

**TEXARKANA COLLEGE**  
Texarkana, Texas

**FINANCIAL STATEMENTS**  
August 31, 2010 and 2009

## TABLE OF CONTENTS

	PAGE
<b>ORGANIZATIONAL DATA</b> .....	i
<b>INDEPENDENT AUDITOR’S REPORT</b> .....	1
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b> .....	3
<b>FINANCIAL STATEMENTS</b>	
Statements of Net Assets .....	11
Statements of Revenues, Expenses, and Changes in Net Assets .....	13
Statements of Cash Flows.....	15
Notes to Financial Statements.....	18
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Operating Revenues .....	36
Schedule of Operating Expenses by Object .....	37
Schedule of Non-Operating Revenues and Expenses .....	38
Schedule of Net Assets by Source and Availability .....	39
Schedule of Income and Expenditures - Student Union (With Comparative Figures for 2009) .....	40
Insurance in Force (Unaudited) .....	41
<b>STATISTICAL SECTION (UNAUDITED)</b>	
Net Assets by Component .....	43
Revenues by Source.....	44
Program Expenses by Function .....	45
Tuition and Fees .....	46
Taxable Assessed Value of Property .....	47
State Appropriation per FTSE and Contact Hour .....	48
Principal Taxpayers .....	49
Property Tax Levies and Collections .....	50
Ratios of Outstanding Debt .....	51
Legal Debt Margin Information.....	52
Pledged Revenue Coverage .....	53
Demographic and Economic Statistics-Texarkana MSA.....	54
Principal Employers .....	55
Faculty, Staff, and Administrators Statistics .....	56
Enrollment Details.....	57
Student Profile .....	58
Transfers to Senior Institutions .....	59
Schedule of Capital Asset Information .....	60

**TABLE OF CONTENTS (CONTINUED)**

	<b>PAGE</b>
<b>FEDERAL FINANCIAL ASSISTANCE INFORMATION - SINGLE AUDIT</b>	
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 .....	62
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance and Schedule of Expenditures of Federal Awards in Accordance With OMB Circular A-133.....	64
Report on Schedule of Expenditures of Federal Awards .....	67
Schedule of Findings and Responses .....	68
Schedule of Expenditures of Federal Awards.....	97
Summary Schedule of Prior Audit Findings.....	98

**TEXARKANA COLLEGE**  
**ORGANIZATIONAL DATA**  
**For the Fiscal Year 2009-2010**

Board of Trustees

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Officers

Randy Moore	President
Jennell Ingram	Vice President
Molly Beth Malcolm	Secretary

Members

Term Expires

Terry Taylor	Texarkana, Texas	2016
Dr. C. Jack Smith	Texarkana, Texas	2016
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
Thomas Coleman	Texarkana, Texas	2016
David Potter	Texarkana, Texas	2014

Key Officers

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Dr. Alan Rasco	President
Dr. Daniel DoBell	Vice President of Administration & Finance
Dr. Lynn Persyn	Provost & Vice President of Learning

**INDEPENDENT AUDITORS' REPORT**

## Independent Auditor's Report

Board of Trustees  
Texarkana College  
Texarkana, Texas

We have audited the accompanying basic financial statements of Texarkana College (College) as of and for the year ended August 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. The basic financial statements of Texarkana College as of and for the year ended August 31, 2009 were audited by other auditors, whose report dated November 16, 2009 expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texarkana College as of August 31, 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2010, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements, but is 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 the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming our opinion on the College's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The organizational data and the statistical section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Henderson LLP*

Austin, Texas  
December 14, 2010

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



**TEXARKANA COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2010 and 2009**

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 2008, 2009 and 2010. 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 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. The statement helps measure the ability to pay operating expenses with operating revenues and the extent that capital assets are financed.

**TEXARKANA COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**August 31, 2010 and 2009**

**Condensed Financial Information**

<b>Financial Position Summary</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Assets</b>			
Current and other assets	\$ 18,377,255	\$ 23,315,401	\$ 25,459,602
Capital assets	<u>19,714,293</u>	<u>19,716,574</u>	<u>19,128,843</u>
<b>Total assets</b>	<u>38,091,548</u>	<u>43,031,975</u>	<u>44,588,445</u>
<b>Liabilities</b>			
Long-term liabilities	772,289	725,372	711,826
Other liabilities	<u>3,633,614</u>	<u>3,254,551</u>	<u>3,169,809</u>
<b>Total liabilities</b>	<u>4,405,903</u>	<u>3,979,923</u>	<u>3,881,635</u>
<b>Net Assets</b>			
Invested in capital assets	19,714,293	19,716,574	19,128,843
Restricted	3,043,056	3,029,734	2,988,690
Unrestricted	<u>10,928,296</u>	<u>16,305,744</u>	<u>18,589,277</u>
<b>Total net assets</b>	<u>\$ 33,685,645</u>	<u>\$ 39,052,052</u>	<u>\$ 40,706,810</u>

The College's capital assets represent 56% of the total assets at August 31, 2010 compared to 46% at August 31, 2009. The largest component of capital assets is the College's investment in buildings. The buildings represent 70% of the capital assets at the end of the 2010 fiscal year compared to 80% for 2009. Adequate facilities are an important factor in the ability of the College to meet the education needs of current and future students.

<b>Summary of Changes in Net Assets</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Operating revenues</b>			
Net tuition and fees	\$ 5,250,067	\$ 4,276,800	\$ 3,955,930
Federal grants and contracts	721,413	848,698	897,097
Net auxiliary enterprises	2,116,246	2,320,449	1,984,724
State grants and contracts	489,315	857,584	476,410
Non-governmental grants	67,000	66,953	42,049
Sales and services of educational activities	179,181	144,618	127,157
Other	<u>550,861</u>	<u>465,667</u>	<u>675,847</u>
Total operating revenue	<u>9,374,083</u>	<u>8,980,769</u>	<u>8,159,214</u>

**TEXARKANA COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
August 31, 2010 and 2009**

<b>Summary of Changes in Net Assets</b> (Continued)	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating expenses			
Instruction	\$ 12,692,605	\$ 12,215,518	\$ 11,287,318
Academic support	1,866,063	1,867,262	1,864,236
Student services	1,950,947	1,906,379	1,896,173
Institutional support	2,393,726	2,788,637	2,264,580
Operation and maintenance of plant	6,035,702	2,484,075	2,132,502
Scholarships and fellowships	4,403,641	2,713,959	2,196,421
Auxiliary enterprises	3,110,395	2,902,848	2,380,504
Depreciation	<u>995,800</u>	<u>996,357</u>	<u>887,328</u>
Total operating expenses	<u>33,448,879</u>	<u>27,875,035</u>	<u>24,909,062</u>
Operating income (loss)	<u>(24,074,796)</u>	<u>(18,894,266)</u>	<u>(16,749,848)</u>
Non-operating revenues			
State appropriations	11,286,508	11,575,791	11,687,675
Taxes	1,261,791	1,169,121	1,089,803
Federal grants non-operating	5,822,999	4,030,961	3,493,767
Investment income	234,977	353,214	950,178
Gifts	42,114	55,451	698,117
Other non-operating income	<u>60,000</u>	<u>55,000</u>	<u>-</u>
Net non-operating revenues	<u>18,708,389</u>	<u>17,239,508</u>	<u>17,919,540</u>
Increase (decrease) in net assets	(5,366,407)	(1,654,758)	1,169,692
Net assets, beginning of year	<u>39,052,052</u>	<u>40,706,810</u>	<u>39,537,118</u>
<b>Net assets, end of year</b>	<u><b>\$33,685,645</b></u>	<u><b>\$39,052,052</b></u>	<u><b>\$40,706,810</b></u>

The College's net assets decreased \$5,366,407 for the year ended August 31, 2010 compared to a decrease of \$1,654,758 for the year ended August 31, 2009. The change from 2010 to 2009 of approximately \$3,712,000 results from the following significant items.

Increase in College's share of rising star scholarships	\$ 233,000
Increase in plant fund expenditures	\$ 3,552,000

In addition to the above the unrestricted operating education expenditures increased by approximately 5.10% while state funding, the major source of funding for these expenditures, decreased by 2.5%.

The College's net assets decreased \$1,654,758 and increased \$1,169,692 for the years ended August 31, 2009 and 2008, respectively. The 2009 decrease resulted in part from significant increases in rising star scholarships and plant expenditures. The 2008 increase resulted primarily from a large endowment fund gift received during 2008. Total revenues decreased by approximately 3.7% and expenses have remained constant.

**TEXARKANA COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
August 31, 2010 and 2009**

The College's unrestricted net assets decreased by \$853,723 for the year ended August 31, 2010. The unrestricted net assets are the assets that generate the College's investment income. The decrease is primarily due to a decrease in accounts receivable.

<b>Summary of Cash Flow Activities</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Cash flow provided by (used in) operating activities	\$ (20,839,009)	\$ (17,673,138)	\$ (13,568,699)
Cash flow provided by capital, non-capital, and related financing activities	16,660,857	14,619,660	13,595,544
Cash flow provided by (used in) investing activities	<u>(7,310,261)</u>	<u>13,860,836</u>	<u>20,076</u>
Net increase (decrease) in cash and cash equivalents	(11,488,413)	10,807,358	46,921
Cash and cash equivalents, beginning of year	<u>12,966,459</u>	<u>2,159,101</u>	<u>2,112,180</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 1,478,046</u></b>	<b><u>\$ 12,966,459</u></b>	<b><u>\$ 2,159,101</u></b>

The College's available cash and cash equivalents decreased by \$11,488,413 during the year ended August 31, 2010. This significant decrease is due to certificates of deposit being reclassified in 2009 as cash and cash equivalents because of their short maturity dates. The shorter maturity dates required these investments to be classified as cash equivalents per accounting standards. Subsequently, in 2010, there were no certificates of deposit which required reclassification. Other factors contributing to the decrease in cash include an increase in accounts receivable and decrease in state appropriations.

The College's available cash and cash equivalents increased by \$10,807,358 during the year ended August 31, 2009.

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

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

Current assets, as of August 31, 2010, totaled \$15,210,948 which is 40% of the total assets. Approximately 91% of the current assets are in cash or are invested in certificates of deposit at August 31, 2010.

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 invested in certificates of deposit 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 deposit at August 31, 2008.

**TEXARKANA COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**August 31, 2010 and 2009**

Current liabilities total approximately \$3,633,614 for 2010 and \$3,254,551 for 2009. Deferred revenue is 33% for 2010 and 38% for 2009 of the total current liabilities. Deferred revenue is the 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 monies are 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, 2010, 2009, and 2008, 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 57% and charges to students amounted to 21% of total revenues for the year ended August 31, 2010.

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

Salaries and benefits are approximately 53% of total operating expenses for the year ended August 31, 2010.

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

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, 2010, 2009 and 2008 because a significant portion of the revenue, state appropriations, Title IV funds, and taxes, are considered non-operating revenue.

The College expensed \$993,519 and \$1,584,088 to purchase capital assets during the years ended August 31, 2010 and 2009, respectively.

***Description of significant capital asset and long-term liability activity***

***Changes in credit ratings***

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

**TEXARKANA COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
August 31, 2010 and 2009**

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

Texarkana College has no bond indebtedness. Furthermore, Texarkana College foresees no capital improvement need 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 1.75% for the years ended August 31, 2010 and 2009 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**  
**STATEMENTS OF NET ASSETS**  
**August 31, 2010 and 2009**

<b>ASSETS</b>		
	<u><b>2010</b></u>	<u><b>2009</b></u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,397,232	\$ 11,095,713
Short-term investments	12,463,000	6,840,000
Accounts receivable	770,093	1,689,657
Inventories	580,623	655,939
	<hr/>	<hr/>
Total current assets	15,210,948	20,281,309
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents	80,814	1,870,746
Endowment investments	1,873,000	-
Notes receivable (net of allowance for doubtful accounts of \$36,601 and \$39,601 for 2010 and 2009, respectively)	51,226	51,316
Insurance fund investments	1,161,267	1,112,030
Capital assets, net of accumulated depreciation	19,714,293	19,716,574
	<hr/>	<hr/>
Total noncurrent assets	22,880,600	22,750,666
	<hr/>	<hr/>
Total assets	38,091,548	43,031,975
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	1,346,833	1,047,942
Accrued liabilities	483,794	276,194
Funds held for others	575,425	656,174
Deposits	27,510	28,200
Deferred revenues	1,200,052	1,246,041
	<hr/>	<hr/>
Total current liabilities	3,633,614	3,254,551
<b>NONCURRENT LIABILITIES</b>		
Accounts payable restricted	80,132	55,717
Deferred revenue	84,279	81,777
Accrued compensable absences payable	607,878	587,878
	<hr/>	<hr/>
Total noncurrent liabilities	772,289	725,372
	<hr/>	<hr/>
Total liabilities	4,405,903	3,979,923
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	19,714,293	19,716,574
Restricted for:		
Nonexpendable:		
Student aid	1,553,442	1,553,103
Instruction programs	287,609	287,609
Expendable:		
Student aid	41,059	41,059
Loans	18	18
Insurance fund	1,161,267	1,147,945
Unrestricted	10,927,957	16,305,744
	<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 33,685,645</u></u>	<u><u>\$ 39,052,052</u></u>

