

**FINANCIAL STATEMENTS  
AND REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**ODESSA JUNIOR COLLEGE DISTRICT**

**AUGUST 31, 2006 and 2005**

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**ODESSA JUNIOR COLLEGE DISTRICT**

**ORGANIZATIONAL DATA**

**For the Year Ended August 31, 2006**

**BOARD OF TRUSTEES**

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**OFFICERS**

Mr. Bruce Shearer	President
Mr. Richard C. Abalos	Vice President
Mr. Gary S. Johnson	Secretary
Mr. Walter Smith	Assistant Secretary

**MEMBERS**

**TERM EXPIRES MAY,**

Mr. Richard C. Abalos	Odessa, Texas	2010
Mr. Gary S. Johnson	Odessa, Texas	2008
Mr. Ralph M. McCain	Odessa, Texas	2012
Mr. J.E. "Coach" Pressly	Odessa, Texas	2008
Ms. Sandra Shaw	Odessa, Texas	2010
Mr. Bruce Shearer	Odessa, Texas	2010
Mr. Walter Smith	Odessa, Texas	2012
Mr. David R. Turner	Odessa, Texas	2012
Mr. Ray Ann Zant	Odessa, Texas	2008

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**PRINCIPAL ADMINISTRATIVE OFFICERS**

Dr. Clayton Alred	Interim President
Dr. Clayton Alred	Vice President for Instruction
Dr. David Bauske	Vice President for Student Services
Ms. Virginia Chisum, C.P.A., M.Ed.	Vice President for Business Affairs



# JOHNSON MILLER & CO., CPA's PC

*Certified Public Accountants*

*A Professional Corporation*

*An Independent Member Of BDO Seidman Alliance*

Odessa, Texas  
Midland, Texas  
Hobbs, New Mexico

## **Report of Independent Certified Public Accountants** **on Basic Financial Statements** **and Supplemental Information**

The Board of Trustees  
Odessa Junior College District  
Odessa, Texas

We have audited the accompanying basic financial statements of Odessa Junior College District (the "College") as of and for the years ended August 31, 2006 and 2005 as listed in the table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 College as of August 31, 2006 and 2005, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2006 on our consideration of the College's internal control over financial reporting and our tests of its compliance with laws, certain regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the College taken as a whole. The accompanying schedule of expenditures of federal awards is 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 is not a required part of the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *Provisions of the State of Texas Single Audit Circular*, and is not a required part of the basic purpose financial statements. In addition, the supplementary data presented in schedules A, B, C, and D is presented for additional purposes and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

*Johnson Miller & Co., CAA's PC*

Odessa, Texas  
November 20, 2006

## Management's Discussion and Analysis

Odessa Junior College District (the "College") is proud to present its financial statements for Fiscal Year 2006 which are in conformance with the Governmental Accounting Standards Board. There are three basic financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These statements should be read in conjunction with the notes to the basic financial statements. The following summary and management's discussion and analysis are intended to assist readers with an overview of the College's financial activities for the years ended August 31, 2006 (Fiscal Year 2006), 2005 (Fiscal Year 2005), and 2004 (Fiscal Year 2004), and identify and explain changes in the College's financial picture during that time period.

Some of the financial and enrollment highlights of FY 2006 are as follows:

- **Changes in year-end financial position**
  - Net assets increased \$2.5 million (13.5%) to \$21.0 million.
  - Total assets increased 2.1% while total liabilities decreased 4.1%.
  - Liquidity improved greatly as cash and cash equivalents (which include public investment pools such as TexPool) increased by \$9.2 million while other less liquid investments decreased by \$6.8 million.
  - Long-term liabilities decreased \$1.35 million (5.0%) to \$25.8 million, primarily because of principal payments on bonds.
- **Changes in revenue and expenses**
  - Property tax revenue increased \$1.3 million (12.7%) to \$11.6 million.
  - Total state appropriations increased \$0.44 million (4.2%) to \$11.0 million.
  - Net tuition and fees increased \$0.76 million (25.4%) to \$3.73 million; this increase was partially offset by scholarship expenses increasing by \$0.47 million (13.4%) to \$3.97 million.
  - Investment income increased \$0.55 million (107%) to \$1.07 million.
  - Operating expenses increased a modest \$.97 million (2.9%) to \$34 million.
- **Changes in enrollment**
  - Unduplicated headcount of students enrolled in credit classes increased by 0.03% from 6,504 to 6,589.
  - Total contact hours decreased by 15.9% from 2,830,644 to 2,381,734.
  - Although the unduplicated headcount increased for fiscal year 2006, overall contact hours in traditional credit classes was virtually unchanged while contact hours in non-credit workforce training classes declined significantly. This non-credit enrollment decline was due to the completion of a Texas Workforce Training Grant for Telvista Corporation. Contact hours, both credit and non-credit is the basis that the state legislature uses to determine state appropriations on a biennial basis.

### The Statement of Net Assets

The Statement of Net Assets reports the assets, liabilities, and net assets of the College as of the end of the fiscal year. It is a "point in time" financial statement; its purpose is to give the readers a snapshot of the financial condition of Odessa College on the last day of each fiscal year.

The Statement of Net Assets includes assets and liabilities, both current and non-current, and net assets. Current assets are those assets that are available to satisfy current liabilities, or liabilities that are due within one year. Non-current assets include capital assets, long-term investments, and other assets not classified as current. Non-current liabilities include bonds payable and other long-term commitments.

The difference between total assets and total liabilities - net assets - is the amount of resources available to finance future activities. Over time, the increases and decreases in net assets is one indicator of whether the overall financial condition has improved or deteriorated during the year when considered with other factors such as enrollment, contact hours of instruction, student retention and other non-financial information.

Net assets are divided into three major categories. The first category, "Invested in Capital Assets, Net of Related Debt," provides the College's equity in property, plant and equipment. The next net asset category is "Restricted Net Assets." These assets have external limitations on the way in which they may be used. The last category is "Unrestricted Net Assets." They are available to use for any lawful purpose of the College.

#### Condensed Statement of Net Assets (thousands of dollars)

	August 31,			Increase (Decrease)	
	2006	2005	2004	2005 to 2006	2004 to 2005
Current assets	\$ 21,132	\$ 16,202	\$ 15,131	\$ 4,930	\$ 1,071
Capital assets, net of depreciation	21,432	20,692	20,014	740	678
Other non-current assets	11,584	16,164	17,591	(4,580)	(1,427)
<b>Total assets</b>	<u>54,148</u>	<u>53,058</u>	<u>52,736</u>	<u>1,090</u>	<u>322</u>
Current liabilities	7,262	7,322	6,488	(60)	834
Non-current liabilities	25,843	27,191	28,475	(1,348)	(1,284)
<b>Total liabilities</b>	<u>33,105</u>	<u>34,513</u>	<u>34,963</u>	<u>(1,408)</u>	<u>(450)</u>
Net Assets:					
Invested in capital assets, net of related debt	(5,114)	(7,115)	(8,978)	2,001	1,863
Restricted: nonexpendable	707	672	670	35	2
Restricted: expendable	10,071	10,700	13,937	(629)	(3,237)
Unrestricted	15,379	14,288	12,144	1,091	2,144
<b>Total net assets</b>	<u>\$ 21,043</u>	<u>\$ 18,545</u>	<u>\$ 17,773</u>	<u>\$ 2,498</u>	<u>\$ 772</u>

Management's Discussion and Analysis  
(Unaudited)

The current ratio, indicating the amount of current assets that could be quickly converted to cash if needed to pay current liabilities, increased to a robust 2.9 to 1 at August 31, 2006, compared to a 2.2 to 1 ratio at August 31, 2005 and a 2.3 to 1 ratio at August 31, 2004.

Current assets consist mainly of cash, short-term investments, prepayments, and receivables. During fiscal year 2006, current assets increased by \$4.9 million (30%) primarily due to maturing of longer term investments which were converted to cash and TexPool deposits. Current assets also increased 7.1% during fiscal year 2005 primarily because of a large \$1.48 million increase in receivables due from federal sources such as Pell grants. Prepaid scholarships also increased by \$275,000 due to the prepayment of athletic housing scholarships for the fall semester. These increases were partially offset by a decrease in cash and cash equivalents that were used to pay for deferred maintenance projects.

