaries and wages. When the benefits are combined with the salaries and wages, the total of \$40.2 million is fifty-eight percent of the District's total operating expense as compared to fifty-seven percent in 2009 and 2008. The second highest portion of the operating expenses is the \$24.7 million of operating expenses that the District paid in 2010 to its vendors to acquire supplies, goods and services. This amount expended to vendors compared to \$23.3 million in 2009 and \$21 million in 2008. Financial aid is included in the other expenses. In 2010, \$2.8 million was expended in financial aid as compared to \$2.7 million in 2009 and \$3.4 million in 2008. Depreciation expense increased in 2010 to \$4.3 million from \$4.1 million in 2009 and \$3.2 million in 2008.

Statement of Cash Flows

The final statement presented by the District 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 components. The first component deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third component reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fourth component deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fifth and final component presented in the statement reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

Cash Flows for the Year ended August 31 (thousands of dollars)

	2010	2009	2008
Cash provided (used) by:			
Operating activities	\$ (42,901)	\$ (33,584)	\$ (30,463)
Noncapital financing activities	51,358	41,223	42,806
Capital and related financing activities	3,712	(7,165)	(27,513)
Investing activities	(5,624)	309	4,156
Net change in cash	6,545	782	(11,014)
Cash, beginning of year	29,012	28,230	39,244
Cash, end of year	\$ 35,557	\$ 29,012	\$ 28,230

The primary cash receipts from operating activities consist of tuition and fees and auxiliary enterprises. Operating cash receipts in 2010 totaled \$16.9 million as compared to \$24.8 million

in 2009 and \$20.5 million in 2008. Cash outlay payments for wages, benefits, supplies, utilities and scholarships totaled \$59.9 million in 2010 as compared to \$58.4 million in 2009 and \$51 million in 2008. These receipts and cash outlay payments resulted in \$9.3 million more net cash used by operating activities in 2010.

State educational contracts are the primary source of noncapital financing. Nonoperating federal revenue and property taxes make up the second and third largest sources of noncapital financing respectively. These sources of revenue are categorized as noncapital even though the District's budget depends on them to continue the current level of operations. In 2010, \$51.4 million was received as compared to \$41.2 million in 2009 and \$42.8 million in 2008. Other noncapital financing activity includes the cash held in trust for others that was received and disbursed. Although funds held for others are both received and disbursed throughout the year, \$1.6 million was received greater than that disbursed in 2010.

The capital and related financing activities in 2010 included \$12.7 million expended for campus improvements and renovations. This amount includes routine improvements and renovations, in addition to the repair and renovations made possible by the proceeds from the issuance of the Maintenance Tax Notes, for the campus. This compares to \$1.2 million expended in 2009 and \$22.7 million expended in 2008 for campus improvements and renovations that included the expenses for the construction of the new residence hall. Financing outflows also include expenditures for debt service payments and related long-term debt interest. The long-term debt interest of \$2.5 million was \$510 thousand more than the amount paid in 2009.

Investing activities reflect purchases, sales, and interest income earned on investments. Investments identified in the cash flow statement investing activities include both short- and long-term investments. The total amount of investment income received in 2010 was \$30 thousand more than the amount received in 2009. There were \$5.6 million in investments, specifically certificates of deposits, purchased in 2010.

Economic Outlook

As in prior years, the District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the forthcoming fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

Enrollment growth at the District increased more than average for the 2010 year even with the slight tuition and fee increases implemented during the past fiscal years. The higher

unemployment in the region has played a significant part in the enrollment growth due to displaced workers desiring to improve their skills or even obtain a new skill set. The enrollment will continue to be stable as the fiscal year 2010 students continue their education. As in prior years, a small enrollment growth is expected for fiscal year 2011.

The District's overall financial position is strong. However, the District continues to deal with the lingering effects of the slow economy. The District is surviving the financial pressures by maintaining operating budget controls, addressing reserves, evaluation of new hires and capital expenditures and reducing overall administrative overhead. As a result of the increased enrollment and the stagnant economy, the District is operating with less staff and an increase in the amount of work. Although state appropriations increased slightly over the previous year, it was not enough to help alleviate the financial pressures of the District. Given these economic constraints, ad-valorem tax valuation changes and student fee increases, the District anticipates fiscal year 2011 will be comparable to fiscal year 2010 and will keep a close watch over resources to maintain the District's ability to react to unknown internal and external issues.

TYLER JUNIOR COLLEGE DISTRICT
STATEMENT OF NET ASSETS
AS OF AUGUST 31, 2010 AND 2009

ASSETS	2010	2009
Current Assets		
Cash and Cash Equivalents	\$ 5,708,288	\$ 16,260,626
Investments	5,962,238	-
Accounts Receivable (net of allowance for doubtful accounts of \$3,717,311 and \$3,658,018 respectively)	17,004,977	9,199,041
Prepaid Expenses	99,641	175,400
Total Current Assets	28,775,144	25,635,067
Noncurrent Assets		
Cash and Cash Equivalents	29,848,815	12,751,025
Deferred Charges	766,906	639,208
Capital Assets (Net)	115,900,802	105,865,723
Total Noncurrent Assets	146,516,523	119,255,956
TOTAL ASSETS	\$ 175,291,667	\$ 144,891,023
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 4,808,991	\$ 2,905,721
Deferred Revenues	18,314,453	17,194,121
Current Portion of Compensated Absences	136,170	136,346
Current Portion of Bonds Payable	5,790,000	3,425,000
Current Portion of Notes Payable	856,167	795,995
Total Current Liabilities	29,905,781	24,457,183
Noncurrent Liabilities		
Accrued Compensable Absences Payable	1,225,530	1,227,114
Bonds Payable	64,931,860	44,816,058
Notes and Loans Payable	6,411,748	8,222,502
Total Noncurrent Liabilities	72,569,138	54,265,674
TOTAL LIABILITIES	102,474,919	78,722,857
NET ASSETS		
Invested in capital assets, net of related debt	64,757,406	53,315,039
Restricted		
Expendable		
Financial Aid and Scholarships	322,993	390,206
Unrestricted	7,736,349	12,462,921
TOTAL NET ASSETS	72,816,748	66,168,166
TOTAL LIABILITIES AND NET ASSETS	\$ 175,291,667	\$ 144,891,023

The notes to the financial statements are an integral part of this statement.

THE TYLER JUNIOR COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2010

ASSETS

Cash and Cash Equivalents	\$ 2,927,858
Investments	26,917,342
Charitable Gift Annuities	254,760
Other Assets	51,518
Total Invested Funds	<u>30,151,478</u>
Real Estate	1,064,193
Equipment (Net)	37,845
Deferred Expense	518,524
Total Assets	<u><u>\$ 31,772,040</u></u>

LIABILITIES

Accounts Payable - Tyler Junior College	\$ 1,018,524
Other Liabilities	53,894
Total Liabilities	<u>1,072,418</u>

NET ASSETS

Unrestricted	3,860,989
Temporarily Restricted	3,802,284
Permanently Restricted	23,036,349
Total Net Assets	<u>30,699,622</u>
 TOTAL LIABILITIES & NET ASSETS	 <u><u>\$ 31,772,040</u></u>

The notes to the financial statements are an integral part of this statement.

TYLER JUNIOR COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

REVENUES	<u>2010</u>	<u>2009</u>
Operating revenues		
Pledged Revenues:		
Tuition and Fees (net of \$14,742,277 and \$8,497,530 in discounts)	\$ 13,604,236	\$ 14,089,899
Auxiliary Enterprises (net of \$2,756,856 and \$1,899,984 in discounts)	2,945,922	3,669,051
Federal Grants and Contracts	1,454,506	1,212,034
State Grants and Contracts	1,808,213	1,163,946
Local Grants and Contracts	220,893	1,084,404
Sales and Service of Educational Activities	117,104	117,582
Interest on Student Loans	6,700	4,975
Miscellaneous Operating Revenues	<u>2,114,855</u>	<u>2,078,296</u>
 Total Operating Revenues	 <u>22,272,429</u>	 <u>23,420,187</u>
 EXPENSES		
Operating expenses		
Instruction	28,626,927	23,422,228
Public Service	1,151,093	937,675
Academic Support	2,893,825	2,288,336
Student Services	8,404,501	7,623,631
Institutional Support	9,790,843	9,429,124
Operations and Maintenance of Plant	5,080,838	6,695,457
Scholarship and Fellowships (net of \$17,499,133 and \$10,397,514 in discounts)	2,818,571	2,680,538
Auxiliary Enterprises	6,165,791	6,132,424
Depreciation	<u>4,348,266</u>	<u>4,125,569</u>
 Total Operating Expenses	 <u>69,280,655</u>	 <u>63,334,982</u>
 Operating (Loss)	 <u>(47,008,226)</u>	 <u>(39,914,795)</u>
 NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	22,673,865	21,455,637
Property taxes	14,638,019	13,062,824
Federal Revenue, Non Operating	19,019,795	11,596,985
Investment Income	338,646	308,785
Interest on Capital Related Debt	<u>(3,013,517)</u>	<u>(2,531,768)</u>
 Total Non-Operating Revenues (Expenses)	 <u>53,656,808</u>	 <u>43,892,463</u>
 Increase in Net Assets	 6,648,582	 3,977,668
 Net Assets, Beginning of the Year	 <u>66,168,166</u>	 <u>62,190,498</u>
 Net Assets, End of the Year	 <u>\$ 72,816,748</u>	 <u>\$ 66,168,166</u>

The notes to the financial statements are an integral part of this statement.

THE TYLER JUNIOR COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Other Support:				
Contributions and Fund-raising	\$ 183,482	\$ 1,677,073	\$ 434,865	\$ 2,295,420
Unrealized Gain (loss)				
on Investments	718,745	(6,307)	8,299	720,737
Net Gain (loss) on Sales	(25,901)	-	-	(25,901)
Investment Income	570,163	16,698	88,634	675,495
Restricted and Unrestricted				
Funds Endowed	(568,036)	129,797	438,239	-
Net Assets				
Released from Restrictions	1,255,062	(1,175,062)	(80,000)	-
Total Revenues	<u>2,133,515</u>	<u>642,199</u>	<u>890,037</u>	<u>3,665,751</u>
Administrative	21,877	-	-	21,877
Fund-Raising				
Golf Tournament	26,221	-	-	26,221
Other	30,842	-	-	30,842
Real Estate	5,496	-	-	5,496
Scholarships & Awards				
Support of TJC	876,324	-	-	876,324
Scholarships	652,184	-	-	652,184
Other Awards	37,446	-	-	37,446
Total Expenditures	<u>1,650,390</u>	<u>-</u>	<u>-</u>	<u>1,650,390</u>
Change in Net Assets	483,125	642,199	890,037	2,015,361
Net Assets, September 1, 2009	3,377,864	2,891,666	22,146,312	28,415,842
Restatement	-	268,419	-	268,419
Net Assets, August 31, 2010	<u>\$ 3,860,989</u>	<u>\$ 3,802,284</u>	<u>\$ 23,036,349</u>	<u>\$ 30,699,622</u>

The notes to the financial statements are an integral part of this statement.

TYLER JUNIOR COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2010 AND 2009

CASH FLOWS FROM OPERATING ACTIVITIES	2010	2009
Receipts from students and other customers	\$ 8,590,096	\$ 17,165,809
Receipt of state financial aid	1,808,213	1,163,946
Receipt of federal financial aid	1,454,506	1,196,919
Receipt of local grants and support	220,893	1,084,404
Receipt from sales and services of educational activities	117,104	117,582
Receipt from auxiliary enterprises	2,945,922	3,669,051
Receipt of interest on student loans	6,700	4,975
Receipt from other operating revenues	1,659,764	1,576,195
Loans from (to) students	150,220	(1,148,114)
Payments for salaries and benefits to employees	(35,326,413)	(31,141,342)
Payments to suppliers for goods and services	<u>(24,528,187)</u>	<u>(27,273,660)</u>
Net cash used in operating activities	<u>(42,901,182)</u>	<u>(33,584,235)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt from state educational contracts	17,728,165	16,571,477
Receipts from Non Operating Federal Revenue	17,619,872	11,596,985
Property tax revenues	14,372,940	13,268,458
Receipts from student organizations	2,393,594	1,018,606
Payments to student organizations	<u>(756,814)</u>	<u>(1,232,771)</u>
Net cash provided by noncapital financing activities	<u>51,357,757</u>	<u>41,222,755</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets and construction costs	(12,699,866)	(1,186,410)
Proceeds on issuance of capital debt	24,500,000	-
Bond issue costs	(353,898)	-
Principal payments on capital related debt	(5,175,582)	(3,978,395)
Interest on capital related debt	(3,013,276)	(2,502,816)
Contributions received for capital related financing	<u>455,091</u>	<u>502,371</u>
Net cash provided by (used in) capital and related financing activities	<u>3,712,469</u>	<u>(7,165,250)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	338,646	308,785
Purchases of investments	<u>(5,962,238)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(5,623,592)</u>	<u>308,785</u>
Increase in cash and cash equivalents	6,545,452	782,055
Cash and cash equivalents, September 1	<u>29,011,651</u>	<u>28,229,596</u>
Cash and cash equivalents, August 31	<u>\$ 35,557,103</u>	<u>\$ 29,011,651</u>
Reconciliation of cash on Exhibit 1:		
Cash and cash equivalents - current	\$ 5,708,288	\$ 16,260,626
Cash and cash equivalents - noncurrent	<u>29,848,815</u>	<u>12,751,025</u>
Total cash and cash equivalents	<u>\$ 35,557,103</u>	<u>\$ 29,011,651</u>

The notes to the financial statements are an integral part of this statement.

