

*NORTHEAST TEXAS COMMUNITY COLLEGE  
AND  
NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED  
AUGUST 31, 2008 AND 2007*

*PREPARED BY:*

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

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# NORTHEAST TEXAS COMMUNITY COLLEGE

P.O. Box 1307 • Mount Pleasant, Texas 75456-1307 • 903-434-8100 • Fax 903-572-6712

## Office of the President

December 12, 2008

To the Members of the Board of Trustees, Taxpayers of Camp, Morris, and Titus Counties and to the Citizens of the Northeast Texas Community College Service area:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the fiscal year 2008. A discussion and analysis of the College's financial statements provide an overview of its financial activities and condition for the fiscal year ending August 31, 2008.

This year has been marked by stability and progress. Credit enrollment remained stable at more than 2,400 fall students. Outreach services reached more than 9,000 people in our community.

Our new Presidential Honors Program began with 15 students and won major recognition for undergraduate research in its first year. This and many other instances when our students' academic performance is compared with peers validate the high quality of instruction at Northeast Texas Community College.

The college enjoys particularly strong support from our community. Scholarships are provided to area high school graduates in all three district counties. Gifts allowed a major improvement of athletic (baseball and rodeo) facilities as well as student recreational facilities including basketball courts, a volleyball court and soccer field. Public-private partnerships with the Pittsburg community resulted in the purchase and renovation of a restaurant, *Our Place at NTCC*, which will become the home of the Truitt Culinary Arts Program. The silent phase of our \$25 million capital campaign is approaching completion.

Looking forward, 2009 will be a year of great change, as the college completes a new strategic plan, embraces new leadership, and continues its proud tradition of providing an "affordable and superior education" to the people of northeast Texas.

Sincerely,

Bradley W. Johnson, Ed.D.  
President



# NORTHEAST TEXAS COMMUNITY COLLEGE

P.O. Box 1307 • Mount Pleasant, Texas 75456-1307 • 903-434-8100 • Fax 903-572-6712

Transmittal Letter

December 12, 2008

To President Johnson, Members of the Board of Trustees, and Citizens of Northeast Texas Community College:

*The comprehensive annual financial report of Northeast Texas Community College District (College) for the fiscal year ended August 31, 2008 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Northeast Texas Community College. To the best of our knowledge, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included.*

## COMPARATIVE FINANCIAL STATEMENTS

The 2008 audit report contains comparative data for the last two fiscal periods. According to GASB, *this ensures that financial information will be available at a glance to financial statement users.* A Management's Discussion and Analysis is provided below in three segments:

1. A brief discussion of the basic financial statements,
2. Condensed comparative financial information, and
3. Analysis of the college's overall financial position and results of operations.

Segment 2, *Condensed comparative financial information* contains the following required elements:

- a. Total assets, distinguishing between capital and other assets
- b. Total liabilities, distinguishing between long-term liabilities and other liabilities
- c. Total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts
- d. Operating revenue by major source
- e. Operating expenses by function
- f. Non-operating revenues and expenses
- g. Income before other revenues, expenses, gains, and losses
- h. Capital contributions
- i. Contributions to term and permanent endowments
- j. Other contributions
- k. Special and extraordinary items
- l. Changes in net assets
- m. Ending net assets

We hope this Comprehensive Annual Financial Report (CAFR) presentation will help the reader better understand the overall financial status of the College as of August 31, 2008.

The comprehensive annual financial report is presented in four sections:

*Introductory section* includes the President's Letter, this transmittal letter, the College's principal officials and an organization chart.

*The Financial section* includes the report of independent accountants, the management discussion and analysis, the basic financial statements, notes to financial statements and required supplemental information, and supplemental financial information.

*The Statistical section* includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

*The Single Audit section* includes the annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, Non-Profit Organizations and the Uniform Grants Management Standards* issued by the State of Texas. Information related to this single audit, including the schedule of federal and state financial assistance and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit section of this report.

## MISSION, VISION, AND STANDARDS

### *Mission of NTCC*

*Northeast Texas Community College exists to give students an affordable and superior education. The College strives to enhance access to higher education and offer programs that support personal, cultural, and economic development. It resolves to provide open admissions, equal opportunity, and wide-ranging educational service in the community.*

### **NTCC as the College of Choice**

- We, the trustees, staff and administrators, have dedicated ourselves to providing excellence in service in support of our faculty and students.
- We provide our students the warmth and caring that embodies an idyllic East Texas family life, a campus home away from home.
- We challenge our students to commit themselves in their endeavor to make a positive difference; in their family and in the community to which they belong.
- We support our faculty members with superior instructional and technological equipment and materials to enhance their academic teaching.
- We concentrate on teaching our students self-responsibility and accountability in the choices that THEY make.
- We build our students' strength and integrity when faced with life's day-to-day challenges through encouraging words and appropriate actions.
- We excel in offering quality teaching and resulting education through continued training and self-education.

### **NTCC as the College for Learning**

- As the College of choice, we provide programs that lead to associate degrees or certificates to ANYONE who craves to learn.
- We provide vocational programs leading directly to employment in semi-skilled and skilled occupations.
- We offer continuing adult education programs for occupational upgrading and cultural awareness.
- We promote the integration of physical, mental, and emotional wellness as an important aspect of student development.

### **NTCC as the College Standard for Commerce**

- We continue to reach out to increase articulation with other area school districts and higher education institutions.
- We acknowledge external changes and challenges identified by business, public agencies, and research data to train and prepare our students for employment.
- We continue to strengthen and develop student life-long research skills for the continuous accumulation of knowledge and skills.



## ORGANIZATION OF COLLEGE

Northeast Texas Community College District was established as a public community college in an election held in Camp County, Morris County, and Titus County, Texas, in 1984. The District operates as a community college district under the laws of the State of Texas. The District is governed by a seven-member Board of Trustees elected at-large by place.

Northeast Texas Community College's campus is located approximately six miles southeast of Mt. Pleasant, Titus County, Texas. Classes are offered at alternate sites in Camp, Morris, Franklin, Red River, Titus, Upshur, and Wood Counties. The College provides associate, vocational, and continuing education courses.

## ECONOMIC CONDITION AND OUTLOOK

Northeast Texas Community College is situated in northeast Texas. The taxing district of the College includes the counties of Camp, Morris, and Titus. Each of these counties has provided an increasing tax base for the last three years. The three-county certified tax appraisals have increased 33% percent in the last three years and 9% percent in the last year. The largest cities in the three counties are Mount Pleasant, Pittsburg, and Daingerfield. These cities are also the county seats of their respective counties.

The diverse economic base of Titus County has a positive impact on employment while providing the entire area with a growing, stable economic foundation. Titus County boasts two electric power-generating plants, which supply electricity to major Texas metropolitan areas. In addition to producing electricity, poultry growing and processing, lignite coal mining, sulphur processing, timber harvesting, agri-business manufacturing, utility trailer building along with the fabrication and construction of home decorative items contribute to the local tax base. Other factors contributing to our growth are the accredited 165 bed Titus Regional Medical Center staffed with over 70 doctors of varying specialties; banking; retail establishments; local, state, and federal government offices; and Northeast Texas Community College, which is centrally located in the district with an enrollment of approximately 2,400 credit students each semester, and has customized staff and training capabilities to serve the training needs of our local businesses and industry. Recent additions to the tax base include a new corporate headquarters for Pilgrims Pride, Inc.

The unemployment rate in our three counties range from 4.7%% to 6.3% while the national average was 6.7%. However, one of our largest employers and top ten tax payers has recently filed for Chapter 11 bankruptcy. We cannot determine at this time when and if they will emerge from bankruptcy. If they are unsuccessful in their re-organization efforts, we believe it could have significant detrimental effect on the revenues and cash flows of the college.

The following table illustrates enrollments over the last five years using fall figures:

	<u>Fall 2004</u>	<u>Fall 2005</u>	<u>Fall 2006</u>	<u>Fall 2007</u>	<u>Fall 2008</u>
<u>Enrollment</u>					
Students in Credit Courses	2,473	2,507	2,409	2,458	2,448
Full-time Equivalents	1,880	1,874	1,804	1,814	1,866
<u>Total Credit Hours</u>	<u>24,287</u>	<u>23,928</u>	<u>22,893</u>	<u>22,588</u>	<u>24,431</u>
Students in Continuing Education Courses	381	202	302	198	304

## MAJOR INITIATIVES

During the past year, the college has continued to increase educational opportunities for citizens in the service area of the college. Programs and services have been expanded.

**Enrollment** - NTCC continues to show steady enrollment. Credit enrollment in the summer and fall 2008 year is relatively flat when compared to the same period for the year in 2007 yet contact hours have increased as students are increasing the number of classes they are taking.

**Presidential Scholars** - The College started a Presidential Scholars program that offers competitive scholarships to outstanding students. Presidential Scholars at NTCC receive a full scholarship that includes tuition, fees, textbooks, room, board and other amenities. The first 15 Presidential Scholars were admitted to the program for the fall 2007 semester. The program has been a great success with some of the students winning awards. The program is in its second year with 23 participants, 8 returning and 15 new.

**Carroll Shelby Automotive Program** - In 2008 the Foundation received a significant commitment from Mr. Carroll Shelby to help the college build a world-class automotive program. The funding will assist in the hiring a director position, an additional faculty member and will provide full ride scholarships for students who participate in the program. The college is in an active search for the director who will be responsible for further developing our automotive programs.

**Julia Truitt Culinary Arts and Hospitality Management Program** - In 2008, the Foundation received an anonymous gift that allowed for the purchase of a fully equipped restaurant in Camp County. The college has subsequently hired a Director to expand the Culinary Arts curriculum and provide hands-on experiences for students.

**Biodiesel Program** - The College received a \$500,000 congressional appropriation to develop educational and outreach programs for biodiesel production and applications.

**RAMA Grant** - The College, in partnership with two other area community colleges, received a grant for \$1,264,845 from the Texas Workforce Commission Skills Development Fund Program. This grant will establish a Regional Advanced Manufacturing Academy to design and implement customized job training projects to meet the needs of area businesses.

**Capital Campaign** - The Foundation continues to make progress towards meeting its goal of raising \$25 million in additional funds by the college's 25<sup>th</sup> anniversary. Current projections indicate we will exceed this goal.

## **GENERAL FINANCIAL REPORTING**

The College is considered to be a "*special purpose, primary government engaged only in business-type activities*" (BTA). The financial statements are presented in a single column entity-wide format.

The College maintains its accounts and prepares its financial statements in accordance with accounting principles generally accepted in the United States (GAAP) as set forth by Governmental and Financial Accounting Boards (GASB and FASB), Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

The College's financial statements are prepared using the economic resources Measurement Focus and Basis of Accounting (MFBA). This provides more useful information about the long-term effects of short-term decisions, primarily by including the cost of consuming the capital assets used in providing services. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record-keeping requirements of these entities, the College is not a component unit of any other governmental entity.

**Internal Control:** The College has initiated documentation of the day-to-day paperwork process in the business and payroll offices by use of flow charts. These charts basically show that major functions are crosschecked and done by different staff for internal control. The threshold for capital equipment is \$5,000. Assets purchased above the threshold amount are tagged and recorded as capital assets. Computer assets valued at less than \$5,000 but that have a useful life of at least three years are also tagged regardless of cost. These controls are designed to provide reasonable, but not absolute, assurance that adequate controls are in place. Additionally, these internal structures are set-up to protect the assets of the College, prevent loss from theft or misuse and to provide that adequate accounting data are available in the preparation of financial statements.

**Budgeting Controls.** The implementation of the Direct Purchasing System (DPS) module of the POISE System during the summer and fall of 2003 restricts any requisition from being initiated by department users without the availability of a line item budget. Budget transfers have to be initiated and approved by College administrators. Outstanding purchase orders lapse at year-end. Departments are notified early in the fiscal year about the year-end process for planning and control. These budgetary controls ensure compliance with the legal provisions in the annual appropriated budget that was approved by the College's Board of Trustees.

#### DEBT ADMINISTRATION

The College has \$4,000,000 in revenue bonds outstanding with an average coupon (interest) rate of 4.19%.

The College has \$14,924,380 of outstanding Tax and Revenue bonds with stated interest rates that range from 2.5% to 6.15%. The bonds require the Board of Trustees to annually levy ad valorem taxes and tuition, fee and other revenues which will be sufficient to raise and produce the money required to pay interest and principal on the bonds as they mature.

The College has various other notes and leases payable totaling \$228,606 with interest rates ranging from 3.95% to 4.55% and primarily secured by vehicles and equipment used in the daily operations of the College.

#### CASH MANAGEMENT

Temporarily available cash during the year was invested with Lone Star investment Pool administered by the Texas Association of School Boards. The average yield on investments was 2.259% percent.

The College's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The College did not have any investments that are required to be categorized in "Credit Risk Categories" in compliance with GASB Statement Number Three.

#### LONG TERM FINANCIAL PLANNING

The College is in the process of updating its strategic plan that will guide us for the next five year period. Once the strategic plan is completed this spring, a long term financial plan will be developed to support the goals and objectives of the College. The strategic plan will be a fluid document and will be subject to updates on a regular basis with corresponding changes in the financial plan.

## RISK MANAGEMENT

The College has developed a complete insurance program to protect against the risk inherent with the operation of a college and a public entity. This includes various policies protecting public officials, administrators, instructional personnel, law enforcement personnel, automobile liability, building and content liability, injuries in building premises, on the job, and other policies. These policies are underwritten by nationally known and rated insurers. Efforts are routinely made to make all employees aware of policies, regulations, and matters related to safety to help minimize exposure to the risks associated with College operations.

## INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Wilf and Henderson, PC from Texarkana, Texas was selected by the College's Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133.


## AWARDS AND ACHIEVEMENTS

For the eleventh consecutive year, the Government Finance Officers Association of the United States and Canada awarded the College and its Foundation the Certificate of Achievement for Excellence in Financial Reporting. The college received this prestigious award because its comprehensive annual financial reports achieve the highest standards in government accounting and financial reporting. Although the certificate was presented to the college, it was earned primarily by the staff of the Administrative Services department.

