

***TEXARKANA COLLEGE
TEXARKANA, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED AUGUST 31, 2009 AND 2008***

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TEXARKANA COLLEGE

ORGANIZATIONAL DATA
For the Fiscal Year 2008 - 2009

Board of Trustees

Officers

Randy Moore	President
Jennell Ingram	Vice President
Molly Beth Malcolm	Secretary

Members

Term Expires

Terry Taylor	Texarkana, Texas	2010
Borden Bell	Texarkana, Texas	2010
Dr. C. Jack Smith	Texarkana, Texas	2010
Julie-Ray Harrison	Texarkana, Texas	2012
Jennell Ingram	Texarkana, Texas	2012
Molly Beth Malcolm	Texarkana, Texas	2012
Dr. Andrew Curry	Texarkana, Texas	2014
Randy Moore	Texarkana, Texas	2014
Vacant	Texarkana, Texas	2014

Key Officers

Dr. Alan Rasco	President
David Mueller	Dean of Instruction
Steve Middlebrooks	Dean of Students
Scott Norton	Director of Business Office

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

November 16, 2009

*Board of Trustees
Texarkana College
Texarkana, Texas*

Members of the Board:

We have audited the statements of net assets of Texarkana College as of August 31, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets and statements of cash flows for the years then ended, and the statement of net assets of Texarkana College Foundation, Inc. as of December 31, 2008 and 2007, and the related statement of revenues, expenses, and changes in net assets and statement of cash flows for the years then ended. These financial statements are the responsibility of Texarkana College'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 Texarkana College as of August 31, 2009 and 2008, and the results of its operations and cash flows for the years then ended, and Texarkana College Foundation, Inc. as of December 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 November 16, 2009 on our consideration of Texarkana College'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 3-8 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 Texarkana College and Texarkana 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

This section of Texarkana College's annual financial report presents management's discussion and analysis of the financial performance of the college during the fiscal years ending 2007, 2008 and 2009. This discussion should be read in conjunction with the accompanying financial statements, notes to the financial statements, and supplemental information. The financial statements, notes to the financial statements, supplemental information, and this discussion are the responsibility of Texarkana College's management.

A Brief Discussion of the Basic Financial Statements

This annual report contains financial statements prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. These financial statements differ significantly, in both the form and the accounting principles utilized, from financial statements issued prior to 2002. The financial statements presented in years prior to 2002 focused on the accountability of fund groups, while these statements focus on the financial condition, the results of operations, and cash flows of the College as a whole.

The financial statements prescribed by GASB No. 35 (the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows) present financial information similar to that used by corporations. The statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Net Assets includes all assets and liabilities. Increases over time in the net assets (the difference between assets and liabilities) are one indicator of the improvements in the College's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital financing and related investing activities. This statement helps measure the ability to pay operating expenses with operating revenues and the extent that capital assets are financed.

Condensed Financial Information

Financial Position Summary

Assets	2009	2008	2007
Current and other assets	\$ 23,315,401	\$ 25,459,602	\$ 24,307,084
Capital assets	19,716,574	19,128,843	18,930,080
Total assets	<u>43,031,975</u>	<u>44,588,445</u>	<u>43,237,164</u>
Liabilities			
Long term liabilities	725,372	711,826	750,505
Other liabilities	3,254,551	3,169,809	2,949,541
Total Liabilities	<u>3,979,923</u>	<u>3,881,635</u>	<u>3,700,046</u>
Net Assets			
Invested in capital assets	19,716,574	19,128,843	18,930,080
Restricted	3,029,734	2,988,690	2,227,882
Unrestricted	16,305,744	18,589,277	18,379,156
Total net asset	\$ <u>39,052,052</u>	\$ <u>40,706,810</u>	\$ <u>39,537,118</u>

The College's capital assets represent 46% of the total assets at August 31, 2009 compared to 43% at August 31, 2008. The largest component of capital assets is the College's investment in buildings. The buildings represent 80% of the capital assets at the end of the 2009 fiscal year compared to 82% for 2008. Adequate facilities are an important factor in the ability of the College to meet the education needs of current and future students.

Summary of Changes in Net Assets

Operating Revenues:	2009	2008	2007
Net Tuition and Fees	\$ 4,276,800	\$ 3,955,930	\$ 3,843,715
Federal Grants and Contracts	848,698	897,097	1,013,841
Net Auxiliary Enterprises	2,320,449	1,984,724	1,791,611
State Grants and Contracts	857,584	476,410	1,111,478
Non - Governmental grants	66,953	42,049	39,600
Sales and services of educational activities	144,618	127,157	134,185
Other	465,667	675,847	450,600
Total Operating Revenue	<u>8,980,769</u>	<u>\$ 8,159,214</u>	<u>\$ 8,385,030</u>

Summary of Changes in Net Assets – continued

Operating Expenses:	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction	\$ 12,215,518	\$ 11,287,318	\$ 11,131,893
Academic Support	1,867,262	1,864,236	1,900,571
Student Services	1,906,379	1,896,173	1,989,656
Institutional Support	2,788,637	2,264,580	2,075,800
Operation and Maintenance of Plant	2,484,075	2,132,502	2,035,731
Scholarships and Fellowships	2,713,959	2,196,421	1,828,320
Auxiliary Enterprises	2,902,848	2,380,504	2,177,404
Depreciation	<u>996,357</u>	<u>887,328</u>	<u>836,278</u>
Total Operating Expenses	<u>27,875,035</u>	<u>24,909,062</u>	<u>23,975,653</u>
Operating Income (Loss)	<u>(18,894,266)</u>	<u>(16,749,848)</u>	<u>(15,590,623)</u>
Non-Operating Income			
State Appropriations	11,575,761	11,687,675	11,151,680
Taxes	1,169,121	1,089,803	997,089
Federal Grants Non Operating	4,030,961	3,493,767	2,746,238
Investment Income	353,214	950,178	1,099,333
Gifts	55,451	698,117	28,585
Other Non-Operating Income (Expense)	<u>55,000</u>	<u> </u>	<u> </u>
Net Non-Operating Revenues	<u>17,239,508</u>	<u>17,919,540</u>	<u>16,022,925</u>
Increase (Decrease) in Net Assets	(1,654,758)	1,169,692	432,302
Net Assets-Beginning of Year	<u>40,706,810</u>	<u>39,537,118</u>	<u>39,104,816</u>
Net Assets-End of Year	<u>\$ 39,052,052</u>	<u>\$ 40,706,810</u>	<u>\$ 39,537,118</u>

The College's net assets decreased \$1,654,758 for the year ended August 31, 2009 compared to an increase of \$1,169,692 for the year ended August 31, 2008. The change from 2008 to 2009 of approximately \$2,825,000 results from the following significant items.

Increase in College's share of rising star scholarships	\$540,000
Increase in depreciation expense	\$110,000
Increase in plant fund expenditures	\$173,000
Decrease in endowment fund gifts	\$643,000
Decrease in interest income	\$597,000

In addition to the above the unrestricted operating educational expenditures increased by approximately 9.50% while state funding, the major source of funding for these expenditures remained constant.

Summary of Changes in Net Assets – continued

The College's net assets increased \$1,169,692 and \$432,302 for the years ended August 31, 2008 and 2007, respectively. The 2008 increase is up from the 2007 increase because of a large endowment received during 2008. Total revenues increased by approximately 6.70% and the expenses are up by approximately 3.80%. Total revenues, excluding endowment gifts, increased by 3.99%. The College's earnings from investments and endowment gifts were more than the increase in net assets for 2008, without the investment income and endowment gifts the college's net assets would have decreased by \$503,000 for the year ended August 31, 2008 compared to a decrease of \$667,000 for the prior year.

The College's unrestricted net assets increased by \$210,121 for the year ended August 31, 2008. The unrestricted net assets are the assets that generate the College's investment income. This increase is primarily due to the additional income brought on by dramatic enrollment growth.

Summary of Cash Flow Activities

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash flow from (used by) operating activities	\$ (17,673,138)	\$ (13,568,699)	\$ (12,647,818)
Cash flow from capital, non capital, and related financing activities	14,619,660	13,595,544	11,100,853
Cash flow from (used by) investing activities	<u>13,860,836</u>	<u>20,076</u>	<u>894,099</u>
Net increase (decrease) in cash and cash equivalents	10,807,358	46,921	(652,866)
Cash and cash equivalents:			
Beginning of year	<u>2,159,101</u>	<u>2,112,180</u>	<u>2,765,046</u>
End of year	\$ <u><u>12,966,459</u></u>	\$ <u><u>2,159,101</u></u>	\$ <u><u>2,112,180</u></u>

The College's available cash and cash equivalents increased by \$10,807,358 during the year ended August 31, 2009. This significant increase is from certificates of deposit being purchased with shorter maturity dates due to changing banks at August 31, 2009. The shorter maturity dates required these investments to be classified as cash equivalents per accounting standards. These certificates of deposits resulted in cash and cash equivalents increasing by \$13,860,836.

Cash and cash equivalents decreased by \$3,053,478 without including the certificates of deposit. This decrease is from purchasing capital assets of \$1,584,088 and payment operating expenses in excess of receipts in the amount of \$1,469,390.

The College's available cash and cash equivalents increased by \$46,921 during the year ended August 31, 2008

The College's available cash and cash equivalents decreased \$652,866 during the year ended August 31, 2007.

Analysis of College's Overall Financial Position and Results of Operation

Current assets, as of August 31, 2009, totaled \$20,281,309 which is 47% of the total assets. Approximately 88% of the current assets are in cash or are invested in certificates of deposits at August 31, 2009.

Current assets, as of August 31, 2008, totaled \$22,444,025 which is 50% of the total assets. Approximately 89% of the current assets are invested in certificates of deposits at August 31, 2008.

Current assets, as of August 31, 2007, totaled \$21,991,943 which is 51% of the total assets. Approximately 89% of the current assets are invested in certificates of deposits at August 31, 2007.

Current liabilities total approximately \$3,200,000 for 2009 and 2008. Deferred revenue is 38% for 2009 and 34% for 2008 of the total current liabilities. Deferred revenue is tuition and fees collected prior to year end for the fall classes. These are deferred because the revenue has not been earned as of the end of the year. These are monies for classes that will be primarily conducted in the next fiscal year.

The College incurred a net operating loss for the years ended August 31, 2009, 2008 and 2007, because state appropriations, Title IV funds and property tax collections are classified as non operating revenues.

Net operating loss is an excess of the cost to provide educational instruction to our students over income from grants and funds charged to students.

Net operating income is the excess of grants and funds charged to students over the cost to provide educational instruction to our students.

State and federal funds amounted to 65% and charges to the students amounted to 25% of the total revenues for the year ended August 31, 2009.

State and federal funds amounted to 63% and charges to the students amounted to 23% of the total revenues for the year ended August 31, 2008.

Salaries and benefits are approximately 62% of the total operating expenses for the year ended August 31, 2009.

Salaries and benefits are approximately 65% of the total operating expenses for the year ended August 31, 2008.

Non-operating revenues primarily consist of state appropriations, property tax, and investment income.

The College had negative cash flow from operating activities for the years ended August 31, 2009, 2008 and 2007 because a significant portion of the revenue, state appropriations, Title IV funds, and taxes, are considered non operating revenue.

Analysis of College's Overall Financial Position and Results of Operations – continued

The College expended \$1,584,088 and \$1,086,093 to purchase capital assets during the years ended August 31, 2009 and 2008, respectively.

Description of significant capital asset and long-term debt activity

Significant commitments made for capital expenditures

There are significant commitments for capital expenditures in the year 09-10 estimated in the amount of \$2.7 million which will be paid out of a \$12.00 per semester-hour increase in student fees.

Changes in credit ratings

There has not been a change in the credit rating of Texarkana College.

Debt limitations that may affect the financing of planned facilities or services

Texarkana College has no bonded indebtedness. Furthermore, Texarkana College foresees no capital improvement needs which would require financing.

Discussion of currently known facts, decisions, or conditions

During the year, cash temporarily idle was invested in short-term investments. The average yield on investments was 1.75% and 4.75% for the years ended August 31, 2009 and 2008 respectively.