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



**TEXARKANA COLLEGE FOUNDATION, INC.  
 COMPONENT UNIT  
 STATEMENTS OF NET ASSETS  
 December 31, 2009 and 2008**

	<b>ASSETS</b>	
	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 69,537	\$ 63,405
Investments	1,729,147	1,789,567
Due from College	-	76,435
Net unconditional promises to give	<u>48,179</u>	<u>86,145</u>
Total current assets	1,846,863	2,015,552
<b>NONCURRENT ASSETS</b>		
Cash and cash equivalents, permanently restricted	219,391	236,452
Investments	<u>1,439,825</u>	<u>1,380,759</u>
Total noncurrent assets	<u>1,659,216</u>	<u>1,617,211</u>
Total assets	<u>3,506,079</u>	<u>3,632,763</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Due to College	-	76,435
Rising star scholarships payable	<u>100,000</u>	<u>100,000</u>
Total current liabilities	<u>100,000</u>	<u>176,435</u>
Total liabilities	<u>100,000</u>	<u>176,435</u>
<b>NET ASSETS</b>		
Restricted:		
Nonexpendable:		
Permanently	1,131,633	1,081,357
Expendable:		
Temporarily	572,652	535,623
Unrestricted	<u>1,701,794</u>	<u>1,839,348</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 3,406,079</u></u>	<u><u>\$ 3,456,328</u></u>

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

**TEXARKANA COLLEGE**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Years Ended August 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>		
Tuition and fees (net of grant and scholarship allowances of \$3,075,638 and \$2,090,944 in 2010 and 2009, respectively)	\$ 5,250,067	\$ 4,276,800
Federal grants and contracts	750,461	848,698
State grants and contracts	489,315	857,584
Non-governmental grants and contracts	67,000	66,953
Sales and services of educational activities	179,181	144,618
Auxiliary enterprises (net of grant and scholarship allowances of \$735,812 and \$672,323 in 2010 and 2009, respectively)	2,116,246	2,320,449
Other operating revenues	550,861	465,667
	<hr/>	<hr/>
Total operating revenues	9,403,131	8,980,769
<b>OPERATING EXPENSES</b>		
Instruction	12,721,653	12,215,518
Academic support	1,866,063	1,867,262
Student services	1,950,947	1,906,379
Institutional support	2,393,726	2,788,637
Operation and maintenance of plant	6,035,702	2,484,075
Scholarships and fellowships	4,403,641	2,713,959
Auxiliary enterprises	3,110,395	2,902,848
Depreciation	995,800	996,357
	<hr/>	<hr/>
Total operating expenses	33,477,927	27,875,035
Operating loss	<u>(24,074,796)</u>	<u>(18,894,266)</u>
<b>NON-OPERATING REVENUES</b>		
State appropriations	11,286,508	11,575,761
Maintenance ad-valorem taxes:		
Taxes for maintenance and operations	1,261,791	1,169,121
Federal grants and contracts, non-operating	5,822,999	4,030,961
Gifts	42,114	55,451
Investment income (net of investment expenses)	234,977	353,214
Rent income	60,000	55,000
	<hr/>	<hr/>
Total non-operating revenues	18,708,389	17,239,508
<b>DECREASE IN NET ASSETS</b>	(5,366,407)	(1,654,758)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<hr/>	<hr/>
	39,052,052	40,706,810
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 33,685,645</u>	<u>\$ 39,052,052</u>

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

**TEXARKANA COLLEGE FOUNDATION  
COMPONENT UNIT  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>UNRESTRICTED NET ASSETS</b>		
Revenues and gains:		
Contributions and fund raising	\$ 189,228	\$ 85,511
Interest income	73,737	69,680
Dividend income	5,882	9,489
Net realized gain (loss) on investments	511	(31)
Net unrealized gain (loss) on investments	<u>(45,806)</u>	<u>6,704</u>
Total unrestricted revenues and gains	<u>223,552</u>	<u>171,353</u>
Net assets released from restrictions:		
Temporarily restricted assets		
Satisfaction of scholarships and other restrictions	<u>-</u>	<u>49,814</u>
Total net assets released from restrictions	<u>-</u>	<u>49,814</u>
Total unrestricted support and gains	<u>223,552</u>	<u>221,167</u>
<b>EXPENSES</b>		
Program services:		
Scholarships and grants	352,372	226,127
Fiduciary fees	8,734	8,579
Contract services	<u>-</u>	<u>18,000</u>
Total expenses	<u>361,106</u>	<u>252,706</u>
Decrease in unrestricted net assets	(137,554)	(31,539)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Support:		
Interest income	50,548	46,477
Dividend income	12,411	18,677
Net realized gain on investments	1,113	125,548
Net unrealized loss on investments	(27,043)	(111,842)
Net assets released from restriction:		
Satisfaction of scholarships and other restrictions	<u>-</u>	<u>(49,814)</u>
Increase in temporarily restricted net assets	<u>37,029</u>	<u>29,046</u>
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Contributions	<u>\$ 50,276</u>	<u>\$ 33,218</u>
Increase in permanently restricted net assets	<u>50,276</u>	<u>33,218</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(50,249)	30,725
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,456,328</u>	<u>3,425,603</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,406,079</u>	<u>\$ 3,456,328</u>

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

**TEXARKANA COLLEGE**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended August 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 6,681,093	\$ 6,519,128
Receipts of grants and contracts	1,645,405	1,504,520
Other receipts	730,042	610,285
Payments to or on behalf of employees	(13,695,182)	(13,575,801)
Payments to suppliers for goods or services	(11,796,816)	(9,980,386)
Payments of scholarships	(4,403,551)	(2,750,884)
	<hr/>	<hr/>
Net cash used in operating activities	(20,839,009)	(17,673,138)
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Receipts from state appropriations	10,550,534	10,897,610
Ad valorem tax receipts	1,284,340	1,092,567
Federal revenue non-operating	5,798,137	4,090,780
Gifts and grants (other than capital)	42,114	55,451
Other receipts	60,000	55,000
Student organization and other agency transactions	(80,749)	12,340
	<hr/>	<hr/>
Net cash provided by non-capital financing activities	17,654,376	16,203,748
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(993,519)	(1,584,088)
	<hr/>	<hr/>
Net cash used in capital and related financing activities	(993,519)	(1,584,088)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturity of investments	27,519,000	37,793,951
Investment earnings	234,977	640,949
Purchase of investments	(35,064,238)	(24,574,064)
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(7,310,261)	13,860,836
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(11,488,413)	10,807,358
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<hr/> 12,966,459	<hr/> 2,159,101
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ <hr/> 1,478,046	\$ <hr/> 12,966,459

**TEXARKANA COLLEGE**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**Years Ended August 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating loss	\$ (24,074,796)	\$ (18,894,266)
Adjustments to reconcile operating income to net cash used in operating activities:		
Staff benefits paid directly by state	735,974	678,151
Depreciation expense	995,800	996,357
Changes in assets and liabilities:		
Receivables, net	921,878	(545,443)
Inventories	75,316	49,312
Loans to students	90	(43,197)
Accounts payable	530,906	(72,993)
Deferred revenue	(43,487)	197,779
Deposits held for others	(690)	2,400
Compensated absences	20,000	(41,238)
	<u>20,000</u>	<u>(41,238)</u>
 <b>NET CASH USED IN OPERATING ACTIVITIES</b>	 <u>\$ (20,839,009)</u>	 <u>\$ (17,673,138)</u>

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

**TEXARKANA COLLEGE FOUNDATION, INC.**  
**COMPONENT UNIT**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (50,249)	\$ 30,725
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in receivable	76,435	(76,435)
(Increase) decrease in net unconditional promises to give	37,966	40,924
Realized gain in investments	(1,624)	(125,517)
Unrealized losses on investments	72,849	105,138
Increase (decrease) in payables	<u>(76,435)</u>	<u>76,435</u>
Net cash provided by operating activities	<u>58,942</u>	<u>51,270</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturity of investments	2,115,000	1,834,297
Purchase of investments	<u>(2,189,346)</u>	<u>(2,019,608)</u>
Net cash used in investing activities	<u>(74,346)</u>	<u>(185,311)</u>
 <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	 (15,404)	 (134,041)
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>299,857</u>	 <u>433,898</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u>\$ 284,453</u>	 <u>\$ 299,857</u>

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

**TEXARKANA COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2010 and 2009**

**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, 2010 and 2009.

**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, 2010 and 2009**

**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 25, 2009. 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, 2010 and 2009**

**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 greater than \$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, 2010 and 2009 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, 2010 and 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 the statement of net assets consist of the items reported below:

	<u>2010</u>	<u>2009</u>
Bank deposits		
Demand deposits	\$ 1,468,956	\$ 782,422
Certificates of deposit	14,336,000	19,015,000
Cash and cash equivalents		
Petty cash on hand	<u>9,090</u>	<u>9,037</u>
<b>Total cash and deposits</b>	<b><u>\$ 15,814,046</u></b>	<b><u>\$ 19,806,459</u></b>

**TEXARKANA COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2010 and 2009**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

Reconciliation of deposits and investments to the statement of net assets

	<u>2010</u>	<u>2009</u>
Type of security		
U.S. government securities	\$ 1,137,926	\$ 1,089,442
Mutual funds	<u>23,340</u>	<u>22,588</u>
Total insurance fund investments	1,161,266	1,112,030
Total cash and deposits	<u>15,814,046</u>	<u>19,806,459</u>
<b>Total deposits and investments</b>	<b><u>\$ 16,975,312</u></b>	<b><u>\$ 20,918,489</u></b>
Cash and cash equivalents	\$ 1,397,232	\$ 11,095,713
Restricted cash and cash equivalents	<u>80,814</u>	<u>1,870,746</u>
Total cash and cash equivalents	<u>1,478,046</u>	<u>12,966,459</u>
Short-term investments	12,463,000	6,840,000
Endowment investments	1,873,000	-
Insurance fund investments	<u>1,161,266</u>	<u>1,112,030</u>
Total investments	<u>15,497,266</u>	<u>7,952,030</u>
<b>Total deposits and investments</b>	<b><u>\$ 16,975,312</u></b>	<b><u>\$ 20,918,489</u></b>

Cash and deposits for Texarkana College Foundation, Inc. reported on the statement of net assets consist of the following:

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents		
Cash on deposit	\$ 544	\$ -
U.S. saving bonds	1,072	1,043
Money market funds	<u>287,312</u>	<u>298,814</u>
<b>Total cash and cash equivalents</b>	<b><u>\$ 288,928</u></b>	<b><u>\$ 299,857</u></b>

Investments for the Texarkana College Foundation, Inc. reported on the statement of net assets are as follows:

<u>Type of security</u>	<u>Fair Value</u> <u>2010</u>	<u>Fair Value</u> <u>2009</u>
U.S. government agencies securities	\$ 2,758,224	\$ 2,802,681
Mutual funds	369,542	318,150
Common stock	<u>42,278</u>	<u>49,495</u>
<b>Total investments</b>	<b><u>\$ 3,170,044</u></b>	<b><u>\$ 3,170,326</u></b>

**TEXARKANA COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2010 and 2009**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

As of August 31, 2010, Texarkana College had the following investments and maturities:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. government agencies securities	AAA	\$ 1,137,296	\$ 1,137,926	7.3
Mutual funds	AAA	23,340	23,340	N/A
Certificates of deposit	N/A	<u>14,336,000</u>	<u>14,336,000</u>	0.38
<b>Total Texarkana College</b>		<u>\$ 15,496,636</u>	<u>\$ 15,497,266</u>	

As of December 31, 2009, Texarkana College Foundation, Inc. had the following investments and maturities:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. government agencies securities	AAA	\$ 2,788,235	\$ 2,758,224	6.8
Mutual funds	AAA	370,022	369,542	N/A
Equities/common stock	A+	<u>1,148</u>	<u>42,278</u>	N/A
<b>Total Texarkana College Foundation, Inc.</b>		<u>\$ 3,159,405</u>	<u>\$ 3,170,044</u>	

**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, 2010 the carrying amount of Texarkana College's bank deposits was \$16,215,036 and total bank balances equaled \$16,006,093. Bank balances of \$500,000 are covered by federal depository insurance and \$17,846,819 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.

**TEXARKANA COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2010 and 2009**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

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 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, 2009 and 2008 as follows:

	<u>2009</u>	<u>2008</u>
Receivable in less than one year	\$ 50,000	\$ 50,000
Receivable in one to five years	<u>-</u>	<u>50,000</u>
Total	50,000	100,000
Less discounts to net present value	<u>(1,821)</u>	<u>(13,855)</u>
<b>Net unconditional promises to give</b>	<u>\$ 48,179</u>	<u>\$ 86,145</u>

**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 taxes are remitted monthly.

	<u>2010</u>	<u>2009</u>
Assessed valuation of the District	\$ 1,292,389,101	\$ 1,322,982,651
Less: Exemptions	(11,060,464)	(22,360,244)
Less: Abatements	<u>-</u>	<u>(3,272,548)</u>
<b>Net assessed valuation of the District</b>	<u>\$ 1,281,328,637</u>	<u>\$ 1,297,349,859</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate authorized per \$100 valuation	<u>1.0000</u>	<u>          </u>	<u>1.0000</u>
Tax rate assessed per \$100 valuation for 2010	<u>0.09679</u>	<u>          </u>	<u>0.0968</u>
Tax rate assessed per \$100 valuation for 2009	<u>0.08959</u>	<u>          </u>	<u>0.0896</u>

**TEXARKANA COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2010 and 2009**

**NOTE 5 – DELINQUENT PROPERTY TAXES AND TAXES RECEIVABLE (CONTINUED)**

Taxes levied for the years ended August 31, 2010 and 2009 were \$1,248,588 and \$1,162,296, respectively including any penalty and interest assessed.

