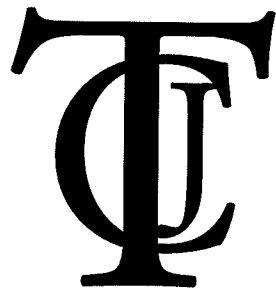


**TYLER JUNIOR COLLEGE DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
AUGUST 31, 2006**

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



TYLER  
JUNIOR  
COLLEGE  
DISTRICT

**TYLER JUNIOR COLLEGE DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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 AUGUST 31, 2006**

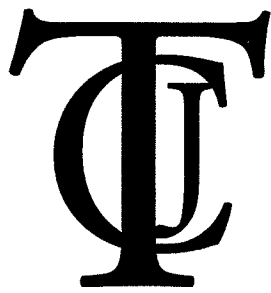
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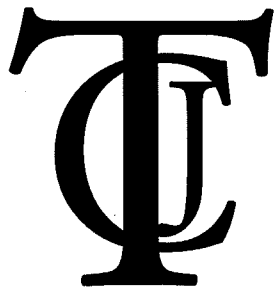
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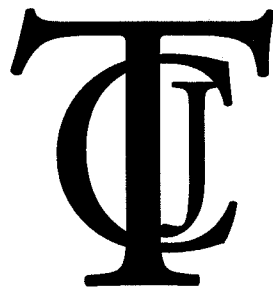


TYLER  
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TYLER  
JUNIOR  
COLLEGE  
DISTRICT

INTRODUCTORY  
SECTION



TYLER  
JUNIOR  
COLLEGE  
DISTRICT





## TYLER JUNIOR COLLEGE

November 30, 2006

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, 2006.

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 and Peddy & Co., P. C. have issued an unqualified ("clean") opinion on the Tyler Junior College financial statements for the year ended August 31, 2006. 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 complement 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-two

states and over twenty foreign countries. Annual fall enrollment is approximately 9,400 academic and vocational students, with an additional 15,000 "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 programs. Student and service clubs, campus housing, career guidance and counseling, endowed scholarships, federal financial aid, and a modern 73 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 2006 was slightly above enrollment from Fall 2005. 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 renovation of classrooms at the Skills Training Center, new seating in classrooms in the Genecov Science Building, a new campus wide phone system, and the completion of the Brundrette Azalea Garden (paid for with private funding). The completion of a new tennis complex is targeted for early 2007. The college will break ground on a new residence hall in early January, 2007.

While TJC anticipates moving forward with the projects mentioned above, 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 2006, state appropriations were above the 2005 appropriation level by \$786,822. The college kept tuition and fees level this past year for Texas residents. The college believes that continued increases in tuition and fees will 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 2005-2006 was \$.127169 per \$100 valuation.

## **TRENDS**

It is expected that the Tyler area will likely see moderate economic gains over the next five years, with the largest growth expected in transportation, communications and utilities, and the least growth predicted to be in construction. According to the 2005 "Best Performing Cities" report by the Milken Institute, Tyler was rated NO. 43 and was above the national average in every single growth category. Tyler is a regional hub for health services and medical research and education. As the Tyler area grows, the college anticipates continuing enrollment growth.

## AWARDS AND ACKNOWLEDGMENTS

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tyler Junior College District for its comprehensive annual financial report (CAFR) for the fiscal year ended August 31, 2005. 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.

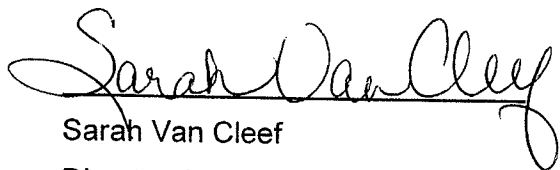
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal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

A Certificate of Achievement is valid for a period of one year only. The 2005 report was the tenth 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

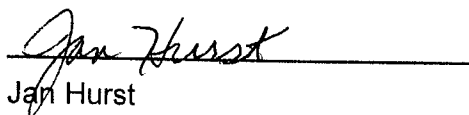
The preparation of the District's financial statements and reports requires the ongoing efforts and diligence of many persons and offices. We would like to express our appreciation to the individuals who work throughout the year to maintain the accuracy and integrity of the District's financial information. 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 of Business Affairs

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tyler Junior College District  
Texas

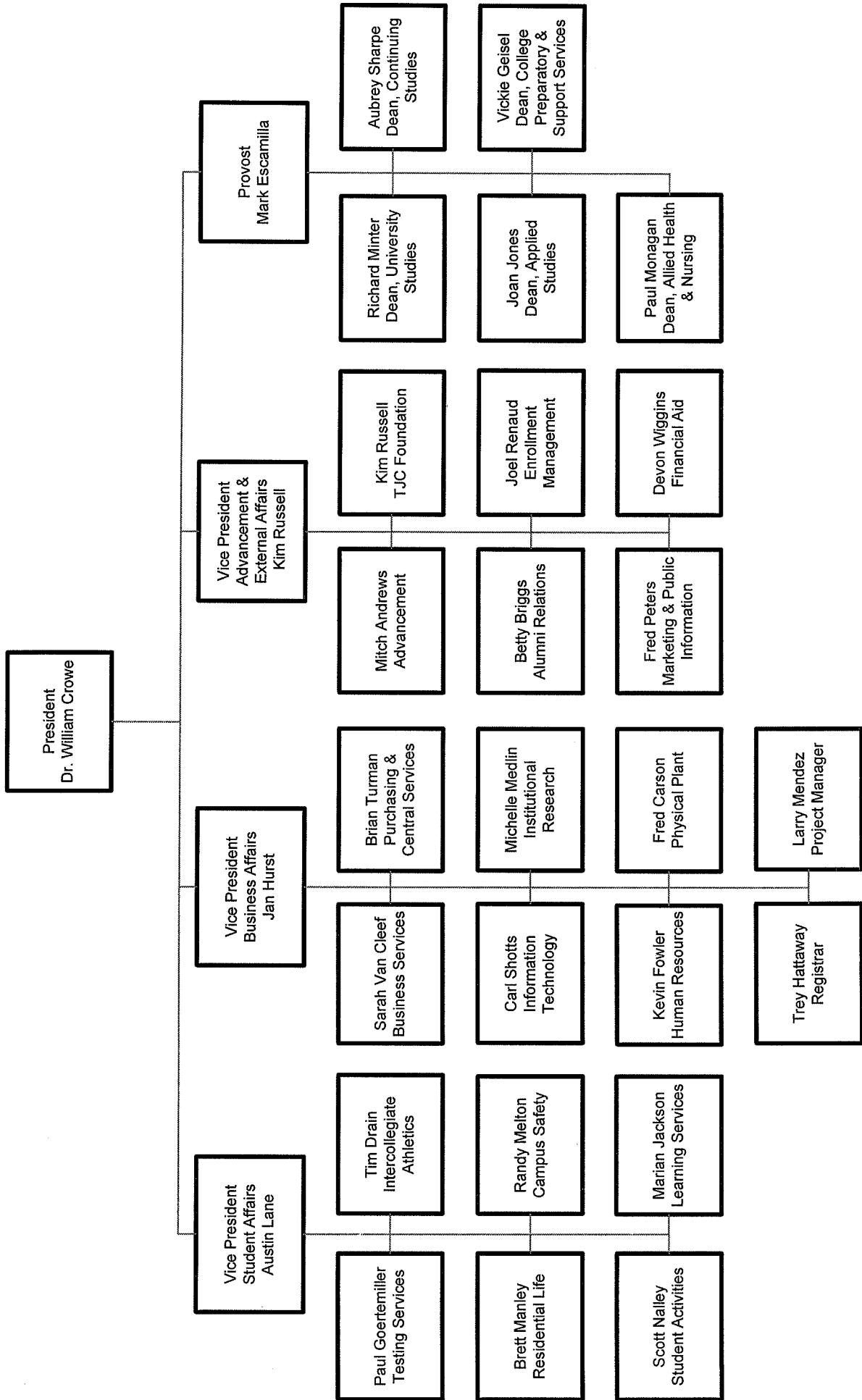
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
August 31, 2005

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 -- ORGANIZATION

# TYLER JUNIOR COLLEGE

## ORGANIZATIONAL DATA For the Fiscal Year 2006-2007

### Board of Trustees

#### Officers

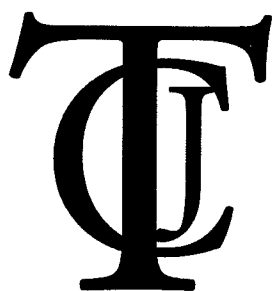
David Hudson	President
Lonny Uzzell	First Vice President
Clint Roxburgh	Second Vice President

#### Members

		Term Expires
		<u>May</u>
Ann Brookshire	Tyler, Texas	2008
Mike Coker	Tyler, Texas	2012
David Couch	Tyler, Texas	2008
John Hills	Tyler, Texas	2012
Dr. Joseph Prud'homme	Tyler, Texas	2010
Peggy W. Smith	Tyler, Texas	2010

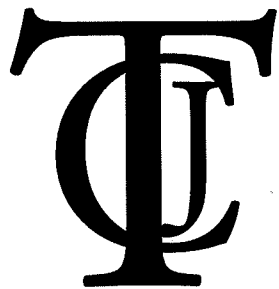
### Principal Administrative Officers

William R. Crowe	President
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
Mark Escamilla	Provost
Joan Jones	Dean, Applied Studies
Paul R. Monagan	Dean, Allied Health and Nursing
Aubrey D. Sharpe	Dean, Continuing Studies
Richard Minter	Dean, University Studies
Vickie Geisel	Dean, College Preparatory & Support Services



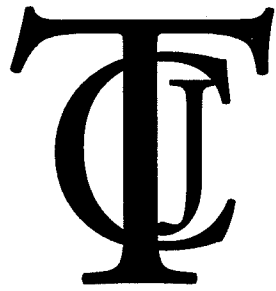
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TYLER  
JUNIOR  
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DISTRICT

FINANCIAL  
SECTION



TYLER  
JUNIOR  
COLLEGE  
DISTRICT

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  
Brandy M. Barrett, 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, 2006 and 2005, 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 \$25,684,754 as of August 31, 2006, and total revenues of \$4,850,290 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, 2006 and 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2006 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 10 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 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.

*Ballof Morgan Peddy & Co., P.C.*

Certified Public Accountants

Tyler, Texas

November 30, 2006

## **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 2006. 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>2006</u>	<u>2005</u>	<u>2004</u>
<b>Assets:</b>			
Current assets	\$ 14,394	\$ 13,291	\$12,349
Capital assets, net	62,976	60,126	57,558
Other assets	<u>10,236</u>	<u>9,637</u>	<u>9,643</u>
<b>Total Assets</b>	<b><u>87,606</u></b>	<b><u>83,054</u></b>	<b><u>79,550</u></b>
<b>Liabilities</b>			
Current liabilities	15,126	14,250	13,347
Noncurrent Liabilities	<u>24,178</u>	<u>26,057</u>	<u>26,490</u>
<b>Total Liabilities</b>	<b><u>39,304</u></b>	<b><u>40,307</u></b>	<b><u>39,837</u></b>
<b>Net Assets</b>			
Invested in capital assets, net of debt	37,494	33,186	30,458
Restricted – expendable	515	439	456
Restricted – nonexpendable	-	-	-
Unrestricted	<u>10,294</u>	<u>9,123</u>	<u>8,799</u>
<b>Total Net Assets</b>	<b><u>\$ 48,303</u></b>	<b><u>\$ 42,748</u></b>	<b><u>\$39,713</u></b>

The \$87.6 million in assets includes cash and cash equivalents of \$13.9 million and investments of \$2.9 million. A review of the Statement of Net Assets also reveals accounts receivable of just over \$7 million compared to \$7.6 million in 2005 and \$6.7 million in 2004. Over 50 percent of the accounts receivable are for student loans and fees.

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

Completed projects included renovations to classrooms at the Skills Training Center, new seating in classrooms in the Genecov Science Building, a new campus wide phone system, and

completion of the Brundrette Azalea Garden (paid for with private funding). 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 Note 9 that displays details of all outstanding bonds payable.

Liabilities of \$39.3 million include long-term debt of \$24 million and compensated absences of \$1 million as of the end of the 2006 fiscal year. Also included in the liabilities are student deposits and deferred revenue in excess of \$9.7 million.

The assets less liabilities result in net assets of \$48.3 million compared to \$42.7 million in 2005 and \$39.7 million in 2004. A major portion of the net assets is the District's capital assets \$37.5 million equity, and \$10.3 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.