Texarkana College affirms as its mission the commitment to provide, within the resources available, educational programs and services that meet the individual and community needs.

FINANCIAL STATEMENTS

TEXARKANA COLLEGE
EXHIBIT 1
STATEMENTS OF NET ASSETS
August 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 11,095,713	\$ 2,042,078
Short-term investments (Note 3)	6,840,000	18,273,950
Accounts receivable (Note 20)	1,689,657	1,422,746
Inventories	655,939	705,251
Total Current Assets	<u>20,281,309</u>	<u>22,444,025</u>
Noncurrent Assets		
Restricted cash and cash equivalents (Note 3)	1,870,746	117,023
Endowment investments (Note 3)		1,843,001
Notes receivable (net of allowance for doubtful accounts of \$39,601, 2009 and \$39,601, 2008)	51,316	8,119
Insurance fund investments (Note 3)	1,112,030	1,047,434
Capital assets, net of accumulated depreciation (Note 6)	19,716,574	19,128,843
Total Noncurrent Assets	<u>22,750,666</u>	<u>22,144,420</u>
Total Assets	<u>43,031,975</u>	<u>44,588,445</u>
LIABILITIES		
Current Liabilities		
Accounts payable (Note 20)	1,047,942	1,173,092
Accrued liabilities (Note 20)	276,194	258,168
Funds held for others	656,174	643,834
Deposits	28,200	25,800
Deferred revenues	1,246,041	1,068,915
Total Current Liabilities	<u>3,254,551</u>	<u>3,169,809</u>
Noncurrent Liabilities		
Accounts payable restricted (Note 20)	55,717	21,586
Deferred revenue	81,777	61,124
Accrued compensable absences payable (Note 8)	587,878	629,116
Total Noncurrent Liabilities	<u>725,372</u>	<u>711,826</u>
Total Liabilities	<u>3,979,923</u>	<u>3,881,635</u>
NET ASSETS		
Invested in capital assets, net of related debt	19,716,574	19,128,843
Restricted for		
Nonexpendable		
Student Aid (Note 16)	1,553,103	1,526,545
Instructional Programs (Note 16)	287,609	285,259
Expendable		
Student Aid (Note 16)	41,059	31,939
Loans	18	18
Insurance Fund	1,147,945	1,144,929
Unrestricted	16,305,744	18,589,277
Total Net Assets	<u>\$ 39,052,052</u>	<u>\$ 40,706,810</u>

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

TEXARKANA COLLEGE FOUNDATION, INC.
COMPONENT UNIT
STATEMENT OF NET ASSETS
December 31, 2008 And 2007

ASSETS	<u>2008</u>	<u>2007</u>
Current Assets		
Cash and cash equivalents (Note 3)	\$ 63,405	\$ 210,517
Investments (Note 3)	1,789,567	1,633,303
Due from college	76,435	-
Net Unconditional Promises to Give (Note 4)	<u>86,145</u>	<u>127,068</u>
Total Current Assets	<u>2,015,552</u>	<u>1,970,888</u>
Noncurrent Assets		
Cash and Cash Equivalents-Permanently Restricted (Note 3)	236,452	223,381
Investments (Note 3)	<u>1,380,759</u>	<u>1,331,334</u>
Total Noncurrent Assets	<u>1,617,211</u>	<u>1,554,715</u>
Total Assets	<u><u>3,632,763</u></u>	<u><u>3,525,603</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities

Due to College	76,435	-
Rising Star Scholarship Payable	<u>100,000</u>	<u>100,000</u>
Total Current Liabilities	<u>176,435</u>	<u>100,000</u>

Noncurrent Liabilities

	<u>-</u>	<u>-</u>
Total Liabilities	<u>176,435</u>	<u>100,000</u>

Net assets:

Restricted		
Nonexpendable:		
Permanently	1,081,357	1,048,139
Expendable:		
Temporarily	535,623	506,577
Unrestricted	<u>1,839,348</u>	<u>1,870,887</u>
Total Net Assets	<u>\$ 3,456,328</u>	<u>\$ 3,425,603</u>

The accompanying "Notes to the Financial Statements" are an integral part of these financial statements.

TEXARKANA COLLEGE**EXHIBIT 2****STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS***For the Years Ended August 31, 2009 and 2008*

REVENUES	2009	2008
Operating Revenues		
Tuition and fees (net of grant and scholarship allowances of \$2,666,390, 2009 and \$2,090,944, 2008)	\$ 4,276,800	\$ 3,955,930
Federal grants and contracts	848,698	897,097
State grants and contracts	857,584	476,410
Non-Governmental grants and contracts	66,953	42,049
Sales and services of educational activities	144,618	127,157
Auxiliary enterprises (net of grant and scholarship allowances of \$672,323, 2009 and \$638,289, 2008)	2,320,449	1,984,724
Other operating revenues	465,667	675,847
Total Operating Revenues (Schedule A)	8,980,769	8,159,214
EXPENSES		
Operating Expenses		
Instruction	12,215,518	11,287,318
Academic support	1,867,262	1,864,236
Student services	1,906,379	1,896,173
Institutional support	2,788,637	2,264,580
Operation and maintenance of plant	2,484,075	2,132,502
Scholarships and fellowships	2,713,959	2,196,421
Auxiliary enterprises	2,902,848	2,380,504
Depreciation	996,357	887,328
Total Operating Expenses (Schedule B)	27,875,035	24,909,062
Operating Income (Loss)	(18,894,266)	(16,749,848)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	\$ 11,575,761	\$ 11,687,675
Maintenance ad-valorem taxes		
Taxes for maintenance & operations	1,169,121	1,089,803
Federal grants and contracts non operating	4,030,961	3,493,767
Gifts	55,451	698,117
Investment income (net of investment expenses)	353,214	950,178
Rent income	55,000	-
Net non-operating revenues (Schedule C)	17,239,508	17,919,540
Increase (Decrease) in Net Assets	(1,654,758)	1,169,692
Net Assets - Beginning of Year	40,706,810	39,537,118
Net Assets - End of Year	\$ 39,052,052	\$ 40,706,810

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

TEXARKANA COLLEGE FOUNDATION, INC.
COMPONENT UNIT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2008 And 2007

	<u>2008</u>	<u>2007</u>
Unrestricted Net Assets		
Revenues and gains:		
Contributions and Fund Raising	\$ 85,511	\$ 15,089
Interest Income	69,680	71,663
Dividend Income	9,489	8,477
Net Realized Gain (Loss) on Investments	(31)	(24)
Net Unrealized Gain (Loss) on Investments	6,704	45,739
Total unrestricted revenues and gains	<u>171,353</u>	<u>140,944</u>
Net asset released from restrictions		
Temporarily restricted assets:		
Satisfaction of scholarship and other restrictions	49,814	33,491
Total assets released from restrictions	<u>49,814</u>	<u>33,491</u>
Total unrestricted support and gains	<u>221,167</u>	<u>174,435</u>
Expenses		
Program services:		
Scholarships and Grants	226,127	134,453
Fiduciary Fees	8,579	8,411
Contract Services	18,000	18,000
Total program services	<u>252,706</u>	<u>160,864</u>
Total expenses	<u>252,706</u>	<u>160,864</u>
Increase (decrease) in unrestricted net assets	<u>(31,539)</u>	<u>13,571</u>
Temporarily restricted net assets		
Support:		
Contributions	-	3,194
Interest Income	46,477	42,118
Dividend Income	18,677	19,761
Net Realized Gain (Loss) on Investment	125,548	28,514
Net Unrealized Gain (Loss) on Investments	(111,842)	23,185
Net assets released from restriction		
Satisfaction of scholarship and other restrictions	<u>(49,814)</u>	<u>(33,491)</u>
Increase (decrease) in temporarily restricted net assets	<u>29,046</u>	<u>83,281</u>
Permanently restricted net assets		
Net assets released from restriction		
Contributions	<u>33,218</u>	<u>-</u>
Increase (decrease) in permanently restricted net assets	<u>33,218</u>	<u>-</u>
Increase (decrease) in net assets	30,725	96,852
Net assets at beginning of year	<u>3,425,603</u>	<u>3,328,751</u>
Net assets at end of year	<u>\$ 3,456,328</u>	<u>\$ 3,425,603</u>

The accompanying "Notes to the Financial Statements" are an integral part of these financial statements.

TEXARKANA COLLEGE
EXHIBIT 3
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Receipts from students and other customers	\$ 6,519,128	\$ 5,840,070
Receipts of grants and contracts	1,504,520	1,431,359
Other receipts	610,285	803,004
Payments to or on behalf of employees	(13,575,801)	(12,667,712)
Payments to suppliers for goods or services	(9,980,386)	(6,770,970)
Payments of scholarships	(2,750,884)	(2,204,450)
Net cash provided (used) by operating activities	<u>(17,673,138)</u>	<u>(13,568,699)</u>
Cash Flows From Noncapital Financing Activities		
Receipts from state appropriations	10,897,610	9,297,334
Ad valorem tax revenues	1,092,567	1,078,774
Federal revenue non operating	4,090,780	3,545,789
Gifts and grants (other than capital)	55,451	698,117
Other receipts	55,000	
Student organization and other agency transactions	12,340	61,623
Net cash provided (used) by non-capital financing activities	<u>16,203,748</u>	<u>14,681,637</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from sale of capital assets	-	-
Purchases of capital assets	(1,584,088)	(1,086,093)
Net cash provided (used) by capital and related financing activities	<u>(1,584,088)</u>	<u>(1,086,093)</u>
Cash Flows From Investing Activities		
Proceeds from sale and maturity of investments	37,793,951	28,122,089
Investment earnings	640,949	974,753
Purchases of investments	(24,574,064)	(29,076,766)
Net cash provided (used) by investing activities	<u>13,860,836</u>	<u>20,076</u>
Increase (Decrease) in cash and cash equivalents	10,807,358	46,921
Cash and cash equivalents - September 1,	2,159,101	2,112,180
Cash and cash equivalents - August 31,	\$ 12,966,459	\$ 2,159,101
Noncash investing, capital, and financing activities		
Disposal of assets	\$ -	\$ -
Total noncash investing, capital, and financing activities	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income (loss)	\$ (18,894,266)	\$ (16,749,848)
Adjustments to reconcile operating income to net cash provided		
by operating activities:		
Staff benefits paid directly by state	678,151	2,338,319
Depreciation expense	996,357	887,328
Changes in assets and liabilities		
Receivables, net	(545,443)	(105,486)
Inventories	49,312	(50,951)
Accounts payable	(72,993)	109,897
Deferred revenue	197,779	15,305
Deposits held for others	2,400	5,400
Compensated absences	(41,238)	(10,634)
Loans to students	(43,197)	(8,029)
Net cash provided (used) by operating activities	<u>\$ (17,673,138)</u>	<u>\$ (13,568,699)</u>

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

TEXARKANA COLLEGE FOUNDATION, INC.
COMPONENT UNIT
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2008 And 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 30,725	\$ 96,852
Adjustments to reconcile change in net assets to		
Net cash provided by operating activities:		
(Increase) in receivables	(76,435)	-
Decrease in net unconditional promises to give	40,924	39,662
Realized (Gain) on investments	(125,517)	(28,490)
Unrealized (Gain) losses on investments	105,138	(68,924)
Increase in payables	76,435	-
Net cash flow provided (used) by operating activities	<u>51,270</u>	<u>39,100</u>
 Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,834,297	780,453
Purchase of investments	<u>(2,019,608)</u>	<u>(529,748)</u>
Net cash flow used by investing activities	<u>(185,311)</u>	<u>250,705</u>
 Cash flows from financing activities:		
Net cash used by financing activities	<u>-</u>	<u>-</u>
 Net increase (decrease) in cash and cash equivalents	(134,041)	289,805
 Cash and cash equivalents at beginning of year	<u>433,898</u>	<u>144,093</u>
 Cash and cash equivalents at end of year	<u>\$ 299,857</u>	<u>\$ 433,898</u>

The accompanying "Notes to the Financial Statements" are an integral part of these financial statements.

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Texarkana College was established in 1927 in accordance with the laws of the State of Texas to serve the educational needs of Texarkana and the surrounding communities. The Texarkana College District is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14.

