

**KILGORE JUNIOR COLLEGE DISTRICT  
KILGORE, TEXAS**

**FINANCIAL STATEMENTS  
AUGUST 31, 2008 and 2007**

**WITH REPORT  
OF CERTIFIED PUBLIC ACCOUNTANTS**

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**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**

**ORGANIZATIONAL DATA**

**For the fiscal year 2008 – 2007**

**BOARD OF TRUSTEES**

**OFFICERS**

|               |                | <b><u>TERM EXPIRES</u></b> |
|---------------|----------------|----------------------------|
| Bob Heath     | President      | 2013                       |
| Larry Woodfin | Vice-President | 2011                       |
| Will Roberson | Secretary      | 2009                       |

**MEMBERS**

|                               | <b><u>TERM EXPIRES</u></b> |
|-------------------------------|----------------------------|
| R. E. Spradlin                | 2013                       |
| B. Randell Brint              | 2013                       |
| James N. Walker               | 2009                       |
| Fred S. Parsons               | 2011                       |
| Charles Hale                  | 2009                       |
| Carlos “Scooter” Griffin, Jr. | 2009                       |

**PRINCIPAL ADMINSTRATIVE OFFICERS**

|                       |                                           |
|-----------------------|-------------------------------------------|
| Dr. William M. Holda  | President                                 |
| Dr. Gerald Stanglin   | Vice-President of Instruction             |
| Duane J. McNaney, CPA | Vice-President of Administrative Services |
| Michael W. Jenkins    | Vice-President of Student Development     |
| Lucy A. Carroll, CPA  | Controller                                |
| Tony Johnson          | Director of Human Services                |
| J. Karol Pruett       | Assistant to the President                |
| David E. Wylie        | Director of Development                   |
| F. Daniel Beach, CPA  | Administrative Liaison to the Board       |

|                     |                              |
|---------------------|------------------------------|
| Dr. Mike Turpin     | Dean, Institutional Planning |
| Louise Wiley        | Instructional Dean           |
| Terry Booker        | Instructional Dean           |
| Mike Earley         | Instructional Dean           |
| Randy Lewellen      | Instructional Dean           |
| Dr. Julie H. Fowler | Instructional Dean           |

**CERTIFICATE OF BOARD**

KILGORE JUNIOR COLLEGE DISTRICT                      GREGG                      KILGORE, TEXAS  
Name of College                      County                      City

I, Bob Heath, President of the Board of Trustees of Kilgore Junior College District, do

hereby certify that this report was reviewed and approved, at a meeting of the Board  
(approved or disapproved)

held on the 9th day of December, 2008.

Attest: Will Roberson  
Secretary, Board of Trustees

[Signature]  
President, Board of Trustees

HENRY & PETERS, PC  
CERTIFIED PUBLIC ACCOUNTANTS

The Board of Trustees  
Kilgore Junior College District  
Kilgore, Texas

**Independent Auditors' Report**

Members of the Board:

We have audited the accompanying basic financial statements of the Kilgore Junior College District, as of and for the years ended August 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standard 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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Kilgore Junior College District at August 31, 2008 and 2007, and the results of its operations and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2008, on our consideration of the Kilgore Junior College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 8 through 13 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state awards for the year ended August 31, 2008 are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits Of States, Local Governments, And Non-Profit Organizations*, and the State of Texas Single Audit Circular (STSAC), and are not a required part of the basic financial statements. The required supplemental schedules listed in the table of contents are likewise presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. 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 accompanying statistical supplement, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financials statements, and accordingly, we express no opinion on it.

Harry E. Peters, P.C.

Tyler, Texas  
November 25, 2008

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

**KILGORE JUNIOR COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2008 AND 2007**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of Kilgore Junior College District's financial performance provides an overview of the College's financial activities for the fiscal year ended August 31, 2008, with fiscal year 2007 and 2006 data presented for comparative purposes. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes.

**USING THIS ANNUAL FINANCIAL REPORT**

This annual financial report consists of a series of financial statements. The Texas Higher Education Coordinating Board requires all Texas public junior and community colleges to use the *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* for consistent and uniform reporting. It is intended that each public community and junior college adopt the business-type activities (BTA) model for use in preparing their annual financial reports.

The Statement of Net Assets includes all assets and liabilities. The focus of the statement is to report the net resources available to finance future operations. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the good or service is provided; and, expenses and liabilities are recognized when others provide the good or service, regardless of when cash is exchanged. The statement is useful to determine the assets available to fund services, as well as identify what the College owes vendors, bondholders, and others at the end of the year. The Statement of Net Assets presents to the readers of the financial statements a fiscal snapshot of the College.

The Statement of Revenues, Expenses, and Changes in Net Assets provides information about the activities of the College as a whole and presents a longer-term view of the College's finances. The College is dependent on three primary sources of revenues: state appropriations, tuition and fees, and ad-valorem taxes. Activities are presented as either operating or non-operating. Under this reporting model, state appropriations, ad-valorem taxes and gifts are reported as non-operating revenues. Because of the College's dependency on the non-operating revenues, there is a significant operating deficit. The utilization of long-term assets, referred to as 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 and related financing, and investing activities.



## STATEMENT OF NET ASSETS

The College's combined net assets increased \$5.3 million compared to \$3.8 million in the prior year, increasing from \$49.9 million to \$55.2 million.

| Condensed Statement of Net Assets<br>(\$ in millions) | 2008    | 2007    | 2006    | 2007 to 2008<br>Change |
|-------------------------------------------------------|---------|---------|---------|------------------------|
| Current assets                                        | \$ 21.0 | \$ 15.4 | \$ 12.7 | 36.36%                 |
| Non-current assets                                    | 8.4     | 8.3     | 7.3     | 1.20%                  |
| Non-current - Capital assets                          | 37.6    | 37.9    | 37.9    | -0.79%                 |
| Total assets                                          | 67.0    | 61.6    | 57.9    | 8.77%                  |
| Current liabilities                                   | (7.7)   | (6.9)   | (7.8)   | 11.59%                 |
| Non-current liabilities                               | (4.1)   | (4.8)   | (4.0)   | -14.58%                |
| Total liabilities                                     | (11.8)  | (11.7)  | (11.8)  | 0.85%                  |
| Net Assets:                                           |         |         |         |                        |
| Invested in capital assets, net of debt               | 33.1    | 32.6    | 32.9    | 1.53%                  |
| Restricted                                            | 7.6     | 7.3     | 6.8     | 4.11%                  |
| Unrestricted                                          | 14.5    | 10.0    | 6.4     | 45.00%                 |
| Total Net Assets                                      | \$ 55.2 | \$ 49.9 | \$ 46.1 | 10.62%                 |

The Statement of Net Assets helps identify the entity's ability to meet future obligations. One of the analytical tools used to determine this is comparing the current assets to current liabilities, or the current ratio. Current assets are those assets which can be converted quickly to pay current obligations, while current obligations are those obligations which are expected to be satisfied within one business cycle. The College's current assets of \$21.0 million were sufficient to cover current liabilities of \$7.7 million, giving a current ratio of 2.7 compared 2.2 in fiscal year 2007.

Another analytical tool used to evaluate the financial stability of an entity is to compare expendable net assets to operating expenses. As of August 31, 2008 and 2007, the College had expendable net assets of \$16.6 million and \$11.7 million, respectively. Operating expenses for the same period were \$37.3 million and \$35.8 million. This represents a ratio of 44.5% and 32.7%, respectively.

The College's accumulated cash and cash equivalents balance increased \$4,864,364 to \$16.1 million.

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Total operating revenues for fiscal year 2008 were \$22.2 million. Operating revenues increased \$3,798,724 or 20.7%.

**Operating Revenues**  
(\$ in millions)

|                              | 2008  |         | 2007  |         | 2006  |         |
|------------------------------|-------|---------|-------|---------|-------|---------|
| Tuition and fees             | 31.1% | \$ 6.9  | 33.8% | \$ 6.2  | 30.8% | \$ 5.3  |
| Federal grants and contracts | 35.6% | 7.9     | 37.6% | 6.9     | 41.3% | 7.1     |
| State grant and contracts    | 8.6%  | 1.9     | 4.0%  | 0.8     | 3.5%  | 0.6     |
| Auxiliary enterprises        | 21.1% | 4.7     | 21.1% | 3.9     | 20.3% | 3.5     |
| Other                        | 3.6%  | 0.8     | 3.5%  | 0.6     | 4.1%  | 0.7     |
| Total                        |       | \$ 22.2 |       | \$ 18.4 |       | \$ 17.2 |

The College also had \$20.9 million in non-operating state appropriation, tax, gift, and other revenues. The largest portion of non-operating revenues comes from state appropriations which are generated from four areas: general revenue generated from contact hour reimbursement, employee/retiree group insurance payments, employee retirement contributions, and special allocations or adjustments. In fiscal year 2008, the College received a partial distribution of \$0.8 million in insurance proceeds. Final calculation of loss and eligible insurance proceeds is still being determined. In fiscal year 2007, a non-typical transaction which generated \$1.9 million in other non-operating revenues was the sale of the KTPB radio station, including the related FCC license, transmission tower, transmission equipment, and related ground lease.

**Non-Operating Revenues**  
(\$ in millions)

|                                 | 2008  |         | 2007  |         | 2006  |         |
|---------------------------------|-------|---------|-------|---------|-------|---------|
| State appropriations            | 64.6% | \$ 13.5 | 59.7% | \$ 13.0 | 57.3% | \$ 12.8 |
| Maintenance ad-valorem taxes    | 23.9% | 5.0     | 22.9% | 5.0     | 19.6% | 4.4     |
| Gifts                           | 3.8%  | 0.8     | 4.4%  | 0.9     | 19.1% | 4.3     |
| Investment, endowment and other | 7.7%  | 1.6     | 13.0% | 2.8     | 4.0%  | 0.9     |
| Total                           |       | \$ 20.9 |       | \$ 21.7 |       | \$ 22.4 |

Total operating expenses totaled \$37.3 million, which is a \$1.5 million or a 4.3% increase from fiscal year 2007. Expenditures for instruction are the most significant and had a \$0.7 million or a 5.1% increase.

**Operating Expenses**  
(\$ in millions)

|                                                     | 2008  |         | 2007  |         | 2006  |         |
|-----------------------------------------------------|-------|---------|-------|---------|-------|---------|
| Instruction                                         | 37.8% | \$ 14.3 | 37.5% | \$ 13.6 | 36.1% | \$ 12.6 |
| Public service                                      | 2.1%  | 0.8     | 1.7%  | 0.6     | 2.4%  | 0.8     |
| Academic support                                    | 7.2%  | 2.7     | 7.6%  | 2.8     | 7.9%  | 2.8     |
| Student services                                    | 6.1%  | 2.3     | 6.1%  | 2.2     | 6.3%  | 2.2     |
| Institutional support                               | 11.1% | 4.2     | 11.5% | 4.2     | 11.0% | 3.8     |
| Operation and maintenance of plant and depreciation | 11.6% | 4.4     | 12.1% | 4.4     | 12.7% | 4.3     |
| Scholarships and fellowships                        | 7.4%  | 2.8     | 6.3%  | 2.3     | 7.4%  | 2.6     |
| Auxiliary enterprises                               | 15.4% | 5.8     | 15.8% | 5.7     | 14.6% | 5.1     |
| Total operating expense                             |       | 37.3    |       | 35.8    |       | 34.2    |
| Total non-operating expense                         | 1.3%  | 0.5     | 1.4%  | 0.5     | 1.6%  | 0.6     |
|                                                     |       | \$ 37.8 |       | \$ 36.3 |       | \$ 34.8 |

There was an operating loss for fiscal year 2008 of \$15.1 million, with an increase in net assets of \$5.3 million, compared to fiscal year 2007, when they were \$17.4 and \$3.8, respectively.

## STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also helps users assess the College's ability to generate net cash flows to meet its obligations as they come due, and its need for external financing.

| <b>Cash Provided By:</b><br>(\$ in millions) | <b>2008</b> | <b>2007</b> | <b>2006</b> |
|----------------------------------------------|-------------|-------------|-------------|
| Operating activities                         | (\$ 10.9)   | (\$ 12.9)   | (\$ 12.4)   |
| Non-capital financing activities             | 16.6        | 16.0        | 15.5        |
| Capital and related financing activities     | (1.4)       | (0.8)       | (4.6)       |
| Investing activities                         | 0.6         | 1.0         | 0.6         |
| Change in cash and cash equivalents          | \$ 4.9      | \$ 3.3      | (\$ 0.9)    |

The primary cash receipts from operating activities consist of tuition and fees, housing board, and grant revenues. Cash outlays include payment of wages, benefits, supplies, utilities, plant maintenance, and scholarships. State allocations and ad-valorem taxes are the primary source of non-capital financing. Accounting standards require that we reflect this source of revenue as non-operating, even though these sources are used for operating purposes in the College's budget. Cash flows from capital and capital related financing activities include proceeds from issuing debt and receiving gifts; disbursements are for principal and interest payments on debt, and payment on buildings and other capital acquisitions. Cash flows from investing activities represent the annual effect of the purchase, sale and maturity of investments.

## FINANCIAL HIGHLIGHTS

- The College's overall activities remained very stable during the year. The overall activities of the College are considered to be business-type activities. The net assets increased by \$5.3 million or 10.6%.
- As of August 31, 2008, assets of the College exceeded liabilities by \$55.2 million. Of this amount, \$14.5 million is unrestricted net assets which may be used to meet ongoing operations.
- During the year, the College had revenues that were \$5.3 million more than the \$37.8 million generated in expenditures.
- Total cost of all of the College's programs increased by \$1.5 million or 4.3%. The largest increase came in the area of instruction with a \$0.7 million increase or 5.1%.
- Local property tax rate remained the same as the prior year bringing in almost the same amount of taxes.
- Net tuition and fees increased \$731,725 or 11.8%.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The College has a Capital Asset Policy that requires assets whose original purchase price was over \$5,000 to be recorded as a capital asset. At the end of fiscal year 2008, the College had \$37.6 million invested in a broad range of capital assets, including equipment, buildings, and facilities.

| <b>Capital Assets at Year-end<br/>(Net of Depreciation, in Millions)</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> |
|--------------------------------------------------------------------------|-------------|-------------|-------------|
| Land                                                                     | \$ 3.5      | \$ 3.5      | \$ 3.5      |
| Buildings and improvements                                               | 32.3        | 32.8        | 32.3        |
| Equipment                                                                | 1.2         | 1.2         | 1.2         |
| Books and exhibits                                                       | 0.4         | 0.4         | 0.4         |
| Construction in progress                                                 | 0.2         | 0.0         | 0.5         |
| Totals                                                                   | \$ 37.6     | \$ 37.9     | \$ 37.9     |

### **Debt**

At year-end, the College had \$4.6 million in bonds and notes outstanding.

| <b>Outstanding Debt, at Year-end<br/>(\$ in millions)</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> |
|-----------------------------------------------------------|-------------|-------------|-------------|
| Current portion of long term obligations                  | \$ 0.8      | \$ 0.8      | \$ 1.2      |
| Revenue bonds and notes (backed by specific fee revenues) | 3.8         | 4.5         | 3.8         |
| Totals                                                    | \$ 4.6      | \$ 5.3      | \$ 5.0      |

## **COMPONENT UNIT / RELATED PARTIES**

The Kilgore College Foundation is presented as a related party. Due to the interpretation of Governmental Standards Board Statement No. 39, the College does not feel the Foundation meets the requirement of a discrete component unit. The Foundation contributed gifts of \$75,400 to the College during fiscal year 2008 as compared to the \$122,719 contributed in fiscal year 2007.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The College's elected and appointed officials considered many factors when setting the fiscal year 2008 budget, tax rates, and fees that were charged for the business-type activities. One of those factors is the economy. The College's employment growth has mirrored its population growth during 2000-2008, averaging minimal annual gains.

The College is facing future economic issues centered around the traditional funding sources. A mix of state appropriations, local property taxes, tuition and fees, state and federal grants, and private giving, fund Texas public community college districts. Kilgore College has many aging facilities. Beginning in fiscal year 2004 and continuing into fiscal year 2008, the College has done some major renovations and construction of a new residence hall that will total about \$12.0 million. This made a dramatic improvement to the campus, but we foresee increased repair and maintenance costs in the near future to other buildings and improvements in parking lots.

Continued increases to tuition and fees charged to students are anticipated in the near future. Meeting our financial challenges will require exploration of non-traditional ways of revenue generation that may include economic development, partnerships with public and private sector entities, increasing emphasis on contract training and adult education, and sophisticated fundraising and development efforts.

The College's property tax revenues have been increasing at an average rate of nearly 8.5% over the last three years. This growth has been maintained by managing the tax rate in conjunction with appraisal value increases in the district. Continued economic growth in the area should continue this trend for the next several years.

In March of 2008, the College was hit by a hail storm, causing damage in excess of \$2 million. By the end of the fiscal year, the College had received \$0.8 million from the insurance company and had made repairs in the amount of less than \$0.3 million. The College is expecting to receive total insurance proceeds in the range of \$1.2 to \$2.0 million. The College has contracted to have the roofs of seven buildings replaced at an amount of \$2.0 million.

### **CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT**

This discussion is presented in a condensed format as additional analysis. The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Kilgore College Vice President of Administrative Services, 1100 Broadway, Kilgore, TX 75662.