Non-current assets primarily consist of cash under grant or other restrictions, long-term investments, and net capital assets. Non-current assets declined by \$3.8 million and \$0.7 million during the 2006 and 2005 fiscal years, respectively. Long-term investments decreased by \$4.8 million during 2006 and \$0.7 million during 2005 as funds were invested in shorter-term investments in order to place the College in a position to take advantage of higher interest rates expected in the near future.

Capital assets, net of depreciation, increased by \$740,000 during fiscal year 2006 due to the completion of underground electrical upgrades, vocational instructional equipment funded through the federal Perkins grant, and telecommunications and distance teaching equipment purchased with federal Title V funds. In fiscal year 2005, net capital assets increased by \$678,000 due to the completion of a new parking area, major external repairs to an instructional building, and remodeling funded by the Title V grant.

Current liabilities declined slightly by \$60,000, reflecting lower year-end accounts payable at the end of fiscal year 2006 compared to 2005 due to lack of capital projects ongoing at year end. During fiscal year 2005, current liabilities increased by \$0.85 million due to an increase of \$685,000 in funds held for students residing in the new campus housing. The rental charges were billed to the students in August and held by the college until remittance was made to the housing management company on a monthly basis throughout the course of the semester. In addition, accounts payable to vendors increased by over \$150,000 during the 2005 fiscal year, mainly due to a major electrical system replacement project ongoing at year end.

Non-current liabilities decreased by \$1.35 million and \$1.28 million during fiscal years 2006 and 2005, respectively, as a result of scheduled payments on outstanding bonds and early retirement programs.

The decrease in restricted expendable net assets of \$.63 million during fiscal year 2006 was due to planned spending on deferred maintenance and technology replacements. In fiscal year 2005, the \$3.2 million decrease in restricted expendable net assets was due to \$1,157,000 having been spent on deferred maintenance and technology replacements combined with a transfer of \$1,925,000 to unrestricted net assets after the disposition of the public broadcasting station in 2004.

The increase in unrestricted net assets of \$1.1 million during fiscal year 2006 resulted from higher than expected investment income, unexpended salary and contingency budgets, and depreciation charges that were less than capital outlay for the year. In 2005, unrestricted net assets increased by \$2.1 million primarily due to unexpended contingency budgets and the transfer of previously restricted net assets from the public broadcasting station.

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

The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the "bottom line results" of the College's operations. This approach summarizes and simplifies the user's analysis of the cost of various College services to its students and the burden to the public. The statement is divided into (a) Operating Revenues and Expenses and (b) Non-Operating Revenues and Expenses.

Generally, operating revenues are received for providing goods and services to the various customers of the District. Operating expenses are those paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the District's mission. Non-operating revenues are funds received for which goods and services are not directly provided to those providing the revenue, e.g. the state legislature, local ad valorem taxpayers, and investment portfolios.

The College, like all other Texas community colleges, is primarily dependent upon three sources of revenue: state appropriations, tuition and fees, and local property taxes. Since state appropriations and property taxes are classified as Non-operating Revenues (per the GASB requirement), Texas community colleges will generally display an operating deficit before taking into account other support. Essentially, this operating deficit represents the net costs of services to students that must be covered by local taxpayer support and other sources of revenue. Therefore, total revenues and total expenses should be considered in assessing the change in the College's financial position.

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

	Year Ended August 31,			Increase (Decrease)	
	2006	2005	2004	2005 to 2006	2004 to 2005
<b>Operating revenues (details graphed below)</b>					
Tuition and fees	\$ 3,734	\$ 2,978	\$ 2,644	\$ 756	\$ 334
Grants and contracts	8,844	9,533	8,819	(689)	714
Other	1,400	1,255	1,327	145	(72)
Total operating revenue	13,978	13,766	12,790	212	976
<b>Operating expenses (details graphed below)</b>	33,859	32,892	31,660	967	1,232
Operating loss	(19,881)	(19,126)	(18,870)	(755)	(256)
<b>Non-operating revenue (expense):</b>					
State appropriation	11,003	10,564	10,486	439	78
Ad valorem taxes	11,656	10,346	9,408	1,310	938
Interest on debt	(1,424)	(1,502)	(1,573)	78	71
Other	1,087	483	555	604	(72)
Total non-operating income	22,322	19,891	18,876	2,431	1,015
Capital grants and gifts	57	7	31	50	(24)
Extraordinary items	-	-	(1,325)	-	1,325
<b>Increase in net assets</b>	2,498	772	(1,288)	1,726	2,060
Net assets, beginning of year	18,545	17,773	19,061	772	(1,288)
Net assets, end of year	<u>\$ 21,043</u>	<u>\$ 18,545</u>	<u>\$ 17,773</u>	<u>\$ 2,498</u>	<u>\$ 772</u>

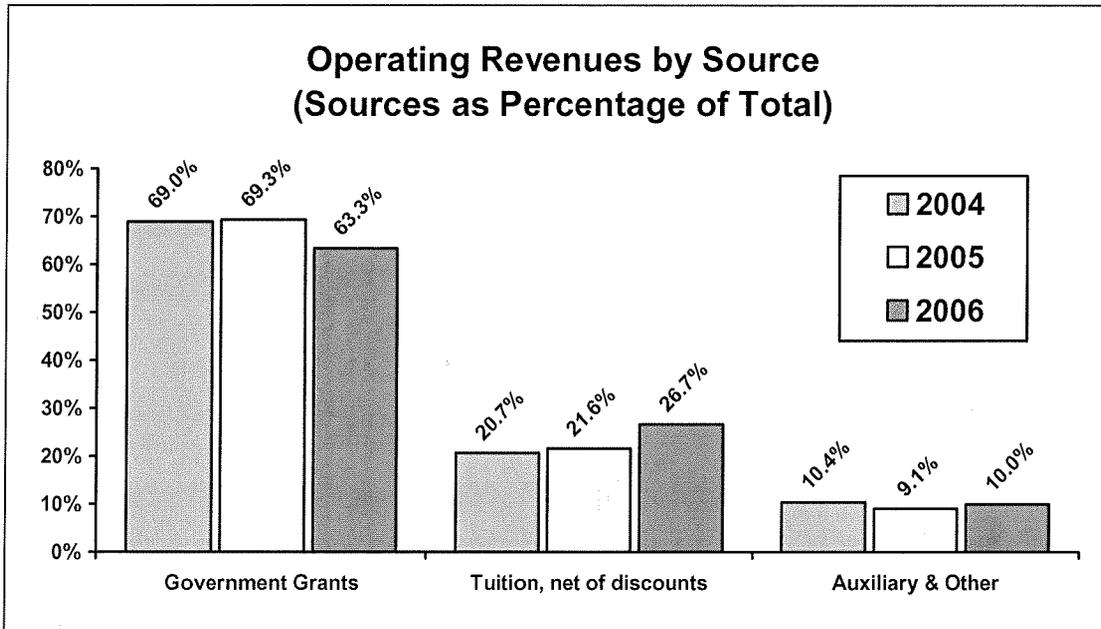
The net increase in fiscal year 2006 operating revenues of \$212,000 can be attributed to a smaller amount of tuition discounts (primarily Pell payments of student tuition) due to timing differences in the financial aid award process. The smaller discount resulted in a \$756,000 (25.4%) increase in net tuition revenue. However, this increased revenue was partially offset by \$468,000 (13.4%) increase in scholarship expense during the same period. The increased tuition was also offset by a decline in federal grants of \$457,000 (5.1%) over the previous year due to the end of the Gear-Up grant and a smaller Perkins Tech-Prep grant.