The Texarkana College Board of Trustees, a nine member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to Texarkana College. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

These statements include, as a component unit, Texarkana College Foundation, Inc. See Note 21.

Reporting Guidelines

The significant accounting policies followed by Texarkana College 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.

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 tax liability for the years ended August 31, 2009 and 2008.

Texarkana College Foundation, Inc - Net Assets

Temporarily restricted net assets are available for the purposes designated by the donor, primarily scholarships. These net assets consist primarily of investment earnings from permanently restricted assets.

Permanently restricted net assets are to provide a permanent endowment. The investment income from these endowments is temporarily restricted to fund scholarships grants.

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 1 - Summary of Significant Accounting Policies - continued

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 s 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.

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 tuition discounts. 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.

Inventories

Inventories consist of consumable food service items 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.

Budgetary Data

The College is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The official College budget prepared on the accrual basis of accounting for the current unrestricted fund was adopted by the board on August 26, 2008. The budget was properly amended by the board as needed throughout the year. Copies of the adopted budget were filed with Texas Higher Education Coordinating Board, Governor's Office of Budget and Planning, Legislative Budget Board, and Legislative Reference Library. The College is prohibited from budgeting total proposed expenditures in excess of total anticipated revenues and unencumbered funds from prior years.

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.

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 1 - Summary of Significant Accounting Policies - continued

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.

Operating and Non Operating Revenues and Expenses

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a business – type activity 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, federal grants, state grants and auxiliary enterprises. The major non-operating revenue is state appropriations , property taxes, title IV funds, and investment income. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Capital Assets

Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. The College’s policy is to capitalize equipment with a value greater than \$5,000 and an estimated life greater than 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 cost 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. The College reports depreciation under a single-line item as a business -type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. Estimated useful lives for depreciable assets are as follows:

Building	50 years
Facilities and Other Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years

Deferred Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2009 and 2008 have been deferred.

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.

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Reclassification

Certain reclassifications have been made to the prior year to conform to current year presentation. The primary reclassification was the Title IV grants described below.

In accordance with the most recent GASB implementation guide directing the reporting of Title IV grant receipts primarily as non-operating revenue and amounts applied to student receivable accounts to be recorded as discounts or allowances.

Note 2 - Authorized Investments

Texarkana College is 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 3 - Deposits and Investments

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

	<u>2009</u>	<u>2008</u>
Bank Deposits		
Demand Deposits	\$ 782,422	\$ 722,731
Certificates of Deposit	19,015,000	21,545,951
Cash and Cash Equivalents		
Petty Cash on Hand	9,037	7,370
Total Cash and Deposits	\$ <u>19,806,459</u>	\$ <u>22,276,052</u>

Reconciliation of Deposits and Investments to Exhibit 1

<u>Type of Security</u>	<u>Market Value</u> <u>2009</u>	<u>Market Value</u> <u>2008</u>
U.S. Government Securities	\$ 1,089,442	\$ 1,025,716
Mutual Funds	22,588	21,718
Total Insurance Fund Investments	\$ 1,112,030	\$ 1,047,434
Total Cash and Deposits	19,806,459	22,276,052
Total Deposits and Investments	\$ <u>20,918,489</u>	\$ <u>23,323,486</u>
Cash and Cash equivalents (Exhibit 1)	\$ 11,095,713	\$ 2,042,078
Restricted cash and cash equivalents (Exhibit 1)	1,870,746	117,023
Total Cash and Cash equivalents	\$ <u>12,966,459</u>	\$ <u>2,159,101</u>
Short-term investments (Exhibit 1)	6,840,000	18,273,950
Endowment investments (Exhibit 1)	0	1,843,001
Insurance Fund investments (Exhibit 1)	1,112,030	1,047,434
Total Investments	<u>7,952,030</u>	<u>21,164,385</u>
Total Deposits and Investments	\$ <u>20,918,489</u>	\$ <u>23,323,486</u>

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 3 – Deposits and Investments - continued

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

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Cash and Cash Equivalents		
Cash on Deposit	\$	\$ 3,820
U.S. savings Bonds	1,043	1,003
Money Market Funds	298,814	429,075
Total Cash and Deposits	\$ 299,857	\$ 433,898

Investments for Texarkana College Foundation, Inc. reported on Exhibit 1 are as follows:

Type of Security	<u>Market Value</u>	
	<u>December 31, 2008</u>	<u>December 31, 2007</u>
U.S. Government Agencies Securities	\$ 2,802,681	\$ 2,489,380
Mutual Funds	318,150	289,751
Common Stock	49,495	185,506
Total Investments	\$ 3,170,326	\$ 2,964,637

As of August 31, 2009 Texarkana College had the following investments and maturities:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Cost</u>	<u>Market Value</u>	<u>Weight Average Maturity (Years)</u>
U.S. Government Agencies Securities	AAA	\$ 1,097,092	1,089,442	8.9
Mutual Funds	AAA	22,063	22,588	N/A
Certificate of Deposit	N/A	\$ 6,840,000	6,840,000	0.14
Total Texarkana College		\$ 7,959,155	\$ 7,952,030	

As of December 31, 2008 Texarkana College Foundation, Inc. had the following investments and maturities:

	<u>Credit Rating</u>	<u>Cost</u>	<u>Market Value</u>	<u>Weight Average Maturity (Years)</u>
U.S. Government Agencies Securities	AAA	\$ 2,768,942	2,802,681	5.77
Mutual Funds	AA	317,790	318,150	N/A
Equities/Common Stock	A+	1,148	49,495	N/A
Total Texarkana College Foundation, Inc.		\$ 3,087,880	\$ 3,170,326	

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 3 – Deposits and Investments - continued

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

Credit Risk: In accordance with state law and Texarkana College policy, funds may be invested in obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies, obligations of political subdivisions rated not less than A by a national investment rating firm, certificates of deposit, and other instruments and obligations authorized by statute.

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 certificates of deposit (95%).

The Foundation does not place a limit on the amount that may be invested in any one issuer. More than 5% of the Foundation's investments are in FHLB (72%), FFCB (17%), and Mutual Funds (10%).

Custodial Credit Risk: At August 31, 2009 the carrying amount of Texarkana College's bank deposits was \$20,097,909 and total bank balances equaled \$19,607,058. Bank balances of \$500,000 are covered by federal depository insurance and \$19,107,058 was covered by collateral pledged in Texarkana College's name. The collateral was held in the safekeeping departments of banks which act as agents for the College.

At August 31, 2008 the carrying amount of Texarkana College's bank deposits was \$22,290,414 and total bank balances equaled \$22,474,233. Bank balances of \$200,000 are covered by federal depository insurance and \$20,116,547 was covered by collateral pledged in Texarkana College's name and \$2,157,686 in stand by letters of credit issued by Federal Home Loan Bank. The collateral was held in the safekeeping departments of banks which act as agents for the College.

Note 4 – Net Unconditional Promises to Give

Texarkana College Foundation, Inc. had unconditional promises to give at December 31, 2008 and 2007 as follows:

	December 31, 2008	December 31, 2007
	Unrestricted	Unrestricted
Receivable in less than one year	\$ 50,000	\$ 50,000
Receivable in one to five years	50,000	100,000
Total	100,000	150,000
Less discounts to net present value	(13,855)	(22,932)
Net unconditional promises to give	\$ 86,145	\$ 127,068

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 5 - Delinquent Property Taxes and Taxes Receivable

Property taxes are levied by October 1 in accordance with the Texas Property tax code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the following year in which imposed. The Board contracted with the Bowie Central Appraisal District for the collection of district taxes. Collections of current taxes are remitted to the College daily; delinquent collections are remitted monthly.

	August 31	
	2009	2008
Assessed Valuation of the District	\$ 1,322,982,651	\$ 1,258,193,000
Less: Exemptions	(22,360,244)	(24,117,290)
Less: Abatements	(3,272,548)	(5,440,130)
Net assessed Valuation of the District	\$ 1,297,349,859	\$ 1,228,635,580

	Current Operations	Debt Service	Total
Tax rate authorized per \$100 valuation	1.0000		1.0000
Tax rate assessed per \$100 valuation for 2009	0.08959		0.08959
Tax rate assessed per \$100 valuation for 2008	0.08700		0.08700

Taxes levied for the years ended August 31, 2009 and 2008 were \$1,162,296 and \$1,069,219, respectively including 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.

Taxes Collected	Current Operations	
	2009	2008
Current Taxes Collected	\$ 1,112,127	\$ 1,015,879
Delinquent Taxes Collected	30,530	25,770
Penalties and Interest Collected	26,823	24,844
Total Collections	\$ 1,169,480	\$ 1,066,493

Current tax collections for the years ended August 31, 2009 and 2008 were 95% and 95% of the current tax levy. The use of tax proceeds is restricted to maintenance and operations expenditures, and the tax rate assessed for maintenance cannot exceed \$1.00 per \$100 valuation of taxable property in the district. Allowances for uncollectible taxes are based upon historical collections of delinquent taxes.

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 6 – Capital Assets

Capital assets activity for the year ended August 31, 2009 was as follows:

	Balance August 31, 2008	Increases	Decreases	Balance August 31, 2009
<u>Not Depreciated:</u>				
Land	\$ 1,046,315	\$ 387,590	\$	\$ 1,433,905
Construction in Process	128,270		128,270	0
Total Not Depreciated	<u>\$ 1,174,585</u>	<u>\$ 387,590</u>	<u>\$ 128,270</u>	<u>\$ 1,433,905</u>
<u>Buildings and Other Capital Assets:</u>				
Infrastructure	462,825			462,825
Buildings	24,295,034	821,076		25,116,110
Land Improvements	3,187,889	17,980		3,205,869
Library Books	1,940,359	138,779	5,751	2,073,387
Furniture and Equipment	2,657,768	346,933		3,004,701
Total Building and Other Capital Assets	<u>\$ 32,543,875</u>	<u>\$ 1,324,768</u>	<u>\$ 5,751</u>	<u>\$ 33,862,892</u>
<u>Accumulated Depreciation:</u>				
Infrastructure	407,880	11,013		418,893
Buildings	8,652,728	640,582		9,293,310
Land Improvements	2,443,127	100,763		2,543,890
Library Books	1,530,318	52,935	5,751	1,577,502
Furniture and Equipment	1,555,564	191,064		1,746,628
Total Accumulated Depreciation	<u>\$ 14,589,617</u>	<u>\$ 996,357</u>	<u>\$ 5,751</u>	<u>\$ 15,580,223</u>
Net Capital Assets	<u>\$ 19,128,843</u>	<u>\$ 716,001</u>	<u>\$ 128,270</u>	<u>\$ 19,716,574</u>

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 6 – Capital Assets - continued

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

	Balance August 31, 2007	Increases	Decreases	Balance August 31, 2008
<u>Not Depreciated:</u>				
Land	\$ 1,014,752	\$ 31,563	\$	\$ 1,046,315
Construction in Process	1,479,226	128,270	1,479,226	128,270
Total Not Depreciated	<u>\$ 2,493,978</u>	<u>\$ 159,833</u>	<u>\$ 1,479,226</u>	<u>\$ 1,174,585</u>
<u>Buildings and Other Capital Assets:</u>				
Infrastructure	462,825			462,825
Buildings	22,418,447	1,876,587		24,295,034
Land Improvements	3,168,989	18,900		3,187,889
Library Books	1,873,940	72,402	5,983	1,940,359
Furniture and Equipment	2,220,173	437,595		2,657,768
Total Building and Other Capital Assets	<u>\$ 30,144,374</u>	<u>\$ 2,405,484</u>	<u>\$ 5,983</u>	<u>\$ 32,543,875</u>
<u>Accumulated Depreciation:</u>				
Infrastructure	394,538	13,342		407,880
Buildings	8,082,898	569,830		8,652,728
Land Improvements	2,339,308	103,819		2,443,127
Library Books	1,487,270	49,031	5,983	1,530,318
Furniture and Equipment	1,404,258	151,306		1,555,564
Total Accumulated Depreciation	<u>\$ 13,708,272</u>	<u>\$ 887,328</u>	<u>\$ 5,983</u>	<u>\$ 14,589,617</u>
Net Capital Assets	<u>\$ 18,930,080</u>	<u>\$ 1,677,989</u>	<u>\$ 1,479,226</u>	<u>\$ 19,128,843</u>

The College is engaged in various construction activities for additions and upgrades to the campus. As of August 31, 2008, \$406,624 has been committed to these activities and \$128,270 has been expended.