Reconciliation of operating loss to net cash used by operating activities

Operating loss	\$	(47,008,226)	\$	(39,914,795)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation		4,348,266		4,125,569
Write off of student loans		156,682		499,603
Non-operating plant revenue		(455,091)		(502,371)
Amortization of deferred charges		(223,749)		168,548
Payments made directly by state for benefits		4,945,700		4,884,160
(Increase) decrease in assets				
Receivables (net)		(6,140,934)		(890,609)
Prepaid expenses		75,759		3,248
Increase (decrease) in liabilities				
Accounts payable and accrued liabilities		281,839		(5,308,084)
Deferred revenues		1,120,332		3,302,893
Compensated absences		(1,760)		47,603
		<u> </u>		<u> </u>
Net cash used in operating activities	\$	<u>(42,901,182)</u>	\$	<u>(33,584,235)</u>

Summary of noncash investing and financing activities:

During the prior year, the District acquired land through a financing agreement in the amount of \$1,180,766.

TYLER JUNIOR COLLEGE DISTRICT
Notes to the Financial Statements

NOTE 1 — REPORTING ENTITY

The Tyler Junior College District was established in 1926 in accordance with the laws of the State of Texas, to serve the educational needs of Tyler and surrounding communities. The District is governed by an elected nine member Board of Trustees which has oversight responsibility over all District activities. The District consists of the areas of six Independent School Districts located in Smith and Van Zandt Counties, Texas. The Tyler Junior College District is considered to be a special purpose, primary government according to the definition in *Governmental Accounting Standards Board (GASB) Statement 14* and as amended by *(GASB) Statement 39*. While the District 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.

Tyler Junior College foundation is a legally separate, tax-exempt component unit of the District. The foundation acts primarily as a fund-raising organization to supplement the resources that are available to the District in support of its educational programs and student services. The foundation is a non-governmental entity and follows accounting standards set forth by the *Financial Accounting Standards Board (FASB)*. Although the District does not control the timing or the amount of receipts from the foundation, the majority of resources, or income thereon, that the foundation holds and invests is restricted to the activities of the District. Because these restricted resources held by the foundation can only be used by, or for the benefit of, the District, the foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

During the year ended August 31, 2010, the foundation distributed \$851,463 in support and scholarships to the District. Complete financial statements for the foundation can be obtained from the foundation's offices in the White Administrative Building on the District's main campus.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Report Guidelines

The significant accounting policies followed by the District 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. These requirements are in conformity with U.S. generally accepted accounting principles as set forth by the Governmental Accounting Standards Board, and the American Institute of Certified Public Accountants.

Basis of Accounting

The financial statements of the District have been prepared on the accrual basis of accounting as appropriate for public colleges and universities. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing goods and related services in connection with the District's ongoing operations to provide educational needs to its students and community. The principal operating revenues of the District are tuition and fees along with auxiliary revenues. The major non-operating revenues are state appropriations, property tax collections and Title IV financial aid. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Current Funds. Under Texas law, contracts lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. All encumbrances outstanding at year end have been canceled.

Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.033). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act Program Funds

Certain Title IV, HEA Program funds are received by the District to pass through to the student. These funds are initially received by the District and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

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

Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for current operating funds for the fiscal year beginning September 1. The District'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 the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

Capital Assets

Capital assets include land, infrastructure, buildings, improvements, and equipment. The District's board voted to set a capitalization policy for assets with a unit cost of \$5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value at the date of the donation. The costs of normal repairs and maintenance that do not add to the value of the asset or significantly extend an asset's useful life are charged to expense when incurred. Costs incurred for capital projects are included in construction in progress until the project is completed at which time the asset is properly categorized and depreciated over its estimated useful life.

Capital assets of the District are depreciated using the straight-line and composite methods over the following useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and renovations	50
Improvements including re-roofing	20
Equipment	10
Library Books	10

Use of Estimates

Preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The District defines cash and cash equivalents to be deposits held in banks plus cash on hand. Also cash equivalents include funds maintained at Texpool which is an overnight investment pool and the funds held there can be readily converted to cash on a daily basis.

Investments

In accordance with GASB 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.

Capitalized Interest

The District has capitalized a portion of the interest paid on its debt as construction in progress in relation to the portion of debt used to fund construction projects during the current year.

Allowance for Doubtful Accounts

The allowance for doubtful accounts for accounts receivable, taxes receivable and notes receivable is based on management's estimate of the anticipated collectibility of the respective accounts.

Deferred Charges

Included in deferred charges are bond issue costs which are amortized under the effective interest method over the remaining life of the bonds.

Change in Presentation

Certain amounts in the totals for the prior year have been changed in order to conform to the current year presentation in accordance with the Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges.

NOTE 3 — AUTHORIZED INVESTMENTS

Tyler Junior College District is authorized to invest in obligations and instruments as defined in the *Public Funds Investment Act* (Chapter 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. The District's investment pool with Texpool has oversight from the State Comptroller of Public Accounts. The fair value of the District's position in Texpool is the same as the value of the pool shares.

NOTE 4 — DEPOSITS AND INVESTMENTS

As of August 31, 2010, the District had the following deposits and investments:

	August 31, 2010		August 31, 2009	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Depository Accounts				
Insured	\$ 500,000	\$ 500,000	\$ 200,000	\$ 200,000
Collateral held by pledging bank's trust department in District's name	17,538,061	19,132,063	14,875,993	12,562,268
Total Deposits	18,038,061	19,632,063	15,075,993	12,762,268
Petty cash on hand	3,750	-	2,750	-
Certificates of deposit - fully insured	8,805,115	8,805,115	2,043,996	2,043,996
Texpool Investments	8,710,177	8,710,177	11,888,912	13,880,731
Total Cash and Cash Equivalents	<u>\$ 35,557,103</u>	<u>\$ 37,147,355</u>	<u>\$ 29,011,651</u>	<u>\$ 28,686,995</u>
Investments				
Certificates of deposit - fully insured	<u>\$ 5,962,238</u>	<u>\$ 5,962,238</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk – The District's investment policy allows for portfolio maturities to be structured to meet the obligations of the District first, and then to achieve the highest return of interest. The maximum allowable stated maturity of any individual investment of the District is ten years.

Credit Risk – The District's investment pool with Texpool has a AAAM rating with Standard and Poor's.

Concentration of Credit Risk – The District's investment policy does not place a limit on the amount the District may invest in any one insurer. The District's largest investment as of August 31, 2010 and 2009 is as follows:

<u>Investment</u>	<u>% of Total Deposits and Investments</u>	
	<u>8-31-10</u>	<u>8-31-09</u>
Texpool	20.98%	41.19%
Certificates of deposit	35.57%	7.05%

NOTE 5 — ACCOUNTS RECEIVABLE

Accounts receivable at August 31, 2010 and August 2009, are the following:

	<u>8-31-10</u>	<u>8-31-09</u>
Student tuition and fees receivable (net of allowance for doubtful accounts of \$1,031,328 and \$878,062, respectively)	\$ 10,941,841	\$ 5,861,968
Taxes receivable (net of allowance for doubtful accounts of \$354,740 and \$605,395 respectively)	483,808	218,729
Federal receivable	1,733,252	333,329
Student loans receivable (net of allowance for doubtful accounts of \$2,331,243 and \$2,174,561, respectively)	87,052	80,590
Other receivables	3,759,024	2,704,425
	<u>\$ 17,004,977</u>	<u>\$ 9,199,041</u>

NOTE 6 — CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable assets				
Land	\$ 6,086,440	\$ 902,237	\$ -	\$ 6,988,677
Construction in progress	536,904	12,916,886	5,294,753	8,159,037
Total nondepreciable capital assets	<u>6,623,344</u>	<u>13,819,123</u>	<u>5,294,753</u>	<u>15,147,714</u>
Depreciable capital assets				
Buildings	109,599,608	2,735,285	-	112,334,893
Improvements	24,104,003	1,677,338	-	25,781,341
Library books	726,397	60,567	62,289	724,675
Equipment	33,178,090	1,385,785	-	34,563,875
Total depreciable capital assets	<u>167,608,098</u>	<u>5,858,975</u>	<u>62,289</u>	<u>173,404,784</u>
Total Capital Assets	<u>174,231,442</u>	<u>19,678,098</u>	<u>5,357,042</u>	<u>188,552,498</u>
Less accumulated depreciation				
Buildings	30,058,127	2,139,627	-	32,197,754
Improvements	11,000,998	1,216,854	-	12,217,852
Library books	374,798	72,467	62,289	384,976
Equipment	26,931,796	919,318	-	27,851,114
Total accumulated depreciation	<u>68,365,719</u>	<u>4,348,266</u>	<u>62,289</u>	<u>72,651,696</u>
Net Capital Assets	<u>\$ 105,865,723</u>	<u>\$ 15,329,832</u>	<u>\$ 5,294,753</u>	<u>\$ 115,900,802</u>

NOTE 7 — ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at August 31, 2010 and August 31, 2009 were the following:

	8-31-10	8-31-09
Vendors payable	\$ 2,849,956	\$ 1,866,517
Salaries and benefits payable	1,814,180	894,620
Interest payable	144,825	144,584
Total Accounts Payable and Accrued Liabilities	<u>\$ 4,808,991</u>	<u>\$ 2,905,721</u>

NOTE 8 — LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes					
Bonds payable	\$ 48,241,058	\$ 26,124,703	\$ 3,643,901	\$ 70,721,860	\$ 5,790,000
Notes payable					
Energy project B	3,417,139	-	481,349	2,935,790	507,490
Training center	4,080,082	-	205,753	3,874,329	231,809
Land acquisition	1,180,766	-	954,590	226,176	3,428
Phone system	340,510	-	108,890	231,620	113,440
Total notes payable	<u>9,018,497</u>	<u>-</u>	<u>1,750,582</u>	<u>7,267,915</u>	<u>856,167</u>
Total bonds and notes payable	<u>57,259,555</u>	<u>26,124,703</u>	<u>5,394,483</u>	<u>77,989,775</u>	<u>6,646,167</u>
Other liabilities					
Compensated absences	1,363,460	62,473	64,233	1,361,700	136,170
Total other liabilities	<u>1,363,460</u>	<u>62,473</u>	<u>64,233</u>	<u>1,361,700</u>	<u>136,170</u>
Total Long-term Liabilities	<u>\$ 58,623,015</u>	<u>\$ 26,187,176</u>	<u>\$ 5,458,716</u>	<u>\$ 79,351,475</u>	<u>\$ 6,782,337</u>

NOTE 9 — BONDS PAYABLE

Bonds payable as of August 31, 2010 and August 31, 2009 are comprised of the following:

	8-31-10	8-31-09
Maintenance Tax Notes, Series 2009, issued solely for repairs and renovations of existing campus infrastructure, issued October 22, 2009 for \$24,500,000, plus premium of \$1,624,703: all authorized notes have been issued. The source of revenues for debt service is designated property tax revenues.	\$ 24,500,000	\$ -
Combined Fee Revenue Bonds, Series 2006, issued to construct a new satellite plant and student housing, issued October 26, 2006 for \$39,675,000, plus premium of \$941,611: all authorized bonds have been issued. The source of revenues for debt service is Pledged Revenues consisting of certain tuition, fees and auxiliary revenues.	35,715,000	37,250,000

Combined Fee Revenue Refunding and Improvement Bonds, Series 2004, issued to refund the Series 1994 issue and to construct new parking lots, issued October 1, 2004 for \$18,915,000, plus premium of \$243,947; all authorized bonds have been issued. The source of revenues for debt service is Pledged Revenues consisting of certain tuition, fees and auxiliary enterprise revenues.

	<u>8,255,000</u>	<u>10,145,000</u>
Total	68,470,000	47,395,000
Plus: Unamortized Bond Premium	<u>2,251,860</u>	<u>846,058</u>
Net Outstanding Bonds Payable	<u>\$ 70,721,860</u>	<u>\$ 48,241,058</u>

Bonds are due in annual principal installments varying from \$480,000 to \$2,780,000 with interest rates from 2.50% to 5.00% with the final installments due in 2036.