<u>Taxes Collected</u>	<u>Current Operations</u>	
	<u>2010</u>	<u>2009</u>
Current taxes collected	\$ 1,204,725	\$ 1,112,127
Delinquent taxes collected	38,127	30,530
Penalties and Interest collected	<u>18,939</u>	<u>26,823</u>
<b>Total collections</b>	<b><u>\$ 1,261,791</u></b>	<b><u>\$ 1,169,480</u></b>

Current tax collections for the years ended August 31, 2010 and 2009 were 97% 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 delinquent taxes are based upon historical collections of delinquent taxes.

**NOTE 6 - CAPITAL ASSETS**

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

	<u>Balance, August 31, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, August 31, 2010</u>
Not depreciated:				
Land	\$ 1,433,905	\$ -	\$ -	\$ 1,433,905
Construction in process	<u>-</u>	<u>769,258</u>	<u>-</u>	<u>769,258</u>
Total not depreciated	<u>1,433,905</u>	<u>769,258</u>	<u>-</u>	<u>2,203,163</u>
Buildings and other capital assets:				
Infrastructure	462,825	-	-	462,825
Buildings	25,116,110	-	-	25,116,110
Land improvements	3,205,869	85,842	-	3,291,711
Library books	2,073,387	61,946	(4,793)	2,130,540
Furniture and equipment	<u>3,004,701</u>	<u>76,473</u>	<u>-</u>	<u>3,081,174</u>
Total building and other capital assets	<u>33,862,892</u>	<u>224,261</u>	<u>(4,793)</u>	<u>34,082,360</u>
Accumulated depreciation:				
Infrastructure	418,893	8,637	-	427,530
Buildings	9,293,310	640,880	-	9,934,190
Land improvements	2,543,890	94,728	-	2,638,618
Library books	1,577,502	59,627	(4,793)	1,632,336
Furniture and equipment	<u>1,746,628</u>	<u>191,928</u>	<u>-</u>	<u>1,938,556</u>
Total accumulated depreciation	<u>15,580,223</u>	<u>995,800</u>	<u>(4,793)</u>	<u>16,571,230</u>
<b>Net capital assets</b>	<b><u>\$ 19,716,574</u></b>	<b><u>\$ (2,281)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 19,714,293</u></b>

**TEXARKANA COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2010 and 2009**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

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

	<u>Balance, August 31, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, August 31, 2009</u>
Not depreciated:				
Land	\$ 1,046,315	\$ 387,590	\$ -	\$ 1,433,905
Construction in process	<u>128,270</u>	<u>-</u>	<u>128,270</u>	<u>-</u>
Total not depreciated	<u>1,174,585</u>	<u>387,590</u>	<u>128,270</u>	<u>1,433,905</u>
Buildings and other capital assets:				
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	<u>2,657,768</u>	<u>346,933</u>	<u>-</u>	<u>3,004,701</u>
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>
Accumulated depreciation				
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	<u>1,555,564</u>	<u>191,064</u>	<u>-</u>	<u>1,746,628</u>
Total accumulated depreciation	<u>14,589,617</u>	<u>996,357</u>	<u>5,751</u>	<u>15,580,223</u>
<b>Net capital assets</b>	<u>\$ 19,128,843</u>	<u>\$ 716,001</u>	<u>\$ 128,270</u>	<u>\$ 19,716,574</u>

**NOTE 7 - RESTRICTED PLANT FUNDS**

Unexpended plant funds were designated by the Board of Trustees for the following purpose:

	<u>2010</u>	<u>2009</u>
Equipment renewal replacement	<u>\$ 300,000</u>	<u>\$ 300,000</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, 2010 and 2009**

**NOTE 8 - LONG-TERM LIABILITIES**

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

	<b>Balance, August 31, 2009</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance, August 31, 2010</b>	<b>Current Portion</b>
Compensated absences	\$ 587,878	\$ 46,586	\$ 26,586	\$ 607,878	\$ 20,000
Deferred revenue	81,777	84,317	81,815	84,279	-
Accounts payable restricted	<u>55,717</u>	<u>80,139</u>	<u>55,724</u>	<u>80,132</u>	<u>-</u>
<b>Total long-term liabilities</b>	<b><u>\$ 725,372</u></b>	<b><u>\$ 211,042</u></b>	<b><u>\$ 164,125</u></b>	<b><u>\$ 772,289</u></b>	<b><u>\$ 20,000</u></b>

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

	<b>Balance, August 31, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance, August 31, 2009</b>	<b>Current Portion</b>
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	<u>21,586</u>	<u>55,717</u>	<u>21,586</u>	<u>55,717</u>	<u>-</u>
<b>Total long-term liabilities</b>	<b><u>\$ 711,826</u></b>	<b><u>\$ 152,709</u></b>	<b><u>\$ 139,163</u></b>	<b><u>\$ 725,372</u></b>	<b><u>\$ 20,000</u></b>

**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 2010 for which monies have not been received nor funds expended totaled \$809,032 from federal contracts and grant awards and \$0- from state contracts and grant awards.



**TEXARKANA COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2010 and 2009**

**NOTE 9 – CONTRACT AND GRANT AWARDS (CONTINUED)**

	<u>2010</u>	<u>2009</u>
Pell	\$ -	\$ -
ACG	-	-
SEOG	18,937	5,880
College workstudy	25,940	12,666
Federal votech grant	117,315	44,719
Talent search grant	69,167	69,422
Student support services grant	11,313	25,473
Summer youth grant	1,000	60,275
Leap	<u>-</u>	<u>375</u>
<b>Total</b>	<b><u>\$ 243,672</u></b>	<b><u>\$ 218,810</u></b>

**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 to or "participates in" 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](http://www.trs.state.tx.us), under the TRS Publications heading.

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6 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 2010, 2009, and 2008 and a state contribution rate of 6.58 percent fiscal years 2010, 2009 and 2008. In certain instances the reporting district is required to make all of a portion of the state's 6.58 percent contribution for fiscal year s 2010, 2009 and 2008.

**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.

**TEXARKANA COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2010 and 2009**

**NOTE 10 – RETIREMENT PLAN (CONTINUED)**

*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 \$753,974 and \$678,151 for the fiscal years ended August 31, 2010 and 2009, 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 \$13,724,232 and \$13,575,801 for fiscal years 2010 and 2009, respectively. The total payroll of employees covered by the Teacher Retirement System was \$5,538,773 and \$5,012,776, and the total payroll of employees covered by the Optional Retirement Program was \$6,471,367 and \$6,369,457 for fiscal years 2010 and 2009, respectively.

**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 \$629,292 and \$607,878 have been accrued and reported in the accompanying Statement of Net Assets as "accrued compensable absences payable" at August 31, 2010 and 2009, 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 Texas Government Code 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants.

**TEXARKANA COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2010 and 2009**

**NOTE 13 – DEFERRED COMPENSATION PLAN (CONTINUED)**

As of August 31, 2010 and 2009 the College had 58 and 81 employees, respectively, participating in the program. A total of \$376,541 and \$393,395 in payroll deductions were invested in approved plans during the year ended August 31, 2010 and 2009, 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, 2010 and totaled \$1,671,246 for the year then ended. The cost of providing those benefits for 110 retirees was \$555,334 and for 231 active employees was \$1,115,912.

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.

**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, defined 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 contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims 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.

**TEXARKANA COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2010 and 2009**

**NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal 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, 2010, 2009, and 2008, were \$2,427,918, \$2,620,862, and \$2,690,178, 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>2010</u>	<u>2009</u>
Endowment funds:		
Palmer Foundation	\$ 106,658	\$ 106,658
Endowed Chair for Teaching Excellence	180,951	180,951
J.R. Johnson	297,581	297,581
Parker-Akin Memorial	7,970	7,842
B & PW Scholarship	26,798	26,927
Leonard Scholarship	190,154	190,154
Teachers Credit Union Scholarship	18,036	17,697
Music Scholarship	26,629	26,629
General Scholarship	272,328	272,328
Al Barton Bladesmithing	4,962	4,962
Elizabeth Shaw Memorial	5,297	5,297
Kiwanis Club of Texarkana	7,734	7,734
Conner Student Loan	693,888	693,888
Business Administration	2,065	2,065
Quasi endowment funds:		
Eldridge Scholarship	<u>41,059</u>	<u>41,058</u>
<b>Total</b>	<b><u>\$ 1,882,110</u></b>	<b><u>\$ 1,881,771</u></b>

**NOTE 17 - RISK MANAGEMENT - CLAIMS AND JUDGMENTS**

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.

**TEXARKANA COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2010 and 2009**

**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 \$37,593 and a maximum loss fund amount of \$154,889 for the year ended August 31, 2010. 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 \$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 incurred expense under the plan computed as follows:

	<u>2010</u>	<u>2009</u>
Fixed cost	\$ 37,593	\$ 37,045
Actual claims	19,161	13,661
Increase (decrease) in accrued liabilities	<u>120,571</u>	<u>(14,309)</u>
<b>Total expense</b>	<b><u>\$ 177,325</u></b>	<b><u>\$ 36,397</u></b>

Texarkana College maximum liability for the three years ended August 31, 2010 under this agreement is \$466,302 computed as follows:

2007-2008 Maximum loss fund	\$ 150,262
2008-2009 Maximum loss fund	161,151
2009-2010 Maximum loss fund	<u>154,889</u>
<b>Total</b>	<b><u>\$ 466,302</u></b>

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 \$162,489 at August 31, 2010. This liability has been accrued in the financial statements at August 31, 2010.

**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.

**TEXARKANA COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2010 and 2009**

**NOTE 19 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

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 collect ability of any related receivable at August 31, 2010 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>2010</u>	<u>2009</u>
Student receivables	\$ 457,258	\$ 1,023,692
Taxes receivable	94,701	186,363
Federal receivable (Note 9)	243,672	218,810
Interest receivable	57,323	57,323
State receivable	20,404	388,081
Receivable from Foundation	-	76,435
Allowance for uncollectible	<u>(103,265)</u>	<u>(261,047)</u>
<b>Total</b>	<b><u>\$ 770,093</u></b>	<b><u>\$ 1,689,657</u></b>

Payables were as follows:

	<u>2010</u>	<u>2009</u>
Accounts payable:		
Vendors payable	<u>\$ 1,346,833</u>	<u>\$ 1,103,659</u>
Accrued liabilities:		
Salaries and benefits payable	\$ 483,794	\$ 199,759
Payable to foundation	<u>-</u>	<u>76,435</u>
<b>Total accrued liabilities</b>	<b><u>\$ 483,794</u></b>	<b><u>\$ 276,194</u></b>

**TEXARKANA COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2010 and 2009**

**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, 2009 and 2008.

This information is an integral part of the accompanying financial statements.

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



**TEXARKANA COLLEGE FOUNDATION, INC.**  
**SCHEDULE OF OPERATING REVENUES**  
For the Year ended August 31, 2010 (With Comparative Totals for the Year Ended August 31, 2009)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>Total</u>	<u>Totals 8/31/2009</u>
<b>Tuition</b>						
State funded courses						
In district resident tuition	\$ 104,796	\$ -	\$ 104,796	\$ -	\$ 104,796	\$ 116,761
Out of district resident tuition	1,471,605	-	1,471,605	-	1,471,605	1,193,240
TPEG (set aside)	73,474	-	73,474	-	73,474	68,184
Non-resident tuition	685,692	-	685,692	-	685,692	742,604
State-funded continuing education	791,330	-	791,330	-	791,330	238,366
Non-state-funded continuing education	-	-	-	-	-	590,860
Total tuition	<u>3,126,897</u>	<u>-</u>	<u>3,126,897</u>	<u>-</u>	<u>3,126,897</u>	<u>2,950,015</u>
<b>Fees</b>						
General	1,027,140	-	1,027,140	-	1,027,140	453,285
Student service	252,222	-	252,222	-	252,222	245,480
Out of district	1,644,542	-	1,644,542	-	1,644,542	1,360,741
Laboratory	304,050	-	304,050	-	304,050	276,229
Building use fees	1,971,126	-	1,971,126	-	1,971,126	1,657,440
Total fees	<u>5,199,080</u>	<u>-</u>	<u>5,199,080</u>	<u>-</u>	<u>5,199,080</u>	<u>3,993,175</u>
<b>Scholarship Allowance and Discounts</b>						
Scholarship allowances	(109,598)	-	(109,598)	-	(109,598)	(104,309)
Rising star scholarships	(1,112,225)	-	(1,112,225)	-	(1,112,225)	(879,541)
Remissions and exemptions	(685,962)	-	(685,962)	-	(685,962)	(686,624)
TPEG allowances	-	-	-	-	-	-
Title IV allowances	(1,168,123)	-	(1,168,123)	-	(1,168,123)	(995,916)
Total scholarship allowances	<u>(3,075,908)</u>	<u>-</u>	<u>(3,075,908)</u>	<u>-</u>	<u>(3,075,908)</u>	<u>(2,666,390)</u>
Total net tuition and fees	<u>5,250,069</u>	<u>-</u>	<u>5,250,069</u>	<u>-</u>	<u>5,250,069</u>	<u>4,276,800</u>
<b>Other Operating Revenues</b>						
Federal grants and contracts	-	750,461	750,461	-	750,461	848,698
State grants and contracts	-	489,315	489,315	-	489,315	857,584
Nongovernmental grants and contracts	67,000	-	67,000	-	67,000	66,953
Sales and services of educational activities	179,181	-	179,181	-	179,181	144,618
Investment income (program restricted)	-	-	-	-	-	85,131
Other operating revenues	550,861	-	550,861	-	550,861	380,536
Total other operating revenues	<u>797,042</u>	<u>1,239,776</u>	<u>2,036,818</u>	<u>-</u>	<u>2,036,818</u>	<u>2,383,520</u>
<b>Auxiliary Enterprises</b>						
Residential life	-	-	-	154,567	154,567	190,543
Less discounts	-	-	-	(47,109)	(47,109)	(95,526)
Bookstore	-	-	-	2,277,928	2,277,928	2,404,610
Less discounts	-	-	-	(688,702)	(688,702)	(576,797)
Cafeteria	-	-	-	396,911	396,911	371,474
Gameroom	-	-	-	22,652	22,652	26,145
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,116,247</u>	<u>2,116,247</u>	<u>2,320,449</u>
<b>TOTAL OPERATING REVENUES</b>	<u>\$ 6,047,111</u>	<u>\$ 1,239,776</u>	<u>\$ 7,286,887</u>	<u>\$ 2,116,247</u>	<u>\$ 9,403,134</u>	<u>\$ 8,980,769</u>