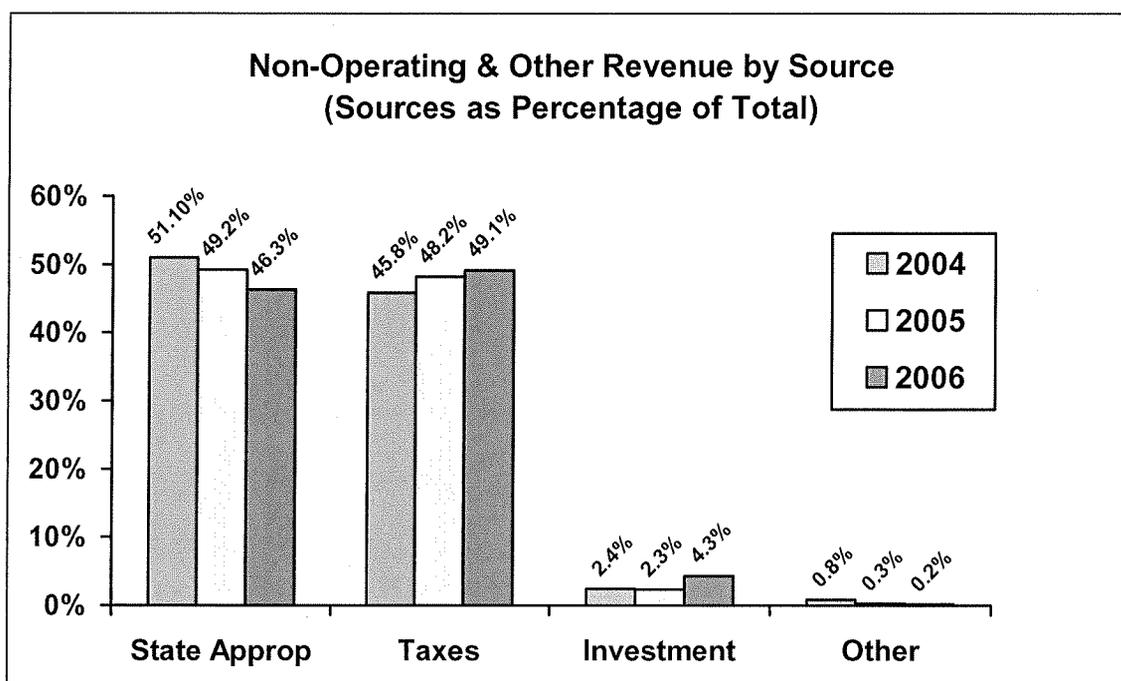
Management's Discussion and Analysis  
(Unaudited)

During fiscal year 2005, operating revenue increased \$976,000 as both tuition and grants reflected increases over the previous year. Net tuition and fees increase by \$334,000 (12.6%) due to a \$7.00 per credit hour average tuition rate increase. Additionally, federal Pell grants increased by \$732,000 and federal Title V Institutional Strengthening grants increased by \$575,000. These federal revenue increases were partially offset by a decline in state grants as Skills Development Funds decreased by \$117,000 and the 2004 Telecommunications Infrastructure Fund grant of \$451,000 was not received in 2005.

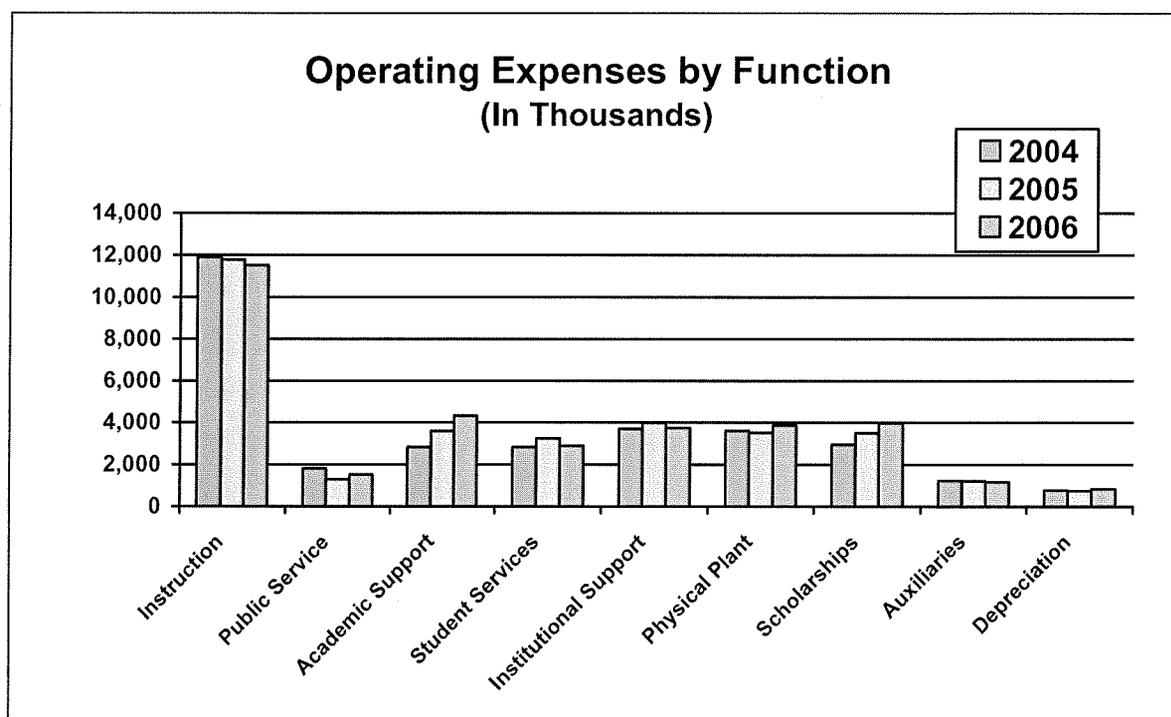
Non-operating revenues rose primarily due to an additional \$1,310,000 and \$939,000 in property tax revenues during fiscal years 2006 and 2005, respectively. Although the tax rate remained the same as in previous years, the net taxable values increased by 15.4% and 9%, respectively. Most of these increases were the result of higher oil and gas mineral values. In addition, investment income increased \$553,000 (107%) over fiscal year 2005. Investment income increased slightly by \$32,000 (6.5%) from fiscal year 2004 to fiscal year 2005.

The next two graphs illustrate the sources of operating and non-operating revenues for fiscal years 2004 through 2006. The obvious trend is an increasing percentage of revenue being provided by student tuition, local ad valorem taxes, and investments. Conversely, there is a downward trend in state appropriations and government grants as a percentage of total revenues.





The following graph compares operating expenses classified by functional category for fiscal years 2006 and 2005. Operating expenses for fiscal year 2006 increased \$967,000 or 2.9% over fiscal year 2005. Fiscal year 2005 operating expenses increased by \$1,233,000 or 3.9% over the 2004 fiscal year.



The largest increases occurred in the following functional expense categories:

1. Academic Support expenditures during fiscal year 2006 increased \$731,000 (20.3%) over fiscal year 2005 due in part to the additional of distance learning equipment provided by Title V federal grant. Academic support also increased in fiscal year 2005 by \$760,000 (26.8%) over fiscal year 2004. Increased federal grant expenditures, primarily in the Title V Institutional Strengthening programs, accounted for \$643,000 of this increase while a college-wide 5% salary raise accounted for another \$73,000.
2. Scholarship expenditures for fiscal year 2006 increased by \$468,000 (13.4%) over fiscal year 2005 due to an increase in the maximum Pell award per student, increased cost of housing scholarships, and timing of financial aid awards. Likewise, from 2004 to 2005, scholarship expenses increased by \$547,000 (18.5%) due to higher tuition rates and increased cost of housing scholarships.
3. Physical Plant expenses increased by \$341,000 (9.7%) during fiscal year 2006 due to deferred maintenance projects and an increase in utility costs, Physical plant expenditures decreased by \$93,000 (2.6%) during 2005 as a result of staffing reductions.
4. Public Service expenditures during fiscal year 2006 expenditures increased over the previous year by \$222,000 (17.1%) due to increased instructional costs of non-credit programs. The previous year decline of \$510,000 in Public Service expenses was due to the expenditure of grant funds for public broadcasting digital upgrades in fiscal year 2004 that did not reoccur in fiscal year 2005.