The principal payments in \$5,000 denomination increments and interest expense requirements for the bonds for the next five years and beyond is summarized below:

Year Ending 8/31	Principal Due 8/15	Interest Rates	Interest Due		Total Principal and Interest Requirements
			2/15	8/15	
2011	\$ 5,790,000	3.00 - 4.00	\$ 946,262	\$ 946,262	\$ 7,682,524
2012	5,385,000	3.75 - 4.00	879,862	879,862	7,144,724
2013	5,540,000	3.75 - 4.00	824,856	824,856	7,189,712
2014	5,700,000	3.75 - 4.00	766,156	766,156	7,232,312
2015	3,625,000	3.75 - 4.00	1,012,181	964,481	5,601,662
2016-2020	20,055,000	3.25 - 5.00	3,361,606	3,312,706	26,729,312
2021-2025	5,825,000	4.00 - 4.25	2,610,413	2,560,113	10,995,526
2026-2030	6,445,000	4.25 - 5.00	1,918,344	1,866,544	10,229,888
2031-2035	8,210,000	5.00	981,825	928,225	10,120,050
2036	<u>1,895,000</u>	5.00	<u>102,975</u>	<u>47,375</u>	<u>2,045,350</u>
	<u>\$ 68,470,000</u>		<u>\$ 13,404,480</u>	<u>\$ 13,096,580</u>	<u>\$ 94,971,060</u>

Pursuant to terms of the original issue of the bonds, a Reserve Fund was required to contain a Required Reserve Fund Amount. The District's Board of Trustees has adopted a resolution authorizing the substitution of a surety bond in lieu of cash and investments to satisfy the Required Reserve Fund Amount, as authorized by Section 130.125, Texas Education Code, as amended.

The 2004 Series Bond indenture also requires that the following information concerning insurance coverage as of August 31, 2010 be disclosed:

<u>POLICY</u>	<u>COVERAGE</u>	<u>PREMIUM</u>	<u>POLICY TERM</u>
<u>Commercial Package</u>		\$171,956	9/1/09 – 9/1/10
Building and Contents	\$148,920,003		
Dwellings	250,000		
Mobile equipment	334,687		
Electronic data processing	3,550,070		
Musical instruments	765,102		
<u>General Liability:</u>			
General aggregate	2,000,000		
Products comp/op aggregate	2,000,000		
Personal and advertising injury	2,000,000		

Employee benefits	1,000,000		
Tenants legal liability	1,000,000		
Each occurrence	1,000,000		
Medical expense (any one person)	5,000		
<u>Commercial Umbrella</u>		74,388	9/1/09– 9/1/10
General aggregate	15,000,000		
Products and completed			
Ops	15,000,000		
Each occurrence	15,000,000		
Retained limit	1,000,000		
<u>Business Automobile</u>		39,302	9/1/09 – 9/1/10
Combined single limits	1,000,000		
Medical payments	5,000		
Underinsured motorist	1,000,000		
<u>Medical Malpractice Liability</u>		26,866	9/1/09 – 9/1/10
Each incident	2,000,000		
Aggregate	4,000,000		
<u>School Board Legal Liability</u>		33,503	9/1/09 – 9/1/10
Each occurrence	1,000,000		
Aggregate	1,000,000		
<u>Law Enforcement Professional Liability</u>		7,789	9/1/09 – 9/1/10
Each person	1,000,000		
Aggregate	1,000,000		
Each occurrence	1,000,000		
<u>Worker's Compensation</u>		28,105	9/1/09 – 9/1/10
No limit/no deductible			

NOTE 10 – NOTES PAYABLE

The District has the following loans at August 31, 2010 and August 31, 2009:

	<u>8-31-10</u>	<u>8-31-09</u>
<u>Southside Bank:</u>		
For energy conservation project; original loan amount of \$6,420,664, interest at 5.3% beginning 11/5/99; with monthly installments of \$54,240.80 beginning 11/5/00 principal payments to begin 11/05/01, unsecured.	\$ 2,935,790	\$ 3,417,139
<u>Southside Bank:</u>		
For construction of Regional Skills Training Center in the City of Tyler Reinvestment Zone #1; annual payments including interest at 5.30% due beginning August 15, 2002; annual payments vary from \$250,000 to \$680,000; final payment due August 15, 2019; secured by building and real estate.	3,874,329	4,080,082
<u>Tyler Economic Development Council, Inc.</u>		
For acquisition of 10.85 acres adjacent to West Campus for future expansion; annual payments including interest at 5.00% due beginning January 28, 2010; annual payments vary from \$15,000 for first two years to \$686,243 for final two years with final payment due January 28, 2013; secured by real estate.	226,176	1,180,766

Chase Equipment Leasing:

For campus wide phone system; original loan amount of \$750,000; interest of 4.10% beginning 07/28/06 with monthly installments of \$11,845.64, including interest beginning 09/28/07; secured by equipment.

	231,620	340,510
Total	\$ 7,267,915	\$ 9,018,497

Maturities of the notes payable for years subsequent to August 31, 2010 are as follows:

Fiscal Year	Southside Bank		Southside Bank		TEDC, Inc.		Chase Equipment Leasing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 507,490	\$ 141,400	\$ 231,809	\$ 208,339	\$ 3,428	\$ 11,571	\$ 113,440	\$ 7,370	\$ 856,167	\$ 368,680
2012	534,728	100,818	283,729	193,054	222,748	11,396	118,180	2,641	1,159,385	307,909
2013	564,089	92,825	369,512	178,016	-	-	-	-	933,601	270,841
2014	594,723	33,758	454,368	158,432	-	-	-	-	1,049,091	192,190
2015	627,020	33,758	513,784	134,350	-	-	-	-	1,140,804	168,108
2016-2019	107,740	1,991	2,021,127	241,069	-	-	-	-	2,128,867	243,060
Totals	\$ 2,935,790	\$ 404,550	\$ 3,874,329	\$ 1,113,260	\$ 226,176	\$ 22,967	\$ 231,620	\$ 10,011	\$ 7,267,915	\$ 1,550,788

NOTE 11 — DEFEASED BONDS OUTSTANDING

The District has defeased certain bonds by placing the proceeds of other bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At August 31, 2010 and August 31, 2009, \$815,000 and \$1,630,000 of bonds outstanding are considered defeased. The issues and amounts of outstanding defeased bonds are as follows:

Bond Issue	Year Refunded	Par Value Outstanding 8-31-10	Par Value Outstanding 8-31-09
Combined Fee Improvement Revenue Bonds, Series 1991	1994	\$ -	\$ 445,000
Combined Fee Improvement Revenue Bonds, Series 1992	1994	815,000	1,185,000
Total		\$ 815,000	\$ 1,630,000

NOTE 12 — COMPENSATED ABSENCES

Full-time employees earn annual leave from 6.67 to 13.33 hours per month depending on the number of years employed by the District. The District's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 240 for those employees with eight or more years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to 160 hours. The District recognized the accrued liability for the unpaid annual leave for \$1,361,700. Sick leave, which can be accumulated to a limit of 720 hours, is earned at the rate of eight hours per month. It is paid to an employee who misses work because of illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid an employee's estate is one-half of the employee's accumulated entitlement. The District's

policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

The District also has a policy whereby employees with an initial employment date prior to May 22, 1997 and with over ten years service who terminate their employment are entitled to payment for one-half of their allowable accumulated sick leave. The related accrued liability has been recorded in the basic financial statements by the District.

NOTE 13 — EMPLOYEES' RETIREMENT PLAN

In lieu of Federal Social Security benefits, the Board of Trustees of the District has chosen to participate in the Teacher Retirement System of Texas (TRS) or an approved optional retirement program to provide retirement income. All full-time employees of the District are legally required to participate in the Teacher Retirement System of Texas unless they have previously elected to join an optional retirement plan. Each employee choosing an optional plan pays 6.65 percent of their salary to an approved insurance company, the District pays 2.10 percent, and the state pays 6.58 percent.

Plan Description

The Teacher Retirement System of Texas, PERS (Public Employee Retirement System) is a multiple employer defined benefit pension plan. It is a cost sharing PERS with one exception: all risks and costs are not shared by the employer, but are the liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate times the aggregate annual compensation of all members of the retirement system during that fiscal year. For members of the retirement system entitled to the minimum salary for certain school personnel under Section 16.056, Education Code, the employing district shall pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum. TRS 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. 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.

Types of Employees Covered

Types of employees covered include all employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Subtitle C Section 822.002.

The retirement expense to the State of Texas for the District was \$1,784,041 and \$1,606,628 for the fiscal years ended August 31, 2010 and 2009. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the District and has been recognized as revenue and expenses by the District in the financial statements. Participants contributed \$1,770,227 (\$1,061,255 for the Teacher Retirement System and \$708,972 for the Optional Retirement Program). The District contributed \$125,659 to the Optional Retirement Program to cover the 2.10% referenced above.

Total payroll for the District's employees was \$32,099,785 and \$28,571,337 for the fiscal years ended August 31, 2010 and 2009, respectively. Total payroll of employees covered by the Teacher Retirement System was \$16,582,116 and \$14,389,993, and the total payroll of employees covered by the Optional Retirement System was \$10,661,226 and \$10,026,860 for the fiscal years ended August 31, 2010 and 2009, respectively.

Benefit Provisions

The Teacher Retirement System of Texas administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of Texas Constitution Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The system also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and Chapter 805, respectively.

TRS Service Retirement

- (1) Normal — age 65 with 5 years of service, or
any combination of age plus service which equals or exceeds 80 years
- (2) Reduced — age 55 with at least 5 years of service, or
any age below 50 with 30 or more years of service

A member is fully vested after 5 years of creditable service and entitled to any benefit for which eligibility requirements have been met.

Funding Policy

State law provides for a state contribution rate for fiscal years 2010, 2009, and 2008 of 6.0% and a member contribution rate of 6.4%. These rates are set by state statutes. In certain instances, the reporting district is required to make all or a portion of the state's 6.0% contribution.

Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation of all members of the system during that fiscal year. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. The contribution requirement for the fiscal years ended August 31, 2008, 2009 and 2010 for the District was \$1,394,958, \$1,434,179 and \$1,516,956 which consisted of \$640,500 (45.92%), \$659,766 (46.00%) and \$682,325 (44.98%) from the state; \$107,144 (7.68%), \$107,627 (7.50%) and \$125,659 (8.28%) from the District and \$647,314 (46.40%), \$666,786 (46.50%), and \$708,972 (46.74%) from employees.

NOTE 14 — EMPLOYEE BENEFIT PLANS

The District established a cafeteria plan as described in Section 125 of the Internal Revenue Code. The plan provides various health and dependent care benefits on non-discriminatory basis to substantially all employees of the District through accounts funded with before-tax employee contributions and contributions from the District. Accumulated or unused benefits are forfeited to the District following a 90-day grace period after the fiscal year end. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

NOTE 15 — DEFERRED COMPENSATION PLAN

District employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted by Government Code 609.001 and in Senate Bill No. 872 of the 63rd Legislature. The employees' investments are held in tax-deferred annuity plans pursuant to Internal Revenue Code Section 403(b). As of August 31, 2010, the District had 86 employees participating in the program. A total of \$443,105 in payroll deductions had been invested in approved plans during the fiscal year.

During the current year, the District entered into an executive deferred compensation agreement with its president. The agreement is for a three year period and calls for the District to set aside \$37,500 each year which will be paid out in accordance with the completion of employment by the president for each year under the agreement.

NOTE 16 — PENDING LAWSUITS AND CLAIMS

On August 31, 2010, there were no lawsuits filed against the District nor were there any claims involving the District which were pending.

NOTE 17 — OPERATING LEASE COMMITMENTS

Included in current expenditures are the following amounts of rent paid or due under operating leases.

<u>Fund Group</u>	Year Ended August 31, 2010	Year Ended August 31, 2009
Unrestricted Current Funds	<u>\$612,694</u>	<u>\$545,412</u>
Total	<u>\$612,694</u>	<u>\$545,412</u>

NOTE 18 — RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There has been no reduction in insurance coverage from the prior year. Settlements in each of the past three fiscal years have not exceeded insurance coverage. Prior to the current year, the District was self-insured for coverage under workers' compensation. Pursuant to terms of terminating this plan, claims can arise for a five-year period and be required to be covered. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Changes in the balances in claims liabilities related to this plan during the past two years are as follows:

	8-31-10	8-31-09
Liability, beginning of year	\$ 446	\$ 7,444
Incurred claims (including IBNRs)	-	1,878
Claim payments	(446)	(5,120)
Liability, end of year	<u>\$ -</u>	<u>\$ 446</u>

NOTE 19 — 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 state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was \$569 per month for the year ended August 31, 2010. The state cost of providing those benefits for all employees totaled \$3,293,785 with \$938,838 for 192 retirees and \$2,354,947 for 591 active employees.

NOTE 20 — PROPERTY TAXES

Property taxes are levied each October 1 on the assessed value of property in the taxing district as of the prior January 1. 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. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Assessed Valuation of the District	\$ 12,909,529,709
Less: Exemptions	2,232,799,703
Net Taxable Valuation of the District	\$ <u>10,676,730,006</u>

	Current Operations	Debt Service	Total
Tax rate per \$100 valuation for authorized (Maximum per enabling legislation)	\$.2800	-	\$.2800
Tax rate per \$100 valuation for assessed	\$.136950	-	\$.136950

Taxes levied for the year ended August 31, 2010 amounted to \$14,208,183.

Taxes Collected	Current Operations	Debt Service	Total
Current taxes collected	\$14,095,963	-	\$14,095,963
Delinquent taxes collected	290,005	-	290,005
Penalties and interest collected	252,051	-	252,051
Total Collections	\$14,638,019	-	\$14,638,019

The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures. Tax collections for the year ended August 31, 2010 were approximately 97.64% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes.

NOTE 21 — DEFERRED REVENUES AND EXPENSES

Revenues received and expenses incurred which are applicable to the future fiscal year's operations are recorded as deferred revenues and deferred charges, respectively, in the financial statements.