Note 7 - Restricted Plant Funds

Unexpended plant funds were restricted by the Board of Trustees for the following purposes.

	2009	2008
Equipment renewal replacement	\$ <u>300,000</u>	\$ <u>300,000</u>
Building renovation	\$ _____	\$ <u>278,354</u>

In August, 1981, the Board adopted a policy to set aside a depreciation fund for equipment to be replaced or repaired in future years. The amount transferred will be restricted, as shown above, for equipment renewal and replacement. The accumulated reserve is not to exceed \$300,000.

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 8 –Long-term Liabilities

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

	Balance			Balance		Current
	August 31, 2008	Additions	Reductions	August 31, 2009	Portion	
Compensated absences	\$ 629,116	\$ 15,215	\$ 56,453	\$ 587,878	\$	20,000
Deferred revenue	61,124	81,777	61,124	81,777		
Accounts payable restricted	21,586	55,717	21,586	55,717		
Total long-term liabilities	<u>\$ 711,826</u>	<u>\$ 152,709</u>	<u>\$ 139,163</u>	<u>\$ 725,372</u>	<u>\$</u>	<u>20,000</u>

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

	Balance			Balance		Current
	August 31, 2007	Additions	Reductions	August 31, 2008	Portion	
Compensated absences	\$ 639,750	\$ 55,054	\$ 65,688	\$ 629,116	\$	20,000
Deferred revenue	44,071	61,124	44,071	61,124		
Accounts payable restricted	66,684	21,586	66,684	21,586		
Total long-term liabilities	<u>\$ 750,505</u>	<u>\$ 137,764</u>	<u>\$ 176,443</u>	<u>\$ 711,826</u>	<u>\$</u>	<u>20,000</u>

Note 9 - 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* . Contracts and grant revenues are recognized on Exhibit 2 and Schedule A as funds are actually expended. For federal and non-federal contracts and grants awards, funds expended, but not collected, are reported as Accounts Receivables on Exhibit 1. Contracts and grant awards that are not funded and for which the institution has not performed services are not included in the financial statements. Contract and grant award funds already committed or funds awarded during fiscal year 2009 for which monies have not been received nor funds expended totaled \$806,321 from federal contracts and grant awards and \$31,161 from state contracts and grant awards.

Federal receivables included in Accounts Receivable on Exhibit 1 are as follows:

	<u>2009</u>	<u>2008</u>
Pell	\$	\$ 55,394
ACG		2,439
SEOG	5,880	5,069
College Workstudy	12,666	4,460
Federal Votech Grant	44,719	65,441
Talent Search Grant	69,422	75,575
Student Support Services Grant	25,473	30,088
Summer Youth Grant	60,275	-
Leap	375	-
See Note 20	<u>\$ 218,810</u>	<u>\$ 238,466</u>

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 10 - Retirement Plan

The State of Texas has joint contributory retirement plans for almost all its employees.

Teacher Retirement System of Texas

Plan Description. Texarkana College contributes 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. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from 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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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 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 percent for fiscal year 2009, 2008, and 2007 and a state contribution rate of 6.58 percent fiscal years 2009 and 2008 and 6 percent for fiscal year 2007. In certain instances the reporting district is required to make all of a portion of the state's 6.58 percent contribution for fiscal years 2009 and 2008 and 6 percent for Fiscal Year 2007.

Optional Retirement Plan

Plan Description. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the state and each participant are (6.65%) and (6.58%), 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 to the state for the college was \$678,151 and \$654,028 for the fiscal years ended August 31, 2009 and 2008, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College.

The total payroll for all the College employees was \$13,575,801 and \$12,667,712 for fiscal years 2009 and 2008, respectively. The total payroll of employees covered by the Teacher Retirement System was \$5,012,776 and \$4,353,612, and the total payroll of employees covered by the Optional Retirement Program was \$6,369,457 and \$6,887,421 for fiscal years 2009 and 2008, respectively.

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 11 - Staff Benefits

The College provides staff benefits for its employees in the form of hospital/medical insurance, salary continuance insurance, and life insurance equal to twice the employee's annual contractual salary up to a maximum of \$45,000 insurance coverage.

Note 12 - Compensated Absences

Sick leave is accumulated by employees of the institution at the rate of one day per thirty calendar days worked up to a maximum of ninety days. Effective September 1, 2000, upon retirement or termination employees with ten years or more service with Texarkana College may be paid for any accumulated sick leave in excess of thirty days at a rate of one-half of the employee's current salary. Full-time non-contractual personnel or employees with twelve month contracts accrue vacation benefits from the date of employment at the rate of one day for each full calendar month worked up to ten vacation days per year. All accrued unused vacation time computed at the employee's daily rate of compensation is paid to the employee or his beneficiary in the event of termination, retirement, or death. Sick leave and vacation benefits of \$607,878 and \$649,116 have been accrued and reported in the accompanying Statement of Net Assets as "accrued compensable absences payable" at August 31, 2009 and 2008, respectively.

Note 13 - Deferred Compensation Plan

Texarkana College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants.

As of August 31, 2009 and 2008 the College had 63 and 81 employees, respectively, participating in the program. A total of \$393,395 and \$460,564 in payroll deductions were invested in approved plans during the year ended August 31, 2009 and 2008, respectively.

Note 14 - 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 full-time employee and retiree was \$385.38 per month plus fifty percent of spouse and/or dependent coverage as of August 31, 2009 and totaled \$1,667,329 for the year then ended. The cost of providing those benefits for 113 retirees was \$513,248 and for 237 active employees was \$1,154,081.

The state's contribution per full-time employee and retiree was \$360.54 per month plus fifty percent of spouse and/or dependent coverage as of August 31, 2008 and totaled \$1,684,291 for the year then ended. The cost of providing those benefits for 97 retirees was \$474,474 and for 237 active employees was \$1,209,817.

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 15 – Post Employment Benefits Other than Pensions

Plan Description. Texarkana College contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, define benefit post employment healthcare plan administered by 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 contributions 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 costs for the retirees and the amount contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB statement 45.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost 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, 2009, 2008, and 2007, were \$2,620,862, \$2,690,178 and \$2,716,317, respectively, which equaled the required contribution each year.

Note 16 - Fund Balance Endowments

The fund balances of the various Endowment Funds included in the Statement of Net Assets are as follows:

	<u>2009</u>	<u>2008</u>
Endowment Funds		
J.R. Johnson	\$ 297,581	\$ 292,239
Palmer Foundation	106,658	104,782
Parker-Akin Memorial	7,842	7,842
B & PW Scholarship	26,927	26,363
Leonard Scholarship	190,154	187,059
Teachers Credit Union Scholarship	17,697	17,409
Music Scholarship	26,629	26,197
Endowed Chair for Teaching Excellence	180,951	180,477
General Scholarship	272,328	267,904
Al Barton Bladesmithing	4,962	4,881
Elizabeth Shaw Memorial	5,297	5,457
Kiwanis Club of Texarkana	7,734	6,379
Conner Student Loan	693,888	682,783
Business Administration	2,065	2,032
Quasi Endowment Funds		
Eldridge Scholarship	41,058	31,939
	<u>\$ 1,881,771</u>	<u>\$ 1,843,743</u>

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 17 - Risk Management - Claims and Judgements

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

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

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

Note 18 - Contingent Liability

Texarkana College entered into an agreement with the Texas Community College Employee Benefits Consortium to self-fund their workers' compensation plan. The agreement was effective September 1, 1991 and is administered by Hibbs - Hallmark & Company.

Texarkana College agreed to pay into the fund a fixed cost amount of \$37,045 and a maximum loss fund amount of \$161,151 for the year ended August 31, 2009. The loss fund amount was for Texarkana College's claims and for claims of other group members in excess of their loss fund maximum.

Texarkana College agreed to pay into the fund a fixed cost amount of \$35,091 and a maximum loss fund amount of \$150,262 for the year ended August 31, 2008. The loss fund amount was for Texarkana College's claims and for claims of other group members in excess of their loss fund maximum.

Texarkana College incurred expense under the plan computed as follows:

	<u>2009</u>	<u>2008</u>
Fixed cost	\$ 37,045	\$ 35,091
Actual claims	13,661	17,052
Increase (decrease) in accrued liabilities	(14,309)	(501)
Total expense	<u>\$ 36,397</u>	<u>\$ 51,642</u>

Texarkana College maximum liability for the three years ended August 31, 2009 under this agreement is \$454,614 computed as follows:

2006-07 Maximum loss fund	\$ 143,201
2007-08 Maximum loss fund	150,262
2008-09 Maximum loss fund	161,151
	<u>\$ 454,614</u>

The administrator of the Plan has estimated the liability for claims that have been reported but not paid and claims incurred but not reported to be \$62,314 at August 31, 2009. This liability has been accrued in the financial statements at August 31, 2009.

TEXARKANA COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2009 AND 2008

Note 19 - Commitments and Contingencies

The college is involved in one lawsuit. The college is vigorously defending the lawsuit and believes an unfavorable outcome is unlikely, therefore no liability has been accrued in the financial statements.

Optional Retirement Program – The Texas State Auditors office is currently investigating unauthorized transfers of participant’s retirement funds from one qualified fund into another qualified fund. Management does not believe the College has any liability resulting from these transactions.

Grant Programs – Texarkana 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 Texarkana 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, 2009 may be impaired. In the opinion of management, 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 financial statements for such contingencies.

Note 20- Disaggregating of Receivables and Payables Balances

Receivables were as follows:

	<u>2009</u>	<u>2008</u>
Student Receivables	\$ 1,023,692	\$ 715,474
Taxes Receivable	186,363	110,115
Federal Receivable (Note 9)	218,810	238,466
Interest Receivable	57,323	352,590
State Receivable	388,081	140,448
Receivable from Foundation	76,435	76,435
Allowance for uncollectible	(261,047)	(210,782)
Total	\$ <u>1,689,657</u>	\$ <u>1,422,746</u>

Payables were as follows:

	<u>2009</u>	<u>2008</u>
Accounts Payable:		
Vendors Payable	\$ <u>1,103,659</u>	\$ <u>1,194,678</u>
Accrued Liabilities:		
Salaries & Benefits Payable	\$ 199,759	\$ 181,733
Payable to Foundation	76,435	76,435
Total Accrued Liabilities	\$ <u>276,194</u>	\$ <u>258,168</u>

Note 21 - Component Unit

Texarkana College Foundation, Inc. (Foundation) is a separate nonprofit corporation organized under the Texas Nonprofit Corporation Act in 1959. The purpose of the Foundation is to solicit and manage funds for the sole benefit of Texarkana College. The Foundation primarily provides scholarships to students at Texarkana College. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Under Governmental Standards Board Statement No 39, Determining Whether Certain Organizations are Component Units, an organization should report as a discretely presented component those organization 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 Texarkana College Foundation, Inc. can be obtained from the president of Texarkana College. The financial statements of the Foundation are as of and for the years ended December 31, 2008 and 2007.