### **The Statement of Cash Flows**

The Statement of Cash Flows reports the cash receipts and cash payments that occurred during the fiscal year. This statement helps users assess: 1) the entity's ability to generate future cash flows; 2) its ability to meet its obligations as they come due; and, 3) its needs for external financing. The Statement of Cash Flows presents information relative to cash inflows and outflows summarized by operating, financing, and investing activities.

As is typical for public community colleges, Odessa College's cash flow from operating activities was a deficit. This operating deficit translates into the net amount of support that must be derived from non-operating resources such as state appropriations, property taxes, and investments.

### **Capital Assets and Long Term Debt Activity**

At August 31, 2006 and 2005, the College had \$21.43 million and \$20.69 million, respectively, invested in capital assets, net of accumulated depreciation. Details of these assets for fiscal year 2006 and 2005 are shown below.

**Capital Assets, Net of Depreciation  
(thousands of dollars)**

	Year Ended August 31,			Increase (Decrease)	
	2006	2005	2004	2005 to 2006	2004 to 2005
Land	\$ 2,586	\$ 2,586	\$ 2,586	\$ -	\$ -
Buildings and improvements	24,465	23,970	23,501	495	469
Other improvements and related construction in progress	4,903	4,448	3,748	455	700
Furniture and equipment	4,454	3,939	3,777	515	162
Library materials	2,332	2,329	2,330	3	(1)
Less: Accumulated depreciation	(17,308)	(16,580)	(15,928)	(728)	(652)
Net Capital Assets	\$ 21,432	\$ 20,692	\$ 20,014	\$ 740	\$ 678

The increase in Buildings and Improvements consist primarily of HVAC and roofing upgrades. The College replaced the primary electrical supply to most of the campus during the last three years, and those costs as well as parking lot improvements are reflected in the Other Improvements category. Furniture and Equipment increased each year as Perkins and Title V funds were used to purchase instructional equipment in several vocational programs and to install new two-way video distance education equipment on the main campus and at extension centers.

Total long-term indebtedness was \$27.0 million and \$28.3 million at August 31, 2006 and 2005, respectively. Principal payments of \$1.3 million and \$1.2 million were made during the 2006 and 2005 fiscal years, respectively. The average debt service payment, including interest, is \$2.69 million per year with the final maturity in the year 2019.

**Economic Factors That Will Affect the Future**

The global demand for petroleum has significantly raised the taxable value of mineral property in Ector County. As a result, the tax base for the 2005-2006 fiscal year has increased by 15.3% or \$1,550,000 dollars. Acknowledging that this is likely to be a relatively short-lived, temporary increase, the College's Board of Trustees continues to direct much of the surplus into reserves for deferred maintenance projects and technology replacements.

The high employment rates common during an oil and gas economic upswing typically results in lower enrollments as even unskilled laborers are tempted to choose relatively high wages instead of college attendance. Through aggressive marketing, partnerships with local public schools, and new curriculum that is responsive to industry demands, the College expects to maintain a steady enrollment during the near future.

Other than the above, the College is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the current fiscal year.

## **FINANCIAL STATEMENTS**

**Odessa Junior College District**

**Exhibit 1**

**STATEMENTS OF NET ASSETS**

**August 31,**

	<u>2006</u>	<u>2005</u>
<b>ASSETS:</b>		
Current Assets		
Cash and cash equivalents (Notes 2 and 4)	\$ 16,935,746	8,084,035
Short-term investments (Notes 2 and 4)	-	1,987,804
Accounts receivable, net (Note 12)	2,552,705	4,524,602
Inventories	2,836	-
Notes receivable – current, net	473,266	475,814
Prepaid items	1,139,341	1,099,125
Escrow deposits	<u>28,081</u>	<u>30,594</u>
Total Current Assets	<u>21,131,975</u>	<u>16,201,974</u>
Noncurrent Assets:		
Restricted cash and cash equivalents (Notes 2 and 4)	688,533	363,921
Endowment investments (Notes 2, 3 and 4)	706,924	671,916
Other long-term investments (Notes 2, 3 and 4)	9,043,939	13,885,315
Notes receivable – noncurrent, net	52,166	70,947
Unamortized bond issuance costs	1,092,868	1,172,349
Capital assets, net of accumulated depreciation (Notes 2 and 5)	<u>21,431,758</u>	<u>20,691,735</u>
Total Noncurrent Assets	<u>33,016,188</u>	<u>36,856,183</u>
Total Assets	<u>\$ 54,148,163</u>	<u>53,058,157</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable (Note 12)	\$ 1,940,450	2,252,092
Accrued payroll liabilities	351,073	356,789
Accrued compensable absences (Notes 6 and 11)	103,771	82,812
Funds held for others	278,251	835,699
Deferred revenue – tuition and fees	3,038,744	2,452,214
Deferred revenue – other	214,409	74,531
Bonds payable – current portion (Notes 6, 7 and 8)	1,335,000	1,255,000
Other current liabilities (Note 6)	<u>-</u>	<u>12,662</u>
Total Current Liabilities	<u>7,261,698</u>	<u>7,321,799</u>
Noncurrent Liabilities:		
Deposits	125,050	111,907
Bonds payable – noncurrent (Notes 6, 7 and 8)	25,705,000	27,040,000
Other noncurrent liabilities (Note 6)	<u>13,265</u>	<u>39,758</u>
Total Noncurrent Liabilities	<u>25,843,315</u>	<u>27,191,665</u>
Total Liabilities	<u>33,105,013</u>	<u>34,513,464</u>

**Odessa Junior College District**

**Exhibit 1**

**STATEMENTS OF NET ASSETS (CONTINUED)**

**August 31,**

	<u>2006</u>	<u>2005</u>
NET ASSETS:		
Invested in capital assets, net of related debt	\$ (5,113,820)	(7,115,133)
Restricted for:		
Nonexpendable:		
Student aid	706,924	671,917
Expendable:		
Student aid	300,173	275,213
Instructional programs	114,779	86,336
Loans	840,442	847,047
Capital projects	3,471,938	4,036,967
Debt service	5,249,868	5,247,447
Other	93,961	206,981
Unrestricted	<u>15,378,885</u>	<u>14,287,918</u>
Total Net Assets (Schedule D)	<u>21,043,150</u>	<u>18,544,693</u>
Total Liabilities and Net Assets	\$ <u>54,148,163</u>	<u>53,058,157</u>

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

# Odessa College Foundation, Incorporated

## STATEMENTS OF FINANCIAL POSITION

December 31,

### ASSETS

	<u>2005</u>	<u>2004</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 535,884	305,954
Marketable securities at fair value	3,104,849	2,726,739
Pledges receivable	<u>132,420</u>	<u>119,825</u>
Total current assets	3,773,153	3,152,518
<b>PLEDGES RECEIVABLE – NONCURRENT</b>	<u>3,600</u>	<u>10,750</u>
	\$ <u><u>3,776,753</u></u>	<u><u>3,163,268</u></u>

### LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>		
Accounts payable	\$ -	2,575
Deferred revenue	<u>2,758</u>	<u>2,758</u>
Total current liabilities	<u>2,758</u>	<u>5,333</u>
<b>NET ASSETS</b>		
Unrestricted, undesignated	355,296	-
Designated for Half-Century scholarships	205,155	507,379
Temporarily restricted	663,739	281,601
Permanently restricted	<u>2,549,805</u>	<u>2,368,955</u>
	<u>3,773,995</u>	<u>3,157,935</u>
	\$ <u><u>3,776,753</u></u>	<u><u>3,163,268</u></u>