NOTE 22 — INCOME TAXES

The District is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, etc. Organizations*. The District had no unrelated business income tax liability for the year ended August 31, 2010.

NOTE 23 — CONTRACTUAL AGREEMENTS

The District has a contract for the District's food services for students, faculty, staff, employees and invited guests. The contract is currently under renewal through July 31, 2011. Under the agreement, the food service provider bills the District weekly for service based on day rates per residents under resident meal plans plus other special events. In consideration of the right to operate the campus dining service, the District is paid a 9% commission on adjusted gross sales. Food service commissions are remitted monthly to the District.

The District also has an agreement for the operation and management of the campus bookstore. The manager owns all inventories of merchandise and has the sole and exclusive right to sell this inventory. In consideration for the use of campus space, the manager pays the greater of a yearly fee as stated in the contract, or a percentage of all gross revenues in a contract year as outlined in the contract. The contract is currently operating under annual renewals.

The District has entered into a contract with a company to provide beverage and food vending services to its main campus and to its Regional Training and Development Center (RTDC) complex. The District is paid a commission for vending sales based on the products sold at varying commission rates as set forth in the agreement. This agreement is currently under extension through October 24, 2011.

The District also has a contract with a local bottling company for exclusive rights as beverage supplier for all District events. Under the agreement, the District will receive commissions on beverages sold as outlined in the agreement, as well as other sponsorship and contributions for the District's academic and athletic programs. This contract has a term of ten years and will expire January 20, 2018.

The District participates in a tax increment financing agreement under Chapter 311 of the Texas Tax Code through the City of Tyler Reinvestment Zone #1. The Reinvestment Zone was created for the purpose of financing the construction of a District-owned educational facility. The District and two other taxing entities pledged their incremental tax collections on growth in the appraised values, above a base level established when the Reinvestment Zone was created in 1998, for the construction of a new facility.

The District has a contract with a local hospital to provide on-campus medical care. The health care provider maintains a clinic in the student center on the main campus. The contract is currently under an annual renewal option through August 31, 2011.

Effective July 1, 2006, the District entered into a contract for custodial services with an outside company. The payment terms under the contract are \$89,589 per month with contract addendums at a rate of \$1,572 per month for any additional positions. This contract is currently under a renewal option through August 31, 2011.

During the prior year, the District entered into two separate agreements to provide educational opportunities at satellite campuses. The first agreement was a joint effort with a local hospital and a neighboring Economic Development Corporation to provide nursing classes in a renovated wing of an existing hospital. Under this agreement, the District will receive funding from the hospital and the Economic Development Corporation over a three year period to assist in building improvements and the operations of the nursing program.

The other agreement is similar and provides financial assistance from another local Economic Development Council to provide classes in a rented facility within the District. The lease on the classroom space is for five years and the Economic Development Council is providing the District with the funding to cover the monthly rental plus taxes and insurance on the leased space. There was also an initial contribution of \$49,800 to go towards renovations for the classrooms.

During the current year, the District entered into an agreement beginning June 1, 2010 with a local orthopedic hospital to provide sports medicine and rehabilitation services for the District's athletic department. As part of the agreement the facility will provide scholarship funds for the Sports Medicine Training Program and the District will pay for graduate assistant trainers under a schedule within the agreement. The agreement is for a two year period with two one year extensions.

During the current year, the District purchased some property adjoining its main campus. As part of this purchase, the District signed a one year lease agreement with the property owner in which the District will receive \$1,200 per month until the lease ends on December 14, 2010.

Effective August 23, 2010, the District entered into an agreement with another neighboring Economic Development Council to establish a nursing program at a state hospital. The agreement, which ends July 31, 2014, calls for annual financial support from the Economic Development Council as well as funding from a local foundation.

NOTE 24 – TUITION AND FEES

Tuition and fees are the student component of the Texas public junior college funding model, the other components consisting of state contracts and local district property taxes. Tuition and fees are set by the Board of Trustees and account for approximately 42% of total current Unrestricted Fund revenues.

Tuition rates for Texas public junior colleges are authorized by state law with an \$8 per semester credit hour minimum. Fees are established by the local governing board and are frequently used to designate, but not legally restrict, charges for certain purposes. An additional reason designated fees are levied, instead of increasing tuition rates, is the tendency of state legislators to focus on "tuition" when mandating set asides, waivers, exemptions, or otherwise restricting portions of local revenues available for college operations. The District's tuition and fees are listed below.

Tuition – (\$28) per Semester Hour for Texas residents, \$48/per semester hour non-Texas residents.

Contributes to the support of the District's educational operations.

General Education Fee – (\$34) per Semester Hour

Adopted to supplement state contracts in funding regularly scheduled academic functions.

Registration Fee - \$25 per Semester

Defrays increased labor and processing expenses during registration.

Laboratory Fee - \$25/\$75 per Laboratory Course

Defrays the cost of supplies used in courses with laboratory sessions.

Music Fees - \$75-\$100 for Private Lessons

Defrays the cost of private lessons.

Out of District Surcharge – (\$40-\$41) per Semester Hour

Charged to students from outside the Tyler Junior College District taxing district to partially equalize operational costs born by District taxpayers.

Parking Fee - \$15/\$25 per Semester

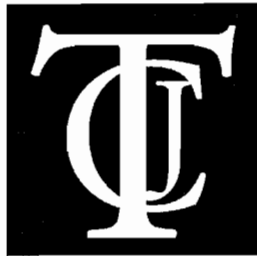
Designated for use in constructing and maintaining parking facilities.

Health Service Fee – \$15/\$30 per semester

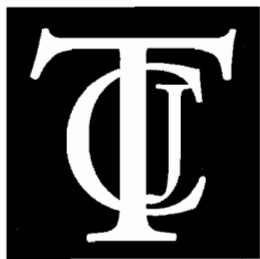
Charged to students for use of on-campus medical care facility.

Student Life Fee - \$2 per Semester Hour (max of \$26)

Charged to students for on campus extracurricular activities.



TYLER
JUNIOR
COLLEGE
DISTRICT



TYLER
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COLLEGE
DISTRICT

SUPPLEMENTAL
INFORMATION

SCHEDULE A

TYLER JUNIOR COLLEGE DISTRICT
 SCHEDULE OF OPERATING REVENUES
 FOR THE YEAR ENDED AUGUST 31, 2010
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2009)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Activities	Total 8/31/10	Total 8/31/09
Tuition						
State Funded Courses						
In-District Resident Tuition	\$ 2,895,891	\$ -	\$ 2,895,891	\$ -	\$ 2,895,891	\$ 2,204,291
Out-of-District Resident Tuition	3,797,202	-	3,797,202	-	3,797,202	2,880,735
TPEG **	323,610	-	323,610	-	323,610	283,366
Non-Resident Tuition	467,842	-	467,842	-	467,842	429,979
Continuing Education	1,529,204	-	1,529,204	-	1,529,204	1,659,292
Non-State Funded Continuing Education	304,264	-	304,264	-	304,264	271,605
Total Tuition	<u>9,318,013</u>	<u>-</u>	<u>9,318,013</u>	<u>-</u>	<u>9,318,013</u>	<u>7,729,268</u>
Fees						
General Education Fee	8,851,880	-	8,851,880	-	8,851,880	6,838,719
Out-of-District Fee	5,889,888	-	5,889,888	-	5,889,888	4,676,885
Laboratory Fee	1,160,636	-	1,160,636	-	1,160,636	885,952
Registration Fee	712,376	-	712,376	-	712,376	637,420
Student Life Fee	-	-	-	465,094	465,094	399,093
Health Service Fee	-	-	-	679,431	679,431	611,166
Other	1,269,195	-	1,269,195	-	1,269,195	808,926
Total Fees	<u>17,883,975</u>	<u>-</u>	<u>17,883,975</u>	<u>1,144,525</u>	<u>19,028,500</u>	<u>14,858,161</u>
Scholarship Allowances and Discounts						
Federal Grants to Students	(11,596,223)	-	(11,596,223)	-	(11,596,223)	(6,113,191)
TPEG Allowances	(206,308)	-	(206,308)	-	(206,308)	(158,598)
State Grants to Students	(1,251,223)	-	(1,251,223)	-	(1,251,223)	(698,482)
Contributions	(103,297)	-	(103,297)	-	(103,297)	(319,687)
Scholarships and Performance Grants	(1,232,703)	-	(1,232,703)	-	(1,232,703)	(997,906)
Waivers and Exemptions	(352,523)	-	(352,523)	-	(352,523)	(209,666)
Total Scholarship Allowances and Discounts	<u>(14,742,277)</u>	<u>-</u>	<u>(14,742,277)</u>	<u>-</u>	<u>(14,742,277)</u>	<u>(8,497,530)</u>
Net Tuition and Fees	<u>12,459,711</u>	<u>-</u>	<u>12,459,711</u>	<u>1,144,525</u>	<u>13,604,236</u>	<u>14,089,899</u>
Additional Operating Revenues						
Federal Grants and Contracts	36,959	1,417,547	1,454,506	-	1,454,506	1,212,034
State Grants and Contracts	-	1,808,213	1,808,213	-	1,808,213	1,163,946
Local Grants and Contracts	3,225	217,668	220,893	-	220,893	1,084,404
Sales and Service of Educational Activities	117,104	-	117,104	-	117,104	117,582
Interest on Student Loans	6,700	-	6,700	-	6,700	4,975
Other	2,114,855	-	2,114,855	-	2,114,855	2,078,296
Total Additional Operating Revenues	<u>2,278,843</u>	<u>3,443,428</u>	<u>5,722,271</u>	<u>-</u>	<u>5,722,271</u>	<u>5,661,237</u>
Auxiliary Enterprises						
Housing and Meals	-	-	-	5,085,096	5,085,096	5,050,380
Scholarship Allowances and Discounts	-	-	-	(2,756,856)	(2,756,856)	(1,899,984)
Net Housing and Meals	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,328,240</u>	<u>2,328,240</u>	<u>3,150,396</u>
Bookstore Commissions						
Other Auxiliary Revenues	-	-	-	346,069	346,069	311,900
Total Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,945,922</u>	<u>2,945,922</u>	<u>3,669,051</u>
Total Operating Revenues	<u>\$ 14,738,554</u>	<u>\$ 3,443,428</u>	<u>\$ 18,181,982</u>	<u>\$ 4,090,447</u>	<u>\$ 22,272,429</u>	<u>\$ 23,420,187</u>

** In accordance with Education Code 56.033, \$323,610 and \$283,366 for years August 31, 2010 and 2009, respectively, of tuition was set aside for Texas Public Education Grants.

TYLER JUNIOR COLLEGE DISTRICT
 SCHEDULE OF OPERATING EXPENSES BY OBJECT
 FOR THE YEAR ENDED AUGUST 31, 2010
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2009)

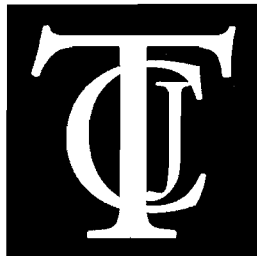
	Salaries and Wages	Benefits		Other Expenses	Total 8/31/10	Total 8/31/09
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 19,009,795	\$ -	\$ 777,471	\$ 5,003,124	\$ 24,790,390	\$ 20,763,511
Public Service	44,355	-	3,231	38,857	86,443	88,061
Academic Support	1,603,571	-	67,913	823,081	2,494,565	1,898,566
Student Services	3,714,125	-	145,574	2,302,938	6,162,637	5,555,150
Institutional Support	4,545,538	-	1,523,469	3,052,938	9,121,945	8,109,959
Operation and Maintenance of Plant	974,031	-	291,606	3,815,201	5,080,838	6,695,457
Scholarships and Fellowships	-	-	-	948,789	948,789	767,792
Total Unrestricted	29,891,415	-	2,809,264	15,984,928	48,685,607	43,878,496
Restricted - Education and General						
Instruction	344,221	3,350,664	2,471	139,181	3,836,537	2,658,717
Public Service	686,051	91,119	17,587	269,893	1,064,650	849,614
Academic Support	-	399,260	-	-	399,260	389,770
Student Services	370,960	436,045	96,364	1,338,495	2,241,864	2,068,481
Institutional Support	-	668,612	-	286	668,898	1,319,165
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	76,393	-	-	1,793,389	1,869,782	1,912,746
Total Restricted	1,477,625	4,945,700	116,422	3,541,244	10,080,991	9,198,493
Total Educational and General	31,369,040	4,945,700	2,925,686	19,526,172	58,766,598	53,076,989
Auxiliary Enterprises	730,745	-	299,182	5,135,864	6,165,791	6,132,424
Depreciation Expense - Buildings and Improvements	-	-	-	3,356,481	3,356,481	3,236,495
Depreciation Expense - Equipment	-	-	-	919,318	919,318	816,433
Depreciation Expense - Library Books	-	-	-	72,467	72,467	72,641
Total Operating Expenses	\$ 32,099,785	\$ 4,945,700	\$ 3,224,868	\$ 29,010,302	\$ 69,280,655	\$ 63,334,982

TYLER JUNIOR COLLEGE DISTRICT
 SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
 FOR THE YEAR ENDED AUGUST 31, 2010
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2009)