## **BASIC FINANCIAL STATEMENTS**

**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**  
**STATEMENTS OF NET ASSETS**  
**AUGUST 31, 2008 AND 2007**

|                                                 | 2008          | 2007          |
|-------------------------------------------------|---------------|---------------|
| <b><u>ASSETS</u></b>                            |               |               |
| Current assets                                  |               |               |
| Cash and cash equivalents                       | \$ 13,042,326 | \$ 8,325,877  |
| Short-term investments                          | 4,385,691     | 4,186,243     |
| Accounts receivable, net                        | 1,819,291     | 1,353,484     |
| Note receivable, current portion                | 135,196       | 128,296       |
| Inventories                                     | 837,263       | 726,855       |
| Prepaid expenses                                | 680,993       | 570,922       |
| Other assets                                    | 84,760        | 84,760        |
| Total current assets                            | 20,985,520    | 15,376,437    |
| Noncurrent assets                               |               |               |
| Restricted cash and cash equivalents            | 3,086,679     | 2,938,764     |
| Short-term investments - bond funds             | 425,000       | 425,000       |
| Short-term investments - endowment              | 3,500,000     | 3,500,000     |
| Corporate stocks - endowment                    | 118,150       | 87,262        |
| Note receivable, net of current portion         | 1,274,837     | 1,410,033     |
| Capital assets, net                             | 37,612,168    | 37,899,846    |
| Total noncurrent assets                         | 46,016,834    | 46,260,905    |
| Total assets                                    | \$ 67,002,354 | \$ 61,637,342 |
| <b><u>LIABILITIES</u></b>                       |               |               |
| Current liabilities                             |               |               |
| Accounts payable                                | \$ 359,405    | \$ 335,546    |
| Accrued liabilities                             | 339,848       | 349,706       |
| Funds held for others                           | 786,842       | 793,020       |
| Deferred revenue                                | 5,134,337     | 4,364,256     |
| Deposits                                        | 177,003       | 144,965       |
| Long-term liabilities - current portion         | 940,410       | 900,382       |
| Total current liabilities                       | 7,737,845     | 6,887,875     |
| Noncurrent liabilities                          |               |               |
| Long-term liabilities                           | 4,069,951     | 4,827,896     |
| Total noncurrent liabilities                    | 4,069,951     | 4,827,896     |
| Total liabilities                               | 11,807,796    | 11,715,771    |
| <b><u>NET ASSETS</u></b>                        |               |               |
| Invested in capital assets, net of related debt | 33,062,167    | 32,584,847    |
| Restricted for:                                 |               |               |
| Expendable                                      | 2,145,407     | 1,693,192     |
| Nonexpendable                                   | 5,520,414     | 5,641,080     |
| Unrestricted                                    | 14,466,570    | 10,002,452    |
| Total net assets                                | 55,194,558    | 49,921,571    |
| Total liabilities and net assets                | \$ 67,002,354 | \$ 61,637,342 |

See accompanying notes to financial statements.

## EXHIBIT 2

**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007**

|                                                                         | 2008          | 2007          |
|-------------------------------------------------------------------------|---------------|---------------|
| <b><u>REVENUES</u></b>                                                  |               |               |
| Operating revenues                                                      |               |               |
| Tuition and fees (net of discounts of \$3,801,316 and \$3,318,088)      | \$ 6,946,864  | \$ 6,215,139  |
| Federal grants and contracts                                            | 7,849,990     | 6,910,021     |
| State grants and contracts                                              | 1,908,269     | 743,370       |
| Non-governmental grants and contracts                                   | 478,249       | 444,087       |
| Sales and services of educational activities                            | 124,393       | 124,864       |
| Auxiliary enterprises (net of discounts of \$1,545,752 and \$1,588,571) | 4,686,732     | 3,867,908     |
| General operating revenues                                              | 178,974       | 68,608        |
| Total operating revenues                                                | 22,173,471    | 18,373,997    |
| <b><u>EXPENSES</u></b>                                                  |               |               |
| Operating expenses                                                      |               |               |
| Instruction                                                             | 14,298,490    | 13,598,604    |
| Public service                                                          | 768,548       | 613,892       |
| Academic support                                                        | 2,657,596     | 2,753,439     |
| Student services                                                        | 2,295,740     | 2,213,354     |
| Institutional support                                                   | 4,205,463     | 4,176,881     |
| Operation and maintenance of plant                                      | 3,199,454     | 3,197,205     |
| Scholarships and fellowships                                            | 2,780,968     | 2,284,126     |
| Auxiliary enterprises                                                   | 5,853,052     | 5,710,663     |
| Depreciation                                                            | 1,235,630     | 1,209,666     |
| Total operating expenses                                                | 37,294,941    | 35,757,830    |
| Operating loss                                                          | (15,121,470)  | (17,383,833)  |
| <b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>                         |               |               |
| State appropriations                                                    | 13,466,777    | 12,958,070    |
| Maintenance Ad Valorem taxes                                            | 5,012,152     | 4,967,509     |
| Gifts                                                                   | 831,286       | 954,811       |
| Investment income                                                       | 495,613       | 612,483       |
| Endowment income                                                        | 281,774       | 315,321       |
| Insurance proceeds                                                      | 803,559       | -             |
| Interest on capital related debt                                        | (189,341)     | (300,725)     |
| Disposal of fixed assets                                                | (28,080)      | (20,040)      |
| Gain on sale of radio station                                           | -             | 1,899,485     |
| Other non-operating revenues                                            | 48,237        | 2,638         |
| Other non-operating expenses                                            | (327,520)     | (167,406)     |
| Net non-operating revenues                                              | 20,394,457    | 21,222,146    |
| Increase in net assets                                                  | 5,272,987     | 3,838,313     |
| <b><u>NET ASSETS</u></b>                                                |               |               |
| Net assets - beginning of year                                          | 49,921,571    | 46,083,258    |
| Net assets - end of year                                                | \$ 55,194,558 | \$ 49,921,571 |

See accompanying notes to financial statements.



**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007**

|                                                                 | <u>2008</u>          | <u>2007</u>          |
|-----------------------------------------------------------------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                      |                      |
| Receipts from students and other customers                      | \$ 11,805,659        | \$ 10,537,452        |
| Receipts of grants and contracts                                | 10,235,758           | 7,809,594            |
| Other receipts                                                  | 178,974              | 120,792              |
| Payments to or on behalf of employees                           | (18,762,554)         | (17,852,132)         |
| Payments to suppliers for goods and services                    | (11,540,043)         | (11,224,208)         |
| Payments to students under federal grants                       | (2,743,052)          | (2,263,647)          |
| Other cash payments                                             | (110,071)            | (44,219)             |
| Net cash used by operating activities                           | <u>(10,935,329)</u>  | <u>(12,916,368)</u>  |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>         |                      |                      |
| Receipts of appropriations                                      | 10,480,707           | 10,170,124           |
| Ad valorem tax revenues                                         | 5,268,513            | 4,852,351            |
| Gifts and grants (other than capital)                           | 875,639              | 954,811              |
| Receipts for student organization and other agency transactions | 6,725,984            | 1,011,852            |
| Student organization and other agency transactions              | (6,727,207)          | (1,000,861)          |
| Net cash provided by non-capital financing activities           | <u>16,623,636</u>    | <u>15,988,277</u>    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                      |                      |
| Proceeds from issuance of capital debt                          | -                    | 4,815,000            |
| Capital contracts, grants and gifts                             | -                    | 796,261              |
| Proceeds from the sale of capital assets                        | 132,181              | 361,156              |
| Insurance proceeds                                              | 803,559              | -                    |
| Purchases of capital assets                                     | (1,352,636)          | (1,889,638)          |
| Bond refinancing expense                                        | -                    | (44,468)             |
| Payments on capital debt and leases - principal                 | (765,000)            | (4,485,323)          |
| Payments on capital debt and leases - interest                  | (189,341)            | (300,725)            |
| Net cash used by capital and related financing activities       | <u>(1,371,237)</u>   | <u>(747,737)</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                      |                      |
| Proceeds from sale and maturity of investments                  | -                    | 300,045              |
| Investment earnings                                             | 547,294              | 717,265              |
| Net cash provided by investing activities                       | <u>547,294</u>       | <u>1,017,310</u>     |
| Increase in cash and cash equivalents                           | 4,864,364            | 3,341,482            |
| Cash and cash equivalents beginning of year                     | <u>11,264,641</u>    | <u>7,923,159</u>     |
| Cash and cash equivalents end of year                           | <u>\$ 16,129,005</u> | <u>\$ 11,264,641</u> |

See accompanying notes to financial statements.

**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007**  
**CONTINUED**

|                                                          | <u>2008</u>            | <u>2007</u>            |
|----------------------------------------------------------|------------------------|------------------------|
| Reconciliation of operating loss to net cash used        |                        |                        |
| by operating activities:                                 |                        |                        |
| Operating loss                                           | \$ (15,121,470)        | \$ (17,383,833)        |
| Adjustments to reconcile operating loss to net cash used |                        |                        |
| by operating activities:                                 |                        |                        |
| Depreciation expense                                     | 1,235,630              | 1,209,666              |
| On-behalf state benefits                                 | 2,986,069              | 2,787,946              |
| Bad debt expense                                         | 95,575                 | 95,572                 |
| Changes in assets and liabilities:                       |                        |                        |
| Receivables, net                                         | (722,411)              | 109,248                |
| Inventories                                              | (110,408)              | 293,233                |
| Other assets                                             | (110,071)              | (39,171)               |
| Accounts payable                                         | (5,406)                | 6,176                  |
| Deferred revenue                                         | 770,081                | (52,422)               |
| Compensated absences                                     | 47,082                 | 57,217                 |
|                                                          | <u>47,082</u>          | <u>57,217</u>          |
| Net cash used by operating activities                    | <u>\$ (10,935,329)</u> | <u>\$ (12,916,368)</u> |

See accompanying notes to financial statements.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS

August 31, 2008 and 2007

**1. REPORTING ENTITY**

Kilgore Junior College District (District) was established in 1935, in accordance with the laws of the State of Texas, to serve the educational needs of the District and the surrounding communities. The Kilgore Junior College District is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14 *The Financial Reporting Entity*. While the District receives funding from local, state, and federal sources, and must comply with spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Guidelines**

The significant accounting policies followed by Kilgore Junior College District in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The District 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 District has elected not to apply FASB guidance issued subsequent to November 30, 1989 unless specifically adopted by the GASB. The District is reported as a special-purpose government engaged in business-type activities.

**B) 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 Section 56.0333). When the student uses the award for tuition and fees and/or auxiliary charges, the amount is recorded as tuition and/or auxiliary revenue and a corresponding amount is recorded as a discount.

**Title IV, HEA Program Funds**

Certain Title IV HEA Program funds are received by the District to pass through to the student. These funds are initially received by the District and recorded as restricted revenue. When the award is used by the student for tuition and fees and/or auxiliary charges, amounts are recorded as revenues and a corresponding amount is recorded as a discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

**Other Tuition Discounts**

When the award is used by the student for tuition and fees and/or auxiliary charges, the amount is recorded as tuition and/or auxiliary revenue and a corresponding amount is recorded as a discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C) Basis of Accounting**

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

**D) Budgetary Data**

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

**E) Cash and cash equivalents**

The District'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.

**F) 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. [The governing board has designated public fund investment pools comprised of \$3,918,992 and \$3,785,657 at August 31, 2008 and August 31, 2007, respectively, to be short-term investments.] Long-term investments have an original maturity of greater than one year at the time of purchase.

**G) Inventories**

Inventories, consisting of consumable office supplies, physical plant supplies, bookstore stock, and food service supplies, are valued at the lower of cost under the "first in, first out" method or market, and are charged to expense as consumed.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H) Capital assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations of \$100,000 to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are charged to operating expense in the year in which the expense is incurred.

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

I) Deferred revenues

Tuition and fees of \$5,134,337 and \$4,364,256 have been reported as deferred revenues at August 31, 2008 and 2007, respectively.

J) Estimates

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

K) Operating and non-operating revenues and expenses

The District distinguishes operating revenues and expenses from non-operating items. The District reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the District's principal and ongoing operations. The principal operating revenues are tuition and related fees, as well as revenues from the sales and services of auxiliary enterprises. The District also recognizes federal grants and contracts as operating revenue. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**3. AUTHORIZED INVESTMENTS**

Kilgore Junior College District 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.

**4. DEPOSITS AND INVESTMENTS**

**Deposits and Investments**

At August 31, 2008, the carrying amount of the District's bank deposits was \$20,501,995, and total bank balances equaled \$21,161,136. Bank balances of \$200,000 were covered by federal depository insurance and \$24,097,545 were covered by collateral pledged in the District's name.

Cash and Deposits included in cash and cash equivalents and Short-term investments as reported on Exhibit 1, Statement of Net Assets, consist of the items reported below.

**Cash and Deposits**

|                         | <u>August 31, 2008</u> | <u>August 31, 2007</u> |
|-------------------------|------------------------|------------------------|
| Bank Deposits           |                        |                        |
| Demand Deposits         | \$ 16,110,296          | \$ 11,247,965          |
| Time Deposits           | <u>4,391,699</u>       | <u>4,325,586</u>       |
|                         | 20,501,995             | 15,573,551             |
| Petty Cash on Hand      | <u>18,709</u>          | <u>16,676</u>          |
| Total Cash and Deposits | <u>\$ 20,520,704</u>   | <u>\$ 15,590,227</u>   |

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**4. DEPOSITS AND INVESTMENTS - Continued**

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

| <u>Type of Security</u>                     | <u>Market Value<br/>August 31, 2008</u> | <u>Market Value<br/>August 31, 2007</u> |
|---------------------------------------------|-----------------------------------------|-----------------------------------------|
| U. S. Common Stocks                         | \$ 118,150                              | \$ 87,262                               |
| Texpool                                     | <u>3,918,992</u>                        | <u>3,785,657</u>                        |
| Total                                       | 4,037,142                               | 3,872,919                               |
| Total Cash and Deposits                     | <u>20,520,704</u>                       | <u>15,590,227</u>                       |
| Total Deposits and Investments              | <u>\$ 24,557,846</u>                    | <u>\$ 19,463,146</u>                    |
| <br>                                        |                                         |                                         |
| Cash and Short-term Investments (Exhibit 1) | \$ 24,439,696                           | \$ 19,375,884                           |
| Investments (Exhibit 1)                     | <u>118,150</u>                          | <u>87,262</u>                           |
| Total Deposits and Investments              | <u>\$ 24,557,846</u>                    | <u>\$ 19,463,146</u>                    |

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

| <u>Investment Type</u>  | <u>Fair Value</u>   | <u>Investment Maturities<br/>Less than 1 year</u> |
|-------------------------|---------------------|---------------------------------------------------|
| Certificates of Deposit | \$ 4,391,699        | \$ 4,391,699                                      |
| Investment Pool         | <u>3,918,992</u>    | <u>3,918,992</u>                                  |
| Total                   | <u>\$ 8,310,691</u> | <u>\$ 8,310,691</u>                               |

As of August 31, 2008, the District's investments in certificates of deposit are a component of the depository contract, under which certificates are renewed and repriced every 91 days. Investments in Texpool have maturities of less than one year. The District had no investments in any one issuer that represented 5 percent or more of plan assets at August 31, 2008 or 2007.