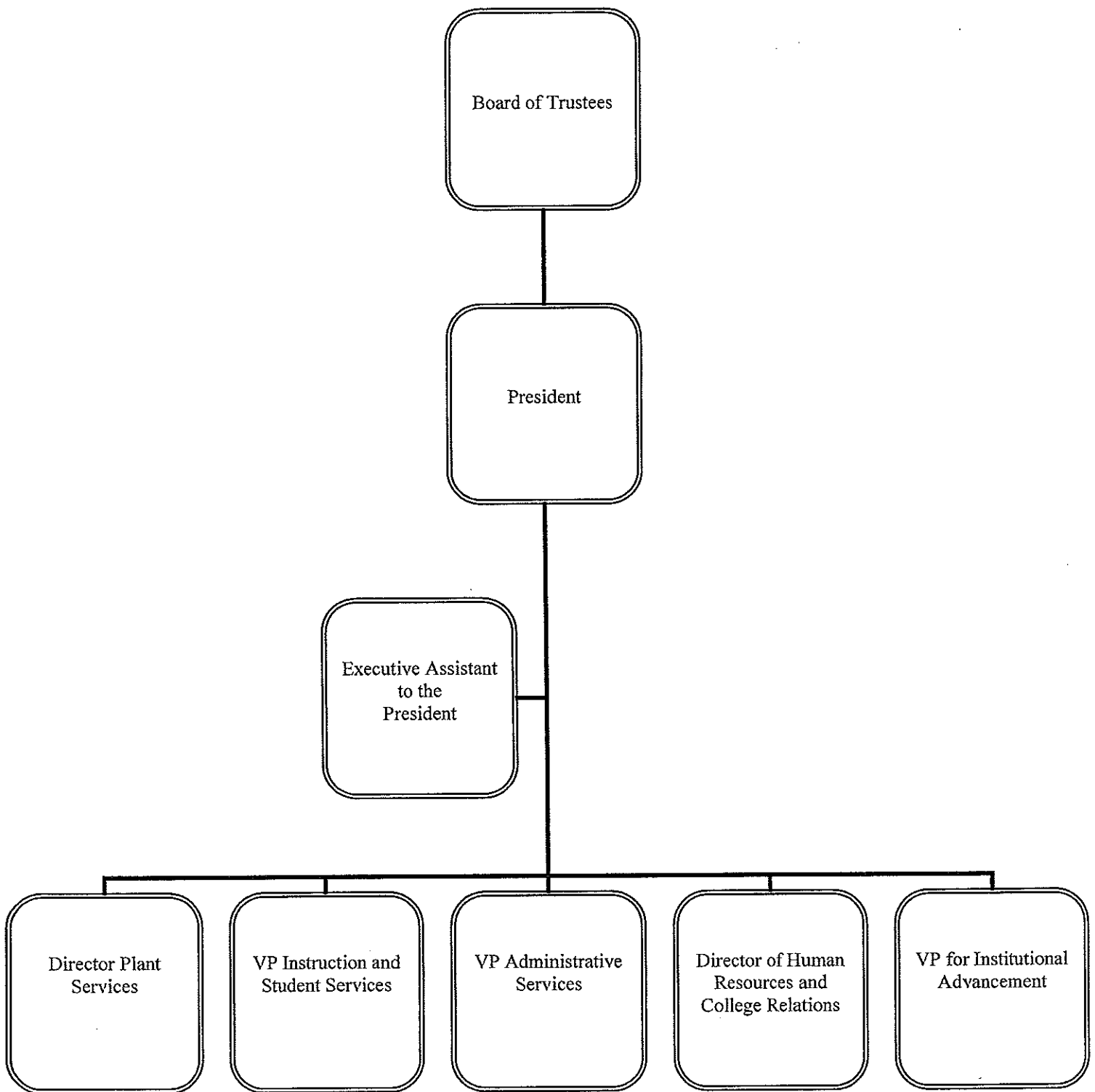
## ACKNOWLEDGMENTS

The preparation of the comprehensive annual financial report on a timely basis was made possible by the hard work and diligence of many college employees. Particularly, we commend the staff in the Business Office, under the controllership of Ms. Jaci Merritt, who worked many long days and nights. We would also like to thank the accounting firm of Wilf & Henderson, PC, for their assistance and timely completion of the audit.

Respectfully submitted,



M/ Beth Thompson, CPA  
Vice President for Administrative Services



Northeast Texas Community College  
Mt. Pleasant, Texas

**Board of Trustees**

Dr. Dan McCauley	Board President
Mr. Chuck Johns	Board Vice President
Mr. Sid Greer	Board Secretary
Mr. Bill Priefert	
Mr. John Bryan	
Mrs. Latrel McCallum	
Mr. Jerry Massey	

**President's Cabinet**

Dr. Brad Johnson	President
Dr. Herbert Riedel	Vice President for Instruction and Student Development
Dr. Jonathan McCullough	Vice President for Institutional Advancement
Ms. M. Beth Thompson	Vice President for Administrative Services

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Northeast Texas  
Community College

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
August 31, 2007

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



President

Executive Director

***INDEPENDENT AUDITORS' REPORT***



*Independent Auditors' Report*

*December 10, 2008*

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

*Members of the Board:*

We have audited the statements of net assets of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of August 31, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets and statements of cash flows for the years then ended. These financial statements are the responsibility of Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.


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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of August 31, 2008 and 2007, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2008 on our consideration of Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis information on pages 3-9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Northeast Texas Community College and Northeast Texas Community College Foundation Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and State of Texas Uniform Grant Management Standards*, and are not a required part of the financial statements. The Supplemental Schedules are likewise presented for purposes of additional analysis and are not a required part of the financial statements. These additional schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The Statistical Supplemental Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

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

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

This section of Northeast Texas Community College's Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during fiscal years ending 2006, 2007 and 2008. Since this management's discussion and analysis is designed to focus on current activities, resulting change, decisions or conditions of facts, please read it in conjunction with the transmittal letters (pages ii-vii), the College's basic financial statements (pages 10-15) and the footnotes (pages 16-36). The College endeavors to present an objective and easily readable analysis of the overall financial activities to students and the public. Responsibility for the completeness and fairness of this information rests with the College.

### **Using This Annual Report**

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

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

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

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

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

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

#### **Statement of Net Assets For the Years Ended August 31, 2008, 2007 and 2006**

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b><u>Assets</u></b>			
Current	\$ 2,836,299	\$ 3,030,956	\$ 3,626,002
Net Capital Assets	24,582,547	24,616,985	24,715,933
Other Non-Current	<u>3,322,414</u>	<u>3,695,472</u>	<u>3,354,824</u>
Total Assets	\$ 30,741,260	\$ 31,343,413	\$ 31,696,759
<b><u>Liabilities</u></b>			
Current	3,738,181	3,677,955	4,175,160
Non-Current	<u>17,750,122</u>	<u>18,309,577</u>	<u>18,716,585</u>
Total Liabilities	21,488,303	21,987,532	22,891,745
<b><u>Net Assets</u></b>	<u>\$ 9,252,957</u>	<u>\$ 9,355,881</u>	<u>\$ 8,805,014</u>

The definition of current assets means the ability of the College to pay obligations out of the proceeds of current operations. The total assets include the College's capital assets (net of depreciation). The capital assets include buildings, facilities and other improvements, furniture, machinery, vehicles and other equipment, and telecommunications and peripheral equipment. In determining the net capital assets, the College went into considerable detail in identifying the historical costs and the net accumulated depreciation of each asset category based on its useful life and residual values. In following the above guidelines, the College can provide more useful information about the long-term effects of short-term decisions, primarily by including the cost of consuming the capital assets used in providing services.

Net assets are divided into three major categories:

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

As of August 31, 2008, 2007 and 2006, the College's net assets were \$ 9,252,957, \$ 9,355,881 and, \$8,805,014 respectively. From the data presented, readers of the Statement of Net Assets are able to determine the Net Assets available to continue the operations of the institution. They are also able to determine how much the College owes vendors, investors and lending institutions.

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

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

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

**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Years Ended August 31, 2008, 2007 and 2006**

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>SUMMARY OF REVENUES AND EXPENSES</b>			
Total, Operating Revenues	\$ 9,445,421	\$ 9,358,108	\$ 9,090,311
Total, Operating Expenses	<u>17,832,737</u>	<u>17,223,209</u>	<u>16,234,872</u>
Total, Operating (Loss)	(8,387,316)	(7,865,101)	(7,144,561)
 Net Non-Operating Revenues	 8,284,392	 8,064,375	 7,451,909
 Capital Contributions	 -	 351,593	 320,000
 Increase (Decrease) in Net Assets	 (102,924)	 550,867	 627,348
 Net Assets at Beginning of Year	 <u>9,355,881</u>	 <u>8,805,014</u>	 <u>8,177,666</u>
 Net Assets - End of Year	 <u><u>\$ 9,252,957</u></u>	 <u><u>\$ 9,355,881</u></u>	 <u><u>\$ 8,805,014</u></u>

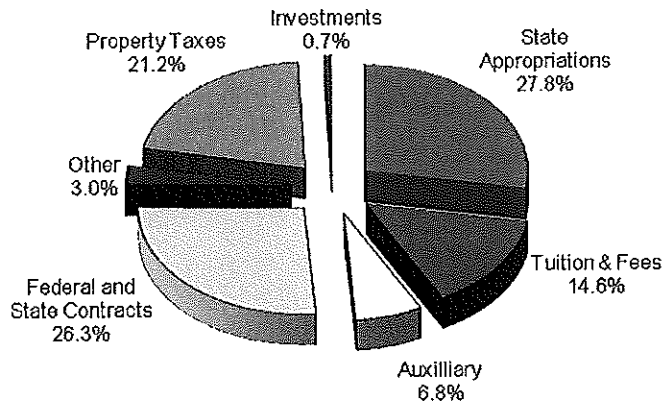
**Operating and Non-Operating Revenues**

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

**Revenues: Operating and Non-Operating**  
**For the Years Ended August 31, 2008, 2007 and 2006**

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating Revenues:			
Net tuition and fees	\$ 2,730,822	\$ 2,808,248	\$ 2,672,106
Federal grants and contracts	4,578,551	4,457,694	4,341,657
State grants and contracts	346,967	303,909	574,001
Non-governmental grants and contracts	130,753	115,822	99,802
Sales and services of educational activities	31,999	34,902	23,052
Net auxiliary enterprises	1,213,794	1,223,905	1,039,537
Other operating revenues	<u>412,535</u>	<u>413,628</u>	<u>340,156</u>
Total, Operating Revenues	<u>9,445,421</u>	<u>9,358,108</u>	<u>9,090,311</u>
 Net Non-Operating Revenues:			
State appropriations	5,215,543	5,113,281	4,998,581
Property taxes	3,967,416	3,867,806	3,345,281
Investment and other Income	124,968	167,812	57,019
Contributions	-	-	147,589
Total, Non-Operating Revenues	<u>9,307,927</u>	<u>9,148,899</u>	<u>8,548,470</u>
Capital Contributions	-	351,593	320,000
Total Revenues, Operating and Non-Operating	<u><u>\$ 18,753,348</u></u>	<u><u>\$ 18,858,600</u></u>	<u><u>\$ 17,958,781</u></u>

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



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

- Net tuition and fee revenues decreased \$77,426 as a result of increased grant and scholarship allowances as well as reduced continuing education revenues.
- Federal grants and contracts increased \$128,857 primarily as a result of increased U.S. Department of Labor grants net of decreases in U.S. Department of Health and Human Services grants.
- The Northeast Texas Community College Foundation, as a component of the College, contributed a total of \$262,853 in scholarships for 384 students.
- Property taxes increased \$99,610 primarily as a result of increased increases in the taxable value of properties in the tri-county area.
- Investment and other income decreased \$42,844 as a result of lower market rates for short term investments.

In comparing the fiscal periods ended August 31, 2007 and 2006:

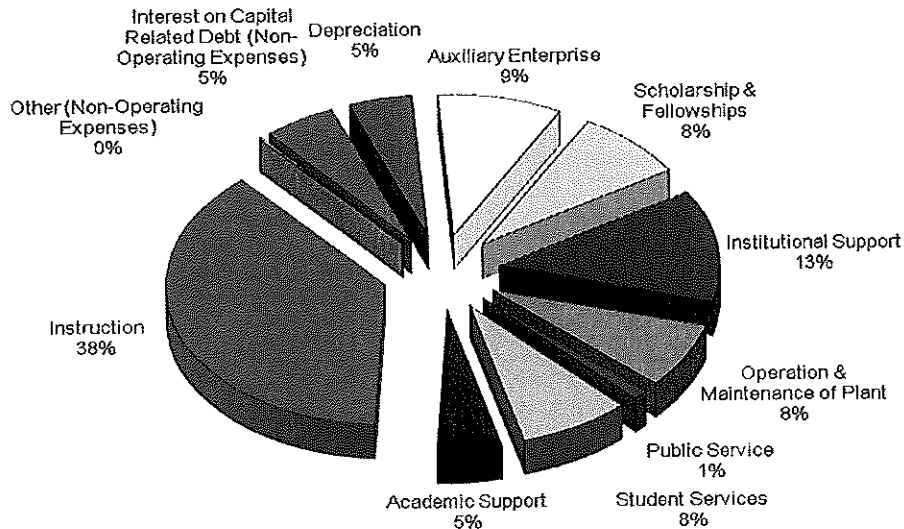
- Net tuition and fee revenues increased \$136,142 due to an increase in amounts charged.
- Federal grants increased by \$116,037 primarily as a result of the addition of the Academic Competitiveness Grant in the amount of \$76,237.
- The Northeast Texas Community College Foundation, as a component of the College, contributed a total of \$297,621 in scholarships for 340 students.
- Net revenue from Auxiliary Operations increased by \$184,368 primarily as a result of the refunding of bonds that historically had pledged revenues from housing fees.
- Property tax revenues increased \$522,525 primarily as a result of increases in the taxable value of properties in the tri-county area.
- Contributions in the amount of \$351,593 were received this year through the foundation to offset the cost of building the Hansen-Sewell Center parking facility and outdoor park.

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

**Expenses: Operating and Non-Operating  
For the Years Ended August 31, 2008, 2007 and 2006**

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating Expenses:			
Instruction	\$ 7,010,483	\$ 6,653,768	\$ 6,561,461
Public service	304,941	295,839	376,344
Academic support	917,229	884,371	759,418
Student services	1,496,809	1,678,155	1,523,805
Institutional support	2,488,991	2,257,954	2,078,964
Operation and maintenance of plant	1,429,482	1,347,323	1,366,895
Scholarship & fellowships	1,545,616	1,526,241	1,340,710
Auxiliary enterprise	1,738,130	1,696,651	1,505,817
Depreciation	901,056	882,907	721,458
Total, Operating Expenses	<u>17,832,737</u>	<u>17,223,209</u>	<u>16,234,872</u>
Non-Operating Expenses:			
Interest on capital related debt	999,311	1,059,870	1,078,410
Other non-operating expenses	24,224	24,654	18,151
Total, non-operating expenses	<u>1,023,535</u>	<u>1,084,524</u>	<u>1,096,561</u>
<b>Total Expenses, Operating and Non-Operating</b>	<b><u>\$ 18,856,272</u></b>	<b><u>\$ 18,307,733</u></b>	<b><u>\$ 17,331,433</u></b>

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





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

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

In comparing the fiscal periods ended August 31, 2007 and 2006:

- Instruction expense increased \$92,307 primarily as a result of increased salary cost for new positions as well as salary increases.
- Student services increased \$154,350 primarily as a result of increased positions, salary increases, and purchase of non-capital assets.
- Institutional support expenses increased \$178,990 due to increased tax collection fees, credit card processing fees, increased salaries and wages and travel expenses.
- Scholarships and fellowships increased \$185,531 due to the new Federal Academic Competitiveness Grant and an increase in Foundation awards.
- Auxiliary enterprises expense increased \$190,834 as a result of increases in cost of sales for textbooks in the College Store and increased salary costs.
- Depreciation expense increased \$161,449 as a result of a full year of depreciation on new buildings put into service in fiscal year ended 2006.

#### Analysis of Net Assets

Total Net Assets of \$ 9,252,957 comprised of the investment in capital assets net of related debt of \$7,654,270 reserve for debt service of \$807,831. The debt service reserve is set-aside in the event the pledge revenues in interest and sinking fund are not sufficient to pay the debt service payment in the future. The unrestricted net of \$790,856 is the inception-to-date net of current and non-current revenues and expenses.

Net Assets			
For the Years Ended August 31, 2008, 2007 and 2006			
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Investment in Capital Assets, Net of Related Debt	\$ 7,654,270	\$ 7,531,961	\$ 7,219,657
Restricted for debt service	807,831	789,746	607,662
Temporarily Restricted	-	1,359	608
Unrestricted	<u>790,856</u>	<u>1,032,815</u>	<u>977,087</u>
Total Net Assets	<u>\$ 9,252,957</u>	<u>\$ 9,355,881</u>	<u>\$ 8,805,014</u>

#### Long Term Debt

In the fiscal period ended August 31, 2007, the College entered into a 4.45% capital lease payable to a bank and secured by equipment. The lease is payable over a five-year period. The College has revenue bonds, general obligation bonds and other notes payable for which contractual payments have been made in the fiscal periods ended August 31, 2008 and 2007.

