

TYLER
JUNIOR
COLLEGE
DISTRICT



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the fiscal year ended
August 31, 2008

Tyler, Texas

**TYLER JUNIOR COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
AUGUST 31, 2008**

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



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**TYLER JUNIOR COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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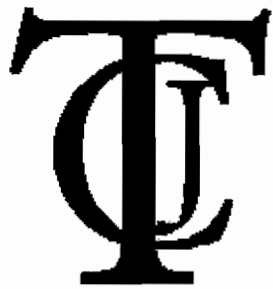
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INTRODUCTORY
SECTION



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TYLER JUNIOR COLLEGE

December 5, 2008

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, 2008.

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, 2008. 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 thirty-

seven states and over twenty-five foreign countries. Annual fall enrollment is approximately 9,900 academic and vocational students, with an additional 18,000 “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 80 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, whose purpose is to strengthen the higher educational resources of Texas by encouraging a program of benefactions to Tyler Junior College.

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 Fall 2008 increased approximately 20% over Fall 2007 enrollment. The college continues to maintain existing facilities and plan for the many opportunities that existing and future students will need.

During the past year, the college has completed or nearly completed a number of capital projects on campus, including the completion of a new 462 bed residence hall, a new satellite physical plant, renovations to existing HVAC systems in several buildings, completion of a new surface parking lot and upgrades to several classrooms across campus, to name a few. During the later part of the year, the college in collaboration with local economic development councils as well as local hospitals opened two education centers on the fringes of the taxing district to better serve our outlying communities. The cost to renovate existing facilities was shared within the respective partnerships.

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 continuing renovation and maintenance of future buildings. In 2008, state appropriations were slightly above the state appropriations from 2007. The college increased tuition and fees slightly in the spring semester. A new student life fee of \$2 per credit hour was assessed beginning in the fall of 2007. However, the college believes that continued increases in tuition and fees may deny access to some of its most deserving students.

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. The college district tax rate for 2007-2008 was \$.127169 per \$100 valuation.

TRENDS

It is expected that the Tyler area will likely see moderate economic gains over the next several years. The labor markets with the largest growth between September 2007 and September 2008 were leisure & hospitality, natural resources & mining and professional & business services. The labor sectors for the same time period with a decline in growth were the goods producing and manufacturing markets. According to the 2008 "Best Performing Cities" report by the Milken Institute, Tyler was rated No. 26. Tyler is considered the advanced manufacturing, health care, educational, and retail center of East Texas. As the Tyler area grows, the college anticipates continuing enrollment growth. The latest 2006 Census projections estimate the Tyler MSA population at 194,635 and the City of Tyler at 94,146.

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, 2007. 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 2007 report was the twelfth 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,


Sarah Van Cleef
Director, Business Services


Jan Hurst
Vice President, Business Affairs


Carol Hutson
Controller

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, 2007

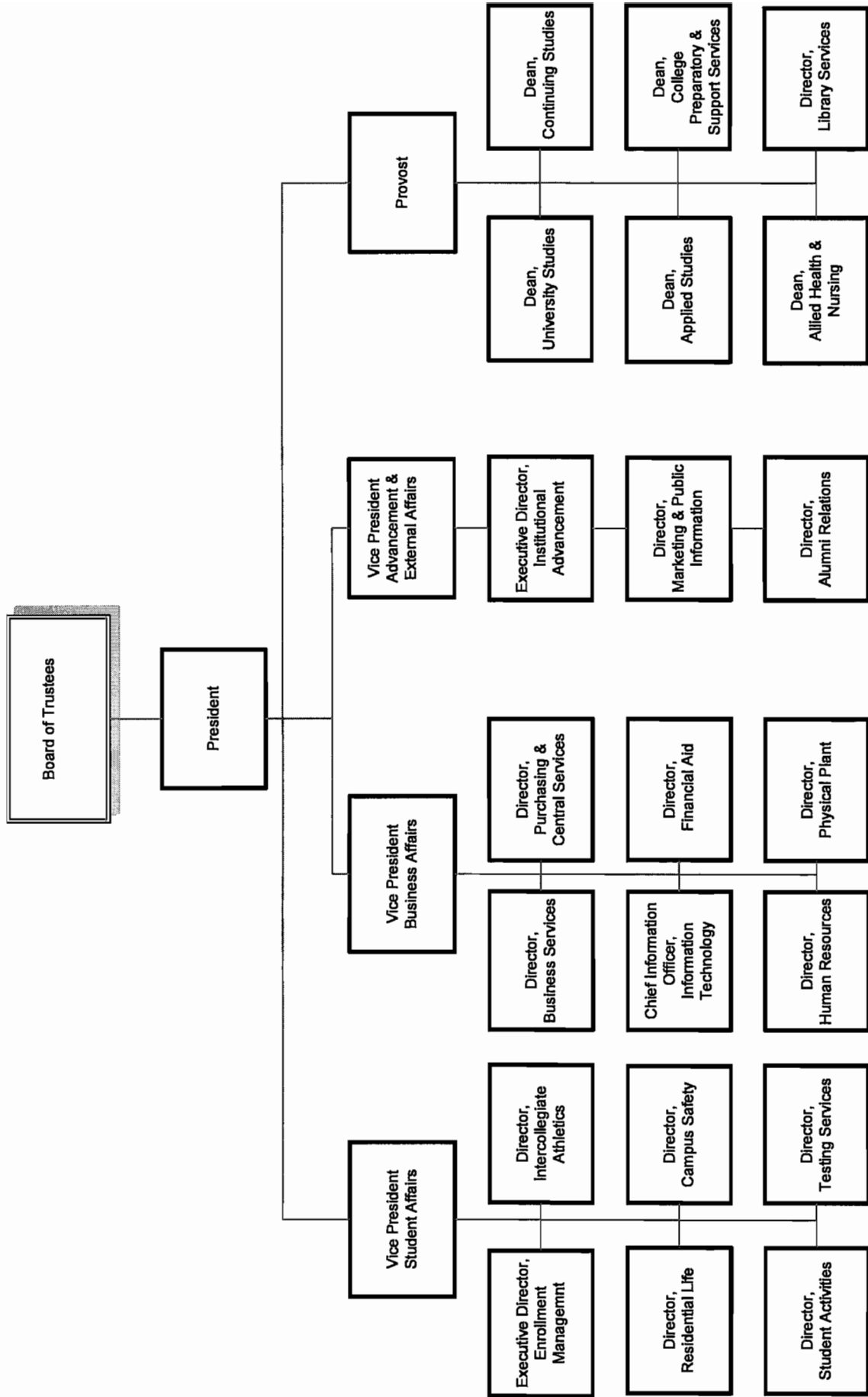
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

TYLER JUNIOR COLLEGE
ORGANIZATIONAL STRUCTURE



TYLER JUNIOR COLLEGE

**ORGANIZATIONAL DATA
For the Fiscal Year 2008-2009**

Board of Trustees

Officers

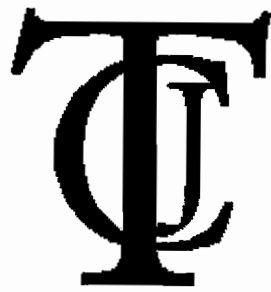
Lonny Uzzell	President
Clint Roxburgh	First Vice President
John Hills	Second Vice President

Members

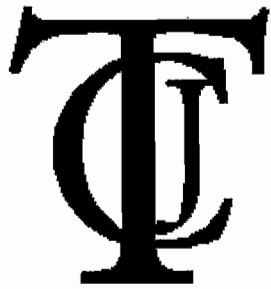
		Term Expires
		<u>May</u>
Ann Brookshire	Tyler, Texas	2014
Rohn Boone	Tyler, Texas	2014
Mike Coker	Tyler, Texas	2012
David Hudson	Tyler, Texas	2014
Dr. Joseph Prud'homme	Tyler, Texas	2010
Peggy W. Smith	Tyler, Texas	2010

Principal Administrative Officers

L. Michael Metke	President
Homer M. Hayes	Provost
Jan Hurst	Vice President, Business Affairs
Austin A. Lane	Vice President, Student Affairs
Kim Russell	Vice President, Advancement/External Affairs
Sarah E. Van Cleef	Director, Business Services
Joan Jones	Dean, Applied Studies
Paul R. Monagan	Dean, Allied Health and Nursing
Aubrey D. Sharpe	Dean, Continuing Studies
Fernando Figueroa	Dean, University Studies



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FINANCIAL
SECTION



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Michael Gollob, CPA-Retired
Tony K. Morgan, CPA/ABV
Robert W. Peddy, CPA
Barbara R. Bass, CPA
Tommy J. Chambers, CPA
Lisa G. Robinson, CPA
Joe Wylie, CPA

GOLLOB MORGAN PEDDY & Co., P.C.

Certified Public Accountants

Members American Institute of Certified Public Accountants and Private Companies Practice Section

Harvey W. Jackson, CPA
Kevin R. Cashion, CPA
Brenda G. Watson, CPA
Dianne C. Johnston, CPA
Jeanne C. Lewis, CPA
Kristen L. Gusa, CPA
Patricia L. Kinnaird, CPA
Michael W. Stevens, CPA/ABV
Robert Shane Rohrbach, CPA
Raymond C. McKinney, CPA
Teresa J. Campbell, CPA
Gary D. Davis, CPA
Wesley R. Johnston, CPA
Lori A. Bogan, CPA
Kathryn Hesskew, CPA
James Clinton Carroll, CPA

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, 2008 and 2007, 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 \$29,962,945 as of August 31, 2008, and total revenues of \$3,762,127 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, 2008 and 2007, 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 December 5, 2008 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.

Dallas Morgan Peddy & Co., P.C.
Certified Public Accountants

Tyler, Texas
December 5, 2008

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 2008. 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>2008</u>	<u>2007</u>	<u>2006</u>
Assets			
Current assets	\$ 24,511	\$ 15,763	\$ 14,394
Capital assets, net	104,613	86,530	62,976
Other assets	14,432	34,951	10,236
Total assets	<u>143,556</u>	<u>137,244</u>	<u>87,606</u>
Liabilities			
Current liabilities	24,361	18,939	15,126
Noncurrent liabilities	57,334	61,315	24,178
Total liabilities	<u>81,695</u>	<u>80,254</u>	<u>39,304</u>
Net assets			
Invested in capital assets, net of debt	50,109	44,699	37,494
Restricted - expendable	280	255	515
Restricted - nonexpendable	-	-	-
Unrestricted	11,472	12,036	10,293
Total net assets	<u>\$ 61,861</u>	<u>\$ 56,990</u>	<u>\$ 48,302</u>

The \$143.6 million in assets includes cash and cash equivalents of \$28.2 million and investments of \$0. The substantial decrease in cash and cash equivalents is due to the payment of vendors during the construction phase of a new residence hall. The value of investments decreased from \$3 million in 2007 to \$0 investments in 2008. The decline of long term interest rates during the spring of 2008 led to the sale of all the outstanding bonds held by the District. A review of the Statement of Net Assets also reveals accounts receivable of just over \$9.8 million compared to \$7.5 million in 2007 and \$7.0 million in 2006. Billing for the Fall 2008 included an increase in tuition and fees that was not in place for the Fall 2007 which attributed to the increase in accounts receivable from 2007 to 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 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 completion of the new 462 bed residence hall, a new satellite physical plant, renovations to existing HVAC systems in several buildings, completion of a new surface parking lot and upgrades to several classrooms across campus. 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 \$81.7 million include long-term debt of \$56.2 million and compensated absences of \$1.3 million as of the end of the 2008 fiscal year. Also included in the liabilities are student deposits and deferred revenue in excess of \$13.8 million.

The assets less liabilities result in net assets of \$61.9 million compared to \$57.0 million in 2007 and \$48.3 million in 2006. A major portion of the net assets is the District's capital assets of \$50.1 million, and \$11.5 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 notes to the financial statement 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, ad-valorem taxes are nonoperating because the taxes are paid by citizens without the citizens receiving any commensurate goods or services. Also, state appropriations are considered to be nonoperating revenues based on the reporting requirements set forth by the Texas Higher Education Coordinating Board.