**TEXARKANA COLLEGE FOUNDATION, INC.**  
**SCHEDULE OF OPERATING EXPENSES BY OBJECT**  
For the Year ended August 31, 2010 (With Comparative totals for the Year Ended August 31, 2009)

	Operating Expenses				Total 8/31/2010	Total 8/31/2009
	Salaries and Wages	Benefits		Other Expenses		
		State Benefits	Local Benefits			
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 8,439,034	\$ -	\$ 994,349	\$ 1,194,702	\$ 10,628,085	\$ 10,125,177
Academic support	1,241,493	-	146,787	224,096	1,612,376	1,622,109
Student services	972,756	-	115,013	19,752	1,107,521	969,777
Institutional support	1,236,818	-	146,234	757,352	2,140,404	2,537,177
Operation and maintenance of plant	714,834	-	84,518	5,090,296	5,889,648	2,353,590
Scholarships and fellowships	-	-	-	-	-	55,174
	<u>12,604,935</u>	<u>-</u>	<u>1,486,901</u>	<u>7,286,198</u>	<u>21,378,034</u>	<u>17,663,004</u>
Total unrestricted - educational activities						
<b>Restricted - Educational Activities</b>						
Instruction	149,768	1,664,791	-	279,009	2,093,568	2,090,341
Academic support	7,929	245,758	-	-	253,687	245,153
Student services	559,690	192,561	-	91,175	843,426	936,602
Institutional support	8,489	244,833	-	-	253,322	251,460
Operation and maintenance of plant	4,550	141,504	-	-	146,054	130,485
Scholarships and fellowships	-	-	-	4,403,641	4,403,641	2,658,785
	<u>730,426</u>	<u>2,489,447</u>	<u>-</u>	<u>4,773,825</u>	<u>7,993,698</u>	<u>6,312,826</u>
Total restricted - educational activities						
Total educational activities	<u>13,335,361</u>	<u>2,489,447</u>	<u>1,486,901</u>	<u>12,060,023</u>	<u>29,371,732</u>	<u>23,975,830</u>
<b>Auxiliary Enterprises</b>	388,871	-	-	2,721,524	3,110,395	2,902,848
<b>Depreciation Expense</b>						
Building and improvements	-	-	-	744,246	744,246	752,358
Equipment and furniture	-	-	-	191,928	191,928	191,064
Library books	-	-	-	59,626	59,626	52,935
	<u>-</u>	<u>-</u>	<u>-</u>	<u>995,800</u>	<u>995,800</u>	<u>996,357</u>
<b>TOTAL</b>	<u>\$ 13,724,232</u>	<u>\$ 2,489,447</u>	<u>\$ 1,486,901</u>	<u>\$ 15,777,347</u>	<u>\$ 33,477,927</u>	<u>\$ 27,875,035</u>

**TEXARKANA COLLEGE FOUNDATION, INC.**  
**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**  
**For the Year ended August 31, 2010 (With Comparative totals for the Year Ended August 31, 2009)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 8/31/2010</u>	<u>Total 8/31/2009</u>
<b>Non-Operating Revenues</b>					
Education and general state support	\$ 8,691,200	\$ -	\$ -	\$ 8,691,200	\$ 9,106,535
Dramatic enrollment growth	97,722	-	-	97,722	100,564
State group insurance	-	1,671,246	-	1,671,246	1,667,329
State retirement matching	-	818,201	-	818,201	678,151
Professional nursing shortage	-	8,139	-	8,139	23,182
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total state appropriation	8,788,922	2,497,586	-	11,286,508	11,575,761
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other Non-Operating Revenues</b>					
Ad-valorem taxes	1,261,791	-	-	1,261,791	1,169,121
Federal revenue, non-operating	-	5,822,999	-	5,822,999	4,030,961
Gifts	42,115	-	-	42,115	55,451
Investment income	234,977	-	-	234,977	353,214
Rent income	60,000	-	-	60,000	55,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other non-operating revenues	1,598,883	5,822,999	-	7,421,882	5,663,747
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total non-operating revenues	10,387,805	8,320,585	-	18,708,390	17,239,508
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Non-Operating Expenses</b>					
Loss on disposal of capital assets	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL</b>	<u>\$ 10,387,805</u>	<u>\$ 8,320,585</u>	<u>\$ -</u>	<u>\$ 18,708,390</u>	<u>\$ 17,239,508</u>

**TEXARKANA COLLEGE FOUNDATION, INC.**  
**NET ASSETS BY SOURCE AND AVAILABILITY BY OBJECT**  
For the Year ended August 31, 2010 (With Comparative totals for the Year Ended August 31, 2009)

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets, Net of Depreciation and Related Debt	Total	Yes	No
		Expendable	Non- Expendable				
<b>Current</b>							
Unrestricted	\$ -	\$ -	\$ 287,609	\$ -	\$ 287,609	\$ -	\$ 287,609
Loan	-	18	-	-	18	-	18
Insurance fund	-	1,161,267	-	-	1,161,267	-	1,161,267
Endowment funds	-	41,059	1,553,442	-	1,594,501	1,553,442	41,059
Plant:							
Unexpended	10,927,957	-	-	-	10,927,957	-	10,927,957
Renewals	-	-	-	-	-	-	-
Investment in plant	-	-	-	19,714,293	19,714,293	-	19,714,293
<b>Total net assets, August 31, 2010</b>	10,927,957	1,202,344	1,841,051	19,714,293	33,685,645	1,553,442	32,132,203
<b>Total net assets, August 31, 2009</b>	16,305,744	1,189,022	1,840,712	19,716,574	39,052,052	-	-
<b>Net Increase (Decrease) in Net Assets</b>	<u>\$ (5,377,787)</u>	<u>\$ 13,322</u>	<u>\$ 339</u>	<u>\$ (2,281)</u>	<u>\$ (5,366,407)</u>	<u>\$ 1,553,442</u>	<u>\$ 32,132,203</u>

TEXARKANA COLLEGE  
AUXILIARY ENTERPRISES - STUDENT UNION  
STATEMENT OF INCOME AND EXPENDITURES  
SCHEDULE E  
FOR THE YEAR ENDED AUGUST 31, 2010  
WITH COMPARATIVE FIGURES FOR 2009

	2010					2009				
	<u>Cafeteria</u>	<u>Bookstore</u>	<u>Gameroom</u>	<u>Housing</u>	<u>Total</u>	<u>Cafeteria</u>	<u>Bookstore</u>	<u>Gameroom</u>	<u>Housing</u>	<u>Total</u>
Sales and Gross Profit										
Sales	\$ 404,643	\$ 2,337,166	\$ 22,652	\$ 154,567	\$ 2,919,028	\$ 445,574	\$ 2,608,861	\$ 26,146	\$ 190,543	\$ 3,271,124
<b>Total Sales</b>	<u>404,643</u>	<u>2,337,166</u>	<u>22,652</u>	<u>154,567</u>	<u>2,919,028</u>	<u>445,574</u>	<u>2,608,861</u>	<u>26,146</u>	<u>190,543</u>	<u>3,271,124</u>
<b>Less Direct Cost</b>										
Cost of goods sold	559,153	1,890,937	-	-	2,450,090	407,108	1,917,871	-	-	2,324,979
Salaries	253,275	135,596	-	-	388,871	165,023	127,737	-	3,581	296,341
<b>Total Direct Cost</b>	<u>812,428</u>	<u>2,026,533</u>	<u>-</u>	<u>-</u>	<u>2,838,961</u>	<u>572,131</u>	<u>2,045,608</u>	<u>-</u>	<u>3,581</u>	<u>2,621,320</u>
<b>Gross Profit</b>	<u>(407,784)</u>	<u>310,633</u>	<u>22,652</u>	<u>154,567</u>	<u>80,067</u>	<u>(126,557)</u>	<u>563,253</u>	<u>26,146</u>	<u>186,962</u>	<u>649,804</u>
<b>Operating Expenditures</b>										
Repairs Housing					50,666					23,620
Repairs Cafeteria					4,365					12,162
Supplies					24,939					19,136
Insurance					21,418					25,277
Association Dues					4,005					18,155
Equipment Cafeteria					16,774					11,592
Equipment Bookstore					-					2,688
Athletic Scholarships					37,281					65,920
Miscellaneous					7,933					1,560
<b>Total Operating Expenditures</b>					<u>167,381</u>					<u>180,110</u>
<b>Excess of Income Over Expense</b>					<u>\$ (87,314)</u>					<u>\$ 469,694</u>

**TEXARKANA COLLEGE**  
**SCHEDULE F**  
**INSURANCE IN FORCE**  
*August 31, 2010*

<b>Company</b>	<b>Policy Number</b>	<b>Coverage</b>	<b>Coverage In Thousands</b>	<b>Expiration Date</b>
Texas Association of Public Schools	TX10093J	Property	55,570	9/1/2011
Texas Association of Public Schools	TX10093J	Automobile Liability	1,000	9/1/2011
Texas Association of Public Schools	TX10093J	Mobile Equipment	98	9/1/2011
Texas Association of Public Schools	TX10093J	General Liability	1,000	9/1/2011
Darwin Select	0202-1076	Board Liability	1,000	9/1/2011
Fidelity & Deposit	CCP6155276	Employee Dishonesty	25/25/140	3/1/2011

**STATISTICAL SECTION (UNAUDITED**

**Texarkana College**  
**Statistical Supplement 1**  
**Net Assets by Component**  
**Fiscal Years 2003 to 2010**  
 (unaudited)

	For the Fiscal Year Ended August 31,							
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Invested in capital assets, net of related debt	\$ 21,811,824	\$ 19,716,574	\$ 19,128,843	\$ 18,930,080	\$18,146,904	\$18,610,957	\$19,041,860	\$20,076,282
Restricted - expendable	1,202,776	1,189,022	1,176,886	1,146,775	1,092,234	1,305,540	1,503,022	1,519,767
Restricted - nonexpendable	1,841,051	1,840,712	1,811,804	1,081,107	1,021,329	989,462	964,929	948,696
Unrestricted	11,136,021	16,305,744	18,589,277	18,379,156	18,844,349	17,660,344	16,967,577	16,255,558
<b>Total primary government net assets</b>	<u>\$ 35,991,672</u>	<u>\$ 39,052,052</u>	<u>\$ 40,706,810</u>	<u>\$ 39,537,118</u>	<u>\$ 39,104,816</u>	<u>\$ 38,566,303</u>	<u>\$ 38,477,388</u>	<u>\$ 38,800,303</u>

**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 2003 to 2010  
(unaudited)

For the Year Ended August 31,

	2010	2009	2008	2007	2006	2005	2004	2003
Tuition and Fees (Net of Discounts)	\$ 5,250,066	4,276,800	\$ 3,955,930	\$ 3,843,715	\$ 3,932,661	\$ 3,593,745	\$ 3,457,484	\$ 3,183,710
Governmental Grants and Contracts								
Federal Grants and Contracts	721,413	848,698	897,097	3,760,079	3,859,953	4,357,743	4,254,740	3,501,627
State Grants and Contracts	489,315	857,584	476,410	1,111,478	215,220	151,038	393,586	456,102
Local Grants and Contracts	-	-	-	-	0	0	0	0
Non-Governmental Grants and Contracts	-	66,953	42,049	39,600	20,196	54,242	6,062	38,549
Sales and services of educational activities		144,618	127,157	134,185	119,686	144,778	116,699	116,987
Auxiliary enterprises	2,116,246	2,320,449	1,984,724	1,791,611	1,876,376	1,716,550	2,088,171	1,821,307
Other Operating Revenues	549,092	465,667	675,847	450,600	540,901	449,077	472,648	442,333
<b>Total Operating Revenues</b>	<b>9,126,132</b>	<b>8,980,769</b>	<b>8,159,214</b>	<b>11,131,268</b>	<b>10,564,993</b>	<b>10,467,173</b>	<b>10,789,390</b>	<b>9,560,615</b>
State Appropriations	8,780,785	11,575,761	11,687,675	11,151,680	11,044,135	9,920,587	9,942,053	10,590,896
Ad Valorem Taxes		1,169,121	1,089,803	997,089	909,946	869,106	810,207	775,473
Federal Grants and Contracts	5,502,898	4,030,961	3,493,767					
Gifts	42,114	55,451	698,117	28,585	49,653	94,170	51,634	63,154
Investment income	232,182	353,214	950,178	1,099,333	805,765	573,862	553,646	522,878
Other non-operating revenues	60,000	55,000	-	-	0	0	243,864	0
<b>Total Non-Operating Revenues</b>	<b>14,617,979</b>	<b>17,239,508</b>	<b>17,919,540</b>	<b>13,276,687</b>	<b>12,809,499</b>	<b>11,457,725</b>	<b>11,601,404</b>	<b>11,952,401</b>
<b>Total Revenues</b>	<b>\$ 23,744,111</b>	<b>\$ 26,220,277</b>	<b>\$ 26,078,754</b>	<b>\$ 24,407,955</b>	<b>\$ 23,374,492</b>	<b>\$ 21,924,898</b>	<b>\$ 22,390,794</b>	<b>\$ 21,513,016</b>