***SUPPLEMENTAL SCHEDULES
REQUIRED BY TEXAS HIGHER EDUCATION
COORDINATING BOARD***

TEXARKANA COLLEGE

SCHEDULE A

SCHEDULE OF OPERATING REVENUES

For the Year Ended August 31, 2009 (With Memorandum totals for the Year Ended August 31, 2008)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>Total</u>	<u>Totals 08/31/08</u>
Tuition						
State funded courses						
In-district resident tuition	\$ 116,761	\$	\$ 116,761	\$	\$ 116,761	\$ 110,183
Out-of-district resident tuition	1,193,240		1,193,240		1,193,240	1,133,410
TPEG (set aside)*	68,184		68,184		68,184	57,879
Non-resident tuition	742,604		742,604		742,604	716,726
State funded continuing education	238,366		238,366		238,366	271,202
Non-state funded continuing education	590,860		590,860		590,860	239,036
Total Tuition	<u>2,950,015</u>	<u>0</u>	<u>2,950,015</u>	<u>0</u>	<u>2,950,015</u>	<u>2,528,436</u>
Fees						
General fees	453,285		453,285		453,285	453,352
Student service fees			0	245,480	245,480	258,600
Out-of-district fees	1,360,741		1,360,741		1,360,741	1,169,775
Laboratory fees	276,229		276,229		276,229	261,978
Building Use Fees	1,657,440		1,657,440		1,657,440	1,374,733
Total Fees	<u>3,747,695</u>	<u>0</u>	<u>3,747,695</u>	<u>245,480</u>	<u>3,993,175</u>	<u>3,518,438</u>
Scholarship Allowances and Discounts						
Scholarship allowances	(104,309)		(104,309)		(104,309)	(86,899)
Rising star scholarships	(879,541)		(879,541)		(879,541)	(338,593)
Remissions and exemptions	(686,624)		(686,624)		(686,624)	(671,999)
TPEG allowances	0		0		0	(2,672)
Title IV Federal grants to students	(995,916)		(995,916)		(995,916)	(990,781)
Total Scholarship Allowances	<u>(2,666,390)</u>	<u>0</u>	<u>(2,666,390)</u>	<u>0</u>	<u>(2,666,390)</u>	<u>(2,090,944)</u>
Total Net Tuition and Fees	<u>4,031,320</u>	<u>0</u>	<u>4,031,320</u>	<u>245,480</u>	<u>4,276,800</u>	<u>3,955,930</u>
Other Operating Revenues						
Federal grants and contracts	6,615	842,083	848,698		848,698	897,097
State grants and contracts		857,584	857,584		857,584	476,410
Nongovernmental grants and contracts	66,953		66,953		66,953	42,049
Sales and services of educational activities	144,618		144,618		144,618	127,157
Investment income (program restricted)		85,131	85,131		85,131	112,937
Other operating revenues	380,536		380,536		380,536	562,910
Total Other Operating Revenues	<u>598,722</u>	<u>1,784,798</u>	<u>2,383,520</u>	<u>0</u>	<u>2,383,520</u>	<u>2,218,560</u>
Auxiliary Enterprises						
Residential life				190,543	190,543	199,112
Less discounts				(95,526)	(95,526)	(83,642)
Bookstore				2,404,610	2,404,610	2,204,479
Less discounts				(576,797)	(576,797)	(554,647)
Cafeteria				371,474	371,474	197,580
Gameroom				26,145	26,145	21,842
Total Net Auxiliary Enterprises	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,320,449</u>	<u>2,320,449</u>	<u>1,984,724</u>
Total Operating Revenues	<u>\$ 4,630,042</u>	<u>\$ 1,784,798</u>	<u>\$ 6,414,840</u>	<u>\$ 2,565,929</u>	<u>\$ 8,980,769</u>	<u>\$ 8,159,214</u>

*In accordance with Education Code 56.033, \$68,184 of tuition was set aside for Texas Public Education Grants(TPEG).

See independent auditors' report.

TEXARKANA COLLEGE

SCHEDULE B

SCHEDULE OF OPERATING EXPENSES BY OBJECT

For the Year Ended August 31, 2009 (with Memorandum Totals for the Year Ended August 31, 2008)

	Operating Expenses					
	Salaries and Wages	Benefits		Other Expenses	Total 8/31/2009	Total 8/31/2008
		State Benefits	Local Benefits			
Unrestricted - Educational Activities						
Instruction	\$ 8,382,513	\$	\$ 863,853	\$ 878,811	\$ 10,125,177	\$ 9,383,869
Academic Support	1,271,557		131,039	219,513	1,622,109	1,611,606
Student Services	831,042		85,642	53,093	969,777	920,261
Institutional Support	1,304,266		134,410	1,098,501	2,537,177	1,995,835
Operation and Maintenance of Plant	676,796		69,747	1,607,047	2,353,590	2,001,708
Scholarships and Fellowships				55,174	55,174	40,914
Total Unrestricted Educational Activities	\$ 12,466,174	\$ -	\$ 1,284,691	\$ 3,912,139	\$ 17,663,004	\$ 15,954,193
Restricted - Educational Activities						
Instruction	\$ 287,942	\$ 1,577,149	\$	\$ 225,250	\$ 2,090,341	\$ 1,903,449
Academic Support	5,913	239,240			245,153	252,630
Student Services	510,219	156,358		270,025	936,602	975,912
Institutional Support	6,065	245,395			251,460	268,745
Operation and Maintenance of Plant	3,147	127,338			130,485	130,794
Scholarships and Fellowships				2,658,785	2,658,785	2,155,507
Total Restricted Educational Activities	\$ 813,286	\$ 2,345,480	\$ -	\$ 3,154,060	\$ 6,312,826	\$ 5,687,037
Total Educational Activities	13,279,460	2,345,480	1,284,691	7,066,199	23,975,830	21,641,230
Auxiliary Enterprises	296,341		25,277	2,581,230	2,902,848	2,380,504
Depreciation Expense						
Building & Improvements				752,358	752,358	686,991
Equipment & Furniture				191,064	191,064	151,306
Library Books				52,935	52,935	49,031
Total	\$ 13,575,801	\$ 2,345,480	\$ 1,309,968	\$ 10,643,786	\$ 27,875,035	\$ 24,909,062

See independent auditors' report.

TEXARKANA COLLEGE

SCHEDULE C

SCHEDULE OF NON - OPERATING REVENUES AND EXPENSES

For the Year Ended August 31, 2009 (With Memorandum totals for the Year Ended August 31, 2008)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 08/31/09</u>	<u>Total 08/31/08</u>
Non - Operating Revenues					
Education and general state support	\$ 9,106,535	\$	\$	\$ 9,106,535	\$ 9,106,535
Dramatic enrollment growth	100,564			100,564	190,799
State Group Insurance		1,667,329		1,667,329	1,684,291
State Retirement Matching		678,151		678,151	654,028
Professional nursing shortage		23,182		23,182	52,022
Total State Appropriations	<u>9,207,099</u>	<u>2,368,662</u>	<u>0</u>	<u>11,575,761</u>	<u>11,687,675</u>
Other Non - Operating Revenues					
Ad-valorem taxes	1,169,121			1,169,121	1,089,803
Federal Revenue non operating		4,030,961		4,030,961	3,493,767
Gifts		55,451		55,451	698,117
Investment income	353,214			353,214	950,178
Rent income	55,000			55,000	0
Total Other Non - Operating Revenues	<u>1,577,335</u>	<u>4,086,412</u>	<u>0</u>	<u>5,663,747</u>	<u>6,231,865</u>
Total Non - Operating Revenues	<u>10,784,434</u>	<u>6,455,074</u>	<u>0</u>	<u>17,239,508</u>	<u>17,919,540</u>
Non - Operating Expenses					
Loss on disposal of capital assets	0			0	0
Total Non - Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Non - Operating Revenues	<u>\$ 10,784,434</u>	<u>\$ 6,455,074</u>	<u>\$ 0</u>	<u>\$ 17,239,508</u>	<u>\$ 17,919,540</u>

See independent auditors' report.

TEXARKANA COLLEGE
SCHEDULE D
SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2009 (With Memorandum totals for the Year Ended August 31, 2008)

	Detail By Source						Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No	
		Expendable	Non Expendable					
Current								
Unrestricted	\$ 445,184	\$	\$	\$	445,184	445,184	\$	
Loan			18		18		18	
Insurance fund		1,147,945			1,147,945		1,147,945	
Endowment funds		41,059	1,840,712		1,881,771		1,881,771	
Plant								
Unexpended	15,560,560				15,560,560		15,560,560	
Renewals	300,000				300,000		300,000	
Investment in plant				19,716,574	19,716,574		19,716,574	
Total Net Assets, August 31, 2009	16,305,744	1,189,022	1,840,712	19,716,574	39,052,052	445,184	38,606,868	
Total Net Assets, August 31, 2008	18,589,277	1,176,886	1,811,804	19,128,843	40,706,810	445,577	40,261,233	
Net Increase (Decrease) in Net Assets	\$ (2,283,533)	\$ 12,136	\$ 28,908	\$ 587,731	\$ (1,654,758)	\$ (393)	\$ (1,654,365)	

See independent auditors' report.

SUPPLEMENTAL SCHEDULES

TEXARKANA COLLEGE
AUXILIARY ENTERPRISES - STUDENT UNION
STATEMENT OF INCOME AND EXPENDITURES
SCHEDULE E
FOR THE YEAR ENDED AUGUST 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	2009					2008				
	Cafeteria	Bookstore	Gameroom	Housing	Total	Cafeteria	Bookstore	Gameroom	Housing	Total
Sales and Gross Profit										
Sales	\$ 445,574	\$ 2,608,861	\$ 26,146	\$ 190,543	\$ 3,271,124	\$ 252,113	\$ 2,335,153	\$ 21,842	\$ 199,112	\$ 2,808,220
Total Sales	<u>445,574</u>	<u>2,608,861</u>	<u>26,146</u>	<u>190,543</u>	<u>3,271,124</u>	<u>252,113</u>	<u>2,335,153</u>	<u>21,842</u>	<u>199,112</u>	<u>2,808,220</u>
Less Direct Cost										
Cost of goods sold	407,108	1,917,871	0	0	2,324,979	149,850	1,752,297	0	0	1,902,147
Salaries	165,023	127,737	0	3,581	296,341	102,139	118,818	0	4,053	225,010
Total Direct Cost	<u>572,131</u>	<u>2,045,608</u>	<u>0</u>	<u>3,581</u>	<u>2,621,320</u>	<u>251,989</u>	<u>1,871,115</u>	<u>0</u>	<u>4,053</u>	<u>2,127,157</u>
Gross Profit	<u>(126,557)</u>	<u>563,253</u>	<u>26,146</u>	<u>186,962</u>	<u>649,804</u>	<u>124</u>	<u>464,038</u>	<u>21,842</u>	<u>195,059</u>	<u>681,063</u>
Operating Expenditures										
Repairs Housing				23,620						54,675
Repairs Cafeteria				12,162						1,552
Supplies				19,136						24,186
Insurance				25,277						29,466
Association Dues				18,155						16,080
Equipment Cafeteria				11,592						4,689
Equipment Bookstore				2,688						15,530
Athletic Scholarships				65,920						47,360
Miscellaneous				1,560						4,478
Total Operating Expenditures				<u>180,110</u>						<u>198,016</u>
Excess of Income Over Expense				<u>\$ 469,694</u>						<u>\$ 483,047</u>

See independent auditors' report.

TEXARKANA COLLEGE
SCHEDULE F
INSURANCE IN FORCE
August 31, 2009

Company	Policy Number	Coverage	Coverage In Thousands	Expiration Date
Philadelphia Indemnity	PHPK341372	Property	55,570	9/1/2009
Philadelphia Indemnity	PHPK341372	Automobile Liability	1,000	9/1/2009
Philadelphia Indemnity	PHPK341372	Mobile Equipment	98	9/1/2009
Lexington	2990271	General Liability	1,000	9/1/2009
Darwin Select	0202-1076	Board Liability	1,000	9/1/2009
Fidelity & Deposit	CCP6155276	Employee Dishonesty	25/25/140	3/1/2010

See independent auditors' report.