## **Capital Assets**

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

In the fiscal period ended August 31, 2007, the College expended approximately \$107,000 in general revenue bond funds to purchase land adjacent to the college. The foundation funded the construction of a parking facility and park at the Hansen Sewell Outreach center in the amount of approximately \$253,000. The College expended approximately \$98,000 of operating funds to build a concession and restroom facility at our rodeo arena.

## **Statement of Cash Flows**

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

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

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

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

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

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

## **Financial Condition and Outlook**

The college had unanticipated major repairs late in the current year that resulted in reducing our fund balance approximately \$250,000. We believe we will be able to recover these amounts in the next two fiscal years and continue to increase our fund balance.

Given the current economy, we anticipate continued downward pressure on our ability to earn interest on our temporary investments. We also anticipate a reduction in collected tax revenues over the next two to three years as a result of the Chapter 11 bankruptcy filing of one of our 10 largest tax payers, Pilgrim's Pride. We anticipate adjusting our ongoing operating spending to compensate for these reduced revenues. We cannot determine at this time when and if they will emerge from bankruptcy. If they are unsuccessful in their re-organization efforts, we believe it could have significant detrimental effect on the revenues and cash flows of the college. Continued unemployment growth is anticipated in the near future. This may lead to some increases in enrollment as higher education is counter cyclical to the economy at times.

*FINANCIAL STATEMENTS*

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**EXHIBIT 1**  
**STATEMENTS OF NET ASSETS**  
**August 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$ 967,332	\$ 1,241,748
Accounts receivable (Note 10)	907,700	907,383
Inventories	362,673	375,848
Prepaid expense	139,928	177,874
Due from component unit	458,666	328,103
<b>Total Current Assets</b>	<u>2,836,299</u>	<u>3,030,956</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 4)	1,095,723	2,273,376
Restricted short-term investments (Note 4)	1,733,234	889,758
Notes receivable (net of allowance for doubtful accounts of \$72,288, 2008 and \$70,427, 2007)	-	9,420
Deferred charges	442,475	468,826
Other assets	50,982	54,092
Capital assets, net of accumulated depreciation (Note 6)	24,582,547	24,616,985
<b>Total Noncurrent Assets</b>	<u>27,904,961</u>	<u>28,312,457</u>
<b>Total Assets</b>	<u>30,741,260</u>	<u>31,343,413</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable (Note 10)	367,634	329,944
Accrued liabilities (Note 10)	91,214	78,761
Accrued compensated absences (Note 9)	59,133	71,060
Deposits payable (Note 10)	84,995	80,089
Funds held for others	78,093	101,892
Deferred revenues	1,605,137	1,520,662
Notes and leases payable - current portion (Note 7)	175,516	121,849
Unamortized premium - current portion (Note 7)	49,111	170,743
Bonds payable - current portion (Note 7)	1,227,348	1,202,955
<b>Total Current Liabilities</b>	<u>3,738,181</u>	<u>3,677,955</u>
<b>Noncurrent Liabilities</b>		
Bonds payable (Note 7)	17,697,031	18,080,971
Notes and leases payable (Note 7)	53,091	228,606
<b>Total Noncurrent Liabilities</b>	<u>17,750,122</u>	<u>18,309,577</u>
<b>Total Liabilities</b>	<u>21,488,303</u>	<u>21,987,532</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	7,654,270	7,531,961
Restricted for		
Expendable		
Debt service	807,831	789,746
Temporarily	-	1,359
Unrestricted	790,856	1,032,815
<b>Total Net Assets</b>	<u>\$ 9,252,957</u>	<u>\$ 9,355,881</u>

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

**NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.**  
**COMPONENT UNIT**  
**STATEMENTS OF NET ASSETS**  
**August 31, 2008 and 2007**

<b>ASSETS</b>	<b>2008</b>	<b>2007</b>
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$ 122,724	\$ 272,780
Investments (Note 4)	2,155,487	1,754,331
Accounts receivable (Note 10)	552,628	402,462
<b>Total Current Assets</b>	<b>2,830,839</b>	<b>2,429,573</b>
<b>Noncurrent Assets</b>		
Long - term investments (Note 4)	1,134,541	1,440,803
Property, plant, and equipment, net of accumulated depreciation (Note 6)	548,157	160,374
Other assets	41,250	41,250
<b>Total Noncurrent Assets</b>	<b>1,723,948</b>	<b>1,642,427</b>
<b>Total Assets</b>	<b>4,554,787</b>	<b>4,072,001</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable (Note 10)	7,731	420
Deferred revenue	256,574	187,088
Due to Northeast Texas Community College	458,666	328,103
<b>Total Current Liabilities</b>	<b>722,971</b>	<b>515,611</b>
<b>Total Liabilities</b>	<b>722,971</b>	<b>515,611</b>
<b>Net assets:</b>		
<b>Restricted</b>		
Nonexpendable:		
Permanently	1,320,902	1,398,890
Expendable:		
Temporarily	1,942,272	2,006,593
Unrestricted	568,642	150,907
<b>Total Net Assets</b>	<b>\$ 3,831,816</b>	<b>\$ 3,556,390</b>

The accompanying notes are an integral part of these financial statements.

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**EXHIBIT 2**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Years Ended August 31, 2008 and 2007**

<b>REVENUES</b>	<b>2008</b>	<b>2007</b>
<b>Operating Revenues</b>		
Tuition and fees (net of grant and scholarship allowances of \$ 1,710,057, 2008 and \$ 1,650,408, 2007)	\$ 2,730,822	\$ 2,808,248
Federal grants and contracts	4,578,551	4,457,694
State grants and contracts	346,967	303,909
Non-Governmental grants and contracts	130,753	115,822
Sales and services of educational activities	31,999	34,902
Auxiliary enterprises (net of grant and scholarship allowances of \$542,703, 2008 and \$471,108, 2007 )	1,213,794	1,223,905
Other operating revenues	412,535	413,628
<b>Total Operating Revenues (Schedule A)</b>	<b>9,445,421</b>	<b>9,358,108</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Instruction	7,010,483	6,653,768
Public service	304,941	295,839
Academic support	917,229	884,371
Student services	1,496,809	1,678,155
Institutional support	2,488,991	2,257,954
Operation and maintenance of plant	1,429,482	1,347,323
Scholarships and fellowships	1,545,616	1,526,241
Auxiliary enterprises	1,738,130	1,696,651
Depreciation	901,056	882,907
<b>Total Operating Expenses (Schedule B)</b>	<b>17,832,737</b>	<b>17,223,209</b>
<b>Operating Income (Loss)</b>	<b>(8,387,316)</b>	<b>(7,865,101)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State allocations	5,215,543	5,113,281
Ad-valorem taxes		
Taxes for maintenance & operations	2,853,799	2,683,663
Taxes on general obligations bonds	1,113,617	1,184,143
Investment income (net of investment expenses)	124,968	167,812
Contributions	-	-
Interest on capital related debt	(999,311)	(1,059,870)
Other non - operating expenses	(24,224)	(24,654)
<b>Net non-operating revenues (Schedule C)</b>	<b>8,284,392</b>	<b>8,064,375</b>
<b>Capital Contributions</b>	<b>-</b>	<b>351,593</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(102,924)</b>	<b>550,867</b>
<b>Net Assets - Beginning of Year</b>	<b>9,355,881</b>	<b>8,805,014</b>
<b>Net Assets - End of Year</b>	<b>\$ 9,252,957</b>	<b>\$ 9,355,881</b>

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

**NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.**  
**COMPONENT UNIT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Years Ended August 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Operating Revenues		
Federal Grants and Contracts	\$ 769,164	\$ 879,110
State Grants and Contracts	715,179	588,765
Local Grants and Contracts	335,968	273,259
Total Operating Revenues	<u>1,820,311</u>	<u>1,741,134</u>
<b>EXPENSES</b>		
Operating Expenses		
Public Service	1,977,768	2,116,714
Scholarships	262,853	373,340
Depreciation	25,186	5,057
Total Operating Expenses	<u>2,265,807</u>	<u>2,495,111</u>
Operating Income (Loss)	<u>(445,496)</u>	<u>(753,977)</u>
Non-Operating Revenues (Expenses)		
Investment income	201,199	82,583
Net non-operating revenues	<u>201,199</u>	<u>82,583</u>
Income (Loss) Before Other Revenues, Expenses, Gains, Losses	<u>(244,297)</u>	<u>(671,393)</u>
<b>OTHER REVENUES, (EXPENSES), GAINS, LOSSES</b>		
Additions to Endowments	145,119	164,400
Gains (losses) on investments	(237,219)	89,618
Contributions	611,823	2,016,192
Total Other Revenues, Expenses, Gains, Losses	<u>519,723</u>	<u>2,270,210</u>
Increase (Decrease) in Net Assets	275,426	1,598,817
Net Assets - Beginning of Year	<u>3,556,390</u>	<u>1,957,573</u>
Net Assets - End of Year	<u>\$ 3,831,816</u>	<u>\$ 3,556,390</u>

The accompanying notes are an integral part of these financial statements.

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**EXHIBIT 3**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended August 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from students and other customers	\$ 4,121,098	\$ 3,950,572
Receipts of grants and contracts for operating activities	4,999,437	4,856,084
Loans to students and employees	9,420	143
Other receipts	453,991	542,164
Payments to or on behalf of employees	(8,776,603)	(8,675,270)
Payments to suppliers for goods or services	(5,415,540)	(5,119,697)
Payments of scholarships	(1,545,616)	(1,526,241)
Net cash provided (used) by operating activities	<u>(6,153,813)</u>	<u>(5,972,245)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
State allocations	3,990,216	3,965,870
Ad valorem tax revenues	3,948,820	3,860,182
Net cash provided (used) by non-capital financing activities	<u>7,939,036</u>	<u>7,826,052</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Interest and other expense on capital related debt	(494,310)	(724,995)
Purchases of capital assets	(866,617)	(783,960)
Contributions received in aid of construction	-	351,593
Proceeds on issuance of capital debt		
Payments on capital debt and leases	(1,157,857)	(920,665)
Net cash provided (used) by capital and related financing activities	<u>(2,518,784)</u>	<u>(2,078,027)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale and maturity of investments		1,325,639
Investment earnings	124,968	167,812
Purchases of investments	(843,476)	-
Net cash provided (used) by investing activities	<u>(718,508)</u>	<u>1,493,451</u>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(1,452,069)</b>	<b>1,361,231</b>
<b>Cash and cash equivalents - September 1,</b>	<b>3,515,124</b>	<b>2,153,893</b>
<b>Cash and cash equivalents - August 31,</b>	<b>\$ <u>2,063,055</u></b>	<b>\$ <u>3,515,124</u></b>
<b>Noncash investing, capital, and financing activities</b>		
Capital lease	-	92,000
Total Noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ 92,000</u>
<b>Reconciliation of operating income to net cash provided</b>		
by operating activities:		
Operating income (loss)	\$ (8,387,316)	\$ (7,865,101)
Adjustments to reconcile operating income to net cash provided		
by operating activities:		
Depreciation expense	901,056	882,907
Staff benefits paid directly by state	1,225,327	1,147,411
<b>Changes in assets and liabilities</b>		
Receivables, net	18,279	124,933
Inventories	13,175	(16,444)
Prepaid expense	37,946	(38,672)
Due from component unit	(130,563)	(26,245)
Other assets	3,110	3,098
Deferred charges	26,351	32,647
Accounts payable	37,690	(92,395)
Accrued liabilities	26,130	26,836
Deposits payable	4,906	16,781
Funds held for others	(23,799)	(1,276)
Deferred revenue	84,475	(166,868)
Loans to students and employees	9,420	143
Net cash provided (used) by operating activities	<u>\$ (6,153,813)</u>	<u>\$ (5,972,245)</u>

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



**NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION, INC.**  
**COMPONENT UNIT**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended August 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from grants and contracts for operating activities	\$ 1,756,532	\$ 1,857,255
Payments of scholarships and support of college	(132,290)	(722,894)
Payments on grants and contract costs	(1,970,457)	(1,741,134)
Net cash provided (used) by operating activities	<u>(346,215)</u>	<u>(606,773)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Additions to permanent and term endowment and other contributions	<u>756,942</u>	<u>2,188,855</u>
Net cash provided (used) by noncapital financing activities	<u>756,942</u>	<u>2,188,855</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	24,419	28,345
Investment income	201,199	82,583
Purchase of capital assets	(364,335)	-
Purchase of investments	(422,066)	(1,813,387)
Net cash provided (used) by investing activities	<u>(560,783)</u>	<u>(1,702,459)</u>
 Net increase (decrease) in cash and cash equivalents	 (150,056)	 (120,377)
 Cash and cash equivalents at beginning of year	 <u>272,780</u>	 <u>393,157</u>
 Cash and cash equivalents at end of year	 <u>\$ 122,724</u>	 <u>\$ 272,780</u>
 <b>Noncash investing, capital, and financing activities</b>		
Inkind contributions	<u>\$ 48,633</u>	<u>\$ 3,000</u>
 <b>Reconciliation of operating loss to net cash used by by operating activities</b>		
Operating loss	\$ (445,496)	\$ (753,976)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	25,186	5,057
 Change in assets and liabilities		
Accounts receivable	(133,265)	62,991
Due to college	130,563	26,245
Deferred revenue	69,486	53,128
Accounts payable	<u>7,311</u>	<u>(218)</u>
 Net cash provided by operating activities	 <u>\$ (346,215)</u>	 <u>\$ (606,773)</u>

The accompanying notes are an integral part of these financial statements.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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**Note 1 - Reporting Entity**

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

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

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

**Note 2 - Summary of Significant Accounting Policies**

**Reporting Guidelines**

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

**Tuition Discounting**

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

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

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
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**Note 2 - Summary of Significant Accounting Policies - (continued)**

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

**Basis of Accounting**

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

**Budgetary data**

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1. The budget for the year ended August 31, 2008 was adopted by the Board of Trustees on August 14, 2007.

**Cash and cash equivalents**

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

**Investments**

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

**Inventories**

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

**Capital Assets**

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

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

**NORTHEAST TEXAS COMMUNITY COLLEGE  
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**Note 2 - Summary of Significant Accounting Policies - (continued)**

**Deferred Revenue and Expenditure**

Tuition and Fees of \$ 1,571,329 and \$1,507,682 and federal, state and local grants of \$ 33,808 and \$ 12,980 have been reported as deferred revenues at August 31, 2008 and 2007, respectively.