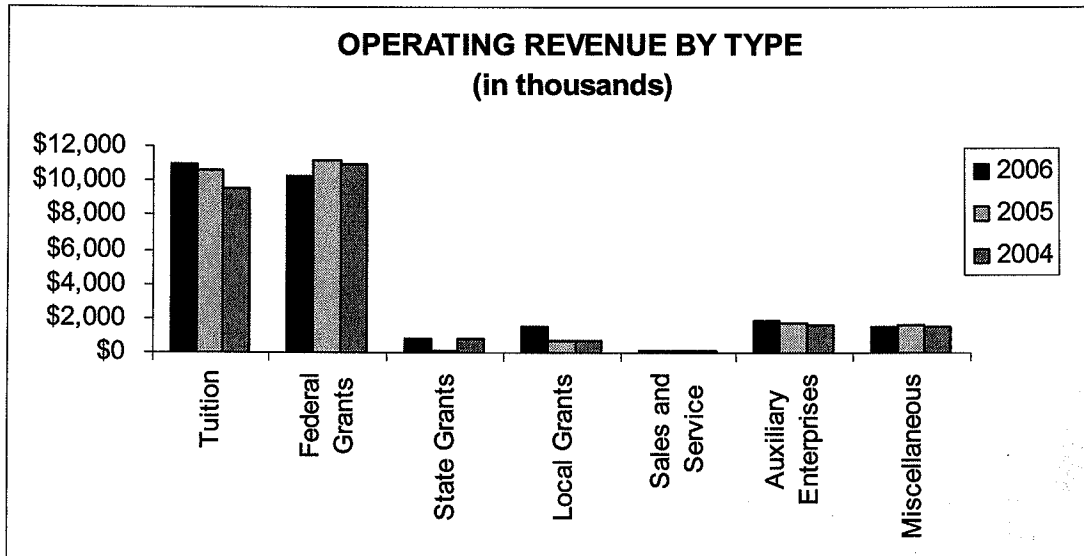
**Statement of Revenues, Expenses and Changes in Net Assets**  
(thousands of dollars)

	<b>2006</b>	<b>2005</b>	<b>2004</b>
Operating revenues			
Tuition and fees	\$ 10,977	\$ 10,596	\$ 9,515
Federal grants and contracts	10,224	11,197	10,898
State grants and contracts	760	170	781
Local grants and contracts	1,484	646	690
Sales and service of educational activities	127	119	117
Auxiliary enterprises	1,883	1,704	1,675
Miscellaneous	1,483	1,586	1,569
<b>Total Operating Revenues</b>	<b>26,938</b>	<b>26,018</b>	<b>25,245</b>
Operating expenses			
Instruction	21,503	20,117	19,579
Public service	796	852	755
Academic support	2,258	2,390	2,541
Student services	5,814	4,861	4,712
Institutional support	7,244	6,945	6,465
Operation and maintenance of plant	4,405	4,978	4,393
Scholarship and fellowships	4,291	4,687	3,552
Auxiliary enterprises	2,742	2,493	3,091
Depreciation	2,670	3,892	4,551
<b>Total Operating Expenses</b>	<b>51,725</b>	<b>51,215</b>	<b>49,639</b>
Operating Loss	(24,787)	(25,197)	(24,394)
Nonoperating revenues and expenses	30,342	28,003	26,223
Income (loss) before other revenues, Expenses, gains or losses	5,555	2,806	1,828
<b>Increase in net assets</b>	<b>5,555</b>	<b>2,806</b>	<b>1,828</b>
Net Assets at beginning of year	42,748	39,713	37,885
Prior period adjustment	-	229	-
<b>Net assets at end of year</b>	<b>\$ 48,303</b>	<b>\$ 42,748</b>	<b>\$ 39,713</b>

The nonoperating revenues (expenses) are comprised of \$20.2 million state educational contracts, \$10.4 million property taxes, investment income of \$0.6 million and the \$0.8 million interest paid on capital related debt. These amounts differ from FY 2005 by some \$0.4 million in additional property tax revenue that resulted from an increase in the property listed on the tax rolls and approximately \$0.2 million increase in investment income. Moreover, additional property tax revenue from 2004 to 2006 increased by \$1.5 million while investment income increased almost \$0.5 million for the same time period.



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



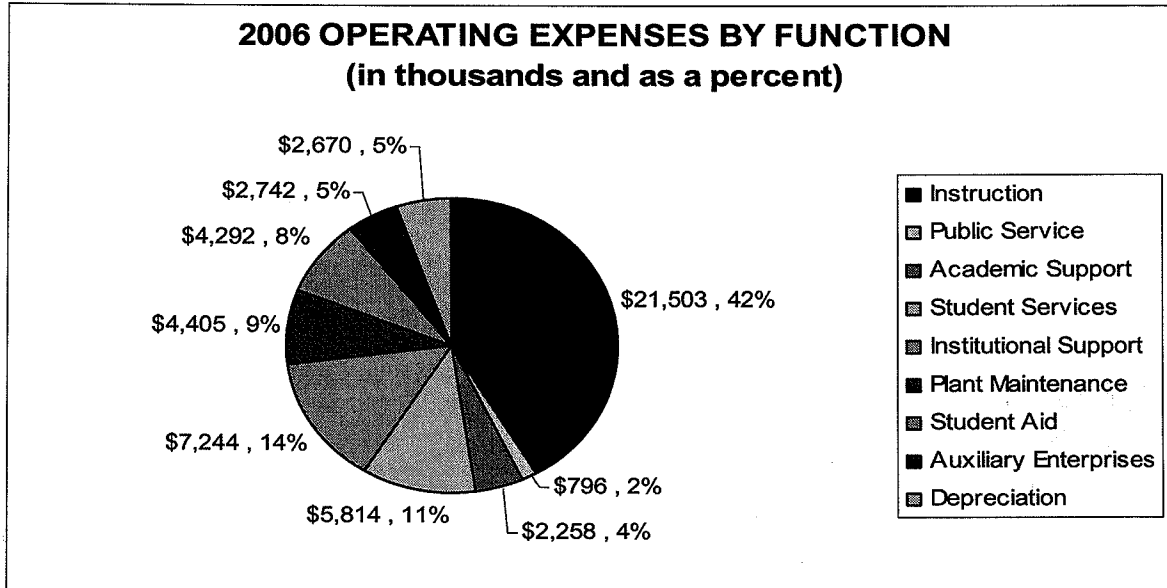
The above chart displays, in thousands of dollars, the operating revenues by type and their relationship with one another. Student tuition and fees represent the largest type of revenue followed closely by federal grants. All other types of revenue represent less than 23 percent of the total operating revenue.

Pell, work-study and other student financial aid grants comprise \$8.7 million of the \$10.2 million received from federal grants and contracts. The remaining \$1.5 million of the grants was comprised of \$0.3 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 \$0.3 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.

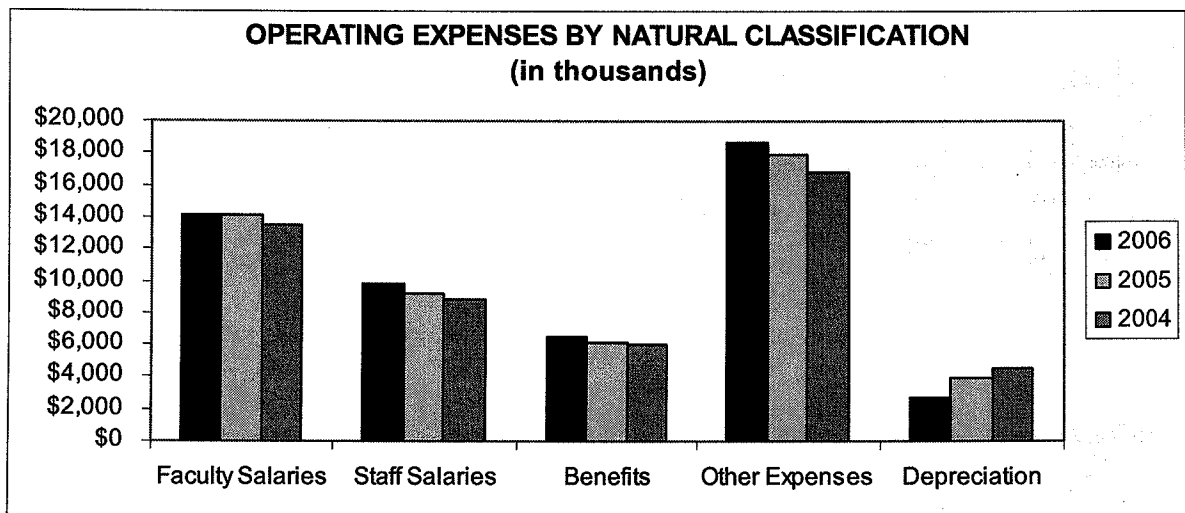
The \$51.7 million in operating expenses by function (displayed in thousands) are displayed in the following exhibit.

Although comparative information is not presented in the graph, several changes in expenses from prior years are worth noting. Continued costs to support the online student and registration system is but a small part of the \$7.2 million expended for institutional support.



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-seven percent of District's \$51.7 million operating expenses are expended for salaries and wages. When the benefits are combined with the salaries and wages, the total (\$30.4 million) is 59 percent of the District's total operating expense as compared to 57 percent in 2005 and 55 percent in 2004. The second highest portion of the operating expenses is the \$18.5 million of operating expenses that the District paid in 2006 to its vendors to acquire supplies, goods and services. This amount expended to vendors compared to \$17.3 million in 2005 and \$13.3 million in 2004. Financial aid is included in the other expenses and is the third highest expense percent. In 2006, \$4.2 million was expended in financial aid as compared to \$4.6 million in 2005 and \$3.5 million in 2004. Depreciation expense decreased from 2004's and 2005's \$4.55 million and \$3.89 million respectively to 2006's \$2.67 million.

**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)**

	2006	2005	2004
Cash provided (used) by:			
Operating activities	\$ (21,657)	\$ (21,710)	\$ ( 18,904)
Noncapital financing activities	30,745	28,586	27,668
Capital and related financing activities	(7,516)	(7,242)	(5,416)
Investing activities	628	452	(2,089)
<b>Net change in cash</b>	<b>2,200</b>	<b>86</b>	<b>1,259</b>
Cash, beginning of year	11,757	11,671	10,412
<b>Cash, end of year</b>	<b>\$ 13,957</b>	<b>\$ 11,757</b>	<b>\$ 11,671</b>

The primary cash receipts from operating activities consist of tuition and fees, grants and contracts. Operating cash receipts in 2006 totaled \$27.6 million as compared to \$25 million in 2005 and \$26.8 million in 2004. Cash outlay payments for wages, benefits, supplies, utilities and scholarships

totaled \$49.3 million in 2006 as compared to \$46.7 million in 2005 and \$45.7 million in 2004. These receipts and cash outlay payments resulted in \$0.05 million less net cash used by operating activities in 2006.

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 2006, \$30.7 million was received as compared to \$28.6 million in 2005 and \$27.7 million in 2004. 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, \$26 thousand was received greater than that disbursed in 2006.

The capital and related financing activities in 2006 included \$5.5 million expended for campus improvements and renovations. This compares to \$6.2 million expended in 2005 and \$2.8 million expended in 2004 for campus improvements and renovations. Financing outflows also include expenditures for debt service payments and related long-term debt interest. In 2006, the District acquired a new campus wide phone system through a note with Chase Capital Leasing for \$750,000. The long-term debt interest of \$869 thousand was \$250 thousand less than the amount paid in 2005 and \$609 thousand less than the amount paid in 2004.

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 2006 was greater than that received in 2005 and 2004. There were no additional investments purchased in 2006.

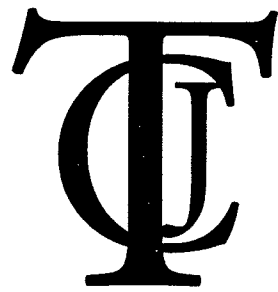
### ***Economic Outlook***

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 2006 students continue their education. As in prior years, a small enrollment growth is expected for fiscal year 2007.