***STATISTICAL SUPPLEMENT
(UNAUDITED)***

Texarkana College
 Statistical Supplement 1
 Net Assets by Component
 Fiscal Years 2002 to 2009
 (unaudited)

For the Fiscal Year Ended August 31,

	2009	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 19,716,574	\$ 19,128,843	\$ 18,930,080	\$ 18,146,904	\$ 18,610,957	\$ 19,041,860	\$ 20,076,282	\$ 20,496,865
Restricted - expendable	1,189,022	1,176,886	1,146,775	1,092,234	1,305,540	1,503,022	1,519,767	1,460,977
Restricted - nonexpendable	1,840,712	1,811,804	1,081,107	1,021,329	989,462	964,929	948,696	930,896
Unrestricted	16,305,744	18,589,277	18,379,156	18,844,349	17,660,344	16,967,577	16,255,558	15,142,687
Total primary government net assets	\$ 39,052,052	\$ 40,706,810	\$ 39,537,118	\$ 39,104,816	\$ 38,566,303	\$ 38,477,388	\$ 38,800,303	\$ 38,031,425

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

Texarkana College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2002 to 2009
(unaudited)

For the Year Ended August 31,

	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	\$ 4,276,800	\$ 3,955,930	\$ 3,843,715	\$ 3,932,661	\$ 3,593,745	\$ 3,457,484	\$ 3,183,710	\$ 3,141,804
Governmental Grants and Contracts								
Federal Grants and Contracts	848,698	897,097	3,760,079	3,859,953	4,357,743	4,254,740	3,501,627	3,206,293
State Grants and Contracts	857,584	476,410	1,111,478	215,220	151,038	393,586	456,102	611,890
Local Grants and Contracts	-	-	-	0	0	0	0	0
Non-Governmental Grants and Contracts	66,953	42,049	39,600	20,196	54,242	6,062	38,549	97,002
Sales and services of educational activities	144,618	127,157	134,185	119,686	144,778	116,699	116,987	109,482
Auxiliary enterprises	2,320,449	1,984,724	1,791,611	1,876,376	1,716,550	2,088,171	1,821,307	1,965,807
Other Operating Revenues	465,667	675,847	450,600	540,901	449,077	472,648	442,333	485,910
Total Operating Revenues	8,980,769	8,159,214	11,131,268	10,564,993	10,467,173	10,789,390	9,560,615	9,618,188
State Appropriations	11,575,761	11,687,675	11,151,680	11,044,135	9,920,587	9,942,053	10,590,896	11,090,485
Ad Valorem Taxes	1,169,121	1,089,803	997,089	909,946	869,106	810,207	775,473	752,662
Federal Grants and Contracts	4,030,961	3,493,767						
Gifts	55,451	698,117	28,585	49,653	94,170	51,634	63,154	74,322
Investment income	353,214	950,178	1,099,333	805,765	573,862	553,646	522,878	609,346
Other non-operating revenues	55,000	-	-	0	0	243,864	0	6,464
Total Non-Operating Revenues	17,239,508	17,919,540	13,276,687	12,809,499	11,457,725	11,601,404	11,952,401	12,533,279
Total Revenues	\$ 26,220,277	\$ 26,078,754	\$ 24,407,955	\$ 23,374,492	\$ 21,924,898	\$ 22,390,794	\$ 21,513,016	\$ 22,151,467

For the Year Ended August 31,

	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	16.31%	15.17%	15.75%	16.82%	16.39%	15.44%	14.80%	14.18%
Governmental grants and contracts								
Federal grants and contracts	3.24%	3.44%	15.41%	16.51%	19.88%	19.00%	16.28%	14.47%
State grants and contracts	3.27%	1.83%	4.55%	0.92%	0.69%	1.76%	2.12%	2.76%
Local grants and contracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-governmental grants and contracts	0.26%	0.16%	0.16%	0.09%	0.25%	0.03%	0.18%	0.44%
Sales and services of educational activities	0.55%	0.49%	0.55%	0.51%	0.66%	0.52%	0.54%	0.49%
Auxiliary enterprises	8.85%	7.61%	7.34%	8.03%	7.83%	9.33%	8.47%	8.87%
Other operating revenues	1.78%	2.59%	1.85%	2.31%	2.05%	2.11%	2.06%	2.19%
Total Operating Revenues	34.25%	31.29%	45.61%	45.20%	47.74%	48.19%	44.44%	43.42%
State appropriations	44.15%	44.82%	45.69%	47.25%	45.25%	44.40%	49.23%	50.07%
Ad valorem taxes	4.46%	4.18%	4.09%	3.89%	3.96%	3.62%	3.60%	3.40%
Federal grants and contracts	15.37%	13.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gifts	0.21%	2.68%	0.12%	0.21%	0.43%	0.23%	0.29%	0.34%
Investment income	1.35%	3.64%	4.50%	3.45%	2.62%	2.47%	2.43%	2.75%
Other non-operating revenues	0.21%	0.00%	0.00%	0.00%	0.00%	1.09%	0.00%	0.03%
Total Non-Operating Revenues	65.75%	68.71%	54.39%	54.80%	52.26%	51.81%	55.56%	56.58%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Texarkana College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2002 to 2009
(unaudited)

For the Year Ended August 31,

	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$12,215,518	\$11,287,318	\$11,131,893	\$10,367,797	\$10,071,468	\$9,570,255	\$9,442,420	\$9,347,571
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	1,867,262	1,864,236	1,900,571	1,762,847	1,754,900	1,594,200	1,474,418	1,592,802
Student services	1,906,379	1,896,173	1,989,656	1,909,108	1,692,005	1,586,099	1,603,315	1,545,219
Institutional support	2,788,637	2,264,580	2,075,800	1,960,639	1,702,206	1,698,625	1,650,066	1,474,585
Operation and maintenance of plant	2,484,075	2,132,502	2,035,731	2,040,647	1,860,839	1,893,067	1,922,946	2,031,533
Scholarships and fellowships	2,713,959	2,196,421	1,828,320	1,769,884	1,860,332	1,942,592	1,775,712	1,603,017
Auxiliary enterprises	2,902,848	2,380,504	2,177,404	2,192,454	2,077,209	2,301,818	2,093,155	2,152,882
Depreciation	996,357	887,328	836,278	832,603	817,024	779,150	731,519	734,480
Total Operating Expenses	27,875,035	24,909,062	23,975,653	22,835,979	21,835,983	21,365,806	20,693,551	20,482,089
Interest on capital related debt	-	-	-	-	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	-	-	-	-	-	-	-	-
Total Expenses	\$ 27,875,035	\$ 24,909,062	\$ 23,975,653	\$ 22,835,979	\$ 21,835,983	\$ 21,365,806	\$ 20,693,551	\$ 20,482,089

For the Year Ended August 31,

	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	43.82%	45.31%	46.43%	45.40%	46.12%	44.79%	45.63%	45.64%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Academic support	6.70%	7.48%	7.93%	7.72%	8.04%	7.46%	7.13%	7.78%
Student services	6.84%	7.61%	8.30%	8.36%	7.75%	7.42%	7.75%	7.54%
Institutional support	10.00%	9.09%	8.66%	8.59%	7.80%	7.95%	7.97%	7.20%
Operation and maintenance of plant	8.91%	8.56%	8.49%	8.94%	8.52%	8.86%	9.29%	9.92%
Scholarships and fellowships	9.75%	8.83%	7.62%	7.75%	8.52%	9.09%	8.58%	7.83%
Auxiliary enterprises	10.41%	9.56%	9.08%	9.60%	9.51%	10.77%	10.12%	10.51%
Depreciation	3.57%	3.56%	3.49%	3.65%	3.74%	3.65%	3.54%	3.59%
Total Operating Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Interest on capital related debt	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Texarkana 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	Technology Fees	Student Activity Fees	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
2008	\$ 20	\$ 15	\$ 15	\$ 0	\$ 3	\$ 236	236	18.00%	18.00%
2007	20	12	12	0	3	200	200	0.00%	0.00%
2006	20	12	12	0	3	200	200	0.00%	0.00%
2005	20	12	12	0	3	200	200	0.00%	0.00%
2004	20	12	12	0	3	200	200	2.56%	2.56%
2003	15	12	12	0	3	195	195	0.00%	0.00%
2002	15	12	12	0	3	195	195	9.55%	9.55%
2001	10	12	12	0	2	178	178	0.00%	0.00%
2000	10	12	12	0	2	178	178	0.00%	0.00%
1999	10	12	12	0	2	178	178		

Non - Resident Fees per Semester Credit Hour (SCH)
--

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2008	20	\$ 35.33	\$ 35.33	\$ 0	\$ 3	\$ 480	\$ 480	8.11%	8.11%
2007	20	32.33	32.33	0	3	444	444	0.00%	0.00%
2006	20	32.33	32.33	0	3	444	444	0.00%	0.00%
2005	20	32.33	32.33	0	3	444	444	0.00%	0.00%
2004	20	32.33	32.33	0	3	444	444	1.14%	1.14%
2003	15	32.33	32.33	0	3	439	439	0.00%	0.00%
2002	15	32.33	32.33	0	3	439	439	4.03%	4.03%
2001	10	32.33	32.33	0	2	422	422	-	0.00%
2000	10	32.33	32.33	0	2	422	422	0.00%	0.00%
1999	10	32.33	32.33	0	2	422	422	0.00%	0.00%
1998	10	32.33	32.33	0	2	422	422	0.00%	0.00%
1997	10	32.33	32.33	0	2	422	422		

Texarkana College
Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
 (unaudited)

Direct Rate

Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2008-09	\$ 1,322,982,651	\$ 25,632,792	\$ 1,297,349,859	98.06%	0.089590 \$	0.000000 \$	0.089590
2007-08	1,258,193,000	29,557,420	1,228,635,580	97.65%	0.087000	0.000000	0.087000
2006-07	1,179,491,200	25,679,410	1,153,811,790	97.82%	0.085300	0.000000	0.085300
2005-06	1,103,492,469	23,338,800	1,080,153,669	97.89%	0.082700	0.000000	0.082700
2004-05	1,073,343,294	28,060,262	1,045,283,032	97.39%	0.082000	0.000000	0.082000
2003-04	982,521,232	27,084,989	955,436,243	97.24%	0.083500	0.000000	0.083500
2002-03	949,206,655	27,099,015	922,107,640	97.15%	0.083100	0.000000	0.083100
2001-02	933,863,991	24,131,006	909,732,985	97.42%	0.080600	0.000000	0.080600
2000-01	863,899,668	23,692,539	840,207,129	97.26%	0.084000	0.000000	0.084000
1999-00	850,809,241	22,612,671	828,196,570	97.34%	0.083400	0.000000	0.083400

Source: Local Appraisal District

Texarkana 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 per Contact Hour
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Credit Contact Hours (a)	Non-Credit Contact Hours (b)	Total Contact Hours		
2008-09	\$ 11,552,579	3,496	\$ 3,305	2,236,626	389,676	2,626,302	\$ 4.40	
2007-08	11,635,653	3,020	3,853	2,086,368	442,056	2,528,424	4.60	
2006-07	11,151,680	2,980	3,742	1,932,981	444,665	2,377,646	4.69	
2005-06	11,044,135	2,621	4,214	1,929,560	451,176	2,380,736	4.64	
2004-05	9,920,587	2,707	3,665	2,061,985	457,305	2,519,290	3.94	
2003-04	9,942,053	2,802	3,548	2,102,376	477,570	2,579,946	3.85	
2002-03	10,590,896	2,389	4,433	1,876,018	516,159	2,392,177	4.43	
2001-02	11,090,485	2,433	4,558	1,869,797	453,130	2,322,927	4.77	
2000-01	10,339,645	2,341	4,417	1,749,003	504,036	2,253,039	4.59	
1999-00	10,065,406	2,377	4,234	1,757,779	352,023	2,109,802	4.77	

Notes:

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

(a) Source CBM004

(b) Source CBM00C

**Texarkana College
Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(unaudited)**

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Central Mall Partners	Commercial	\$ 33,939	\$ 31,518	\$ 29,750	\$ 27,242	\$ 26,975	\$ 26,405	\$ 26,634	\$ 25,662	\$ 23,061	\$ 23,194
Valor Telecommunications	Utility	15,604	14,751	16,081	17,832	17,988	19,960	20,374	21,735	25,892	23,953
AEP Swepeco	Utility	14,501	14,064	14,044	14,504	11,789	10,270	8,631	8,769	7,988	9,413
Merchant Holding Dev	Commercial	9,725	8,450	9,407	12,582	3,003					4,599
Target	Commercial	9,591	9,407	9,407	12,494	9,056					
Four States Regional Hlth				5,502	9,718	14,211	13,906	11,765	4,107	3,693	
American Heritage					7,169	3,344					
Albertsons Inc.					6,635	3,549					
International Paper	Industrial		6,219	5,870	6,217	5,082			5,112	4,714	4,054
Walmart/Sam's	Commercial			5,471	5,840	5,215	4,921	5,040	7,120	6,304	5,694
Walsh Lumpkin Co	Industrial						6,000	6,303	6,985	6,155	6,155
Jasper Howard		7,338					5,616	5,127	5,181	4,748	
Sam's Real Est. Bus.	Commercial						4,397		4,397		3,598
American Natl Bank											3,588
Woodlands Phase I & II											3,144
Condeb LP		7,201	6,293	5,600				4,867	4,271	3,755	
Orr Inc.	Commercial	11,573									
Arden Texarkana, LLC	Commercial	13,133	13,023								
ASKU Baba LLC			6,565								
HD Development Prop		7,975	8,441								
Totals		\$ 130,580	\$ 118,731	\$ 119,986	\$ 120,231	\$ 100,212	\$ 103,368	\$ 101,230	\$ 93,338	\$ 91,052	\$ 87,392