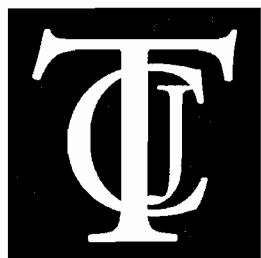
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 8/31/10</u>	<u>Total 8/31/09</u>
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	\$ 17,573,735	\$ -	\$ -	\$ 17,573,735	\$ 16,487,452
State Group Insurance	-	3,293,785	-	3,293,785	3,361,192
State Retirement Matching	-	1,651,915	-	1,651,915	1,522,968
Professional Nursing Shortage Reduction	-	154,430	-	154,430	84,025
Total State Appropriations	<u>17,573,735</u>	<u>5,100,130</u>	<u>-</u>	<u>22,673,865</u>	<u>21,455,637</u>
Property Taxes	14,638,019	-	-	14,638,019	13,062,824
Federal Revenue, Non Operating	-	19,019,795	-	19,019,795	11,596,985
Investment Income	<u>338,646</u>	<u>-</u>	<u>-</u>	<u>338,646</u>	<u>308,785</u>
Total Non-Operating Revenues	32,550,400	24,119,925	-	56,670,325	46,424,231
NON-OPERATING EXPENSES:					
Interest on Capital Related Debt	<u>3,013,517</u>	<u>-</u>	<u>-</u>	<u>3,013,517</u>	<u>2,531,768</u>
Total Non-Operating Expenses	<u>3,013,517</u>	<u>-</u>	<u>-</u>	<u>3,013,517</u>	<u>2,531,768</u>
Net Non-Operating Revenues	<u>\$ 29,536,883</u>	<u>\$ 24,119,925</u>	<u>\$ -</u>	<u>\$ 53,656,808</u>	<u>\$ 43,892,463</u>

TYLER JUNIOR COLLEGE DISTRICT
 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				Available for Current Operations		
	Unrestricted	Restricted Expendable	Non-Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board Designated	4,407,662	-	-	-	4,407,662	4,407,662	-
Restricted	-	322,993	-	-	322,993	322,993	-
Auxiliary Enterprises	-	-	-	-	-	-	-
Loan	(1,711,800)	-	-	-	(1,711,800)	-	(1,711,800)
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Unrestricted	-	-	-	-	-	-	-
Board Designated	5,040,487	-	-	-	5,040,487	-	5,040,487
Debt Service	-	-	-	-	-	-	-
Investment in Plant	-	-	-	64,757,406	64,757,406	-	64,757,406
Total Net Assets, August 31, 2010	7,736,349	322,993	-	64,757,406	72,816,748	4,730,655	68,086,093
Total Net Assets, August 31, 2009	12,462,921	390,206	-	53,315,039	66,168,166	4,397,869	61,770,297
Net Increase (Decrease) in Net Assets	\$ (4,726,572)	\$ (67,213)	\$ -	\$ 11,442,367	\$ 6,648,582	\$ 332,786	\$ 6,315,796



TYLER
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TYLER
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STATISTICAL
SECTION

(unaudited)

Table 1

TYLER JUNIOR COLLEGE DISTRICT
NET ASSETS BY COMPONENT
AND CHANGES IN NET ASSETS
FISCAL YEARS 2002 TO 2010
(UNAUDITED)

	For the Fiscal Year Ended August 31,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2002
Net Assets By Component:										
Invested in capital assets, net of related debt	\$ 64,757,406	\$ 53,315,039	\$ 50,438,514	\$ 44,698,637	\$ 37,494,060	\$ 33,186,486	\$ 30,458,118	\$ 30,442,322	\$ 30,313,022	\$ 30,313,022
Restricted - expendable	322,993	390,206	279,879	254,967	514,813	438,572	455,848	422,443	530,736	530,736
Restricted - nonexpendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,736,349	12,462,921	11,472,105	12,035,888	10,293,674	9,122,504	8,798,968	7,019,673	6,675,849	6,675,849
Total primary government net assets	\$ 72,816,748	\$ 66,168,166	\$ 62,190,498	\$ 56,989,492	\$ 48,302,547	\$ 42,747,562	\$ 39,712,934	\$ 37,884,438	\$ 37,519,607	\$ 37,519,607
Change in Net Assets:										
Total Operating and Non-Operating Revenues	\$ 78,942,754	\$ 69,844,418	\$ 63,823,903	\$ 64,848,306	\$ 58,148,882	\$ 55,140,318	\$ 52,946,987	\$ 51,580,396	\$ 48,892,436	\$ 48,892,436
Total Operating and Non-Operating Expenses	72,294,172	65,866,750	58,874,027	56,161,361	52,593,897	52,334,334	51,118,491	51,051,951	48,745,464	48,745,464
Prior Period Adjustment	6,648,582	3,977,668	4,949,876	8,686,945	5,554,985	2,805,984	1,828,496	528,445	146,972	146,972
	-	-	251,130	-	-	228,644	-	(163,614)	-	-
Change in Net Assets	6,648,582	3,977,668	5,201,006	8,686,945	5,554,985	3,034,628	1,828,496	364,831	146,972	146,972
Beginning Net Assets	66,168,166	62,190,498	56,989,492	48,302,547	42,747,562	39,712,934	37,884,438	37,519,607	37,372,635	37,372,635
Ending Net Assets	\$ 72,816,748	\$ 66,168,166	\$ 62,190,498	\$ 56,989,492	\$ 48,302,547	\$ 42,747,562	\$ 39,712,934	\$ 37,884,438	\$ 37,519,607	\$ 37,519,607

Note: Due to reporting format and definition changes prescribed by GASB Statement 35, only fiscal years 2002-2010 are available. Total operating and non-operating revenues are presented in detail in Table 2 while total operating and non-operating expenses are presented in detail in Table 3.

TYLER JUNIOR COLLEGE DISTRICT
REVENUES BY SOURCE
FISCAL YEARS 2002 TO 2010
(UNAUDITED)

For the Fiscal Year Ended August 31,

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	\$ 13,804,236	\$ 14,089,899	\$ 12,617,864	\$ 11,730,292	\$ 10,977,104	\$ 10,595,736	\$ 9,515,381	\$ 7,879,631	\$ 6,780,240
Governmental grants and contracts									
Federal grants and contracts	1,454,506	1,212,034	1,212,570	10,160,145	10,223,670	11,197,044	10,898,288	10,115,577	8,405,629
State grants and contracts	1,808,213	1,163,946	879,500	781,238	759,512	169,575	780,501	1,652,128	1,320,280
Local grants and contracts	220,893	1,084,404	639,049	3,859,709	1,483,700	645,900	689,770	640,839	823,924
Sales and services of educational activities	117,104	117,582	117,432	120,413	127,001	119,095	116,882	105,007	102,676
Auxiliary enterprises	2,945,922	3,669,051	2,155,663	1,913,423	1,882,595	1,704,214	1,875,119	1,829,603	1,478,370
Other operating revenues	2,121,555	2,083,271	1,638,187	1,527,841	1,483,781	1,588,280	1,589,377	1,433,650	1,360,796
Total Operating Revenues	22,272,429	23,420,187	19,260,265	30,073,061	26,937,363	26,017,844	25,245,316	23,456,435	20,271,915
State appropriations	22,673,865	21,455,637	21,245,661	20,508,466	20,224,347	18,751,833	18,719,793	19,459,363	20,213,235
Property taxes	14,638,019	13,062,824	12,646,609	11,540,450	10,358,973	9,944,249	8,852,688	8,488,547	7,967,718
Federal Revenue, Non Operating	19,019,795	11,596,985	9,426,159	-	-	-	-	-	-
Investment income	338,646	308,785	1,245,209	2,726,329	628,199	426,392	129,188	176,051	439,566
Total Non-Operating Revenue	56,670,325	46,424,231	44,563,638	34,775,245	31,211,519	29,122,474	27,701,669	28,123,961	28,620,521
Total Revenues	\$ 78,942,754	\$ 69,844,418	\$ 63,823,903	\$ 64,848,306	\$ 58,148,882	\$ 55,140,318	\$ 52,946,987	\$ 51,580,396	\$ 48,892,436

For the Fiscal Year Ended August 31,

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	17.23%	20.17%	19.77%	18.09%	18.88%	19.22%	17.97%	15.28%	13.87%
Governmental grants and contracts									
Federal grants and contracts	1.84%	1.74%	1.90%	15.67%	17.58%	20.31%	20.58%	19.61%	17.19%
State grants and contracts	2.29%	1.67%	1.38%	1.17%	1.31%	0.31%	1.47%	3.20%	2.70%
Local grants and contracts	0.28%	1.55%	1.00%	5.95%	2.55%	1.17%	1.30%	1.24%	1.69%
Sales and services of educational activities	0.15%	0.17%	0.18%	0.19%	0.22%	0.22%	0.22%	0.20%	0.21%
Sales and services of auxiliary enterprises	3.73%	5.25%	3.38%	2.95%	3.24%	3.09%	3.16%	3.16%	3.02%
Other operating revenues	2.69%	2.98%	2.57%	2.36%	2.55%	2.88%	2.96%	2.78%	2.78%
Total Operating Revenues	28.21%	33.53%	30.18%	46.37%	46.32%	47.18%	47.68%	45.48%	41.46%
State appropriations	28.72%	30.72%	33.29%	31.63%	34.78%	34.01%	35.36%	37.73%	41.34%
Property taxes	18.54%	18.70%	19.81%	17.80%	17.81%	18.03%	16.72%	16.46%	16.30%
Federal Revenue, Non Operating	24.09%	16.60%	14.77%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income	0.43%	0.44%	1.95%	4.20%	1.08%	0.77%	0.24%	0.34%	0.90%
Total Non-Operating Revenue	71.79%	66.47%	69.82%	53.63%	53.68%	52.82%	52.32%	54.52%	58.54%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: Due to reporting format and definition changes prescribed by GASB Statement 35, only fiscal years 2002-2010 are available.

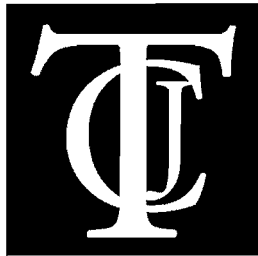
Also, during the 2009 year, a change in reporting requirements by the Texas Higher Education Co-Board reclassified the reporting of Title IV funds as non-operating. Only the 2008 through 2010 amounts have been changed in the above table to correspond with the amounts reported on Schedule C

TYLER JUNIOR COLLEGE DISTRICT
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	\$ 28,626,927	\$ 23,422,228	\$ 22,710,169	\$ 21,567,887	\$ 21,503,321	\$ 20,116,719	\$ 19,578,850	\$ 19,762,849	\$ 18,204,032
Public service	1,151,093	937,875	766,819	853,108	795,946	851,994	754,664	890,950	556,125
Academic support	2,893,825	2,288,336	2,792,468	2,743,044	2,258,222	2,390,014	2,541,825	2,660,863	3,011,971
Student services	8,404,501	7,623,631	6,652,637	5,903,966	5,814,380	4,861,229	4,711,533	4,934,453	4,811,890
Institutional support	9,790,843	9,429,124	8,005,762	7,660,364	7,244,061	6,944,575	6,465,459	5,807,847	5,720,143
Operation and maintenance of plant	5,080,838	6,695,457	4,568,476	4,292,141	4,404,959	4,978,443	4,393,280	4,224,911	3,852,006
Scholarships and fellowships	2,818,571	2,680,538	3,375,802	3,608,328	4,291,640	4,686,891	3,551,692	3,733,966	3,131,628
Auxiliary enterprises	6,165,791	6,132,424	4,731,450	4,544,006	2,742,029	2,492,706	3,091,061	2,952,246	3,150,857
Depreciation	4,348,266	4,125,569	3,128,316	2,812,021	2,670,266	3,892,193	4,551,096	4,492,292	4,660,113
Total Operating Expenses	69,280,655	63,334,982	56,731,899	53,984,865	51,724,824	51,214,764	49,639,460	49,480,377	47,098,765
Interest on capital related debt	3,013,517	2,531,768	2,142,128	2,176,496	869,073	1,119,570	1,479,031	1,591,574	1,576,699
Write off of prior year donation	-	-	-	-	-	-	-	-	70,000
Total Non-Operating Expenses	3,013,517	2,531,768	2,142,128	2,176,496	869,073	1,119,570	1,479,031	1,591,574	1,646,699
Total Expenses	\$ 72,294,172	\$ 65,866,750	\$ 58,874,027	\$ 56,161,361	\$ 52,593,897	\$ 52,334,334	\$ 51,118,491	\$ 51,051,951	\$ 48,745,464

	For the Fiscal Year Ended August 31,								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	39.60%	35.56%	38.57%	38.40%	40.89%	38.44%	38.30%	38.71%	37.35%
Public service	1.59%	1.42%	1.30%	1.52%	1.51%	1.63%	1.48%	1.75%	1.14%
Academic support	4.00%	3.47%	4.74%	4.88%	4.29%	4.57%	4.97%	5.21%	6.18%
Student services	11.63%	11.57%	11.30%	10.51%	11.06%	9.29%	9.22%	9.67%	9.87%
Institutional support	13.54%	14.32%	13.60%	13.64%	13.77%	13.27%	12.65%	11.38%	11.73%
Operation and maintenance of plant	7.03%	10.17%	7.76%	7.64%	8.38%	9.51%	8.59%	8.28%	7.90%
Scholarships and fellowships	3.90%	4.07%	5.73%	6.42%	8.16%	8.96%	6.95%	7.31%	6.42%
Auxiliary enterprises	8.53%	9.31%	8.04%	8.09%	5.21%	4.76%	6.05%	5.78%	6.46%
Depreciation	6.01%	6.26%	5.31%	5.01%	5.08%	7.44%	8.90%	8.80%	9.56%
Total Operating Expenses	95.83%	96.16%	96.36%	96.12%	98.35%	97.86%	97.11%	96.88%	96.62%
Interest on capital related debt	4.17%	3.84%	3.64%	3.88%	1.65%	2.14%	2.89%	3.12%	3.23%
Write off of prior year donation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.14%
Total Non-Operating Expenses	4.17%	3.84%	3.64%	3.88%	1.65%	2.14%	2.89%	3.12%	3.38%
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 35, only fiscal years 2002-2010 are available.