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 were higher than in 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 2007 will be comparable to fiscal year 2006 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, 2006 AND 2005

<b>ASSETS</b>	2006	2005
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 6,910,718	\$ 5,413,883
Accounts Receivable (net of allowance for doubtful accounts of \$2,433,181 and \$1,897,484 respectively)	7,009,742	7,684,788
Prepaid Expenses	473,669	192,247
<b>Total Current Assets</b>	<b>14,394,129</b>	<b>13,290,918</b>
<b>Noncurrent Assets</b>		
Cash and Cash Equivalents	7,046,061	6,342,907
Investments	2,905,005	2,941,096
Deferred Charges	285,593	353,705
Capital Assets (Net)	62,975,665	60,125,847
<b>Total Noncurrent Assets</b>	<b>73,212,324</b>	<b>69,763,555</b>
<b>TOTAL ASSETS</b>	<b>\$ 87,606,453</b>	<b>\$ 83,054,473</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 2,952,294	\$ 2,706,167
Deferred Revenues	9,728,770	9,232,065
Current Portion of Compensated Absences	114,124	142,932
Current Portion of Bonds Payable	1,740,000	1,695,000
Current Portion of Notes Payable	590,368	473,593
<b>Total Current Liabilities</b>	<b>15,125,556</b>	<b>14,249,757</b>
<b>Noncurrent Liabilities</b>		
Accrued Compensable Absences Payable	1,027,113	1,286,386
Bonds Payable	13,924,829	15,704,172
Notes and Loans Payable	9,226,408	9,066,596
<b>Total Noncurrent Liabilities</b>	<b>24,178,350</b>	<b>26,057,154</b>
<b>TOTAL LIABILITIES</b>	<b>39,303,906</b>	<b>40,306,911</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	37,494,060	33,186,486
Restricted		
Expendable		
Financial Aid and Scholarships	514,813	438,572
Unrestricted	10,293,674	9,122,504
<b>TOTAL NET ASSETS</b>	<b>48,302,547</b>	<b>42,747,562</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 87,606,453</b>	<b>\$ 83,054,473</b>

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

**THE TYLER JUNIOR COLLEGE FOUNDATION**  
**Statement of Financial Position**  
**August 31, 2006**

ASSETS

Cash and cash equivalents	\$ 1,763,707
Contributions receivable	1,883,379
Investments	19,137,781
Charitable gift annuities	667,494
Real estate and equipment, net	2,180,892
Deferred expense	6,218
Other assets	<u>45,283</u>
 TOTAL ASSETS	 <u><u>\$ 25,684,754</u></u>

LIABILITIES

Accounts payable - Tyler Junior College	\$ 6,218
Charitable gift annuity - payable	258,511
Other liabilities	<u>13,550</u>
Total liabilities	278,279

NET ASSETS

Unrestricted	\$ 5,523,329
Temporarily restricted	2,714,459
Permanently restricted	<u>17,168,687</u>
Total net assets	<u>25,406,475</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 25,684,754</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, 2006 AND 2005

<b>REVENUES</b>	<u>2006</u>	<u>2005</u>
Operating revenues		
Pledged Revenues:		
Tuition and Fees (net of \$6,378,563 and \$6,527,411 in discounts)	\$ 10,977,104	\$ 10,595,736
Auxiliary Enterprises (net of \$900,684 and \$799,705 in discounts)	1,882,595	1,704,214
Federal Grants and Contracts	10,223,670	11,197,044
State Grants and Contracts	759,512	169,575
Local Grants and Contracts	1,483,700	645,900
Sales and Service of Educational Activities	127,001	119,095
Interest on Student Loans	16,375	10,627
Miscellaneous Operating Revenues	1,467,406	1,575,653
	<u>26,937,363</u>	<u>26,017,844</u>
<b>EXPENSES</b>		
Operating expenses		
Instruction	21,503,321	20,116,719
Public Service	795,946	851,994
Academic Support	2,258,222	2,390,014
Student Services	5,814,380	4,861,229
Institutional Support	7,244,061	6,944,575
Operations and Maintenance of Plant	4,404,959	4,978,443
Scholarship and Fellowships (net of \$7,279,247 and \$7,327,116 in discounts)	4,291,640	4,686,891
Auxiliary Enterprises	2,742,029	2,492,706
Depreciation	2,670,266	3,892,193
	<u>51,724,824</u>	<u>51,214,764</u>
Total Operating Expenses	<u>51,724,824</u>	<u>51,214,764</u>
Operating Income (Loss)	<u>(24,787,461)</u>	<u>(25,196,920)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations	20,224,347	18,751,833
Property taxes	10,358,973	9,944,249
Investment Income	628,199	426,392
Interest on Capital Related Debt	(869,073)	(1,119,570)
	<u>30,342,446</u>	<u>28,002,904</u>
Total Non-Operating Revenues (Expenses)	<u>30,342,446</u>	<u>28,002,904</u>
Increase in Net Assets	<u>5,554,985</u>	<u>2,805,984</u>
Net Assets, Beginning of the Year (as originally stated)	42,747,562	39,712,934
Prior Period Adjustment	-	228,644
Net Assets, Beginning of the Year (as restated)	<u>42,747,562</u>	<u>39,941,578</u>
Net Assets, End of the Year	<u>\$ 48,302,547</u>	<u>\$ 42,747,562</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, 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues and Other Support:</b>				
Contributions and fund-raising	\$ 87,513	\$ 1,152,693	\$ 2,094,080	\$ 3,334,286
Unrealized gain (loss) on investments	925,534	-	9,965	935,499
Net gain (loss) on sales	15,413	-	-	15,413
Investment income	353,624	60,758	150,710	565,092
Restricted and unrestricted funds endowed	(806,659)	1,481,624	(674,965)	-
Net assets released from restrictions	1,766,811	(1,766,811)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	2,342,236	928,264	1,579,790	4,850,290
	<hr/>	<hr/>	<hr/>	<hr/>
Administrative	25,169	-	-	25,169
Fund-raising				
Special events	26,042	-	-	26,042
Other	9,123	-	-	9,123
Real estate	12,515	-	-	12,515
Scholarships & Awards				
Support of TJC	1,372,308	-	-	1,372,308
Scholarships	389,252	-	-	389,252
Other awards	20,939	-	-	20,939
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	1,855,348	-	-	1,855,348
	<hr/>	<hr/>	<hr/>	<hr/>
Changes in Net Assets	486,888	928,264	1,579,790	2,994,942
Net Assets, September 1, 2005	5,036,441	1,786,195	15,588,897	22,411,533
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets, August 31, 2006	<u>\$ 5,523,329</u>	<u>\$ 2,714,459</u>	<u>\$ 17,168,687</u>	<u>\$ 25,406,475</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, 2006 AND 2005

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	2006	2005
Receipts from students and other customers	\$ 11,997,150	\$ 9,740,155
Receipt of state financial aid	759,512	169,575
Receipt of federal financial aid	10,335,641	11,082,772
Receipt of local grants and support	1,483,700	645,900
Receipt from sales and services of educational activities	127,001	119,095
Receipt from auxiliary enterprises	1,867,071	1,709,642
Receipt of interest on student loans	16,375	10,627
Receipt from other operating revenues	1,467,406	1,187,358
Loans from (to) students	(445,984)	306,526
Payments for salaries and benefits to employees	(30,727,226)	(29,353,019)
Payments to suppliers for goods and services	(18,535,152)	(17,328,662)
	<u>(21,654,506)</u>	<u>(21,710,031)</u>
Net cash used in operating activities		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipt from state educational contracts	20,224,347	18,751,833
Property tax revenues	10,494,660	9,820,402
Receipts from student organizations	582,546	611,125
Payments to student organizations	(556,111)	(597,727)
	<u>30,745,442</u>	<u>28,585,633</u>
Net cash provided by noncapital financing activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets and construction costs	(5,520,084)	(6,231,077)
Bond proceeds	-	19,158,947
Note proceeds	750,000	-
Bond acquisition costs	-	(158,733)
Principal payments on capital related debt	(2,168,413)	(19,280,013)
Interest on capital related debt	(872,194)	(1,119,570)
Contributions received for capital related financing	291,545	388,295
	<u>(7,519,146)</u>	<u>(7,242,151)</u>
Net cash used in capital and related financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	628,199	452,132
	<u>628,199</u>	<u>452,132</u>
Net cash provided by (used in) investing activities		
Increase in cash and cash equivalents	2,199,989	85,583
Cash and cash equivalents, September 1	11,756,790	11,671,207
Cash and cash equivalents, August 31	<u>\$ 13,956,779</u>	<u>\$ 11,756,790</u>
Reconciliation of cash on Exhibit 1:		
Cash and cash equivalents - current	\$ 6,910,718	\$ 5,413,883
Cash and cash equivalents - noncurrent	7,046,061	6,342,907
	<u>\$ 13,956,779</u>	<u>\$ 11,756,790</u>
Total cash and cash equivalents		

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

<b>Reconciliation of operating loss to net cash used by operating activities</b>		
Operating loss	\$ (24,787,461)	\$ (25,196,920)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	2,699,065	3,892,193
Write off of student loans	(350,031)	(321,513)
Change in deposits of student organizations	-	(35,983)
Non-operating plant revenue	-	(388,295)
Amortization of deferred charges	68,112	542,293
(Increase) decrease in assets		
Receivables (net)	539,359	(887,729)
Prepaid expenses	(281,422)	55,163
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	249,248	26,708
Deferred revenues	496,705	545,935
Compensated absences	(288,081)	58,117
	<u>                    </u>	<u>                    </u>
Net cash used in operating activities	\$ <u>(21,654,506)</u>	\$ <u>(21,710,031)</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, 2006, the foundation distributed \$1,334,891 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.

### **Accounting Change**

During the prior year, the District revised its capitalization policy in regards to its library books. This change reflects the decision of the Texas Higher Education Coordinating regarding library books being included as a depreciable capital asset. In connection with this change, the District has recorded a prior period adjustment of \$228,644 to restate beginning net assets at September 1, 2004.

**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.

**NOTE 4 — DEPOSITS AND INVESTMENTS**

As of August 31, 2006, the District had the following deposits and investments:

	August 31, 2006		August 31, 2005	
	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	5,496,614	8,094,623	4,780,258	6,884,236
Total Deposits	5,696,614	8,294,623	4,980,258	7,084,236
Petty cash on hand	2,650	-	2,550	-
Texpool Investments	8,257,515	8,257,515	6,773,982	6,773,982
Total Cash and Cash Equivalents	13,956,779	<u>\$ 16,552,138</u>	11,756,790	<u>\$ 13,858,218</u>

	August 31, 2006		August 31, 2005	
	Fair Value	Maturity Date	Fair Value	Maturity Date
Investments				
FHLB 3%	481,565	7/9/08	485,000	7/9/08
FHLB 2.25%	493,750	8/13/08	496,405	8/13/08
FHLB 3.75%	483,905	4/29/09	492,030	4/29/09
FNMA 3.21%	482,970	7/23/08	487,970	7/23/08
FNMA 3.25%	478,125	4/22/09	485,315	4/22/09
FNMA 4%	484,690	10/29/09	494,376	10/29/09
Total Investments	<u>2,905,005</u>		<u>2,941,096</u>	
Total Cash and Cash Equivalents and Investments	<u>\$ 16,861,784</u>		<u>\$ 14,697,886</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, 2006 and 2005 are as follows:

<u>Investment</u>	<u>% of Total Deposits and Investments</u>	
	<u>8-31-06</u>	<u>8-31-05</u>
Texpool	49.53%	46.09%
FHLB Investments	8.65%	10.02%
FNMA Investments	8.57%	9.99%

**NOTE 5 — ACCOUNTS RECEIVABLE**

Accounts receivable at August 31, 2006 and August 31, 2005, are the following:

	<u>8-31-06</u>	<u>8-31-05</u>
Student tuition and fees receivable (net of allowance for doubtful accounts of \$221,698 and \$182,718, respectively)	\$4,532,744	\$5,550,389
Taxes receivable (net of allowance for doubtful accounts of \$490,493 and \$343,807, respectively)	210,647	346,334
Federal receivable	348,371	460,342
Student loans receivable (net of allowance for doubtful accounts of \$1,720,990 and \$1,370,959, respectively)	716,781	620,828
Other receivables	<u>1,201,199</u>	<u>706,895</u>
	<u>\$7,009,742</u>	<u>\$7,684,788</u>

**NOTE 6 — CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Nondepreciable capital assets</b>				
Land	\$2,498,460	\$ 728,154	\$ -	\$ 3,226,614
Construction in progress	<u>1,394,603</u>	<u>5,418,562</u>	<u>2,791,343</u>	<u>4,021,822</u>
Total nondepreciable capital assets	<u>3,893,063</u>	<u>6,146,716</u>	<u>2,791,343</u>	<u>7,248,436</u>
<b>Depreciable capital assets</b>				
Buildings	65,240,905	62,422	-	65,303,327
Improvements	19,610,605	219,082	-	19,829,687
Library books	1,235,827	78,878	-	1,314,705
Equipment	<u>26,870,740</u>	<u>1,804,329</u>	-	<u>28,675,069</u>
Total depreciable capital assets	<u>112,958,077</u>	<u>2,164,711</u>	-	<u>115,122,788</u>
<b>Total Capital Assets</b>	<u>116,851,140</u>	<u>8,311,427</u>	<u>2,791,343</u>	<u>122,371,224</u>
<b>Less accumulated depreciation:</b>				
Buildings	24,213,992	1,253,464	-	25,467,456
Improvements	6,764,707	986,112	-	7,750,819
Library books	1,055,580	131,470	-	1,187,050
Equipment	<u>24,691,014</u>	<u>299,220</u>	-	<u>24,990,234</u>
Total accumulated Depreciation	<u>56,725,293</u>	<u>2,670,266</u>	-	<u>59,395,559</u>
<b>Net Capital Assets</b>	<u>\$60,125,847</u>	<u>\$5,641,161</u>	<u>\$2,791,343</u>	<u>\$62,975,665</u>

## NOTE 7 — ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at August 31, 2006 and August 31, 2005 were the following:

	<u>8-31-06</u>	<u>8-31-05</u>
Vendors payable	\$1,842,965	\$1,626,827
Salaries and benefits payable	1,022,292	973,658
Interest payable	46,983	50,104
Deposits payable	<u>40,054</u>	<u>55,578</u>
Total Accounts Payable and Accrued Liabilities	<u>\$2,952,294</u>	<u>\$2,706,167</u>

## NOTE 8 — LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<b>Bonds and notes</b>					
Bonds payable	\$17,399,172	\$ -	\$1,734,343,	\$15,664,829	\$ 1,740,000
Notes payable					
Energy project A	30,590	-	30,590	-	-
Energy project B	5,106,549	-	389,404	4,717,145	410,763
Training Center	4,403,050	-	53,418	4,349,632	66,268
Phone System	-	<u>750,000</u>	-	<u>750,000</u>	<u>113,337</u>
Total notes payable	<u>9,540,189</u>	<u>750,000</u>	<u>473,412</u>	<u>9,816,777</u>	<u>590,368</u>
Total bonds and notes payable	<u>26,939,361</u>	<u>750,000</u>	<u>2,207,755</u>	<u>25,481,606</u>	<u>2,330,368</u>
<b>Other liabilities</b>					
Compensated absences	<u>1,429,318</u>	<u>240,983</u>	<u>529,064</u>	<u>1,141,237</u>	<u>114,124</u>
Total other liabilities	<u>1,429,318</u>	<u>240,983</u>	<u>529,064</u>	<u>1,141,237</u>	<u>114,124</u>
Total Long-term Liabilities	<u>\$28,368,679</u>	<u>\$ 990,983</u>	<u>\$2,736,819</u>	<u>\$26,627,843</u>	<u>\$ 2,444,492</u>

## NOTE 9 — BONDS PAYABLE

Bonds payable as of August 31, 2006 and August 31, 2005 are comprised of the following:

	<u>8-31-06</u>	<u>8-31-05</u>
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.		
Total	\$15,500,000	\$17,195,000
Plus: Unamortized Bond Premium	<u>164,829</u>	<u>204,172</u>
Net Outstanding Bonds Payable	<u>\$15,664,829</u>	<u>\$17,399,172</u>

Bonds are due in annual principal installments varying from \$1,695,000 to \$2,170,000 with interest rates from 2.50% to 3.75% with the final installment due in 2014. Bonds maturing on or

after August 15, 2012 are subject to redemption prior to maturity, at the option of the District, on August 15, 2011 or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

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 2/15	Interest Due 8/15	Total Amount Principal and Interest Requirements
2007	\$ 1,740,000	2.500	\$ 252,294	\$ 252,294	\$ 2,244,588
2008	1,785,000	3.000	230,544	230,544	2,246,088
2009	1,830,000	3.000	203,769	203,769	2,237,538
2010	1,890,000	3.750	176,319	176,319	2,242,638
2011	1,960,000	3.750	140,881	140,881	2,241,762
2012-2015	<u>6,295,000</u>	3.250 – 5.500	<u>218,231</u>	<u>218,231</u>	<u>6,731,462</u>
<b>TOTAL</b>	<b><u>\$15,500,000</u></b>		<b><u>\$ 1,081,157</u></b>	<b><u>\$1,081,157</u></b>	<b><u>\$ 17,662,314</u></b>

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, 2006 be disclosed:

<u>POLICY</u>	<u>COVERAGE</u>	<u>PREMIUM</u>	<u>POLICY TERM</u>
<u>Commercial Package</u>		\$119,025	9/1/05 – 9/1/06
Building and Contents	\$76,395,427		
Dwellings	125,000		
Mobile equipment	500,267		
Electronic data processing	2,649,425		
Musical instruments	765,102		
<u>General Liability:</u>			
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>		67,925	9/1/05– 9/1/06
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>		39,795	9/1/05 – 9/1/06
Combined single limits	1,000,000		
Medical payments	5,000		
Underinsured motorist	1,000,000		

<u>Medicare Malpractice Liability</u>		23,453	9/1/05 – 9/1/06
Each incident	2,000,000		
Aggregate	4,000,000		
<u>School Board Legal Liability</u>		44,845	9/1/05 – 9/1/06
Each occurrence	1,000,000		
Aggregate	1,000,000		
<u>Law Enforcement Professional Liability</u>		7,180	9/1/05 – 9/1/06
Each person	1,000,000		
Aggregate	1,000,000		
Each occurrence	1,000,000		
<u>Worker's Compensation</u>		140,625	9/1/05 – 9/1/06
No limit/no deductible			

**NOTE 10 – NOTES PAYABLE**

The District has the following loans at August 31, 2006 and August 31, 2005:

	<u>8-31-06</u>	<u>8-31-05</u>
<u>State Energy Conservation Office:</u>		
For expansion of existing plant chilled water system and replacement of lighting system in campus buildings; original loan amount of \$833,894, payable in quarterly installments of \$30,893.62 including interest at 4.04%, unsecured.	\$ -	\$ 30,590
<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.	4,717,145	5,106,549
<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.	4,349,632	4,403,050
<u>Chase Equipment Leasing:</u>		
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>750,000</u>	<u>-</u>
 Total	 <u>\$ 9,816,777</u>	 <u>\$9,540,189</u>

Maturities of the notes payable for years subsequent to August 31, 2005 are as follows:

Fiscal Year	Chase Equipment Leasing		Southside Bank		Southside Bank		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	113,337	\$ 28,846	410,763	208,412	66,268	233,732	590,368	470,990
2008	118,072	24,111	432,462	189,579	79,198	230,802	629,732	444,492
2009	123,005	19,178	456,575	168,667	124,084	225,916	703,664	413,761
2010	128,145	145,039	481,349	147,147	205,752	219,248	815,246	380,434
2011	133,498	8,686	509,490	141,400	231,809	208,191	874,797	358,277
2012-2016	133,943	8,242	2,426,506	229,392	2,187,487	782,512	4,747,936	1,020,146
2017-2021	-	-	-	-	1,455,034	135,809	1,455,034	135,809
Totals	<u>\$ 750,000</u>	<u>\$ 103,102</u>	<u>\$ 4,717,145</u>	<u>\$ 1,084,597</u>	<u>\$ 4,349,632</u>	<u>\$ 2,036,210</u>	<u>\$ 9,816,777</u>	<u>\$3,223,909</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, 2006 and August 31, 2005, \$3,780,000 and \$4,410,000 of bonds outstanding are considered defeased. The issues and amounts of outstanding defeased bonds are as follows:

Bond Issue	Year Refunded	Par Value Outstanding 8-31-06	Par Value Outstanding 8-31-05
Combined Fee Improvement Revenue Bonds, Series 1991	1994	\$1,620,000	\$1,960,000
Combined Fee Improvement Revenue Bonds, Series 1992	1994	<u>2,160,000</u>	<u>2,450,000</u>
TOTAL		<u>\$3,780,000</u>	<u>\$4,410,000</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 \$1,141,237. Sick leave, which can be accumulated to a limit of 720 hours, is earned at the rate of eight hours per month. It is paid to an employee who misses work because of illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid an employee's estate is one-half of the employee's accumulated entitlement. The District's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

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

## NOTE 13 — EMPLOYEES' RETIREMENT PLAN

In lieu of Federal Social Security benefits, the Board of Trustees of the District has chosen to participate in the Teacher Retirement System of Texas (TRS) or an approved optional retirement program to provide retirement income. All full-time employees of the District are legally required to participate in the Teacher Retirement System of Texas unless they have previously elected to join an optional retirement plan. Each employee choosing an optional plan pays 6.65 percent of their salary to an approved insurance company, the District pays 2.50 percent, and the state pays 7.31 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](http://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 \$1,254,406 (\$683,592 for the Teacher Retirement System and \$570,814 for the Optional Retirement Plan) for the fiscal year ended August 31, 2006. 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 \$1,369,112 (\$729,165 for the Teacher Retirement System and \$639,947 for the Optional Retirement Program). The District contributed \$148,437 to the Optional Retirement Program to cover the 2.50% referenced above.

Total payroll expense for fiscal year 2006 was approximately \$23,821,928. Of this total, approximately \$11,393,196 was covered under the Teacher Retirement System and approximately \$9,623,261 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 2006, 2005, and 2004 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, 2004, 2005 and 2006 for the District was \$1,395,622, \$1,374,914 and \$1,359,198 which consisted of \$580,161 (41.57%), \$577,577 (42.01%) and \$570,814 (42.00%) from the state; \$163,864 (11.74%), \$157,231 (11.44%) and \$148,437 (10.92%) from the District and \$651,597 (46.69%), \$640,126 (46.55%), and \$639,947 (47.08%) 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, 2006, the District had 89 employees participating in the program. A total of \$295,115 in payroll deductions had been invested in approved plans during the fiscal year.

The District also has an "Executive Deferred Compensation Agreement" with its President. The agreement is considered a non-qualified or ineligible plan. The agreement established an amount of deferred compensation, which, along with future earnings or losses, will be paid in ten annual installments upon termination of employment with the District, subject to the terms of the agreement. The District shall retain title to and beneficial ownership of all assets, which it may earmark to pay the deferred compensation specified in the agreement.

**NOTE 16 — PENDING LAWSUITS AND CLAIMS**

On August 31, 2006, 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.

Fund Group	Year Ended August 31, 2006	Year Ended August 31, 2005
Unrestricted Current Funds	<u>\$487,400</u>	<u>\$487,400</u>
Total	<u>\$487,400</u>	<u>\$487,400</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:

	<u>8-31-06</u>	<u>8-31-05</u>
Liability, beginning of year	\$ 7,444	\$ 13,361
Incurred claims (including IBNRs)	129,209	-
Claim payments	<u>(129,209)</u>	<u>(5,917)</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 \$507 per month for the year ended August 31, 2006. The state cost of providing those benefits for all employees totaled \$2,974,607 with \$854,015 for 189 retirees and \$2,120,592 for 515 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	\$9,836,537,851
Less: Exemptions	<u>1,701,302,781</u>
Net Taxable Valuation of the District	<u>\$8,135,235,070</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, 2006 amounted to \$10,280,296.

Taxes Collected	Current Operations	Debt Service	Total
Current taxes collected	\$9,927,548	-	\$9,927,548
Delinquent taxes collected	210,029	-	210,029
Penalties and interest collected	221,396	-	221,396
Total Collections	\$10,358,973	-	\$10,358,973

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, 2006 were approximately 96.57% 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, 2006.

#### **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, 2007. 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. This agreement is in its final year of a seven-year contract.

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, 2006.

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, 2008.

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, 2007.

The District currently has two major construction projects that are in progress as of August 31, 2006. These projects deal with the construction of parking lot facilities and new tennis courts to be located on the northeast section of the District's main campus. Both projects are expected to be completed during the current fiscal year.

The District entered into a contract with the College President which was effective December 1, 2002 and is for a ten-year period.

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. The initial term of the contract is thirteen months beginning/ending August 31, 2007 with the District having the option to extend the agreement for four consecutive one year periods.

#### **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 39% 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 - \$20 per Semester Hour for Texas residents, \$30/per semester hour non-Texas residents.

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

General Education Fee - \$26/\$32 per Semester Hour

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

Registration Fee - \$15 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 - \$32 per Semester Hour

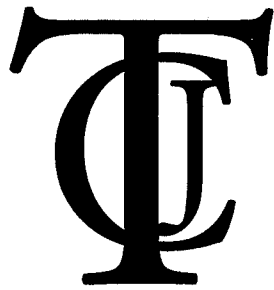
Charged to students from outside the Tyler Junior College District taxing district to partially equalize operational costs born by District taxpayers.

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

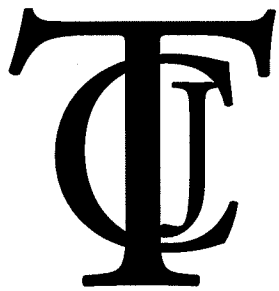
Designated for use in constructing and maintaining parking facilities.

**NOTE 25 – SUBSEQUENT EVENTS**

Subsequent to year end, the District issued \$39,675,000 in revenue bonds. These bonds will be used for the construction of a new residence hall, furnishings for the residence hall and a new satellite physical plant to provide for the utility needs of the residence hall and a newly constructed band hall.