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2007	2007	2006	2005	2004	2003	2002	2001	2000	1999
Central Mall Partners	Commercial	2.94%	2.73%	2.58%	2.36%	2.50%	2.53%	2.79%	2.76%	2.53%	2.76%
Valor Telecommunications	Utility	1.35%	1.28%	1.39%	1.55%	1.67%	1.91%	2.13%	2.36%	2.85%	2.85%
AEP Swepeco	Utility	1.26%	1.22%	1.22%	1.26%	1.09%	0.98%	0.90%	0.95%	0.88%	1.12%
Merchant Holding Dev	Commercial	0.84%	0.73%	1.72%	1.09%	0.28%	0.00%	0.00%	0.00%	0.00%	0.55%
Target	Commercial	0.83%	0.82%	0.82%	1.08%	0.84%	0.00%	0.00%	0.00%	0.00%	0.00%
Four States Regional Hlth		-	-	0.48%	0.84%	1.32%	1.33%	1.23%	0.45%	0.41%	0.00%
American Heritage		-	-	0.00%	0.62%	0.31%	0.00%	0.00%	0.00%	-	-
Albertsons Inc.		-	-	0.00%	0.58%	0.33%	0.00%	0.00%	-	-	-
International Paper	Industrial	0.00%	0.54%	0.47%	0.54%	0	-	-	0	0	0
Walmart/Sam's	Commercial	-	-	-	0.51%	0.48%	0	0	0	0	0
Walsh Lumpkin Co	Industrial	-	-	-	0.51%	0.00%	0.65%	0.72%	0.77%	0.69%	0.68%
Jasper Howard		0.01	-	-	-	-	0	0	0	0	0
Sam's Real Est. Bus.		-	-	-	-	-	0	0	0	-	-
American Natl Bank	Commercial	-	-	-	-	-	0	0	0	0	-
Woodlands Phase I & II		-	-	-	-	-	0	-	0	-	0.43%
Condeb LP		0.62%	0.55%	0	-	-	-	-	-	-	0.43%
Orr Inc.	Commercial	0.01	-	-	-	-	-	0	0.46%	0.41%	0.37%
Arden Texarkana, LLC	Commercial	1.14%	1.13%	-	-	-	-	0.00%	0.00%	0.00%	-
ASKU Baba LLC		0.00%	0.57%	-	-	-	-	0.00%	0.00%	-	-
HD Development Prop		0.69%	0.73%	0	-	-	0.00%	0.00%	0.00%	-	-
Totals		11.32%	10.29%	10.40%	11.13%	9.28%	9.89%	10.60%	10.12%	10.01%	10.40%

Texarkana College
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
(unaudited)

Fiscal Year Ended August 31	Levy	Cumulative Levy Adjustments	Adjusted Tax Levy	Collections - Year of Levy	Percentage	Prior Collections of Prior Levies	Current Collections of Prior Levies	Total Collections	Cumulative Collections of Adjusted Levy
2009	1,161,284	1,012	1,162,296	1,112,127	95.77%		30,530	1,142,657	98.31%
2008	1,068,863	356	1,069,219	1,015,879	95.04%		25,770	1,041,649	97.42%
2007	983,740	85	983,825	936,907	95.24%		24,256	961,163	97.70%
2006	888,435	-	888,435	862,417	97.07%		27,094	889,511	100.12%
2005	857,132	(211)	856,921	827,701	96.57%		22,138	849,839	99.17%
2004	797,790	(898)	796,892	775,696	97.23%		14,771	790,467	99.19%
2003	766,272	(1,228)	765,044	749,247	97.78%		19,334	768,581	100.46%
2002	733,246	(1,304)	731,942	717,250	97.82%		17,569	734,819	100.39%
2001	705,774	(11,009)	694,765	683,526	96.85%		17,165	700,691	100.85%
2000	690,716	(1,393)	689,323	665,444	96.34%		15,566	681,010	98.79%
1999	669,533	(6,538)	662,995	648,066	96.79%		16,849	664,915	100.29%
1998	658,097	(2,409)	655,688	632,070	96.05%		20,589	652,659	99.54%

Source: Local Tax Assessor/Collector and District records.

Texarkana College
 Statistical Supplement 9
 Ratios of Outstanding Debt
 Last Ten Fiscal Years
 (unaudited)

NOT APPLICABLE TO TEXARKANA COLLEGE

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
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General Bonded Debt										
General obligation bonds										
Notes										
Less: Funds restricted for debt service										
Net general bonded debt										

Other Debt										
(The amounts for Other Debt are not from Exhibit 1 of Sample CC. They are for illustration only)										
Revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

General Bonded Debt Ratios										
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per FTSE	-	-	-	-	-	-	-	-	-	-
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Total Outstanding Debt Ratios										
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per FTSE	-	-	-	-	-	-	-	-	-	-
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Texarkana College
 Statistical Supplement 10
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (unaudited)

NOT APPLICABLE TO TEXARKANA COLLEGE

	For the Year Ended August 31 (amount expressed in thousands)									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Taxable Assessed Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	-	-	-	-	-	-	-	-	-	-
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	-	-	-	-	-	-	-	-	-	-
Current Year Debt Service Requirements	-	-	-	-	-	-	-	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Current Requirements as a % of Statutory Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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.

Texarkana College
 Statistical Supplement 11
 Pledged Revenue Coverage
 Last Ten Fiscal Years
 (unaudited)

NOT APPLICABLE TO TEXARKANA COLLEGE

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)										Debt Service Requirements (\$000 omitted)			
	Tuition	Technology Fee	Registration Fees	Laboratory Fees	Education Fees	Community	Interest Income	Vending Commission	Bookstore Commission	Total	Principal	Interest	Total	Coverage Ratio
2007	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
2006	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
2005	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
2004	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
2003	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
2002	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
2001	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
2000	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
1999	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
1998	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00

Texarkana College
Statistical Supplement 12
Demographic and Economic Statistics - Texarkana MSA
Last Ten Fiscal Years
(unaudited)

Calendar Year	Texarkana Population *	MSA Personal Income Per Capita	MSA Unemployment Rate
2008	65,293	not available	5.1%
2007	65,293	not available	4.9%
2006	65,293	not available	3.1%
2005	65,293	not available	5.1%
2004	65,293	not available	5.8%
2003	65,293	24,246	5.4%
2002	65,293	23,640	5.0%
2001	65,293	23,086	4.5%

Sources:

Texarkana College Fact Book and Texarkana Chamber of Commerce

*Population is from 2000 Census

Texarkana College
Statistical Supplement 13
Principal Employers
Current Fiscal Year
(unaudited)

Employer	Number of Employees		
	2009	2008	2007
For year ended August 31,			
Red River Army Depot & tenants	6,000	6,000	5,000
Cooper Tire and Rubber	1,400	1,575	1,600
Christus St. Michael Health System	1,792	1,792	1,680
Domtar, Inc.	1,300	1,300	1,200
Wal-Mart/Sam's Club	1,100	1,100	1,100
Wadley Regional Medical Center	925	925	1,000
International Paper Company	960	960	865
Texarkana Texas ISD	795	795	787
Texarkana Arkansas ISD	785	785	785
Southern Refrigerated Transport	750	750	1,000
Total	15,807	15,982	15,017

Source:
City of Texarkana, Texas

Texarkana College
Statistical Supplement 14
Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Faculty										
Full-Time	109	108	110	105	104	108	109	108	112	109
Part-Time	113	113	95	90	90	88	88	88	88	88
Total	222	221	205	195	194	196	197	196	200	197
Percent										
Full-Time	49.1%	48.9%	53.7%	53.8%	53.6%	55.1%	55.3%	55.1%	56.0%	55.3%
Part-Time	50.9%	51.1%	46.3%	46.2%	46.4%	44.9%	44.7%	44.9%	44.0%	44.7%
Staff and Administrators										
Full-Time	127	127	125	123	125	124	133	130	127	130
Part-Time	0	0	0	0	0	0	0	0	0	0
Total	127	127	125	123	125	124	133	130	127	130
Percent										
Full-Time	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Part-Time	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FTSE per Full-time Faculty	32	28	25.8	27.8	29.4	28.9	24.6	24.8	23.1	24.1
FTSE per Full-Time Staff Member	27.5	23.8	22.7	23.8	24.9	24.9	21.6	20.2	19.9	20.7
Average Annual Faculty Salary	\$58,162	\$57,235	\$56,517	\$53,236	\$51,049	\$49,706	\$47,981	\$46,856	\$45,855	\$45,546

Texarkana College
Statistical Supplement 16
Student Profile
Last Five Fiscal Years
(unaudited)

	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	2,612	0.65	2,526	0.65	2,405	65.51%	2,404	65.04%	2,453	64.60%
Male	1,431	0.35	1,390	0.35	1,266	34.49%	1,292	34.96%	1,344	35.40%
Total	4,043	100.00%	3,916	100.00%	3,671	100.00%	3,696	100.00%	3,797	100.00%

	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
White	3,189	78.88%	3,143	80.26%	2,985	81.31%	3,002	81.22%	3,122	82.22%
Hispanic	97	2.40%	91	2.32%	69	1.88%	65	1.76%	51	1.34%
African American	695	17.17%	621	15.84%	574	15.64%	572	15.48%	569	14.99%
Asian	30	0.74%	23	0.59%	16	0.44%	24	0.65%	29	0.76%
Foreign	24	0.59%	25	0.64%	16	0.44%	14	0.38%	16	0.42%
Native American	8	0.20%	13	0.33%	11	0.28%	5	0.13%	10	0.27%
Other	0	0.00%	0	0.00%	-	0.00%	14	0.36%	-	0.00%
Total	4,043	99.99%	3,916	99.98%	3,671	99.98%	3,696	99.97%	3,797	100.01%

	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
Under 18	886	21.91%	566	14.45%	581	15.83%	546	14.77%	531	13.98%
18 -21	1,642	40.61%	1,678	42.85%	1,527	41.60%	1,548	41.88%	1,519	40.01%
22 - 24	394	9.75%	475	12.13%	415	11.30%	404	10.93%	520	13.70%
25 - 35	673	16.65%	721	18.41%	669	18.22%	745	20.16%	779	20.52%
36 - 50	378	9.35%	392	10.01%	395	10.76%	387	10.47%	382	10.06%
51 & over	70	1.73%	84	2.15%	84	2.29%	66	1.79%	66	1.74%
Total	4,043	100.00%	3,916	100.00%	3,671	100.00%	3,696	100.00%	3,797	100.00%

Average Age	23	24.2	24.3	24.2	24.3
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Source: CBM001 and CBM00A reports.