For the Year Ended August 31,

	2010	2009	2008	2007	2006	2005	2004	2003
Governmental grants and contracts								
Federal grants and contracts	3.04%	3.24%	3.44%	15.41%	16.51%	19.88%	19.00%	16.28%
State grants and contracts	2.06%	3.27%	1.83%	4.55%	0.92%	0.69%	1.76%	2.12%
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	0.00%	0.26%	0.16%	0.16%	0.09%	0.25%	0.03%	0.18%
Sales and services of educational activities	0.00%	0.55%	0.49%	0.55%	0.51%	0.66%	0.52%	0.54%
Auxiliary enterprises	8.91%	8.85%	7.61%	7.34%	8.03%	7.83%	9.33%	8.47%
Other operating revenues	2.31%	1.78%	2.59%	1.85%	2.31%	2.05%	2.11%	2.06%
<b>Total Operating Revenues</b>	<b>16.32%</b>	<b>17.94%</b>	<b>16.12%</b>	<b>29.86%</b>	<b>28.37%</b>	<b>31.35%</b>	<b>32.75%</b>	<b>29.64%</b>
State appropriations	36.98%	44.15%	44.82%	45.69%	47.25%	45.25%	44.40%	49.23%
Ad valorem taxes	0.00%	4.46%	4.18%	4.09%	3.89%	3.96%	3.62%	3.60%
Federal grants and contracts	23.18%	15.37%	13.40%	0.00%	0.00%	0.00%	0.00%	0.00%
Gifts	0.18%	0.21%	2.68%	0.12%	0.21%	0.43%	0.23%	0.29%
Investment income	0.98%	1.35%	3.64%	4.50%	3.45%	2.62%	2.47%	2.43%
Other non-operating revenues	0.25%	0.21%	0.00%	0.00%	0.00%	0.00%	1.09%	0.00%
<b>Total Non-Operating Revenues</b>	<b>61.56%</b>	<b>65.75%</b>	<b>68.71%</b>	<b>54.39%</b>	<b>54.80%</b>	<b>52.26%</b>	<b>51.81%</b>	<b>55.56%</b>
<b>Total Revenues</b>	<b>77.89%</b>	<b>83.69%</b>	<b>84.83%</b>	<b>84.25%</b>	<b>83.18%</b>	<b>83.61%</b>	<b>84.56%</b>	<b>85.20%</b>

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,

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$10,927,639	\$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	1,620,305	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	1,758,386	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	2,082,166	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	3,794,347	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	4,079,608	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	3,141,296	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	936,174	996,357	887,328	836,278	832,603	817,024	779,150	731,519	734,480
<b>Total Operating Expenses</b>	<b>28,339,921</b>	<b>27,875,035</b>	<b>24,909,062</b>	<b>23,975,653</b>	<b>22,835,979</b>	<b>21,835,983</b>	<b>21,365,806</b>	<b>20,693,551</b>	<b>20,482,089</b>
Interest on capital related debt	-	-	-	-	-	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$ 28,339,921</b>	<b>\$ 27,875,035</b>	<b>\$ 24,909,062</b>	<b>\$ 23,975,653</b>	<b>\$ 22,835,979</b>	<b>\$ 21,835,983</b>	<b>\$ 21,365,806</b>	<b>\$ 20,693,551</b>	<b>\$ 20,482,089</b>

For the Year Ended August 31,

	2009	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	38.56%	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%	0.00%
Public service	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Academic support	5.72%	6.70%	7.48%	7.93%	7.72%	8.04%	7.46%	7.13%	7.78%
Student services	6.20%	6.84%	7.61%	8.30%	8.36%	7.75%	7.42%	7.75%	7.54%
									7.20%
Operation and maintenance of plant	13.39%	8.91%	8.56%	8.49%	8.94%	8.52%	8.86%	9.29%	9.92%
Scholarships and fellowships	14.41%	9.75%	8.83%	7.62%	7.75%	8.52%	9.09%	8.58%	7.83%
Auxiliary enterprises	11.08%	10.41%	9.56%	9.08%	9.60%	9.51%	10.77%	10.12%	10.51%
Depreciation	3.30%	3.57%	3.56%	3.49%	3.65%	3.74%	3.65%	3.54%	3.59%
<b>Total Operating Expenses</b>	<b>92.66%</b>	<b>90.00%</b>	<b>90.91%</b>	<b>91.34%</b>	<b>91.41%</b>	<b>92.20%</b>	<b>92.05%</b>	<b>92.03%</b>	<b>100.00%</b>
Interest on capital related debt	0.00%	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%	0.00%
<b>Total Non-Operating Expenses</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total Expenses</b>	<b>92.66%</b>	<b>90.00%</b>	<b>90.91%</b>	<b>91.34%</b>	<b>91.41%</b>	<b>92.20%</b>	<b>92.05%</b>	<b>92.03%</b>	<b>100.00%</b>

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

**Texarkana College**  
**Statistical Supplement 4**  
**Tuition and Fees**  
**Last Ten Academic Years**  
 (unaudited)

<b>Resident</b> 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
2009	\$ 20	\$ 15	\$ 15	0	\$ 3	\$ 236	236	0.00%	0.00%
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		

<b>Non - Resident</b> 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
2009	20	\$ 35.33	\$ 35.33	0	\$ 3	\$ 480	\$ 480	0.00%	0.00%
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	#DIV/0!	#DIV/0!
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%	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		

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

**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)
2009-10	\$ 1,317,747,489	\$ 25,480,450	\$ 1,292,267,039	98.07%	\$ 0.089590	\$ 0.000000	\$ 0.089590
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	
2009-10	\$ 11,286,508	3,489	\$ 3,235	2,415,707	350,108	2,765,815	\$ 4.08
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)									
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Central Mall Partners	Commercial	\$ 32,622	\$ 33,939	\$ 31,518	\$ 29,750	\$ 27,242	\$ 26,975	\$ 26,405	\$ 26,634	\$ 25,662	\$ 23,061
Valor Telecommunications	Utility		15,604	14,751	16,081	17,832	17,988	19,960	20,374	21,735	25,892
AEP Swepco	Utility		14,501	14,064	14,044	14,504	11,789	10,270	8,631	8,769	7,988
Merchant Holding Dev			9,725	8,450	19,818	12,582	3,003				
Target	Commercial	9,591	9,591	9,407	9,407	12,494	9,056				
Four States Regional Hlth		8,331			5,502	9,718	14,211	13,906	11,765	4,107	3,693
American Heritage		5,766				7,169	3,344				
Albertsons Inc.						6,635	3,549				
International Paper	Industrial			6,219	5,870	6,217	5,082				4,714
Walmart/Sam's	Commercial				5,471	5,840	5,215	4,921	5,040	5,112	4,742
Walsh Lumpkin Co	Industrial							6,765	6,873	7,120	6,304
Jasper Howard		7,338	7,338					6,000	6,303	6,985	6,155
Sam's Real Est. Bus.								5,616	5,616	5,181	
American Natl Bank	Commercial							5,127	5,127		4,748
Woodlands Phase I & II								4,397		4,397	
Condeb LP		7,102	7,201	6,293	5,600						
Orr Inc.	Commercial	11,186	11,573						4,867	4,271	3,755
Arden Texarkana, LLC	Commercial	18,166	13,133	13,023							
ASKU Baba LLC				6,565							
Clearwater Creek		6,863									
HD Development Prop		7,975	7,975	8,441	8,441						

Totals \$ 114,940 \$ 130,580 \$ 118,731 \$ 119,986 \$ 120,231 \$ 100,212 \$ 103,368 \$ 101,230 \$ 93,338 \$ 91,052

Total Taxable Assessed Value 1,292,267 1,153,811 1,153,811 \$ 1,080,285 \$ 1,045,283 \$ 955,436 \$ 922,108 \$ 909,733 \$ 840,207 \$ 828,197

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Valor Telecommunications	Utility	0.00%	1.35%	1.28%	1.39%	1.55%	1.67%	1.91%	2.13%	2.36%	2.85%
AEP Swepco	Utility	0.00%	1.26%	1.22%	1.22%	1.26%	1.09%	0.98%	0.90%	0.95%	0.88%
Merchant Holding Dev		0.00%	0.84%	0.73%	1.72%	1.09%	0.28%	0.00%	0.00%	0.00%	0.00%
Target	Commercial	0.74%	0.83%	0.82%	0.82%	1.08%	0.84%	0.00%	0.00%	0.00%	0.00%
Four States Regional Hlth		0.64%	-	-	0.48%	0.84%	1.32%	1.33%	1.23%	0.45%	0.41%
American Heritage		0.45%	-	-	0.00%	0.62%	0.31%	0.00%	0.00%	0.00%	-
Albertsons Inc.		0.00%	-	-	0.00%	0.58%	0.33%	0.00%	0.00%	-	-
International Paper	Industrial	0.00%	0.00%	0.54%	0.51%	0.54%	0	-	-	-	0
Walmart/Sam's	Commercial	0.00%	-	-	0.47%	0.51%	0.48%	0	0	0	0
Walsh Lumpkin Co	Industrial	0.00%	-	-	-	-	0.00%	0.65%	0.72%	0.77%	0.69%
Jasper Howard		0.57%	0.64%	-	-	-	-	0	0	0	0
Sam's Real Est. Bus.		0.00%	-	-	-	-	-	0	0	0	-
American Natl Bank	Commercial	0.00%	-	-	-	-	-	0	0	-	0
Woodlands Phase I & II		0.00%	-	-	-	-	-	0	-	0	-
Condeb LP		0.55%	0.62%	0.55%	0	-	-	-	-	-	0.00%
Orr Inc.	Commercial	0.87%	0.01	-	-	-	-	-	0	0.46%	0.41%
Arden Texarkana, LLC	Commercial	1.41%	1.14%	1.13%	-	-	-	-	0.00%	0.00%	0.00%
ASKU Baba LLC		0.00%	0.00%	0.57%							
Clearwater Creek		0.53%									
HD Development Prop		0.62%	0.69%	0.73%	0	-	-	0.00%	0.00%	0.00%	-

Totals 6.37% 8.38% 7.56% 10.40% 11.13% 9.28% 9.89% 10.60% 10.12% 10.01%

Source : Local appraisal district

**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
2010	1,256,435	(7,847)	1,248,588	1,204,725	95.88%		38,127	1,242,852	99.54%
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
<b>General Bonded Debt</b>										
General obligation bonds										
Notes										
Less: Funds restricted for debt service										
Net general bonded debt										
<b>Other Debt</b>	(The amounts for Other Debt are not from Exhibit 1 of Sample CC. They are for illustration only)									
Revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
<b>Total Outstanding Debt</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>General Bonded Debt Ratios</b>										
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per <b>FTSE</b>	-	-	-	-	-	-	-	-	-	-
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%

<b>Total Outstanding Debt Ratios</b>										
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per <b>FTSE</b>	-	-	-	-	-	-	-	-	-	-
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)									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Taxable Assessed Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>General Obligation Bonds</b>										
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)			
	Community												Coverage
	Technology Tuition	Registration Fee	Laboratory Fees	Education Fees	Interest Income	Vending Commission	Bookstore Commission	Total	Principal	Interest	Total	Ratio	
2009								\$ -				0.00	
2008								\$ -				0.00	
2007								\$ -				0.00	
2006								-				0.00	
2005								-				0.00	
2004								-				0.00	
2003								-				0.00	
2002								-				0.00	
2001								-				0.00	
2000								-				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
2009	65,293	not available	6.7%
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 For year ended August 31,	Number of Employees			
	2010	2009	2008	2007
Red River Army Depot & tenants	6,000	6,000	6,000	5,000
Cooper Tire and Rubber	1,550	1,400	1,575	1,600
Christus St. Michael Health System	1,883	1,792	1,792	1,680
Domtar, Inc.	1,300	1,300	1,300	1,200
Wal-Mart/Sam's Club	967	1,100	1,100	1,100
Wadley Regional Medical Center	778	925	925	1,000
International Paper Company	960	960	960	865
Texarkana Texas ISD	1,100	795	795	787
Texarkana Arkansas ISD	835	785	785	785
Southern Refrigerated Transport	750	750	750	1,000
<b>Total</b>	<b>16,123</b>	<b>15,807</b>	<b>15,982</b>	<b>15,017</b>