TYLER  
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SUPPLEMENTAL  
INFORMATION

## SCHEDULE A

TYLER JUNIOR COLLEGE DISTRICT  
SCHEDULE OF OPERATING REVENUES  
FOR THE YEAR ENDED AUGUST 31, 2006  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2005)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Activities	Total 8/31/06	Total 8/31/05
<b>Tuition</b>						
State Funded Courses						
In-District Resident Tuition	\$ 1,695,770	\$ -	\$ 1,695,770	\$ -	\$ 1,695,770	\$ 1,523,527
Out-of-District Resident Tuition	2,135,767	-	2,135,767	-	2,135,767	1,987,492
TPEG **	230,166	-	230,166	-	230,166	234,653
Non-Resident Tuition	255,892	-	255,892	-	255,892	221,786
Continuing Education	1,522,956	-	1,522,956	-	1,522,956	1,698,829
Non-State Funded Continuing Education	282,503	-	282,503	-	282,503	288,481
Total Tuition	<u>6,123,054</u>	<u>-</u>	<u>6,123,054</u>	<u>-</u>	<u>6,123,054</u>	<u>5,954,768</u>
<b>Fees</b>						
General Education Fee	5,497,769	-	5,497,769	-	5,497,769	5,661,429
Out-of-District Fee	3,603,350	-	3,603,350	-	3,603,350	3,394,871
Laboratory Fee	626,395	-	626,395	-	626,395	661,104
Registration Fee	347,060	-	347,060	-	347,060	351,976
Health Service Fee	-	-	-	564,055	564,055	584,414
Other	593,984	-	593,984	-	593,984	514,585
Total Fees	<u>10,668,558</u>	<u>-</u>	<u>10,668,558</u>	<u>564,055</u>	<u>11,232,613</u>	<u>11,168,379</u>
<b>Scholarship Allowances and Discounts</b>						
Federal Grants to Students	(4,512,896)	-	(4,512,896)	-	(4,512,896)	(5,014,028)
TPEG Allowances	(123,737)	-	(123,737)	-	(123,737)	(128,167)
State Grants to Students	(507,626)	-	(507,626)	-	(507,626)	(183,886)
Contributions	(350,467)	-	(350,467)	-	(350,467)	(283,873)
Scholarships and Performance Grants	(707,480)	-	(707,480)	-	(707,480)	(754,822)
Waivers and Exemptions	(176,357)	-	(176,357)	-	(176,357)	(162,635)
Total Scholarship Allowances and Discounts	<u>(6,378,563)</u>	<u>-</u>	<u>(6,378,563)</u>	<u>-</u>	<u>(6,378,563)</u>	<u>(6,527,411)</u>
Net Tuition and Fees	<u>10,413,049</u>	<u>-</u>	<u>10,413,049</u>	<u>564,055</u>	<u>10,977,104</u>	<u>10,595,736</u>
<b>Other Operating Revenues</b>						
Federal Grants and Contracts	54,796	10,168,874	10,223,670	-	10,223,670	11,197,044
State Grants and Contracts	-	759,512	759,512	-	759,512	169,575
Local Grants and Contracts	640,401	798,049	1,438,450	45,250	1,483,700	645,900
Sales and Service of Educational Activities	127,001	-	127,001	-	127,001	119,095
Interest on Student Loans	16,375	-	16,375	-	16,375	10,627
Other	1,467,406	-	1,467,406	-	1,467,406	1,575,653
Total Other Operating Revenues	<u>2,305,979</u>	<u>11,726,435</u>	<u>14,032,414</u>	<u>45,250</u>	<u>14,077,664</u>	<u>13,717,894</u>
<b>Auxiliary Enterprises</b>						
Housing and Meals	-	-	-	2,371,056	2,371,056	2,026,240
Scholarship Allowances and Discounts	-	-	-	(900,684)	(900,684)	(799,705)
Net Housing and Meals	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,470,372</u>	<u>1,470,372</u>	<u>1,226,535</u>
Bookstore Commissions	-	-	-	282,811	282,811	308,421
Other Auxiliary Revenues	-	-	-	129,412	129,412	169,258
Total Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,882,595</u>	<u>1,882,595</u>	<u>1,704,214</u>
Total Operating Revenues	<u>\$ 12,719,028</u>	<u>\$ 11,726,435</u>	<u>\$ 24,445,463</u>	<u>\$ 2,491,900</u>	<u>\$ 26,937,363</u>	<u>\$ 26,017,844</u>

\*\* In accordance with Education Code 56.033, \$230,166 and \$234,653 for years August 31, 2006 and 2005, respectively, of tuition was set aside for Texas Public Education Grants.

SCHEDULE B

TYLER JUNIOR COLLEGE DISTRICT  
 SCHEDULE OF OPERATING EXPENSES BY OBJECT  
 FOR THE YEAR ENDED AUGUST 31, 2006  
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2005)

	Salaries and Wages	Benefits		Other Expenses	Total 8/31/06	Total 8/31/05
		State	Local			
<u>Unrestricted - Educational Activities</u>						
Instruction	\$ 14,510,810	\$ -	\$ 1,145,427	\$ 2,955,694	\$ 18,611,931	\$ 17,847,945
Public Service	37,080	-	42,806	11,696	91,582	88,159
Academic Support	1,394,105	-	107,401	394,294	1,895,800	1,971,464
Student Services	2,381,947	-	193,587	1,466,237	4,041,771	3,704,956
Institutional Support	2,930,225	-	272,028	3,398,145	6,600,398	6,438,020
Operation and Maintenance of Plant	1,135,638	-	359,953	2,909,368	4,404,959	4,716,933
Scholarships and Fellowships	-	-	-	(5,294,902)	(5,294,902)	(5,615,643)
Total Unrestricted	<u>22,389,805</u>	<u>-</u>	<u>2,121,202</u>	<u>5,840,532</u>	<u>30,351,539</u>	<u>29,151,834</u>
<u>Restricted - Education and General</u>						
Instruction	-	2,776,152	-	115,238	2,891,390	2,268,774
Public Service	509,913	68,313	-	126,138	704,364	763,835
Academic Support	-	357,356	-	5,066	362,422	418,550
Student Services	416,071	383,715	-	972,823	1,772,609	1,156,273
Institutional Support	-	643,663	-	-	643,663	506,555
Operation and Maintenance of Plant	-	-	-	-	-	261,510
Scholarships and Fellowships	108,758	-	-	9,477,784	9,586,542	10,302,534
Total Restricted	<u>1,034,742</u>	<u>4,229,199</u>	<u>-</u>	<u>10,697,049</u>	<u>15,960,990</u>	<u>15,678,031</u>
Total Educational and General	23,424,547	4,229,199	2,121,202	16,537,581	46,312,529	44,829,865
Auxiliary Enterprises	524,733	-	139,464	2,077,832	2,742,029	2,492,706
Depreciation Expense - Buildings and Improvements	-	-	-	2,239,576	2,239,576	2,190,121
Depreciation Expense - Equipment	-	-	-	430,690	430,690	1,702,072
Total Operating Expenses	<u>\$ 23,949,280</u>	<u>\$ 4,229,199</u>	<u>\$ 2,260,666</u>	<u>\$ 21,285,679</u>	<u>\$ 51,724,824</u>	<u>\$ 51,214,764</u>

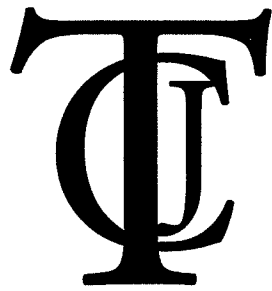
TYLER JUNIOR COLLEGE DISTRICT  
 SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES  
 FOR THE YEAR ENDED AUGUST 31, 2006  
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2005)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 8/31/06</u>	<u>Total 8/31/05</u>
<b>NON-OPERATING REVENUES:</b>					
<b>State Appropriations:</b>					
Education and General State Support	\$ 15,995,148	\$ -	\$ -	\$ 15,995,148	\$ 15,208,326
State Group Insurance	-	2,974,607	-	2,974,607	2,370,219
State Retirement Matching	-	1,254,592	-	1,254,592	1,173,288
Total State Appropriations	<u>15,995,148</u>	<u>4,229,199</u>	<u>-</u>	<u>20,224,347</u>	<u>18,751,833</u>
Property Taxes	10,358,973	-	-	10,358,973	9,944,249
Investment Income	<u>628,199</u>	<u>-</u>	<u>-</u>	<u>628,199</u>	<u>426,392</u>
Total Non-Operating Revenues	10,987,172	-	-	10,987,172	10,370,641
<b>NON-OPERATING EXPENSES:</b>					
Interest on Capital Related Debt	<u>869,073</u>	<u>-</u>	<u>-</u>	<u>869,073</u>	<u>1,119,570</u>
Total Non-Operating Expenses	<u>869,073</u>	<u>-</u>	<u>-</u>	<u>869,073</u>	<u>1,119,570</u>
Net Non-Operating Revenues	<u>\$ 26,113,247</u>	<u>\$ 4,229,199</u>	<u>\$ -</u>	<u>\$ 30,342,446</u>	<u>\$ 28,002,904</u>

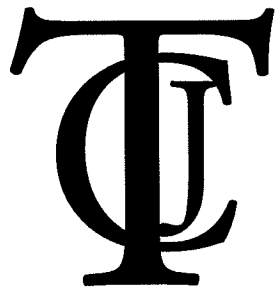


TYLER JUNIOR COLLEGE DISTRICT  
 SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY  
 FOR THE YEAR ENDED AUGUST 31, 2006  
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2005)

	Detail by Source				Available for Current Operations		
	Unrestricted	Restricted Expendable	Non-Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board Designated	2,807,663	-	-	-	2,807,663	2,807,663	-
Restricted	-	514,813	-	-	514,813	514,813	-
Auxiliary Enterprises	-	-	-	-	-	-	-
Loan	(623,458)	-	-	-	(623,458)	-	(623,458)
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Unrestricted	-	-	-	-	-	-	-
Board Designated	8,109,469	-	-	-	8,109,469	-	8,109,469
Debt Service	-	-	-	-	-	-	-
Investment in Plant	-	-	-	37,494,060	37,494,060	-	37,494,060
<b>Total Net Assets, August 31, 2006</b>	<b>10,293,674</b>	<b>514,813</b>	<b>-</b>	<b>37,494,060</b>	<b>48,302,547</b>	<b>3,322,476</b>	<b>44,980,071</b>
<b>Total Net Assets, August 31, 2005</b>	<b>9,122,504</b>	<b>438,572</b>	<b>-</b>	<b>33,186,486</b>	<b>42,747,562</b>	<b>2,846,235</b>	<b>39,901,327</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>\$ 1,171,170</b>	<b>\$ 76,241</b>	<b>\$ -</b>	<b>\$ 4,307,574</b>	<b>\$ 5,554,985</b>	<b>\$ 476,241</b>	<b>\$ 5,078,744</b>



TYLER  
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TYLER  
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DISTRICT

STATISTICAL  
SECTION

(unaudited)

Table 1

TYLER JUNIOR COLLEGE DISTRICT  
 NET ASSETS BY COMPONENT  
 FISCAL YEARS 2002 TO 2006  
 (UNAUDITED)

	For the Fiscal Year Ended August 31,			
	2006	2005	2004	2003
Invested in capital assets, net of related debt	\$ 37,494,060	\$ 33,186,486	\$ 30,458,118	\$ 30,442,322
Restricted - expendable	514,813	438,572	455,848	422,443
Restricted - nonexpendable	-	-	-	-
Unrestricted	10,293,674	9,122,504	8,798,968	7,019,673
<b>Total primary government net assets</b>	<b>\$ 48,302,547</b>	<b>\$ 42,747,562</b>	<b>\$ 39,712,934</b>	<b>\$ 37,884,438</b>
				<b>\$ 37,519,607</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 35, only fiscal years 2002-2006 are available.

Table 2

TYLER JUNIOR COLLEGE DISTRICT  
REVENUES BY SOURCE  
FISCAL YEARS 2002 TO 2006  
(UNAUDITED)

	For the Fiscal Year Ended August 31,				
	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	\$ 10,977,104	\$ 10,595,736	\$ 9,515,381	\$ 7,879,631	\$ 6,780,240
Governmental grants and contracts					
Federal grants and contracts	10,223,670	11,197,044	10,898,288	10,115,577	8,405,629
State grants and contracts	759,512	169,575	780,501	1,652,128	1,320,280
Local grants and contracts	1,483,700	645,900	689,770	640,839	823,924
Sales and services of educational activities	127,001	119,095	116,882	105,007	102,676
Sales and services of auxiliary enterprises	1,882,595	1,704,214	1,675,119	1,629,603	1,478,370
Other operating revenues	1,483,781	1,586,280	1,569,377	1,433,650	1,360,796
<b>Total Operating Revenues</b>	<b>26,937,363</b>	<b>26,017,844</b>	<b>25,245,318</b>	<b>23,456,435</b>	<b>20,271,915</b>
State appropriations	20,224,347	18,751,833	18,719,793	19,459,363	20,213,235
Property taxes	10,358,973	9,944,249	8,852,688	8,488,547	7,967,718
Investment income	628,199	426,392	129,188	176,051	439,568
<b>Total Non-Operating Revenue</b>	<b>31,211,519</b>	<b>29,122,474</b>	<b>27,701,669</b>	<b>28,123,961</b>	<b>28,620,521</b>
<b>Total Revenues</b>	<b>\$ 58,148,882</b>	<b>\$ 55,140,318</b>	<b>\$ 52,946,987</b>	<b>\$ 51,580,396</b>	<b>\$ 48,892,436</b>

	For the Fiscal Year Ended August 31,				
	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	18.88%	19.22%	17.97%	15.28%	13.87%
Governmental grants and contracts					
Federal grants and contracts	17.58%	20.31%	20.58%	19.61%	17.19%
State grants and contracts	1.31%	0.31%	1.47%	3.20%	2.70%
Local grants and contracts	2.55%	1.17%	1.30%	1.24%	1.69%
Sales and services of educational activities	0.22%	0.22%	0.22%	0.20%	0.21%
Sales and services of auxiliary enterprises	3.24%	3.09%	3.16%	3.16%	3.02%
Other operating revenues	2.55%	2.88%	2.96%	2.78%	2.78%
<b>Total Operating Revenues</b>	<b>46.32%</b>	<b>47.18%</b>	<b>47.68%</b>	<b>45.48%</b>	<b>41.46%</b>
State appropriations	34.78%	34.01%	35.36%	37.73%	41.34%
Property taxes	17.81%	18.03%	16.72%	16.46%	16.30%
Investment income	1.08%	0.77%	0.24%	0.34%	0.90%
<b>Total Non-Operating Revenue</b>	<b>53.68%</b>	<b>52.82%</b>	<b>52.32%</b>	<b>54.52%</b>	<b>58.54%</b>
<b>Total Revenues</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 35, only fiscal years 2002-2006 are available.