**Estimates**

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

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

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

**Reclassifications**

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

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
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**Note 3 - Authorized Investments**

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

**Note 4 - Deposits and Investments**

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

	<u>2008</u>	<u>2007</u>
Cash and Deposits		
Demand Deposits	\$ 260,122	\$ 326,566
Time Deposits	1,844,000	546,000
Petty Cash	7,400	7,400
<b>Total Cash and Deposits</b>	<b>\$ 2,111,522</b>	<b>\$ 879,966</b>

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

Type of Security	Fair Value <u>August 31, 2008</u>	Fair Value <u>August 31, 2007</u>
U.S. Government Agencies	\$ 289,234	\$ 487,410
U.S. Treasury Notes	0	273,538
Investment Pool	1,146,779	1,421,251
Mutual Fund	248,754	1,342,717
<b>Total</b>	<b>1,684,767</b>	<b>3,524,916</b>
<b>Total Cash and Deposits</b>	<b>2,111,522</b>	<b>879,966</b>
<b>Total Deposits and Investments</b>	<b>\$ 3,796,289</b>	<b>\$ 4,404,882</b>
Cash and Temporary Investments (Exhibit 1)	\$ 967,332	\$ 1,241,748
Restricted Cash and Cash Equivalents (Exhibit 1)	1,095,723	2,273,376
Restricted Investments (Exhibit 1)	1,733,234	889,758
<b>Total Deposits and Investments</b>	<b>\$ 3,796,289</b>	<b>\$ 4,404,882</b>

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2008 AND 2007**

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

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

	<u>2008</u>	<u>2007</u>
Cash and Deposits		
Demand Deposits	\$ 122,724	270,480
Time Deposits	1,217,000	124,000
<b>Total Cash and Deposits</b>	<b>\$ 1,339,724</b>	<b>\$ 394,480</b>

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

Type of Security	Fair Value August 31, 2008	Fair Value August 31, 2007
U.S. Government Agencies	\$ 144,141	\$ 1,464,348
Corporate Bond/Notes	112,178	111,561
Mutual Funds	1,816,709	1,497,525
<b>Total Investments</b>	<b>2,073,028</b>	<b>3,073,434</b>
<b>Total Cash and Deposits</b>	<b>1,339,724</b>	<b>394,480</b>
<b>Total Deposits and Investments</b>	<b>\$ 3,412,752</b>	<b>\$ 3,467,914</b>
Cash and Temporary Investments	\$ 2,278,211	\$ 2,027,111
Investments	1,134,541	1,440,803
<b>Total Deposits and Investments</b>	<b>\$ 3,412,752</b>	<b>\$ 3,467,914</b>

As of August 31, 2008 the College had the following investments and maturities:

Investment Type	Credit Rating	Market Value	Investment Maturities (in years) Less than 1	1-2	2-3
Certificates of Deposit	N/A	\$ 1,844,000	\$ 1,844,000	\$ -	\$ -
U.S. Government Agencies		289,234	289,234	-	-
U.S. Treasury Notes		-	-	-	-
AIM Treasury Cash Management		248,754	248,754	-	-
Investment Pool	AAA	1,146,779	1,146,779	-	-
<b>Total Market Value</b>		<b>\$ 3,528,767</b>	<b>\$ 3,528,767</b>	<b>-</b>	

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
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**Note 4 - Deposits and Investments – (continued)**

**Interest Rate Risk:** In accordance with state law and Northeast Texas Community College policy, the College does not purchase any investments with maturities greater than 10 years.

**Credit Risk:** In accordance with state law and the College's investment policy, investments in mutual funds, and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A.

**Concentration of Credit Risk:** The College does not place a limit on the amount that may be invested in any one issuer. More than 5% of the College's investments are in investment pools (33%) in certificates of deposit (52%), in U.S. Government Agencies (8%) and Mutual Funds (7%).

**Custodial Credit Risk:** At August 31, 2008, the College had money on deposit at 16 banks. The carrying amount of the College's and the Foundation's bank deposits was \$2,104,123 and \$1,339,724 and total bank balances equaled \$2,642,111 and \$3,412,752. Bank balances of \$1,500,000 are covered by federal depository insurance and \$1,142,111 was covered by collateral pledged in Northeast Texas Community College's name. The collateral was held in the safekeeping departments of banks which act as agents for the College.

**Note 5 – Derivatives**

The College had no derivatives at August 31, 2008 or 2007.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
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**Note 6— Capital Assets**

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

	For the Year Ended August 31, 2008			
	Balance August 31, 2007	Increases	Decreases	Balance August 31, 2008
<b><u>Not Depreciated:</u></b>				
Land	\$ 1,387,353	\$ 32,856		\$ 1,420,209
Construction in Process	2,672			2,672
Purchased With Capital Lease	55,200	36,800	92,000	0
Subtotal	\$ 1,445,225	\$ 69,656	\$ 92,000	\$ 1,422,881
<b><u>Other Capital Assets:</u></b>				
Buildings	28,260,195	809,394		29,069,589
Furniture, Machinery, Vehicles, and other Equipment	1,701,817	43,486		1,745,303
Library Books	936,437	29,289	4,835	960,891
Telecommunications and Peripheral Equipment	868,198	6,793		874,991
Subtotal	\$ 31,766,647	\$ 888,962	\$ 4,835	\$ 32,650,774
<b><u>Accumulated Depreciation:</u></b>				
Buildings	6,407,861	597,109		7,004,970
Furniture, Machinery, Vehicles and Other Equipment	1,027,417	118,862		1,146,279
Library Books	503,783	79,650	4,835	578,598
Telecommunications and Peripheral Equipment	655,826	105,435		761,261
Subtotal	\$ 8,594,887	\$ 901,056	\$ 4,835	\$ 9,491,108
Net Other Capital Assets	\$ 23,171,760	\$ (12,094)	\$ 0	\$ 23,159,666
<b>Net Capital Assets</b>	<b>\$ 24,616,985</b>	<b>\$ 57,562</b>	<b>\$ 92,000</b>	<b>\$ 24,582,547</b>



**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
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AUGUST 31, 2008 AND 2007**

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

**Foundation**

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

**NORTHEAST TEXAS COMMUNITY COLLEGE  
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AUGUST 31, 2008 AND 2007**

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

Capital assets activity for the year ended August 31, 2007 was as follows:

	For the Year Ended August 31, 2007			
	Balance August 31, 2006	Increases	Decreases	Balance August 31, 2007
<b><u>Not Depreciated:</u></b>				
Land	\$ 1,279,778	\$ 107,575	\$	1,387,353
Construction in Process		2,672		2,672
Construction in Process				
Purchased With Capital Lease		55,200		55,200
Subtotal	\$ 1,279,778	\$ 165,447	\$ 0	\$ 1,445,225
<b><u>Other Capital Assets:</u></b>				
Buildings	27,768,639	491,556		28,260,195
Furniture, Machinery, Vehicles, and other				
Equipment	1,627,595	104,252	30,030	1,701,817
Library Books	910,009	43,725	17,297	936,437
Telecommunications and Peripheral Equipment	868,198			868,198
Subtotal	\$ 31,174,441	\$ 639,533	\$ 47,327	\$ 31,766,647
<b><u>Accumulated Depreciation:</u></b>				
Buildings	5,837,985	569,876		6,407,861
Furniture, Machinery, Vehicles and Other				
Equipment	924,951	111,475	9,009	1,027,417
Library Books	443,865	77,215	17,297	503,783
Telecommunications and Peripheral Equipment	531,485	124,341		655,826
Subtotal	\$ 7,738,286	\$ 882,907	\$ 26,306	\$ 8,594,887
Net Other Capital Assets	\$ 23,436,155	\$ (243,374)	\$ 21,021	\$ 23,171,760
<b>Net Capital Assets</b>	<b>\$ 24,715,933</b>	<b>\$ (77,927)</b>	<b>\$ 21,021</b>	<b>\$ 24,616,985</b>

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

**Foundation**

For the Year Ended August 31, 2007				
	Balance August 31, 2006	Increases	Decreases	Balance August 31, 2007
<b>Not Depreciated:</b>				
Land	\$ 135,400	\$	\$	\$ 135,400
Subtotal	\$ 135,400	\$ 0	\$ 0	\$ 135,400
<b>Other Capital Assets:</b>				
Furniture, Machinery, Vehicles, and other Equipment	40,285	3,000		43,285
Subtotal	\$ 40,285	\$ 3,000	\$ 0	\$ 43,285
<b>Accumulated Depreciation:</b>				
Furniture, Machinery, Vehicles and Other Equipment	13,254	5,057		18,311
Subtotal	\$ 13,254	\$ 5,057	\$ 0	\$ 18,311
Net Other Capital Assets	\$ 27,031	\$ (2,057)	\$ 0	\$ 24,974
<b>Net Capital Assets</b>	<b>\$ 162,431</b>	<b>\$ (2,057)</b>	<b>\$ 0</b>	<b>\$ 160,374</b>

At August 31, 2008, the College was not engaged in any construction contracts.

**Note 7 – Bonds and Notes Payable**

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

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

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2008 AND 2007**

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

Long-term liability activity for the year ended August 31, 2007 was as follows:

	Balance August 31, 2006	Increases	Decreases	Balance August 31, 2007	Current Portion
Leases, bonds, and notes					
Revenue bonds	\$ 4,270,000	\$	95,000	\$ 4,175,000	\$ 175,000
General obligation bonds	15,174,218	642,926	708,218	15,108,926	1,027,955
Unamortized premium	352,415		181,672	170,743	170,743
Notes payable	375,902		117,447	258,455	99,141
Leases payable	-	92,000		92,000	22,708
<b>Total long-term obligations</b>	<b>\$ 20,172,535</b>	<b>\$ 734,926</b>	<b>\$ 1,102,337</b>	<b>\$ 19,805,124</b>	<b>\$ 1,495,547</b>

**1994 Series Limited Tax Refunding Bonds (Dated September 28, 1994):**

1994 Series Limited Tax Refunding Bonds of \$6,050,000 (maturity value) were issued to refund a portion of the College's outstanding 1986 Compound Interest Bonds and to pay the costs related to the issuance of the bonds. The bonds bear interest from 18.18% to 20.23% (effective rate of 5.55% to 6.15% considering bond premium) and mature through 2009. The bonds are secured with the proceeds of a continuing, direct ad valorem tax levied, within the limitations prescribed by law, against all taxable property within the District. All proceeds from the bonds were placed in escrow for the defeasance of the 1986 Series. All bonds authorized were issued at the date of issue. The accreted value of the bonds plus unamortized bond premium represents the carrying value of the bonds of \$ 952,349 and \$1,738,356 at August 31, 2008 and 2007, respectively.

**2003 Series Limited Tax Bonds**

The 2003 Series Limited Tax Bonds were issued for the construction and equipment of campus buildings in the district and the purchase of necessary sites. At an election on November 5, 2002, the voters approved the issuance of up to \$18,000,000 in bonds. These bonds represent the first installment of bonds issued under the authority granted at the November 5, 2002 election. The bonds were issued in part as Current Interest Bonds and in part as Capital Appreciation Bonds. The Current Interest Bonds bear interest from 2.50% to 3.50% and mature on April 1, each year beginning April 1, 2004 and ending April 1, 2009. At August 31, 2008 and 2007, \$90,000 and \$165,000, respectively, of these bonds were outstanding. The Capital Appreciation Bonds mature beginning April 1, 2010 and ending April 1, 2033. Interest is payable only at maturity and will accrue at a rate equal to the yield to maturity and will compound semiannually on each April and October. The bonds bear interest from 3.79% to 5.85%. Bonds outstanding at August 31, 2008 and 2007, under this issue totaled \$10,749,193 and \$10,824,192, respectively. The accreted value of the bonds at August 31, 2008 and 2007 totaled \$13,882,034 and \$13,205,570, respectively. At August 31, 2008 and 2007, the un-issued but approved bonds totaled \$7,005,837.

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

**2006 Series Revenue Financing System Refunding and Improvement Bonds**

The 2006 Series Revenue Financing System Refunding and Improvement Bonds were issued to advance refund the College's outstanding 1992 Series Dormitory System Revenue Bonds and the outstanding 1994 Series Tuition and Building Use Fee Revenue Refunding and Revenue Bonds, to pay the cost of issuing the bonds and to provide funds for construction on the main campus. The bonds were issued with an average coupon (interest) rate of 4.19%. Bonds outstanding at August 31, 2008 and 2007 under this issue totaled \$4,000,000 and \$4,175,000, respectively.

**Notes Payable**

The College has an unsecured 3.95% note payable to a bank dated March 18, 2004. The note is due in four annual installments of \$25,000 with the balance of \$102,143, including interest, due March 18, 2009. The balance of the note at August 31, 2008 and 2007 was \$ 98,296 and \$119,928 respectively.

The College has a 4.00% note payable to a bank dated September 15, 2004, secured by a vehicle. The note is due in 4 annual installments of \$18,569. The balance of the note at August 31, 2008 and 2007 was \$0 and \$17,886 respectively.

The College has a 4.55% note payable to a vendor dated March 10, 2005, secured by equipment. The note is due in five annual installments of \$62,448. The balance of the note at August 31, 2008 and 2007 was \$61,019 and \$120,641 respectively.

The College entered into a 4.45% capital lease payable to a bank dated August 13, 2007 and amended September 14, 2007 secured by equipment. The lease is due in five-annual installments of \$19,294. The balance of the lease at August 31, 2008 and 2007 was \$69,292 and \$92,000 respectively.

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

**Tax Bonds**

Tax bonds and revenue bonds are due in annual installments varying from \$90,000 to \$1,255,000 with interest rates from 2.50% to 14.5% and the final installment due in 2033. The principal and interest expense for the next five years and beyond for the undefeased tax obligation bonds are as follows:

<b>Years Ending August 31,</b>		<b>Principal</b>		<b>Interest</b>		<b>Total Requirements</b>
2009	\$	1,042,348	(A)	115,802	\$	1,158,150
2010		942,308	(A)	57,692		1,000,000
2011		906,367	(A)	98,632		1,004,999
2012		879,803	(A)	140,196		1,019,999
2013		846,032	(A)	183,968		1,030,000
2014-2018		3,662,181	(A)	1,637,815		5,299,996
2019-2023		2,819,057	(A)	2,745,942		5,564,999
2024-2028		2,147,319	(A)	3,702,691		5,850,010
2029-2033		1,678,965	(A)	4,476,032		6,154,997
	\$	<u>14,924,380</u>		<u>13,158,770</u>	\$	<u>28,083,150</u>

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

In 2008 and 2007, interest cost of \$458,202 and \$345,671, respectively, were incurred on the 1994 Series LTD Tax Refunding Bonds. Premium amortization on the 1994 Series LTD Tax Refunding Bonds was \$120,881 and \$180,582 for 2008 and 2007.

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

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

**Revenue Bonds**

Debt service requirements for the revenue bonds are as follows:

<b>Years Ending August 31,</b>		<b>Principal</b>		<b>Interest</b>		<b>Total Requirements</b>
2009	\$	185,000	\$	161,165	\$	346,165
2010		190,000		153,665		343,665
2011		200,000		145,865		345,865
2012		210,000		137,665		347,665
2013		220,000		129,065		349,065
2014 -2018		765,000		536,625		1,301,625
2019 - 2023		720,000		400,423		1,120,423
2024 - 2028		880,000		235,449		1,115,449
2029 -2031		630,000		42,218		672,218
	\$	<u>4,000,000</u>	\$	<u>1,942,140</u>	\$	<u>5,942,140</u>

**Notes Payable**

Debt service requirements for the notes payable are as follows:

<b>Years Ending August 31,</b>		<b>Principal</b>		<b>Interest</b>		<b>Total Requirements</b>
2009	\$	159,314	\$	5,276	\$	164,590

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2008 AND 2007**

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

**Lease Payable**

Obligations under capital leases used to acquire \$92,000 of building improvements at August 31, 2008 were as follows:

<b><u>For the Year Ended August 31,</u></b>	<b><u>Total</u></b>
2009	19,295
2010	19,295
2011	19,295
2012	19,295
Total Minimum Lease Payments	77,180
Less: Amount representing interest Costs	(7,888)
<b>Present value of minimum lease payments</b>	<b><u>\$ 69,292</u></b>

**Note 8 – Pension Plan**

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2008, 2007, and 2006 and a state contribution rate of 6.58% for fiscal year 2008 and 6.0% for fiscal years 2007 and 2006.



**NORTHEAST TEXAS COMMUNITY COLLEGE  
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**Note 8 – Pension Plan – (continued)**

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

The retirement expense of the State for the College was \$428,339, \$364,733, and \$341,500 for the fiscal years ended August 31, 2008, 2007, and 2006 respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for the College employees was \$8,802,733, \$8,702,106, and \$7,997,162 for fiscal years 2008, 2007, and 2006 respectively. The total payroll of employees covered by the Teacher Retirement System was \$5,066,796, \$4,806,362, and \$4,060,923 and the total payroll of employees covered by the Optional Retirement Program was \$3,635,853, \$3,800,238, and \$3,912,438 for fiscal years 2008, 2007, and 2006, respectively.