Common Stocks stated at fair value as of August 31, 2008 and 2007 were:

|                        | <u>2008</u>      | <u>2007</u>      |
|------------------------|------------------|------------------|
| Cost                   | \$108,250        | \$ 108,250       |
| Unrealized Gain/(Loss) | <u>9,900</u>     | <u>(20,988)</u>  |
| Fair Value             | <u>\$118,150</u> | <u>\$ 87,262</u> |

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**5. CAPITAL ASSETS**

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

|                                      | Balance<br>September 1, 2007 | Additions           | Reductions       | Balance<br>August 31, 2008 |
|--------------------------------------|------------------------------|---------------------|------------------|----------------------------|
| <u>Not Depreciated:</u>              |                              |                     |                  |                            |
| Land                                 | \$ 3,511,267                 | \$ 31,948           | \$ -             | \$ 3,543,215               |
| Construction in progress             | 17,840                       | 193,480             | 17,840           | 193,480                    |
| Subtotal                             | <u>3,529,107</u>             | <u>225,428</u>      | <u>17,840</u>    | <u>3,736,695</u>           |
| <u>Other Capital Assets:</u>         |                              |                     |                  |                            |
| Land improvements and infrastructure | 3,486,209                    | 54,240              | -                | 3,540,449                  |
| Buildings                            | 46,545,665                   | 305,904             | -                | 46,851,569                 |
| Equipment                            | 3,748,659                    | 350,957             | 104,993          | 3,994,623                  |
| Exhibits                             | 1,850,627                    | -                   | -                | 1,850,627                  |
| Library books                        | 1,432,039                    | 57,344              | 5,240            | 1,484,143                  |
| Subtotal                             | <u>57,063,199</u>            | <u>768,445</u>      | <u>110,233</u>   | <u>57,721,411</u>          |
| Total cost of capital assets         | 60,592,306                   | 993,873             | 128,073          | 61,458,106                 |
| <u>Accumulated Depreciation:</u>     |                              |                     |                  |                            |
| Land improvements and infrastructure | 2,201,963                    | 88,430              | -                | 2,290,393                  |
| Buildings                            | 14,993,333                   | 777,641             | -                | 15,770,974                 |
| Equipment                            | 2,595,975                    | 316,566             | 76,912           | 2,835,629                  |
| Exhibits                             | 1,782,683                    | 15,832              | -                | 1,798,515                  |
| Library books                        | 1,118,506                    | 37,161              | 5,240            | 1,150,427                  |
| Total accumulated depreciation       | <u>22,692,460</u>            | <u>1,235,630</u>    | <u>82,152</u>    | <u>23,845,938</u>          |
| Capital assets - net                 | <u>\$ 37,899,846</u>         | <u>\$ (241,757)</u> | <u>\$ 45,921</u> | <u>\$ 37,612,168</u>       |



KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**5. CAPITAL ASSETS - Continued**

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

|                                      | Balance<br>September 1, 2006 | Additions         | Reductions        | Balance<br>August 31, 2007 |
|--------------------------------------|------------------------------|-------------------|-------------------|----------------------------|
| <u>Not Depreciated:</u>              |                              |                   |                   |                            |
| Land                                 | \$ 3,487,996                 | \$ 23,271         | \$ -              | \$ 3,511,267               |
| Construction in progress             | 538,543                      | 17,840            | 538,543           | 17,840                     |
| Subtotal                             | <u>4,026,539</u>             | <u>41,111</u>     | <u>538,543</u>    | <u>3,529,107</u>           |
| <u>Other Capital Assets:</u>         |                              |                   |                   |                            |
| Land improvements and infrastructure | 3,480,539                    | 5,670             | -                 | 3,486,209                  |
| Buildings                            | 45,190,373                   | 1,415,292         | 60,000            | 46,545,665                 |
| Equipment                            | 3,495,156                    | 253,503           | -                 | 3,748,659                  |
| Exhibits                             | 1,850,627                    | -                 | -                 | 1,850,627                  |
| Library books                        | 1,408,052                    | 54,093            | 30,106            | 1,432,039                  |
| Subtotal                             | <u>55,424,747</u>            | <u>1,728,558</u>  | <u>90,106</u>     | <u>57,063,199</u>          |
| Total cost of capital assets         | 59,451,286                   | 1,769,669         | 628,649           | 60,592,306                 |
| <u>Accumulated Depreciation:</u>     |                              |                   |                   |                            |
| Land improvements and infrastructure | 2,116,342                    | 85,621            | -                 | 2,201,963                  |
| Buildings                            | 14,252,361                   | 780,932           | 39,960            | 14,993,333                 |
| Equipment                            | 2,304,371                    | 291,604           | -                 | 2,595,975                  |
| Exhibits                             | 1,766,894                    | 15,789            | -                 | 1,782,683                  |
| Library books                        | 1,112,892                    | 35,720            | 30,106            | 1,118,506                  |
| Total accumulated depreciation       | <u>21,552,860</u>            | <u>1,209,666</u>  | <u>70,066</u>     | <u>22,692,460</u>          |
| Capital assets - net                 | <u>\$ 37,898,426</u>         | <u>\$ 560,003</u> | <u>\$ 558,583</u> | <u>\$ 37,899,846</u>       |

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**6. LONG-TERM LIABILITIES**

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

|                             | Balance<br>September 1,<br>2007 | Additions         | Reductions        | Balance<br>August 31,<br>2008 | Current<br>Portion |
|-----------------------------|---------------------------------|-------------------|-------------------|-------------------------------|--------------------|
| <u>Bonds and notes</u>      |                                 |                   |                   |                               |                    |
| Note payable                | \$ 1,500,000                    | \$ -              | \$ 480,000        | \$ 1,020,000                  | \$ 480,000         |
| Revenue bonds - 2007        | 3,815,000                       | -                 | 285,000           | 3,530,000                     | 300,000            |
| Total bonds and notes       | <u>5,315,000</u>                | <u>-</u>          | <u>765,000</u>    | <u>4,550,000</u>              | <u>780,000</u>     |
| <u>Other liabilities</u>    |                                 |                   |                   |                               |                    |
| Compensable absences        | 413,278                         | 170,587           | 123,504           | 460,361                       | 160,410            |
| Total other liabilities     | <u>413,278</u>                  | <u>170,587</u>    | <u>123,504</u>    | <u>460,361</u>                | <u>160,410</u>     |
| Total long-term liabilities | <u>\$ 5,728,278</u>             | <u>\$ 170,587</u> | <u>\$ 888,504</u> | <u>\$ 5,010,361</u>           | <u>\$ 940,410</u>  |

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

|                             | Balance<br>September 1,<br>2006 | Additions           | Reductions         | Balance<br>August 31,<br>2007 | Current<br>Portion |
|-----------------------------|---------------------------------|---------------------|--------------------|-------------------------------|--------------------|
| <u>Bonds and notes</u>      |                                 |                     |                    |                               |                    |
| Note payable                | \$ 975,323                      | \$ 1,000,000        | \$ 475,323         | \$ 1,500,000                  | \$ 480,000         |
| Revenue bonds - 1997        | 4,010,000                       | -                   | 4,010,000          | -                             | -                  |
| Revenue bonds - 2007        | -                               | 3,815,000           | -                  | 3,815,000                     | 285,000            |
| Total bonds and notes       | <u>4,985,323</u>                | <u>4,815,000</u>    | <u>4,485,323</u>   | <u>5,315,000</u>              | <u>765,000</u>     |
| <u>Other liabilities</u>    |                                 |                     |                    |                               |                    |
| Compensable absences        | 356,061                         | 190,266             | 133,049            | 413,278                       | 135,382            |
| Total other liabilities     | <u>356,061</u>                  | <u>190,266</u>      | <u>133,049</u>     | <u>413,278</u>                | <u>135,382</u>     |
| Total long-term liabilities | <u>\$ 5,341,384</u>             | <u>\$ 5,005,266</u> | <u>\$4,618,372</u> | <u>\$ 5,728,278</u>           | <u>\$ 900,382</u>  |

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**7. DEBT AND LEASE OBLIGATIONS**

Debt service requirements at August 31, 2008 were as follows:

Bonds Payable

| For the year ended August 31, | Revenue Bonds, Series 2007 |                   |                     |
|-------------------------------|----------------------------|-------------------|---------------------|
|                               | Principal                  | Interest          | Total               |
| 2009                          | \$ 300,000                 | \$ 129,454        | \$ 429,454          |
| 2010                          | 305,000                    | 117,868           | 422,868             |
| 2011                          | 320,000                    | 105,900           | 425,900             |
| 2012                          | 330,000                    | 93,452            | 423,452             |
| 2013-2017                     | 1,860,000                  | 262,739           | 2,122,739           |
| 2018                          | 415,000                    | 7,947             | 422,947             |
| Total Bonds Payable           | <u>\$ 3,530,000</u>        | <u>\$ 717,360</u> | <u>\$ 4,247,360</u> |

Notes Payable

| For the year ended August 31, | Principal           | Interest         | Total               |
|-------------------------------|---------------------|------------------|---------------------|
| Note #13011                   |                     |                  |                     |
| 2009                          | \$ 240,000          | \$ 19,393        | \$ 259,393          |
| 2010                          | 220,000             | 6,181            | 226,181             |
| Total Note Payable #13011     | <u>\$ 460,000</u>   | <u>\$ 25,574</u> | <u>\$ 485,574</u>   |
| Note #14423                   |                     |                  |                     |
| 2009                          | \$ 240,000          | \$ 21,870        | \$ 261,870          |
| 2010                          | 240,000             | 10,206           | 250,206             |
| 2011                          | 80,000              | 972              | 80,972              |
| Total Note Payable #14423     | <u>560,000</u>      | <u>33,048</u>    | <u>593,048</u>      |
| Total Notes Payable           | <u>\$ 1,020,000</u> | <u>\$ 58,622</u> | <u>\$ 1,078,622</u> |

Operating Lease Commitments and Rental Agreements

The district had no significant operating leases or rental agreements at August 31, 2008 or 2007.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**8. BONDS AND NOTES PAYABLE**

General Information related to Bonds and Notes payable at August 31, 2008 is summarized below:

Combined Fee Revenue Refunding Bonds, Series 2007

Issued May 29, 2007

Purpose of bond: to advance refund Bond Series 1997

\$3,815,000; all authorized bonds have been issued

Source of revenue for debt service -- general fees and tuition (pledged revenues totaled \$6,720,972)

Bonds at 3.83% are due in annual installments varying from \$285,000 to \$415,000, with the final installment due in 2018.

Note # 13011

Note Payable – City National Bank

Purpose of note – Maintenance and HVAC Equipment

Originated June 13, 2005

Original amount = \$1,200,000

Variable interest of Prime less 1.7%, payable in monthly installments of \$20,000, unsecured

Note # 14423

Note Payable – City National Bank

Purpose of note – Renovation and HVAC Equipment

Originated October 13, 2006

Original amount = \$1,000,000

Variable interest rate of Prime less 3.39%, payable in monthly installments of \$20,000 plus interest through December 31, 2010, plus a final installment of \$20,164.70 on January 13, 2011, unsecured

**9. ADVANCED REFUNDING BONDS**

Refunded \$3,755,000 of Combined Fee Revenue Bonds, Series 1997

Issued refunding bonds on May 29, 2007

All authorized bonds have been issued

Combined Fee Revenue Refunding Bonds, Series 2007

Average interest rate of bonds refunded, 5.25%

Additional \$73,684 of 1997 Series sinking fund monies were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1997 Series bonds.

The 1997 Series bonds are considered fully defeased and the liability for those bonds has been removed.

Advanced refunding of the 1997 Series bonds reduced the District's debt service payments over the next ten years by approximately \$197,517.

The economic and accounting gains are determined to be immaterial.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**10. EMPLOYEES' RETIREMENT PLAN**

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the District participates is administered by the Teacher Retirement System of Texas. The percentages of participant salaries currently contributed by the state and by each participant are 6.0% and 6.4% for fiscal years 2008 and 2007, respectively, of annual compensation.

The Teacher Retirement System does not separately account for each of its component government agencies, because it bears sole responsibility for retirement commitments beyond contributions fixed by the Legislature.

The state has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts. The percentages of participant salaries currently contributed by the state and each participant are 6.0% and 6.65% for fiscal years 2008 and 2007, respectively. The District contributes 1.31% for employees who were hired prior to 1986. Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the state for the District was \$812,196 and \$749,244 for the fiscal years ended August 31, 2008 and 2007, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the District.

The total payroll for all District employees was \$17,365,133 and \$16,873,303 for fiscal years 2008 and 2007, respectively. The total payroll of employees covered by the Teacher Retirement System was \$7,795,314 and \$7,421,564, and the total payroll of employees covered by the Optional Retirement System was \$7,213,282 and \$7,236,025 for fiscal years 2008 and 2007, respectively.

**11. DEFERRED COMPENSATION**

The District had no deferred compensation programs in effect during fiscal years 2008 or 2007.

**12. COMPENSABLE ABSENCES**

Full time employees are granted one day of paid sick leave time per scheduled work month. Paid sick leave time that has not been taken accumulates up to a maximum of 90 days, but it is not paid should the employment relationship cease for reasons other than retirement. Full time employees are also granted ten days per year vacation time; a total of five days vacation time may be accumulated and carried forward to the following fiscal year. Unused vacation time is paid at the time employment ceases, regardless of the reason for termination.

Upon official retirement, an eligible employee is paid the greater of one month's salary or one-half of his or her accumulated sick leave time, whichever is greater. Accordingly, the District has included a liability for accrued sick leave time in the amount of \$333,279 and \$308,773 at August 31, 2008 and 2007, respectively, based on employees currently eligible for retirement. Ten percent of the total liability for accrued sick leave is considered a current liability based on historical experience. The District accrued vacation liability in the amount of \$127,082 and \$104,505 at August 31, 2008 and 2007, respectively, all of which has been classified as a current liability.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**13. PENDING LAWSUITS AND CLAIMS**

The District is not aware of any pending lawsuits or claims.

**14. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES**

**Receivables**

Primary institution receivables at August 31, 2008 and 2007 were as follows:

|                                 | 2008         | 2007         |
|---------------------------------|--------------|--------------|
| Student receivables             | \$ 851,374   | \$ 892,286   |
| Taxes receivable                | 313,017      | 645,327      |
| Federal receivable              | 594,261      | 130,595      |
| Accounts receivable             | 750,442      | 365,651      |
| Interest receivable             | 1,789        | 2,032        |
| Sub-total                       | 2,510,883    | 2,035,891    |
| Allowance for doubtful accounts | (691,592)    | (682,407)    |
| Total receivables               | \$ 1,819,291 | \$ 1,353,484 |

**Payables**

Primary institution payables at August 31, 2008 and 2007 were as follows:

|                               | 2008       | 2007       |
|-------------------------------|------------|------------|
| Vendors payable               | \$ 359,405 | \$ 335,546 |
| Salaries and benefits payable | 218,409    | 209,114    |
| Student payables              | 11,880     | 41,460     |
| Sales tax payable             | 109,559    | 99,132     |
| Total                         | \$ 699,253 | \$ 685,252 |

**15. FUNDS HELD IN TRUST BY OTHERS**

The balances or transactions of funds held in trust by others on behalf of the District are not reflected in the financial statements. There were no such funds for the benefit of the District at August 31, 2008 or 2007.

**16. CONTRACT AND GRANT AWARDS**

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant award funds already committed, e.g., multi-year awards, or funds awarded during fiscal year 2008 for which monies have not been received nor funds expended, included \$261,780 of state awards and \$95,308 of federal awards.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**17. SELF-INSURED PLANS**

The District did not participate in any self-insured plans during fiscal years 2008 or 2007.

**18. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee varies based upon coverage category. Monthly contributions were \$360.54 and \$360.54 for "Employee Only" coverage, \$566.57 and \$566.57 for "Employee and Spouse" coverage, \$498.49 and \$498.49 for "Employee and Children" coverage, and \$704.52 and \$704.52 for "Employee and Family" coverage for the years ended August 31, 2008 and 2007, respectively. Contributions totaled \$2,038,702 and \$2,038,702 for the years ended August 31, 2008 and 2007, respectively. The cost of providing those benefits for retirees was \$905,405 and \$901,993 for the years ended August 31, 2008 and 2007, respectively and for active employees was \$1,268,346 and \$1,136,709 in 2008 and 2007, respectively.

**19. AD VALOREM TAX**

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

|                                         | <b><u>August 31, 2008</u></b> | <b><u>August 31, 2007</u></b> |
|-----------------------------------------|-------------------------------|-------------------------------|
| Assessed Valuation of the District:     | \$3,377,204,266               | \$3,071,016,877               |
| Less: Exemptions and Abatements         | <u>165,814,121</u>            | <u>131,881,955</u>            |
| Net Assessed Valuation of the District  | <u>\$3,211,390,145</u>        | <u>\$2,939,134,922</u>        |
|                                         | <b><u>FY 2008</u></b>         | <b><u>FY 2007</u></b>         |
|                                         | <b><u>Current</u></b>         | <b><u>Current</u></b>         |
|                                         | <b><u>Operations</u></b>      | <b><u>Operations</u></b>      |
| Tax Rate per \$100 valuation authorized | 0.2000                        | 0.2000                        |
| Tax Rate per \$100 valuation assessed   | 0.1640                        | 0.1640                        |

There were no taxes authorized or assessed for debt service at August 31, 2008 or 2007. Taxes levied for the years ended August 31, 2008 and 2007, were \$5,266,680 and \$4,820,181, respectively (which includes penalty and interest if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**19. AD VALOREM TAX - Continued**

|                                               | <u>August 31, 2008</u> | <u>August 31, 2007</u> |
|-----------------------------------------------|------------------------|------------------------|
| <b>Taxes Collected for Current Operations</b> |                        |                        |
| Current taxes                                 | \$ 4,987,873           | \$ 4,670,623           |
| Delinquent taxes                              | 125,546                | 134,539                |
| Penalties, interest and fees                  | <u>127,229</u>         | <u>50,058</u>          |
| Total collections                             | <u>\$ 5,240,648</u>    | <u>\$ 4,855,220</u>    |

Tax collections were 95% and 97% of the current tax levy for the years ended August 31, 2008 and 2007, respectively. There were no tax collections for debt service. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes.

**20. INCOME TAXES**

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

**21. RELATED PARTIES**

The Kilgore College Foundation (Foundation) is a nonprofit organization with the sole purpose of supporting educational, scientific and charitable purposes in order to promote and support the District. The Kilgore College District does not appoint a voting majority nor does it fund or is obligated to pay debt related to this Foundation. However, the District does have the ability to significantly influence the policies of this Foundation. The Foundation is incorporated and chartered entirely separate from the College, with separate management and control, and a separate Board of Directors. The Foundation solicits donations and acts as coordinator of gifts made by other parties. The Foundation contributed gifts of \$75,400 to the District during the year ended August 31, 2008, and gifts of \$122,719 during the year ended August 31, 2007. During both fiscal years, the District furnished certain services, such as office space, utilities and staff assistance to the Foundation. These facilities and services are not required to be repaid.

**22. SALE OF FM RADIO STATION (KTPB)**

During the year ended August 31, 2007, the District closed on the sale of its interest in KTPB FM 88.7, a public broadcast radio station. The District recognized a gain of \$1,899,485 on the sale, which is reported in the accompanying statement of revenues, expenses and changes in net assets. In connection with the sale, the District received cash and a note receivable. The note, to be received over ten years with interest at 5.25%, had an outstanding balance at August 31, 2008 and 2007 of \$1,410,033 and \$1,538,329, respectively.



KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**23. STORM DAMAGE AND RELATED INSURANCE**

In March 2008, seven of the District's buildings were damaged in a hail storm. Repairs are in process and are estimated to total approximately \$2,500,000. The District is in negotiations with the insurance carrier, and expects to receive total insurance proceeds between \$1,200,000 and \$2,000,000. At August 31, 2008, the District had expended \$261,018, which is included in other non-operating expenditures on Exhibit 2. Insurance proceeds received through August 31, 2008 totaled \$803,559, and are included in non-operating revenues on Exhibit 2.

**24. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

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

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

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

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

The District's contributions to SRHP for the years ended August 31, 2008, 2007 and 2006 were \$905,405, \$901,993 and \$817,079, respectively.

KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

**25. COMMITMENTS AND CONTINGENT LIABILITIES**

In the ordinary course of business, the District has various outstanding commitments and contingent liabilities that are not reflected in the accompanying financial statements. Several of the District's buildings contain asbestos, which will need to be removed at the time these buildings are renovated or destroyed. The District has no current plans regarding these buildings and the cost of abatement cannot be reasonably determined at this time. There were no commitments outstanding at August 31, 2008 that would be expected to have a significant impact on the financial statements.

**REQUIRED SUPPLEMENTAL SCHEDULES**

**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**  
**SCHEDULE OF OPERATING REVENUES**  
**For the Year Ended August 31, 2008 (With Memorandum Totals for the Year Ended August 31, 2007)**

|                                             | Unrestricted       | Restricted | Total<br>Educational<br>Activities | Auxiliary<br>Enterprises | FY08<br>Total      | FY07<br>Total      |
|---------------------------------------------|--------------------|------------|------------------------------------|--------------------------|--------------------|--------------------|
| <b>TUITION</b>                              |                    |            |                                    |                          |                    |                    |
| State funded courses                        |                    |            |                                    |                          |                    |                    |
| In-district resident tuition                | \$ 668,081         | \$ -       | \$ 668,081                         | \$ -                     | \$ 668,081         | \$ 609,374         |
| Out-of-district resident tuition            | 1,524,483          | -          | 1,524,483                          | -                        | 1,524,483          | 1,314,863          |
| TPEG (set aside)*                           | 146,398            | -          | 146,398                            | -                        | 146,398            | 128,469            |
| Non-resident tuition                        | 370,196            | -          | 370,196                            | -                        | 370,196            | 283,470            |
| State funded continuing education           | 1,059,531          | -          | 1,059,531                          | -                        | 1,059,531          | 1,041,156          |
| Non-state funded continuing education       | 30,415             | -          | 30,415                             | -                        | 30,415             | 21,902             |
| Total tuition                               | <u>3,799,104</u>   | <u>-</u>   | <u>3,799,104</u>                   | <u>-</u>                 | <u>3,799,104</u>   | <u>3,399,234</u>   |
| <b>FEES</b>                                 |                    |            |                                    |                          |                    |                    |
| General education fees                      | 2,123,982          | -          | 2,123,982                          | 466,240                  | 2,590,222          | 2,368,319          |
| Out-of-district fees                        | 3,952,678          | -          | 3,952,678                          | -                        | 3,952,678          | 3,398,162          |
| Laboratory fees                             | 457,327            | -          | 457,327                            | -                        | 457,327            | 389,832            |
| Testing fees                                | 124,099            | -          | 124,099                            | -                        | 124,099            | 110,180            |
| Administrative fees                         | 35,726             | -          | 35,726                             | -                        | 35,726             | 38,730             |
| Special services fees                       | 168,567            | -          | 168,567                            | -                        | 168,567            | 176,345            |
| Orientation fees                            | 65,285             | -          | 65,285                             | -                        | 65,285             | 73,763             |
| Distance learning fees                      | 21,412             | -          | 21,412                             | -                        | 21,412             | 4,959              |
| Total fees                                  | <u>6,949,076</u>   | <u>-</u>   | <u>6,949,076</u>                   | <u>466,240</u>           | <u>7,415,316</u>   | <u>6,560,290</u>   |
| <b>SCHOLARSHIP ALLOWANCES AND DISCOUNTS</b> |                    |            |                                    |                          |                    |                    |
| Remissions and exemptions - state           | (95,999)           | -          | (95,999)                           | (2,969)                  | (98,968)           | (102,463)          |
| Remissions and exemptions - local           | (21,254)           | -          | (21,254)                           | (657)                    | (21,911)           | (23,678)           |
| Federal grants to students                  | (2,684,690)        | -          | (2,684,690)                        | (83,032)                 | (2,767,722)        | (2,429,707)        |
| TPEG awards                                 | (73,139)           | -          | (73,139)                           | (2,262)                  | (75,401)           | (80,923)           |
| Texas grants                                | (245,332)          | -          | (245,332)                          | (7,588)                  | (252,920)          | (237,139)          |
| Miscellaneous state grants                  | (142,573)          | -          | (142,573)                          | (4,409)                  | (146,982)          | (137,819)          |
| Local scholarships                          | (538,329)          | -          | (538,329)                          | (16,649)                 | (554,978)          | (466,888)          |
| Total scholarship and allowances            | <u>(3,801,316)</u> | <u>-</u>   | <u>(3,801,316)</u>                 | <u>(117,566)</u>         | <u>(3,918,882)</u> | <u>(3,478,617)</u> |
| Total net tuition and fees                  | <u>6,946,864</u>   | <u>-</u>   | <u>6,946,864</u>                   | <u>348,674</u>           | <u>7,295,538</u>   | <u>6,480,907</u>   |

\*In accordance with Education Code 56.033, \$146,398 and \$128,469 for years August 31, FY08 and FY07, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**  
**SCHEDULE OF OPERATING REVENUES**  
**For the Year Ended August 31, 2008 (With Memorandum Totals for the Year Ended August 31, 2007)**  
**CONTINUED**

|                                              | Unrestricted        | Restricted          | Total<br>Educational<br>Activities | Auxiliary<br>Enterprises | FY08<br>Total                       | FY07<br>Total                       |
|----------------------------------------------|---------------------|---------------------|------------------------------------|--------------------------|-------------------------------------|-------------------------------------|
| <b>OTHER OPERATING REVENUES</b>              |                     |                     |                                    |                          |                                     |                                     |
| Federal grants and contracts                 | \$ -                | \$ 7,849,990        | \$ 7,849,990                       | \$ -                     | \$ 7,849,990                        | \$ 6,910,021                        |
| State grants and contracts                   |                     | 1,908,269           | 1,908,269                          | -                        | 1,908,269                           | 743,370                             |
| Nongovernmental grants and contracts         | 356,226             | 122,023             | 478,249                            | -                        | 478,249                             | 444,087                             |
| Sales and services of educational activities | 124,393             | -                   | 124,393                            | -                        | 124,393                             | 124,864                             |
| Other operating revenues                     | 178,974             | -                   | 178,974                            | -                        | 178,974                             | 68,608                              |
| Total other operating revenues               | <u>659,593</u>      | <u>9,880,282</u>    | <u>10,539,875</u>                  | <u>-</u>                 | <u>10,539,875</u>                   | <u>8,290,950</u>                    |
| <b>AUXILIARY ENTERPRISES</b>                 |                     |                     |                                    |                          |                                     |                                     |
| Bookstore                                    | -                   | -                   | -                                  | 3,151,254                | 3,151,254                           | 2,680,429                           |
| Scholarship allowances and discounts         | -                   | -                   | -                                  | (928,578)                | (928,578)                           | (818,178)                           |
| Net bookstore                                | <u>-</u>            | <u>-</u>            | <u>-</u>                           | <u>2,222,676</u>         | <u>2,222,676</u>                    | <u>1,862,251</u>                    |
| Dormitories                                  | -                   | -                   | -                                  | 917,094                  | 917,094                             | 836,577                             |
| Scholarship allowances and discounts         | -                   | -                   | -                                  | (441,066)                | (441,066)                           | (341,436)                           |
| Net dormitories                              | <u>-</u>            | <u>-</u>            | <u>-</u>                           | <u>476,028</u>           | <u>476,028</u>                      | <u>495,141</u>                      |
| Cafeteria                                    | -                   | -                   | -                                  | 945,272                  | 945,272                             | 854,639                             |
| Scholarship allowances and discounts         | -                   | -                   | -                                  | (176,108)                | (176,108)                           | (268,428)                           |
| Net cafeteria                                | <u>-</u>            | <u>-</u>            | <u>-</u>                           | <u>769,164</u>           | <u>769,164</u>                      | <u>586,211</u>                      |
| Athletics                                    | -                   | -                   | -                                  | 70,102                   | 70,102                              | 31,021                              |
| East Texas Oil Museum                        | -                   | -                   | -                                  | 216,985                  | 216,985                             | 202,155                             |
| Texas Shakespeare Festival                   | -                   | -                   | -                                  | 277,275                  | 277,275                             | 157,607                             |
| Child Development Center                     | -                   | -                   | -                                  | 82,747                   | 82,747                              | 65,246                              |
| Fitness Center                               | -                   | -                   | -                                  | 184,790                  | 184,790                             | 173,299                             |
| Student activities                           | -                   | -                   | -                                  | 38,291                   | 38,291                              | 29,209                              |
| Total net auxiliary enterprises              | <u>-</u>            | <u>-</u>            | <u>-</u>                           | <u>4,338,058</u>         | <u>4,338,058</u>                    | <u>3,602,140</u>                    |
| Total operating revenues                     | <u>\$ 7,606,457</u> | <u>\$ 9,880,282</u> | <u>\$ 17,486,739</u>               | <u>\$ 4,686,732</u>      | <u>\$ 22,173,471</u><br>(Exhibit 2) | <u>\$ 18,373,997</u><br>(Exhibit 2) |

**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**  
**SCHEDULE OF OPERATING EXPENSES BY OBJECT**  
For the Year Ended August 31, 2008 (With Memorandum Totals for the Year Ended August 31, 2007)

|                                              | Operating Expenses    |                     |                     |                     |                                    | FY08<br>Total                      | FY07<br>Total |
|----------------------------------------------|-----------------------|---------------------|---------------------|---------------------|------------------------------------|------------------------------------|---------------|
|                                              | Salaries<br>and Wages | Benefits            |                     | Other<br>Expenses   |                                    |                                    |               |
|                                              |                       | State               | Local               |                     |                                    |                                    |               |
| Unrestricted - Educational Activities        |                       |                     |                     |                     |                                    |                                    |               |
| Instruction                                  | \$ 9,546,004          | \$ -                | \$ 318,634          | \$ 1,000,663        | \$ 10,865,301                      | \$ 11,263,177                      |               |
| Public service                               | 81,357                | -                   | 2,429               | 114,779             | 198,565                            | 255,445                            |               |
| Academic support                             | 1,804,366             | -                   | 59,335              | 369,924             | 2,233,625                          | 2,281,217                          |               |
| Student services                             | 989,780               | -                   | 24,981              | 333,997             | 1,348,758                          | 1,309,101                          |               |
| Institutional support                        | 1,936,555             | -                   | 397,682             | 1,448,706           | 3,782,943                          | 3,776,824                          |               |
| Operation and maintenance of plant           | 1,028,365             | -                   | 294,412             | 1,876,016           | 3,198,793                          | 3,194,648                          |               |
| Scholarship and fellowships                  | -                     | -                   | -                   | 37,166              | 37,166                             | 20,479                             |               |
| Total unrestricted educational activities    | <u>15,386,427</u>     | <u>-</u>            | <u>1,097,473</u>    | <u>5,181,251</u>    | <u>21,665,151</u>                  | <u>22,100,891</u>                  |               |
| Restricted - Educational Activities          |                       |                     |                     |                     |                                    |                                    |               |
| Instruction                                  | 487,384               | 1,985,298           | 39,313              | 921,194             | 3,433,189                          | 2,335,427                          |               |
| Public service                               | 303,212               | 16,920              | 56,954              | 192,897             | 569,983                            | 358,447                            |               |
| Academic support                             | 19,893                | 375,257             | 60                  | 28,761              | 423,971                            | 472,222                            |               |
| Student services                             | 365,418               | 205,846             | 68,590              | 307,128             | 946,982                            | 904,253                            |               |
| Institutional support                        | 19,771                | 402,749             | -                   | -                   | 422,520                            | 400,057                            |               |
| Operation and maintenance of plant           | 661                   | -                   | -                   | -                   | 661                                | 2,557                              |               |
| Scholarships and fellowships                 | -                     | -                   | -                   | 2,743,802           | 2,743,802                          | 2,263,647                          |               |
| Total restricted educational activities      | <u>1,196,339</u>      | <u>2,986,070</u>    | <u>164,917</u>      | <u>4,193,782</u>    | <u>8,541,108</u>                   | <u>6,736,610</u>                   |               |
| Total educational activities                 | 16,582,766            | 2,986,070           | 1,262,390           | 9,375,033           | 30,206,259                         | 28,837,501                         |               |
| Auxiliary enterprises                        | 782,368               | -                   | 144,326             | 4,926,358           | 5,853,052                          | 5,710,663                          |               |
| Depreciation expense:                        |                       |                     |                     |                     |                                    |                                    |               |
| Buildings and other real estate improvements | -                     | -                   | -                   | 866,071             | 866,071                            | 866,554                            |               |
| Equipment and furniture                      | -                     | -                   | -                   | 369,559             | 369,559                            | 343,112                            |               |
| Total operating expenses                     | <u>\$17,365,134</u>   | <u>\$ 2,986,070</u> | <u>\$ 1,406,716</u> | <u>\$15,537,021</u> | <u>\$37,294,941</u><br>(Exhibit 2) | <u>\$35,757,830</u><br>(Exhibit 2) |               |

## SCHEDULE C

**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**  
**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**

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

|                                     | Unrestricted         | Restricted          | Auxiliary<br>Enterprises | FY08<br>Total        | FY07<br>Total        |
|-------------------------------------|----------------------|---------------------|--------------------------|----------------------|----------------------|
| <b>NON-OPERATING REVENUES</b>       |                      |                     |                          |                      |                      |
| State Appropriations:               |                      |                     |                          |                      |                      |
| Education and general state support | \$ 10,480,707        | \$ -                | \$ -                     | \$ 10,480,707        | \$ 10,170,124        |
| State group insurance               | -                    | 2,173,874           | -                        | 2,173,874            | 2,038,702            |
| State retirement matching           | -                    | 812,196             | -                        | 812,196              | 749,244              |
| Total state appropriations          | <u>10,480,707</u>    | <u>2,986,070</u>    | <u>-</u>                 | <u>13,466,777</u>    | <u>12,958,070</u>    |
| Maintenance ad valorem taxes        | 5,012,152            | -                   | -                        | 5,012,152            | 4,967,509            |
| Gifts                               | 412,157              | 161,397             | 257,732                  | 831,286              | 954,811              |
| Investment income                   | 474,520              | 15,004              | 6,089                    | 495,613              | 612,483              |
| Endowment income                    | -                    | 281,774             | -                        | 281,774              | 315,321              |
| Insurance proceeds                  | 803,559              | -                   | -                        | 803,559              | -                    |
| Gain on sale of radio station       | -                    | -                   | -                        | -                    | 1,899,485            |
| Other non-operating revenue         | 48,237               | -                   | -                        | 48,237               | 2,638                |
| Total non-operating revenues        | <u>17,231,332</u>    | <u>3,444,245</u>    | <u>263,821</u>           | <u>20,939,398</u>    | <u>21,710,317</u>    |
| <b>NON-OPERATING EXPENSES</b>       |                      |                     |                          |                      |                      |
| Interest on capital related debt    | 189,341              | -                   | -                        | 189,341              | 300,725              |
| Disposal of fixed assets            | 28,080               | -                   | -                        | 28,080               | 20,040               |
| Bond refinancing expense            | -                    | -                   | -                        | -                    | 44,468               |
| Other non-operating expenses        | 324,092              | 3,428               | -                        | 327,520              | 122,938              |
| Total non-operating expenses        | <u>541,513</u>       | <u>3,428</u>        | <u>-</u>                 | <u>544,941</u>       | <u>488,171</u>       |
| Net non-operating revenues          | <u>\$ 16,689,819</u> | <u>\$ 3,440,817</u> | <u>\$ 263,821</u>        | <u>\$ 20,394,457</u> | <u>\$ 21,222,146</u> |
|                                     |                      |                     |                          | (Exhibit 2)          | (Exhibit 2)          |

## SCHEDULE D

**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**  
**SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY**  
**For the Year Ended August 31, 2008**

|                                       | Detail by Source    |                   |                     |                                                           | Available for Current Operations   |                     |                     |
|---------------------------------------|---------------------|-------------------|---------------------|-----------------------------------------------------------|------------------------------------|---------------------|---------------------|
|                                       | Unrestricted        | Restricted        |                     | Capital Assets<br>Net of Depreciation<br>and Related Debt | Total                              | Yes                 | No                  |
|                                       |                     | Expendable        | Non-Expendable      |                                                           |                                    |                     |                     |
| Current:                              |                     |                   |                     |                                                           |                                    |                     |                     |
| Unrestricted                          | \$ 6,726,681        | \$ -              | \$ -                | \$ -                                                      | \$ 6,726,681                       | \$ 6,726,681        | \$ -                |
| Restricted                            | -                   | 504,433           | -                   | -                                                         | 504,433                            | 504,433             | -                   |
| Auxiliary enterprises                 | 1,461,860           | -                 | -                   | -                                                         | 1,461,860                          | 1,461,860           | -                   |
| Endowment                             | -                   | 1,211,708         | 5,520,414           | -                                                         | 6,732,122                          | -                   | 6,732,122           |
| Plant:                                |                     |                   |                     |                                                           |                                    |                     |                     |
| Unexpended                            | 6,278,029           | -                 | -                   | -                                                         | 6,278,029                          | -                   | 6,278,029           |
| Debt Service                          | -                   | 429,266           | -                   | -                                                         | 429,266                            | -                   | 429,266             |
| Investment in plant                   | -                   | -                 | -                   | 33,062,167                                                | 33,062,167                         | -                   | 33,062,167          |
| Total net assets, August 31, 2008     | 14,466,570          | 2,145,407         | 5,520,414           | 33,062,167                                                | 55,194,558                         | 8,692,974           | 46,501,584          |
| Total net assets, August 31, 2007     | 10,002,452          | 1,693,192         | 5,641,080           | 32,584,847                                                | 49,921,571<br>(Exhibit 1)          | 7,536,232           | 42,385,339          |
| Net increase (decrease) in net assets | <u>\$ 4,464,118</u> | <u>\$ 452,215</u> | <u>\$ (120,666)</u> | <u>\$ 477,320</u>                                         | <u>\$ 5,272,987</u><br>(Exhibit 2) | <u>\$ 1,156,742</u> | <u>\$ 4,116,245</u> |



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**HENRY & PETERS, PC**  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees  
Kilgore Junior College District  
Kilgore, Texas

**Independent Auditors' Report**

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

Members of the Board:

We have audited the basic financial statements of Kilgore Junior College District, as of and for the years ended August 31, 2008 and 2007, and have issued our report thereon dated November 25, 2008. We conducted our audits in accordance with U.S. generally accepted auditing standards 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 Kilgore Junior College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kilgore Junior College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Kilgore Junior College District's internal control over financial reporting.