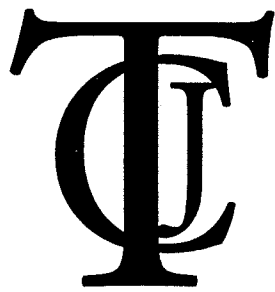
TYLER JUNIOR COLLEGE DISTRICT  
PROGRAM EXPENSES BY FUNCTION  
FISCAL YEARS 2002 TO 2006  
(UNAUDITED)

Table 3

	For the Fiscal Year Ended August 31,				
	2006	2005	2004	2003	2002
Instruction	\$ 21,503,321	\$ 20,116,719	\$ 19,578,850	\$ 19,762,849	\$ 18,204,032
Public service	795,946	851,994	754,664	890,950	556,125
Academic support	2,258,222	2,390,014	2,541,825	2,660,863	3,011,971
Student services	5,814,380	4,861,229	4,711,533	4,934,453	4,811,890
Institutional support	7,244,061	6,944,575	6,465,459	5,807,847	5,720,143
Operation and maintenance of plant	4,404,959	4,978,443	4,393,280	4,224,911	3,852,006
Scholarships and fellowships	4,291,640	4,686,891	3,551,692	3,733,966	3,131,628
Auxiliary enterprises	2,742,029	2,492,706	3,091,061	2,952,246	3,150,857
Depreciation	2,670,266	3,892,193	4,551,096	4,492,292	4,660,113
<b>Total Operating Expenses</b>	<b>51,724,824</b>	<b>51,214,764</b>	<b>49,639,460</b>	<b>49,460,377</b>	<b>47,098,765</b>
Interest on capital related debt	869,073	1,119,570	1,479,031	1,591,573	1,576,699
Write off of prior year donation	-	-	-	-	70,000
<b>Total Non-Operating Expenses</b>	<b>869,073</b>	<b>1,119,570</b>	<b>1,479,031</b>	<b>1,591,573</b>	<b>1,646,699</b>
<b>Total Expenses</b>	<b>\$ 52,593,897</b>	<b>\$ 52,334,334</b>	<b>\$ 51,118,491</b>	<b>\$ 51,051,950</b>	<b>\$ 48,745,464</b>

	For the Fiscal Year Ended August 31,				
	2006	2005	2004	2003	2002
Instruction	40.89%	38.44%	38.30%	38.71%	37.35%
Public service	1.51%	1.63%	1.48%	1.75%	1.14%
Academic support	4.29%	4.57%	4.97%	5.21%	6.18%
Student services	11.06%	9.29%	9.22%	9.67%	9.87%
Institutional support	13.77%	13.27%	12.65%	11.38%	11.73%
Operation and maintenance of plant	8.38%	9.51%	8.59%	8.28%	7.90%
Scholarships and fellowships	8.16%	8.96%	6.95%	7.31%	6.42%
Auxiliary enterprises	5.21%	4.76%	6.05%	5.78%	6.46%
Depreciation	5.08%	7.44%	8.90%	8.80%	9.56%
<b>Total Operating Expenses</b>	<b>98.35%</b>	<b>97.86%</b>	<b>97.11%</b>	<b>96.88%</b>	<b>96.62%</b>
Interest on capital related debt	1.65%	2.14%	2.89%	3.12%	3.23%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%	0.14%
<b>Total Non-Operating Expenses</b>	<b>1.65%</b>	<b>2.14%</b>	<b>2.89%</b>	<b>3.12%</b>	<b>3.38%</b>
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 35, only fiscal years 2002-2006 are available.



TYLER  
JUNIOR  
COLLEGE  
DISTRICT

Table 4

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

Academic Year (Fall)	RESIDENT Fees per Semester Credit Hour (SCH)										Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
	Registration Fee (per Student)	In-District Tuition	Out-of-District Tuition	General Education Fees	Health Service Fee	Parking Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District			
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%			
1997	10	15	30	11	-	-	322	502	0.00%	0.00%			
1996	10	15	30	11	-	-	322	502	0.00%	0.00%			



Table 4

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

Academic Year (Fall)	Registration Fee (per Student)	NON-RESIDENT Tuition		General Education Fees	Health Service Fee	Parking Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
		Out-of-State	International							
2005	15	62	62	26	30	25	1,126	1,126	5.63%	5.63%
2004	15	57	57	26	30	25	1,066	1,066	8.33%	8.33%
2003	10	51	51	26	30	20	984	984	18.70%	18.70%
2002	10	46	46	21	-	15	829	829	6.15%	6.15%
2001	10	46	46	17	-	15	781	781	22.61%	22.61%
2000	10	40	40	11	-	15	637	637	0.00%	0.00%
1999	10	40	40	11	-	15	637	637	2.41%	2.41%
1998	10	40	40	11	-	-	622	622	0.00%	0.00%
1997	10	40	40	11	-	-	622	622	0.00%	0.00%
1996	10	40	40	11	-	-	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.

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	
					Maintenace & Operations	
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
1997-98	6,582,229,166	1,592,651,834	4,989,577,332	75.80%	\$	0.122300
1996-97	6,247,177,364	1,561,998,574	4,685,178,790	75.00%	\$	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	
2005-06	15,995,148	15,659	\$ 1,021.47	3,304,816	1,090,094	4,394,910	\$ 3.64
2004-05	15,208,326	16,263	935.15	3,388,880	1,136,880	4,525,760	3.36
2003-04	15,214,997	16,303	933.26	3,402,672	1,138,976	4,541,648	3.35
2002-03	15,194,940	15,701	967.77	3,260,174	1,123,584	4,383,758	3.47
2001-02	16,327,842	14,754	1,106.67	3,038,448	1,076,582	4,115,030	3.97
2000-01	15,222,425	13,921	1,093.49	2,878,088	1,034,053	3,912,141	3.89
1999-00	15,127,137	13,988	1,081.44	2,604,944	1,338,480	3,943,424	3.84
1998-99	14,247,537	13,510	1,054.59	2,477,586	1,385,159	3,862,745	3.69
1997-98	13,724,163	13,721	1,000.23	2,527,576	1,383,828	3,911,404	3.51
1996-97	11,794,792	12,954	910.51	2,388,032	1,354,590	3,742,622	3.15

## Notes:

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

Table 7

TYLER JUNIOR COLLEGE DISTRICT  
 PRINCIPAL TAXPAYERS  
 LAST TEN TAX YEARS  
 YEARS 2001-2005  
 (UNAUDITED)

Taxpayer (1)	Type of Business	Taxable Assessed Value (TAV) by Tax Year				
		2005	2004	2003	2002	2001
Brookshire Grocery Company	Supermarkets; distribution facilities	\$ 121,885,885	\$ 102,768,239	\$ 110,463,759	\$ 103,443,849	\$ 92,146,265
Oncor Electric / TXU	Electric utility	73,318,620	70,977,210	75,757,970	78,022,760	84,063,330
Walmart/Sam's	Retail	69,145,699	47,037,901	44,266,043	34,293,190	36,541,127
Kelly Springfield Tire Company	Tire Manufacturer	65,095,085	79,769,554	88,151,758	92,860,848	106,164,994
Ransom Industries/ Tyler Pipe	Pipe manufacturer	64,036,599	71,628,617	70,991,512	66,458,141	67,764,287
Southwestern Bell Telephone	Telephone utility	59,428,191	59,428,191	104,846,328	76,664,242	67,381,251
Dayton Hudson Corp.	Retail; distribution facilities	57,982,468	63,984,486	62,172,264	46,538,542	-
Delek Refining LTD / Crown / LaGloria	Refinery	53,535,963	39,978,208	38,685,396	46,484,031	42,003,783
Simon Property Group	Commercial property	44,440,521	42,528,468	42,585,683	39,603,335	39,405,296
Eastman Chemical Company	Storage facility	44,143,960	-	-	-	-
Carrier / Tytex	Air conditioning manufacturer	-	39,016,403	41,337,720	41,905,308	41,114,762
Union Oil Company	Oil & Gas	-	-	-	-	55,876,240
Stephen C. Roosth / Roosth & Genecov	Commercial property	-	-	-	-	-
Totals		\$ 653,012,991	\$ 617,117,277	\$ 679,258,433	\$ 626,274,246	\$ 632,461,335
Total Taxable Assessed Value		\$ 7,581,634,884	\$ 7,105,492,878	\$ 6,735,187,919	\$ 6,487,875,120	\$ 5,945,343,477

TYLER JUNIOR COLLEGE DISTRICT  
 PRINCIPAL TAXPAYERS  
 LAST TEN TAX YEARS  
 YEARS 2001-2005  
 (UNAUDITED)

Taxpayer (1)	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year				
		2005	2004	2003	2002	2001
Brookshire Grocery Company	Supermarkets; distribution facilities	1.61%	1.45%	1.64%	1.59%	1.55%
Oncor Electric / TXU	Electric utility	0.97%	1.00%	1.12%	1.20%	1.41%
Walmart/Sam's	Retail	0.91%	0.66%	0.66%	0.53%	0.61%
Kelly Springfield Tire Company	Tire Manufacturer	0.86%	1.12%	1.31%	1.43%	1.79%
Ransom Industries/ Tyler Pipe	Pipe manufacturer	0.84%	1.01%	1.05%	1.02%	1.14%
Southwestern Bell Telephone	Telephone utility	0.78%	0.84%	1.56%	1.18%	1.13%
Dayton Hudson Corp.	Retail; distribution facilities	0.76%	0.90%	0.92%	0.72%	0.00%
Delek Refining LTD / Crown / LaGloria	Refinery	0.71%	0.56%	0.57%	0.72%	0.71%
Simon Property Group	Commercial property	0.59%	0.60%	0.63%	0.61%	0.66%
Eastman Chemical Company	Storage facility	0.58%	0.00%	0.00%	0.00%	0.00%
Carrier / Tytex	Air conditioning manufacturer	0.00%	0.55%	0.61%	0.65%	0.69%
Union Oil Company	Oil & Gas	0.00%	0.00%	0.00%	0.00%	0.94%
Stephen C. Roosth / Roosth & Genecov	Commercial property	0.00%	0.00%	0.00%	0.00%	0.00%
Totals		8.61%	8.69%	10.09%	9.65%	10.64%

Source: Smith and Van Zandt County Appraisal Districts

Table 7

TYLER JUNIOR COLLEGE DISTRICT  
 PRINCIPAL TAXPAYERS  
 LAST TEN TAX YEARS  
 YEARS 1996-2000  
 (UNAUDITED)

Taxpayer (1)	Type of Business	2000	1999	1998	1997	1996
Brookshire Grocery Company	Supermarkets; distribution facilities	\$ 98,816,400	\$ 90,672,177	\$ 80,220,619	\$ 75,998,506	\$ 75,998,500
Oncor Electric / TXU	Electric utility	75,517,770	74,646,750	81,135,990	77,257,020	69,730,290
Walmart/Sam's	Retail	39,634,885	-	-	-	-
Kelly Springfield Tire Company	Tire Manufacturer	107,196,941	113,853,137	125,073,184	144,561,909	144,561,909
Ransom Industries/ Tyler Pipe	Pipe manufacturer	63,966,200	62,541,899	62,388,212	68,529,972	68,529,972
Southwestern Bell Telephone	Telephone utility	66,047,405	71,425,464	68,449,922	62,019,600	60,650,250
Dayton Hudson Corp.	Retail; distribution facilities	-	-	-	-	-
Delek Refining LTD / Crown / LaGloria	Refinery	45,192,292	49,536,315	63,695,930	59,053,569	59,053,569
Simon Property Group	Commercial property	37,201,563	38,404,765	38,500,000	37,480,000	37,480,000
Eastman Chemical Company	Storage facility	-	31,966,350	48,201,333	49,931,140	49,931,140
Carrier / Tytex	Air conditioning manufacturer	42,069,835	39,618,787	-	-	-
Union Oil Company	Oil & Gas	50,465,420	33,902,010	47,298,140	39,096,370	40,551,230
Stephen C. Roosth / Roosth & Genecov	Commercial property	-	-	31,283,384	38,716,423	38,716,423
Totals		\$ 626,108,711	\$ 606,567,654	\$ 646,246,714	\$ 652,644,509	\$ 645,203,283
Total Taxable Assessed Value		\$ 5,525,561,229	\$ 5,302,078,324	\$ 4,989,577,332	\$ 4,685,178,790	\$ 4,605,643,298