TYLER
JUNIOR
COLLEGE
DISTRICT

Table 4

TYLER JUNIOR COLLEGE DISTRICT
 TUITION AND FEES
 LAST TEN ACADEMIC YEARS
 (UNAUDITED)

RESIDENT
 Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per Student)	In-District Tuition	Out-of-District Tuition	General Education Fees	Health Service Fee	Parking Fee	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
2009	25	28	68	34	30	25	824	1,304	17.05%	16.01%
2008	25	23	58	29	30	25	704	1,124	11.39%	10.63%
2007	25	20	52	26	30	25	632	1,016	0.00%	0.00%
2006	25	20	52	26	30	25	632	1,016	1.61%	0.99%
2005	15	20	52	26	30	25	622	1,006	4.01%	6.34%
2004	15	18	47	26	30	25	598	946	8.33%	9.49%
2003	10	15	41	26	30	20	552	864	20.79%	21.86%
2002	10	15	36	21	-	15	457	709	11.74%	7.26%
2001	10	15	36	17	-	15	409	661	21.36%	27.85%
2000	10	15	30	11	-	15	337	517	0.00%	0.00%

Table 4

TYLER JUNIOR COLLEGE DISTRICT
TUITION AND FEES
LAST TEN ACADEMIC YEARS
(UNAUDITED)

Academic Year (Fall)	Registration Fee (per Student)	Non-Resident Tuition		General Education Fees	Health Service Fee	Parking Fee	Cost for 12 SCH		Cost for 12 SCH International	Increase from	
		Out-of-State	International				Out-of-State	International		Prior Year	Prior Year International
2009	25	88	88	34	30	25	1,544	1,544	1,544	8.43%	8.43%
2008	25	83	83	29	30	25	1,424	1,424	1,424	5.33%	5.33%
2007	25	80	80	26	30	25	1,352	1,352	1,352	0.00%	0.00%
2006	25	80	80	26	30	25	1,352	1,352	1,352	20.07%	20.07%
2005	15	62	62	26	30	25	1,126	1,126	1,126	5.63%	5.63%
2004	15	57	57	26	30	25	1,066	1,066	1,066	8.33%	8.33%
2003	10	51	51	26	30	20	984	984	984	18.70%	18.70%
2002	10	46	46	21	-	15	829	829	829	6.15%	6.15%
2001	10	46	46	17	-	15	781	781	781	22.61%	22.61%
2000	10	40	40	11	-	15	637	637	637	0.00%	0.00%

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

TYLER JUNIOR COLLEGE DISTRICT
 ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Assessed Valuation of Property			Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Direct Rate	
	Real Property	Personal Property	Less: Exemptions			Maintenance & Operations	
2009-10	10,327,623,767	2,581,905,942	2,232,799,703	10,676,730,006	82.70%	\$	0.136950
2008-09	10,178,050,422	2,544,512,605	2,200,462,417	10,522,100,610	82.70%	\$	0.127169
2007-08	9,547,089,846	2,386,772,462	2,064,050,730	9,869,811,578	82.70%	\$	0.127169
2006-07	8,634,022,801	2,158,505,700	1,866,648,513	8,925,879,988	82.70%	\$	0.127169
2005-06	7,869,230,281	1,967,307,570	1,701,302,781	8,135,235,070	82.70%	\$	0.127169
2004-05	7,333,731,637	1,833,432,909	1,585,529,662	7,581,634,884	82.70%	\$	0.127169
2003-04	6,864,955,156	1,716,238,789	1,475,701,067	7,105,492,878	82.80%	\$	0.122300
2002-03	6,659,172,328	1,664,793,082	1,588,777,491	6,735,187,919	80.91%	\$	0.122300
2001-02	6,416,265,879	1,604,066,470	1,532,457,229	6,487,875,120	80.89%	\$	0.122300
2000-01	6,168,810,094	1,542,202,524	1,765,669,141	5,945,343,477	77.10%	\$	0.122300

Sources: Local Appraisal Districts

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Table 6

TYLER JUNIOR COLLEGE DISTRICT
STATE APPROPRIATION PER FTSE AND CONTACT HOUR
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Appropriation per FTSE		Appropriation per Contact Hour				State Appropriation per Contact Hour
	State Appropriations	FTSE	State Appropriations Per FTSE	Academic Contact Hours	Voc/Tech Contact Hours	Total Contact Hours	
2009-10	17,573,735	8,504	2,066.53	4,009,464	1,423,012	5,432,476	3.23
2008-09	16,487,452	8,603	1,916.48	3,520,200	1,223,616	4,743,816	3.48
2007-08	16,487,450	8,357	1,972.89	3,254,392	1,070,864	4,325,256	3.81
2006-07	15,995,148	8,697	1,839.16	3,311,376	1,044,496	4,355,872	3.67
2005-06	15,995,148	8,817	1,814.13	3,304,816	1,090,094	4,394,910	3.64
2004-05	15,208,326	9,155	1,661.20	3,388,880	1,136,880	4,525,760	3.36
2003-04	15,214,997	10,518	1,446.57	3,402,672	1,138,976	4,541,648	3.35
2002-03	15,194,940	8,795	1,727.68	3,260,174	1,123,584	4,383,758	3.47
2001-02	16,327,842	8,238	1,982.02	3,038,448	1,076,582	4,115,030	3.97
2000-01	15,222,425	7,786	1,955.10	2,878,088	1,034,053	3,912,141	3.89

Notes:

FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 30.

Table 7

TYLER JUNIOR COLLEGE DISTRICT
 PRINCIPAL TAXPAYERS
 LAST TEN TAX YEARS
 YEARS 2005-2009
 (UNAUDITED)

Taxpayer (1)	Type of Business	Taxable Assessed Value (TAV) by Tax Year				
		2009	2008	2007	2006	2005
Brookshire Grocery Company	Supermarkets; distribution facilities	\$ 127,334,915	\$ 126,996,710	\$ 128,587,944	\$ 128,115,834	\$ 121,885,885
Oncor Electric / TXU	Electric utility	80,760,107	83,481,339	78,305,667	85,452,857	73,318,620
Walmart/Sam's	Retail	87,589,929	91,792,684	88,589,408	88,589,408	69,145,699
Kelly Springfield Tire Company	Tire Manufacturer	-	-	46,333,329	46,333,329	65,095,085
McWane Inc./ Ranson Industries	Pipe manufacturer	45,240,001	61,156,799	87,476,491	87,476,491	64,036,599
Southwestern Bell Telephone	Telephone utility	47,638,032	51,854,412	58,519,119	58,519,119	59,428,191
Dayton Hudson Corp.	Retail; distribution facilities	86,634,554	62,265,652	53,942,611	53,942,611	57,982,468
Delek Refining LTD / Crown / LaGloria	Refinery	118,688,302	245,122,365	154,833,482	154,833,482	53,535,963
Cebridge Acquisition LP (Simon)	Commercial property	56,707,130	47,620,545	46,559,890	46,559,890	44,440,521
Eastman Chemical Company	Storage facility	-	-	-	-	44,143,960
Carrier / Tytex	Air conditioning manufacturer	47,468,281	-	-	-	-
Union Oil Company	Oil & Gas	56,741,270	85,339,960	85,339,960	65,685,590	62,889,200
Genecov Investment Group	Commercial property	56,766,576	57,475,537	-	-	-
Totals		\$ 811,569,097	\$ 913,106,003	\$ 828,487,901	\$ 815,508,611	\$ 715,902,191
Total Taxable Assessed Value		\$10,676,730,006	\$10,522,100,610	\$9,869,811,578	\$8,925,879,988	\$ 8,135,235,070

TYLER JUNIOR COLLEGE DISTRICT
 PRINCIPAL TAXPAYERS
 LAST TEN TAX YEARS
 YEARS 2005-2009
 (UNAUDITED)

Taxpayer (1)	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year				
		2009	2008	2007	2006	2005
Brookshire Grocery Company	Supermarkets; distribution facilities	1.19%	1.21%	1.30%	1.44%	1.50%
Oncor Electric / TXU	Electric utility	0.76%	0.79%	0.79%	0.96%	0.90%
Walmart/Sam's	Retail	0.82%	0.87%	0.90%	0.99%	0.85%
Kelly Springfield Tire Company	Tire Manufacturer	0.00%	0.00%	0.47%	0.52%	0.80%
Ransom Industries/ Tyler Pipe	Pipe manufacturer	0.42%	0.58%	0.89%	0.98%	0.79%
Southwestern Bell Telephone	Telephone utility	0.45%	0.49%	0.59%	0.66%	0.73%
Dayton Hudson Corp.	Retail; distribution facilities	0.81%	0.59%	0.55%	0.60%	0.71%
Delek Refining LTD / Crown / LaGloria	Refinery	1.11%	2.33%	1.57%	1.73%	0.66%
Simon Property Group	Commercial property	0.53%	0.45%	0.47%	0.52%	0.55%
Eastman Chemical Company	Storage facility	0.00%	0.00%	0.00%	0.00%	0.54%
Carrier / Tytex	Air conditioning manufacturer	0.44%	0.00%	0.00%	0.00%	0.00%
Union Oil Company	Oil & Gas	0.53%	0.81%	0.86%	0.74%	0.77%
Genecov Investment Group	Commercial property	0.53%	0.55%	0.00%	0.00%	0.00%
Totals		7.50%	8.68%	8.39%	9.14%	8.80%

Source: Smith and Van Zandt County Appraisal Districts

Table 7

TYLER JUNIOR COLLEGE DISTRICT
 PRINCIPAL TAXPAYERS
 LAST TEN TAX YEARS
 YEARS 2000-2004
 (UNAUDITED)

Taxpayer (1)	Type of Business	Taxable Assessed Value (TAV) by Tax Year				
		2004	2003	2002	2001	2000
Brookshire Grocery Company	Supermarkets; distribution facilities	\$ 102,768,239	\$ 110,463,759	\$ 103,443,849	\$ 92,146,265	\$ 98,816,400
Oncor Electric / TXU	Electric utility	70,977,210	75,757,970	78,022,760	84,063,330	75,517,770
WalMart/Sam's	Retail	47,037,901	44,266,043	34,293,190	36,541,127	39,634,885
Kelly Springfield Tire Company	Tire Manufacturer	79,769,554	88,151,758	92,860,848	106,164,994	107,196,941
Ransom Industries/ Tyler Pipe	Pipe manufacturer	71,628,617	70,991,512	66,458,141	67,764,287	63,966,200
Southwestern Bell Telephone	Telephone utility	59,428,191	104,846,328	76,664,242	67,381,251	66,047,405
Dayton Hudson Corp.	Retail; distribution facilities	63,984,486	62,172,264	46,538,542	-	-
Delek Refining LTD / Crown / LaGloria	Refinery	39,978,208	38,685,396	46,484,031	42,003,783	45,192,292
Simon Property Group	Commercial property	42,528,468	42,585,683	39,603,335	39,405,296	37,201,563
Eastman Chemical Company	Storage facility	-	-	-	-	-
Carrier / Tytex	Air conditioning manufacturer	39,016,403	41,337,720	41,905,308	41,114,762	42,069,835
Union Oil Company	Oil & Gas	61,057,476	59,279,103	57,552,527	55,876,240	50,465,420
Genecov Investment Group	Commercial property	-	-	-	-	-
Totals		\$ 678,174,753	\$ 738,537,536	\$ 683,826,773	\$ 632,461,335	\$ 626,108,711
Total Taxable Assessed Value		\$ 7,581,634,844	\$ 7,105,492,878	\$ 6,735,187,919	\$ 6,487,875,120	\$ 5,945,343,477

TYLER JUNIOR COLLEGE DISTRICT
 PRINCIPAL TAXPAYERS
 LAST TEN TAX YEARS
 YEARS 2000-2004
 (UNAUDITED)