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

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

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

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether Kilgore Junior College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

### **Public Funds Investment Act**

We have performed tests designed to verify Kilgore Junior College District's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2008, no instances of noncompliance were found.

This report is intended for the information of the Board of Trustees, administrators, the Texas Higher Education Coordinating Board, the Texas Education Agency, the U. S. Department of Education, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Henry E. Peters, P.C.*

Tyler, Texas  
November 25, 2008

**HENRY & PETERS, PC**  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees  
Kilgore Junior College District  
Kilgore, Texas

**Independent Auditors' Report**

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

Members of the Board:

**Compliance**

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

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Texas Single Audit Circular (STSAC). 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 Kilgore Junior College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

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

## Internal Control Over Compliance

The administration of Kilgore Junior College District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 District's internal control over compliance.

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

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

Our consideration of the internal control over compliance would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We considered the control deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control. See Findings 08-A and 08-B.

This report is intended for the information of the Board of Trustees, administrators, the Texas Higher Education Coordinating Board, the Texas Education Agency, the U. S. Department of Education and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Harry E. Peters, P.C.

Tyler, Texas  
November 25, 2008

**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2008**

**SCHEDULE E**

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title/Program Period | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Pass-Through<br>Disbursements<br>and<br>Expenditures |
|---------------------------------------------------------------------------|---------------------------|-------------------------------------|------------------------------------------------------|
| <b><u>U.S. Department of Education</u></b>                                |                           |                                     |                                                      |
| Direct Programs:                                                          |                           |                                     |                                                      |
| SEOG Grant                                                                | 84.007 *                  |                                     | \$ 69,881                                            |
| Federal College Workstudy Program                                         | 84.033 *                  |                                     | 154,007                                              |
| TRIO - Student Support Services                                           | 84.042 **                 |                                     | 218,636                                              |
| TRIO - Upward Bound                                                       | 84.047 **                 |                                     | 154,692                                              |
| Pell Grant Program                                                        | 84.063 *                  |                                     | 6,160,522                                            |
| Academic Competiveness Grant                                              | 84.375 *                  |                                     | 169,725                                              |
| Passed-Through From:                                                      |                           |                                     |                                                      |
| Texas Education Agency Adult Education                                    | 84.002 *                  | 80100017110194                      | 307,073                                              |
| Texas Higher Education Coordinating Board<br>Carl Perkins Voc. Ed.        | 84.048                    | 84223                               | 506,592                                              |
| Leveraging Educational Assistance Partnership (LEAP)                      | 84.069A                   |                                     | 7,498                                                |
| Special Leveraging Educational Assistance Partnership (SLEAP)             | 84.069B                   |                                     | 9,945                                                |
| Robert C. Byrd Honors Scholarships                                        | 84.185A                   |                                     | 750                                                  |
| Total U.S. Department of Education                                        |                           |                                     | <u>7,759,321</u>                                     |
| <b><u>U.S. Small Business Administration</u></b>                          |                           |                                     |                                                      |
| Passed Through Dallas County Community College<br>SBDC - Federal          | 59.037                    | 8-603001-Z-0046-22                  | 78,328                                               |
| Total - U.S. Small Business Administration                                |                           |                                     | <u>78,328</u>                                        |
| <b><u>U.S. Department of Health and Human Services</u></b>                |                           |                                     |                                                      |
| Passed through Texas Education Agency<br>Adult Education - TANF           | 93.558                    | 80110017110180                      | 12,341                                               |
| Total - U.S. Department of Health and Human Services                      |                           |                                     | <u>12,341</u>                                        |
| Total Federal Financial Assistance                                        |                           |                                     | <u>\$ 7,849,990</u>                                  |
| * Denotes major program                                                   |                           |                                     |                                                      |
| ** Denotes TRIO Cluster Program                                           |                           |                                     |                                                      |
| <b><u>Note 1: Federal Assistance Reconciliation</u></b>                   |                           |                                     |                                                      |
| Federal Grants and Contracts Revenue per Schedule A                       |                           |                                     | <u>\$ 7,849,990</u>                                  |

**Note 2: Significant accounting policies used in preparing schedules**

The expenditures included in the Schedule are reported on the District fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the District for the purpose 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 District has followed all applicable guidelines by various entities in the preparations of the schedule.

**Note 3: Student Loans Processed and Administrative Costs Recovered - if not included in schedule**

| Federal Grantor<br>CFDA Number/Program Name                            | New Loans<br>Processed | Administrative<br>Cost<br>Recovered | Total Loans<br>Processed and Admin<br>Cost Recovered |
|------------------------------------------------------------------------|------------------------|-------------------------------------|------------------------------------------------------|
| U.S. Department of Education<br>84.032* Federal Family Education Loans | <u>\$ 4,013,521</u>    | <u>\$ -</u>                         | <u>\$ 4,013,521</u>                                  |

**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended August 31, 2008**

**SCHEDULE F**

| <u>Pass-Through Grantor/Program Title</u>                 | <u>Grant<br/>Contract<br/>Number</u> | <u>Pass-Through<br/>Disbursements<br/>and<br/>Expenditures</u> |
|-----------------------------------------------------------|--------------------------------------|----------------------------------------------------------------|
| Texas Education Agency                                    |                                      |                                                                |
| Adult Basic Education                                     | 80100017110194                       | \$ 62,668                                                      |
| TANF                                                      | 80110017110180                       | 13,634                                                         |
| Dallas County Community College District                  |                                      |                                                                |
| Small Business Development Center                         | 8-603001-Z-0046-22                   | 149,700                                                        |
| Texas Higher Education Coordinating Board                 |                                      |                                                                |
| Texas Grant *                                             |                                      | 523,541                                                        |
| EHS Graduate                                              |                                      | 42,786                                                         |
| Educational Aid                                           |                                      | 45,377                                                         |
| Professional Nursing Shortage Reduction Program           |                                      | 177,859                                                        |
| P-16 College Readiness Grant                              |                                      | 5,203                                                          |
| Texas Opportunity Grant                                   |                                      | 58,820                                                         |
| Professional Nursing Scholarship                          |                                      | 500                                                            |
| Texas Workforce Commission                                |                                      |                                                                |
| Bass Engineering Training Project                         | 0807SDF005                           | 5,901                                                          |
| Convergys Customer Management *                           | 0807SDF007                           | 406,725                                                        |
| Key Energy                                                | 0807SDF009                           | 107,107                                                        |
| Orgill, Inc.                                              | 0807SDF000                           | 268,994                                                        |
| QC Manufacturing and Near Boar Resources Training Project | 0807SDF004                           | 39,454                                                         |
| Total State Financial Assistance                          |                                      | <u>\$ 1,908,269</u>                                            |

\* Denotes major program

**Note 1: State Assistance Reconciliation**

|                               |                     |
|-------------------------------|---------------------|
| State Financial Assistance    | <u>\$ 1,908,269</u> |
| State Revenues per Schedule A | <u>\$ 1,908,269</u> |

**Note 2: Significant accounting policies used in preparing schedules**

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 to the financial statements for the Kilgore Junior College District's significant accounting policies. These expenditures are reported on the Kilgore Junior College District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

**Note 3: Student Loans Processed**

While not listed on the Schedule of Expenditures of State Awards, the District participated in the State College Access Loan Program. The dollar amounts are not listed in the Schedule of Expenditures of State Awards, as the District is not the recipient of the funds. Loan disbursements under such programs for the year ended August 31, 2008 totaled \$63,561.

**KILGORE JUNIOR COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended August 31, 2008**

**I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency(ies) identified that are not considered to be material weaknesses?  X  Yes \_\_\_\_\_

Type of auditors' report issued on compliance for major programs? Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A - 133?  X  Yes \_\_\_\_\_ No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program / Cluster</u> |
|-----------------------|------------------------------------------|
| Various               | Student Financial Assistance Cluster     |
| Various               | TRIO Cluster                             |
| 84.002                | Adult Education                          |

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

Auditee qualified as low - risk auditee?  X  Yes \_\_\_\_\_ No

State Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Type of auditors' report issued on compliance for major programs? Unqualified



**KILGORE JUNIOR COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended August 31, 2008  
CONTINUED**

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A - 133? \_\_\_\_\_ Yes   X   No

Identification of major programs:

|                        |                               |
|------------------------|-------------------------------|
| <u>Grant Number(s)</u> | <u>Name of State Program</u>  |
| N/A                    | Texas Grant                   |
| 0807SDF07              | Convergys Customer Management |

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

Auditee qualified as low - risk auditee? \_\_\_\_\_   X   Yes \_\_\_\_\_ No

**II. Financial Statement Findings**

No matters requiring reporting under Government Auditing Standards were noted.

**III. Federal Award Findings and Questioned Costs**

**08-A - Insufficient Documentation**

**CFDA Title:** TRIO - Upward Bound **CFDA Number:** 84.047

**Federal Agency:** U.S. Department of Education **Federal Award Year:** 07/08

*Type of Finding:* Significant deficiency in internal control over major program

**Criteria or Specific Requirement:**

Student participation in the program should be adequately documented in order to support stipend payments.

**Condition Found:**

Inadequate record keeping to support students participation in program activities and therefore the stipend payments made.

**Information to Provide Perspective:**

Student sign in sheets could not be provided to support the attendance records for all classes during the academic period or the summer sessions. Per discussion with program staff, sign in sheets were used in the classrooms and turned in to the program director at the end of the week. However, all of the sign in sheets could not be located during the audit.

**Possible Asserted Effect:**

If adequate documentation is not maintained to support the stipend payments, the grant risks being in noncompliance which could result in the District being required to transfer those expenses for unsupported stipend payments to the General Fund and not be reimbursed by the Grant Agency. Further, the District could lose the award for future periods.

**Recommendation:**

We recommend that student sign in sheets be used for all program activities and maintained to support attendance records and stipend payments.

**Corrective Action Plan:**

See attached Corrective Action Plan prepared by Kilgore Junior College District

**KILGORE JUNIOR COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended August 31, 2008**  
**CONTINUED**

**08-B - Expenditures in Excess of Allowable Costs**

**CFDA Title:** TRIO - Upward Bound

**CFDA Number:** 84.047

**Federal Agency:** U.S. Department of Education

**Federal Award Year:** 07/08

**Type of Finding:** Significant deficiency in internal control over major program

**Allowable Costs**

**Criteria or Specific Requirement:**

Personnel with knowledge of the activities allowed by the grant should expend grant funds only for items specifically identified and for the amount identified in the approved grant budget.

**Condition Found:**

It was noted during the course of the audit that expenses for program activities were in excess of the approved grant budget (for specific budget areas - not in total) and no action had been taken yet to request budget amendments to continue in compliance with the grant budget.

**Information to Provide Perspective:**

Per discussion with program staff, the travel budget for the student activities was not adequate to cover the expenses. Therefore, travel expenses were recorded to general supplies in order to continue program activities.

**Possible asserted effect:**

If costs are incurred that are in excess of the approved grant budget, the College may be expected to transfer those expenses to the General Fund and not be reimbursed by the Grant Agency. If the Grant Agency has already reimbursed the expenses prior to the discovery, the College may be expected to return the reimbursement.

**Recommendation:**

It is our recommendation that program staff, specifically the director and his/her supervisor, closely monitor the program expenses compared to the grant budget. If additional monies are needed in specific areas, the Grant Agency should be contacted prior to the overage to discuss the options available.

**Corrective Action Plan:**

See attached Corrective Action Plan prepared by Kilgore College.

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**KILGORE JUNIOR COLLEGE DISTRICT - KILGORE, TEXAS**  
**CORRECTIVE ACTION PLAN**  
**For the Year Ended August 31, 2008**

Audit Reference  
Number

08-A Program activity sign in sheets or attendance records will be used and properly maintained to support stipend payments.

08-B A new program director was hired November 10, 2008. The program director will monitor expenses and determine if a budget amendment is necessary. Account structure will be reviewed to determine if general ledger accounts can better reflect the grant categories. The program director and supervisor will be more attentive to the appropriate classification when charging expenditures.

Name of Contact Person: Duane J. McNaney, Vice President of Administrative Services

Date: December 3, 2008

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**STATISTICAL SUPPLEMENT (UNAUDITED)**

**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 1  
NET ASSETS BY COMPONENT  
FISCAL YEARS 2002 TO 2008**

(UNAUDITED)  
(amounts expressed in thousands)

|                                                 | For the Year Ended August 31, |                  |                  |                  |                  |                  |                  |
|-------------------------------------------------|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                                 | 2008                          | 2007             | 2006             | 2005             | 2004             | 2003             | 2002             |
| Invested in capital assets, net of related debt | \$ 33,062                     | \$ 32,585        | \$ 32,913        | \$ 27,376        | \$ 24,073        | \$ 21,977        | \$ 21,464        |
| Restricted - expendable                         | 2,145                         | 1,693            | 1,435            | 2,259            | 1,493            | 1,221            | 920              |
| Restricted - nonexpendable                      | 5,520                         | 5,641            | 5,310            | 5,193            | 4,998            | 4,971            | 5,161            |
| Unrestricted                                    | 14,467                        | 10,003           | 6,425            | 6,434            | 9,211            | 9,418            | 8,576            |
| <b>Total primary government net assets</b>      | <b>\$ 55,194</b>              | <b>\$ 49,922</b> | <b>\$ 46,083</b> | <b>\$ 41,262</b> | <b>\$ 39,775</b> | <b>\$ 37,587</b> | <b>\$ 36,121</b> |