TYLER JUNIOR COLLEGE DISTRICT  
 PRINCIPAL TAXPAYERS  
 LAST TEN TAX YEARS  
 YEARS 1996-2000  
 (UNAUDITED)

Taxpayer (1)	Type of Business	2000	1999	1998	1997	1996
Brookshire Grocery Company	Supermarkets; distribution facilities	1.79%	1.71%	1.61%	1.62%	1.65%
Oncor Electric / TXU	Electric utility	1.37%	1.41%	1.63%	1.65%	1.51%
Walmart/Sam's	Retail	0.72%	0.00%	0.00%	0.00%	0.00%
Kelly Springfield Tire Company	Tire Manufacturer	1.94%	2.15%	2.51%	3.09%	3.14%
Ransom Industries/ Tyler Pipe	Pipe manufacturer	1.16%	1.18%	1.25%	1.46%	1.49%
Southwestern Bell Telephone	Telephone utility	1.20%	1.35%	1.37%	1.32%	1.32%
Dayton Hudson Corp.	Retail; distribution facilities	0.00%	0.00%	0.00%	0.00%	0.00%
Delek Refining LTD / Crown / LaGloria	Refinery	0.82%	0.93%	1.28%	1.26%	1.28%
Simon Property Group	Commercial property	0.67%	0.72%	0.77%	0.80%	0.81%
Eastman Chemical Company	Storage facility	0.00%	0.60%	0.97%	1.07%	1.08%
Carrier / Tytex	Air conditioning manufacturer	0.76%	0.75%	0.00%	0.00%	0.00%
Union Oil Company	Oil & Gas	0.91%	0.64%	0.95%	0.83%	0.88%
Stephen C. Roosth / Roosth & Genesov	Commercial property	0.00%	0.00%	0.63%	0.83%	0.84%
Totals		11.33%	11.44%	12.95%	13.93%	14.01%

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 <u>August</u>	Total Tax Levy (1)	Current Tax Collections	Percent of Current Tax Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
2006	\$ 10,280,296	\$ 9,927,548	96.57%	\$ 210,029	\$ 10,137,577	98.61%
2005	\$ 9,641,489	\$ 9,518,350	98.72%	\$ 246,465	\$ 9,764,815	101.28%
2004	\$ 8,690,018	\$ 8,427,327	96.98%	\$ 218,917	\$ 8,646,244	99.50%
2003	\$ 8,237,135	\$ 8,027,180	97.45%	\$ 271,426	\$ 8,298,606	100.75%
2002	\$ 7,934,671	\$ 7,626,464	96.12%	\$ 175,596	\$ 7,802,060	98.33%
2001	\$ 7,271,155	\$ 7,004,480	96.33%	\$ 185,860	\$ 7,190,340	98.89%
2000	\$ 6,757,781	\$ 6,502,138	96.22%	\$ 176,956	\$ 6,679,094	98.84%
1999	\$ 6,484,442	\$ 6,289,444	96.99%	\$ 203,159	\$ 6,492,603	100.13%
1998	\$ 6,102,253	\$ 5,917,506	96.97%	\$ 151,438	\$ 6,068,944	99.45%
1997	\$ 5,729,974	\$ 5,653,565	98.67%	\$ 158,452	\$ 5,812,017	101.43%

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



TYLER JUNIOR COLLEGE DISTRICT  
 RATIOS OF OUTSTANDING DEBT  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

	For the Fiscal Year Ended August 31									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Other Debt</b>										
Revenue bonds	\$ 15,500,000	\$ 17,195,000	\$ 17,030,000	\$ 18,250,000	\$ 19,470,000	\$ 20,600,000	\$ 21,680,000	\$ 22,710,000	\$ 23,690,000	\$ 24,630,000
Notes	9,816,776	9,540,189	10,072,202	10,563,483	11,024,694	11,401,027	7,002,617	672,276	766,019	263,760
<b>Total Outstanding Debt</b>	<b>\$ 25,316,776</b>	<b>\$ 26,735,189</b>	<b>\$ 27,102,202</b>	<b>\$ 28,843,483</b>	<b>\$ 30,494,694</b>	<b>\$ 32,001,027</b>	<b>\$ 28,682,617</b>	<b>\$ 23,382,276</b>	<b>\$ 24,456,019</b>	<b>\$ 24,893,760</b>
<b>Total Outstanding Debt Ratios</b>										
Per Capita	\$ 120.19	\$ 130.81	\$ 137.91	\$ 152.64	\$ 167.84	\$ 183.17	\$ 171.02	\$ 145.22	\$ 158.22	\$ 167.76
Per FTSE	1,617	1,644	1,662	1,837	2,067	2,299	2,051	1,731	1,782	1,922
As a percentage of Taxable Assessed Value	0.31%	0.35%	0.38%	0.43%	0.47%	0.54%	0.52%	0.44%	0.49%	0.53%

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	
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
1998	8,076,620	1,984,496	10,061,116	940,000	1,383,463	2,323,463	4.33
1997	7,351,769	1,917,196	9,268,965	900,000	\$ 1,394,795	2,294,795	4.04

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
2005-06	210,638	\$ 6,314,962 (a)	\$ 29,980	4.8%
2004-05	204,381	5,956,332 (a)	29,143	5.3%
2003-04	196,520	5,603,323	28,513	4.9%
2002-03	188,962	5,239,072	27,726	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%
1996-97	148,386	3,901,452	26,293	6.4%

## 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 2005-2006 and 2004-2005 are preliminary

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>
Trinity Mother Frances	3,657	5.32%
East Texas Medical Center	3,217	4.68%
Brookshire's Grocery Company	2,591	3.77%
Tyler Independent School District	2,424	3.53%
Trane Co.	2,169	3.16%
Wal-Mart	1,795	2.61%
Carrier Corporation	1,300	1.89%
UT Health Center at Tyler	1,100	1.60%
Goodyear Tire & Rubber Co.	1,053	1.53%
CB&I Howe Baker	1,000	1.46%
	<hr/> <hr/> <u>16,649</u>	<hr/> <hr/> <u>24.23%</u>

Source:  
 Tyler Economic Development Council - Community Profile

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

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

	Fiscal Year				
	2005	2004	2003	2002	2001
<b>Faculty</b>					
Full-Time	248	249	243	239	241
Part-Time	233	235	207	215	235
<b>Total</b>	<b>481</b>	<b>484</b>	<b>450</b>	<b>454</b>	<b>476</b>
<b>Percent</b>					
Full-Time	51.56%	51.45%	54.00%	52.64%	50.63%
Part-Time	48.44%	48.55%	46.00%	47.36%	49.37%
<b>Staff and Administrators</b>					
Full-Time	270	283	280	280	266
Part-Time	139	180	180	172	164
<b>Total</b>	<b>409</b>	<b>463</b>	<b>460</b>	<b>452</b>	<b>430</b>
<b>Percent</b>					
Full-Time	66.01%	61.12%	60.87%	61.95%	61.86%
Part-Time	33.99%	38.88%	39.13%	38.05%	38.14%
FTSE per Full-Time Faculty	65.58	65.47	64.61	61.73	57.76
FTSE per Full-Time Staff Member	60.23	57.61	56.08	52.69	52.33
Average Annual Faculty Salary	\$ 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 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	7,477	80.36%	7,860	83.34%	7,328	76.40%	6,766	75.31%	5,701	67.46%
31-60 hours	1,163	12.50%	986	10.45%	1,576	16.43%	1,576	17.54%	2,125	25.14%
>60 hours	664	7.14%	585	6.20%	687	7.16%	642	7.15%	625	7.40%
<b>Total</b>	<b>9,304</b>	<b>100%</b>	<b>9,431</b>	<b>100%</b>	<b>9,591</b>	<b>100%</b>	<b>8,984</b>	<b>100%</b>	<b>8,451</b>	<b>100%</b>

Semester Hour Load	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Part-Time	4,297	46.18%	4,278	45.36%	4,320	45.04%	4,150	46.19%	3,823	45.24%
Full-Time	5,007	53.82%	5,153	54.64%	5,271	54.96%	4,834	53.81%	4,628	54.76%
<b>Total</b>	<b>9,304</b>	<b>100%</b>	<b>9,431</b>	<b>100%</b>	<b>9,591</b>	<b>100%</b>	<b>8,984</b>	<b>100%</b>	<b>8,451</b>	<b>100%</b>

Tuition Status	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	4,428	47.59%	4,454	47.23%	4,679	48.79%	4,290	47.75%	3,988	47.19%
Texas Resident (out-of-District)	4,527	48.66%	4,719	50.04%	4,615	48.12%	4,386	48.82%	4,200	49.70%
Non-Resident Tuition	266	2.86%	254	2.69%	297	3.10%	308	3.43%	263	3.11%
Tuition Exemption/Waiver	83	0.89%	4	0.04%	0	0.00%	0	0.00%	0	0.00%
<b>Total</b>	<b>9,304</b>	<b>100%</b>	<b>9,431</b>	<b>100%</b>	<b>9,591</b>	<b>100%</b>	<b>8,984</b>	<b>100%</b>	<b>8,451</b>	<b>100%</b>

Table 15

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

	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Gender</b>										
Female	5,476	58.86%	5,580	59.17%	5,672	59.14%	5,268	58.64%	4,931	58.35%
Male	3,828	41.14%	3,851	40.83%	3,919	40.86%	3,716	41.36%	3,520	41.65%
<b>Total</b>	<b>9,304</b>	<b>100%</b>	<b>9,431</b>	<b>100%</b>	<b>9,591</b>	<b>100%</b>	<b>8,984</b>	<b>100%</b>	<b>8,451</b>	<b>100%</b>
<b>Ethnic Origin</b>										
White	6,451	69.34%	6,713	71.18%	6,830	71.21%	6,571	73.14%	6,079	71.93%
Hispanic	1,766	18.98%	1,752	18.58%	1,815	18.92%	1,604	17.85%	1,671	19.77%
African American	884	9.50%	787	8.34%	742	7.74%	629	7.00%	516	6.11%
Asian	102	1.10%	95	1.01%	106	1.11%	95	1.06%	100	1.18%
Native American	55	0.59%	36	0.38%	49	0.51%	42	0.47%	36	0.43%
Other	46	0.49%	48	0.51%	49	0.51%	43	0.48%	49	0.58%
<b>Total</b>	<b>9,304</b>	<b>100%</b>	<b>9,431</b>	<b>100%</b>	<b>9,591</b>	<b>100%</b>	<b>8,984</b>	<b>100%</b>	<b>8,451</b>	<b>100%</b>
<b>Age</b>										
16 or younger	194	2.09%	126	1.34%	144	1.50%	118	1.31%	104	1.23%
17	490	5.27%	467	4.95%	507	5.29%	438	4.88%	432	5.11%
18	1,277	13.73%	1,361	14.43%	1,374	14.33%	1,229	13.68%	1,168	13.82%
19-21	3,609	38.79%	3,521	37.33%	3,587	37.40%	3,444	38.33%	3,254	38.50%
22-24	1,236	13.28%	1,284	13.61%	1,217	12.69%	1,163	12.95%	1,073	12.70%
25-30	1,066	11.46%	1,107	11.74%	1,132	11.80%	1,076	11.98%	991	11.73%
31-35	528	5.67%	551	5.84%	594	6.19%	520	5.79%	459	5.43%
36-50	768	8.25%	851	9.02%	870	9.07%	853	9.49%	835	9.88%
51-64	127	1.37%	149	1.58%	157	1.64%	133	1.48%	126	1.49%
65 & over	9	0.10%	14	0.15%	9	0.09%	10	0.11%	9	0.11%
<b>Total</b>	<b>9,304</b>	<b>100%</b>	<b>9,431</b>	<b>100%</b>	<b>9,591</b>	<b>100%</b>	<b>8,984</b>	<b>100%</b>	<b>8,451</b>	<b>100%</b>
<b>Average Age</b>	<b>24</b>		<b>24</b>		<b>24</b>		<b>24</b>		<b>24</b>	