**Source:**  
City of Texarkana, Texas

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

	Fiscal Year										
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Faculty</b>											
Full-Time	103	109	108	110	105	104	108	109	108	112	109
Part-Time	139	113	113	95	90	90	88	88	88	88	88
Total	242	222	221	205	195	194	196	197	196	200	197
<b>Percent</b>											
Full-Time	42.6%	49.1%	48.9%	53.7%	53.8%	53.6%	55.1%	55.3%	55.1%	56.0%	55.3%
Part-Time	57.4%	50.9%	51.1%	46.3%	46.2%	46.4%	44.9%	44.7%	44.9%	44.0%	44.7%
<b>Staff and Administrators</b>											
Full-Time	139	127	127	125	123	125	124	133	130	127	130
Part-Time	31	0	0	0	0	0	0	0	0	0	0
Total	170	127	127	125	123	125	124	133	130	127	130
<b>Percent</b>											
Full-Time	81.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Part-Time	18.2%	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	33.9	32	28	25.8	27.8	29.4	28.9	24.6	24.8	23.1	24.1
FTSE per Full-Time Staff Member	25.1	27.5	23.8	22.7	23.8	24.9	24.9	21.6	20.2	19.9	20.7
Average Annual Faculty Salary	\$ 58,934	\$ 58,162	\$ 57,235	\$56,517	\$53,236	\$51,049	\$49,706	\$47,981	\$46,856	\$45,855	\$45,546

**Texarkana College**  
**Statistical Supplement 15**  
**Enrollment Details**  
**Last Five Fiscal Years**  
(unaudited)

Student Classification	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	2,967	69.16%	2,801	69.28%	2,269	57.94%	2,041	52.12%	2,095	57.07%
31-60 hours	921	21.47%	850	21.02%	1,463	37.36%	1,457	37.21%	1,482	40.37%
> 60 hours	402	9.37%	392	9.70%	184	4.70%	173	4.42%	119	3.24%
<b>Total</b>	<b>4,290</b>	<b>100.00%</b>	<b>4,043</b>	<b>100.00%</b>	<b>3,916</b>	<b>100.00%</b>	<b>3,671</b>	<b>93.74%</b>	<b>3,696</b>	<b>100.68%</b>

Semester Hour Load	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	23	0.53%	25	0.62%	18	0.46%	31	0.79%	32	0.87%
3-5 semester hours	1,072	24.84%	1,037	25.65%	926	23.65%	853	21.78%	831	22.64%
6-8 Semester hours	774	17.93%	817	20.21%	838	21.40%	865	22.09%	773	21.06%
9-11 semester hours	548	12.70%	492	12.17%	571	14.58%	483	12.33%	523	14.25%
12-14 semester hours	1,414	32.76%	1,194	29.53%	1,120	28.60%	1,029	26.28%	1,089	29.66%
15-17 semester hours	415	9.62%	409	10.12%	376	9.60%	354	9.04%	369	10.05%
18 & over	70	1.62%	69	1.71%	67	1.71%	56	1.43%	79	2.15%
<b>Total</b>	<b>4,316</b>	<b>100.00%</b>	<b>4,043</b>	<b>100.00%</b>	<b>3,916</b>	<b>100.00%</b>	<b>3,671</b>	<b>93.74%</b>	<b>3,696</b>	<b>100.68%</b>

Average course load	9.1	9.1	9.1	9.0	9.2
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Tuition Status	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	487	11.28%	471	11.65%	534	13.64%	520	13.28%	429	11.69%
Texas Resident (out-of-District)	3,790	87.79%	3,543	87.63%	3,350	85.55%	3,129	79.90%	3,227	87.91%
Non-Resident Tuition	40	0.93%	29	0.72%	32	0.82%	22	0.56%	40	1.09%
<b>Total</b>	<b>4,317</b>	<b>100.00%</b>	<b>4,043</b>	<b>100.00%</b>	<b>3,916</b>	<b>100.00%</b>	<b>3,671</b>	<b>93.74%</b>	<b>3,696</b>	<b>100.68%</b>

Source: CMB001

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

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	2,729	0.63	2,612	0.65	2,526	0.65	2,405	65.51%	2,404	65.04%
Male	1,588	0.37	1,431	0.35	1,390	0.35	1,266	34.49%	1,292	34.96%
Total	4,317	100.00%	4,043	100.00%	3,916	100.00%	3,671	100.00%	3,696	100.00%

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
White	3,359	77.81%	3,189	78.88%	3,143	80.26%	2,985	81.31%	3,002	81.22%
Hispanic	125	2.90%	97	2.40%	91	2.32%	69	1.88%	65	1.76%
African American	748	17.31%	695	17.17%	621	15.84%	574	15.64%	572	15.48%
Asian	39	0.90%	30	0.74%	23	0.59%	16	0.44%	24	0.65%
Foreign	32	0.74%	24	0.59%	25	0.64%	16	0.44%	14	0.38%
Native American	14	0.36%	8	0.20%	13	0.33%	11	0.28%	5	0.13%
Other	0	0.00%	0	0.00%	0	0.00%	-	0.00%	14	0.36%
Total	4,317	100.01%	4,043	99.99%	3,916	99.98%	3,671	99.98%	3,696	99.97%

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
Under 18	1,004	23.26%	886	21.91%	566	14.45%	581	15.83%	546	14.77%
18 - 21	1,791	41.49%	1,642	40.61%	1,678	42.85%	1,527	41.60%	1,548	41.88%
22 - 24	402	9.31%	394	9.75%	475	12.13%	415	11.30%	404	10.93%
25 - 35	621	14.38%	673	16.65%	721	18.41%	669	18.22%	745	20.16%
36 - 50	392	9.08%	378	9.35%	392	10.01%	395	10.76%	387	10.47%
51 & over	107	2.48%	70	1.73%	84	2.15%	84	2.29%	66	1.79%
Total	4,317	100.00%	4,043	100.00%	3,916	100.00%	3,671	100.00%	3,696	100.00%

Average Age	23	23	24.2	24.3	24.2
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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%
<b>Totals</b>	<b>405</b>	<b>64</b>	<b>27</b>	<b>496</b>	<b>100.00%</b>



**Texarkana College**  
**Statistical Supplement 18**  
**Capital Asset Information**  
**Fiscal Years 2006 to 2010**

(unaudited)	<b>Fiscal Year</b>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Academic buildings	14	14	13	12	11
Square footage (in thousands)	286,000	286,000	252,000	246,000	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)	49,415	47,205	47,205	47,205	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	29,280	20,480
Number of Beds	149	149	149	149	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	450	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	9	8	8	8
Light Trucks/Vans	30	26	26	26	26
Buses	1	1	1	1	1

**FEDERAL FINANCIAL ASSISTANCE INFORMATION - SINGLE AUDIT**

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

Board of Trustees  
Texarkana College  
Texarkana, Texas

We have audited the financial statements of Texarkana College (the "College") as of and for the year ended August 31, 2010, and have issued our report thereon dated December 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs and responses to be material weaknesses in internal control over financial reporting. Finding Number 2010-01, 2010-02, 2010-3, 2010-06 and 2010-07 are considered to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs and responses to be significant deficiencies. Finding Numbers 2010-04 and 2010-05 are considered to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College'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.

We noted certain matters that we reported to management of the College in a separate letter dated December 114, 2010.

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

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

*Clifton Henderson LLP*

Austin, Texas  
December 14, 2010

**Report on Compliance with Requirements That Could Have a Direct  
and Material Effect on Each Major Program and on Internal Control Over  
Compliance and Schedule of Expenditures of Federal Awards in Accordance  
with OMB Circular A-133**

Board of Trustees  
Texarkana College  
Texarkana, Texas

**Compliance**

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College'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 the College's compliance with those requirements.

As described in Findings 2010-10, 2010-12, and 2010-13 in the accompanying schedule of findings and questioned costs, the college did not comply with requirements regarding Special Tests and Provisions – Disbursements To or On Behalf of Students and Activities Allowed or Unallowed, that are applicable to its Student Financial Assistance Cluster and the TRIO Cluster. Compliance with such requirements is necessary, in our opinion, for the College to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 2010-08, 2010-09, 2010-11, 2010-14 and 2010-15.

### **Internal Control Over Compliance**

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2010-10, 2010-12, and 2010-13 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2010-08, 2010-09, 2010-11, 2010-14 and 2010-15 to be significant deficiencies.

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

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

*Clifton Henderson LLP*

Austin, Texas  
December 14, 2010

## Report on Schedule of Expenditures of Federal Awards

Board of Trustees  
Texarkana College  
Texarkana, Texas

We have audited the basic financial statements of Texarkana College (the "College") as of and for the year ended August 31, 2010, and have issued our report thereon dated December 14, 2010. Our audit was performed for the purpose of forming our opinions on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Clifton Gunderson LLP*

Austin, Texas  
December 14, 2010



**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**Section I – Summary of Auditor’s Results**

***Financial Statements***

The type of auditor’s report issued: unqualified

Internal control over financial reporting:

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

Type of auditor’s report issued on compliance for major programs: qualified

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

Identification of major programs:

<b><u>CFDA Number</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
84.007, 84.003, 84.063 and 84.375	Student Financial Assistance Cluster
84.042 and 84.044	TRIO Cluster

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

Auditee qualified as low-risk auditee?  yes  no

**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**Section II – Financial Statement Findings**

**Finding 2010-01**

Criteria:

The College should maintain internal controls that provides reasonable assurance that the entity is managing its operations efficiently and financial statements can be prepared accurately.

Condition:

The College does not have a formal process in place to ensure that an independent review of general ledger transactions is performed. Specifically, no independent review of the following transactions are performed:

- All checks are electronically signed with the signature flash drive and no review of the checks takes place. No additional manual signatures are required for significant payments. There is no secondary review of checks by a person independent of the Accounts Payable process.
- The business office manager is the sole person tasked with cash management to ensure proper funding in each bank account to meet short term obligations. No review of the transfers is performed.
- At the time of audit fieldwork, reconciliations of the bank statements to the general ledger had not been performed since June 2010. Additionally, there is no supervisory review or approval of the cash reconciliations once completed.
- Cash receipts for each day are coded to each general ledger account by a bookkeeper. No review or approval of the account coding takes place prior to entering the information into the Legacy system.
- During peak Business Office times, tuition and course fees receipts are grouped into numbered "boxes" for posting. Each box contains transactions with approximately 100 students. When a box is considered full it is closed and posted. The lead cashier prepares a report of the box information entered into the Legacy system and reconciles the totals to the funds received and fee slips. No review or approval of this reconciliation occurs.
- Journal entries are not reviewed or approved by a second person prior to Legacy system entry. The entries are maintained in a paper green book which is not safeguarded during business hours.
- No review or approval of the payroll register is performed prior to releasing payroll for disbursement.
- One employee is responsible for entering all new hire information into the payroll system. This information as well as any system changes are not reviewed or approved subsequent to being entered.
- One employee is responsible for entering all new hire information into the payroll system. This information as well as any system changes are not reviewed or approved subsequent to being entered.

**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-01 (Continued)**

- Review and approval of the child support calculation worksheet by the Business Office occurs after the payroll checks and bank account transfers have been finalized. Additionally, the “941” report is also prepared, but there is no evidence of review or approval by a supervisor prior to submitting the information.
- Bank transfers to fund payroll are not reviewed or approved prior to initiating the transfer.
- There is no supervisory review or approval of the CD purchases or maturities once they have been finalized with the financial institutions. One employee within the Business Office is responsible for the entire process from investing in CDs and mutual funds to recording the activity in the general ledger. This control deficiency is applicable for both the College and the Foundation.
- Account coding slips for accounts payable transactions were not being completed in full or coded correctly. The slips were not being reviewed or approved.
- Cash drawdown requests are appropriate and match the amount that is required to be drawn. The drawdown amount is written on a piece of paper and provided to the accounting clerk that processes the drawdown. There is no reconciliation between what was required to be drawn down and the actual amount drawn. Additionally, there is no approval process prior to the drawdown or no review to verify that the drawdown was actually performed.

Cause:

The College does not have controls in place.

Effect:

Material errors in accounts and financial reports can go undetected for long periods of time and not be uncovered in the normal course of business.

Questioned Costs:

None

Recommendation:

A review and approval process should be established, implemented, and documented for all significant processes (payroll, accounts receivable, accounts payable, human resources, investing) as necessary. Where practical, more than one individual should be involved the process. The review and approval process should be performed timely, and documentation of such process should be maintained and analyzed periodically by the controller’s office for compliance.

**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-01 (Continued)**

Management Response:

Certain procedural changes have been implemented based on audit recommendations from the fieldwork that took place in the summer of 2010. A reconciliation process is already in place and electronic communications are initiated and retained providing a cross-checking mechanism. Additional processes for prior review of drawdowns and ongoing reconciliation procedures are being developed and documented by the Controller.

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011*

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-02**

Criteria:

The College should maintain internal controls that provide for reconciliation of significant account balances to the general and subsidiary ledgers on a timely basis.

Condition:

The College does not perform periodic reconciliations of source documentation to the general ledger. Significant items include:

- No reconciliation of the accounts payable detail to the general ledger had been performed during the fiscal year.
- Reconciliation of bank accounts had not been performed since June 2010.
- No reconciliation of actual payroll disbursements per the check register to the general ledger is performed.