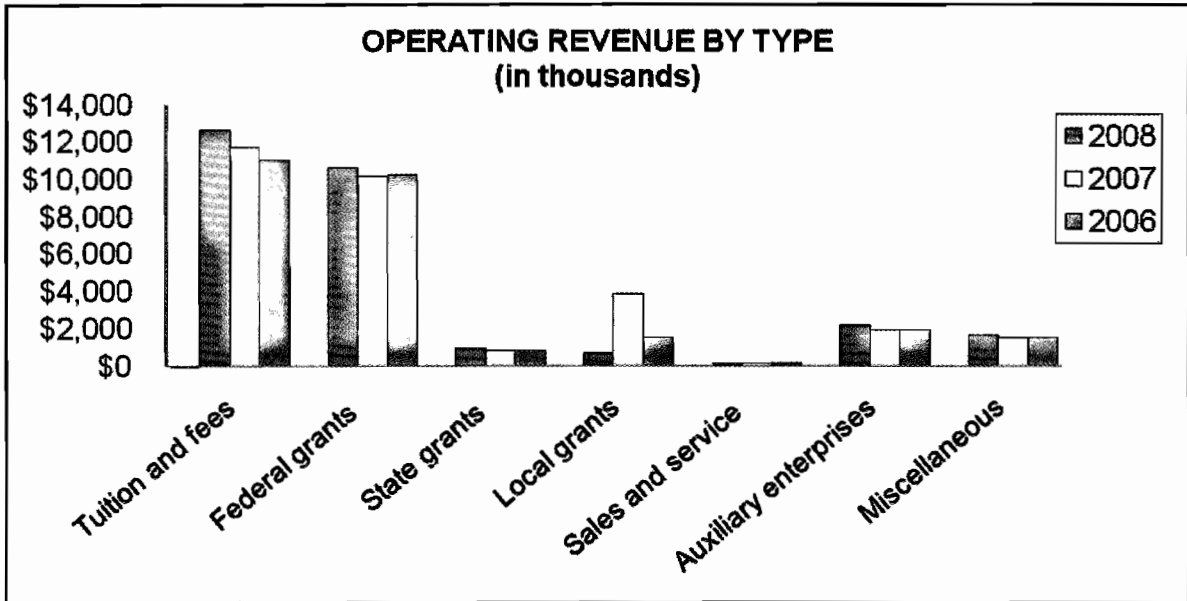
**Statement of Revenues, Expenses and Changes in Net Assets
(thousands of dollars)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating revenues			
Tuition and fees	\$ 12,618	\$ 11,730	\$ 10,977
Federal grants and contracts	10,639	10,160	10,224
State grants and contracts	880	761	760
Local grants and contracts	639	3,860	1,484
Sales and service of educational activities	117	121	127
Auxiliary enterprises	2,156	1,913	1,883
Miscellaneous	1,637	1,528	1,483
Total operating revenues	<u>28,686</u>	<u>30,073</u>	<u>26,938</u>
Operating expenses			
Instruction	22,710	21,568	21,503
Public service	767	853	796
Academic support	2,792	2,743	2,258
Student service	6,653	5,904	5,814
Institutional support	8,006	7,660	7,244
Operation and maintenance of plant	4,568	4,292	4,405
Scholarship and fellowships	3,376	4,409	4,291
Auxiliary enterprises	4,731	3,743	2,742
Depreciation	3,206	2,812	2,670
Total operating expenses	<u>56,809</u>	<u>53,984</u>	<u>51,723</u>
Operating loss	(28,123)	(23,911)	(24,785)
Nonoperating revenues and expenses	<u>32,995</u>	<u>32,598</u>	<u>30,342</u>
Income (loss) before other revenues, Expenses, gains or losses	<u>4,872</u>	<u>8,687</u>	<u>5,557</u>
Increase in net assets	4,872	8,687	5,557
Net assets at beginning of year	56,990	48,303	42,746
Net assets at end of year	<u>\$ 61,862</u>	<u>\$ 56,990</u>	<u>\$ 48,303</u>

The nonoperating revenues (expenses) are comprised of \$21.2 million state educational contracts, \$12.6 million property taxes, investment income of \$1.2 million and \$2.1 million interest paid on capital related debt. These amounts differ from FY 2007 by some \$1.1 million additional property tax revenue that resulted from an increase in the valuation of property listed on the tax rolls and approximately \$1.5 million decrease in investment income. The interest income decrease is due in large part to the lower investment income generated from the declining balance of the proceeds from the bonds issued for the construction of a new residence hall. Moreover, additional property tax

revenue from 2006 to 2008 increased by \$2.3 million while investment income increased almost \$617 thousand for the same time period.

The Statement of Revenues, Expenses, and Changes in Net Assets reflects 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 the following.



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 closely by federal grants. All other types of revenue represent less than 19 percent of the total operating revenue.

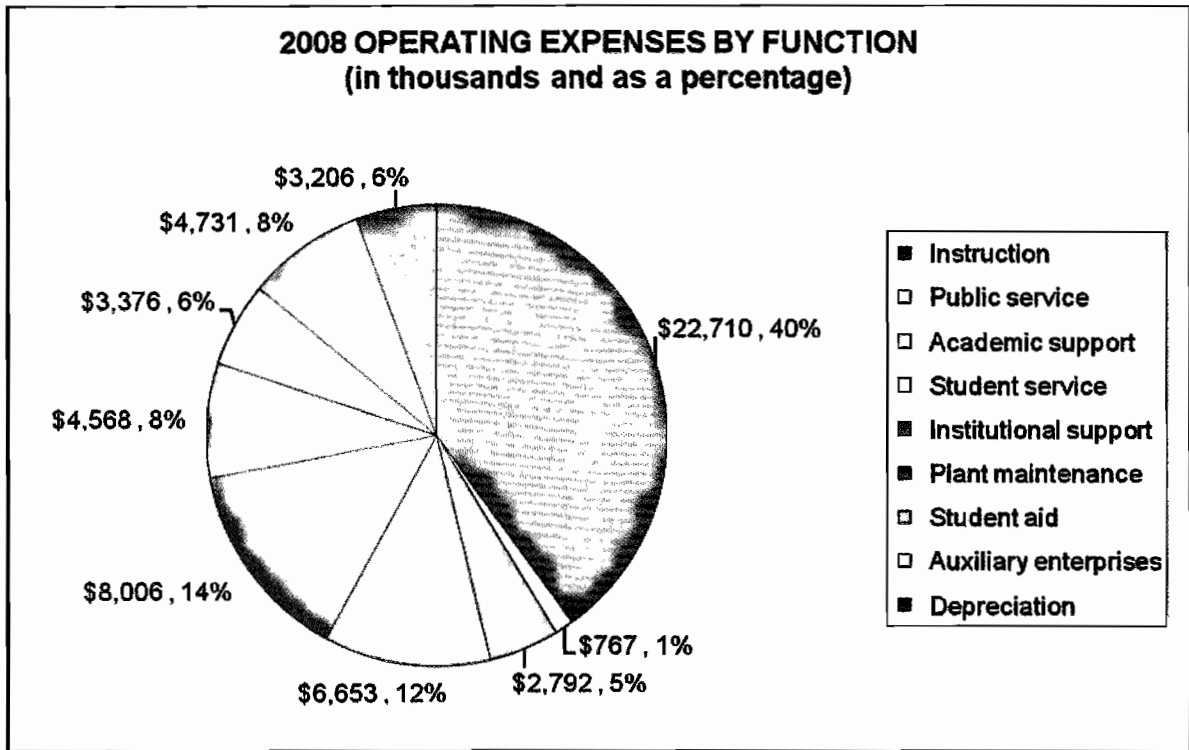
Pell, work-study and other student financial aid grants comprise \$9.2 million of the \$10.6 million received from federal grants and contracts. The remaining \$1.4 million of the grants was comprised of \$0.4 million Adult Learning Center grant to support students to promote and instill success in their educational activities, \$0.2 million TRIO, \$0.7 million of Perkins support for students and \$0.1 million of miscellaneous training and educational support grants.

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 \$57 million in operating expenses by function (displayed in thousands) are displayed in the following exhibit.

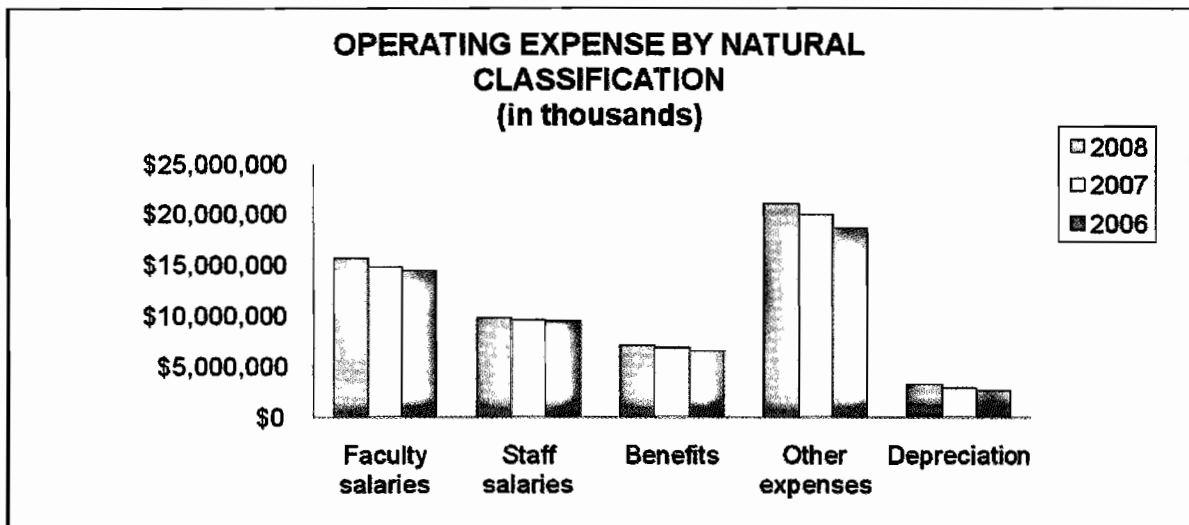
Although comparative information is not presented in the graph, several changes in expenses from prior years are worth noting. Continued costs to support technology in the classroom and online

courses accounted for approximately \$1.7 million of instructional expenditures. The addition of new instructional programs and the overhaul of several existing programs also increased instructional expenditures for 2008.



Although the District's operating expenses are reported by functional classification, the operating expenses restated by their natural classification is interesting 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-five percent of the District's \$57 million operating expenses are expended for salaries and wages. When the benefits are combined with the salaries and wages, the total (\$32.6 million) is 57 percent of the District's total operating expense as compared to 58 percent in 2007 and 59 percent in 2006. The second highest portion of the operating expenses is the \$21.1 million of operating expenses that the District paid in 2008 to its vendors to acquire supplies, goods and services. This amount expended to vendors compared to \$19.9 million in 2007 and \$18.6 million in 2006. Financial aid is included in the other expenses and is the second highest expense percent. In 2008, \$3.3 million was expended in financial aid as compared to \$3.5 million in 2007 and \$3.3 million in 2006. Depreciation expense increased in 2008 to \$3.2 million from \$2.8 million in 2007 and \$2.7 million in 2006.

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)

	2008	2007	2006
Cash provided (used) by:			
Operating activities	\$ (21,037)	\$ (22,847)	\$ (21,655)
Noncapital financing activities	33,380	32,014	30,745
Capital and related financing activities	(27,513)	13,393	(7,518)
Investing activities	4,156	2,726	628
Net change in cash	(11,014)	25,286	2,200
Cash, beginning of year	39,243	13,957	11,757
Cash, end of year	\$ 28,229	\$ 39,243	\$ 13,957

The primary cash receipts from operating activities consist of tuition and fees, grants and contracts. Operating cash receipts in 2008 totaled \$30.0 million as compared to \$28.5 million in 2007 and

\$27.6 million in 2006. Cash outlay payments for wages, benefits, supplies, utilities and scholarships totaled \$51.0 million in 2008 as compared to \$51.4 million in 2007 and \$49.3 million in 2006. These receipts and cash outlay payments resulted in a \$1.8 million reduction of net cash used by operating activities in 2008.

State educational contracts are the primary source of noncapital financing. Ad-valorem taxes are the second largest source of noncapital financing. 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 2008, \$34 million was received as compared to \$32 million in 2007 and \$30.7 million in 2006. 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, \$345 thousand was disbursed greater than that received in 2008.

The capital and related financing activities in 2008 included \$22.7 million expended for campus improvements and renovations. This amount includes the expenses for the construction of the new residence hall in addition to the routine improvements and renovations for the campus. This compares to \$22.0 million expended in 2007 and \$5.5 million expended in 2006 for campus improvements and renovations. Financing outflows also include expenditures for debt service payments and related long-term debt interest. The long-term debt interest of \$2.1 million paid in 2008 was comparable to the \$2.1 million paid in 2007.

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 2008 was less than that received in 2007, but greater than that received in 2006. The long-term bonds held by the District at the end of 2007 were all sold during 2008. There were no additional investments purchased in 2008.

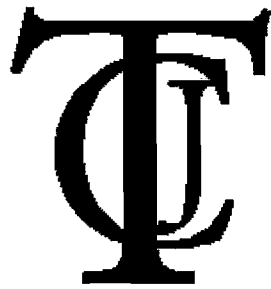
Economic Outlook

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 continues at a steady rate even with the tuition and fee increases implemented during the past fiscal years. The enrollment will continue to be stable as the fiscal year 2008 students continue their education. As in prior years, a small enrollment growth is expected for fiscal year 2009.