**Note 9 – Compensable Absences**

Full time College employees earn vacation of 5-15 days per year based on years of service and sick leave benefits of 8 hours per month. The amount of vacation allowed to be carried over after August 31, is limited to 40 hours for each employee, which is lost December 31 of that year unless, in certain instances, approval is obtained from management to carry over amounts in excess of the 40 hours. The College has accrued \$59,133 and \$71,060 for August 31, 2008 and 2007, respectively, in the financial statements for vacation to be carried over to the next fiscal year. Administration believes that all of the accrued vacation will be taken or paid out in the next fiscal year. Sick leave can be accumulated up to 480 hours, but cannot be redeemed in pay. Accordingly, no accrual sick leave has been made.

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

Receivables at August 31, 2008 were as follows:

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

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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**Note 10 - Disaggregation of Receivables and Payables Balances - (continued)**

Payables at August 31, 2008 were as follows:

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

Receivables at August 31, 2007 were as follows:

	<u>College</u>	<u>Foundation</u>
Tuition and Fees Receivable	\$ 389,754	\$ -
Taxes Receivable	322,472	-
Scholarship and Pledges Receivable	-	85,462
Contracts and Grants Receivable	503,583	317,000
Other Receivables	20,095	-
Subtotal	<u>1,235,904</u>	<u>402,462</u>
Allowance for Doubtful Accounts	(328,521)	-
Total Receivables	\$ <u>907,383</u>	\$ <u>402,462</u>

Payables at August 31, 2007 were as follows:

	<u>College</u>	<u>Foundation</u>
Accounts Payable:		
Vendors Payable	\$ <u>329,944</u>	\$ <u>420</u>
Accrued Liabilities:		
Accrued payroll liabilities	\$ 19,248	\$ -
Interest payable	59,513	-
Total Accrued Liabilities	<u>78,761</u>	<u>-</u>
Deposits payable:		
Student housing deposits payable	\$ <u>80,089</u>	\$ <u>-</u>

**NORTHEAST TEXAS COMMUNITY COLLEGE  
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NOTES TO FINANCIAL STATEMENTS  
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**Note 11 - Contract and Grant Awards**

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

Contracts and grant award funds already committed or funds awarded during fiscal year 2008 and 2007 for the College and Foundation are as follows:

	<u>2008</u>	<u>2007</u>
College		
Federal	\$ 1,074,583	\$ 672,122
State	1,290,851	90,762
Total	<u>\$ 2,365,434</u>	<u>\$ 762,884</u>
Foundation		
Federal	\$ 95,481	\$ 145,836
State	750,958	704,110
Total	<u>\$ 846,439</u>	<u>\$ 849,946</u>

**Note 12 - Self-Insured Plans**

The College self-insures for coverage in the areas of workers' compensation and unemployment compensation. These plans are on a pay-as-you-go basis, in which no assets are set aside. Accrued liabilities are generally based on actuarial valuation and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current operations. The College accrued \$38,100 and \$4,739 as estimated future payments for the years ended August 31, 2008 and 2007.

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

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the college. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per insured was \$361 per month for the years ended August 31, 2008 and 2007 and totaled \$796,987 for 2008, and \$782,678 for 2007. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for active employees.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2008 AND 2007**

**Note 14 – Ad Valorem Tax**

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

	<u>At August 31,</u>	
	<u>2008</u>	<u>2007</u>
Assessed Valuation of the District	\$ 4,258,908,176	\$ 3,918,383,612

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate authorized per \$100 valuation	\$ N/A	\$ N/A	\$ 0.1000
Tax rate assessed per \$100 valuation for 2008	\$ 0.0666	\$ 0.0250	\$ 0.0916
Tax rate assessed per \$100 valuation for 2007	\$ 0.0668	\$ 0.0295	\$ 0.0962

Taxes levied for the years ended August 31, 2008 and 2007 were \$3,900,393 and \$3,770,440 respectively excluding any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

	<u>2008</u>			<u>2007</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current Taxes	\$ 2,683,908	\$ 1,104,889	\$ 3,788,797	2,538,643	1,123,412	\$ 3,662,055
Delinquent Taxes	60,721	3,232	63,953	58,828	32,473	91,301
Penalties and Interest	64,468	-	64,468	51,519	22,748	74,267
Other Fees	11,490	-	11,490	34,673	5,510	40,183
Total Collections	\$ 2,820,587	\$ 1,108,121	\$ 3,928,708	2,683,663	\$ 1,184,143	\$ 3,867,806

Tax collections for the years ended August 31, 2008 and 2007 were 97.9% and 97.4%, respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations and/or general obligation debt service.

**Note 15 - Income Taxes**

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable Organizations. The college had no unrelated business income for the years ended August 31, 2008 and 2007.

**NORTHEAST TEXAS COMMUNITY COLLEGE  
AND NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2008 AND 2007**

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

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

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

**Note 17 - Commitments and Contingencies**

**Litigation** – The College may be subjected to loss contingencies arising principally in the normal course of operations. In the opinion of the administration, there are no issues outstanding that would have a material adverse effect in the accompanying financial statements and accordingly, no provision for losses has been recorded.

**Grant Programs** – The college participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the college has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2008 may be impaired. In the opinion of the college, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**Note 18 – Postemployment Benefits Other than Pensions**

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

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

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

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

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

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

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

***SUPPLEMENTAL SCHEDULES***

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

*For the Year Ended August 31, 2008 (With Memorandum Totals for the Year Ended August 31, 2007)*

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2008 Total	Memorandum 2007 Total
<b>Tuition</b>						
State funded courses						
In-district resident tuition	\$ 808,437	\$	\$ 808,437	\$	\$ 808,437	\$ 821,294
Out-of-district resident tuition	597,512		597,512		597,512	575,920
TPEG (set aside)*	54,250		54,250		54,250	51,092
Non-resident tuition	174,081		174,081		174,081	153,554
Non-state funded continuing education	190,944		190,944		190,944	263,634
<b>Total Tuition</b>	<b>1,825,224</b>	<b>0</b>	<b>1,825,224</b>	<b>0</b>	<b>1,825,224</b>	<b>1,865,494</b>
<b>Fees</b>						
General fees	1,602,487		1,602,487		1,602,487	1,589,319
Student service fees				160,618	160,618	183,117
Out-of-district fees	575,461		575,461		575,461	554,665
Laboratory fees	222,713		222,713		222,713	210,146
Other fees	54,376		54,376		54,376	55,915
<b>Total Fees</b>	<b>2,455,037</b>	<b>0</b>	<b>2,455,037</b>	<b>160,618</b>	<b>2,615,655</b>	<b>2,593,162</b>
<b>Scholarship Allowances and Discounts</b>						
Scholarship allowances	(435,100)		(435,100)		(435,100)	(457,975)
Remissions and exemptions	(47,216)		(47,216)		(47,216)	(49,323)
TPEG allowances	(54,250)		(54,250)		(54,250)	(51,092)
Federal grants to students	(1,173,491)		(1,173,491)		(1,173,491)	(1,092,018)
<b>Total Scholarship Allowances</b>	<b>(1,710,057)</b>	<b>0</b>	<b>(1,710,057)</b>	<b>0</b>	<b>(1,710,057)</b>	<b>(1,650,408)</b>
<b>Total Net Tuition and Fees</b>	<b>2,570,204</b>	<b>0</b>	<b>2,570,204</b>	<b>160,618</b>	<b>2,730,822</b>	<b>2,808,248</b>
<b>Other Operating Revenues</b>						
Federal grants and contracts	82,590	4,495,961	4,578,551		4,578,551	4,457,694
State grants and contracts		346,967	346,967		346,967	303,909
Nongovernmental grants and contracts		130,753	130,753		130,753	115,822
Sales and services of educational activities	31,999		31,999		31,999	34,902
Other operating revenues	226,058		226,058	186,477	412,535	413,628
<b>Total Other Operating Revenues</b>	<b>340,647</b>	<b>4,973,681</b>	<b>5,314,328</b>	<b>186,477</b>	<b>5,500,805</b>	<b>5,325,955</b>
<b>Auxiliary Enterprises</b>						
Residential life				438,900	438,900	369,323
Less discounts				(75,753)	(75,753)	(65,980)
Bookstore				1,317,597	1,317,597	1,325,690
Less discounts				(466,950)	(466,950)	(405,128)
<b>Total Net Auxiliary Enterprises</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,213,794</b>	<b>1,213,794</b>	<b>1,223,905</b>
<b>Total Operating Revenues (Exh.2)</b>	<b>\$ 2,910,851</b>	<b>\$ 4,973,681</b>	<b>\$ 7,884,532</b>	<b>\$ 1,560,889</b>	<b>\$ 9,445,421</b>	<b>\$ 9,358,108</b>

\*In accordance with Education Code 56.033, \$54,250 and \$51,092 for years August 31, 2008 and 2007, respectively, of tuition was set aside for Texas Public Education Grants(TPEG).

See independent auditors' report.



**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**SCHEDULE B**  
**SCHEDULE OF OPERATING EXPENSES BY FUNCTIONAL AND NATURAL CLASSIFICATIONS**  
**For the Year Ended August 31, 2008 (with Memorandum Totals for the Year Ended August 31, 2007)**

	Operating Expenses					Memorandum Total 8/31/2007
	Salaries and Wages	Benefits State Benefits	Local Benefits	Other Expenses	Total 8/31/2008	
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 4,745,544		356,479	399,157	\$ 5,501,180	\$ 5,399,168
Public Service	50,657		3,805	124,005	178,467	168,462
Academic Support	684,152		51,393	71,295	806,840	781,492
Student Services	490,498		36,846	96,813	624,157	596,990
Institutional Support	1,156,678		86,888	1,058,793	2,302,359	2,087,624
Operation and Maintenance of Plant	466,590		35,050	852,557	1,354,197	1,272,342
Scholarships and Fellowships			-		-	-
<b>Total Unrestricted Educational Activities</b>	<b>\$ 7,594,119</b>	<b>\$ -</b>	<b>\$ 570,461</b>	<b>\$ 2,602,620</b>	<b>\$ 10,767,200</b>	<b>\$ 10,306,078</b>
<b>Restricted - Educational Activities</b>						
Instruction	\$ 433,667	\$ 765,704	\$ -	\$ 309,932	\$ 1,509,303	\$ 1,254,600
Public Service	91,796	8,174		26,504	126,474	127,377
Academic Support		110,389			110,389	102,879
Student Services	396,065	79,143		397,444	872,652	1,081,165
Institutional Support		186,632			186,632	170,330
Operation and Maintenance of Plant		75,285			75,285	74,981
Scholarships and Fellowships				1,545,616	1,545,616	1,526,241
<b>Total Restricted Educational Activities</b>	<b>\$ 921,528</b>	<b>\$ 1,225,327</b>	<b>\$ -</b>	<b>\$ 2,279,496</b>	<b>\$ 4,426,351</b>	<b>\$ 4,337,573</b>
<b>Total Educational Activities</b>	<b>8,515,647</b>	<b>1,225,327</b>	<b>570,461</b>	<b>4,882,116</b>	<b>15,193,551</b>	<b>14,643,651</b>
<b>Auxiliary Enterprises</b>	<b>287,086</b>		<b>18,877</b>	<b>1,432,167</b>	<b>1,738,130</b>	<b>1,696,651</b>
<b>Depreciation Expense</b>						
Building & Improvements					597,109	569,875
Equipment & Furniture					224,297	235,817
Library Books					79,650	77,215
<b>Total</b>	<b>\$ 8,802,733</b>	<b>\$ 1,225,327</b>	<b>\$ 589,338</b>	<b>\$ 6,314,283</b>	<b>\$ 17,832,737</b>	<b>\$ 17,223,209</b>

See independent auditors' report.

**NORTHEAST TEXAS COMMUNITY COLLEGE**

**SCHEDULE C**

**SCHEDULE OF NON - OPERATING REVENUES AND EXPENSES**

*For the Year Ended August 31, 2008 (With Memorandum totals for the Year Ended August 31, 2007)*

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 8/31/2008</u>	<u>Memorandum Totals 8/31/2007</u>
<b>Non - Operating Revenues</b>					
State appropriations:					
Education and general state support	\$ 3,990,216			\$ 3,990,216	3,965,870
State group insurance		796,988		796,988	782,678
State retirement matching		428,339		428,339	364,733
Ad-valorem taxes	2,853,799	1,113,617		3,967,416	3,867,806
Investment income		124,968		124,968	167,812
Contributions				-	-
<b>Total Non - Operating Revenues</b>	<u>6,844,015</u>	<u>2,463,912</u>	<u>-</u>	<u>9,307,927</u>	<u>9,148,899</u>
<b>Non - Operating Expenses</b>					
Interest on capital related debt	999,311			999,311	1,059,870
Loss on disposal of capital assets				-	-
Other non operating expense	24,224			24,224	24,654
<b>Total Non - Operating Expenses</b>	<u>1,023,535</u>	<u>0</u>	<u>0</u>	<u>1,023,535</u>	<u>1,084,524</u>
<b>Net Non - Operating Revenues</b>	<u>\$ 5,820,480</u>	<u>\$ 2,463,912</u>	<u>\$ 0</u>	<u>\$ 8,284,392</u>	<u>\$ 8,064,375</u>

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE

SCHEDULE D

SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY

For the Year Ended August 31, 2008(With Memorandum totals for the Year Ended August 31, 2007)

	Detail By Source						Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total			
		Expendable	Non-Expendable					
						Yes	No	
Current Unrestricted	\$ 790,856	\$	\$	\$	\$ 790,856	\$ 790,856	\$	
Loan		-			-		-	
Plant								
Investment in plant		807,831		7,654,270	8,462,101		8,462,101	
<b>Total Net Assets, August 31, 2008</b>	<b>790,856</b>	<b>807,831</b>	<b>0</b>	<b>7,654,270</b>	<b>9,252,957</b>	<b>790,856</b>	<b>8,462,101</b>	
<b>Total Net Assets, August 31, 2007</b>	<b>1,032,815</b>	<b>791,105</b>	<b>0</b>	<b>7,531,961</b>	<b>9,355,881</b>	<b>1,032,815</b>	<b>8,323,066</b>	
<b>Net Increase (Decrease) in Net Assets</b>	<b>\$ (241,959)</b>	<b>\$ 16,726</b>	<b>\$ 0</b>	<b>\$ 122,309</b>	<b>\$ (102,924)</b>	<b>\$ (241,959)</b>	<b>\$ 139,035</b>	

See independent auditors' report.