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

**Odessa Junior College District**

**Exhibit 2**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

Years ended August 31,

	<u>2006</u>	<u>2005</u>
<b>OPERATING REVENUES:</b>		
Tuition and fees (net of discounts of \$2,326,927 and \$3,226,602, respectively)	\$ 3,733,882	2,977,564
Federal grants and contracts	8,512,718	8,970,275
State grants and contracts	331,793	562,368
Non-governmental grants and contracts	120,000	27,500
Sales and services of educational activities	261,545	262,133
Investment income (program restricted)	37,456	20,995
Auxiliary enterprises (net of discounts of \$-0- and \$28,828, respectively)	502,100	515,509
Other operating revenue	<u>478,869</u>	<u>428,964</u>
Total operating revenues (Schedule A)	<u>13,978,363</u>	<u>13,765,308</u>
<b>OPERATING EXPENSES:</b>		
Instruction	11,519,535	11,769,081
Public service	1,519,029	1,297,143
Academic support	4,328,797	3,597,876
Student services	2,893,859	3,245,699
Institutional support	3,742,138	3,984,393
Operation and maintenance of plant	3,862,084	3,520,958
Scholarships and fellowships	3,971,803	3,503,383
Auxiliary enterprises	1,178,080	1,223,136
Depreciation	<u>844,237</u>	<u>750,467</u>
Total operating expenses (Schedule B)	<u>33,859,562</u>	<u>32,892,136</u>
<b>OPERATING LOSS</b>	<u>(19,881,199)</u>	<u>(19,126,828)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
State appropriations	11,003,337	10,563,729
Property taxes for maintenance and operations	11,656,368	10,346,299
Gifts – noncapital	220,603	199,784
Investment income – not restricted to programs	1,033,062	496,204
Interest on capital–related debt	(1,424,411)	(1,501,502)
Loss on disposal of capital assets	(112,167)	(147,687)
Other non-operating revenues	25,070	13,984
Other non-operating expenses	<u>(79,481)</u>	<u>(79,481)</u>
Total non-operating revenues (Schedule C)	<u>22,322,381</u>	<u>19,891,330</u>

**Odessa Junior College District**

**Exhibit 2**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
(CONTINUED)**

**Years ended August 31,**

	<u>2006</u>	<u>2005</u>
Income before other revenues	\$ <u>2,441,182</u>	<u>764,502</u>
<b>OTHER REVENUES:</b>		
Other capital gifts and grants	36,500	7,000
Additions to permanent endowment	<u>20,775</u>	<u>-</u>
Total other revenues	<u>57,275</u>	<u>7,000</u>
Increase in Net Assets	2,498,457	771,502
Net assets – beginning of year	<u>18,544,693</u>	<u>17,773,191</u>
Net assets – end of year	\$ <u>21,043,150</u>	<u>18,544,693</u>

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

# Odessa College Foundation, Incorporated

## STATEMENTS OF ACTIVITIES

Years ended December 31, 2005 and 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2005</u>	<u>Total 2004</u>
Revenues, gains and other support:					
Contributions (including pledges)	\$ 3,500	428,852	180,850	613,202	376,125
Earnings on investments	(2,744)	132,339	-	129,595	97,012
Net unrealized gains (losses) on marketable securities	66,373	-	-	66,373	128,223
Net assets released from restrictions through satisfaction of program restrictions	<u>174,962</u>	<u>(174,962)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>242,091</u>	<u>386,229</u>	<u>180,850</u>	<u>809,170</u>	<u>601,360</u>
Expenses:					
Scholarships	174,962	-	-	174,962	221,365
General and administrative	<u>14,057</u>	<u>4,091</u>	<u>-</u>	<u>18,148</u>	<u>71,163</u>
Total expenses	<u>189,019</u>	<u>4,091</u>	<u>-</u>	<u>193,110</u>	<u>292,528</u>
CHANGES IN NET ASSETS	53,072	382,138	180,850	616,060	308,832
Net assets at beginning of year	<u>507,379</u>	<u>281,601</u>	<u>2,368,955</u>	<u>3,157,935</u>	<u>2,849,103</u>
Net assets at end of year	\$ <u>560,451</u>	<u>663,739</u>	<u>2,549,805</u>	<u>3,773,995</u>	<u>3,157,935</u>

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

**Odessa Junior College District**

**Exhibit 3**

**STATEMENTS OF CASH FLOWS**

**Years ended August 31,**

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from students and other customers	\$ 5,193,178	3,512,276
Receipts from grants and contracts	8,485,102	6,044,022
Receipts from loan collections from students and employees	1,142,441	1,235,470
Other receipts	516,325	449,959
Payments to or on behalf of employees	(17,727,580)	(18,048,119)
Payments to suppliers for goods or services	(8,827,266)	(8,501,728)
Payments of scholarships	(4,071,909)	(3,361,268)
Loans issued to student and employees	(1,225,641)	(1,209,239)
Other cash payments	(43,052)	(576,771)
Net cash used by operating activities	(16,558,402)	(20,455,398)
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Receipts from state allocations	11,003,337	10,563,729
Receipts from ad valorem taxes	11,642,542	10,303,555
Receipts from gifts and grants other than for capital purposes	252,448	201,989
Other cash receipts	-	13,984
Receipts from student organization and other agencies	(93,579)	1,081,910
Payments to student organization and other agencies	(463,869)	(397,316)
Deposit with escrow agents	2,513	8,494
Net cash provided by non-capital and related financing activities	22,343,392	21,776,345
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from sale of capital assets	6,289	194,206
Proceeds from insurance recoveries	25,070	-
Purchases of capital assets	(1,754,612)	(1,627,678)
Payments on capital debt and leases	(2,679,411)	(2,681,502)
Net cash used by capital and related financing activities	(4,402,664)	(4,114,974)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipts from sale and maturity of investments	10,900,000	6,036,405
Receipts from investments earnings	892,724	628,652
Purchases of investments	(3,998,727)	(7,462,283)
Net cash provided (used) by investing activities	7,793,997	(797,226)
Increase (decrease) in cash and cash equivalents	9,176,323	(3,591,253)
Cash and cash equivalents – September 1	8,447,956	12,039,209
Cash and cash equivalents – August 31	\$ 17,624,279	8,447,956

**Odessa Junior College District**

**Exhibit 3**

**STATEMENTS OF CASH FLOWS (CONTINUED)**

Years ended August 31,

	<u>2006</u>	<u>2005</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (19,881,199)	(19,126,828)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	844,237	750,467
Changes in assets and liabilities:		
Receivable, net:		
Tuition and fees receivable (net)	127,305	111,092
State and federal operating grants receivable	2,010,595	(1,267,479)
Private grants receivable	39,570	(2,968)
Employee receivable	1,625	987
Sales and services receivable (net)	(301,487)	(10,353)
Auxiliary receivable (net)	130,282	(328,763)
Inventories	(2,836)	
Other assets	(40,216)	(576,771)
Deposits	13,143	(16,172)
Accounts payable	(223,246)	19,005
Accrued payroll liabilities	(5,716)	14,264
Deferred revenue:		
Deferred tuition and fees revenue	586,530	41,087
Other deferred revenue	139,878	(39,821)
Compensated absences	20,959	(18,658)
Early retirement benefits	(12,662)	(77,196)
Accrued workers comp	(26,493)	(11,857)
Loans to students and employees	<u>21,329</u>	<u>84,566</u>
Total adjustments	<u>3,322,797</u>	<u>(1,328,570)</u>
Net cash used by operating activities	\$ <u>(16,558,402)</u>	<u>(20,455,398)</u>

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

## Odessa Junior College District

### NOTES TO FINANCIAL STATEMENTS

August 31, 2006 and 2005

#### NOTE 1 – REPORTING ENTITY

Odessa Junior College District (the “College”) was established in 1946, in accordance with the laws of the State of Texas, to serve the educational needs of Ector County and the surrounding communities. The College 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 College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

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

##### 1. *Reporting Guidelines*

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

##### 2. *Tuition Discounting*

###### Texas Public Education Grants

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

###### Title IV, HEA Program Funds

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

###### Other Tuition Discounts

The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as tuition and fee revenue and a corresponding amount is recorded as a tuition discount.