The District's overall financial position is strong. However, the District continues to deal with the lingering effects of the slow economy from recent years. The District is surviving the financial pressures by maintaining operating budget controls, addressing reserves, evaluation of new hires and reducing administrative overhead. As a result, the District is operating with less staff but with the

same amount of work. Although state appropriations increased some from 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 2009 will be comparable to fiscal year 2008 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

TYLER JUNIOR COLLEGE DISTRICT
STATEMENT OF NET ASSETS
AS OF AUGUST 31, 2008 AND 2007

ASSETS	2008	2007
Current Assets		
Cash and Cash Equivalents	\$ 14,521,133	\$ 8,061,098
Accounts Receivable (net of allowance for doubtful accounts of \$2,501,567 and \$2,924,579 respectively)	9,811,088	7,473,078
Prepaid Expenses	178,648	228,802
Total Current Assets	24,510,869	15,762,978
Noncurrent Assets		
Cash and Cash Equivalents	13,708,463	31,182,542
Investments	-	2,955,625
Deferred Charges	723,482	812,339
Capital Assets (Net)	104,613,276	86,530,041
Total Noncurrent Assets	119,045,221	121,480,547
TOTAL ASSETS	\$ 143,556,090	\$ 137,243,525
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 6,347,562	\$ 5,717,971
Deferred Revenues	13,891,228	10,214,702
Current Portion of Compensated Absences	131,586	111,341
Current Portion of Bonds Payable	3,305,000	2,265,000
Current Portion of Notes Payable	685,183	629,732
Total Current Liabilities	24,360,559	18,938,746
Noncurrent Liabilities		
Accrued Compensable Absences Payable	1,184,271	1,002,065
Bonds Payable	48,323,753	51,716,546
Notes and Loans Payable	7,825,943	8,596,677
Total Noncurrent Liabilities	57,333,967	61,315,288
TOTAL LIABILITIES	81,694,526	80,254,033
NET ASSETS		
Invested in capital assets, net of related debt Restricted	50,109,580	44,698,637
Expendable		
Financial Aid and Scholarships	279,878	254,967
Unrestricted	11,472,105	12,035,888
TOTAL NET ASSETS	61,861,563	56,989,492
TOTAL LIABILITIES AND NET ASSETS	\$ 143,556,089	\$ 137,243,525

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

THE TYLER JUNIOR COLLEGE FOUNDATION
Statement of Financial Position
August 31, 2008

ASSETS

Cash and cash equivalents	\$ 2,210,050
Contributions receivable	34,000
Investments	26,224,151
Charitable gift annuities	235,295
Real estate and equipment, net	1,126,181
Deferred expense	84,789
Other assets	<u>48,479</u>
TOTAL ASSETS	<u><u>\$ 29,962,945</u></u>

LIABILITIES

Accounts payable - Tyler Junior College	\$ 84,789
Other liabilities	<u>23,825</u>
Total liabilities	108,614

NET ASSETS

Unrestricted	\$ 5,555,516
Temporarily restricted	2,869,541
Permanently restricted	<u>21,429,274</u>
Total net assets	<u><u>29,854,331</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 29,962,945</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, 2008 AND 2007

REVENUES	<u>2008</u>	<u>2007</u>
Operating revenues		
Pledged Revenues:		
Tuition and Fees (net of \$6,559,574 and \$6,172,513 in discounts)	\$ 12,617,864	\$ 11,730,292
Auxiliary Enterprises (net of \$812,932 and \$800,644 in discounts)	2,155,663	1,913,423
Federal Grants and Contracts	10,638,729	10,160,145
State Grants and Contracts	879,500	761,238
Local Grants and Contracts	639,049	3,859,709
Sales and Service of Educational Activities	117,432	120,413
Interest on Student Loans	25,225	18,700
Miscellaneous Operating Revenues	<u>1,612,962</u>	<u>1,509,141</u>
 Total Operating Revenues	 <u>28,686,424</u>	 <u>30,073,061</u>
 EXPENSES		
Operating expenses		
Instruction	22,710,169	21,567,887
Public Service	766,819	853,108
Academic Support	2,792,468	2,743,044
Student Services	6,652,637	5,903,966
Institutional Support	8,005,762	7,660,364
Operations and Maintenance of Plant	4,568,476	4,292,141
Scholarship and Fellowships (net of \$7,372,506 and \$6,973,157 in discounts)	3,375,802	3,608,328
Auxiliary Enterprises	4,731,450	4,544,006
Depreciation	<u>3,206,120</u>	<u>2,812,021</u>
 Total Operating Expenses	 <u>56,809,703</u>	 <u>53,984,865</u>
 Operating Income (Loss)	 <u>(28,123,279)</u>	 <u>(23,911,804)</u>
 NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	21,245,661	20,508,466
Property taxes	12,646,609	11,540,450
Investment Income	1,245,209	2,726,329
Interest on Capital Related Debt	<u>(2,142,128)</u>	<u>(2,176,496)</u>
 Total Non-Operating Revenues (Expenses)	 <u>32,995,351</u>	 <u>32,598,749</u>
 Increase in Net Assets	 4,872,072	 8,686,945
 Net Assets, Beginning of the Year	 <u>56,989,492</u>	 <u>48,302,547</u>
 Net Assets, End of the Year	 <u>\$ 61,861,564</u>	 <u>\$ 56,989,492</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, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Other Support:				
Contributions and fund-raising	\$ 88,942	\$ 818,252	\$ 3,871,187	\$ 4,778,381
Unrealized gain (loss) on investments	(1,953,922)	-	17,353	(1,936,569)
Net gain (loss) on sales	-	-	-	-
Investment income	597,146	89,041	227,928	914,115
Grant income	-	5,000	-	5,000
Rental income	1,200	-	-	1,200
Restricted and unrestricted funds endowed	(191,861)	237,991	(46,130)	-
Net assets released from restrictions	787,411	(787,411)	-	-
	<u>(671,084)</u>	<u>362,873</u>	<u>4,070,338</u>	<u>3,762,127</u>
Total revenues				
Administrative	17,592	-	-	17,592
Fund-raising				
Golf Tournament	24,382	-	-	24,382
Other	5,472	-	-	5,472
Real estate	14,741	-	-	14,741
Scholarships & Awards				
Support of TJC	416,990	-	-	416,990
Scholarships	438,186	-	-	438,186
Other awards	17,383	-	-	17,383
	<u>934,746</u>	<u>-</u>	<u>-</u>	<u>934,746</u>
Total Expenditures				
Changes in Net Assets	(1,605,830)	362,873	4,070,338	2,827,381
Net Assets, September 1, 2007	<u>7,161,346</u>	<u>2,506,668</u>	<u>17,358,936</u>	<u>27,026,950</u>
Net Assets, August 31, 2008	<u>\$ 5,555,516</u>	<u>\$ 2,869,541</u>	<u>\$ 21,429,274</u>	<u>\$ 29,854,331</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, 2008 AND 2007

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2008</u>	<u>2007</u>
Receipts from students and other customers	\$ 13,951,108	\$ 11,954,040
Receipt of state financial aid	879,500	761,238
Receipt of federal financial aid	11,076,804	9,752,227
Receipt of local grants and support	591,855	2,795,751
Receipt from sales and services of educational activities	117,432	120,413
Receipt from auxiliary enterprises	2,094,751	1,934,281
Receipt of interest on student loans	25,225	18,700
Receipt from other operating revenues	1,280,371	1,187,415
Loans from (to) students	(43,110)	-
Payments for salaries and benefits to employees	(32,388,003)	(31,163,706)
Payments to suppliers for goods and services	<u>(18,622,787)</u>	<u>(20,207,182)</u>
Net cash used in operating activities	<u>(21,036,854)</u>	<u>(22,846,823)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt from state educational contracts	21,254,661	20,508,466
Property tax revenues	12,470,616	11,502,727
Receipts from student organizations	425,625	576,483
Payments to student organizations	<u>(771,133)</u>	<u>(573,441)</u>
Net cash provided by noncapital financing activities	<u>33,379,769</u>	<u>32,014,235</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets and construction costs	(22,718,864)	(22,014,057)
Bond proceeds	-	40,616,611
Bond acquisition costs	-	(627,680)
Principal payments on capital related debt	(2,980,283)	(2,800,367)
Interest on capital related debt	(2,146,862)	(2,103,113)
Contributions received for capital related financing	<u>332,591</u>	<u>321,726</u>
Net cash provided by (used in) capital and related financing activities	<u>(27,513,418)</u>	<u>13,393,120</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	1,245,209	2,726,329
Proceeds from sales of investments	<u>2,911,250</u>	<u>-</u>
Net cash provided by investing activities	<u>4,156,459</u>	<u>2,726,329</u>
Increase in cash and cash equivalents	(11,014,044)	25,286,861
Cash and cash equivalents, September 1	<u>39,243,640</u>	<u>13,956,779</u>
Cash and cash equivalents, August 31	<u>\$ 28,229,596</u>	<u>\$ 39,243,640</u>
 Reconciliation of cash on Exhibit 1:		
Cash and cash equivalents - current	\$ 14,521,133	\$ 8,061,098
Cash and cash equivalents - noncurrent	<u>13,708,463</u>	<u>31,182,542</u>
Total cash and cash equivalents	<u>\$ 28,229,596</u>	<u>\$ 39,243,640</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	\$	(28,123,279)	\$ (23,911,804)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation		3,206,120	2,812,021
Write off of student loans		(299,920)	(244,490)
Donated revenue		(47,194)	(1,063,958)
Non-operating plant revenue		(332,591)	(321,726)
Amortization of deferred charges		177,714	201,868
(Increase) decrease in assets			
Receivables (net)		(1,648,397)	(425,612)
Prepaid expenses		50,154	244,867
Increase (decrease) in liabilities			
Accounts payable and accrued liabilities		2,101,561	(596,088)
Deferred revenues		3,676,526	485,932
Compensated absences		202,452	(27,833)
		<u>202,452</u>	<u>(27,833)</u>
Net cash used in operating activities	\$	<u>(21,036,854)</u>	\$ <u>(22,846,823)</u>

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

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, 2008, the foundation distributed \$582,970 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 December 1, 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 federal grants and contracts. The major non-operating revenues are state appropriations and property tax collections. 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 memorandum 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, 2008, the District had the following deposits and investments:

	August 31, 2008		August 31, 2007	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Depository Accounts				
Insured	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Collateral held by pledging bank's trust department in District's name	9,743,374	10,807,418	4,977,201	6,710,888
Total Deposits	9,943,374	11,007,418	5,177,201	6,910,888
Petty cash on hand	2,750	-	2,650	-
Certificates of deposit	1,509,247	1,509,247	-	-
Texpool Investments	16,774,225	16,774,225	34,063,789	34,063,789
Total Cash and Cash Equivalents	28,229,596	<u>\$ 29,290,890</u>	39,243,640	<u>\$ 40,974,677</u>

Investments	August 31, 2007		August 31, 2007	
	Fair Value	Maturity Date	Fair Value	Maturity Date
FHLB 3%	-		491,405	7/9/08
FHLB 2.25%	-		500,155	8/13/08
FHLB 3.75%	-		491,250	4/29/09
FNMA 3.21%	-		492,500	7/23/08
FNMA 3.25%	-		487,815	4/22/09
FNMA 4%	-		492,500	10/29/09
Total Investments	-		<u>2,955,625</u>	
Total Cash and Cash Equivalents and Investments	<u>\$ 28,229,596</u>		<u>\$ 42,199,265</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. The Federal Home and Land Bank (FHLB) investments and the investments in Federal National

Mortgage Association (FNMA) securities carry a Aaa rating with Moody's and a AAA 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 three largest investments as of August 31, 2008 and 2007 are as follows:

<u>Investment</u>	<u>% of Total Deposits and Investments</u>	
	<u>8-31-08</u>	<u>8-31-07</u>
Texpool	59.42%	80.72%
FHLB Investments	0.00%	2.35%
FNMA Investments	0.00%	4.65%

NOTE 5 — ACCOUNTS RECEIVABLE

Accounts receivable at August 31, 2008 and August 31, 2007, are the following:

	<u>8-31-08</u>	<u>8-31-07</u>
Student tuition and fees receivable (net of allowance for doubtful accounts of \$490,828 and \$500,228, respectively)	\$6,210,072	\$4,572,632
Taxes receivable (net of allowance for doubtful accounts of \$335,781 and \$458,871, respectively)	424,363	248,370
Federal receivable	318,214	756,289
Student loans receivable (net of allowance for doubtful accounts of \$1,674,958 and \$1,965,480, respectively)	729,102	472,292
Other receivables	<u>2,129,337</u>	<u>1,423,495</u>
	<u>\$9,811,088</u>	<u>\$7,473,078</u>

NOTE 6 — CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable capital assets				
Land	\$4,426,519	\$ 90,961	\$ -	\$ 4,517,480
Construction in progress	<u>21,570,011</u>	<u>19,974,225</u>	<u>40,891,256</u>	<u>652,980</u>
Total nondepreciable capital assets	<u>25,996,530</u>	<u>20,065,186</u>	<u>40,891,256</u>	<u>5,170,460</u>
Depreciable capital assets				
Buildings	68,632,737	39,960,913	-	108,593,650
Improvements	21,820,030	587,857	-	22,407,887
Library books	1,393,694	99,185	-	1,492,879
Equipment	<u>30,894,630</u>	<u>1,467,470</u>	-	<u>32,362,100</u>
Total depreciable capital assets	<u>122,741,091</u>	<u>42,115,425</u>	-	<u>164,856,516</u>
Total Capital Assets	<u>148,737,621</u>	<u>62,180,611</u>	<u>40,891,256</u>	<u>170,026,976</u>
Less accumulated depreciation:				
Buildings	26,682,901	1,285,965	-	27,968,867
Improvements	8,752,656	1,101,108	-	9,853,763
Library books	1,326,419	149,288	-	1,475,707
Equipment	<u>25,445,604</u>	<u>669,759</u>	-	<u>26,115,363</u>
Total accumulated Depreciation	<u>62,207,580</u>	<u>3,206,120</u>	-	<u>65,413,700</u>
Net Capital Assets	<u>\$86,530,041</u>	<u>\$58,974,491</u>	<u>\$40,891,256</u>	<u>\$104,613,276</u>

NOTE 7 — ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at August 31, 2008 and August 31, 2007 were the following:

	<u>8-31-08</u>	<u>8-31-07</u>
Vendors payable	\$5,262,953	\$4,804,674
Salaries and benefits payable	968,977	732,019
Interest payable	115,632	120,366
Deposits payable	<u>-</u>	<u>60,912</u>
Total Accounts Payable and Accrued Liabilities	<u>\$6,347,562</u>	<u>\$5,717,971</u>

NOTE 8 — LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes					
Bonds payable	\$ 53,981,546	\$ -	\$ 2,352,793	\$ 51,628,753	\$ 3,305,000
Notes payable					
Energy project B	4,306,382	-	432,667	3,873,715	456,575
Training center	4,283,364	-	79,198	4,204,166	124,084
Phone system	636,663	-	203,418	433,245	104,524
Total notes payable	<u>9,226,409</u>	<u>-</u>	<u>715,283</u>	<u>8,511,126</u>	<u>685,183</u>
Total bonds and notes payable	<u>63,207,955</u>	<u>-</u>	<u>3,068,076</u>	<u>60,139,879</u>	<u>3,990,183</u>
Other liabilities					
Compensated absences	1,113,405	282,915	80,463	1,315,857	131,586
Total other liabilities	<u>1,113,405</u>	<u>282,915</u>	<u>80,463</u>	<u>1,315,857</u>	<u>131,586</u>
Total Long-term Liabilities	<u>\$ 64,321,360</u>	<u>\$ 282,915</u>	<u>\$ 3,148,539</u>	<u>\$ 61,455,736</u>	<u>\$ 4,121,769</u>

NOTE 9 — BONDS PAYABLE

Bonds payable as of August 31, 2008 and August 31, 2007 are comprised of the following:

	<u>8-31-08</u>	<u>8-31-07</u>
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.	\$ 38,725,000	\$ 39,205,000

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>11,975,000</u>	<u>13,760,000</u>
Total	50,700,000	52,965,000
Plus: Unamortized Bond Premium	<u>928,753</u>	<u>1,016,546</u>
Net Outstanding Bonds Payable	<u>\$51,628,753</u>	<u>\$53,981,546</u>

Bonds are due in annual principal installments varying from \$480,000 to \$2,170,000 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	
2009	\$ 3,305,000	3.00 - 4.00	\$ 1,069,350	\$ 1,069,350	\$ 5,443,700
2010	3,425,000	3.00 - 4.00	1,012,400	1,012,400	5,449,800
2011	3,565,000	3.75 - 4.00	946,262	946,262	5,457,524
2012	3,130,000	3.75 - 4.00	879,862	879,862	4,889,724
2013	3,250,000	3.75 - 4.00	824,856	824,856	4,899,712
2014-2018	8,660,000	3.25 - 5.00	3,417,281	3,417,281	15,494,562
2019-2023	6,610,000	4.00 - 4.25	2,664,225	2,664,225	11,938,450
2024-2028	5,885,000	4.25 - 5.00	2,037,044	2,037,044	9,959,088
2029-2033	7,450,000	5.00	1,254,375	1,254,375	9,958,750
2034-2036	5,420,000	5.00	275,375	275,375	5,970,750
	<u>\$ 50,700,000</u>		<u>\$ 14,381,030</u>	<u>\$ 14,381,030</u>	<u>\$ 79,462,060</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, 2008 be disclosed:

<u>POLICY</u>	<u>COVERAGE</u>	<u>PREMIUM</u>	<u>POLICY TERM</u>
<u>Commercial Package</u>		<u>\$115,496</u>	<u>9/1/07 – 9/1/08</u>
Building and Contents	\$104,142,386		
Dwellings	250,000		
Mobile equipment	206,592		
Electronic data processing	3,144,575		
Musical instruments	765,102		

General Liability:			
General aggregate	2,000,000		
Products comp/op aggregate	2,000,000		
Personal and advertising injury	1,000,000		
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>		72,568	9/1/07– 9/1/08
General aggregate	15,000,000		
Products and completed Ops	15,000,000		
Each occurrence	15,000,000		
Retained limit	10,000		
<u>Business Automobile</u>		34,734	9/1/07 – 9/1/08
Combined single limits	1,000,000		
Medical payments	5,000		
Underinsured motorist	1,000,000		
<u>Medical Malpractice Liability</u>		19,415	9/1/07 – 9/1/08
Each incident	2,000,000		
Aggregate	4,000,000		
<u>School Board Legal Liability</u>		31,500	9/1/07 – 9/1/08
Each occurrence	1,000,000		
Aggregate	1,000,000		
<u>Law Enforcement Professional Liability</u>		7,425	9/1/07 – 9/1/08
Each person	1,000,000		
Aggregate	1,000,000		
Each occurrence	1,000,000		
<u>Worker's Compensation</u>		106,819	9/1/07 – 9/1/08
No limit/no deductible			

NOTE 10 – NOTES PAYABLE

The District has the following loans at August 31, 2008 and August 31, 2007:

	<u>8-31-08</u>	<u>8-31-07</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 11/5/01, unsecured.	3,873,715	4,306,382
<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.	4,204,166	4,283,364

Chase Equipment Leasing:

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

	<u>433,245</u>	<u>636,663</u>
Total	<u>\$ 8,511,126</u>	<u>\$9,226,409</u>

Maturities of the notes payable for years subsequent to August 31, 2008 are as follows:

Fiscal Year	Chase Equipment Leasing		Southside Bank		Southside Bank		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 104,524	\$ 16,297	\$ 456,575	\$ 168,667	\$ 124,084	\$ 225,916	\$ 685,183	\$ 410,880
2010	108,891	11,930	481,349	147,147	205,752	219,428	795,992	378,505
2011	113,450	7,370	507,490	141,400	231,809	208,191	852,749	356,961
2012	106,380	14,439	534,728	100,818	283,729	196,271	924,837	311,528
2013	-	-	564,089	92,825	369,512	180,488	933,601	273,313
2014-2018	-	-	1,329,484	35,749	2,770,210	529,790	4,099,694	565,539
2019-2019	-	-	-	-	219,070	11,772	219,070	11,772
Totals	<u>\$ 433,245</u>	<u>\$ 50,036</u>	<u>\$ 3,873,715</u>	<u>\$ 686,606</u>	<u>\$ 4,204,166</u>	<u>\$ 1,571,856</u>	<u>\$ 8,511,126</u>	<u>\$ 2,308,498</u>

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, 2008 and August 31, 2007, \$2,395,000 and \$3,110,000 of bonds outstanding are considered defeased. The issues and amounts of outstanding defeased bonds are as follows:

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding 8-31-08</u>	<u>Par Value Outstanding 8-31-07</u>
Combined Fee Improvement Revenue Bonds, Series 1991	1994	\$ 865,000	\$1,255,000
Combined Fee Improvement Revenue Bonds, Series 1992	1994	<u>1,530,000</u>	<u>1,855,000</u>
TOTAL		<u>\$2,395,000</u>	<u>\$3,110,000</u>

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 \$1,315,857. 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 1.92 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 \$1,471,141 (\$837,260 for the Teacher Retirement System and \$633,881 for the Optional Retirement Plan) for the fiscal year ended August 31, 2008. This amount represents the portion of expended contracts made by the State Legislature on behalf of the District and has been recognized as revenue and expenditures by the District in the financial statements. Participants contributed \$1,454,981 (\$814,357 for the Teacher Retirement System and \$640,624 for the Optional Retirement Program). The District contributed \$107,009 to the Optional Retirement Program to cover the 1.92% referenced above.

Total payroll expense for fiscal year 2008 was approximately \$25,540,112. Of this total, approximately \$12,724,322 was covered under the Teacher Retirement System and approximately \$9,734,047 was covered under the Optional Retirement Program.

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 2008, 2007, and 2006 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, 2006, 2007 and 2008 for the District was \$1,359,198, \$1,381,749 and \$1,394,958 which consisted of \$570,814 (42.00%), \$586,032 (42.41%) and \$640,500 (45.92%) from the state; \$148,437 (10.92%), \$146,198 (10.58%) and \$107,144 (7.68%) from the District and \$639,947 (47.08%), \$649,519 (47.01%), and \$647,314 (46.40%) 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 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, 2008, the District had 67 employees participating in the program. A total of \$334,837 in payroll deductions had been invested in approved plans during the fiscal year.

NOTE 16 — PENDING LAWSUITS AND CLAIMS

On August 31, 2008, 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, 2008	Year Ended August 31, 2007
Unrestricted Current Funds	<u>\$545,412</u>	<u>\$487,872</u>
Total	<u>\$545,412</u>	<u>\$487,872</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:

	8-31-08	8-31-07
Liability, beginning of year	\$ 7,444	\$ 7,444
Incurred claims (including IBNRs)	120,526	222,863
Claim payments	<u>(120,526)</u>	<u>(222,863)</u>
Liability, end of year	<u>\$ 7,444</u>	<u>\$ 7,444</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 \$532 per month for the year ended August 31, 2008. The state cost of providing those benefits for all employees totaled \$3,361,192 with \$918,464 for 190 retirees and \$2,442,728 for 527 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	\$11,933,862,308
Less: Exemptions	<u>2,064,050,730</u>
Net Taxable Valuation of the District	<u>\$ 9,869,811,578</u>

	Current Operations	Debt Service	Total
Tax rate per \$100 valuation for authorized	\$.2880	-	\$.2880
Tax rate per \$100 valuation for assessed	\$.127169	-	\$.127169

Taxes levied for the year ended August 31, 2008 amounted to \$12,352,363.

Taxes Collected	Current Operations	Debt Service	Total
Current taxes collected	\$12,188,832	-	\$12,188,832
Delinquent taxes collected	229,089	-	229,089
Penalties and interest collected	228,688	-	228,688
Total Collections	\$12,646,609	-	\$12,646,609

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, 2008 were approximately 98.67% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes.

NOTE 21 — DEFERRED REVENUES AND EXPENDITURES

Revenues received and expenditures 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, 2008.

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, 2009. 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, 2008.

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, to the financing of the facility construction.

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, 2008.

Effective July 1, 2006, the District entered into a contract for custodial services with an outside company. The payment terms under the contract are \$68,974 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, 2009.

During the current 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 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.

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 ad valorem taxes. Tuition and fees are set by the Board of Trustees and account for approximately 46% 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 - \$23 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 - \$29 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 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 - \$35 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

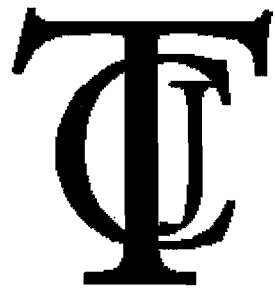
Designated for use in constructing and maintaining parking facilities.

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

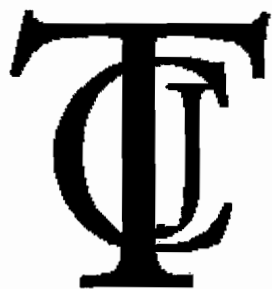
Charged to students for use of on-campus medical care facility.

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

Charged to students for on campus extracurricular activities.



TYLER
JUNIOR
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TYLER
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SUPPLEMENTAL
INFORMATION

TYLER JUNIOR COLLEGE DISTRICT
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2008
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2007)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Activities	Total 8/31/08	Total 8/31/07
Tuition						
State Funded Courses						
In-District Resident Tuition	\$ 1,812,804	\$ -	\$ 1,812,804	\$ -	\$ 1,812,804	\$ 1,623,164
Out-of-District Resident Tuition	2,314,866	-	2,314,866	-	2,314,866	2,180,533
TPEG **	266,191	-	266,191	-	266,191	250,356
Non-Resident Tuition	391,538	-	391,538	-	391,538	391,417
Continuing Education	1,515,543	-	1,515,543	-	1,515,543	1,522,213
Non-State Funded Continuing Education	304,036	-	304,036	-	304,036	337,384
Total Tuition	6,604,978	-	6,604,978	-	6,604,978	6,305,067
Fees						
General Education Fee	5,866,368	-	5,866,368	-	5,866,368	5,481,376
Out-of-District Fee	3,879,414	-	3,879,414	-	3,879,414	3,700,233
Laboratory Fee	611,037	-	611,037	-	611,037	626,513
Registration Fee	596,450	-	596,450	-	596,450	576,316
Student Life Fee	-	-	-	376,084	376,084	-
Health Service Fee	-	-	-	547,615	547,615	555,474
Other	695,492	-	695,492	-	695,492	657,826
Total Fees	11,648,761	-	11,648,761	923,699	12,572,460	11,597,738
Scholarship Allowances and Discounts						
Federal Grants to Students	(4,795,348)	-	(4,795,348)	-	(4,795,348)	(4,418,081)
TPEG Allowances	(73,705)	-	(73,705)	-	(73,705)	(134,837)
State Grants to Students	(628,341)	-	(628,341)	-	(628,341)	(494,404)
Contributions	(181,606)	-	(181,606)	-	(181,606)	(286,642)
Scholarships and Performance Grants	(702,205)	-	(702,205)	-	(702,205)	(703,271)
Waivers and Exemptions	(178,369)	-	(178,369)	-	(178,369)	(135,278)
Total Scholarship Allowances and Discounts	(6,559,574)	-	(6,559,574)	-	(6,559,574)	(6,172,513)
Net Tuition and Fees	11,694,165	-	11,694,165	923,699	12,617,864	11,730,292
Other Operating Revenues						
Federal Grants and Contracts	15,083	10,623,646	10,638,729	-	10,638,729	10,160,145
State Grants and Contracts	-	879,500	879,500	-	879,500	761,238
Local Grants and Contracts	258,023	381,026	639,049	-	639,049	3,859,709
Sales and Service of Educational Activities	117,432	-	117,432	-	117,432	120,413
Interest on Student Loans	25,225	-	25,225	-	25,225	18,700
Other	1,612,962	-	1,612,962	-	1,612,962	1,509,141
Total Other Operating Revenues	2,028,725	11,884,172	13,912,897	-	13,912,897	16,429,346
Auxiliary Enterprises						
Housing and Meals	-	-	-	2,376,671	2,376,671	2,322,194
Scholarship Allowances and Discounts	-	-	-	(812,932)	(812,932)	(800,644)
Net Housing and Meals	-	-	-	1,563,739	1,563,739	1,521,550
Bookstore Commissions						
Other Auxiliary Revenues	-	-	-	292,991	292,991	273,505
Total Auxiliary Enterprises	-	-	-	2,155,663	2,155,663	1,913,423
Total Operating Revenues	\$ 13,722,890	\$ 11,884,172	\$ 25,607,062	\$ 3,079,362	\$ 28,686,424	\$ 30,073,061