Texarkana College
Statistical Supplement 17
Transfers to Senior Institutions
2003 Fall Students as of Fall 2004
(Includes only public senior colleges in Texas)
(Unaudited)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Prairie View A&M University	3	1		4	0.81%
2 Sam Houston State University	3		1	4	0.81%
3 Stephen F. Austin State University	20	3	1	24	4.84%
4 Tarleton State University	1			1	0.20%
5 Texas A&M University	19	3	1	23	4.64%
6 Texas A&M University at Commerce	6			6	1.21%
7 Texas A&M University at Texarkana	267	40	21	328	66.13%
8 Texas Southern University	3	1		4	0.81%
9 Texas State University	3	1		4	0.81%
10 Texas Tech University	10	2	1	13	2.62%
11 Texas Women's University	7	2		9	1.81%
12 The University of Texas at Arlington	7	3		10	2.02%
13 The University of Texas at Austin	12			12	2.42%
14 The University of Texas at Dallas	5			5	1.01%
15 The University of Texas of Tyler	14	2	1	17	3.43%
16 The University of Texas of the Permian Basin	1			1	0.20%
17 University of Houston	1	1		2	0.40%
18 University of North Texas	22	5	1	28	5.65%
19 University of Texas Medical Branch at Galveston	1			1	0.20%
Totals	405	64	27	496	100.00%

Texarkana College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2005 to 2009

(unaudited)	Fiscal Year				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Academic buildings	14	13	12	11	11
Square footage (in thousands)	286,000	252,000	246,000	240,000	240,000
Libraries	1	1	1	1	1
Square footage (in thousands)	25,240	25,240	25,240	25,240	25,240
Number of Volumes (in thousands)	47,205	47,205	47,205	45,365	45,365
Administrative and support buildings	1	1	1	1	1
Square footage (in thousands)	28,000	28,000	28,000	28,000	28,000
Dormitories	1	1	1	1	1
Square footage (in thousands)	29,280	29,280	29,280	20,480	20,480
Number of Beds	149	149	149	104	104
Apartments	3	3	3	3	3
Square footage (in thousands)	5,040	5,040	5,040	5,040	5,040
Number of beds	24	24	24	24	24
Dining Facilities	1	1	1	1	1
Square footage (in thousands)	6,900	6,900	6,900	6,900	6,900
Average daily customers	450	200	200	200	200
Athletic Facilities	1	1	1	1	1
Square footage (in thousands)	53,000	53,000	53,000	53,000	53,000
Stadiums	-	-	-	-	-
Gymnasiums	1	1	1	1	1
Fitness Centers (with pool)	1	1	1	1	1
Tennis Court	8	8	8	8	8
Plant facilities	3	3	3	3	3
Square footage (in thousands)	8,680	8,680	8,680	8,680	8,680
Transportation					
Cars	9	8	8	8	8
Light Trucks/Vans	26	26	26	26	26
Buses	1	1	1	1	1

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**

November 16, 2009

*Board of Trustees
Texarkana College
Texarkana, Texas*

Members of the Board:

We have audited the financial statements of Texarkana College as of and for the year ended August 31, 2009, and Texarkana College Foundation, Inc. as of and for the year ended December 31, 2008, and have issued our report thereon dated November 16, 2009. 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 Texarkana College and Texarkana 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 Texarkana College's and Texarkana College Foundation's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 2009-1 to be significant deficiency over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be considered to be material weaknesses. However, we believe that the significant deficiency identified above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Texarkana College and Texarkana 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*.

Texarkana College's and Texarkana College Foundation, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Texarkana College's and Texarkana College Foundation, Inc.'s response and accordingly we express no opinion on it.

We noted certain other matters that we reported to management of Texarkana College and Texarkana College Foundation Inc. in a separate letter dated November 16, 2009.

This report is intended solely for the information and use of management, the Audit Committee, the Board of Regents, 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**

November 16, 2009

***Board of Trustees
Texarkana College
Texarkana, Texas***

Members of the Board:

Compliance

We have audited the compliance of Texarkana College and Texarkana College Foundation, Inc. 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, 2009 and December 31, 2008, respectively. Texarkana College and Texarkana 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 Texarkana College and Texarkana College Foundation, Inc.'s management. Our responsibility is to express an opinion on Texarkana College and Texarkana 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 Texarkana College and Texarkana 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 Texarkana College and Texarkana College Foundation, Inc.'s compliance with those requirements.

In our opinion, Texarkana College and Texarkana 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, 2009 and December 31, 2008, respectively.

Internal Control over Compliance


The management of Texarkana College and Texarkana 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 Texarkana College and Texarkana 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 Texarkana College's and Texarkana 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 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 Audit Committee, the Board of Regents, 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

TEXARKANA COLLEGE
SCHEDULE G
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2009
Page 1 of 2

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantors Number</u>	<u>Pass Through Disbursements and Expenditures</u>
U.S. Department of Education			
Direct Programs:			
<i>Student Financial Assistance Cluster:</i>			
Federal Supplemental Educational Opportunity Grants	* 84.007A		\$ <u>50,330</u>
Federal Work-Study Program	* 84.033A		<u>61,524</u>
Federal Pell Grant Program	* 84.063P		<u>3,708,270</u>
Academic Competitiveness Grant	* 84.375		<u>217,452</u>
<i>Subtotal Student Financial Assistance Cluster</i>			<u><u>4,037,576</u></u>
<i>TRIO Cluster:</i>			
TRIO - Student Support Services	84.042A	P042A060013-08	<u>247,291</u>
TRIO - Talent Search	84.044A	P044A06001-08	<u>304,283</u>
<i>Subtotal TRIO Cluster</i>			<u><u>551,574</u></u>
Passed Through Texas Higher Education Coordinating Board			
Vocational Education - Basic Grant	84.048	84245	212,270
LEAP	84.069A		9,589
SLEAP	84.069B		375
Byrd Scholarship	84.185		<u>7,500</u>
Total Passed Through Texas Higher Education Coordinating Board			<u><u>229,734</u></u>
Total U.S. Department of Education			<u><u>4,818,884</u></u>
U.S. Department of Labor			
Passed Through from:			
Texas Workforce Commission			
Workforce Solutions Northeast Texas			
Summer Youth Employment	17.259		<u>60,775</u>
Total U.S. Department of Labor			<u><u>60,775</u></u>
Total Federal Financial Assistance			<u><u>\$ 4,879,659</u></u>

* Major Program

Notes to schedule on following page.

TEXARKANA COLLEGE
SCHEDULE G
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2009
Page 2 of 2

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - Per Schedule A	\$ 848,698
Federal Grants and Contracts Revenue - Per Schedule C	4,030,961
	<hr/>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$ 4,879,659

Note 2: Significant Accounting Policies

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

Note 3: Student Loans Processed and Administrative Costs Recovered - Not Included in Schedule

Federal Grantor	New	Administrative	Total Loans
<u>CFDA Number/Program Name</u>	<u>Loans</u>	<u>Cost</u>	<u>Processed &</u>
	<u>Processed</u>	<u>Recovered</u>	<u>Administrative</u>
			<u>Cost Recovered</u>
<u>U.S. Department of Education</u>			
84.038 Federal Perkins Loan Program	\$ 0	\$ 0	0
Total U.S. Department of Education	\$ 0	\$ 0	0

See independent auditors' report.

TEXARKANA COLLEGE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2009

A: Summary of Audit Results

Financial Statements

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

The auditor's report on compliance for the major federal awards programs for Texarkana College expresses an unqualified opinion.

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

The programs tested as major programs include:

Student Financial Aid

Federal Supplemental Educational Opportunity Grants	CFDA # 84.007A
Federal Work-Study Program	CFDA # 84.033A
Federal Pell Grant Program	CFDA # 84.063P
Academic Competitiveness Grant	CFDA # 84.375

Dollar threshold used to distinguish between Type A and B programs: \$ 300,000
 Auditee qualified as low-risk auditee yes no

B: Findings - Financial Statements Audit

Finding 2009 – 1

Criteria : Banks accounts should be reconciled on a monthly basis and all reconciling items should be posted to the books in a timely manner.

Condition Found: Monthly bank reconciliations were not always timely prepared and reconciling items were not investigated and adjusted in a timely manner.

Cause and Effect: Staff limitations resulted in not having manpower to timely perform the reconciliations. Material reconciling items were not posted to the accounting records in a timely manner. Undesirable consequences can occur when bank accounts are not reconciled timely, such as inaccurate financial statements and unauthorized bank transactions.

Auditor's Recommendation: Management should establish procedures to insure the monthly bank reconciliations are prepared by the end of the following month. All reconciling items should be identified on the reconciliation and any required adjustment to the books should be promptly posted.

College's Response: Discussions have already taken place between management and staff on how to address this finding. Initially, check writing procedures will be modified to enable more timely reconciliations. Management will also monitor bank reconciliations to make sure they are completed no later than the 15th of each month and reconciliations will be added as a line item in a monthly closing checklist. Finally, an additional staff member will be crossed trained to reconcile bank statement to ensure timely processing.

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

None

*TEXARKANA COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2009*

Finding 2008 – 1

Condition Found: We noted that the computer generated report that provides the breakdown of tuition and fees did not calculate correctly beginning after the spring 2008 academic enrollment period. Employees of the college were aware that this report was not calculating correctly, but procedures were not performed to correct this report in a timely matter.

Auditor's Recommendation: This report should be corrected as soon as possible and tuition and fees should be recorded in the correct income account in the future.

Current Status: A new report was created that correctly calculated the breakdown of tuition and fees. No similar findings were reported in the August 31, 2009 audit.

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**

November 16, 2009

***Board of Trustees
Texarkana College
Texarkana, Texas***

Members of the Board:

Compliance

We have audited the compliance of Texarkana College and Texarkana 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, 2009 and December 31, 2008, respectively. Texarkana College's and Texarkana 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 Texarkana College's and Texarkana College Foundation, Inc.'s management. Our responsibility is to express an opinion on Texarkana College's and Texarkana 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 Texarkana College's and Texarkana 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 Texarkana College's and Texarkana College Foundation, Inc.'s compliance with those requirements.

In our opinion, Texarkana College and Texarkana 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, 2009 and December 31, 2008, respectively. 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 Texarkana College and Texarkana 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 Texarkana College's and Texarkana 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 Texarkana College's and Texarkana 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 Audit Committee, the Board of Regents, 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

TEXARKANA COLLEGE
SCHEDULE H
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2009
Page 1 of 2

<u>State Grantor/Program/Title</u>	<u>Grant Contract Number</u>	<u>Pass Through Disbursements and Expenditures</u>
<u>Texas Higher Education Coordinating Board</u>		
Texas Grant Program	N/A	\$ 204,140
Texas Grant II	N/A	31,140
Tech Prep Mini Grant	N/A	2,930
P-16 College Readiness Special Advisors Program	N/A	5,948
Vertical Team	N/A	2,142
ISP Grant	2295	31,250
Nursing Scholarship	N/A	6,272
Dramatic Enrollment Growth	N/A	100,564
Professional Nursing Shortage Reduction	N/A	23,182
Total Texas Higher Education Coordinating Board		407,568
<u>Texas Workforce Commission</u>		
Skills Grant Rama	0708SDF002	136,835
Skills Harte Hanks/JCM	* 0708SDF001	354,436
Total Texas Workforce Commission		491,271
<u>Texas Commission on Environmental Quality</u>		
Passed Through Sulphur River Basin Authority		
Clean Rivers Grant		82,491
Total Texas Commission on Environmental Quality		82,491
Total State Financial Assistance		\$ 981,330

* Major Program

Notes to schedule on following page.

TEXARKANA COLLEGE
SCHEDULE H
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2009
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 Financial Assistance per Schedule of expenditures of state awards	\$ 981,330
Reconciliation items - State revenues not reported as State revenue on Schedule A	
Dramatic Enrollment Growth Schedule C	(100,564)
Professional Nursing Shortage	<u>(23,182)</u>
Total State Revenues per Schedule A	\$ <u><u>857,584</u></u>

TEXARKANA COLLEGE
STATE GRANTS SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2009

A: Summary of Audit Results

Financial Statements

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

Internal control over financial reporting:

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

State Awards

Internal control over major programs:

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

The auditor's report on compliance for the major state awards programs for Texarkana College expresses an unqualified opinion.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of State of Texas Single Audit Circular?

yes no

The programs tested as major programs include:

Texas Workforce Commission
 Skills Harte Hanks/JCM Contract Number 0708SDF001

Dollar threshold used to distinguish between

Type A and B programs: \$ 300,000

Auditee qualified as low-risk auditee yes no

B: Findings - Financial Statements Audit

See Finding 2009 - 1

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

None

TEXARKANA COLLEGE
STATE GRANTS SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2009

Finding 2008 – 1

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