NORTHEAST TEXAS COMMUNITY COLLEGE  
SCHEDULE E  
BALANCE SHEET  
AUGUST 31, 2008

	Current Funds			Loan Funds	Unexpended	Retirement of Indebtedness	Investment in Plant	Agency	Total
	Unrestricted	Auxiliary Enterprises	Current Restricted						
<b>Assets</b>									
Cash and Cash Equivalents	\$ 889,890	\$ 5,369	\$ 8,138	\$ 903,397	\$ 15,415	\$ 1,894	\$ 78,233	\$ 137,368	\$ 1,136,307
Short Term Investments						2,040,569	619,413		2,659,982
Accounts Receivable	255,876		560,417	816,293	8,116		83,291	97,048	907,700
Due From Other Funds	1,111,927			1,111,927			139,527		1,348,502
Due From Foundation	458,666			458,666					458,666
Prepaid Expenses	139,928			139,928					139,928
Deferred Charges							160,597		442,475
Long Term Investments									-
Accrued Interest Receivable									-
Student Loans (Net of allowance for doubtful accounts of \$72,288 at 08/31/08)									-
Inventory, at Cost	13,960	348,713		362,673					362,673
Land									1,420,209
Buildings									28,200,751
Improvements Other Than Buildings						2,672			1,611,991
Equipment									394,074
Library Books									960,875
Vehicles									621,656
Telecommunications									864,101
Accumulated Depreciation									(9,491,110)
Other									50,982
<b>Total Assets</b>	<b>\$ 2,870,247</b>	<b>\$ 354,082</b>	<b>\$ 568,555</b>	<b>\$ 3,792,884</b>	<b>\$ 23,531</b>	<b>\$ 2,045,135</b>	<b>\$ 1,081,061</b>	<b>\$ 234,416</b>	<b>\$ 32,089,762</b>
<b>Liabilities and Fund Balance</b>									
Accounts Payable	\$ 272,969	\$ 80,917	\$ 12,076	\$ 365,962	\$ 842	\$	\$	\$ 830	\$ 367,634
Accrued Liabilities	57,305			57,305			33,909		91,214
Deposits Payable	54,095	30,900		84,995					84,995
Due to Other Funds		306,825	522,671	829,496	22,689	49,676	239,321	155,493	1,348,502
Deferred Revenues	1,252,869	318,460	33,808	1,605,137					1,605,137
Accrued Compensated Absences	59,133			59,133					59,133
Bonds Payable							18,924,379		18,924,379
Unamortized Premium							49,111		49,111
Notes Payable							228,607		228,607
Funds Held in Custody for Others								78,093	78,093
<b>Total Liabilities</b>	<b>\$ 1,696,371</b>	<b>\$ 737,102</b>	<b>\$ 568,555</b>	<b>\$ 3,002,028</b>	<b>\$ 23,531</b>	<b>\$ 49,676</b>	<b>\$ 322,341</b>	<b>\$ 234,416</b>	<b>\$ 22,836,805</b>
<b>Fund Balances</b>									
Net Investment in Plant							(49,111)		7,654,270
Reserved for Debt Service							807,831		807,831
Restricted									-
Student Aid									-
Temporarily									-
Permanently									-
Unrestricted	1,173,876	(383,020)	-	790,856	-				790,856
<b>Total Fund Balance</b>	<b>\$ 1,173,876</b>	<b>\$ (383,020)</b>	<b>\$ -</b>	<b>\$ 790,856</b>	<b>\$ -</b>	<b>\$ 1,995,459</b>	<b>\$ 738,720</b>	<b>\$ -</b>	<b>\$ 9,252,957</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,870,247</b>	<b>\$ 354,082</b>	<b>\$ 568,555</b>	<b>\$ 3,792,884</b>	<b>\$ 23,531</b>	<b>\$ 2,045,135</b>	<b>\$ 1,081,061</b>	<b>\$ 234,416</b>	<b>\$ 32,089,762</b>

See independent auditors report.

NORTHEAST TEXAS COMMUNITY COLLEGE  
SCHEDULE F  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED AUGUST 31, 2008

	Current Funds					Loan Funds	Unexpended	Retirement of Indebtedness	Investment in Plant	Total
	Unrestricted	Auxiliary Enterprises	Current Restricted	Total						
Revenues and Other Additions										
Unrestricted Current Funds Revenues	\$ 11,432,332	2,185,283	\$ 1,225,327	\$ 13,617,615	\$			\$	\$	\$ 13,617,615
State Appropriations - Restricted			4,578,551	1,225,327						1,225,327
Federal Grants and Contracts			346,967	4,578,551						4,578,551
State Grants and Contracts			130,753	346,967						346,967
Local Gifts, Grants and Contracts				130,753						130,753
Taxes for Debt Retirement				-				1,113,617		1,113,617
Interest / Endowment Income				-		499	88,988			89,487
Net Decreases in Bonds Payable				-					1,036,008	1,036,008
Net Decreases in Notes Payable				-			(667)	36,150	121,849	121,849
Investment Income (Loss)				-						35,483
Other Revenues										
Total Revenue and Other Additions	11,432,332	2,185,283	6,281,598	19,899,213		499	88,321	1,149,767	1,157,857	22,295,657
Expenditures and Other Deductions										
Expenditures	10,900,381	2,178,050	6,155,113	19,233,544						19,233,544
Indirect Cost Recovered			82,590	82,590						82,590
Retirement of Indebtedness - Bonds				-				1,036,008		1,036,008
Retirement of Indebtedness - Notes				-				121,849		121,849
Interest on Indebtedness				-				991,567	7,744	999,311
Depreciation Expense				-		1,858		2,300	901,056	901,056
Other Expenditures	10,900,381	2,178,050	6,237,703	19,316,134		1,858	-	2,151,724	20,065	24,223
									928,865	22,398,581
Transfers - Additions (Deductions)										
Mandatory Transfers:										
Retirement of Indebtedness				-						-
Building Use Fees				-						-
Tuition Use Fees				-						-
Revenue Bond	(343,365)			(343,365)				343,365		-
Contractual Obligations	(129,593)			(129,593)				798,309	(668,716)	-
TPEG to Restricted				-						-
Non - Mandatory Transfers:										
Capital Outlay	(294,232)	(13,953)	(43,895)	(352,080)			(569,737)		921,817	-
Other	(767,190)	(13,953)	(43,895)	(825,038)		-		1,141,674	253,101	-
Total Transfers - Additions (Deductions)	(1,061,422)	(27,906)	(87,790)	(1,177,118)						
Net Increase (Decrease) for Year	(235,239)	(6,720)	0	(241,959)		(1,359)	(481,416)	139,717	482,093	(102,924)
Fund Balance (Deficit)	1,409,115	(376,300)	-	1,032,815		1,359	2,476,875	619,003	5,225,829	9,355,881
Fund Balance (Deficit) August 31,	\$ 1,173,876	\$ (383,020)	\$ 0	\$ 790,856	\$	\$ -	\$ 1,995,459	\$ 758,720	\$ 5,707,922	\$ 9,252,957

See independent auditors report.

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

## Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the college's financial performance and well-being have changed over time.	44 - 47
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the college's ability to generate its property taxes.	45 - 48
Debt Capacity	
These schedules present information to help the reader assess the affordability of the college's current levels of outstanding debt and the college's ability to issue additional debt in the future.	49 - 51
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the college's financial activities take place and to help make comparisons over time and with other governments.	52 - 53
Operating Information	
These schedules contain information about the college's operations and resources to help the reader understand how the college's financial information relates to the services the college provide and the activities it performs.	54 - 58

Northeast Texas Community College  
Statistical Supplement 1  
Net Assets by Component  
Fiscal Years 2002 to 2008  
(unaudited)

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

**Note:** Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.



Northeast Texas Community College  
Statistical Supplement 2  
Revenues by Source  
Fiscal Years 2002 to 2008  
(unaudited)

For the Year Ended August 31,						
	2008	2007	2006	2005	2004	2003
Tuition and Fees (Net of Discounts)	\$2,730,822	\$2,808,248	\$2,672,106	\$2,167,101	\$2,169,998	\$1,832,136
Governmental Grants and Contracts						
Federal Grants and Contracts						
State Grants and Contracts	4,578,551	4,457,694	4,341,657	5,101,887	4,974,343	4,646,712
Non-Governmental Grants and Contracts	346,967	303,909	574,001	604,566	501,634	880,839
Sales and services of educational activities	130,753	115,822	99,802	113,586	111,093	84,557
Auxiliary enterprises	31,999	34,902	23,052	36,350	28,069	28,950
Other Operating Revenues	1,213,794	1,223,905	1,039,537	1,191,216	1,162,895	1,085,242
Total Operating Revenues	4,125,535	4,133,628	3,401,556	4,324,220	4,866,348	3,732,555
State Appropriations	9,445,421	9,358,108	9,090,311	9,647,136	9,434,380	8,932,555
Ad Valorem Taxes	5,215,543	5,113,281	4,998,581	4,607,933	4,603,402	4,406,873
Investment Income	3,967,416	3,867,806	3,345,281	3,204,174	2,958,441	2,869,618
Contributions	124,968	167,812	57,019	55,906	112,891	41,997
Gain on disposal of capital assets	-	-	147,589	-	-	-
Total Non-Operating Revenues	-	-	4,100	-	-	-
Total Revenues	\$ 18,753,348	\$ 18,507,007	\$ 17,638,781	\$ 17,519,239	\$ 17,109,114	\$ 16,251,043
						\$ 15,417,167

For the Year Ended August 31,  
(amounts expressed in thousands)

	2008	2007	2006	2005	2004	2003
Tuition and fees (net of discounts)	14.56%	15.17%	15.15%	12.37%	12.68%	11.27%
Governmental grants and contracts						
Federal grants and contracts						
State grants and contracts	24.41%	24.09%	24.61%	29.12%	29.07%	28.59%
Non-governmental grants and contracts	1.85%	1.64%	3.25%	3.45%	2.93%	5.42%
Sales and services of educational activities	0.70%	0.63%	0.57%	0.65%	0.65%	0.52%
Auxiliary enterprises	0.17%	0.19%	0.13%	0.21%	0.16%	0.18%
Other operating revenues	6.47%	6.61%	5.89%	6.80%	6.80%	6.68%
Total Operating Revenues	2.20%	2.23%	1.93%	2.47%	2.84%	2.30%
State appropriations	50.37%	50.57%	51.54%	55.07%	55.14%	54.97%
Ad valorem taxes	27.81%	27.63%	28.34%	26.30%	26.91%	27.12%
Investment income	21.16%	20.90%	18.97%	18.29%	17.29%	17.66%
Contributions	0.67%	0.91%	0.32%	0.32%	0.66%	0.26%
Gain on disposal of capital assets	0.00%	0.00%	0.84%	0.00%	0.00%	0.11%
Total Non-Operating Revenues	0.00%	0.00%	0.00%	0.02%	0.00%	0.00%
Total Revenues	49.63%	49.43%	48.46%	44.93%	44.36%	45.03%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.

Northeast Texas Community College  
Statistical Supplement 3  
Program Expenses by Function  
Fiscal Years 2002 to 2008  
(unaudited)

For the Fiscal Year Ended August 31,

	2008	2007	2006	2005	2004	2003	2002
Instruction	\$7,010,483	\$6,653,768	\$6,561,461	\$6,075,398	\$5,536,415	\$6,006,220	\$5,644,694
Public service	304,941	295,839	376,344	713,536	546,000	574,619	250,416
Academic support	917,229	884,371	759,418	790,797	800,439	827,786	911,078
Student services	1,496,809	1,678,155	1,523,805	1,376,129	1,275,110	1,012,905	1,022,857
Institutional support	2,488,991	2,257,954	2,078,964	2,073,787	2,137,074	2,040,704	1,857,087
Operation and maintenance of plant	1,429,482	1,347,323	1,366,895	1,129,971	1,043,060	1,026,326	1,089,447
Scholarships and fellowships	1,545,616	1,526,241	1,340,710	1,986,483	1,977,687	1,879,617	1,669,417
Auxiliary enterprises	1,738,130	1,696,651	1,505,817	1,642,882	1,589,001	1,492,701	1,340,793
Depreciation	901,056	882,907	721,458	598,445	552,022	433,618	388,007
<b>Total Operating Expenses</b>	<b>17,832,737</b>	<b>17,223,209</b>	<b>16,234,872</b>	<b>16,387,428</b>	<b>15,456,808</b>	<b>15,294,496</b>	<b>14,173,796</b>
Interest on capital related debt	999,311	1,059,870	1,078,410	908,905	1,035,407	715,108	577,929
Loss on disposal of fixed assets	-	-	-	-	29,298	23,649	-
Other non-operating expenses	24,224	24,654	18,151	27,460	37,403	7,798	4,526
<b>Total Non-Operating Expenses</b>	<b>1,023,535</b>	<b>1,084,524</b>	<b>1,096,561</b>	<b>936,365</b>	<b>1,102,108</b>	<b>746,555</b>	<b>582,455</b>
<b>Total Expenses</b>	<b>\$ 18,856,272</b>	<b>\$ 18,307,733</b>	<b>\$ 17,331,433</b>	<b>\$ 17,323,793</b>	<b>\$ 16,558,916</b>	<b>\$ 16,041,051</b>	<b>\$ 14,756,251</b>

For the Fiscal Year Ended August 31,

	2008	2007	2006	2005	2004	2003	2002
Instruction	37.18%	36.34%	37.86%	35.07%	33.43%	37.44%	38.25%
Public service	1.65%	1.62%	2.17%	4.12%	3.30%	3.58%	1.70%
Academic support	4.86%	4.83%	4.38%	4.56%	4.83%	5.16%	6.17%
Student services	7.94%	9.17%	8.79%	7.94%	7.70%	6.31%	6.93%
Institutional support	13.20%	12.53%	12.00%	11.97%	12.91%	12.72%	12.59%
Operation and maintenance of plant	7.58%	7.36%	7.89%	6.52%	6.30%	6.40%	7.38%
Scholarships and fellowships	8.20%	8.34%	7.74%	11.47%	11.94%	11.72%	11.31%
Auxiliary enterprises	9.22%	9.27%	8.69%	9.48%	9.60%	9.31%	9.09%
Depreciation	4.78%	4.82%	4.16%	3.45%	3.33%	2.70%	2.63%
<b>Total Operating Expenses</b>	<b>94.57%</b>	<b>94.08%</b>	<b>93.67%</b>	<b>94.59%</b>	<b>93.34%</b>	<b>95.35%</b>	<b>96.05%</b>
Interest on capital related debt	5.30%	5.79%	6.22%	5.25%	6.25%	4.46%	3.92%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%	0.18%	0.15%	0.00%
Other non-operating expenses	0.13%	0.13%	0.10%	0.16%	0.23%	0.05%	0.03%
<b>Total Non-Operating Expenses</b>	<b>5.43%</b>	<b>5.92%</b>	<b>6.33%</b>	<b>5.41%</b>	<b>6.66%</b>	<b>4.65%</b>	<b>3.95%</b>
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.