** In accordance with Education Code 56.033, \$266,191 and \$250,356 for years August 31, 2008 and 2007, 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, 2008
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2007)

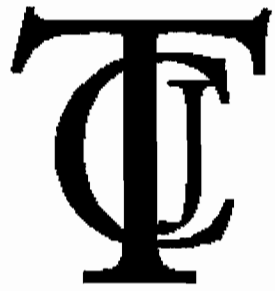
	Salaries and Wages	Benefits		Other Expenses	Total 8/31/08	Total 8/31/07
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 15,720,655	\$ -	\$ 660,721	\$ 3,691,465	\$ 20,072,841	\$ 18,918,166
Public Service	40,106	-	3,003	24,609	67,718	82,643
Academic Support	1,356,670	-	57,073	1,002,945	2,416,688	2,377,956
Student Services	2,798,416	-	113,053	1,771,171	4,682,640	4,014,741
Institutional Support	3,361,701	-	1,086,018	2,378,334	6,826,053	6,667,775
Operation and Maintenance of Plant	692,471	-	198,189	3,677,816	4,568,476	4,292,141
Scholarships and Fellowships	-	-	-	875,403	875,403	801,965
Total Unrestricted	23,970,019	-	2,118,057	13,421,743	39,509,819	37,155,387
Restricted - Education and General						
Instruction	-	2,607,751	-	29,577	2,637,328	2,649,720
Public Service	523,534	91,326	-	84,241	699,101	770,465
Academic Support	-	375,780	-	-	375,780	365,089
Student Services	387,037	503,471	-	1,079,489	1,969,997	1,889,225
Institutional Support	-	1,179,709	-	-	1,179,709	992,589
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	82,813	174	-	2,417,412	2,500,399	2,806,363
Total Restricted	993,384	4,758,211	-	3,610,719	9,362,314	9,473,451
Total Educational and General	24,963,403	4,758,211	2,118,057	17,032,462	48,872,133	46,628,838
Auxiliary Enterprises	576,709	-	174,075	3,980,666	4,731,450	4,544,006
Depreciation Expense - Buildings and Improvements	-	-	-	2,387,073	2,387,073	2,217,282
Depreciation Expense - Equipment	-	-	-	669,759	669,759	455,370
Depreciation Expense - Library Books	-	-	-	149,288	149,288	139,369
Total Operating Expenses	\$ 25,540,112	\$ 4,758,211	\$ 2,292,132	\$ 24,219,248	\$ 56,809,703	\$ 53,984,865

TYLER JUNIOR COLLEGE DISTRICT
 SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
 FOR THE YEAR ENDED AUGUST 31, 2008
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2007)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 8/31/08</u>	<u>Total 8/31/07</u>
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	\$ 16,487,450	\$ -	\$ -	\$ 16,487,450	\$ 15,995,148
State Group Insurance	-	3,361,192	-	3,361,192	3,222,491
State Retirement Matching	-	1,397,019	-	1,397,019	1,290,827
Total State Appropriations	<u>16,487,450</u>	<u>4,758,211</u>	<u>-</u>	<u>21,245,661</u>	<u>20,508,466</u>
Property Taxes	12,646,609	-	-	12,646,609	11,540,450
Investment Income	<u>1,245,209</u>	<u>-</u>	<u>-</u>	<u>1,245,209</u>	<u>2,726,329</u>
Total Non-Operating Revenues	13,891,818	-	-	13,891,818	14,266,779
NON-OPERATING EXPENSES:					
Interest on Capital Related Debt	<u>2,142,128</u>	<u>-</u>	<u>-</u>	<u>2,142,128</u>	<u>2,176,496</u>
Total Non-Operating Expenses	<u>2,142,128</u>	<u>-</u>	<u>-</u>	<u>2,142,128</u>	<u>2,176,496</u>
Net Non-Operating Revenues	<u>\$ 28,237,140</u>	<u>\$ 4,758,211</u>	<u>\$ -</u>	<u>\$ 32,995,351</u>	<u>\$ 32,598,749</u>

TYLER JUNIOR COLLEGE DISTRICT
 SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
 FOR THE YEAR ENDED AUGUST 31, 2008
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2007)

	Detail by Source				Available for Current Operations		
	Unrestricted	Restricted Expendable	Restricted Non-Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board Designated	3,607,663	-	-	-	3,607,663	3,607,663	-
Restricted	-	279,879	-	-	279,879	279,879	-
Auxiliary Enterprises	-	-	-	-	-	-	-
Loan	(1,116,213)	-	-	-	(1,116,213)	-	(1,116,213)
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Unrestricted	-	-	-	-	-	-	-
Board Designated	8,980,655	-	-	-	8,980,655	-	8,980,655
Debt Service	-	-	-	-	-	-	-
Investment in Plant	-	-	-	50,109,580	50,109,580	-	50,109,580
Total Net Assets, August 31, 2008	11,472,105	279,879	-	50,109,580	61,861,564	3,887,542	57,974,022
Total Net Assets, August 31, 2007	12,035,889	254,966	-	44,698,637	56,989,492	3,462,629	53,526,863
Net Increase (Decrease) in Net Assets	\$ (563,784)	\$ 24,913	\$ -	\$ 5,410,943	\$ 4,872,072	\$ 424,913	\$ 4,447,159



TYLER
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TYLER
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STATISTICAL
SECTION

(unaudited)

Table 1

TYLER JUNIOR COLLEGE DISTRICT
NET ASSETS BY COMPONENT
FISCAL YEARS 2002 TO 2008
(UNAUDITED)

	For the Fiscal Year Ended August 31,						
	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 50,109,580	\$ 44,698,637	\$ 37,494,060	\$ 33,186,486	\$ 30,458,118	\$ 30,442,322	\$ 30,313,022
Restricted - expendable	279,879	254,967	514,813	438,572	455,848	422,443	530,736
Restricted - nonexpendable	-	-	-	-	-	-	-
Unrestricted	11,472,105	12,035,888	10,293,674	9,122,504	8,798,968	7,019,673	6,675,849
Total primary government net assets	\$ 61,861,564	\$ 56,989,492	\$ 48,302,547	\$ 42,747,562	\$ 39,712,934	\$ 37,884,438	\$ 37,519,607

Note: Due to reporting format and definition changes prescribed by GASB Statement 35, only fiscal years 2002-2008 are available.

TYLER JUNIOR COLLEGE DISTRICT
REVENUES BY SOURCE
FISCAL YEARS 2002 TO 2008
(UNAUDITED)

	For the Fiscal Year Ended August 31,						
	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	\$ 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	10,638,729	10,160,145	10,223,670	11,197,044	10,898,288	10,115,577	8,405,629
State grants and contracts	879,500	761,238	759,512	169,575	780,501	1,652,128	1,320,280
Local grants and contracts	639,049	3,859,709	1,483,700	645,900	689,770	640,839	823,924
Sales and services of educational activities	117,432	120,413	127,001	119,095	116,882	105,007	102,676
Auxiliary enterprises	2,155,663	1,913,423	1,882,595	1,704,214	1,675,119	1,629,603	1,478,370
Other operating revenues	1,638,187	1,527,841	1,483,781	1,586,280	1,569,377	1,433,650	1,360,796
Total Operating Revenues	28,686,424	30,073,061	26,937,363	26,017,844	25,245,318	23,456,435	20,271,915
State appropriations	21,245,661	20,508,466	20,224,347	18,751,833	18,719,793	19,459,363	20,213,235
Property taxes	12,646,609	11,540,450	10,358,973	9,944,249	8,852,688	8,488,547	7,967,718
Investment income	1,245,209	2,726,329	628,199	426,392	129,188	176,051	439,568
Total Non-Operating Revenue	35,137,479	34,775,245	31,211,519	29,122,474	27,701,669	28,123,961	28,620,521
Total Revenues	\$ 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,						
	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	19.77%	18.09%	18.88%	19.22%	17.97%	15.28%	13.87%
Governmental grants and contracts							
Federal grants and contracts	16.67%	15.67%	17.58%	20.31%	20.58%	19.61%	17.19%
State grants and contracts	1.38%	1.17%	1.31%	0.31%	1.47%	3.20%	2.70%
Local grants and contracts	1.00%	5.95%	2.55%	1.17%	1.30%	1.24%	1.69%
Sales and services of educational activities	0.18%	0.19%	0.22%	0.22%	0.22%	0.20%	0.21%
Sales and services of auxiliary enterprises	3.38%	2.95%	3.24%	3.09%	3.16%	3.16%	3.02%
Other operating revenues	2.57%	2.36%	2.55%	2.88%	2.96%	2.78%	2.78%
Total Operating Revenues	44.95%	46.37%	46.32%	47.18%	47.68%	45.48%	41.46%
State appropriations	33.29%	31.63%	34.78%	34.01%	35.36%	37.73%	41.34%
Property taxes	19.81%	17.80%	17.81%	18.03%	16.72%	16.46%	16.30%
Investment income	1.95%	4.20%	1.08%	0.77%	0.24%	0.34%	0.90%
Total Non-Operating Revenue	55.05%	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%

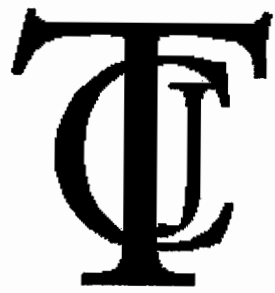
Note: Due to reporting format and definition changes prescribed by GASB Statement 35, only fiscal years 2002-2008 are available.

TYLER JUNIOR COLLEGE DISTRICT
PROGRAM EXPENSES BY FUNCTION
FISCAL YEARS 2002 TO 2008
(UNAUDITED)

	For the Fiscal Year Ended August 31,						
	2008	2007	2006	2005	2004	2003	2002
Instruction	\$ 22,710,169	\$ 21,567,887	\$ 21,503,321	\$ 20,116,719	\$ 19,578,850	\$ 19,762,849	\$ 18,204,032
Public service	766,819	853,108	795,946	851,994	754,664	890,950	556,125
Academic support	2,792,468	2,743,044	2,258,222	2,390,014	2,541,825	2,660,863	3,011,971
Student services	6,652,637	5,903,966	5,814,380	4,861,229	4,711,533	4,934,453	4,811,890
Institutional support	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	4,568,476	4,292,141	4,404,959	4,978,443	4,393,280	4,224,911	3,852,006
Scholarships and fellowships	3,375,802	3,608,328	4,291,640	4,686,891	3,551,692	3,733,966	3,131,628
Auxiliary enterprises	4,731,450	4,544,006	2,742,029	2,492,706	3,091,061	2,952,246	3,150,857
Depreciation	3,206,120	2,812,021	2,670,266	3,892,193	4,551,096	4,492,292	4,660,113
Total Operating Expenses	56,809,703	53,984,865	51,724,824	51,214,764	49,639,460	49,460,377	47,098,765
Interest on capital related debt	2,142,128	2,176,496	869,073	1,119,570	1,479,031	1,591,573	1,576,699
Write off of prior year donation	-	-	-	-	-	-	70,000
Total Non-Operating Expenses	2,142,128	2,176,496	869,073	1,119,570	1,479,031	1,591,573	1,646,699
Total Expenses	\$ 58,951,831	\$ 56,161,361	\$ 52,593,897	\$ 52,334,334	\$ 51,118,491	\$ 51,051,950	\$ 48,745,464

	For the Fiscal Year Ended August 31,						
	2008	2007	2006	2005	2004	2003	2002
Instruction	38.52%	38.40%	40.89%	38.44%	38.30%	38.71%	37.35%
Public service	1.30%	1.52%	1.51%	1.63%	1.48%	1.75%	1.14%
Academic support	4.74%	4.88%	4.29%	4.57%	4.97%	5.21%	6.18%
Student services	11.28%	10.51%	11.06%	9.29%	9.22%	9.67%	9.87%
Institutional support	13.58%	13.64%	13.77%	13.27%	12.65%	11.38%	11.73%
Operation and maintenance of plant	7.75%	7.64%	8.38%	9.51%	8.59%	8.28%	7.90%
Scholarships and fellowships	5.73%	6.42%	8.16%	8.96%	6.95%	7.31%	6.42%
Auxiliary enterprises	8.03%	8.09%	5.21%	4.76%	6.05%	5.78%	6.46%
Depreciation	5.44%	5.01%	5.08%	7.44%	8.90%	8.80%	9.56%
Total Operating Expenses	96.37%	96.12%	98.35%	97.86%	97.11%	96.88%	96.62%
Interest on capital related debt	3.63%	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%	0.14%
Total Non-Operating Expenses	3.63%	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%

Note: Due to reporting format and definition changes prescribed by GASB Statement 35, only fiscal years 2002-2008 are available.