Taxpayer (1)	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year			
		2004	2003	2002	2001
Brookshire Grocery Company	Supermarkets; distribution facilities	1.36%	1.55%	1.54%	1.42%
Oncor Electric / TXU	Electric utility	0.94%	1.07%	1.16%	1.30%
WalMart/Sam's	Retail	0.62%	0.62%	0.51%	0.56%
Kelly Springfield Tire Company	Tire Manufacturer	1.05%	1.24%	1.38%	1.64%
Ransom Industries/ Tyler Pipe	Pipe manufacturer	0.94%	1.00%	0.99%	1.04%
Southwestern Bell Telephone	Telephone utility	0.78%	1.48%	1.14%	1.04%
Dayton Hudson Corp.	Retail; distribution facilities	0.84%	0.87%	0.69%	0.00%
Delek Refining LTD / Crown / LaGloria	Refinery	0.53%	0.54%	0.69%	0.65%
Simon Property Group	Commercial property	0.56%	0.60%	0.59%	0.61%
Eastman Chemical Company	Storage facility	0.00%	0.00%	0.00%	0.00%
Carrier / Tytex	Air conditioning manufacturer	0.51%	0.58%	0.62%	0.63%
Union Oil Company	Oil & Gas	0.81%	0.83%	0.85%	0.86%
Genecov Investment Group	Commercial property	0.00%	0.00%	0.00%	0.00%
Totals		8.94%	10.39%	10.15%	9.75%

Source: Smith and Van Zandt County Appraisal Districts

Table 8

TYLER JUNIOR COLLEGE DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended August	Total Tax Levy	(1)	Percent of		Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
			Current Tax Collections	Tax Levy Collected			
2010	\$ 14,208,183	\$ 14,095,963	99.21%	\$ 290,005	\$ 14,385,968	101.25%	
2009	\$ 13,125,823	\$ 12,593,167	95.94%	\$ 227,804	\$ 12,820,971	97.68%	
2008	\$ 12,352,636	\$ 12,188,832	98.67%	\$ 229,089	\$ 12,417,921	100.53%	
2007	\$ 11,235,178	\$ 11,074,241	98.57%	\$ 223,780	\$ 11,298,021	100.56%	
2006	\$ 10,280,296	\$ 9,927,548	96.57%	\$ 210,029	\$ 10,137,577	98.61%	
2005	\$ 9,641,489	\$ 9,518,350	98.72%	\$ 246,465	\$ 9,764,815	101.28%	
2004	\$ 8,690,018	\$ 8,427,327	96.98%	\$ 218,917	\$ 8,646,244	99.50%	
2003	\$ 8,237,135	\$ 8,027,180	97.45%	\$ 271,426	\$ 8,298,606	100.75%	
2002	\$ 7,934,671	\$ 7,626,464	96.12%	\$ 175,596	\$ 7,802,060	98.33%	
2001	\$ 7,271,155	\$ 7,004,480	96.33%	\$ 185,860	\$ 7,190,340	98.89%	

(1) Taxes levied October 1 on assessed value as of prior January 1, delinquent after January 31

Table 9

TYLER JUNIOR COLLEGE DISTRICT
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
Other Debt										
Revenue bonds	\$68,470,000	\$47,395,000	\$50,700,000	\$52,965,000	\$15,500,000	\$17,195,000	\$17,030,000	\$18,280,000	\$19,470,000	\$20,600,000
Notes	7,267,915	9,018,497	8,511,126	9,226,409	9,816,776	9,540,189	10,072,202	10,563,483	11,024,694	11,401,027
Total Outstanding Debt	\$75,737,915	\$56,413,497	\$59,211,126	\$62,191,409	\$25,316,776	\$26,735,189	\$27,102,202	\$28,843,483	\$30,494,694	\$32,001,027
Total Outstanding Debt Ratios										
Per Capita	\$ 319.34	\$ 237.86	\$ 259.65	\$ 283.62	\$ 120.19	\$ 130.81	\$ 137.91	\$ 152.64	\$ 167.84	\$ 183.17
Per FTSE	8,804	6,557	7,085	6,808	2,871	2,920	2,577	3,280	3,702	4,110
As a percentage of Taxable Assessed Value	0.71%	0.54%	0.60%	0.70%	0.31%	0.35%	0.38%	0.43%	0.47%	0.54%

Notes: Ratios calculated using population, TAV and full-time student equivalent from other tables.

Table 10

TYLER JUNIOR COLLEGE DISTRICT
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year Ended August 31	Pledged Revenues			Debt Service Requirements			Coverage Ratio
	Tuition and Fees	Auxiliary Enterprise	Total	Principal	Interest	Total	
2010	\$ 28,346,513	\$ 5,702,778	\$ 34,049,291	\$ 3,425,000	\$ 3,231,007	\$ 6,656,007	5.12
2009	22,587,429	5,569,035	28,156,464	3,305,000	3,038,286	6,343,286	4.44
2008	19,137,027	3,848,897	22,985,924	2,265,000	2,648,646	4,913,646	4.68
2007	17,902,805	3,269,541	21,172,346	2,210,000	2,667,491	4,877,491	4.34
2006	16,791,612	3,392,584	20,184,196	1,695,000	1,003,737	2,698,737	7.48
2005	16,538,733	3,088,333	19,627,066	1,720,000	1,215,691	2,935,691	6.69
2004	15,151,158	3,125,990	18,277,148	1,250,000	1,519,668	2,769,668	6.60
2003	12,909,078	2,580,292	15,489,370	1,190,000	1,656,279	2,846,279	5.44
2002	10,959,759	2,381,006	13,340,765	1,130,000	1,159,198	2,289,198	5.83
2001	8,469,453	2,307,979	10,777,432	1,080,000	1,212,323	2,292,323	4.70

TYLER JUNIOR COLLEGE DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS - TAXING DISTRICT
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2009-10	246,654	\$ 7,227,898 (a)	\$ 29,304	7.6%
2008-09	237,167	7,323,724	30,880	7.4%
2007-08	228,045	6,982,403	30,619	4.2%
2006-07	219,274	6,539,102	29,822	4.7%
2005-06	210,638	6,070,117	28,818	4.8%
2004-05	204,381	5,962,908	29,175	5.3%
2003-04	196,520	5,562,405	28,305	4.9%
2002-03	188,962	5,241,452	27,738	4.6%
2001-02	181,694	5,022,411	27,642	4.1%
2000-01	174,706	4,948,851	28,327	4.0%

Sources:

Population from U. S. Bureau of the Census and is estimated for the District

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

Notes:

(a) Personal income amounts for 2009-2010

TYLER JUNIOR COLLEGE DISTRICT
PRINCIPAL EMPLOYERS
PAST TWO FISCAL YEARS
(UNAUDITED)

Table 12

Employer	2010		2009	
	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
East Texas Medical Center	3,620	5.27%	3,650	5.31%
Trinity Mother Frances	3,652	5.32%	3,567	5.19%
Tyler Independent School District	2,501	3.64%	2,572	3.74%
Brookshire Grocery Company	2,213	3.22%	2,190	3.19%
Trane Co.	1,520	2.21%	1,949	2.84%
Wal-Mart	1,697	2.47%	1,670	2.43%
Carrier Corporation	659	0.96%	1,201	1.75%
Suddenlink	1,138	1.66%	1,057	1.54%
Tyler Junior College District	586	0.85%	572	0.83%
UT Tyler	568	0.83%	556	0.81%
	<u>14,534</u>	<u>21.16%</u>	<u>15,334</u>	<u>22.32%</u>

Source:
Tyler Economic Development Council - Community Profile

Note: Per GASB 44, this table should show the current year and the period nine years prior. The information nine years prior is unavailable and thus, this information is being implemented prospectively from 2009.

**TYLER JUNIOR COLLEGE DISTRICT
FACULTY, STAFF, AND ADMINISTRATORS STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Faculty										
Full-Time	278	272	255	251	255	248	249	243	239	
Part-Time	270	258	258	235	237	233	235	207	215	
Total	548	530	513	486	492	481	484	450	454	
Percent										
Full-Time	50.73%	51.32%	49.71%	51.65%	51.83%	51.56%	51.45%	54.00%	52.64%	
Part-Time	49.27%	48.68%	50.29%	48.35%	48.17%	48.44%	48.55%	46.00%	47.36%	
Staff and Administrators										
Full-Time	322	310	269	259	260	270	283	280	280	
Part-Time	200	170	151	141	146	139	180	180	172	
Total	522	480	420	400	406	409	463	460	452	
Percent										
Full-Time	61.69%	64.58%	64.05%	64.75%	64.04%	66.01%	61.12%	60.87%	61.95%	
Part-Time	38.31%	35.42%	35.95%	35.25%	35.96%	33.99%	38.88%	39.13%	38.05%	
FTSE per Full-Time Faculty	30.95	31.63	32.77	34.65	34.58	36.92	42.24	36.19	34.47	
FTSE per Full-Time Staff Member	31.86	33.34	32.39	37.01	37.20	33.91	44.76	31.41	29.42	
Average Annual Faculty Salary	\$51,047	\$ 49,100	\$ 46,764	\$ 45,303	\$ 45,213	\$ 43,973	\$43,050	\$ 41,376	\$41,699	

Notes: Information prior to 2001 was not available.

Table 14

TYLER JUNIOR COLLEGE DISTRICT
ENROLLMENT DETAILS
LAST FIVE FISCAL YEARS
(UNAUDITED)

Student Classification	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	7,624	69.03%	6,784	68.33%	5,014	61.00%	7,122	75.59%	7,477	80.36%
31-60 hours	2,152	19.48%	2,202	22.18%	2,282	27.76%	1,708	18.13%	1,163	12.50%
>60 hours	1,269	11.49%	942	9.49%	924	11.24%	592	6.28%	664	7.14%
Total	11,045	100%	9,928	100%	8,220	100%	9,422	100%	9,304	100%

Semester Hour Load	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Part-Time	6,186	56.01%	3,829	38.57%	3,314	40.32%	4,294	45.57%	4,297	46.18%
Full-Time	4,859	43.99%	6,099	61.43%	4,906	59.68%	5,128	54.43%	5,007	53.82%
Total	11,045	100%	9,928	100%	8,220	100%	9,422	100%	9,304	100%

Tuition Status	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	4,939	44.72%	4,506	45.39%	3,585	43.61%	4,443	47.16%	4,428	47.59%
Texas Resident (out-of-District)	5,751	52.07%	5,061	50.98%	4,395	53.47%	4,607	48.90%	4,527	48.66%
Non-Resident Tuition	355	3.21%	337	3.39%	240	2.92%	283	3.00%	266	2.86%
Tuition Exemption/Waiver	0	0.00%	24	0.24%	0	0.00%	89	0.94%	83	0.89%
Total	11,045	100%	9,928	100%	8,220	100%	9,422	100%	9,304	100%

Table 15

TYLER JUNIOR COLLEGE DISTRICT
STUDENT PROFILE
LAST FIVE FISCAL YEARS
(UNAUDITED)

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	6,495	58.80%	5,811	58.53%	4,802	58.42%	5,442	57.76%	5,476	58.86%
Male	4,550	41.20%	4,117	41.47%	3,418	41.58%	3,980	42.24%	3,828	41.14%
Total	11,045	100%	9,928	100%	8,220	100%	9,422	100%	9,304	100%

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
White	6,992	63.30%	6,484	65.31%	5,386	65.52%	6,455	68.51%	6,451	69.34%
Hispanic	1,230	11.14%	1,063	10.71%	910	11.07%	996	10.57%	884	9.50%
African American	2,421	21.92%	2,045	20.60%	1,707	20.77%	1,778	18.87%	1,766	18.98%
Asian	170	1.54%	132	1.33%	104	1.27%	115	1.22%	102	1.10%
Native American	62	0.56%	60	0.60%	51	0.62%	42	0.45%	55	0.59%
Other	170	1.54%	144	1.45%	62	0.75%	36	0.38%	46	0.49%
Total	11,045	100%	9,928	100%	8,220	100%	9,422	100%	9,304	100%

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
16 or younger	315	2.85%	304	3.06%	18	0.22%	203	2.15%	194	2.09%
17	641	5.80%	562	5.66%	124	1.51%	603	6.40%	490	5.27%
18	1,525	13.81%	1,555	15.66%	1,115	13.56%	1,258	13.35%	1,277	13.73%
19-21	4,095	37.08%	3,724	37.51%	3,543	43.10%	3,805	40.38%	3,609	38.79%
22-24	1,412	12.78%	1,266	12.75%	1,119	13.61%	1,219	12.94%	1,236	13.28%
25-30	1,285	11.63%	1,125	11.33%	980	11.92%	988	10.49%	1,066	11.46%
31-35	624	5.65%	483	4.87%	451	5.49%	491	5.21%	528	5.67%
36-50	942	8.53%	743	7.48%	715	8.70%	703	7.46%	768	8.25%
51-64	199	1.80%	157	1.58%	142	1.73%	144	1.53%	127	1.37%
65 & over	7	0.06%	9	0.09%	13	0.16%	8	0.08%	9	0.10%
Total	11,045	100%	9,928	100%	8,220	100%	9,422	100%	9,304	100%

Average Age	23	23	23	23	24
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Table 16

TYLER JUNIOR COLLEGE DISTRICT
 TRANSFERS TO SENIOR INSTITUTIONS
 2008 FALL STUDENTS AS OF FALL 2009
 (Includes only public senior colleges in Texas)
 (UNAUDITED)