##### 3. *Basis of Accounting*

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

## Odessa Junior College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2006 and 2005

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4. *Budgetary Data*

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

##### 5. *Inventories*

Inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

##### 6. *Capital Assets*

Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. The College's policy calls for capitalization of equipment, infrastructure and land improvements with a unit cost of \$5,000 or more and an estimated useful life in excess of two years. Buildings and building renovations in excess of \$100,000 that significantly increase the value or extend the useful life of the structure are also capitalized. The College reports depreciation under a single-line as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

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

##### 7. *Cash and Cash Equivalents*

The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Because of their highly liquid nature, funds held in public funds investment pools are also considered to be cash equivalents.

##### 8. *Investments*

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

##### 9. *Deferred Revenue*

Deferred revenue relates to student tuition, fees and other revenues received during the current physical period for classes or activities to be held in the following period. Similarly, deferred expenditures represent scholarship funds expended in the current period relating to the following period.

## Odessa Junior College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2006 and 2005

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. *Estimates*

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

11. *Operating and Non-Operating Revenue and Expense Policy*

The College distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

In the financial statements for the years ended August 31, 2005 and 2004, state appropriations were classified as operating revenues at the direction of the Texas Higher Education Coordinating Board. The Coordinating Board has reversed its prior treatment of this item. State appropriations will now be treated as non-operating funds. Accordingly, the prior year has been restated.

12. *New Accounting Pronouncements*

*GASBS No. 40*

In June 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures*. This Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this Statement should be disclosed. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2004. This Statement will be implemented no later than the year ending December 31, 2004. This statement was implemented by the College during fiscal year ending August 31, 2005. See Note 4.

*GASBS No. 42*

In February 2004, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This Statement also clarifies and establishes accounting requirements for insurance recoveries.

Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. The provisions of this Statement are effective for fiscal periods beginning after December 15, 2004.

## Odessa Junior College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2006 and 2005

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. *New Accounting Pronouncements (Continued)*

*GASBS No. 44*

This Statement amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government.

Three shortcomings have been identified in the statistical section since NCGA Statement 1 was issued in 1979. First, NCGA Statement 1 presented a list of fifteen required schedules with no additional explanation of the nature of the information they were to contain. As a result, some governments prepared their statistical sections differently from others, thereby diminishing the usefulness and comparability of the information. Second, the statistical section requirements were oriented to general purpose local governments. Consequently, other types of governments had little guidance on how to adapt the requirements to their circumstances, resulting in incomplete and inconsistent application of the standards and, therefore, additional loss of comparability and usefulness. Third, the requirements for the statistical section did not encompass the new information that governments are presenting as a result of GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.

The statistical section is a required part of a comprehensive annual financial report (“CAFR”), although governments are not required to prepare a statistical section if they do not present their basic financial statements within a CAFR. These circumstances are not altered by this Statement. However, this Statement does apply to any statistical section that accompanies a government’s basic financial statements. The provisions of this Statement are effective for statistical sections prepared for periods beginning after June 15, 2005.

*GASBS No. 46*

GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. In the process of applying this provision, some governments have had difficulty interpreting the requirement that those restrictions be “legally enforceable.” The confusion over this phrase has resulted in a diversity of practice that has diminished comparability.

This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary—can compel a government to honor. The Statement states that the legal enforceability of an enabling legislation restriction should be reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration. Although the determination that a particular restriction is not legally enforceable may cause a government to review the enforceability of other restrictions, it should not necessarily lead a government to the same conclusion for all enabling legislation restrictions.

This Statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2005.

## Odessa Junior College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2006 and 2005

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. *Reclassifications*

Certain reclassifications have been made to the 2005 presentation to conform to the 2006 presentation.

#### NOTE 3 – AUTHORIZED INVESTMENTS

The Board of Trustees of the College has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Chapter 2256.001, Texas Government Code). The investments of the College are in compliance with Trustees' investment policies. 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.

In accordance with Sec. 2256.005 (n) of the Public Funds Investment Act, the community college, "...shall arrange for a compliance audit of management controls on investments and adherence to the college's established investment policies. The compliance audit shall be performed by the college's internal auditor or by a private auditor...Not later than January 1 of each even numbered year, the community college shall report the results of the most recent audit performed to the state auditor."

The State Auditor has determined that the College and their independent auditors should indicate compliance with the Act by completing the following:

- the categorization of investments by risk which is required by GASB 3 in the footnote "Deposits and Investments," and
- placing a statement in the scope paragraph of the Report on Compliance and on Internal Controls over Financial Reporting which indicate the audit work covered in the Act, or
- writing a separate letter to the State Auditor's Office stating that the College is in compliance with all requirements of the Act.

#### NOTE 4 – DEPOSITS AND INVESTMENTS

**Deposits:** At August 31, 2006 and 2005, the carrying amount of the College's deposits was \$2,647,868 and \$1,802,611, respectively; and bank balances equaled \$2,908,706 and \$2,213,630. Bank balances of \$111,865 and \$105,555 are covered by federal depository insurance and \$2,796,840 and \$2,108,075 were covered by collateral pledged in the College's name. The collateral was held by the College or by its Agent (Category 1). There were no uncollateralized bank balances (Category 3) at either year end. (This would have included any bank balance that was collateralized with securities held by the pledging financial institution's department or agent but not in the College' name). The College held \$14,961,731 and \$6,630,695 in state approved public investment pools at August 31, 2006 and 2005, respectively.

**Odessa Junior College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2006 and 2005**

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)**

Cash and Deposits included on Exhibit 1, Statement of Net Assets, consist of the items reported below at August 31:

<b>Cash and Deposits</b>		
	<u>2006</u>	<u>2005</u>
Bank Deposits		
Demand Deposits	\$ 741,186	339,604
Transit Items	(260,838)	(411,019)
Time Deposits	<u>2,167,520</u>	<u>1,874,026</u>
	<u>2,647,868</u>	<u>1,802,611</u>
Cash and Cash Equivalents		
Public Funds Investment Pools	14,961,731	6,630,965
Petty Cash on Hand	<u>14,680</u>	<u>14,380</u>
Total Cash and Deposits	\$ <u>17,624,279</u>	<u>8,447,956</u>

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

<u>Type of Security</u>	<u>Market Value</u> <u>August 31, 2006</u>	<u>Market Value</u> <u>August 31, 2005</u>
Total Cash and Deposits	\$ 17,624,279	8,447,956
Total Investments	<u>9,750,861</u>	<u>16,545,035</u>
Total Deposits and Investments	\$ <u>27,375,140</u>	<u>24,992,991</u>
Current Cash and Temporary Investments (Exh. 1)	\$ 16,935,746	8,084,035
Restricted Cash and Temporary Investments (Exh. 1)	688,533	363,921
Agency Cash and Temporary Investments (Exh. 1)	-	1,987,804
Endowment Investments (Exh. 1)	706,924	671,916
Other Long-Term Investments (Exh. 1)	<u>9,043,939</u>	<u>13,885,315</u>
Total Deposits and Investments	\$ <u>27,375,142</u>	<u>24,992,991</u>

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

<u>Investment Type</u>	<u>Fair Value</u>	Investment Maturities in Years		
		<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>
U.S. Government Securities	\$ <u>9,750,863</u>	<u>6,224,468</u>	<u>3,526,395</u>	-
Total Fair Value	\$ <u>9,750,863</u>	<u>6,224,468</u>	<u>3,526,395</u>	-

## Odessa Junior College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2006 and 2005

#### NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

As of August 31, 2005, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 2	2 to 3
U.S. Government Securities	\$ 14,557,231	6,849,861	5,231,370	2,476,000
Certificates of Deposits	<u>1,987,804</u>	<u>1,987,804</u>	-	-
Total Fair Value	\$ <u>16,545,035</u>	<u>8,837,665</u>	<u>5,231,370</u>	<u>2,476,000</u>

**Interest Rate Risk:** In accordance with state law and District policy, the District has established maturity limitations on investments purchased. Investments of the operating and renewal and replacement funds do not have maturities in excess of 5 years. Investments of debt service funds do not have maturities in excess of the debt service dates. Additionally, maturities of commercial paper and banker's acceptances shall not exceed 270 days, repurchase agreements shall not exceed 2 years, and reverse repurchase agreements shall not exceed 90 days.