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

Resident Fees per Semester Credit Hour (SCH)											
Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of- District Tuition	General Service Fee	Technology Fee	Building Use Fee	Student Services Fee/Act	Cost for 12 SCH In- District	Cost for 12 SCH Out-of- District	Increase from Prior Year In- District	Increase from Prior Year Out-of- District
2007	\$ 15	\$ 28	\$ 56	\$ 31	\$			723	1,059	0.00%	0.00%
2006	15	28	56	31				723	1,059	4.32%	4.75%
2005	15	27	53	30				699	1,011	25.95%	29.12%
2004	15	21	40	24		-	-	555	783	0.00%	0.00%
2003	15	21	40	24	-	-	-	555	783	15.63%	18.64%
2002	12	18	33	21	-	-	-	480	660	0.00%	0.00%
2001	12	18	33	21	-	-	-	480	660	11.63%	17.44%
2000	10	17	28	18	-	-	-	430	562	12.57%	11.95%
1999	10	15	25	-	3	11	2	382	502	0.00%	0.00%
1998	10	15	25	-	3	11	2	382	502	10.40%	7.73%

Non - Resident Fees per Semester Credit Hour (SCH)								
Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	General Service Fee	Technology Fee	Building Use Fee	Student Services Fee/Act	Cost for 12 SCH Out of State	Increase from Prior Year Out of State
2007	\$ 15	100	\$ 31	\$	\$		1,585	0.00%
2006	15	100	31	-	-	-	1,585	4.62%
2005	15	95	30	-	-	-	1,515	67.77%
2004	15	50	24	-	-	-	903	0.00%
2003	15	50	24	-	-	-	903	15.77%
2002	12	43	21	-	-	-	780	0.00%
2001	12	43	21	-	-	-	780	6.85%
2000	10	42	18	-	-	-	730	3.40%
1999	10	42	-	3	11	2	706	0.00%
1998	10	42	-	3	11	2	706	5.37%

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

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

Direct Rate				
Tax Roll Year	Taxable Assessed Value (TAV)	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2007	\$ 4,258,908	0.066629	0.024953	0.091582
2006	3,918,384	0.066758	0.029472	0.096230
2005	3,311,968	0.063920	0.032310	0.096230
2004	3,195,566	0.064180	0.034880	0.099060
2003	2,927,359	0.063900	0.036100	0.100000
2002	2,841,977	0.062000	0.038000	0.100000
2001	2,896,573	0.061700	0.038300	0.100000
2000	2,559,351	0.059500	0.040500	0.100000
1999	2,233,597	0.057250	0.042750	0.100000
1998	2,270,047	0.055450	0.044550	0.100000

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

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

Fiscal Year	Appropriation per FTSE		Appropriation per Contact Hour				
	State Appropriation	FTSE (a)	State Appropriation per FTSE		Academic		
			Appropriation per FTSE	FTSE (a)	Contact Hours		Appropriation per Contact Hour
					(a)	Voc/Tech Contact Hours (b)	Total Contact Hours
2007-08	\$ 5,215,543	1,896	2,751	1,896	800,296	329,334	1,129,630
2006-07	5,113,281	1,674	3,055	1,674	761,776	294,116	1,055,892
2005-06	4,998,581	1,730	2,889	1,730	798,352	263,710	1,062,062
2004-05	4,607,933	1,879	2,452	1,879	852,288	261,766	1,114,054
2003-04	4,603,402	1,968	2,339	1,968	882,220	268,128	1,150,348
2002-03	4,406,873	1,886	2,337	1,886	741,104	416,922	1,158,026
2001-02	4,939,116	1,649	2,995	1,649	700,992	297,176	998,168
2000-01	4,793,540	1,457	3,290	1,457	603,712	255,986	859,698
1999-00	4,571,141	1,518	3,011	1,518	639,276	312,020	951,296
1998-99	4,212,505	1,642	2,565	1,642	612,016	409,175	1,021,191
							\$ 4.62
							4.84
							4.71
							4.14
							4.00
							3.81
							4.95
							5.58
							4.81
							4.13

Notes:

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

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

		Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Taxpayer		Type of Business									
AEF/Southwestern Tins Co.	Utility	21,155	25,104	-	24,285	24,285	37,496	21,559	-	-	-
AEF/Southwestern Morris Co.	Utility	13,899	-	-	15,595	-	13,819	-	-	-	-
AEF/SWEPSCO	Utility	218,250	257,689	213,971	212,594	212,594	263,234	272,489	329,564	231,757	236,324
BLC Corporation	Utility	-	-	18,400	27,239	27,239	24,723	-	28,781	28,652	25,937
Cisco Pipe & Supply	Pipe & Supply	-	-	26,565	-	-	-	-	-	-	-
Exxon Mobil Corp	Utility	29,435	-	-	-	-	-	-	-	-	-
Loose Star Steel	Steel Foundry	208,221	249,318	203,760	155,655	144,218	147,456	153,510	190,075	190,055	239,872
Oncor Electric	Utility	18,822	-	-	-	-	15,910	18,054	-	-	-
Pilgrim's Pride Corp Camp Co.	Poultry Processing	54,456	49,341	47,748	36,500	33,099	33,099	23,068	85,612	73,237	45,685
Pilgrim's Pride Corp.	Poultry Processing	-	-	-	16,666	16,666	-	-	-	-	-
Pilgrim's Pride Corp. Tins Co.	Poultry Processing	83,416	90,121	31,089	28,385	28,385	69,960	74,114	67,960	62,476	63,751
Pilgrim's Pride Corp. Tins Co.	Feed Mill	-	21,942	-	-	19,499	19,499	18,709	-	-	-
Pilgrim's Pride Corp. Feed Mill	Poultry Processing	-	28,339	-	-	-	-	-	-	-	-
Prident Manufacturing Co.	Manufacturing	13,360	22,422	-	-	-	-	-	-	-	-
Red Man Pipe & Supply	Pipe & Supply	16,572	28,053	-	-	-	-	-	-	-	-
Sooner Pipe and Supply	Pipe & Supply	10,448	26,976	-	-	-	-	-	15,953	-	-
Southwestern Bell	Utility	5,814	-	-	-	-	-	-	14,128	-	-
Texas Tubular	Manufacturing	22,960	24,507	-	-	-	-	-	-	-	-
Luminant Generation Co. LLC (TXU)	Utility	1,082,143	945,126	890,287	809,353	809,353	673,600	635,392	695,931	260,468	236,842
Luminant Mining Company LP (TXU)	Mining	28,064	-	22,596	24,740	24,740	-	20,670	23,058	28,589	28,622
Sicot Industries	Manufacturing	14,807	-	-	-	-	-	-	-	-	-
TXU Electric Delivery Company	Utility	-	-	-	-	-	-	16,792	18,945	16,166	16,955
Yost Alpine	Mining Equipment	-	-	-	-	-	-	-	-	18,926	18,336
Totals		\$ 1,841,822	\$ 1,718,657	\$ 1,504,737	\$ 1,351,014	\$ 1,340,079	\$ 1,298,797	\$ 1,254,358	\$ 1,470,008	\$ 891,399	\$ 893,988
Total Taxable Assessed Value		\$ 4,258,906	\$ 3,918,384	\$ 3,311,968	\$ 3,195,566	\$ 2,977,359	\$ 2,841,977	\$ 2,898,573	\$ 2,559,351	\$ 2,233,597	\$ 2,270,047

		% of Taxable Assessed Value (TAV) by Tax Year									
		2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Taxpayer		Type of Business									
AEF/Southwestern Tins Co.	Utility	0.64%	0.76%	-	0.73%	0.73%	1.13%	0.65%	-	-	-
AEF/Southwestern Morris Co.	Utility	-	-	6.46%	6.47%	-	0.42%	-	-	-	-
AEF/SWEPSCO	Utility	6.59%	7.78%	-	6.42%	6.42%	7.95%	8.23%	9.95%	7.00%	7.14%
BLC Corporation	Utility	-	-	0.56%	0.82%	0.82%	0.75%	-	0.87%	0.87%	0.78%
Cisco Pipe & Supply	Pipe & Supply	-	-	0.80%	-	-	-	-	-	-	-
Loose Star Steel	Steel Foundry	6.29%	7.53%	6.15%	4.70%	4.35%	4.45%	4.64%	5.74%	5.74%	7.24%
Oncor Electric	Utility	0	-	-	-	-	0.48%	0.55%	-	-	-
Pilgrim's Pride Corp Camp Co.	Poultry Processing	1.64%	1.49%	1.44%	1.10%	1.00%	1.00%	0.70%	2.58%	2.21%	1.38%
Pilgrim's Pride Corp.	Poultry Processing	-	-	-	0.50%	0.50%	-	-	-	-	-
Pilgrim's Pride Corp. Tins Co.	Poultry Processing	2.57%	2.72%	0.94%	0.86%	0.86%	2.11%	2.34%	2.05%	1.89%	1.92%
Pilgrim's Pride Corp. Feed Mill	Feed Mill	-	-	0.66%	-	0.59%	0.59%	0.56%	-	-	-
Prident Manufacturing Co.	Manufacturing	0.40%	0.68%	-	-	-	-	-	-	-	-
Red Man Pipe & Supply	Pipe & Supply	0.50%	0.85%	-	-	-	-	-	-	-	-
Sooner Pipe and Supply	Pipe & Supply	0.32%	0.81%	-	-	-	-	-	0.48%	-	-
Southwestern Bell	Utility	0	-	-	-	-	-	-	0.43%	-	-
Texas Tubular	Manufacturing	0.69%	0.74%	-	-	-	-	-	-	-	-
TXU Generation Company LP	Utility	32.67%	28.54%	26.88%	24.44%	24.44%	20.34%	19.18%	21.01%	7.86%	7.15%
TXU Mining Company LP	Mining	0	-	0.68%	0.75%	0.75%	-	0.62%	0.70%	0.86%	0.86%
TXU Electric Delivery Company	Utility	-	-	-	-	-	-	0.51%	0.57%	0.49%	0.51%
Yost Alpine	Mining Equipment	-	-	-	-	-	-	-	-	0.57%	0.55%
Totals		55.61%	51.89%	45.43%	40.79%	40.46%	39.22%	37.87%	41.38%	26.91%	26.99%

Source: Local County Appraisal District

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

Fiscal Year	Total Tax Levy (a)	Collections -		Percentage	Current		Percentage of
		Current Levy (b)	Current Levy (b)		Collections of Prior Levies (b)	Total Collections (c)	
2007-08	\$ 3,900,393	\$ 3,803,119	\$ 3,803,119	97.5%	\$ 65,566	\$ 3,868,685	99.2%
2006-07	3,770,440	3,662,056	3,662,056	97.1%	91,301	3,753,357	99.5%
2005-06	3,350,890	3,226,487	3,226,487	96.3%	83,729	3,310,216	98.8%
2004-05	3,168,754	3,075,793	3,075,793	97.1%	75,974	3,151,767	99.5%
2003-04	2,930,862	2,829,677	2,829,677	96.5%	62,264	2,891,941	98.7%
2002-03	2,841,977	2,758,410	2,758,410	97.1%	71,674	2,830,084	99.6%
2001-02	2,896,876	2,808,865	2,808,865	97.0%	67,919	2,876,784	99.3%
2000-01	2,561,528	2,429,664	2,429,664	94.9%	70,806	2,500,470	97.6%
1999-00	2,233,598	2,155,908	2,155,908	96.5%	58,596	2,214,504	99.1%
1998-99	2,270,047	2,187,181	2,187,181	96.3%	61,864	2,249,045	99.1%

Source: Local Tax Assessor/Collector and District records.

(a) As of August 31st

(b) Property tax only - does not include penalties and interest

(c) Ties to sum of M&O and Debt Service taxes on Exhibit 2

Northeast Texas Community College  
Statistical Supplement 9  
Ratios of Outstanding Debt  
Last Ten Fiscal Years  
(unaudited)

	For the Fiscal Year Ended August 31									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>General Bonded Debt</b>										
General obligation bonds	\$ 14,924,378	\$ 15,108,926	\$ 15,174,218	\$ 15,150,582	\$ 15,046,221	\$ 14,921,293	\$ 4,181,692	\$ 4,613,113	\$ 4,802,991	\$ 6,979,436
<b>Other Debt</b>										
Revenue bonds	\$ 4,000,000	\$ 4,175,000	\$ 4,270,000	\$ 1,785,000	\$ 2,020,000	\$ 2,240,000	\$ 2,450,000	\$ 2,645,000	\$ 2,835,000	\$ 3,002,428
Notes and capital leases	228,606	350,455	375,902	587,330	345,861	163,486	123,869	159,274	77,822	82,934
Total Outstanding Debt	\$ 19,152,984	\$ 19,634,381	\$ 19,820,120	\$ 17,522,912	\$ 17,412,082	\$ 17,324,779	\$ 6,755,561	\$ 7,417,387	\$ 7,715,813	\$ 10,064,798

<b>General Bonded Debt Ratios</b>										
Per Capita	\$ 266	\$ 273	\$ 280	\$ 281	\$ 282	\$ 297	\$ 83	\$ 93	\$ 97	\$ 143
Per Student	\$ 2,372	\$ 2,424	\$ 2,449	\$ 2,362	\$ 2,331	\$ 2,430	\$ 773	\$ 883	\$ 851	\$ 1,268
As a percentage of Taxable Assessed Value	0.35%	0.45%	0.47%	0.52%	0.53%	0.52%	0.16%	0.21%	0.21%	0.32%

<b>Total Outstanding Debt Ratios</b>										
Per Capita	\$ 341.70	\$ 355.08	\$ 366.07	\$ 324.73	\$ 325.88	\$ 344.35	\$ 133.64	\$ 149.12	\$ 156.23	\$ 206.37
Per Student	3,045	3,150	3,199	2,732	2,697	2,821	1,248	1,419	1,368	1,828
As a percentage of Taxable Assessed Value	0.45%	0.59%	0.62%	0.60%	0.61%	0.60%	0.26%	0.33%	0.34%	0.46%

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment.



For the Fiscal Year Ended August 31										
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Taxable Assessed Value	\$ 4,258,908,176	\$ 3,918,383,612	\$ 3,311,968,407	\$ 3,195,566,951	\$ 2,927,359,577	\$ 2,902,438,634	\$ 2,935,538,359	\$ 2,559,351,510	\$ 2,233,597,902	\$ 2,270,047,040
<b>General Obligation Bonds</b>										
Statutory Tax Levy Limit for Debt Service	21,294,541	19,591,918	16,559,842	15,977,835	14,636,798	14,512,193	14,677,692	12,796,758	11,167,990	11,350,235
Less: Funds Restricted for Repayment of General Obligation Bonds										
Total Net General Obligation Debt	21,294,541	19,591,918	16,559,842	15,977,835	14,636,798	14,512,193	14,677,692	12,796,758	11,167,990	11,350,235
Current Year Debt Service Requirements	1,158,149	1,145,587	1,132,388	1,126,279	1,068,780	1,089,062	1,088,751	1,039,477	959,001	1,007,281
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 20,136,392	\$ 18,446,331	\$ 15,427,454	\$ 14,851,556	\$ 13,568,018	\$ 13,423,131	\$ 13,588,941	\$ 11,757,281	\$ 10,208,989	\$ 10,342,954
Net Current Requirements as a % of Statutory Limit	5.44%	5.85%	6.84%	7.05%	7.30%	7.50%	7.42%	8.12%	8.59%	8.87%

Note: Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable assessed valuation.