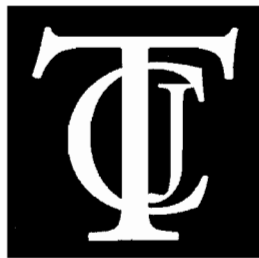
	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Angelo State University	5	1	0	6	0.33%
2 Lamar University Institute of Technology	8	0	0	8	0.43%
3 Midwestern State University	5	0	0	5	0.27%
4 Prairie View A&M University	5	0	0	5	0.27%
5 Sam Houston State University	18	2	0	20	1.09%
6 Stephen F. Austin State University	122	7	0	129	7.01%
7 Sul Ross State University	1	0	0	1	0.05%
8 Tarleton State University	20	0	0	20	1.09%
9 Texas A&M University - College Station	305	2	0	307	16.68%
10 Texas A&M University - Commerce	28	3	0	31	1.68%
11 Texas A&M University - Corpus Christi	4	1	0	5	0.27%
12 Texas A&M University - Galveston	4	0	0	4	0.22%
13 Texas A&M University - Kingsville	0	0	0	0	0.00%
14 Texas A&M University System Health Science Cente	0	0	0	0	0.00%
15 Texas A&M University - Texarkana	0	0	0	0	0.00%
16 Texas Southern University	4	1	0	5	0.27%
17 Texas State University	44	0	0	44	2.39%
18 Texas Tech University	32	3	0	35	1.90%
19 Texas Women's University	15	0	0	15	0.81%
20 University of Texas - Pan America	1	0	0	1	0.05%
21 University of Texas (Houston) - University Park	0	0	0	0	0.00%
22 University of North Texas	89	1	0	90	4.89%
23 University of Texas - Arlington	46	5	0	51	2.77%
24 University of Texas - Austin	65	0	0	65	3.53%
25 University of Texas - Brownsville	0	0	0	0	0.00%
26 University of Texas - Dallas	9	1	0	10	0.54%
27 University of Texas - El Paso	2	0	0	2	0.11%
28 University of Texas - Permian Basin	0	0	0	0	0.00%
29 University of Texas - San Antonio	5	0	0	5	0.27%
30 University of Texas - Tyler	894	62	0	956	51.93%
31 University of Houston	14	2	0	16	0.87%
32 University of Houston - Downtown	1	0	0	1	0.05%
33 University of Houston - Victoria	1	0	0	1	0.05%
34 West Texas A&M University	3	0	0	3	0.16%
	1,750	91	0	1,841	100.00%

Source: The Automated Student & Adult Learner Follow-up Report from the Coordinating Board.

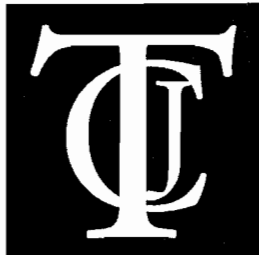
Table 17

TYLER JUNIOR COLLEGE DISTRICT
CAPITAL ASSET INFORMATION
FISCAL YEARS 2002 TO 2010
(UNAUDITED)

	Fiscal Year								
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Academic buildings	13	13	13	13	13	13	13	13	13
Square footage (in thousands)	430	430	430	430	430	430	430	430	430
Libraries	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	41	41	41	41	41	41	41	41	41
Number of Volumes (in thousands)	104	104	104	98	98	99	98	96	96
Administrative and support buildings	8	8	8	8	6	6	6	6	6
Square footage (in thousands)	161	161	161	161	150	150	150	150	150
Dormitories	9	9	9	8	8	8	8	8	8
Square footage (in thousands)	267	267	267	115	115	115	115	115	115
Number of Beds	1,062	1,062	1,062	600	600	600	600	600	600
Dining Facilities	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	4	4	4	4	4	4	4
Average daily customers	2,500	2,500	2,500	2,000	2,000	2,000	2,000	2,000	2,000
Athletic Facilities	7	7	7	6	6	6	6	6	6
Square footage (in thousands)	436	436	436	425	425	425	420	420	420
Stadiums	1	1	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	2	2	2	2	2
Fitness Centers	2	2	2	2	2	2	2	2	2
Tennis Court	2	2	2	1	1	1	1	1	1
Plant facilities	2	2	2	1	1	1	1	1	1
Square footage (in thousands)	27	27	27	17	17	17	17	17	17
Transportation									
Cars	6	6	6	6	10	13	15	15	15
Light Trucks/Vans	42	42	42	39	24	32	32	32	32
Heavy Trucks	1	1	1	1	1	1	1	1	1



TYLER
JUNIOR
COLLEGE
DISTRICT



TYLER
JUNIOR
COLLEGE
DISTRICT

SINGLE AUDIT
SECTION

TYLER JUNIOR COLLEGE DISTRICT
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2010

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Pass Through Disbursements and Expenditures
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
SEOG	84.007	--	\$ 147,806
Federal College Workstudy Program	84.033	--	36,816
Federal Pell Grant Program	84.063	--	18,066,752
Academic Competitiveness Grant Program	84.375	--	510,701
TRIO Cluster			
Student Support Services Grant	84.042A	--	259,474
Pass Through From:			
Texas Education Agency			
Adult Basic Education	84.002	104100017110311	458,241
Texas Higher Education Coordinating Board			
Carl Perkins Vocational Educational			
Programs - Basic	84.048	104250	418,494
Leveraging Educational Assistance Partnership			
Grant (LEAP)	84.069A	--	13,196
Special Leveraging Educational Assistance Partnership			
Grant (SLEAP)	84.069B	--	16,968
Byrd Honors Scholarships	84.185A	--	750
College Access Challenge Grant Program	84.378	1150	85,752
ARRA - State Fiscal Stabilization Fund - Government Services	84.397A	3629	298,795
University of Texas at Tyler			
Tech-Prep Education	84.243	--	14,925
Total U. S. Department of Education			<u>20,328,670</u>
U.S. Department of Commerce - Economic Development Administration			
Pass Through From:			
Tyler Economic Development Council, Inc.			
Economic Adjustment Assistance	11.307	--	3,000
Total U.S. Department of Commerce - Economic Development Administration			<u>3,000</u>
U.S. Small Business Administration (SBA)			
Pass Through From:			
Dallas County Community College District			
Small Business Development Center	59.037	--	114,984
Total U.S. Small Business Administration (SBA)			<u>114,984</u>
U.S. Department of Energy			
Pass Through From:			
Texas Comptroller of Public Accounts - State Energy Conservation Office			
State Energy Program	81.041	CM 1014	53,054
Total U.S. Department of Energy			<u>53,054</u>
U.S. Department of Health and Human Services			
Pass Through From:			
Texas Education Agency			
Temporary Aid for Needy Families	93.558	103625017110291	27,138
Total U.S. Department of Health and Human Services			<u>27,138</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 20,526,846</u>

See Notes to Schedule on following page.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

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

NOTE 2 – FEDERAL FINANCIAL ASSISTANCE RECONCILIATION

Federal Grants and Contracts per Schedule A	\$ 1,417,547
Non Operating Revenue From Schedule C	19,019,795
Matching Contributions Included in Schedule E	<u>89,504</u>
 Total Federal Financial Assistance – Schedule E	 <u>\$20,526,846</u>

NOTE 3 – STUDENT LOANS PROCESSED AND ADMINISTRATIVE COSTS RECOVERED – NOT INCLUDED IN SCHEDULE

<u>Federal Grantor CFDA Number/Program Name</u>	<u>New Loans Processed</u>	<u>Administrative Cost Recovered</u>	<u>Total Loans Processed and Administrative Cost Recovered</u>
Department of Education 84.032 Federal Family Education Loan Program	<u>\$24,448,651</u>	<u>\$ -</u>	<u>\$24,448,651</u>

NOTE 4 – AMOUNTS PASSED THROUGH BY THE DISTRICT

The following amounts were passed-through to the listed subrecipients by the District. These amounts were from the Adult Basic Education program CFDA 84.002A from the U.S. Department of Education through the Texas Education Agency and Temporary Aid for Needy Families (TANF) CFDA 93.558 from the U. S. Department of Health and Human Services through the Texas Education Agency.

Literacy Council of Tyler (Adult Basic Education)	\$444,241
Literacy Council of Tyler (TANF)	27,138

TYLER JUNIOR COLLEGE DISTRICT
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2010

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Higher Education Coordinating Board		
Texas College Work Study	--	\$ 41,330
Certified Education Aide	--	55,428
Early High School Graduation	--	63,382
Financial Aid - LVN Nursing and Professional Nursing	--	11,090
Alternative Teacher Certificate Program	--	4,076
College Readiness Special Advisors Program	--	519
Professional Nursing Shortage Reduction Program	--	154,431
TEXAS Grants - Initial and Renewal Funds	--	917,590
Texas Educational Opportunity Grant Program	--	129,050
Dallas County Community College District		
Small Business Development Center	--	97,484
Texas Comptroller of Public Accounts		
Jobs and Education for Texans (JET) Program	3595-1	208,500
Jobs and Education for Texans (JET) Program	4807-20	92,258
Texas Education Agency		
Adult Basic Education	100100017110311	88,290
Texas Workforce Commission		
Skills Development	0809SDF000	<u>140,363</u>
Total Expenditures of State Awards		<u>\$ 2,003,791</u>

See Notes to Schedule on following page.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 to the financial statements for the District's significant accounting policies. These expenditures are reported on the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

NOTE 2 – STATE FINANCIAL ASSISTANCE RECONCILIATION

State Grants and Contracts per Schedule A	\$1,808,213
Professional Nursing Shortage Reduction reported on Schedule C	154,431
Matching Contributions Included in Schedule F	<u>41,147</u>
Total State Financial Assistance – Schedule F	<u>\$2,003,791</u>

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

Board of Trustees
Tyler Junior College District
Tyler, Texas

Board of Trustees:

We have audited the financial statements of the Tyler Junior College District as of and for the year ended August 31, 2010, and have issued our report thereon dated November 15, 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.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 the Tyler Junior College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, (including the Texas Public Funds Investment Act of 1995), 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*.

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

Galler Morgan Peddy

Certified Public Accountants

Tyler, Texas
November 15, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditors' Report

Board of Trustees
Tyler Junior College District
Tyler, Texas

Board of Trustees:

Compliance

We have audited Tyler Junior College District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Tyler Junior College District's major federal programs for the year ended August 31, 2010. Tyler Junior College District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Tyler Junior College District's management. Our responsibility is to express an opinion on Tyler Junior College District'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. 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 Tyler Junior College District'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 Tyler Junior College District's compliance with those requirements.

In our opinion, Tyler Junior College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2010.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Certified Public Accountants

Tyler, Texas
November 15, 2010

TYLER JUNIOR COLLEGE DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED AUGUST 31, 2010

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial Statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors’ report issued on compliance for major programs: *Unqualified*

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

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
	Student Financial Assistance Programs:
	Part of Federally Mandated Cluster
84.063	Federal Pell Grant Program
84.007	Federal Supplemental Educational Opportunity Grant Program
84.033	Federal College Workstudy Program
84.032	Federal Family Education Loan Program
84.375	Academic Competitiveness Grant Program
84.397A	ARRA-State Fiscal Stabilization Fund-Government Services

TYLER JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2010

Section I (continued)

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

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

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.



TYLER JUNIOR COLLEGE

A QUALITY EDUCATION · A VIBRANT STUDENT LIFE · COMMUNITY SERVICE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED AUGUST 31, 2010

The following is an update of prior audit findings and is prepared in accordance with Office of Management and Budget Circular A-133, Section .315(b) and .320(c).

Prior Audit Finding 2009-1

Internal Control Over Bank Reconciliations

Summary of prior audit finding: The District has controls in place to ensure that bank reconciliations agree with the balance in the pooled cash fund (Fund 1002). However, during fiscal year 2009, these controls did not effectively operate as intended to balance the fund with the reconciliations.

Current Status: Corrective action has been taken and this issue has been fully resolved. The College reviewed internal controls over reconciliation of items related to the bank records during fiscal year 2010 to determine how to strengthen and increase their effectiveness. Procedures have been implemented and are working appropriately to ensure bank reconciliations agree with the balance in the pooled cash fund.

Prior Audit Finding 2009-2

Department of Education (DOE), Student Financial Assistance Program, Part of Federally Mandated Cluster

Summary of prior audit finding: Under the Federal Family Education Loan Program, schools must accurately complete and return Student Status Confirmation Reports (SSCR) sent by the Department of Education or a guaranty agency. The enrollment status of several students who had withdrawn from the school during the Fall 2008 term was not appropriately reported to the Clearinghouse in a transmission certified on December 4, 2008. The Clearinghouse record reflected the student as enrolled when they were actually withdrawn.

Current Status: All reporting errors were corrected and the report was resubmitted to the Clearinghouse in November 2009 using the correct dates. Additional training has been completed by the employees responsible for submitting the report. Procedures are now in place to ensure the report is submitted timely and information is accurate.

Prior Audit Finding 2009-3

Department of Education (DOE), Student Financial Assistance Program, Part of Federally Mandated Cluster

Summary of prior audit finding: 34 CFR section 668.173(b) states that returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to the Department of Education or the appropriate FFEL lender as soon as possible, but no later than 45 days

after the date the institution determines that the student withdrew. Numerous instances were noted in which the return of Title IV funds was not performed within the required timeframe of no later than 45 days after the date the institution determined the student withdrew.

Current status: Corrective action has been taken and this issue has been fully resolved. A review of procedures occurred during fiscal year 2010 to ensure internal controls were in place to identify returns of Title IV funds in a timely manner. Additional procedures were developed and fully implemented during the year to ensure Title IV returns are reviewed and remitted timely.