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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	Prior Year Out-of-District
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%
1999	10	15	30	11	-	15	337	517	4.66%	2.99%
1998	10	15	30	11	-	-	322	502	0.00%	0.00%

Table 4

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

NON-RESIDENT
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per Student)	Non-Resident Tuition		Non-Resident Tuition International	General Education Fees	Health Service Fee	Parking Fee	Cost for 12 SCH		Cost for 12 SCH International	Increase from		
		Out-of-State						Out-of-State	International		Prior Year	Out-of-State International	
2007	25	80 *	80 *	80 *	26 *	30	25	1,352	1,352	1,352	1,352	0.00%	0.00%
2006	25	80	80	80	26	30	25	1,352	1,352	1,352	1,352	20.07%	20.07%
2005	15	62	62	62	26	30	25	1,126	1,126	1,126	1,126	5.63%	5.63%
2004	15	57	57	57	26	30	25	1,066	1,066	1,066	1,066	8.33%	8.33%
2003	10	51	51	51	26	30	20	984	984	984	984	18.70%	18.70%
2002	10	46	46	46	21	-	15	829	829	829	829	6.15%	6.15%
2001	10	46	46	46	17	-	15	781	781	781	781	22.61%	22.61%
2000	10	40	40	40	11	-	15	637	637	637	637	0.00%	0.00%
1999	10	40	40	40	11	-	15	637	637	637	637	2.41%	2.41%
1998	10	40	40	40	11	-	-	622	622	622	622	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.
* Fee increased \$3 per semester hour beginning in Spring 2008

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

Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Direct Rate	
						Maintenance & Operations
2007-08	11,933,862,308	2,064,050,730	9,869,811,578	82.70%	\$	0.127169
2006-07	10,792,528,501	1,866,648,513	8,925,879,988	82.70%	\$	0.127169
2005-06	9,836,537,851	1,701,302,781	8,135,235,070	82.70%	\$	0.127169
2004-05	9,167,164,546	1,585,529,662	7,581,634,884	82.70%	\$	0.127169
2003-04	8,581,193,945	1,475,701,067	7,105,492,878	82.80%	\$	0.122300
2002-03	8,323,965,410	1,588,777,491	6,735,187,919	80.91%	\$	0.122300
2001-02	8,020,332,349	1,532,457,229	6,487,875,120	80.89%	\$	0.122300
2000-01	7,711,012,618	1,765,669,141	5,945,343,477	77.10%	\$	0.122300
1999-00	7,203,979,698	1,678,398,469	5,525,581,229	76.70%	\$	0.122300
1998-99	6,885,080,438	1,583,002,114	5,302,078,324	77.01%	\$	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	State Appropriation per Contact Hour	
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	
1999-00	15,127,137	7,773	1,946.11	2,604,944	1,338,480	3,943,424	3.84	
1998-99	14,247,537	7,484	1,903.73	2,477,586	1,385,159	3,862,745	3.69	

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 2003-2007
(UNAUDITED)

Taxpayer (1)	Type of Business	Taxable Assessed Value (TAV) by Tax Year				
		2007	2006	2005	2004	2003
Brookshire Grocery Company	Supermarkets; distribution facilities	\$ 128,587,944	\$ 128,115,834	\$ 121,885,885	\$ 102,768,239	\$ 110,463,759
Oncor Electric / TXU	Electric utility	78,305,667	85,452,857	73,318,620	70,977,210	75,757,970
Walmart/Sam's	Retail	88,589,408	88,589,408	69,145,699	47,037,901	44,266,043
Kelly Springfield Tire Company	Tire Manufacturer	46,333,329	46,333,329	65,095,085	79,769,554	88,151,758
McWane Inc./ Tyler Pipe	Pipe manufacturer	87,476,491	87,476,491	64,036,599	71,628,617	70,991,512
Southwestern Bell Telephone	Telephone utility	58,519,119	58,519,119	59,428,191	59,428,191	104,846,328
Dayton Hudson Corp.	Retail; distribution facilities	53,942,611	53,942,611	57,982,468	63,984,486	62,172,264
Delek Refining LTD / Crown / LaGloria	Refinery	154,833,482	154,833,482	53,535,963	39,978,208	38,685,396
Simon Property Group	Commercial property	46,559,890	46,559,890	44,440,521	42,528,468	42,585,683
Eastman Chemical Company	Storage facility	-	-	44,143,960	-	-
Carrier / Tytex	Air conditioning manufacturer	-	-	-	39,016,403	41,337,720
Union Oil Company	Oil & Gas	85,339,960	65,685,590	62,889,200	61,057,476	59,279,103
Stephen C. Roosth / Roosth & Genecov	Commercial property	-	-	-	-	-
Totals		\$ 828,487,901	\$ 815,508,611	\$ 715,902,191	\$ 678,174,753	\$ 738,537,536
Total Taxable Assessed Value		\$ 9,869,811,578	\$ 8,925,879,988	\$ 8,135,235,070	\$ 7,581,634,884	\$ 7,105,492,878

TYLER JUNIOR COLLEGE DISTRICT
 PRINCIPAL TAXPAYERS
 LAST TEN TAX YEARS
 YEARS 2003-2007
 (UNAUDITED)

Taxpayer (1)	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year				
		2007	2006	2005	2004	2003
Brookshire Grocery Company	Supermarkets; distribution facilities	1.30%	1.44%	1.50%	1.36%	1.55%
Oncor Electric / TXU	Electric utility	0.79%	0.96%	0.90%	0.94%	1.07%
Walmart/Sam's	Retail	0.90%	0.99%	0.85%	0.62%	0.62%
Kelly Springfield Tire Company	Tire Manufacturer	0.47%	0.52%	0.80%	1.05%	1.24%
Ransom Industries/ Tyler Pipe	Pipe manufacturer	0.89%	0.98%	0.79%	0.94%	1.00%
Southwestern Bell Telephone	Telephone utility	0.59%	0.66%	0.73%	0.78%	1.48%
Dayton Hudson Corp.	Retail; distribution facilities	0.55%	0.60%	0.71%	0.84%	0.87%
Delek Refining LTD / Crown / LaGloria	Refinery	1.57%	1.73%	0.66%	0.53%	0.54%
Simon Property Group	Commercial property	0.47%	0.52%	0.55%	0.56%	0.60%
Eastman Chemical Company	Storage facility	0.00%	0.00%	0.54%	0.00%	0.00%
Carrier / Tytex	Air conditioning manufacturer	0.00%	0.00%	0.00%	0.51%	0.58%
Union Oil Company	Oil & Gas	0.86%	0.74%	0.77%	0.81%	0.83%
Stephen C. Roosth / Roosth & Genecov	Commercial property	0.00%	0.00%	0.00%	0.00%	0.00%
Totals		8.39%	9.14%	8.80%	8.94%	10.39%

Source: Smith and Van Zandt County Appraisal Districts

Table 7

TYLER JUNIOR COLLEGE DISTRICT
PRINCIPAL TAXPAYERS
LAST TEN TAX YEARS
YEARS 1998-2002
(UNAUDITED)

Taxpayer (1)	Type of Business	Taxable Assessed Value (TAV) by Tax Year				
		2002	2001	2000	1999	
Brookshire Grocery Company	Supermarkets; distribution facilities	\$ 103,443,849	\$ 92,146,265	\$ 98,816,400	\$ 90,672,177	\$ 80,220,619
Oncor Electric / TXU	Electric utility	78,022,760	84,063,330	75,517,770	74,646,750	81,135,990
Walmart/Sam's	Retail	34,293,190	36,541,127	39,634,885	-	-
Kelly Springfield Tire Company	Tire Manufacturer	92,860,848	106,164,994	107,196,941	113,853,137	125,073,184
Ransom Industries/ Tyler Pipe	Pipe manufacturer	66,458,141	67,764,287	63,966,200	62,541,899	62,388,212
Southwestern Bell Telephone	Telephone utility	76,664,242	67,381,251	66,047,405	71,425,464	68,449,922
Dayton Hudson Corp.	Retail; distribution facilities	46,538,542	-	-	-	-
Delek Refining LTD / Crown / LaGloria	Refinery	46,484,031	42,003,783	45,192,292	49,536,315	63,695,930
Simon Property Group	Commercial property	39,603,335	39,405,296	37,201,563	38,404,765	38,500,000
Eastman Chemical Company	Storage facility	-	-	-	31,966,350	48,201,333
Carrier / Tytex	Air conditioning manufacturer	41,905,308	41,114,762	42,069,835	39,618,787	-
Union Oil Company	Oil & Gas	57,552,527	55,876,240	50,465,420	33,902,010	47,298,140
Stephen C. Roosth / Roosth & Genecov	Commercial property	-	-	-	-	31,283,384
Totals		\$ 683,826,773	\$ 632,461,335	\$ 626,108,711	\$ 606,567,654	\$ 646,246,714
Total Taxable Assessed Value		\$ 6,735,187,919	\$ 6,487,875,120	\$ 5,945,343,477	\$ 5,525,561,229	\$ 5,302,078,324

TYLER JUNIOR COLLEGE DISTRICT
 PRINCIPAL TAXPAYERS
 LAST TEN TAX YEARS
 YEARS 1998-2002
 (UNAUDITED)

Taxpayer (1)	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year				
		2002	2001	2000	1999	1998
Brookshire Grocery Company	Supermarkets; distribution facilities	1.54%	1.42%	1.66%	1.64%	1.51%
Oncor Electric / TXU	Electric utility	1.16%	1.30%	1.27%	1.35%	1.53%
WalMart/Sam's	Retail	0.51%	0.56%	0.67%	0.00%	0.00%
Kelly Springfield Tire Company	Tire Manufacturer	1.38%	1.64%	1.80%	2.06%	2.36%
Ransom Industries/ Tyler Pipe	Pipe manufacturer	0.99%	1.04%	1.08%	1.13%	1.18%
Southwestern Bell Telephone	Telephone utility	1.14%	1.04%	1.11%	1.29%	1.29%
Dayton Hudson Corp.	Retail; distribution facilities	0.69%	0.00%	0.00%	0.00%	0.00%
Delek Refining LTD / Crown / LaGloria	Refinery	0.69%	0.65%	0.76%	0.90%	1.20%
Simon Property Group	Commercial property	0.59%	0.61%	0.63%	0.70%	0.73%
Eastman Chemical Company	Storage facility	0.00%	0.00%	0.00%	0.58%	0.91%
Carrier / Tytex	Air conditioning manufacturer	0.62%	0.63%	0.71%	0.72%	0.00%
Union Oil Company	Oil & Gas	0.85%	0.86%	0.85%	0.61%	0.89%
Stephen C. Roosth / Roosth & Genecov	Commercial property	0.00%	0.00%	0.00%	0.00%	0.59%
Totals		10.15%	9.75%	10.53%	10.98%	12.19%

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 Levy Collected	Current Tax Collections			
2008	\$ 12,352,636	98.67%	\$ 12,188,832	\$ 229,089	\$ 12,417,921	100.53%
2007	\$ 11,235,178	98.57%	\$ 11,074,241	\$ 223,780	\$ 11,298,021	100.56%
2006	\$ 10,280,296	96.57%	\$ 9,927,548	\$ 210,029	\$ 10,137,577	98.61%
2005	\$ 9,641,489	98.72%	\$ 9,518,350	\$ 246,465	\$ 9,764,815	101.28%
2004	\$ 8,690,018	96.98%	\$ 8,427,327	\$ 218,917	\$ 8,646,244	99.50%
2003	\$ 8,237,135	97.45%	\$ 8,027,180	\$ 271,426	\$ 8,298,606	100.75%
2002	\$ 7,934,671	96.12%	\$ 7,626,464	\$ 175,596	\$ 7,802,060	98.33%
2001	\$ 7,271,155	96.33%	\$ 7,004,480	\$ 185,860	\$ 7,190,340	98.89%
2000	\$ 6,757,781	96.22%	\$ 6,502,138	\$ 176,956	\$ 6,679,094	98.84%
1999	\$ 6,484,442	96.99%	\$ 6,289,444	\$ 203,159	\$ 6,492,603	100.13%

(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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Other Debt										
Revenue bonds	\$ 50,700,000	\$ 52,965,000	\$ 15,500,000	\$ 17,195,000	\$ 17,030,000	\$ 18,280,000	\$ 19,470,000	\$ 20,600,000	\$ 21,680,000	\$ 22,710,000
Notes	8,511,126	9,226,409	9,816,776	9,540,189	10,072,202	10,563,483	11,024,694	11,401,027	7,002,617	672,276
Total Outstanding Debt	\$ 59,211,126	\$ 62,191,409	\$ 25,316,776	\$ 26,735,189	\$ 27,102,202	\$ 28,843,483	\$ 30,494,694	\$ 32,001,027	\$ 28,682,617	\$ 23,382,276
Total Outstanding Debt Ratios										
Per Capita	\$ 259.65	\$ 270.03	\$ 120.19	\$ 130.81	\$ 137.91	\$ 152.64	\$ 167.84	\$ 183.17	\$ 171.02	\$ 145.22
Per FTSE	7,085	6,808	2,871	2,920	2,577	3,280	3,702	4,110	3,690	3,124
As a percentage of Taxable Assessed Value	0.60%	0.66%	0.31%	0.35%	0.38%	0.43%	0.47%	0.54%	0.52%	0.44%