**Credit Risk:** In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations of states, agencies, counties, cities, and other political subdivisions must be rated at least A. Applicable credit ratings of investments at August 31, 2006 and 2005 are reported below:

Investment Type	Credit Rating
U.S. Government Securities	S&P: AAA; COMP: AAA
Commercial Paper – Duff & Phels Utility	S&P: A-1; Moody's: P-1
Commercial Paper – Autobahn Funding Corp	S&P: A-1; Moody's: P-1
TexPool	S&P: AAAM
LOGIC	S&P: AAA
Lone Star Investment Pool	S&P: AAA

**Concentration of Credit Risk:** The District does not place a limit on the amount the District may invest in any one issuer. More than 5% of the District's investments are in FHLB securities (35.6%).

**Custodial Credit Risk:** The District's investments have no custodial credit risk.

#### NOTE 5 – CAPITAL ASSETS

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

	Balance September 1, 2005	Increases	Decreases	Balance August 31, 2006
<u>Not Depreciated:</u>				
Land	\$ 2,586,505	-	-	2,586,505
Construction in progress	<u>339,123</u>	-	<u>339,123</u>	-
Total Capital Assets – Non-Depreciated	<u>2,925,628</u>	-	<u>339,123</u>	<u>2,586,505</u>

## Odessa Junior College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2006 and 2005

#### NOTE 5 – CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>September 1,</u> <u>2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>August 31,</u> <u>2006</u>
<u>Other Capital Assets:</u>				
Buildings and building improvements	23,969,406	495,897	-	24,465,303
Other real estate improvements	<u>4,109,211</u>	<u>803,416</u>	<u>9,595</u>	<u>4,903,032</u>
Total Buildings and Other Improvements	28,078,617	1,299,313	9,595	29,368,335
Library books	2,328,840	113,790	110,660	2,331,970
Furniture, machinery and equipment	<u>3,939,312</u>	<u>628,736</u>	<u>114,168</u>	<u>4,453,880</u>
Total Capital Assets – Depreciable	<u>34,346,769</u>	<u>2,041,839</u>	<u>234,423</u>	<u>36,154,185</u>
<u>Accumulated Depreciation:</u>				
Buildings and building improvements	11,618,492	409,421	-	12,027,913
Other real estate improvements	<u>2,014,956</u>	<u>121,930</u>	<u>1,799</u>	<u>2,135,087</u>
Total Buildings and Other Improvements	13,633,448	531,351	1,799	14,163,000
Library books	3,854	11,502	-	15,356
Furniture, machinery and equipment	<u>2,943,360</u>	<u>301,384</u>	<u>114,168</u>	<u>3,130,576</u>
Total Accumulated Depreciation	<u>16,580,662</u>	<u>844,237</u>	<u>115,967</u>	<u>17,308,932</u>
Net Capital Assets	\$ <u>20,691,735</u>	<u>1,197,602</u>	<u>457,579</u>	<u>21,431,758</u>

Capital assets activity for the year ended August 31, 2005 was as follows:

	<u>Balance</u> <u>September 1,</u> <u>2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>August 31,</u> <u>2005</u>
<u>Not Depreciated:</u>				
Land	\$ 2,586,505	-	-	2,586,505
Construction in progress	<u>189,863</u>	<u>339,123</u>	<u>189,863</u>	<u>339,123</u>
Total Capital Assets – Non-Depreciated	<u>2,776,368</u>	<u>339,123</u>	<u>189,863</u>	<u>2,925,628</u>
<u>Other Capital Assets:</u>				
Buildings and building improvements	23,500,972	468,434	-	23,969,406
Other real estate improvements	<u>3,558,087</u>	<u>551,124</u>	-	<u>4,109,211</u>
Total Buildings and Other Improvements	27,059,059	1,019,558	-	28,078,617
Library books	2,329,692	115,633	116,485	2,328,840
Furniture, machinery and equipment	<u>3,776,888</u>	<u>296,224</u>	<u>133,800</u>	<u>3,939,312</u>
Total Capital Assets – Depreciable	<u>33,165,639</u>	<u>1,431,415</u>	<u>250,285</u>	<u>34,346,769</u>
<u>Accumulated Depreciation:</u>				
Buildings and building improvements \$	11,220,164	398,328	-	11,618,492
Other real estate improvements	<u>1,914,862</u>	<u>100,094</u>	-	<u>2,014,956</u>
Total Buildings and Other Improvements	13,135,026	498,422	-	13,633,448
Library books	-	3,854	-	3,854
Furniture, machinery and equipment	<u>2,793,425</u>	<u>248,190</u>	<u>98,255</u>	<u>2,943,360</u>
Total Accumulated Depreciation	<u>15,928,451</u>	<u>750,466</u>	<u>98,255</u>	<u>16,580,662</u>
Net Capital Assets	\$ <u>20,013,556</u>	<u>1,020,072</u>	<u>341,893</u>	<u>20,691,735</u>

**Odessa Junior College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2006 and 2005**

**NOTE 6 – LONG-TERM LIABILITIES**

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

	Balance September 1, 2005	Additions	Reductions	Balance August 31, 2006	Due Within One Year
<u>Bonds</u>					
Revenue bonds and notes	\$ 28,295,000	-	1,255,000	27,040,000	1,335,000
General obligation bonds	-	-	-	-	-
Total Bonds	<u>28,295,000</u>	<u>-</u>	<u>1,255,000</u>	<u>27,040,000</u>	<u>1,335,000</u>
<u>Other Liabilities</u>					
Accrued compensable absences	82,812	20,959	-	103,771	103,771
Other current liabilities	12,662	-	12,662	-	-
Other noncurrent liabilities	<u>39,758</u>	<u>-</u>	<u>26,493</u>	<u>13,265</u>	<u>-</u>
Total Other Liabilities	<u>135,232</u>	<u>20,959</u>	<u>39,155</u>	<u>117,036</u>	<u>103,771</u>
Total Long-Term Liabilities	\$ <u>28,430,232</u>	<u>20,959</u>	<u>1,294,155</u>	<u>27,157,036</u>	<u>1,438,771</u>

Long-term liability activity for the year ended August 31, 2005 was as follows:

	Balance September 1, 2004	Increases	Decreases	Balance August 31, 2005	Due Within One Year
<u>Bonds</u>					
Revenue bonds and notes	\$ 29,475,000	-	1,180,000	28,295,000	1,255,000
General obligation bonds	-	-	-	-	-
Total Bonds	<u>29,475,000</u>	<u>-</u>	<u>1,180,000</u>	<u>28,295,000</u>	<u>1,255,000</u>
<u>Other Liabilities</u>					
Accrued compensable absences	101,470	-	18,658	82,812	82,812
Other current liabilities	89,858	-	77,196	12,662	12,662
Other noncurrent liabilities	<u>51,615</u>	<u>-</u>	<u>11,857</u>	<u>39,758</u>	<u>-</u>
Total Other Liabilities	<u>242,943</u>	<u>-</u>	<u>107,711</u>	<u>135,232</u>	<u>95,474</u>
Total Long-Term Liabilities	\$ <u>29,717,943</u>	<u>-</u>	<u>1,287,711</u>	<u>28,430,232</u>	<u>1,350,474</u>

**Odessa Junior College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

August 31, 2006 and 2005

**NOTE 7 – DEBT AND LEASE OBLIGATIONS**

Debt service obligations at August 31, 2006 were as follows:

For the Year Ended August 31,	General Obligation Bonds		Revenue Bonds		
	Principal	Interest	Principal	Interest	Total
2007	\$ -	-	1,335,000	1,341,777	2,676,777
2008	-	-	1,425,000	1,253,000	2,678,000
2009	-	-	1,520,000	1,168,857	2,688,857
2010	-	-	1,595,000	1,092,781	2,687,781
2011	-	-	1,675,000	1,014,700	2,689,700
2012-2016	-	-	9,745,000	3,702,625	13,447,625
2017-2021	-	-	9,745,000	1,004,875	10,749,875
<b>Total</b>	<b>\$ -</b>	<b>-</b>	<b>27,040,000</b>	<b>10,578,615</b>	<b>37,618,615</b>

There were no obligations under capital leases at August 31, 2006.