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

**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 2  
REVENUE BY SOURCE  
FISCAL YEARS 2002 TO 2008**

(UNAUDITED)

| For the Year Ended August 31,                |                  |                  |                  |                  |                  |                  |                  |
|----------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| (amounts expressed in thousands)             |                  |                  |                  |                  |                  |                  |                  |
|                                              | 2008             | 2007             | 2006             | 2005             | 2004             | 2003             | 2002             |
| Tuition and Fees (Net of Discounts)          | \$ 6,947         | \$ 6,215         | \$ 5,341         | \$ 4,983         | \$ 4,447         | \$ 4,003         | \$ 3,755         |
| Federal Grants and Contracts                 | 7,849            | 6,910            | 7,090            | 7,319            | 7,433            | 6,712            | 5,471            |
| State Grants and Contracts                   | 1,908            | 743              | 575              | 543              | 485              | 886              | 1,024            |
| Non-Governmental Grants and Contracts        | 478              | 444              | 471              | 445              | 412              | 507              | 277              |
| Sales and services of educational activities | 124              | 125              | 122              | 143              | 118              | 104              | 67               |
| Investment Income-restricted                 | -                | -                | -                | -                | -                | 3                | 4                |
| Auxiliary enterprises                        | 4,687            | 3,868            | 3,519            | 3,391            | 3,135            | 3,095            | 2,977            |
| Other Operating Revenues                     | 179              | 69               | 54               | 105              | 117              | 81               | 479              |
| <b>Total Operating Revenues</b>              | <u>22,172</u>    | <u>18,374</u>    | <u>17,172</u>    | <u>16,929</u>    | <u>16,147</u>    | <u>15,391</u>    | <u>14,054</u>    |
| State Appropriations                         | 13,467           | 12,958           | 12,851           | 12,450           | 12,473           | 13,379           | 13,953           |
| Maintenance Ad Valorem Taxes                 | 5,012            | 4,968            | 4,421            | 3,944            | 3,833            | 3,332            | 3,294            |
| Gifts                                        | 831              | 955              | 4,259            | 769              | 1,158            | 399              | 455              |
| Investment income                            | 496              | 612              | 664              | 321              | 121              | 358              | 305              |
| Endowment income                             | 282              | 315              | 236              | 121              | 133              | 402              | 394              |
| Insurance proceeds                           | 804              | -                | -                | -                | -                | -                | -                |
| Other non-operating revenues                 | 48               | 1,902            | 1                | 12               | 33               | 40               | 155              |
| <b>Total Non-Operating Revenues</b>          | <u>20,940</u>    | <u>21,710</u>    | <u>22,432</u>    | <u>17,617</u>    | <u>17,751</u>    | <u>17,910</u>    | <u>18,556</u>    |
| <b>Total Revenues</b>                        | <u>\$ 43,112</u> | <u>\$ 40,084</u> | <u>\$ 39,604</u> | <u>\$ 34,546</u> | <u>\$ 33,898</u> | <u>\$ 33,301</u> | <u>\$ 32,610</u> |
| Tuition and Fees (Net of Discounts)          | 16.11%           | 15.51%           | 13.49%           | 14.42%           | 13.12%           | 12.02%           | 11.52%           |
| Federal Grants and Contracts                 | 18.21%           | 17.24%           | 17.90%           | 21.19%           | 21.93%           | 20.16%           | 16.78%           |
| State Grants and Contracts                   | 4.43%            | 1.85%            | 1.45%            | 1.57%            | 1.43%            | 2.66%            | 3.14%            |
| Non-Governmental Grants and Contracts        | 1.11%            | 1.11%            | 1.19%            | 1.29%            | 1.21%            | 1.52%            | 0.85%            |
| Sales and services of educational activities | 0.29%            | 0.31%            | 0.31%            | 0.41%            | 0.35%            | 0.31%            | 0.20%            |
| Investment Income-restricted                 | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.01%            | 0.01%            |
| Auxiliary enterprises                        | 10.87%           | 9.65%            | 8.89%            | 9.82%            | 9.25%            | 9.29%            | 9.13%            |
| Other Operating Revenues                     | 0.41%            | 0.17%            | 0.13%            | 0.30%            | 0.34%            | 0.25%            | 1.47%            |
| <b>Total Operating Revenues</b>              | <u>51.43%</u>    | <u>45.84%</u>    | <u>43.36%</u>    | <u>49.00%</u>    | <u>47.63%</u>    | <u>46.22%</u>    | <u>43.10%</u>    |
| State Appropriations                         | 31.24%           | 32.33%           | 32.45%           | 36.04%           | 36.80%           | 40.18%           | 42.79%           |
| Maintenance Ad Valorem Taxes                 | 11.63%           | 12.39%           | 11.16%           | 11.42%           | 11.31%           | 10.01%           | 10.10%           |
| Gifts                                        | 1.93%            | 2.38%            | 10.75%           | 2.23%            | 3.42%            | 1.20%            | 1.40%            |
| Investment income                            | 1.15%            | 1.53%            | 1.68%            | 0.93%            | 0.36%            | 1.08%            | 0.93%            |
| Endowment income                             | 0.65%            | 0.79%            | 0.60%            | 0.35%            | 0.39%            | 1.21%            | 1.21%            |
| Insurance proceeds                           | 1.86%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            |
| Other non-operating revenues                 | 0.11%            | 4.74%            | 0.00%            | 0.03%            | 0.09%            | 0.10%            | 0.47%            |
| <b>Total Non-Operating Revenues</b>          | <u>48.57%</u>    | <u>54.16%</u>    | <u>56.64%</u>    | <u>51.00%</u>    | <u>52.37%</u>    | <u>53.78%</u>    | <u>56.90%</u>    |
| <b>Total Revenues</b>                        | <u>100.00%</u>   | <u>100.00%</u>   | <u>100.00%</u>   | <u>100.00%</u>   | <u>100.00%</u>   | <u>100.00%</u>   | <u>100.00%</u>   |

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



**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 3  
PROGRAM EXPENSES BY FUNCTION  
FISCAL YEARS 2002 TO 2008**

(UNAUDITED)

For the Year Ended August 31,

(amounts expressed in thousands)

|                                     | 2008             | 2007             | 2006             | 2005             | 2004             | 2003             | 2002             |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Instruction                         | \$ 14,298        | \$ 13,599        | \$ 12,554        | \$ 11,855        | \$ 10,891        | \$ 11,957        | \$ 11,267        |
| Public service                      | 769              | 614              | 828              | 773              | 756              | 781              | 854              |
| Academic support                    | 2,658            | 2,753            | 2,755            | 2,608            | 2,364            | 2,481            | 2,318            |
| Student services                    | 2,296            | 2,213            | 2,200            | 2,099            | 1,917            | 2,003            | 1,840            |
| Institutional support               | 4,205            | 4,177            | 3,805            | 3,945            | 3,500            | 3,526            | 3,903            |
| Operation and maintenance of plant  | 3,199            | 3,197            | 3,285            | 2,858            | 2,692            | 2,699            | 2,748            |
| Scholarships and fellowships        | 2,780            | 2,284            | 2,585            | 2,728            | 2,846            | 2,821            | 2,079            |
| Auxiliary enterprises               | 5,853            | 5,711            | 5,089            | 4,887            | 4,424            | 4,505            | 4,213            |
| Depreciation                        | 1,236            | 1,210            | 1,135            | 940              | 946              | 813              | 885              |
| <b>Total Operating Expenses</b>     | <b>37,294</b>    | <b>35,758</b>    | <b>34,236</b>    | <b>32,693</b>    | <b>30,336</b>    | <b>31,586</b>    | <b>30,107</b>    |
| Interest on capital related debt    | 189              | 301              | 268              | 236              | 237              | 249              | 247              |
| Loss on disposal of fixed assets    | 28               | 20               | 10               | 122              | 28               | -                | -                |
| Other non-operating expenses        | 328              | 167              | 274              | 9                | 133              | -                | -                |
| <b>Total Non-Operating Expenses</b> | <b>545</b>       | <b>488</b>       | <b>552</b>       | <b>367</b>       | <b>398</b>       | <b>249</b>       | <b>247</b>       |
| <b>Total Expenses</b>               | <b>\$ 37,839</b> | <b>\$ 36,246</b> | <b>\$ 34,788</b> | <b>\$ 33,060</b> | <b>\$ 30,733</b> | <b>\$ 31,835</b> | <b>\$ 30,354</b> |
| Instruction                         | 37.79%           | 37.52%           | 36.09%           | 35.86%           | 35.44%           | 37.56%           | 37.12%           |
| Public service                      | 2.03%            | 1.69%            | 2.38%            | 2.34%            | 2.46%            | 2.45%            | 2.81%            |
| Academic support                    | 7.02%            | 7.60%            | 7.92%            | 7.89%            | 7.69%            | 7.79%            | 7.64%            |
| Student services                    | 6.07%            | 6.11%            | 6.32%            | 6.35%            | 6.24%            | 6.29%            | 6.06%            |
| Institutional support               | 11.11%           | 11.52%           | 10.94%           | 11.93%           | 11.39%           | 11.08%           | 12.86%           |
| Operation and maintenance of plant  | 8.45%            | 8.82%            | 9.44%            | 8.65%            | 8.76%            | 8.48%            | 9.05%            |
| Scholarships and fellowships        | 7.35%            | 6.30%            | 7.43%            | 8.25%            | 9.26%            | 8.86%            | 6.85%            |
| Auxiliary enterprises               | 15.47%           | 15.76%           | 14.63%           | 14.78%           | 14.40%           | 14.15%           | 13.88%           |
| Depreciation                        | 3.27%            | 3.33%            | 3.26%            | 2.84%            | 3.07%            | 2.56%            | 2.92%            |
| <b>Total Operating Expenses</b>     | <b>98.56%</b>    | <b>98.65%</b>    | <b>98.41%</b>    | <b>98.89%</b>    | <b>98.71%</b>    | <b>99.22%</b>    | <b>99.19%</b>    |
| Interest on capital related debt    | 0.50%            | 0.83%            | 0.77%            | 0.71%            | 0.77%            | 0.78%            | 0.81%            |
| Loss on disposal of fixed assets    | 0.07%            | 0.06%            | 0.03%            | 0.37%            | 0.09%            | 0.00%            | 0.00%            |
| Other non-operating expenses        | 0.87%            | 0.46%            | 0.79%            | 0.03%            | 0.43%            | 0.00%            | 0.00%            |
| <b>Total Non-Operating Expenses</b> | <b>1.44%</b>     | <b>1.35%</b>     | <b>1.59%</b>     | <b>1.11%</b>     | <b>1.29%</b>     | <b>0.78%</b>     | <b>0.81%</b>     |
| <b>Total Expenses</b>               | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   |

**Note:** Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2007 are available.

KILGORE JUNIOR COLLEGE DISTRICT  
 STATISTICAL SUPPLEMENT 4  
 TUITION AND FEES  
 Last Ten Academic Years

(UNAUDITED)

|          |
|----------|
| Resident |
|----------|

Fees per Semester Credit Hour (SCH)

| Academic Year (Fall) | In-District Tuition | Out-of-Dist Tuition | Out-of-Dist Fee | In District Building Use Fee | Out-of-Dist Building Use Fees | Technology Fees | Gen Education Fee | Student Services 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 |
|----------------------|---------------------|---------------------|-----------------|------------------------------|-------------------------------|-----------------|-------------------|-----------------------|-----------------------------|---------------------------------|--------------------------------------|------------------------------------------|
| 2007-08              | \$ 21               | \$ 21               | \$ 47           | \$ -                         | \$ -                          | \$ -            | \$ 22             | \$ -                  | \$ 516                      | \$ 1,080                        | 2.38%                                | 3.45%                                    |
| 2006-07              | 20                  | 20                  | 45              | -                            | -                             | -               | 22                | -                     | 504                         | 1,044                           | 20.00%                               | 19.18%                                   |
| 2005-06              | 18                  | 18                  | 38              | -                            | -                             | -               | 17                | -                     | 420                         | 876                             | 2.94%                                | 4.29%                                    |
| 2004-05              | 17                  | 17                  | 36              | -                            | -                             | -               | 17                | -                     | 408                         | 840                             | 3.03%                                | 6.06%                                    |
| 2003-04              | 16                  | 16                  | 33              | -                            | -                             | -               | 17                | -                     | 396                         | 792                             | 6.45%                                | 17.86%                                   |
| 2002-03              | 14                  | 14                  | 25              | -                            | -                             | -               | 17                | -                     | 372                         | 672                             | 0.00%                                | 5.66%                                    |
| 2001-02              | 14                  | 14                  | 22              | 10                           | 10                            | 3               | 0                 | 4                     | 372                         | 636                             | 0.00%                                | 0.00%                                    |
| 2000-01              | 14                  | 14                  | 22              | 10                           | 10                            | 3               | 0                 | 4                     | 372                         | 636                             | 0.00%                                | 0.00%                                    |
| 1999-00              | 14                  | 14                  | 22              | 10                           | 10                            | 3               | 0                 | 4                     | 372                         | 636                             | 6.90%                                | 8.16%                                    |
| 1998-99              | 14                  | 14                  | 20              | 8                            | 8                             | 3               | 0                 | 4                     | 348                         | 588                             | 11.54%                               | 6.52%                                    |

|                |
|----------------|
| Non - Resident |
|----------------|

Fees per Semester Credit Hour (SCH)

| Academic Year (Fall) | Non-Resident Tuition Out of State | Out-of-District Fee | Building Use Fees | Technology Fees | Gen Education Fee | Student Services Fees | Cost for 12 SCH Out of State | Increase from Prior Year Out of State |
|----------------------|-----------------------------------|---------------------|-------------------|-----------------|-------------------|-----------------------|------------------------------|---------------------------------------|
| 2007-08              | \$ 53                             | \$ 47               | \$ -              | \$ -            | \$ 22             | \$ -                  | \$ 1,464                     | 4.27%                                 |
| 2006-07              | 50                                | 45                  | -                 | -               | 22                | -                     | 1,404                        | 15.84%                                |
| 2005-06              | 46                                | 38                  | -                 | -               | 17                | -                     | 1,212                        | 5.21%                                 |
| 2004-05              | 43                                | 36                  | -                 | -               | 17                | -                     | 1,152                        | 6.67%                                 |
| 2003-04              | 40                                | 33                  | -                 | -               | 17                | -                     | 1,080                        | 25.00%                                |
| 2002-03              | 30                                | 25                  | -                 | -               | 17                | -                     | 864                          | 4.35%                                 |
| 2001-02              | 30                                | 22                  | 10                | 3               | -                 | 4                     | 828                          | 0.00%                                 |
| 2000-01              | 30                                | 22                  | 10                | 3               | -                 | 4                     | 828                          | 0.00%                                 |
| 1999-00              | 30                                | 22                  | 10                | 3               | -                 | 4                     | 828                          | 6.15%                                 |
| 1998-99              | 30                                | 20                  | 8                 | 3               | -                 | 4                     | 780                          | 4.84%                                 |

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

**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 5  
ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY  
Last Ten Fiscal Years**

(UNAUDITED)

| Fiscal Year | (amounts expressed in thousands)  |                  |                                 | Ratio of Taxable<br>Assessed Value to<br>Assessed Value | Direct Rate                     |                  |                       |
|-------------|-----------------------------------|------------------|---------------------------------|---------------------------------------------------------|---------------------------------|------------------|-----------------------|
|             | Assessed Valuation of<br>Property | Less: Exemptions | Taxable Assessed<br>Value (TAV) |                                                         | Maintenance &<br>Operations (a) | Debt Service (a) | Total Direct Rate (a) |
| 2007-08     | \$ 3,377,204                      | \$ 165,814       | \$ 3,211,390                    | 95.09%                                                  | \$ 0.16400                      | 0.00000          | 0.16400               |
| 2006-07     | 3,055,914                         | 188,408          | 2,867,506                       | 93.83%                                                  | 0.16400                         | 0.00000          | 0.16400               |
| 2005-06     | 2,635,907                         | 130,507          | 2,505,400                       | 95.05%                                                  | 0.17400                         | 0.00000          | 0.17400               |
| 2004-05     | 2,344,797                         | 131,677          | 2,213,120                       | 94.38%                                                  | 0.17890                         | 0.00000          | 0.17890               |
| 2003-04     | 2,327,071                         | 327,789          | 1,999,282                       | 85.91%                                                  | 0.17890                         | 0.00000          | 0.17890               |
| 2002-03     | 2,339,222                         | 332,125          | 2,007,097                       | 85.80%                                                  | 0.16890                         | 0.00000          | 0.16890               |
| 2001-02     | 2,256,053                         | 318,385          | 1,937,668                       | 85.89%                                                  | 0.16890                         | 0.00000          | 0.16890               |
| 2000-01     | 2,053,659                         | 324,731          | 1,728,928                       | 84.19%                                                  | 0.16890                         | 0.00000          | 0.16890               |
| 1999-00     | 1,990,753                         | 311,720          | 1,679,033                       | 84.34%                                                  | 0.16890                         | 0.00000          | 0.16890               |
| 1998-99     | 1,848,271                         | 123,519          | 1,724,752                       | 93.32%                                                  | 0.16476                         | 0.00000          | 0.16476               |

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 6  
STATE ALLOCATIONS PER FTSE AND CONTACT HOUR  
Last Ten Fiscal Years**

(UNAUDITED)

| Fiscal Year | Appropriation per FTSE |          |                              | Appropriation per Contact Hour |                            |                     |                                      |
|-------------|------------------------|----------|------------------------------|--------------------------------|----------------------------|---------------------|--------------------------------------|
|             | State Appropriation    | FTSE     | State Appropriation per FTSE | Academic Contact Hours (a)     | Voc/Tech Contact Hours (b) | Total Contact Hours | State Appropriation per Contact Hour |
| 2007-08     | \$ 10,480,707          | \$ 4,121 | \$ 2,543                     | 1,688                          | 846                        | 2,534               | \$ 4.14                              |
| 2006-07     | 10,170,125             | 3,558    | 2,858                        | 1,564                          | 741                        | 2,305               | 4.41                                 |
| 2005-06     | 10,170,125             | 3,675    | 2,767                        | 1,656                          | 741                        | 2,397               | 4.24                                 |
| 2004-05     | 10,156,900             | 3,718    | 2,732                        | 1,688                          | 718                        | 2,406               | 4.22                                 |
| 2003-04     | 10,157,067             | 3,779    | 2,688                        | 1,714                          | 1,114                      | 2,828               | 3.59                                 |
| 2002-03     | 10,692,354             | 4,389    | 2,436                        | 1,646                          | 1,399                      | 3,046               | 3.51                                 |
| 2001-02     | 11,417,903             | 3,965    | 2,880                        | 1,510                          | 1,231                      | 2,741               | 4.17                                 |
| 2000-01     | 9,850,814              | 3,845    | 2,562                        | 1,388                          | 1,417                      | 2,805               | 3.51                                 |
| 1999-00     | 9,598,719              | 3,815    | 2,516                        | 1,330                          | 1,431                      | 2,761               | 3.48                                 |
| 1998-99     | 9,722,561              | 3,556    | 2,734                        | 1,294                          | 1,244                      | 2,539               | 3.83                                 |

Notes:

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

(a) Source CBM001

(b) Source CBM00A

**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 7  
PRINCIPAL TAXPAYERS  
2008  
(UNAUDITED)**

| Taxpayer                     | Type of<br>Type of Business | Taxable Assessed Value (TAV) by Tax Year |                         |                         |
|------------------------------|-----------------------------|------------------------------------------|-------------------------|-------------------------|
|                              |                             | 2007                                     | 2006                    | 2005                    |
| Halliburton Energy Services  | Oilfield service            | 75,420,732                               | 78,818,860              | 51,141,240              |
| TXOK Energy Resources Co.    | Oilfield service            | 54,876,829                               | 54,991,430              | 76,292,590              |
| B J Services Inc             | Oilfield service            | 36,753,659                               | 44,591,980              | 25,593,710              |
| Exxonmobile Corporation      | Oilfield service            | 69,169,512                               | 43,615,100              | 60,642,160              |
| Geo-Vest of Texas            | Oilfield service            | 36,837,805                               | 34,485,420              | -                       |
| XTO Energy Inc               | Oilfield service            | 54,021,951                               | 31,944,110              | 38,947,970              |
| Danmark Energy Services Co   | Oilfield service            | 61,953,659                               | 26,188,370              | 11,016,190              |
| Burlington Resources         | Oilfield service            | 39,907,317                               | 24,925,700              | 26,720,850              |
| AEP Southwestern Elec Co     | Power company               | 18,240,377                               | 21,102,190              | 6,090,420               |
| Anadarko E&P Co              | Oilfield service            | 24,747,562                               | 19,443,700              | 29,529,900              |
| Hunt Petroleum Corp          | Oilfield service            | -                                        | 14,322,440              | 20,811,940              |
| Basa Resources Inc           | Oilfield service            | 59,646,341                               | -                       | -                       |
| Totals                       |                             | <u>\$ 531,575,744</u>                    | <u>\$ 394,429,300</u>   | <u>\$ 346,786,970</u>   |
| Total Taxable Assessed Value |                             | <u>\$ 2,867,505,934</u>                  | <u>\$ 2,505,399,574</u> | <u>\$ 2,213,119,992</u> |

| Taxpayer                    | Type of<br>Type of Business | % of Taxable Assessed Value (TAV) by Tax Year |               |               |
|-----------------------------|-----------------------------|-----------------------------------------------|---------------|---------------|
|                             |                             | 2007                                          | 2006          | 2005          |
| Halliburton Energy Services | Oilfield service            | 2.63%                                         | 3.15%         | 2.31%         |
| TXOK Energy Resources Co.   | Oilfield service            | 1.91%                                         | 2.19%         | 3.45%         |
| B J Services Inc            | Oilfield service            | 1.28%                                         | 1.78%         | 1.16%         |
| Exxonmobile Corporation     | Oilfield service            | 2.41%                                         | 1.74%         | 2.74%         |
| Geo-Vest of Texas           | Oilfield service            | 1.28%                                         | 1.38%         | -             |
| XTO Energy Inc              | Oilfield service            | 1.88%                                         | 1.28%         | 1.76%         |
| Danmark Energy Services Co  | Oilfield service            | 2.16%                                         | 1.05%         | 0.50%         |
| Burlington Resources        | Oilfield service            | 1.39%                                         | 0.99%         | 1.21%         |
| AEP Southwestern Elec Co    | Power company               | 0.64%                                         | 0.84%         | 0.28%         |
| Anadarko E&P Co             | Oilfield service            | 0.86%                                         | 0.78%         | 1.33%         |
| Hunt Petroleum Corp         | Oilfield service            | 0.00%                                         | 0.57%         | 0.94%         |
| Basa Resources Inc          | Oilfield service            | 2.08%                                         | -             | -             |
| Totals                      |                             | <u>18.52%</u>                                 | <u>15.75%</u> | <u>15.68%</u> |

Source: Local County Appraisal District and Local Tax Office

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

**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 8  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

**(UNAUDITED)  
(amounts expressed in thousands)**

| Fiscal Year | Collected within the Fiscal Year of the Levy |          |                    |                                     | Total Collections to Date |                    |
|-------------|----------------------------------------------|----------|--------------------|-------------------------------------|---------------------------|--------------------|
|             | Total Tax Levy (a)                           | Amount   | Percentage of Levy | Collections in Subsequent Years (b) | Amount                    | Percentage of Levy |
| 2007-08     | \$ 5,267                                     | \$ 5,151 | 97.80%             | \$ -                                | \$ 5,151                  | 97.80%             |
| 2006-07     | 4,820                                        | 4,671    | 96.90%             | -                                   | 4,671                     | 96.90%             |
| 2005-06     | 4,362                                        | 4,222    | 96.80%             | 76                                  | 4,298                     | 98.53%             |
| 2004-05     | 3,959                                        | 3,794    | 95.82%             | 28                                  | 3,822                     | 96.52%             |
| 2003-04     | 3,577                                        | 3,401    | 95.08%             | 11                                  | 3,412                     | 95.39%             |
| 2002-03     | 3,398                                        | 3,224    | 94.86%             | 7                                   | 3,230                     | 95.07%             |
| 2001-02     | 3,275                                        | 3,106    | 94.81%             | 4                                   | 3,109                     | 94.92%             |
| 2000-01     | 2,917                                        | 2,716    | 93.08%             | 2                                   | 2,718                     | 93.16%             |
| 1999-00     | 2,836                                        | 2,609    | 92.02%             | 2                                   | 2,611                     | 92.07%             |
| 1998-99     | 2,842                                        | 2,652    | 93.34%             | 1                                   | 2,654                     | 93.38%             |

Source: Local Tax Assessor/Collector's and District records.

(a) As reported in notes to the financial statements for the year of the levy.

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

**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 9  
RATIOS OF OUTSTANDING DEBT  
Last Ten Fiscal Years**

(UNAUDITED)

|                                           | For the Year Ended August 31 (amounts expressed in thousands) |                 |                 |                 |                 |
|-------------------------------------------|---------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                           | 2008                                                          | 2007            | 2006            | 2005            | 2004            |
| <b>General Bonded Debt</b>                |                                                               |                 |                 |                 |                 |
| Net General Bonded Debt                   | \$ -                                                          | \$ -            | \$ -            | \$ -            | \$ -            |
| As a percentage of Taxable Assessed Value | 0.00%                                                         | 0.00%           | 0.00%           | 0.00%           | 0.00%           |
| <b>Other Debt</b>                         |                                                               |                 |                 |                 |                 |
| Revenue Bonds                             | \$ 3,530                                                      | \$ 3,815        | \$ 4,025        | \$ 4,255        | \$ 4,485        |
| Notes                                     | 1,020                                                         | 1,500           | 975             | 1,273           | 168             |
| Capital Lease Obligations                 | -                                                             | -               | -               | -               | -               |
| Less: Funds Restricted for Debt Service   | (425)                                                         | (425)           | (435)           | (435)           | (435)           |
| Total Outstanding Debt                    | <u>\$ 4,125</u>                                               | <u>\$ 4,890</u> | <u>\$ 4,565</u> | <u>\$ 5,093</u> | <u>\$ 4,218</u> |
| Per Capita                                | \$ 3.75                                                       | \$ 3.48         | \$ 3.25         | \$ 3.62         | \$ 3.00         |
| Per Student                               | \$ 162                                                        | \$ 137          | \$ 196          | \$ 218          | \$ 181          |
| As a percentage of Taxable Assessed Value | 0.14%                                                         | 0.17%           | 0.16%           | 0.18%           | 0.15%           |

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

| 2003            | 2002            | 2001            | 2000            | 1999            |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ -            | \$ -            | \$ -            | \$ -            | \$ -            |
| 0.00%           | 0.00%           | 0.00%           | 0.00%           | 0.00%           |
| \$ 4,710        | \$ 4,925        | \$ 5,130        | \$ 5,325        | \$ 5,515        |
| 221             | 271             | -               | -               | 430             |
| -               | 238             | 302             | 380             | -               |
| (435)           | (435)           | (435)           | (435)           | (435)           |
| <u>\$ 4,496</u> | <u>\$ 4,999</u> | <u>\$ 4,997</u> | <u>\$ 5,270</u> | <u>\$ 5,510</u> |
| \$ 3.20         | \$ 3.55         | \$ 3.55         | \$ 3.75         | \$ 3.92         |
| \$ 193          | \$ 214          | \$ 214          | \$ 226          | \$ 236          |
| 0.16%           | 0.17%           | 0.17%           | 0.18%           | 0.19%           |



**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 10  
LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years**

**(UNAUDITED)**

|                                                                      | For the Year Ended August 31 (amount expressed in thousands) |                    |                    |                    |                    |
|----------------------------------------------------------------------|--------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                      | 2008                                                         | 2007               | 2006               | 2005               | 2004               |
| Taxable Assessed Value                                               | <u>\$3,211,390</u>                                           | <u>\$2,867,506</u> | <u>\$2,505,400</u> | <u>\$2,213,120</u> | <u>\$1,999,282</u> |
| <b>General Obligation Bonds</b>                                      |                                                              |                    |                    |                    |                    |
| Statutory Tax Levy Limit for Debt Service                            | \$ 16.057                                                    | \$ 14.338          | \$ 12.527          | \$ 11.066          | \$ 9.996           |
| Less: Funds Restricted for Repayment of General Obligation Notes     | -                                                            | -                  | -                  | -                  | -                  |
| Total Net General Obligation Debt                                    | <u>16.057</u>                                                | <u>14.338</u>      | <u>12.527</u>      | <u>11.066</u>      | <u>9.996</u>       |
| Current Year Debt Service Requirements                               | <u>-</u>                                                     | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>           |
| Excess of Statutory Limit for Debt Service over Current Requirements | <u>\$ 16.057</u>                                             | <u>\$ 14.338</u>   | <u>\$ 12.527</u>   | <u>\$ 11.066</u>   | <u>\$ 9.996</u>    |
| Net Current Requirements as a % of Statutory Limit                   | 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.

| <u>2003</u>        | <u>2002</u>        | <u>2001</u>         | <u>2000</u>        | <u>1999</u>        |
|--------------------|--------------------|---------------------|--------------------|--------------------|
| <u>\$2,007,097</u> | <u>\$1,937,668</u> | <u>\$ 1,728,928</u> | <u>\$1,679,033</u> | <u>\$1,724,752</u> |
| \$ 10,035          | \$ 9,688           | \$ 8,645            | \$ 8,395           | \$ 8,624           |
| <u>-</u>           | <u>-</u>           | <u>-</u>            | <u>-</u>           | <u>-</u>           |
| <u>10,035</u>      | <u>9,688</u>       | <u>8,645</u>        | <u>8,395</u>       | <u>8,624</u>       |
| <u>-</u>           | <u>-</u>           | <u>-</u>            | <u>-</u>           | <u>-</u>           |
| <u>\$ 10,035</u>   | <u>\$ 9,688</u>    | <u>\$ 8,645</u>     | <u>\$ 8,395</u>    | <u>\$ 8,624</u>    |
| 0.00%              | 0.00%              | 0.00%               | 0.00%              | 0.00%              |

**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 11  
PLEDGED REVENUE COVERAGE  
Last Ten Fiscal Years**

(UNAUDITED)

**Revenue Bonds**

| Fiscal Year<br>Ended August 31 | Pledged Revenues (\$000 omitted) |                             |                             |                             |                        |                   |         |           | Debt Service Requirements (\$000 omitted) |            |         | Coverage<br>Ratio |
|--------------------------------|----------------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------|-------------------|---------|-----------|-------------------------------------------|------------|---------|-------------------|
|                                | Tuition                          | General<br>Education<br>Fee | Student<br>Services<br>Fees | Out-of-<br>District<br>Fees | Building<br>Use<br>Fee | Technology<br>Fee | Other   | Total     | Principal                                 | Interest   | Total   |                   |
| 2008                           | \$ 178,073                       | \$2,123,981                 | \$ 466,240                  | \$3,952,678                 | \$ -                   | \$ -              | \$ -    | 6,720,972 | \$ 285,000                                | \$ 140,657 | 425,657 | 15.79             |
| 2007                           | 166,373                          | 1,942,021                   | 426,297                     | 3,398,162                   | -                      | -                 | -       | 5,932,853 | 255,000                                   | 194,926    | 449,926 | 13.19             |
| 2006                           | 169,118                          | 1,613,509                   | 410,770                     | 3,079,715                   | -                      | -                 | -       | 5,273,112 | 245,000                                   | 206,426    | 451,426 | 11.68             |
| 2005                           | 168,698                          | 1,487,945                   | 444,451                     | 2,848,009                   | -                      | -                 | -       | 4,949,103 | 230,000                                   | 217,236    | 447,236 | 11.07             |
| 2004                           | 169,710                          | 1,484,266                   | 468,732                     | 2,635,570                   | -                      | -                 | -       | 4,758,278 | 225,000                                   | 227,361    | 452,361 | 10.52             |
| 2003                           | 162,893                          | 1,428,817                   | 426,776                     | 1,951,425                   | -                      | -                 | -       | 3,969,911 | 215,000                                   | 236,934    | 451,934 | 8.78              |
| 2002                           | 149,813                          | -                           | -                           | 1,561,839                   | 998,323                | 299,450           | -       | 3,009,425 | 205,000                                   | 245,913    | 450,913 | 6.67              |
| 2001                           | 136,193                          | -                           | -                           | 1,434,993                   | 926,093                | 277,068           | -       | 2,774,347 | 195,000                                   | 254,364    | 449,364 | 6.17              |
| 2000                           | 133,583                          | -                           | 366,706                     | 1,399,270                   | 917,446                | -                 | 282,568 | 3,099,573 | 190,000                                   | 262,401    | 452,401 | 6.85              |
| 1999                           | 134,168                          | -                           | 365,236                     | 1,272,955                   | 856,064                | -                 | 214,998 | 2,843,421 | 115,000                                   | 268,673    | 383,673 | 7.41              |

**KILGORE JUNIOR COLLEGE DISTRICT  
 STATISTICAL SUPPLEMENT 12  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 Last Ten Fiscal Years**

**(UNAUDITED)**

| Calendar Year | District (a) Population | District Personal Income | District Personal Income Per Capita | District (a) Unemployment Rate |
|---------------|-------------------------|--------------------------|-------------------------------------|--------------------------------|
| 2008          | 34,112                  | b                        | b                                   | 4.4%                           |
| 2007          | 33,606                  | b                        | b                                   | 4.7%                           |
| 2006          | 32,405                  | b                        | b                                   | 4.9%                           |
| 2005          | 31,770                  | b                        | b                                   | 4.9%                           |
| 2004          | 31,147                  | b                        | b                                   | 5.9%                           |
| 2003          | 30,536                  | b                        | b                                   | 7.0%                           |
| 2002          | 29,938                  | b                        | b                                   | 6.9%                           |
| 2001          | 29,351                  | b                        | b                                   | 5.4%                           |
| 2000          | 28,775                  | b                        | b                                   | 5.3%                           |
| 1999          | 28,200                  | b                        | b                                   | b                              |

**Sources:**

Texas Labor Market Information  
 Texas Workforce Commission

**Notes:**

- a. District data is unavailable. Amounts are based on weighted averages for Gregg and Rusk Counties
- b. Not available

**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 13  
PRINCIPAL EMPLOYERS  
YEAR ENDED AUGUST 31, 2008**

(UNAUDITED)

| Employer                         | 2007<br>Number of<br>Employees | 2006<br>Number of<br>Employees | 2005<br>Number of<br>Employees | Percentage<br>of Total<br>Employment (a) |
|----------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------------------------|
| Kilgore ISD                      | 551                            | 554                            | 560                            | -                                        |
| Vertex, RSI                      | 488                            | 472                            | 463                            | -                                        |
| Kilgore College                  | 409                            | 388                            | 332                            | -                                        |
| Halliburton                      | 386                            | 391                            | 375                            | -                                        |
| Laird Memorial Hospital          | 266                            | 259                            | 256                            | -                                        |
| Region VII Education Service Ctr | 244                            | 247                            | 240                            | -                                        |
| Skeeter Boats                    | 193                            | 168                            | 157                            | -                                        |
| Martin Midstream Partners, LP    | 191                            | 167                            | 155                            | -                                        |
| BJ Services                      | 146                            | 147                            | 150                            | -                                        |
| City of Kilgore                  | 137                            | 144                            | 141                            | -                                        |
| Pak-Sher, Inc                    | 61                             | 272                            | 270                            | -                                        |
| <b>Total</b>                     | <b>3,072</b>                   | <b>3,209</b>                   | <b>3,099</b>                   | <b>-</b>                                 |

**Source:**

Kilgore Economic Development Corporation  
Gladewater Economic Development Corporation  
White Oak Economic Development Corporation

**Note:**

- a. Total employment of District is undeterminable.
- b. The District chose to implement this schedule prospectively.