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

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	
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
2000	8,685,902	2,126,812	10,812,714	1,030,000	1,262,653	2,292,653	4.72
1999	8,187,824	2,131,559	10,319,383	980,000	1,340,615	2,320,615	4.45

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
2007-08	228,045	\$ 6,982,403 (a)	\$ 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%
1999-00	167,718	4,922,045	29,347	4.3%
1998-99	161,009	4,412,806	27,407	5.1%
1997-98	154,569	4,221,023	27,308	6.2%

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 2007-2008

TYLER JUNIOR COLLEGE DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT FISCAL YEAR
 (UNAUDITED)

Table 12

<u>Employer</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
East Texas Medical Center	3,650	5.31%
Trinity Mother Frances	3,567	5.19%
Tyler Independent School District	2,572	3.74%
Brookshire Grocery Company	2,190	3.19%
Trane Co.	1,949	2.84%
Wal-Mart	1,670	2.43%
Carrier Corporation	1,201	1.75%
Sudderlink	1,057	1.54%
Tyler Junior College District	998	1.45%
UT Tyler	854	1.24%
	<hr/> 16,058 <hr/>	<hr/> 23.37% <hr/>

Source:
 Tyler Economic Development Council - Community Profile

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

	Fiscal Year						
	2007	2006	2005	2004	2003	2002	2001
Faculty							
Full-Time	251	255	248	249	243	239	241
Part-Time	235	237	233	235	207	215	235
Total	486	492	481	484	450	454	476
Percent							
Full-Time	51.65%	51.83%	51.56%	51.45%	54.00%	52.64%	50.63%
Part-Time	48.35%	48.17%	48.44%	48.55%	46.00%	47.36%	49.37%
Staff and Administrators							
Full-Time	259	260	270	283	280	280	266
Part-Time	141	146	139	180	180	172	164
Total	400	406	409	463	460	452	430
Percent							
Full-Time	64.75%	64.04%	66.01%	61.12%	60.87%	61.95%	61.86%
Part-Time	35.25%	35.96%	33.99%	38.88%	39.13%	38.05%	38.14%
FTSE per Full-Time Faculty	34.65	34.58	36.92	42.24	36.19	34.47	32.31
FTSE per Full-Time Staff Member	37.01	37.20	33.91	37.17	31.41	29.42	29.27
Average Annual Faculty Salary	\$ 45,303	\$ 45,213	\$ 43,973	\$ 43,050	\$41,376	\$ 41,699	\$40,762

Notes: Information prior to 2001 was not available.

Table 14

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

Student Classification	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	5,014	61.00%	7,122	75.59%	7,477	80.36%	7,860	83.34%	7,328	76.40%
31-60 hours	2,282	27.76%	1,708	18.13%	1,163	12.50%	986	10.45%	1,576	16.43%
>60 hours	924	11.24%	592	6.28%	664	7.14%	585	6.20%	687	7.16%
Total	8,220	100%	9,422	100%	9,304	100%	9,431	100%	9,591	100%

Semester Hour Load	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Part-Time	3,314	40.32%	4,294	45.57%	4,297	46.18%	4,278	45.36%	4,320	45.04%
Full-Time	4,906	59.68%	5,128	54.43%	5,007	53.82%	5,153	54.64%	5,271	54.96%
Total	8,220	100%	9,422	100%	9,304	100%	9,431	100%	9,591	100%

Tuition Status	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	3,585	43.61%	4,443	47.16%	4,428	47.59%	4,454	47.23%	4,679	48.79%
Texas Resident (out-of-District)	4,395	53.47%	4,607	48.90%	4,527	48.66%	4,719	50.04%	4,615	48.12%
Non-Resident Tuition	240	2.92%	283	3.00%	266	2.86%	254	2.69%	297	3.10%
Tuition Exemption/Waiver	0	0.00%	89	0.94%	83	0.89%	4	0.04%	0	0.00%
Total	8,220	100%	9,422	100%	9,304	100%	9,431	100%	9,591	100%

Table 15

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

	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	4,802	58.42%	5,442	57.76%	5,476	58.86%	5,580	59.17%	5,872	59.14%
Male	3,418	41.58%	3,980	42.24%	3,828	41.14%	3,851	40.83%	3,919	40.86%
Total	8,220	100%	9,422	100%	9,304	100%	9,431	100%	9,591	100%
Ethnic Origin										
White	5,386	65.52%	6,455	68.51%	6,451	69.34%	6,713	71.18%	6,830	71.21%
Hispanic	910	11.07%	996	10.57%	884	9.50%	787	8.34%	742	7.74%
African American	1,707	20.77%	1,778	18.87%	1,766	18.98%	1,752	18.58%	1,815	18.92%
Asian	104	1.27%	115	1.22%	102	1.10%	95	1.01%	106	1.11%
Native American	51	0.62%	42	0.45%	55	0.59%	36	0.38%	49	0.51%
Other	62	0.75%	36	0.38%	46	0.49%	48	0.51%	49	0.51%
Total	8,220	100%	9,422	100%	9,304	100%	9,431	100%	9,591	100%
Age										
16 or younger	18	0.22%	203	2.15%	194	2.09%	126	1.34%	144	1.50%
17	124	1.51%	603	6.40%	490	5.27%	467	4.95%	507	5.29%
18	1,116	13.56%	1,258	13.35%	1,277	13.73%	1,361	14.43%	1,374	14.33%
19-21	3,543	43.10%	3,805	40.38%	3,609	38.79%	3,521	37.33%	3,587	37.40%
22-24	1,119	13.61%	1,219	12.94%	1,236	13.28%	1,284	13.61%	1,217	12.69%
25-30	980	11.92%	988	10.49%	1,066	11.46%	1,107	11.74%	1,132	11.80%
31-35	451	5.49%	491	5.21%	528	5.67%	551	5.84%	594	6.19%
36-50	715	8.70%	703	7.46%	768	8.25%	851	9.02%	870	9.07%
51-64	142	1.73%	144	1.53%	127	1.37%	149	1.58%	157	1.64%
65 & over	13	0.16%	8	0.08%	9	0.10%	14	0.15%	9	0.09%
Total	8,220	100%	9,422	100%	9,304	100%	9,431	100%	9,591	100%
Average Age	23		23		24		24		24	

Table 16

TYLER JUNIOR COLLEGE DISTRICT
 TRANSFERS TO SENIOR INSTITUTIONS
 2006 FALL STUDENTS AS OF FALL 2007
 (Includes only public senior colleges in Texas)
 (UNAUDITED)

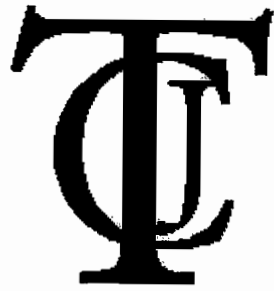
	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students	
1	Angelo State University	2	0	0	2	0.10%
2	Lamar University Institute of Technology	7	1	0	8	0.38%
3	Midwestern State University	7	1	0	8	0.38%
4	Pralrie View A&M University	2	1	0	3	0.14%
5	Sam Houston State University	31	3	1	35	1.68%
6	Stephen F. Austin State University	125	4	3	132	6.34%
7	Sul Ross State University	0	1	0	1	0.05%
8	Tarleton State University	6	0	0	6	0.29%
9	Texas A&M University - College Station	448	4	6	458	21.99%
10	Texas A&M University - Commerce	20	2	1	23	1.10%
11	Texas A&M University - Corpus Christi	6	0	0	6	0.29%
12	Texas A&M University - Galveston	9	1	0	10	0.48%
13	Texas A&M University - Kingsville	1	1	0	2	0.10%
14	Texas A&M University System Health Science Center	0	1	0	1	0.05%
15	Texas A&M University - Texarkana	2	0	1	3	0.14%
16	Texas Southern University	3	1	0	4	0.19%
17	Texas State University	40	1	1	42	2.02%
18	Texas Tech University	51	1	0	52	2.50%
19	Texas Women's University	17	2	1	20	0.96%
20	University of Texas - Pan America	2	0	0	2	0.10%
21	University of Texas (Houston) - University Park	12	1	0	13	0.62%
22	University of North Texas	78	0	2	80	3.84%
23	University of Texas - Arlington	42	1	1	44	2.11%
24	University of Texas - Austin	84	0	0	84	4.03%
25	University of Texas - Brownsville	1	0	0	1	0.05%
26	University of Texas - Dallas	11	1	0	12	0.58%
27	University of Texas - El Paso	2	0	0	2	0.10%
28	University of Texas - Permian Basin	5	1	0	6	0.29%
29	University of Texas - San Antonio	6	1	0	7	0.34%
30	University of Texas - Tyler	919	57	21	997	47.86%
31	University of Houston	10	0	1	11	0.53%
32	University of Houston Clear Lake	2	0	0	2	0.10%
33	University of Houston - Victoria	1	0	0	1	0.05%
34	West Texas A&M University	5	0	0	5	0.24%
Totals	1,957	87	39	2,083	100.00%	

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

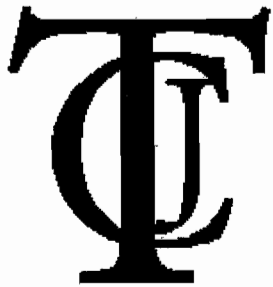
Table 17

TYLER JUNIOR COLLEGE DISTRICT
CAPITAL ASSET INFORMATION
FISCAL YEARS 2002 TO 2008
(UNAUDITED)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	Fiscal Year <u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Academic buildings	13	13	13	13	13	13	13
Square footage (in thousands)	430	430	430	430	430	430	430
Libraries	1	1	1	1	1	1	1
Square footage (in thousands)	41	41	41	41	41	41	41
Number of Volumes (in thousands)	104	98	98	99	98	96	96
Administrative and support buildings	8	8	6	6	6	6	6
Square footage (in thousands)	161	161	150	150	150	150	150
Dormitories	9	8	8	8	8	8	8
Square footage (in thousands)	267	115	115	115	115	115	115
Number of Beds	1062	600	600	600	600	600	600
Dining Facilities	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	4	4	4	4	4
Average daily customers	2500	2,000	2,000	2,000	2,000	2,000	2,000
Athletic Facilities	7	6	6	6	6	6	6
Square footage (in thousands)	436	425	425	425	420	420	420
Stadiums	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	2	2	2
Fitness Centers	2	2	2	2	2	2	2
Tennis Court	2	1	1	1	1	1	1
Plant facilities	2	1	1	1	1	1	1
Square footage (in thousands)	27	17	17	17	17	17	17
Transportation							
Cars	6	6	10	13	15	15	15
Light Trucks/Vans	42	39	24	32	32	32	32
Heavy Trucks	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, 2008

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:			
SEOG	84.007	--	\$ 141,110
Federal College Workstudy Program	84.033	--	34,615
Student Support Services Grant	84.042A	--	211,748
Federal Pell Grant Program	84.063	--	8,743,633
Academic Competitiveness Grant Program	84.375	--	295,053
Pass Through From:			
Texas Education Agency			
Adult Basic Education	84.002	84100017110218	362,545
Texas Higher Education Coordinating Board			
Carl Perkins Vocational Educational			
Programs - Basic	84.048	84252	672,186
Leveraging Educational Assistance Partnership			
Grant (LEAP)	84.069A	--	15,174
Special Leveraging Educational Assistance Partnership			
Grant (SLEAP)	84.069B	--	20,126
Byrd Honors Scholarships	84.185A	--	4,500
University of Texas at Tyler			
Title IIB Math Science Partnership Program	84.366B	--	<u>9,650</u>
Total U. S. Department of Education			<u>10,510,340</u>
U.S. Department of Labor			
Pass Through From:			
Texas Higher Education Coordinating Board			
WIA Incentive Grants - Section 503 Grants	17.267	--	<u>8,656</u>
Total U.S. Department of Labor			<u>8,656</u>
U.S. Small Business Administration (SBA)			
Pass Through From:			
Dallas County Community College District			
Small Business Development Center	59.037	--	<u>87,776</u>
Total U.S. Small Business Administration (SBA)			<u>87,776</u>
U.S. Department of Health and Human Services			
Pass Through From:			
Texas Education Agency			
Temporary Aid for Needy Families	93.558	83625017110203	<u>26,032</u>
Total U.S. Department of Health and Human Services			<u>26,032</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,632,804</u>

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	\$10,638,729
Matching Contributions Included in Unrestricted Fund	<u>(5,925)</u>
Total Federal Financial Assistance – Schedule E	<u>\$10,632,804</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>\$14,283,798</u>	<u>\$ -</u>	<u>\$14,283,798</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)	\$334,336
Literacy Council of Tyler (TANF)	32,719

TYLER JUNIOR COLLEGE DISTRICT
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2008

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Higher Education Coordinating Board		
Texas College Work Study	--	\$ 40,390
Certified Education Aide	--	17,097
Early High School Graduation	--	41,179
Financial Aid - LVN Nursing and Professional Nursing	--	11,336
TEXAS Grants - Initial and Renewal Funds	--	632,315
Texas Educational Opportunity Grant Program	--	81,310
Dallas County Community College District		
Small Business Development Center	--	58,009
Texas Education Agency		
Adult Basic Education	80100017110218	54,595
Temporary Aid for Needy Families	80110017110203	12,864
		<hr/>
Total Expenditures of State Awards		\$ 949,095
		<hr/> <hr/>

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	\$879,500
Matching Contributions Included in Schedule F	<u>69,595</u>
Total State Financial Assistance – Schedule F	<u>\$949,095</u>

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Joe Wylie, CPA

**GOLLOB MORGAN
PEDDY & CO., P.C.**
Certified Public Accountants

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Brenda G. Watson, CPA
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Gary D. Davis, CPA
Wesley R. Johnston, CPA
Lori A. Bogan, CPA
Kathryn Hesskew, CPA
James Clinton Carroll, CPA

**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, 2008, and have issued our report thereon dated December 5, 2008. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2008-1 to be significant deficiencies in internal control over financial reporting.