Table 16

TYLER JUNIOR COLLEGE DISTRICT  
 TRANSFERS TO SENIOR INSTITUTIONS  
 2003 FALL STUDENTS AS OF FALL 2004  
 (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	1	1	0	2	0.11%
2	Lamar University Institute of Technology	9	2	0	11	0.62%
3	Midwestern State University	1	1	0	2	0.11%
4	Prairie View A&M University	4	1	0	5	0.28%
5	Sam Houston State University	35	1	0	36	2.04%
6	Stephen F. Austin State University	118	6	4	128	7.26%
7	Sul Ross State University	0	1	0	1	0.06%
8	Tarleton State University	12	0	0	12	0.68%
9	Texas A&M International University	1	0	0	1	0.06%
10	Texas A&M University - College Station	272	16	0	288	16.35%
11	Texas A&M University - Commerce	36	6	1	43	2.44%
12	Texas A&M University - Corpus Christi	6	0	0	6	0.34%
13	Texas A&M University - Galveston	3	0	0	3	0.17%
14	Texas A&M University - Kingsville	4	0	0	4	0.23%
15	Texas A&M University System Health Science Center	1	1	0	2	0.11%
16	Texas A&M University - Texarkana	0	0	1	1	0.06%
17	Texas Southern University	6	0	0	6	0.34%
18	Texas State University	47	1	1	49	2.78%
19	Texas Tech University	58	1	0	59	3.35%
20	Texas Tech University Health Science Center	1	0	0	1	0.06%
21	Texas Women's University	17	5	0	22	1.25%
22	University of Houston - University Park	12	1	0	13	0.74%
23	University of North Texas	75	3	2	80	4.54%
24	University of North Texas Health Science Center - Forth Worth	1	0	0	1	0.06%
25	University of Texas - Arlington	32	1	1	34	1.93%
26	University of Texas - Austin	66	0	0	66	3.75%
27	University of Texas - Dallas	2	1	0	3	0.17%
28	University of Texas - Permian Basin	0	1	0	1	0.06%
29	University of Texas - San Antonio	10	1	0	11	0.62%
30	University of Texas - Tyler	794	62	8	864	49.04%
31	University of Texas M.D. Anderson Cancer Center	0	1	0	1	0.06%
32	University of Texas Medial Branch Galveston	1	0	0	1	0.06%
33	West Texas A&M University	5	0	0	5	0.28%
<b>Totals</b>	<b>1,630</b>	<b>114</b>	<b>18</b>	<b>1,762</b>	<b>100.00%</b>	

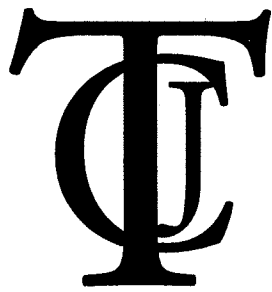
Source: The Automated Student & Adult Learner Follow-up Report from the Coordinating Board.



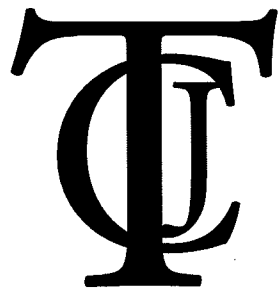
Table 17

TYLER JUNIOR COLLEGE DISTRICT  
CAPITAL ASSET INFORMATION  
FISCAL YEARS 2002 TO 2006  
(UNAUDITED)

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

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	--	\$ 194,833
Federal College Workstudy Program	84.033	--	43,616
Student Support Services Grant	84.042A	--	225,071
Federal Pell Grant Program	84.063	--	8,394,511
Pass Through From:			
Texas Education Agency			
Adult Basic Education	84.002	--	388,593
Texas Higher Education Coordinating Board			
Carl Perkins Vocational Educational Programs - Perkins Grant	84.048	64252 and 61105	789,610
Leveraging Educational Assistance Partnership Grant (LEAP and SLEAP)	84.069	--	<u>37,896</u>
Total U. S. Department of Education			<u>10,074,130</u>
U.S. Department of Labor			
Pass Through From:			
Texas Higher Education Coordinating Board			
WIA Incentive Grants - Section 503 Grants	17.267	--	<u>17,500</u>
Total U.S. Department of Labor			<u>17,500</u>
U.S. Small Business Administration (SBA)			
Pass Through From:			
Dallas County Community College District			
Small Business Development Center	59.037	--	<u>78,868</u>
Total U.S. Small Business Administration (SBA)			<u>78,868</u>
U.S. Department of Health and Human Services			
Pass Through From:			
Texas Education Agency			
Temporary Aid for Needy Families	93.558	--	<u>13,042</u>
Total U.S. Department of Health and Human Services			<u>13,042</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,183,540</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	\$10,236,670
Matching Contributions Included in Unrestricted Fund	<u>(40,130)</u>
 Total Federal Financial Assistance – Schedule E	 <u>\$10,183,540</u>

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

<u>Federal Grantor</u> <u>CFDA Number/Program Name</u>	<u>New</u> <u>Loans</u> <u>Processed</u>	<u>Administrative</u> <u>Cost</u> <u>Recovered</u>	<u>Total Loans</u> <u>Processed and</u> <u>Administrative</u> <u>Cost</u> <u>Recovered</u>
Department of Education 84.032 Federal Family Education Loan Program	<u>\$9,341,463</u>	<u>\$ -</u>	<u>\$9,341,463</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 84.002 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)	\$372,993
Literacy Council of Tyler (TANF)	12,939

TYLER JUNIOR COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 SCHEDULE F  
 FOR THE YEAR ENDED AUGUST 31, 2006

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Higher Education Coordinating Board		
Texas College Work Study	--	\$ 40,550
Certified Education Aide	--	16,040
Early High School Graduation	--	45,174
Financial Aid - LVN Nursing and Professional Nursing	--	10,793
TEXAS Grants - Initial and Renewal Funds	--	525,780
Texas Educational Opportunity Grant Program	--	73,660
Dallas County Community College District		
Small Business Development Center	--	37,358
Texas Education Agency		
Adult Basic Education	60100017110090	54,264
Temporary Aid for Needy Families	60110017110082	10,401
		<hr/>
Total Expenditures of State Awards		\$ <u>814,020</u>

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

<u>State Grantor Program Name</u>	<u>New Loans Processed</u>	<u>Administrative Cost Recovered</u>	<u>Total Loans Processed and Administrative Cost Recovered</u>
Texas Higher Education Coordinating Board Texas B-On-Time Loan Program	<u>\$31,981</u>	<u>\$ -</u>	<u>\$31,981</u>

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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  
Brandy M. Barrett, 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 business-type activities and the aggregate discretely presented component unit of the Tyler Junior College District as of and for the year ended August 31, 2006, which collectively comprise Tyler Junior College District's basic financial statements, and have issued our report thereon dated November 30, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Tyler Junior College District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2006-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2006-01.

We also noted certain additional matters that we reported to management of the Tyler Junior College District in a separate letter dated November 30, 2006.

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.

A handwritten signature in cursive script that reads "Dallis B. Morgan Peddy & Co., P.C.".

Certified Public Accountants

Tyler, Texas  
November 30, 2006

Michael Gollob, CPA-Retired  
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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, 2006. 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 item 2006-1 in the accompanying schedule of findings and questioned costs, Tyler Junior College District did not comply with requirements regarding Return of Title IV Funds that are applicable to its Student Financial Assistance Programs. Compliance with such requirements is necessary, in our opinion, for Tyler Junior College District to comply with requirements applicable to these programs.

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, 2006.

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 requirements that could have a direct

and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Tyler Junior College District's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2006-1 and 2006-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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.

*Dall B Morgan Peddy & Co., P.C.*

Certified Public Accountants

Tyler, Texas  
November 30, 2006

TYLER JUNIOR COLLEGE DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED AUGUST 31, 2006

**Section I – Summary of Auditors’ Results**

*Financial Statements*

Type of auditors’ report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified?                   yes      X   no
- Reportable condition(s) identified  
that are not considered to be  
material weaknesses?              X   yes           none reported
- Noncompliance material to financial  
Statements noted?              X   yes           no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?                   yes      X   no
- Reportable condition(s) 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
84.002	Adult Basic Education

TYLER JUNIOR COLLEGE DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED AUGUST 31, 2006

**Section I (continued)**

Dollar threshold used to distinguish  
 Between type A and type B programs:           \$305,506

Auditee qualified as low-risk auditee:           \_\_\_\_\_ yes     \_\_\_X\_\_\_ no

**Section II – Financial Statement Findings**

2006-2 Internal Control Over Restricted Funds  
 Reportable Condition: During our audit, we noted several Restricted Funds that were not reconciled or reviewed.

Effect: If the Restricted Funds are not reconciled or reviewed properly, there is a risk that the funds will be misstated, which could result in the College failing to request a draw down of funds owed to them.

Recommendation: The College should develop policies and procedures to ensure the Restricted Funds are reconciled and reviewed on at least a quarterly, if not monthly, basis.

**Section III – Federal Award Findings and Questioned Costs**

DEPARTMENT OF EDUCATION

Questioned  
Costs

REPORTABLE CONDITION

2006-1 Student Financial Assistance Programs  
 - Part of Federally Mandated Cluster  
 Statement of Condition/Criteria: Ninety instances were noted in which the return of Title IV funds was not performed within the required timeframe of no later than 30 days after the date the institution determined the student withdrew. This finding was also noted for years ended 08-31-03, 08-31-04, and 08-31-05.

Population:

	<u>Dollars</u>	<u>Number of Students</u>
Population	\$285,058	520
Sample	167,877	261
Not in Compliance	61,807	90

Questioned Costs \$61,807

Cause of Condition: Although procedures are in place to identify and return Title IV funds as required, circumstances still arise that cause the returns to be late.

Recommendation: Tyler Junior College District should revise and update procedures to identify and return Title IV funds within the required timeframe for unexpected circumstances encountered.

**REPORTABLE CONDITION**

2006-2 Internal Control Over Restricted Funds

See Section II for description.

TYLER JUNIOR COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED AUGUST 31, 2006

DEPARTMENT OF EDUCATION

FINDING 2005-1: Student Financial Assistance Programs

Condition: Seventy-six instances were noted in which the return of Title IV funds was not performed within the required timeframe of no later than 30 days after the date the institution determined the student withdrew. This finding was noted for years ended 08-31-03 and 08-31-04 also.

Recommendation: It was recommended the Tyler Junior College District revise and update procedures to identify and return Title IV funds within the required timeframe for unexpected circumstances encountered.

Current Status: The Financial Aid Office strives to identify and return Title IV funds as required. However, instances of late returns occurred in fiscal year 2006. See Finding 2006-1.



## TYLER JUNIOR COLLEGE

### CORRECTIVE ACTION PLAN

January 16, 2007

Tyler Junior College respectfully submits the following corrective action plan for the year ended August 31, 2006.

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

#### Audit period:

The findings from the August 31, 2006 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

#### FINDINGS-FEDERAL AWARD PROGRAMS AUDIT REPORTABLE CONDITIONS

##### 2006-1 Student Financial Assistance Programs

###### - Part of Federally Mandated Cluster

Statement of Condition/Criteria: Ninety instances were noted in which the return of Title IV funds was not performed within the required timeframe of no later than 30 days after the date the institution determined the student withdrew. This finding was noted for years ended 8-31-03, 8-31-04, and 08-31-05.

#### Population:

	<u>Dollars</u>	<u>Number of Students</u>	
Population	\$285,058	520	
Sample	167,877	261	
Not in Compliance	61,807	90	
Questioned Costs			\$61,807

Cause of Condition: Although procedures are in place to identify and return Title IV funds as required, circumstances still arise that cause the returns to be late.

Recommendation: Tyler Junior College District should revise and update procedures to identify and return Title IV funds within the required timeframe for unexpected circumstances encountered.

Action Taken: We concur with the recommendation and have modified the return process each year beginning with Fall, 2004. However, due to the paper-based, manual nature of the process and the lack of system



integration, each modification has not been 100% successful. The Department of Education has newly implemented a change in the timeframe of the return to 45 days rather than 30 days effective in July, 2006. We feel that this timeframe extension and the implementation of the Banner system will resolve the problematic nature of the current process and provide results to eliminate late refunds.

Implementation timeline of Corrective Measures: The Banner system will be fully functional and processing refunds beginning with Fall, 2007.

#### FINDINGS – FINANCIAL STATEMENT FINDINGS

##### 2006-2 Internal Control Over Restricted Funds

Reportable Condition: During our audit, we noted several Restricted Funds that were not reconciled or reviewed.

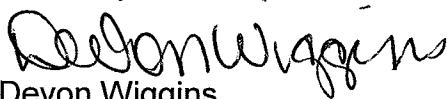
Effect: If the Restricted Funds are not reconciled or reviewed properly, there is a risk that the funds will be misstated, which could result in the College failing to request a draw down of funds owed to them.

Recommendation: The College should develop policies and procedures to ensure the Restricted Funds are reconciled and reviewed on at least a quarterly, if not monthly, basis.

Action Taken: There has been a change in the personnel responsible for the Restricted Funds. Training of the new person will be in conjunction with the review of existing policies and procedures to ensure that the Funds are reviewed by someone other than the Restricted Funds Accountant on a timely basis.

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

Sincerely,



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



Sarah Van Cleef  
Director, Business Services  
(903) 510-2569