Cause:

The College does not have controls in place.

Effect:

Material errors in accounts and financial reports can go undetected for long periods of time and not be uncovered in the normal course of business.

Questioned Costs:

None

Recommendation:

A formal review process should be established, implemented, and documented for all significant account balances (cash, payroll, accounts receivable, accounts payable, inventory, investments) as necessary. Where practical, more than one individual should be involved the process. The review and approval process should be performed timely, and documentation of such process should be maintained and analyzed periodically by the controller's office for compliance.

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-02 (Continued)**

Management Response:

Processes for the monthly reconciliation of account transactions and balances to the general ledger have never been fully implemented for all responsibility centers in the Business Office at Texarkana College. The resources and staffing have now been put in place to fully address the issue going forward. The addition of two individuals with accounting degrees has brought a heightened level of accounting expertise to the Business Office. In addition, the reporting and data query tools available in Banner will allow staff to create ad hoc reports for reconciliation purposes for every deficiency within the Business Office. The Vice President, along with the Controller and Business Office Manager have begun to identify those accounts and funds which require monthly reconciliations and are working to create and develop the necessary reconciliation procedures. In addition, reconciliation procedures at the department level will be developed and individuals with budgetary responsibilities will be trained in the proper reconciliation of departmental accounts and the ongoing retention of departmental accounting records.

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011 and forward*

**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-03**

Criteria:

The College should maintain internal controls that limit access to certain systems and records to safeguard against inappropriate use and misappropriation as well as maintain confidentiality, privacy and integrity of sensitive corporate and student records as required by law.

Condition:

Certain systems and records are not appropriately restricted to responsible individuals. Significant items include:

- All members of the accounts payable department, including student employees, have access to and are able to modify vendor information in the Legacy system.
- The signature key for signing checks is maintained on a flash drive in a locked file cabinet. However, all employees in the accounting department have access to the file cabinet.
- All employees of the payroll department have access to and can modify individual information in the payroll master file system.
- Journal entries are maintained in a paper green book which is not safeguarded during business hours.
- The receiving areas of the Bookstore and College Bistro are not secured. The doors are unlocked and open during operating hours, including the loading dock.
- Payroll registers are kept in an open area in the Business Office. This presents a risk to the College that an employee's personal information, such as social security numbers, could be compromised.
- In the Bookstore, multiple employees use the same cash register drawer.

Cause:

The College does not have documented controls in place.

Effect:

Sensitive and confidential information can be compromised and exploited. Mission essential systems can be disabled which can affect the College's ability to operate in an orderly manner expose the College to legal actions.

Questioned Costs:

None

Recommendation:

Management should perform a College-wide security assessment. The College is in the process of implementing a new ERP system to replace its existing legacy system. This assessment should be performed as part of a post-implementation review. Access should be limited to mission essential and management personnel as necessary.

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-03 (Continued)**

Management Response:

Certain procedural changes have been implemented based on audit recommendations from the fieldwork that took place in the summer of 2010. While the Legacy system offered very limited access options, the new Banner system allows system administrators full control over access to the system. Control can be limited by a variety of methods including limiting access by account, organizational code, program code or oversight entity. Our Controller has been designated as the access administrator for Business Office employee access to the new Banner system. He will be working with Sungard staff and the Office of the Chief Information officer to limit employee access to only those areas need for specific duties, Going forward, payroll ledgers will be locked away in a safe in the Business Office. Access to the safe in the Business Office is limited. Employees must log in to enter the safe and must be accompanied by another Business Office employee. Hard Copy payroll ledgers will no longer be maintained in an unlocked state. .

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011*



**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-04**

Criteria:

The College should maintain internal controls that provide for periodic reconciliation of assets to the general ledger, documentation of significant systems and processes, and to provide detection of errors in recording and reporting in the normal course of business..

Condition:

As noted in comments in this section there are several instances where controls have not been suitably designed. Additionally, several business functions are being performed without any documented controls in place. Significant items include:

- The Business Office did not have an access log for entry into the safe or record of cash that has been locked up in the safe overnight. The safe is left open and unlocked during business hours. Bank bags used for transporting cash on campus and to the bank do not use a tamperproof locking mechanism.
- The Business Office and Bookstore cash drawers are shared amongst all employees on a shift.
- The Business Office does not perform an aging review of accounts receivable. The Legacy system is not capable of producing such a detail. Additionally, the allowance for doubtful accounts was not updated or reviewed for the current year.
- All employees in the Business Office have access to the general ledger and have the ability to post journal entries.
- In the College Cafeteria, invoices for catered events are prepared by the Chef/Foodservice Manager and sent to the Business Office. The Business Office sends the invoice and collects the money from the specific department organizing the event. No information or reporting regarding collections is provided to the Cafeteria/Catering manager.
- Management has not reviewed a detail of fully depreciated assets for items that need to be disposed of and removed from the asset register since 2003. Historically they have relied on the external auditors to maintain a fixed asset listing, track depreciation, additions and disposals of fixed assets.
- A list of approved vendors for purchases was not maintained or used during the fiscal year.
- There is inconsistent enforcement and tracking of purchasing procedures and processes. Some departments have bypassed the purchasing approval process and initiate purchase orders without approval. There are many instances of inappropriate or questionable procurements in areas such as auxiliary services, facilities, welding, and the farm.
- College and Foundation investment transaction activity are not reviewed on a regular basis. Statements are requested only for external audit purposes at year end.

**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-04 (Continued)**

- The Accounting Clerk does not normally post interest earned on bank accounts on a monthly basis. Rather, this information is accumulated in the “other” section of the bank reconciliation. At the end of the year, all of these adjustments are then posted.
- For the General Account, there has not been a reconciliation performed by the Accounting Clerk since August of the prior state fiscal year. As such, the current Accounting Clerk skipped forward the whole year and performed the 8/31/2010 reconciliation.
- Voids can be processed by Bookstore employees at the register without supervisor approval.
- An advance of funds was provided by the Business Office to the Athletics department to be used for post season activity by the Baseball team; however, there is no documentation to support the advance approval or to ensure the funds were used properly by the Athletics department.
- No formalized process has been implemented for removing terminated employees from the payroll system. Approximately 1,500 employees are listed in the system while approximately 350 employees are being paid at any given time period.
- A register of manual checks made for payroll related items (such as errors, employees without bank information, etc.) is not maintained. Social security numbers are listed on payroll checks as well.
- There were instances where an employee was paid a salary amount of for the pay period according to the proofing list; however, the employee is listed as an hourly employee or vice versa.
- There were instances where personnel files did not contain evidence to support compensation changes during the school year or additional compensation that was paid as a one time amount to the employee.
- The retirees listing maintained by the Human Resources department did not contain all retirees as of the state fiscal year end.
- There were several instances where the Payroll Clerk did not correctly implement the stop payment information into the payroll system, thus resulting in overpayments of payroll checks to terminated employees.
- There have been several instances where an employee’s paycheck will only show deductions for either Medicare (Code 46) or Insurance (Code 47) deductions, but not both.

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-04 (Continued)**

Cause:

The College does not have documented controls in place.

Effect:

Material errors in accounts and financial reports can go undetected for long periods of time and not be uncovered in the normal course of business and inconsistent treatment of transactions can occur in departments.

Questioned Costs:

None

Recommendation:

Management should perform a formal risk assessment encompassing all College departments and functions. A comprehensive review of policies and procedures should entail development of written policies for human resources, payroll, purchasing and procurement, cash management, accounts receivable, fixed assets and financial reporting.

Management Response:

Certain procedural changes have been implemented based on audit recommendations from the fieldwork that took place in the summer of 2010. A reconciliation process is already in place and electronic communications are initiated and retained providing a cross-checking mechanism. Additional processes for review of ongoing reconciliation procedures are being developed and documented by the Controller.

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011*

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-05**

Criteria:

The College should document reviews of significant periodic reconciliations, significant systems and processes, to provide detection of errors in recording and reporting in the normal course of business.

Condition:

Management does perform reviews of certain account reconciliation, processes and function on a regular basis. Many of these reviews have not been consistently documented including:

- Cash received at the Business Office is logged in a spreadsheet by a Bookkeeper. The spreadsheet is summed at the end of each day is reviewed by the preparer and another employee. Evidence of the reviews is not maintained.
- A bookkeeper prepares a report that summarizes the fees received from students for the semester. This report is used to draft a revenue journal entry for posting. The revenue entry is provided to the Business Office Manager for review and posting. This review is not documented.
- No evidence is maintained for review or approval of the process of accumulating information into a tracking spreadsheet from the College Bistro related to meal plans.
- Check registers are printed from the system and proofed by two AP Clerks. Documentation of this review is not maintained as these registers are disposed of when reconciled.
- When cash receipts are entered into the Legacy system by the AR clerk, the AR clerk performs a self check comparing the totals to the balance prior to entry and the amounts needing to be entered. Evidence of this process is not maintained.
- The Accounting Clerk performs a reconciliation of monthly cash receipts to cash deposits per the bank. Investigation into variances is performed and a correcting entry is proposed as necessary. However, no review of this process is documented.

Cause:

The College does not have documented controls in place.

Effect:

Material errors in accounts and financial reports can go undetected for long periods of time and not be uncovered in the normal course of business and inconsistent treatment of transactions can occur in departments.

Questioned Costs:

None

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-05 (Continued)**

Recommendation:

Management should perform a formal risk assessment encompassing all College departments and functions. A comprehensive review of policies and procedures should entail development of written policies for human resources, payroll, purchasing and procurement, cash management, accounts receivable, fixed assets and financial reporting.

Management Response:

Certain procedural changes have been implemented based on audit recommendations from the fieldwork that took place in the summer of 2010. A reconciliation process is already in place and electronic communications are initiated and retained providing a cross-checking mechanism. Additional processes for review of ongoing reconciliation procedures are being developed and documented by the Controller.

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011*

**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-6**

Criteria:

Proper segregation of duties is key to maintaining effective internal controls over financial reporting and operations.

Condition:

Some incompatible accounting functions and duties are performed by single individuals including:

- There is no segregation of duties within the payables department after review and approval of the purchase order. All AP personnel have the capability of preparing checks, can access the signature flash drive and have access to the blank check stock.
- There is no segregation of duties in the cash receipts function and the accounts receivable reconciliation function, which can be performed by the same individual.

Cause:

The College does not have documented controls in place.

Effect:

Material errors in accounts and financial reports can go undetected for long periods of time and not be uncovered in the normal course of business.

Questioned Costs:

None

Recommendation:

Management should perform a formal risk assessment encompassing all College departments and functions. A comprehensive review of policies and procedures should entail development of written policies for human resources, payroll, purchasing and procurement, cash management, accounts receivable, fixed assets and financial reporting.

Management Response:

Certain procedural changes have been implemented based on audit recommendations from the fieldwork that took place in the summer of 2010. A reconciliation process is already in place and electronic communications are initiated and retained providing a cross-checking mechanism. Additional processes for prior review of drawdowns and ongoing reconciliation procedures are being developed and documented by the Controller.

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011*

**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2010-7**

Criteria:

Payroll deductions should only be deducted for amounts expressly authorized by employees.

Condition:

For several years the College has been deducting an amount from each employees gross pay equal to 1.45% of the employees gross pay for each pay period. No documentation is available to support that this deduction was authorized by any employee or for what purpose of this deduction was for. This deduction was taken from employees gross pay in addition to the 1.45% deduction for the employees share of the medicare tax.

Cause:

The College did not provide clear guidance on the purpose of this deduction.

Effect:

Unauthorized amounts have been deducted from employees paychecks.

Questioned Costs:

None

Recommendation:

Management should cease this practice immediately, All deductions from employees gross pay should be authorized and evidenced by a signed authorization form kept in the employee's personnel file.

Management Response:

The practice of deducting a percentage of employee pay without written consent has been discontinued. Going forward, the audit firm has recommended a monthly procedure for verifying accuracy and completeness of payroll distributions and deductions. This procedure has already been implemented and is currently being performed by our staff accountant. In addition, an experienced professional has been hired to process payroll on an ongoing basis. This individual have over ten years experience and is a certified human resource professional. Finally, migrating payroll processing to the new Banner system has forced a complete review of payroll practices including payroll deduction and remittance procedures. The new software will further enable timely and periodic reviews of payroll records, pay calculations, deductions and payroll accounting entries. It will be the responsibility of the Director of Human Resources working with the Controller and Payroll Director to implement these procedures and verify ongoing validity and accuracy of payroll.

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011*

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

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

**Finding 2010-08**

**Department of Education**

**Student Financial Assistance – CFDA # 84.007/84.033/84.063/84.375**

**Award year – July 1, 2009 to June 30, 2010**

**Award number – P063P092318**

**TRIO Cluster – CFDA #84.042/84.044**

**Award year – September 1, 2009 to August 31, 2010**

**Award number – P044A060001-90 and P042A060013-09A**

**Cash Management**

**Type of Finding – Significant Deficiency**

Criteria:

Entities shall maintain internal controls over federal programs that provides reasonable assurance that the entity is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

Condition:

The College does not have a formal process in place to ensure that cash drawdowns are appropriate and matches amount that is required to be drawn. The drawdown amount is written on a piece of paper and provided to the accounting clerk that processes the drawdown. There is no reconciliation between what was required to be drawn down was the actual amount drawn. Additionally, there is no approval process prior to the drawdown or no review to verify that the drawdown was actually performed.