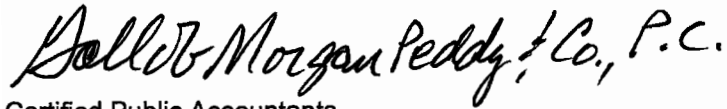
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

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 statements 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.



Certified Public Accountants

Tyler, Texas
December 5, 2008

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Tyler Junior College District
Tyler, Texas

Board of Trustees:

Compliance

We have audited the compliance of Tyler Junior College District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2008. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

As described in items 2008-2 and 2008-3 in the accompanying schedule of findings and questioned costs, Tyler Junior College District did not comply with requirements regarding Special Tests and Provisions – Student Status Changes and Equipment and Real Property Management that are applicable to its Federal Family Education Loan Program and the Carl Perkins Vocational Educational Program – Basic. Compliance with such requirements is necessary, in our opinion, for Tyler Junior College District to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Tyler Junior College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2008.

Internal Control Over Compliance

The 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 our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-3 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

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
December 5, 2008

TYLER JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2008

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes 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)? X yes none reported

Type of auditors' report issued on compliance for major programs: *Qualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? X yes 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
84.002	Adult Basic Education
84.048	Carl Perkins Vocational Educational Programs - Basic

TYLER JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2008

Section I (continued)

Dollar threshold used to distinguish
Between type A and type B programs: \$318,984

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

Section II – Financial Statement Findings

2008-1 Internal Control Over Restricted Funds
Material Weakness Condition: The District has controls in place to ensure the Restricted Funds accounting is complete and accurate. However, during the current year, these controls did not effectively operate as intended to identify numerous accounting errors within those funds.

Effect: Because the controls did not operate as intended, numerous accounting errors occurred within the Funds and were not identified by the District.

Recommendation: The District should review and revise controls over the Restricted Funds to ensure the accounting within the Funds is complete and accurate and that the controls are functioning as intended.

Response: Internal controls will be reviewed in depth during fiscal year 2009 to determine how to strengthen and increase the effectiveness of current controls. Additional controls will be added as necessary, including increased monitoring by the Controller. Training for the grant accountant will be increased to ensure awareness and knowledge of grant recordkeeping requirements is current and complete. Multiple resources, both internal and external, will be researched and reviewed to determine how the effectiveness of controls over Restricted Funds can be increased.

2008-3 84.048 Carl Perkins Vocational Educational Programs – Basic

See Section III for detailed description.

Section III – Federal Award Findings and Questioned Costs

DEPARTMENT OF EDUCATION

Questioned
Costs

SIGNIFICANT DEFICIENCIES

2008-2 Student Financial Assistance Programs
- Part of Federally Mandated Cluster
Statement of Condition/Criteria: Schools participating in the Federal Family Education Loan Program must complete and return within thirty days of receipt the Student Status Confirmation Reports (SSCR) sent by the Department of Education or a guaranty agency. During fiscal year

2008, two Fall submissions and one Spring submission were not submitted to the Clearinghouse until June 2008. The SSCR sent by the NSLDS on 10-1-07, 11-1-07, 1-1-08, 3-3-08, 4-1-08 and 6-2-08 were not processed and returned within the required timeframe as the reports were not processed until 7-24-08.

Questioned Costs

\$ -

Cause of Condition: The submissions to the Clearinghouse were late due to problems with the new Student System Banner. These problems have been resolved and submissions for the Fall 2008 semester were made within the required timeframe.

Recommendation: Tyler Junior College District should determine that procedures are in place to ensure submissions are made timely in order for the Clearinghouse to process the SSCR within the required timeframe.

Response: The Registrar's employee responsible for this process resigned from TJC prior to developing the process in the new Banner system and therefore did not implement the process prior to leaving TJC in March. There were no other employees in the Registrar's office that received the training during the Banner implementation process. No one was aware that the reporting had not been done until late notifications were received by the Financial Aid Director. The Coordinator, Student Records/Registration is now completing this reporting process and plans to assign it to another employee once it is fully developed and tested with planned Banner upgrades. This will mean that she will be cross trained in the responsibility to ensure continuity. The Financial Aid Director will periodically review submissions and, if necessary, immediately follow up on any late notices.

2008-3 84.048 Carl Perkins Vocational Educational Programs – Basic

Statement of Condition/Criteria: Four out of five pieces of equipment purchases tested did not have an inventory control form (green sheet) present in the invoice file. Once supplied, current dates were noted on the forms that indicate the forms had not been previously completed as required. According to the compliance requirement "Equipment and Real Property Management," an entity must be able to identify equipment purchased with federal funds and be able to track the location, condition, use and any ultimate disposition data. This inventory control form is the primary means by which the District complies with this requirement

In addition, A-110 requires a complete physical inventory of equipment purchased at least one out of every two years. It was determined the District has not maintained a complete inventory listing of equipment purchased with Perkins funds and no evidence exists indicating a complete physical inventory has been taken in the past two years.

Questioned Costs

\$ -

Cause of Condition: New personnel associated with the Perkins funds were not aware of the requirements.

Recommendation: Tyler Junior College District should provide training related to the requirements for identifying and tracking equipment purchased with Federal funds. The District should also review internal controls over this area to determine that the controls are appropriate to meet the requirements.

Response: Tyler Junior College District will review requirements and train employees working with Federal funds on how to identify and track equipment purchased with Federal funds. Internal controls over Federal funds equipment purchases will be reviewed to determine if the controls are appropriate to meet the requirements. A specific written accounting manual for control procedures associated with Federal fund expenditures will be completed during fiscal year 2009. This manual will include detailed instructions on how equipment purchases should be tracked and how and when to complete a physical inventory of Federal fund equipment.



TYLER JUNIOR COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED AUGUST 31, 2008

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 2007-1

Internal Control Over Year End Accruals

Summary of prior audit finding: The District has controls in place to properly record year end accruals in the financial statements. However, during the current year, controls over recording payables related specifically to construction projects did not operate to capture all material payables at year end.

Current Status: Corrective action has been taken and this issue has been fully resolved. The College developed a process to specifically review payables at year end related to construction projects to ensure all payables are captured in the appropriate period. All construction project related payables were reviewed in September 2008 and accrued, as necessary, in fiscal year 2008 payables.

Prior Audit Finding 2007-2

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

Summary of prior audit finding: One hundred seventeen 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. Questioned Cost: \$75,470. This finding was also noted for years ended 8-31-03, 8-31-04, 8-31-05 and 8-31-06. Although procedures are in place to identify and return Title IV funds as required, circumstances still arise that cause the returns to be late.

Current Status: The District completed a 100% file review requested by the Department of Education. After reviewing the results, the Department determined that TJC owed the lender or current holder of the loan(s) \$1,473.99. This amount included \$957.97 in FFEL Unsubsidized Loans, \$499.17 in FFEL Subsidized Loans and \$16.85 in interest. These amounts were paid to the appropriate lenders in September 2008. The District also paid \$1,198.74 to the Department of Education in September 2008. This amount included \$1,092.24 in Pell Grants, \$84.65 in Pell interest and \$21.85 in FFEL interest.

The implementation of the Financial Aid module in the Banner system was completed during fiscal year 2008. The return of Title IV funds has been simplified using the Banner system. We expect no future issues with delayed return of funds with the simplification of the process and the extended timeframe of 45 days.



TYLER JUNIOR COLLEGE

CORRECTIVE ACTION PLAN

December 5, 2008

Tyler Junior College respectfully submits the following corrective action plan for the year ended August 31, 2008.

Gollob, Morgan, Peddy, & Co., P.C.

Audit period:

The findings from the August 31, 2008 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT FINDINGS

2008-1 Internal Control Over Restricted Funds

Material Weakness Condition: The District has controls in place to ensure the Restricted Funds accounting is complete and accurate. However, during the current year, these controls did not effectively operate as intended to identify numerous accounting errors within those funds.

Effect: Because the controls did not operate, numerous accounting errors occurred within the Funds and were not identified by the District.

Recommendation: The District should review and revise controls over the Restricted Funds to ensure the accounting within the Funds is complete and accurate and that the controls are functioning as intended.

Action Taken: The District will review all internal controls over Restricted Funds during fiscal year 2009 to determine how to strengthen and increase their effectiveness. Additional controls will be added, as necessary, including increased monitoring by the Controller. Training for the grant accountant will be increased to ensure awareness and knowledge of grant recordkeeping requirements is current and complete. Multiple resources, both internal and external, will be researched and reviewed to determine how the effectiveness of controls over Restricted Funds can be increased.

FINDINGS-FEDERAL AWARD FINDINGS

DEPARTMENT OF EDUCATION

SIGNIFICANT DEFICIENCIES

2008-2 Student Financial Assistance Programs - Part of Federally Mandated Cluster

Statement of Condition/Criteria: Schools participating in the Federal Family Education Loan Program must complete and return within thirty days of receipt the Student Status Confirmation Reports (SSCR) sent by the Department of Education or a guaranty agency. During fiscal year 2008, two Fall submissions and one Spring submission were not submitted to the Clearinghouse until June 2008. The SSCR sent by the NSLDS on 10-1-07, 11-1-07, 1-1-08, 3-3-08, 4-1-08 and 6-2-08 were not processed and returned within the required timeframe as the reports were not processed until 7-24-08.

Cause of Condition: The submissions to the Clearinghouse were late due to problems with the new Student System Banner. These problems have been resolved and submissions for the Fall 2008 semester were made within the required timeframe.

Recommendation: Tyler Junior College District should determine that procedures are in place to ensure submissions are made timely in order for the Clearinghouse to process the SSCR within the required timeframe.

Action Taken: The Registrar's employee responsible for this process resigned from TJC prior to developing the process in the new Banner system and therefore did not implement the process prior to leaving TJC in March. There were no other employees in the Registrar's office that received the training during the Banner implementation process. No one was aware that the reporting had not been done until late notifications were received by the Financial Aid Director. The Coordinator, Student Records/Registration is now completing this reporting process and plans to assign it to another employee once it is fully developed and tested with planned Banner upgrades. This will mean that she will be cross trained in the responsibility to ensure continuity. The Financial Aid Director will periodically review submissions and, if necessary, immediately follow up on any late notices.

2008-3 84.048 Carl Perkins Vocational Educational Programs – Basic

Statement of Condition/Criteria: Four out of five pieces of equipment purchases tested did not have an inventory control form (green sheet) present in the invoice file. Once supplied, current dates were noted on the forms that indicate the forms had not been previously completed as

required. According to the compliance requirement "Equipment and Real Property Management," an entity must be able to identify equipment purchased with Federal funds and be able to track the location, condition, use and any ultimate disposition data. This inventory control form is the primary means by which the District complies with this requirement.

In addition, A-110 requires a complete physical inventory of equipment purchased at least one out of every two years. It was determined the District has not maintained a complete inventory listing of equipment purchased with Perkins funds and no evidence exists indicating a complete physical inventory has been taken in the past two years.

Cause of Condition: New personnel associated with the Perkins funds were not aware of the requirements.

Recommendation: Tyler Junior College District should provide training related to the requirements for identifying and tracking equipment purchased with Federal funds. The District should also review internal controls over this area to determine that the controls are appropriate to meet the requirements.

Action Taken: Tyler Junior College District will review requirements and train employees working with Federal funds on how to identify and track equipment purchased with Federal funds. Internal controls over Federal funds equipment purchases will be reviewed to determine if the controls are appropriate to meet the requirements. A specific written accounting manual for control procedures associated with Federal fund expenditures will be completed during fiscal year 2009. This manual will include detailed instructions on how equipment purchases should be tracked and how and when to complete a physical inventory of Federal fund equipment.

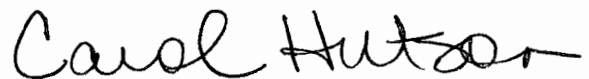
Implementation timeline of Corrective Measures: Student Status Confirmation Reports (SSCR) are being returned in a timely manner as of Fall 2008. Complete implementation and review of internal controls over Restricted Funds and Perkins equipment inventory is expected to be complete by August, 2009.

If you have any questions regarding this plan, please call either Devon or Carol.

Sincerely,



Devon Wiggins
Director, Financial Aid
(903) 510-2646



Carol Hutson
Controller, Business Services
(903) 510-2569