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

Revenue Bonds

Fiscal Year	Pledged Revenues				Debt Service Requirements			Coverage Ratio
	Tuition and Fees	Dorm Fees	Other Fees	Continuing Education	Bookstore Revenues	Other Revenues	Total	
2007-08	\$ 2,747,136	\$ 438,900	\$ 277,089	\$ 190,944	\$ 1,317,597	\$ 436,534	\$ 343,365	15.75
2006-07	2,727,566	369,323	266,061	263,633	1,325,690	448,530	348,790	15.48
2005-06	2,538,175	295,523	341,391	255,389	1,236,924	363,208	365,180	13.78
2004-05	2,167,101	248,801	-	-	-	-	365,005	6.62
2003-04	2,169,998	262,632	-	-	-	-	363,735	6.69
2002-03	1,862,136	238,978	-	-	-	-	366,465	5.73
2001-02	1,667,829	228,026	-	-	-	-	366,233	5.18
2000-01	1,614,164	136,019	-	-	-	-	365,546	4.79
1999-00	1,482,207	131,309	-	-	-	-	374,879	4.30
1998-99	1,710,351	123,095	-	-	-	-	369,623	4.96

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

Calendar Year	District Population (1)	District Personal Income (2) (a) (thousands of dollars)	District Personal Income Per Capita (a) \$	County Unemployment Rate			National Unemployment Rate (4)
				Camp County (3)	Morris County (3)	Titus County (3)	
2007	56,370	\$ 1,514,516	\$ 26,867	4.8%	6.4%	4.7%	5.1%
2006	56,052	1,387,000	24,745	5.1%	5.5%	4.1%	4.6%
2005	55,296	1,386,710	25,078	5.0%	5.3%	4.1%	5.1%
2004	54,143	-	-	4.5%	6.8%	4.6%	5.4%
2003	53,962	-	-	6.4%	9.7%	4.9%	5.8%
2002	53,431	-	-	5.2%	7.0%	3.9%	4.8%
2001	50,311	-	-	5.3%	7.2%	4.2%	4.0%
2000	50,552	-	-	6.6%	11.0%	5.7%	4.1%
1999	49,742	-	-	8.1%	12.7%	6.5%	3.8%
1998	49,389	-	-	6.9%	8.2%	6.5%	5.4%

**Sources:**

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

**Notes:**

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

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

Employer	2007-08			2006-07			2005-06		
	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Percentage of Total Employment	Approximate Number of Employees	Percentage of Total Employment	
Pilgrim's Pride	4,000	5.27%	4,000	5.27%	4,000	5.27%	4,000	5.27%	
Lone Star Steel	2,000	1.32%	2,000	1.32%	2,000	1.32%	2,000	1.32%	
Mt. Pleasant ISD	966	1.27%	966	1.27%	966	1.27%	940	1.24%	
Titus Regional Medical Center	650	0.86%	650	0.86%	650	0.86%	400	0.53%	
Texas Utilities	600	0.79%	600	0.79%	600	0.79%	400	0.53%	
Wal-Mart Supercenter	450	0.59%	450	0.59%	450	0.59%	400	0.53%	
Priefert Manufacturing	595	0.78%	595	0.78%	595	0.78%	450	0.59%	
Northeast Texas Community College	360	0.47%	340	0.47%	340	0.45%	340	0.45%	
Big Tex Trailer World, Inc.	462	0.61%	462	0.61%	462	0.61%	300	0.40%	
Diamond C Trailers	85	0.11%	85	0.11%	85	0.11%	300	0.40%	
City of Mt. Pleasant	155	0.20%	155	0.20%	155	0.20%	150	0.20%	
Total	10,323	12.28%	10,303	12.25%	9,680	11.43%	9,680	11.43%	

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

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

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
<b>Faculty</b>						
Full-Time	60	55	58	53	53	55
Part-Time	102	102	96	75	113	90
Total	162	157	154	128	166	145
<b>Percent</b>						
Full-Time	37.0%	35.0%	37.7%	41.4%	31.9%	37.9%
Part-Time	63.0%	65.0%	62.3%	58.6%	68.1%	62.1%
<b>Staff and Administrators</b>						
Full-Time	144	140	147	130	125	129
Part-Time	5	6	9	11	12	9
Total	149	146	156	141	137	138
<b>Percent</b>						
Full-Time	96.6%	95.9%	94.2%	92.2%	91.2%	93.5%
Part-Time	3.4%	4.1%	5.8%	7.8%	8.8%	6.5%
FTSE per Full-time Faculty	32	30	30	35	37	34
FTSE per Full-Time Staff Member	13	12	12	14	16	15
Average Annual Faculty Salary	\$51,607	\$50,151	\$46,491	\$44,206	\$44,107	\$42,780

**Source:**  
Human Resources IPEDS

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

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

Student Classification	Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Freshman	4,290	68.19%	4,083	65.90%	4,329	69.82%	4,788	74.66%	4,365	67.61%
Sophomore	1,251	19.89%	895	14.44%	1,224	19.74%	1,047	16.33%	1,264	19.58%
Unclassified	660	10.49%	1,174	18.95%	597	9.63%	539	8.40%	815	12.62%
Associate Degree	90	1.43%	9	0.15%	18	0.29%	14	0.22%	2	0.03%
Baccalaureate or above	0	0.00%	35	0.56%	32	0.52%	25	0.39%	10	0.15%
Total	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%	6,456	100.00%

Semester Hour Load	Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	220	3.50%	108	1.75%	150	2.42%	131	2.04%	102	1.58%
3-5 semester hours	1,869	29.71%	2,120	34.21%	2,112	34.07%	2,153	33.57%	2,052	31.79%
6-8 Semester hours	1,513	24.05%	1,174	18.94%	1,380	22.25%	1,344	20.96%	1,376	21.31%
9-11 semester hours	566	9.00%	691	11.15%	596	9.61%	608	9.48%	566	8.76%
12-14 semester hours	1,632	25.94%	1,434	23.15%	1,508	24.32%	1,664	25.95%	1,722	26.67%
15-17 semester hours	392	6.23%	528	8.52%	350	5.65%	381	5.94%	484	7.49%
18 & over	99	1.57%	141	2.28%	104	1.68%	132	2.06%	155	2.40%
Total	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%	6,456	100.00%

Average course load

9.4

8.8

8.5

8.7

9.0

Tuition Status	Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In-District	3,582	56.94%	3,619	58.41%	3,609	58.21%	3,775	58.86%	3,914	60.63%
Out-of-District	2,387	37.94%	2,261	36.49%	2,246	36.23%	2,328	36.30%	2,281	35.33%
Nonresident	168	2.67%	154	2.49%	153	2.47%	149	2.32%	135	2.09%
Tuition Exemption for Texas Resident	32	0.51%	27	0.44%	38	0.61%	38	0.59%	40	0.62%
Foreign Classified In-Dist Resident	86	1.37%	90	1.45%	83	1.34%	49	0.76%	33	0.51%
Foreign Classified Out-of-Dist Resident	8	0.13%	5	0.08%	8	0.13%	5	0.08%	4	0.06%
Foreign Pending In-Dist Resident	23	0.37%	36	0.58%	59	0.95%	62	0.97%	42	0.65%
Foreign Pending Out-of-Dist Resident	5	0.08%	4	0.06%	0	0.00%	7	0.11%	7	0.11%
Visiting Student Due To Natural Disaster	0	0.00%	0	0.00%	4	0.06%	0	0.00%	0	0.00%
Total	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%	6,456	100.00%

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

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

Gender	Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	4,182	66.48%	4,045	65.28%	3,957	63.82%	4,201	65.51%	4,312	66.79%
Male	2,109	33.52%	2,151	34.72%	2,243	36.18%	2,212	34.49%	2,144	33.21%
Total	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%	6,456	100.00%

Ethnic Origin	Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	4,546	72.26%	4,515	72.87%	4,569	73.69%	4,770	74.38%	4,905	75.98%
African American	651	10.35%	595	9.60%	586	9.45%	699	10.90%	754	11.68%
Hispanic	918	14.59%	928	14.98%	870	14.03%	790	12.32%	667	10.33%
Asian	71	1.13%	44	0.71%	46	0.74%	33	0.51%	27	0.42%
Native American	52	0.83%	40	0.65%	30	0.48%	27	0.42%	37	0.57%
Foreign	50	0.79%	74	1.19%	99	1.60%	94	1.47%	66	1.02%
Unknown or Not Reported	3	0.05%	-	-	-	-	-	-	-	-
Total	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%	6,456	100.00%

Age	Fiscal 2008		Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	875	13.91%	757	12.22%	693	11.18%	744	11.60%	678	10.50%
18 - 21	2,840	45.14%	2,817	45.46%	2,818	45.45%	2,834	44.19%	2,758	42.72%
22 - 24	706	11.22%	617	9.96%	653	10.53%	699	10.90%	727	11.26%
25-30	720	11.44%	706	11.39%	695	11.21%	715	11.15%	790	12.24%
31-35	366	5.82%	422	6.81%	454	7.32%	515	8.03%	571	8.84%
36-50	586	9.31%	662	10.68%	686	11.06%	743	11.59%	777	12.04%
51 & over	198	3.15%	215	3.47%	201	3.24%	163	2.54%	155	2.40%
Total	6,291	100.00%	6,196	100.00%	6,200	100.00%	6,413	100.00%	6,456	100.00%

Average Age	24	25	25	25	25
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Source: CBM004 and CBM00A reports submitted to the State of Texas Coordinating Board

Northeast Texas Community College  
Statistical Supplement 17  
Transfers to Senior Institutions  
2006-2007 Graduates, Completers and Non-Returners  
(Includes only public senior colleges in Texas)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Tech-Prep Student Count	Total of all Transfer Students	% of all Transfer Students
1	1	0	0	0	1	0.25%
2	1	0	0	0	1	0.25%
3	13	0	1	1	14	3.52%
4	35	0	0	0	35	8.79%
5	4	0	0	0	4	1.01%
6	37	0	0	0	37	9.30%
7	46	1	0	0	47	11.81%
8	3	0	0	0	3	0.75%
9	97	2	3	3	102	25.63%
10	0	1	0	0	1	0.25%
11	13	0	0	0	13	3.27%
12	11	0	0	0	11	2.76%
13	8	0	0	0	8	2.01%
14	14	0	0	0	14	3.52%
15	11	0	0	0	11	2.76%
16	1	0	0	0	1	0.25%
17	1	0	0	0	1	0.25%
18	1	0	0	0	1	0.25%
19	61	4	0	0	65	16.33%
20	0	1	0	0	1	0.25%
21	1	0	0	0	1	0.25%
22	0	0	0	0	0	0.00%
23	3	0	0	0	3	0.75%
24	22	1	0	0	23	5.78%
<hr/>						
Totals	384	10	4	398	100.00%	

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



Northeast Texas Community College  
Statistical Supplement 18  
Schedule of Capital Asset Information  
Fiscal Years 2002 to 2008

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

Notes:

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

***FEDERAL FINANCIAL ASSISTANCE INFORMATION***

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other  
Matters based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

*December 10, 2008*

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

***Members of the Board:***

We have audited the financial statements of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. as of August 31, 2008 and 2007, and have issued our report thereon dated December 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Uniform Grant Management Standards*, issued by the State of Texas.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Northeast Texas Community College and Northeast Texas Community College Foundation Inc. ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by Northeast Texas Community College and Northeast Texas Community College Foundation Inc.'s internal control.

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

**Compliance and Other Matters**

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

We noted certain other matters that we reported to management of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. in a separate letter dated December 10, 2008.

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

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

**Independent Auditors' Report on Compliance with  
Requirements Applicable to each Major Program and Internal Control  
over Compliance in Accordance with OMB Circular A-133**

*December 10, 2008*

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

***Members of the Board:***

**Compliance**

We have audited the compliance of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2008. Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s management. Our responsibility is to express an opinion on Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance based on our audit.

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

In our opinion, Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2008.

**Internal Control over Compliance**

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

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

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**SCHEDULE G**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2008**  
**Page 1 of 2**

<b>Federal Grantor/Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Grantors Number</b>	<b>Pass Through Disbursements and Expenditures</b>
<b>U.S. Department of Education</b>			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	* 84.007A		\$ 57,984
Title III	84.031A		91,398
Federal Work-Study Program	* 84.033A		94,692
TRIO - Upward Bound	84.047A		248,242
Federal Pell Grant Program	* 84.063P		2,760,697
FIPSE/SFA	84.116		895
Robert Byrd	84.185A		1,500
21st Century Community Learning Centers	84.287	(A)	562,516
Gear Up	84.334A		424,815
Academic Competiveness Grant	* 84.375		62,339
Passed Through			
Texas Education Agency			
Adult Basic Education	84.002A		142,638
EL Civics	84.002A		118,100
Subtotal Passed Through Texas Education Agency			<u>4,565,816</u>
Texas Higher Education Coordinating Board			
Perkins Basic Grant	* 84.048	84234	170,557
Perkins Texas Collaborative for Teaching Excellence	* 84.048		19,562
Perkins Learning Styles Academy	* 84.048	81105	4,423
Perkins Critical Thinking in the 21st Century	* 84.048	81114	1,236
Perkins Closing the Gaps	* 84.048	81202	54,181
Perkins Building Partnerships to Support Non-Traditional Students	* 84.048	81203	61,655
LEAP	84.069A		4,181
SLEAP	84.069B		5,545
Subtotal Passed Through Texas Higher Education Coordinating Board			<u>321,340</u>
<b>Total U.S. Department of Education</b>			<u><u>4,887,156</u></u>
<b>U.S. Department of Labor</b>			
Pass Through From Texas Higher Education Coordinating Board			
Pass through Arbor Education & Training	17.259		63,452
<b>Total U.S. Department of Labor</b>			<u>63,452</u>
<b>National Science Foundation</b>	47.076		<u>7,413</u>
<b>U. S. Small Business Administration</b>			
Small Business Development Center	59.037		<u>56,572</u>
<b>U.S. Department of Health and Human Services</b>			
Pass - Through From			
Texas Education Agency			
Temporary Assist to Needy Families	93.558		86,747
Temporary Assist to Needy Families	* 93.558	(A)	145,836
Subtotal Passed Through Texas Education Agency			<u>232,583</u>
Pass - Through From			
Texas Workforce commission			
Temporary Assist to Needy Families	93.558		13,247
MCP Grant	93.616	(A)	60,811
<b>Total U.S. Department of Health and Human Services</b>			<u><u>306,641</u></u>
<b>AmeriCorps</b>			
Pass - Through From			
OneStar Foundation	94.006		<u>26,481</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 5,347,715</u></u>

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Year Ended August 31, 2008*  
*Page 2 of 2*

**Note 1: Federal Assistance Reconciliation**

Federal Grants and Contracts Revenue - Per Schedule A - College	\$	4,578,551
Federal Grants and Contracts Revenue - Foundation		<u>769,164</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$	<u><u>5,347,715</u></u>

**Note 2: Significant Accounting Policies**

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

\* Major Program

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

See independent auditors' report.





***NORTHEAST TEXAS COMMUNITY COLLEGE  
FEDERAL SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED AUGUST 31, 2008***

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

*STATE FINANCIAL ASSISTANCE INFORMATION*

*Independent Auditors' Report on Compliance with  
Requirements Applicable to each Major State Program and Internal Control  
over Compliance in Accordance with State of Texas Single Audit Circular*

*December 10, 2008*

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

*Members of the Board:*

**Compliance**

We have audited the compliance of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. with the types of compliance requirements described in the *Uniform Grant Management Standards* issued by the State of Texas that are applicable to each of its major state programs for the years ended August 31, 2008. Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s management. Our responsibility is to express an opinion on Northeast Texas Community College and Northeast Texas Community College Foundation, Inc.'s compliance based on our audit.

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

In our opinion, Northeast Texas Community College and Northeast Texas Community College Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the years ended August 31, 2008. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with *Uniform Grant Management Standards*.

**Internal Control over Compliance**

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non compliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

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

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



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

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**SCHEDULE H**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended August 31, 2008**  
**Page 1 of 2**

<u>Grantor/Program/Title</u>	<u>Grant Contract Number</u>	<u>Pass Through Disbursements and Expenditures</u>
Texas Education Agency		
Adult Basic Education		22,741
Temporary Assist to Needy Families		4,801
Rider 82		1,236
State Engineering & Science Recruitment Fund (SENSR)	(A)	98,787
Temporary Assist to Needy Families-Communities in Schools *	(A) 0710580171200011	605,123
Total Texas Education Agency		<u>732,688</u>
U.S. Small Business Administration		
SBDC State		<u>79,143</u>
Texas Higher Education Coordinating Board		
Texas Grant Program	N/A	177,453
Texas Grant II	N/A	28,545
The Leading Hand	(A)	11,269
Nursing Scholarship		2,843
Nursing shortage		3,273
P-16 Program		11,141
Total Texas Higher Education Coordinating Board		<u>234,524</u>
Texas College Workstudy		<u>15,791</u>
Total State Financial Assistance		\$ <u><u>1,062,146</u></u>
* - Major Program		

**NORTHEAST TEXAS COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
*For the Year Ended August 31, 2008*  
Page 2 of 2

**Note 1: Significant Accounting Policies**

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

**Note 2: State Financial Assistance Reconciliation**

	<u>Expenditures</u>
State Grants and Contracts - College per Schedule A	\$ 346,967
State Grants and Contracts - - Foundation	<u>715,179</u>
<b>Total State Financial Assistance</b>	<b>\$ <u>1,062,146</u></b>

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

See independent auditors' report.





***NORTHEAST TEXAS COMMUNITY COLLEGE  
STATE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED AUGUST 31, 2008***

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