Cause:

The College does not have controls in place to ensure compliance with the requirements of the grant.

Effect:

The College could be drawing down too much funds or the drawdown may not occur to cover expenses.

Questioned Costs:

None

Recommendation:

The College should implement a formal process to ensure that drawdowns are approved prior to the initiation of the drawdown and that the correct amount was drawn.



**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2010-08 (Continued)**

Management Response:

Certain procedural changes have been implemented based on audit recommendations from the fieldwork that took place in the summer of 2010. A reconciliation process is already in place and electronic communications are initiated and retained providing a cross-checking mechanism. Additional processes for prior review of drawdowns and ongoing reconciliation procedures are being developed and documented by the Controller.

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011*

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2010-09**

**Department of Education  
Student Financial Assistance – CFDA # 84.007/84.033/84.063/84.375  
Award year – July 1, 2009 to June 30, 2010  
Award number – P063P092318**

**Matching  
Type of Finding – Significant Deficiency**

Criteria:

Entities shall maintain internal controls over federal programs that provides reasonable assurance that the entity is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

Condition:

The College does not have a formal process in place to ensure that the required matching amount is met. During the cash drawdown process the College only drew down the Federal portion of the expenditure. However there is no review or approval process to ensure that the correct amount was drawn. Additionally there is no mid-year review to ensure that the college is matching the appropriate amounts.

Cause:

The College does not have controls in place to ensure compliance with the requirements of the grant.

Effect:

The College could be drawing down too much funds resulting in non-compliance with the matching requirements of the grant.

Questioned Costs:

None

Recommendation:

The College should implement a formal process, such as mid-year of grant expenditures compared to drawdowns, to ensure that the matching requirement is met.

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2010-09 (Continued)**

Management Response:

The Business Office staff has begun working with the Financial Aid Office and the Office of Student Support Services to add additional checks and balances to existing controls. Processes for monthly review and approval are being developed and a mid-year review as recommended by the auditor will become part of a formal, documented procedure. The Controller and the Business Office Manager will be working to formalize and document these procedures.

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011*

**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2010-10**

**Department of Education**

**Student Financial Assistance – CFDA # 84.007/84.033/84.063/84.375**

**Award year – July 1, 2009 to June 30, 2010**

**Award number – P063P092318**

**Special Tests and Provisions – Disbursements To or On Behalf of Students**

**Type of Finding – Material Non-Compliance**

Criteria:

The disbursement amount and the date in the Common Origination and Disbursement (COD) System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (Office of Management and Budget Circular A-133 Compliance Supplement, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-29)).

Condition:

A sample of 40 disbursements was reviewed. For 31 of the 40, it was noted that the disbursement date did not match the date the funds were distributed or made available to the student. For the majority of the samples it was noted that the funds were disbursed anywhere from 3 to 63 days after the funds were disbursed in the COD System.

Cause:

The Financial Aid department inputs the date and amount of disbursement, which is the estimated disbursement date. However, the funds are not actually disbursed to the student by the Business Office until later. The COD System is not updated with the actual disbursement date.

Effect:

The College reported incorrect disbursement dates to the COD System.

Questioned Costs:

None

Recommendation:

The College should implement a formal process to correct the Pell disbursement date in the COD System to update the estimated date with the actual disbursement date when the funds are disbursed to the students.

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2010-10 (continued)**

Management Response:

Systems currently being implemented will provide disbursements and actual distribution dates that can be easily identified and synchronized and a formal process reconciling the Pell disbursement date to the actual disbursement dates will be documented and implemented.

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011*

**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2010-11**

**Department of Education**

**Student Financial Assistance – CFDA # 84.007/84.033/84.063/84.375**

**Award year – July 1, 2009 to June 30, 2010**

**Award number – P063P092318**

**Special Tests and Provisions – Return of Title IV Funds**

**Type of Finding – Significant Deficiency**

Criteria:

Entities shall maintain internal controls over federal programs that provides reasonable assurance that the entity is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

Condition:

The amount to be returned to the Department of Education is calculated by the Director of Financial Aid. However, there is no review of the calculation by a second person to ensure that the calculation is correct.

Cause:

The calculation is performed by the Director of Financial Aid, and, therefore there is no one above that position to review the calculation.

Effect:

The College could be calculating the amount to be returned incorrectly.

Questioned Costs:

None

Recommendation:

The College should implement a formal process whereby the calculation is performed by a financial aid department employee and reviewed and approved by a second person.

Management Response:

A process for calculation review by a second person is already in place – the Business Office Grant Accountant. An individual above the Director of Financial Aid, however, is not reviewing this calculation. The Controller will work with the Director of Financial Aid to implement the procedure recommended by the auditor whereby an individual above the Director of Financial Aid will review these calculations and sign the supporting documentation.

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011*

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2010-12**

**Department of Education**

**TRIO Cluster – CFDA #84.042/84.044**

**Award year – September 1, 2009 to August 31, 2010**

**Award number – P044A060001-90 and P042A060013-09A**

**Activities Allowed or Unallowed**

**Type of Finding – Material Non-Compliance and Material Weakness**

Criteria:

In accordance with OMB Circular A-21, attachment J, section 10b(1)(a) and c(1)(e), the distribution of salaries and wages, whether treated as direct or F&A costs, will be based on payrolls documented in accordance with the generally accepted practices of colleges and universities. At least annually a statement will be signed by the employee, principal investigator, or responsible officials using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges, and to residual, F&A cost or other categories are reasonable in relation to work performed.

Condition:

Employees whose salaries are charged to the grant complete a timesheet only if sick/vacation leave is taken. There is no annual certification that the employee worked on the grant.

Cause:

The College was not aware of this requirement.

Effect:

Salaries could be charged to the grant for employees who do not perform grant related work.

Questioned Costs:

\$193,661

Recommendation:

The College should implement a process to perform annual certification signed by the employee or supervisory official having knowledge of the work performed by the employees.

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2010-12 (Continued)**

Management Response:

Discussion have already taken place toward implementing the recommendation of the auditor. A standard certification form will be created and processed for all employees associated with a specific grant. Annually the form will be reviewed and signed by both the employee and supervisor stating the percentage of time worked on the grant. These forms will be filed in the employee personnel files in the Office of Human Resources and will be completed after the end of each academic year.

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011*



**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2010-13**

**Department of Education**

**TRIO Cluster – CFDA #84.042/84.044**

**Award year – September 1, 2009 to August 31, 2010**

**Award number – P044A060001-90 and P042A060013-09A**

**Activities Allowed or Unallowed**

**Type of Finding – Material Non-Compliance and Significant Deficiency**

Criteria:

When indirect costs are charged to a federal program, the indirect cost rate is to be based on an indirect cost rate agreement approved by the Federal government.

Condition:

During the fiscal year the College charged an eight percent indirect cost rate to the grant for administrative expenses. However, the College does not have an approved indirect cost rate agreement approved by the Federal government.

Cause:

Per discussion with the TRIO grant administrator, the College requested to have an indirect cost rate agreement approved by the Federal government, however due to the small size of the College the decision not to submit an indirect cost proposal to the Federal government was not done.

Effect:

The College is charging indirect cost to the grant that was not based on an approved indirect cost rate agreement.

Questioned Costs:

\$43,783

Recommendation:

The College should establish obtain formal approval from the Federal awarding agency to continue to charge an appropriate indirect cost to the grant.

Management Response:

It has been the long-standing practice of the Institution to submit reimbursement for the maximum rate allowed by law for indirect costs associated with grant oversight. The Institution will work with the appropriate agency to arrive at an indirect cost rate that is approved by the Federal government. This rate will be reviewed, recalculated and renegotiated periodically as prescribed by the oversight agency.

*Responsible individual: Mike Harmon, Controller*

*Anticipated completion date: March 2011*

**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2010-14**

**Department of Education**

**TRIO Cluster – CFDA #84.042/84.044**

**Award year – September 1, 2009 to August 31, 2010**

**Award number – P044A060001-90 and P042A060013-09A**

**Eligibility**

**Type of Finding – Significant Deficiency**

Criteria:

Entities shall maintain internal controls over federal programs that provides reasonable assurance that the entity is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

Condition:

A sample of 80 students participating in the program was selected for review to verify that the students were eligible for services. Once a student is determined to be eligible, and intake form is completed and signed by the student and the Academic Need Eligibility Verification Form is completed and signed by the counselors, indicating that the student is eligible. Of the 80 files reviewed the following was noted that two intake forms were not signed by the student and six Academic Need Eligibility Verification Forms were not signed by the counselors.

Cause:

Per discussion with the TRIO grant administrators, this was an oversight.

Effect:

The College could be providing services to ineligible students.

Questioned Costs:

None

Recommendation:

The College should enhance current procedures to ensure that all Academic Need Eligibility Verification Form is approved and signed by program personnel and all intake forms are signed by the students.

Management Response:

The Institution will work to ensure that due diligence is exercised in the future and that all files are reviewed for completeness.

*Responsible individual: Dr. Dan DoBell, VP - Finance and Administration*

*Anticipated completion date: March 2011*

**TEXARKANA COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended August 31, 2010**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2010-15**

**Department of Education**

**TRIO Cluster – CFDA #84.042/84.044**

**Award year – September 1, 2009 to August 31, 2010**

**Award number – P044A060001-90 and P042A060013-09A**

**Earmarking**

**Type of Finding – Significant Deficiency**

Criteria:

Per 34 CFR sections 646.7 and 646.11 and 643.10 and 643.7, at least two-thirds of students served by the TRIO grant must be low-income individuals who are first generation college students or individuals with disabilities. Not less than one-third of the individuals with disabilities must also be low-income individuals. The remaining students served must be low-income individuals, first generation college students, or individuals with disabilities.

Additionally, entities shall maintain internal controls over federal programs that provides reasonable assurance that the entity is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements (Office of Management and Budget Circular A-133, Subpart C, Section 300(b)).

Condition:

The number of students meeting the above criteria is tracked on an informal process as the number of students who fall into the above categories are tracked by the third party system used by the College and appears on the screen every time someone logs in and a calculation is done to ensure that the requirements are met. However, there is no documentation maintained of this calculation.

Cause:

Per discussion with the TRIO grant administrators, they have never maintained these calculations as they are done more informally.

Effect:

Without a formal process in place to monitor this requirement, non-compliance could result.

Questioned Costs:

None

Recommendation:

The College should implement a formal process where a formal calculation is done at least semi-annually and documentation is maintained to support the calculation.

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2010-15 (Continued)**

Management Response:

Currently, documentation is produced to make sure students are tracked. This documentation, however, is not maintained and a formal process is not in place. The Institution will work to implement the recommendation offered by the auditor whereby a formal, documented process is created and documents supporting the use of the TRIO grant funds are maintained.

*Responsible individual: Dr. Dan DoBell, VP- Finance and Administration*

*Anticipated completion date: March 2011*

**TEXARKANA COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2010**

**Section IV – Prior Year Findings and Questioned Costs Relating to Federal Awards**

- None noted.

**TEXARKANA COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended August 31, 2010**

<b>Pass-through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantors Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Education</b>			
Direct Programs:			
Federal Supplemental Education Opportunity Grants	84.007		\$ 53,438*
Federal Work Study Program	84.003		53,156*
Federal Pell Grant	84.063		5,366,963*
Academic Competitiveness Grants	84.375		320,101*
TRIO - Student Support Services	84.042	P042A060013	221,482*
TRIO - Talent Search	84.044	P044A060001	259,937*
Pass-Through From:			
Texas Higher Education Coordination Board Vocational Education Basic Grants to States	84.048		282,696
Leveraging Educational Assistance Partnerships Grant	84.069A		5,500
Special Leveraging Educational Assistance Partnerships Grants	84.069B		2,875
Byrd Honors Scholarship	84.185		<u>5,812</u>
Total U.S. Department of Education			<u>6,571,960</u>
<b>U.S. Department of Labor</b>			
Pass-Through From:			
Texas Workforce Commission WIA Youth Activities	17.159		<u>1,500</u>
Total U.S. Department of Labor			<u>1,500</u>
<b>Total Federal Expenditures</b>			<b><u>\$ 6,573,460</u></b>

\* Denotes a major program of the 2010 fiscal year.

**TEXARKANA COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended August 31, 2010**

**NOTE 1 – FEDERAL ASSISTANCE RECONCILIATION**

Federal Grants and Contracts Revenue – per Schedule of Operating Revenues (Schedule A)	\$ 750,461
Federal Revenue, Non Operating – per Schedule of Operating Revenues (Schedule C)	<u>5,822,999</u>
Total Federal Revenue per Schedule of Expenditures of Federal Awards (Schedule C)	<u>\$ 6,573,460</u>

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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 above represent funds that have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

**NOTE 3 – EXPENDITURES NOT SUBJECT TO FEDERAL SINGLE AUDIT**

None

**NOTE 4 – STUDENT LOANS PROCESSED AND ADMINISTRATIVE COSTS RECOVERED  
(Not included in Schedule)**

The College had no new loans processed and no administrative costs recovered related to the Federal Perkins Loan Program (CFDA 84.038) for the year ended August 31, 2010.

**NOTE 5 – AMOUNTS PASSED THROUGH BY THE COLLEGE**

None

This information is an integral part of the accompanying schedule.