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**KILGORE JUNIOR COLLEGE DISTRICT  
 STATISTICAL SUPPLEMENT 14  
 FACULTY, STAFF, AND ADMINISTRATORS STATISTICS  
 Last Ten Fiscal Years**

(UNAUDITED)

|                                     | 2008          | 2007          | 2006          | 2005          |
|-------------------------------------|---------------|---------------|---------------|---------------|
| <b>Faculty</b>                      |               |               |               |               |
| Full-Time                           | 119.00        | 116.25        | 110.25        | 115.75        |
| Part-Time                           | 58.80         | 50.00         | 48.40         | 45.30         |
| Total                               | <u>177.80</u> | <u>166.25</u> | <u>158.65</u> | <u>161.05</u> |
| <b>Percent</b>                      |               |               |               |               |
| Full-Time                           | 66.93%        | 69.92%        | 69.49%        | 71.87%        |
| Part-Time                           | 33.07%        | 30.08%        | 30.51%        | 28.13%        |
| <b>Staff and Administrators</b>     |               |               |               |               |
| Full-Time                           | 205.00        | 214.54        | 219.00        | 213.00        |
| Part-Time                           | 28.25         | 31.00         | 35.00         | 30.50         |
| Total                               | <u>233.25</u> | <u>245.54</u> | <u>254.00</u> | <u>243.50</u> |
| <b>Percent</b>                      |               |               |               |               |
| Full-Time                           | 87.89%        | 87.37%        | 86.22%        | 87.47%        |
| Part-Time                           | 12.11%        | 12.63%        | 13.78%        | 12.53%        |
| Students per Full-Time Faculty      | 43.28         | 44.30         | 42.60         | 41.88         |
| Students per Full-Time Staff Member | 25.12         | 24.00         | 21.45         | 22.76         |
| Average Annual Faculty Salary       | \$53,690      | \$55,700      | \$53,783      | \$50,154      |

**Notes:**

Information provided according to the IPED definition for faculty and staff

| 2004          | 2003          | 2002          | 2001          | 2000          | 1999          |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 116.75        | 126.00        | 132.00        | 134.00        | 101.15        | 105.60        |
| 44.25         | 36.45         | 25.90         | 27.20         | 17.85         | 14.40         |
| <u>161.00</u> | <u>162.45</u> | <u>157.90</u> | <u>161.20</u> | <u>119.00</u> | <u>120.00</u> |
| 72.5%         | 77.6%         | 83.6%         | 83.1%         | 85.0%         | 88.0%         |
| 27.5%         | 22.4%         | 16.4%         | 16.9%         | 15.0%         | 12.0%         |
| 204.00        | 206.00        | 201.00        | 191.00        | 190.00        | 180.00        |
| 22.50         | 27.00         | 31.50         | 33.50         | 33.50         | 37.00         |
| <u>226.50</u> | <u>233.00</u> | <u>232.50</u> | <u>224.50</u> | <u>223.50</u> | <u>217.00</u> |
| 90.07%        | 88.41%        | 86.45%        | 85.08%        | 85.01%        | 82.95%        |
| 9.93%         | 11.59%        | 13.55%        | 14.92%        | 14.99%        | 17.05%        |
| 42.46         | 38.71         | 0.00          | 29.84         | 39.96         | 39.28         |
| 23.76         | 23.68         | 0.00          | 20.94         | 21.27         | 23.04         |
| \$46,271      | \$47,577      | \$44,773      | \$44,158      | \$46,277      | \$47,482      |



**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 15  
ENROLLMENT DETAILS  
Last Five Fiscal Years**

(UNAUDITED)

| Student Classification | Fall 2007    |                | Fall 2006    |                | Fall 2005    |                |
|------------------------|--------------|----------------|--------------|----------------|--------------|----------------|
|                        | Number       | Percent        | Number       | Percent        | Number       | Percent        |
| Freshman               | 3,681        | 71.48%         | 3,323        | 70.75%         | 3,929        | 81.04%         |
| Sophomore              | 1,074        | 20.85%         | 1,066        | 22.70%         | 683          | 14.09%         |
| Unclassified           | 236          | 4.58%          | 168          | 3.58%          | 96           | 1.98%          |
| Associate Degree       | 91           | 1.77%          | 68           | 1.45%          | 63           | 1.30%          |
| Baccalaureate or Above | 68           | 1.32%          | 72           | 1.53%          | 77           | 1.59%          |
| <b>Total</b>           | <b>5,150</b> | <b>100.00%</b> | <b>4,697</b> | <b>100.00%</b> | <b>4,848</b> | <b>100.00%</b> |

| Semester Hour Load   | Fall 2007    |                | Fall 2006    |                | Fall 2005    |                |
|----------------------|--------------|----------------|--------------|----------------|--------------|----------------|
|                      | Number       | Percent        | Number       | Percent        | Number       | Percent        |
| Less than 3          | 37           | 0.72%          | 69           | 1.47%          | 43           | 0.89%          |
| 3-5 semester hours   | 922          | 17.90%         | 812          | 17.29%         | 769          | 15.86%         |
| 6-8 semester hours   | 784          | 15.22%         | 774          | 16.48%         | 690          | 14.23%         |
| 9-11 semester hours  | 733          | 14.23%         | 655          | 13.95%         | 718          | 14.81%         |
| 12-14 semester hours | 1,934        | 37.55%         | 1,644        | 35.00%         | 1,855        | 38.26%         |
| 15-17 semester hours | 636          | 12.35%         | 616          | 13.11%         | 646          | 13.33%         |
| 18 & over            | 104          | 2.02%          | 127          | 2.70%          | 127          | 2.62%          |
| <b>Total</b>         | <b>5,150</b> | <b>100.00%</b> | <b>4,697</b> | <b>100.00%</b> | <b>4,848</b> | <b>100.00%</b> |

| Tuition Status                   | Fall 2008    |                | Fall 2006    |                | Fall 2005    |                |
|----------------------------------|--------------|----------------|--------------|----------------|--------------|----------------|
|                                  | Number       | Percent        | Number       | Percent        | Number       | Percent        |
| Texas Resident (in-District)     | 1,560        | 30.29%         | 1,499        | 31.91%         | 1,514        | 31.29%         |
| Texas Resident (out-of-District) | 3,300        | 64.08%         | 2,989        | 63.64%         | 3,134        | 64.78%         |
| Non-Resident Tuition             | 290          | 5.63%          | 209          | 4.45%          | 190          | 3.93%          |
| <b>Total</b>                     | <b>5,150</b> | <b>100.00%</b> | <b>4,697</b> | <b>100.00%</b> | <b>4,838</b> | <b>100.00%</b> |

| Fall 2004    |                | Fall 2003    |                |
|--------------|----------------|--------------|----------------|
| Number       | Percent        | Number       | Percent        |
| 3,530        | 71.21%         | 4,190        | 85.90%         |
| 1,197        | 24.15%         | 423          | 8.67%          |
| 110          | 2.22%          | 144          | 2.95%          |
| 57           | 1.15%          | 59           | 1.21%          |
| 63           | 1.27%          | 62           | 1.27%          |
| <u>4,957</u> | <u>100.00%</u> | <u>4,878</u> | <u>100.00%</u> |

| Fall 2004    |                | Fall 2003    |                |
|--------------|----------------|--------------|----------------|
| Number       | Percent        | Number       | Percent        |
| 59           | 1.19%          | 47           | 0.96%          |
| 763          | 15.39%         | 744          | 15.25%         |
| 719          | 14.50%         | 729          | 14.94%         |
| 667          | 13.46%         | 654          | 13.41%         |
| 1,956        | 39.46%         | 1,931        | 39.59%         |
| 655          | 13.21%         | 671          | 13.76%         |
| 138          | 2.78%          | 102          | 2.09%          |
| <u>4,957</u> | <u>100.00%</u> | <u>4,878</u> | <u>100.00%</u> |

| Fall 2004    |                | Fall 2003    |                |
|--------------|----------------|--------------|----------------|
| Number       | Percent        | Number       | Percent        |
| 1,567        | 31.61%         | 1,518        | 31.12%         |
| 3,167        | 63.89%         | 3,132        | 64.21%         |
| 223          | 4.50%          | 228          | 4.67%          |
| <u>4,957</u> | <u>100.00%</u> | <u>4,878</u> | <u>100.00%</u> |

**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 16  
STUDENT PROFILE  
Last Five Fiscal Years**

(UNAUDITED)

|        | Fall 2007 |         | Fall 2006 |         |
|--------|-----------|---------|-----------|---------|
|        | Number    | Percent | Number    | Percent |
| Gender |           |         |           |         |
| Female | 3,258     | 63.26%  | 2,979     | 63.42%  |
| Male   | 1,892     | 36.74%  | 1,718     | 36.58%  |
| Total  | 5,150     | 100.00% | 4,697     | 100.00% |

|                        | Fall 2007 |         | Fall 2006 |         |
|------------------------|-----------|---------|-----------|---------|
|                        | Number    | Percent | Number    | Percent |
| Ethnic Origin          |           |         |           |         |
| White                  | 3,438     | 66.76%  | 3,259     | 69.38%  |
| Hispanic               | 331       | 6.43%   | 271       | 5.77%   |
| African American       | 852       | 16.54%  | 706       | 15.03%  |
| Asian/Pacific Islander | 30        | 0.58%   | 29        | 0.62%   |
| Foreign                | 132       | 2.56%   | 118       | 2.51%   |
| Native American        | 18        | 0.35%   | 9         | 0.19%   |
| Unknown                | 349       | 6.78%   | 305       | 6.49%   |
| Total                  | 5,150     | 100.00% | 4,697     | 100.00% |

|           | Fall 2007 |         | Fall 2006 |         |
|-----------|-----------|---------|-----------|---------|
|           | Number    | Percent | Number    | Percent |
| Age       |           |         |           |         |
| Under 18  | 326       | 6.33%   | 358       | 7.62%   |
| 18-21     | 2,522     | 48.97%  | 2,290     | 48.75%  |
| 22-24     | 640       | 12.43%  | 573       | 12.20%  |
| 25-30     | 734       | 14.25%  | 650       | 13.84%  |
| 31-35     | 321       | 6.23%   | 291       | 6.20%   |
| 36-50     | 505       | 9.81%   | 433       | 9.22%   |
| 51-64     | 88        | 1.71%   | 90        | 1.92%   |
| 65 & over | 14        | 0.27%   | 12        | 0.26%   |
| Total     | 5,150     | 100.00% | 4,697     | 100.00% |

|             |    |    |
|-------------|----|----|
| Average Age | 25 | 24 |
|-------------|----|----|

| Fall 2005    |                | Fall 2004    |                | Fall 2003    |                |
|--------------|----------------|--------------|----------------|--------------|----------------|
| Number       | Percent        | Number       | Percent        | Number       | Percent        |
| 3,041        | 62.73%         | 3,088        | 62.30%         | 2,989        | 61.28%         |
| 1,807        | 37.27%         | 1,869        | 37.70%         | 1,889        | 38.72%         |
| <u>4,848</u> | <u>100.00%</u> | <u>4,957</u> | <u>100.00%</u> | <u>4,878</u> | <u>100.00%</u> |

| Fall 2005    |                | Fall 2004    |                | Fall 2003    |                |
|--------------|----------------|--------------|----------------|--------------|----------------|
| Number       | Percent        | Number       | Percent        | Number       | Percent        |
| 3,736        | 77.06%         | 3,829        | 77.24%         | 3,805        | 78.00%         |
| 225          | 4.64%          | 222          | 4.48%          | 178          | 3.65%          |
| 725          | 14.95%         | 733          | 14.79%         | 709          | 14.53%         |
| 20           | 0.41%          | 22           | 0.44%          | 16           | 0.33%          |
| 135          | 2.78%          | 145          | 2.93%          | 163          | 3.34%          |
| 7            | 0.14%          | 6            | 0.12%          | 7            | 0.14%          |
| -            | -              | -            | -              | -            | -              |
| <u>4,848</u> | <u>100.00%</u> | <u>4,957</u> | <u>100.00%</u> | <u>4,878</u> | <u>100.00%</u> |

| Fall 2005    |                | Fall 2004    |                | Fall 2003    |                |
|--------------|----------------|--------------|----------------|--------------|----------------|
| Number       | Percent        | Number       | Percent        | Number       | Percent        |
| 232          | 4.79%          | 216          | 4.36%          | 216          | 4.43%          |
| 2,364        | 48.76%         | 2,354        | 47.49%         | 2,424        | 49.69%         |
| 631          | 13.02%         | 707          | 14.26%         | 673          | 13.80%         |
| 708          | 14.60%         | 703          | 14.18%         | 675          | 13.84%         |
| 314          | 6.48%          | 320          | 6.46%          | 330          | 6.77%          |
| 500          | 10.31%         | 561          | 11.32%         | 472          | 9.68%          |
| 89           | 1.84%          | 86           | 1.73%          | 76           | 1.56%          |
| 10           | 0.21%          | 10           | 0.20%          | 12           | 0.25%          |
| <u>4,848</u> | <u>100.00%</u> | <u>4,957</u> | <u>100.00%</u> | <u>4,878</u> | <u>100.00%</u> |

**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 17  
TRANSFERS TO SENIOR INSTITUTIONS  
2006 FALL STUDENTS**

(Includes only public senior colleges in Texas)

|                                     | Transfer<br>Student<br>Count<br><u>Academic</u> | Transfer<br>Student<br>Count<br><u>Technical</u> | Transfer<br>Student<br>Count<br><u>Tech-Prep</u> | Total of<br>all Sample<br>Transfer<br>Students | % of<br>all Sample<br>Transfer<br>Students |
|-------------------------------------|-------------------------------------------------|--------------------------------------------------|--------------------------------------------------|------------------------------------------------|--------------------------------------------|
| 1 TEXAS WOMAN'S UNIVERSITY          | 1                                               | 2                                                |                                                  | 3                                              | 2.80%                                      |
| 2 U. OF HOUSTON-DOWNTOWN            | 1                                               | 0                                                |                                                  | 1                                              | 0.93%                                      |
| 3 SAM HOUSTON STATE UNIVERSITY      | 2                                               | 0                                                |                                                  | 2                                              | 1.87%                                      |
| 4 UNIVERSITY OF NORTH TEXAS         | 2                                               | 0                                                |                                                  | 2                                              | 1.87%                                      |
| 5 TEXAS A&M UNIVERSITY-COMMERCE     | 3                                               | 0                                                |                                                  | 3                                              | 2.80%                                      |
| 6 UNIVERSITY OF HOUSTON             | 3                                               | 0                                                |                                                  | 3                                              | 2.80%                                      |
| 7 U. OF TEXAS AT ARLINGTON          | 4                                               | 1                                                |                                                  | 5                                              | 4.67%                                      |
| 8 U. OF TEXAS AT AUSTIN             | 4                                               | 0                                                |                                                  | 4                                              | 3.74%                                      |
| 9 TEXAS A&M UNIVERSITY              | 5                                               | 0                                                |                                                  | 5                                              | 4.67%                                      |
| 10 TEXAS STATE UNIV - SAN MARCOS    | 5                                               | 0                                                |                                                  | 5                                              | 4.67%                                      |
| 11 TEXAS A&M UNIVERSITY-TEXARKANA   | 6                                               | 1                                                |                                                  | 7                                              | 6.54%                                      |
| 12 STEPHEN F. AUSTIN STATE UNIV     | 13                                              | 1                                                |                                                  | 14                                             | 13.08%                                     |
| 13 U. OF TEXAS AT TYLER             | 45                                              | 2                                                |                                                  | 47                                             | 43.93%                                     |
| 14 OTHER PUBLIC 4 YEAR INSTITUTIONS | 5                                               | 1                                                |                                                  | 6                                              | 5.61%                                      |
|                                     | <u>99</u>                                       | <u>8</u>                                         | <u>0</u>                                         | <u>107</u>                                     | <u>100.00%</u>                             |

**KILGORE JUNIOR COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 18  
CAPITAL ASSET INFORMATION  
FISCAL YEARS 2002 TO 2008**

(UNAUDITED)

|                                      | Fiscal Year |      |      |      |      |      |      |
|--------------------------------------|-------------|------|------|------|------|------|------|
|                                      | 2008        | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Academic buildings                   | 14          | 13   | 13   | 13   | 13   | 13   | 13   |
| Square footage (in thousands)        | 334         | 331  | 331  | 331  | 331  | 331  | 331  |
| Libraries                            | 1           | 1    | 1    | 1    | 1    | 1    | 1    |
| Square footage (in thousands)        | 38          | 38   | 38   | 38   | 38   | 38   | 38   |
| Number of Volumes (in thousands)     | 101         | 101  | 101  | 101  | 101  | 101  | 101  |
| Administrative and support buildings | 6           | 6    | 6    | 6    | 6    | 6    | 6    |
| Square footage (in thousands)        | 115         | 115  | 115  | 115  | 115  | 115  | 115  |
| Dormitories                          | 5           | 5    | 5    | 4    | 4    | 4    | 4    |
| Square footage (in thousands)        | 136         | 136  | 136  | 101  | 101  | 101  | 101  |
| Number of Beds                       | 490         | 490  | 490  | 410  | 410  | 410  | 410  |
| Dining Facilities                    | 1           | 1    | 1    | 1    | 1    | 1    | 1    |
| Square footage (in thousands)        | 23          | 23   | 23   | 23   | 23   | 23   | 23   |
| Average daily customers              | 410         | 410  | 410  | 410  | 410  | 410  | 410  |
| Athletic Facilities                  | 5           | 5    | 5    | 5    | 5    | 5    | 5    |
| Square footage (in thousands)        | 119         | 119  | 119  | 119  | 119  | 119  | 119  |
| Stadiums                             | 1           | 1    | 1    | 1    | 1    | 1    | 1    |
| Gymnasiums                           | 2           | 2    | 2    | 2    | 2    | 2    | 2    |
| Fitness Centers                      | 1           | 1    | 1    | 1    | 1    | 1    | 1    |
| Tennis Court                         | 1           | 1    | 1    | 1    | 1    | 1    | 1    |
| Plant facilities                     | 1           | 1    | 1    | 1    | 1    | 1    | 1    |
| Square footage (in thousands)        | 20          | 20   | 20   | 20   | 20   | 20   | 20   |
| Transportation                       |             |      |      |      |      |      |      |
| Cars                                 | 12          | 12   | 13   | 12   | 12   | 12   | 10   |
| Light Trucks/Vans                    | 23          | 23   | 24   | 24   | 22   | 20   | 20   |
| Buses                                | 0           | 0    | 0    | 0    | 0    | 0    | 0    |

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