The District utilized leased facilities and equipment consisting of vehicles, buildings and office equipment. Included in operating expenses is rent paid or due under operating leases of \$467,414 and \$479,209 for the years ended August 31, 2006 and 2005, respectively.

The following schedule shows the future minimum payments required for those operating leases having initial or remaining noncancellable lease terms in excess of one year.

For the Year Ended August 31,	Operating Leases
2007	\$ 451,464
2008	368,221
2009	119,858
2010	69,606
2011	21,843
<b>Total</b>	<b>\$ 1,030,992</b>

**NOTE 8 – BONDS PAYABLE**

General information related to bonds payable is summarized below:

- ❖ **Revenue Refunding and Improvement Bonds, Tax Exempt Series 1998A**
- To retire bonded debt outstanding in the amount of \$19,650,000 (Series 1995), as of May 31, 1998, to pay for related bond issuance costs, and to deposit \$140,061 in a debt service reserve fund in accordance with the bond agreement.
- Issued on May 31, 1998.
- \$24,230,000 original amount of issue; all authorized bonds have been issued.

## Odessa Junior College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2006 and 2005

#### NOTE 8 – BONDS PAYABLE (CONTINUED)

- The Bonds are special limited tax-exempt obligations of the Board, payable from and equally and ratably secured by a first lien pledge of certain revenues of the District (the gross revenues) which include: the general use fee, the tuition pledge, the college bookstore revenues, the dormitory system revenues, the operating fees, gifts, grants, or donations from any public or private source that are not restricted or dedicated with respect to their use or purpose, and the earnings on all investments of the District lawfully available for such purpose.
- The Bonds are due in annual installments of principal and interest varying from \$1,214,765 to \$2,690,625, with interest rates from 4.0% to 5.0%, and with the final installment due in December 2019. Optional redemption may begin in December 2007.
- ❖ **Revenue Refunding Bonds, Taxable Series 1998B**
- To retire bonded debt outstanding in the amount of \$9,620,000 (Series 1995), as of May 31, 1998, and to pay for related bond issuance costs.
- Issued on May 31, 1998.
- \$10,685,000 original amount of issue; all authorized bonds have been issued.
- The Bonds are special limited taxable obligations of the Board, payable from and equally and ratably secured by a first lien pledge of certain revenues of the District (the gross revenues) which include: the general use fee, the tuition pledge, the college bookstore revenues, the dormitory system revenues, the operating fees, gifts, grants, or donations from any public or private source that are not restricted or dedicated with respect to their use or purpose, and the earnings on all investments of the District lawfully available for such purpose.
- The Bonds are due in annual installments of principal and interest varying from \$283,938 to \$1,465,744, with interest rates from 5.76% to 6.50%, and with the final installment due in December 2008. Optional redemption may begin in June 2005.

A summary of bond principal is as follows:

	Balance Sept. 1, 2005	Issued	Refunded or Retired	Balance Aug. 31, 2006
Series 1998A Bonds	\$ 24,080,000	-	25,000	24,055,000
Series 1998B Bonds	<u>4,215,000</u>	-	<u>1,230,000</u>	<u>2,985,000</u>
Total Bonds	\$ <u>28,295,000</u>	<u>-</u>	<u>1,255,000</u>	<u>27,040,000</u>

As of August 31, 2005, there were no defeased bonds outstanding.

#### NOTE 9 - EMPLOYEES' RETIREMENT PLAN

All College employees, except those employed for less than one-half the standard workload and those exempted by law, are required to participate in an employee retirement plan. Employees are entitled to full retirement benefits if they retire (a) on or after age 65 with 10 years of credited service or (b) with a combination of age and years of service of at least 80. Vested employees may retire at or after age 55, or at any age with 30 years of credited service, and received reduced benefits. The Employee Retirement System of Texas also provides death and disability benefits for eligible retirees. Benefits are established by state statute.

## Odessa Junior College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2006 and 2005

#### NOTE 9 - EMPLOYEES' RETIREMENT PLAN (CONTINUED)

One of the primary plans in which the College 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%, respectively, of annual compensation. Employees who retire under this plan receive a defined retirement benefit, payable monthly for life, equal to 2.3 percent of their final-average salary for each year of credited service. Final-average salary is the employee's average salary over the best 3 years of credited service. Benefits fully vest on reaching 10 years of credited service.

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%, respectively. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program. For employees in the system prior to September 1, 1995, the College contributed 1.31%. Benefits fully vest after 1 year plus 1 day of employment.

The retirement expense to the State for the College was \$683,472 and \$683,272 for the fiscal years ended August 31, 2006 and 2005, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

Sick leave, which can be accumulated to a maximum of six hundred and forty (640) hours, is earned at a rate of eight (8) hours per month. The College's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

The total payroll for all College employees was \$15,674,622 and \$15,770,592 for fiscal years 2006 and 2005, respectively. The total payroll of employees covered by the Teacher Retirement System was \$8,399,848 and \$7,884,009, and the total payroll of employees covered by the Optional Retirement System was \$5,387,264 and \$5,535,402 for fiscal years 2006 and 2005, respectively.

#### NOTE 10 - DEFERRED COMPENSATION PROGRAM

The College's employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2006 and 2005, the College had no employees participating in the program.

#### NOTE 11 - COMPENSABLE ABSENCES

Full-time employees earn vacation leave from eighty (80) to one hundred sixty (160) hours per year depending on the number of consecutive years employed with the College. All unused vacation which is not taken by August 31<sup>st</sup> may be accumulated to a maximum of two hundred forty (240) hours. All unused hours are reduced by fifty percent (50%) on August 31<sup>st</sup>. Employees terminating after the beginning of the College year will be paid for their vacation time on a pro-rata basis. The liability for vacation leave has been accrued for the periods ending August 31, 2006 and 2005 in the amounts of \$103,771 and \$82,812, respectively.

Sick leave, which can be accumulated to a maximum of six hundred and forty (640) hours, is earned at a rate of eight (8) hours per month. The College's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

## Odessa Junior College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2006 and 2005

#### NOTE 12 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables at August 31, 2006 and 2005 were as follows:

	2006	2005
Tuition and fees receivable	\$ 383,658	465,447
Taxes receivable	1,304,558	1,379,673
Federal receivable	1,130,974	2,925,753
State receivable	73,839	289,655
Interest receivable	86,858	53,621
Other receivables	933,759	867,179
Subtotal	3,913,646	5,981,328
Allowance for doubtful accounts	(1,360,941)	(1,456,726)
Total	\$ 2,552,705	4,524,602

Payables at August 31, 2006 and 2005 were as follows:

	2006	2005
Vendors payable – operations	\$ 894,824	1,013,664
Vendors payable – capital	47,464	135,860
Students payable	970,072	1,070,178
Payroll deductions payable	28,090	32,390
Total	\$ 1,940,450	2,252,092

#### NOTE 13 – 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 awards funds already committed, i.e., multi-year awards, or funds awarded during fiscal years 2006 and 2005 for which monies have not been received nor funds expended totaled \$5,780,955 and \$7,503,044, respectively. Of these amounts, \$5,538,087 and \$7,207,735 were from federal contract and grant awards; \$68,519 and \$162,405 were from state contract and grant awards; and \$174,349 and \$132,904 were from private contract and grant awards for the fiscal years ended August 31, 2006 and 2005, respectively.

#### NOTE 14 - POST RETIREMENT, HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to the pension benefits described in Note 8 above, 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 have reached the minimum age for retirement, have the required years of service, and meet applicable qualifications of Teacher Retirement System (TRS), Optional Retirement Program (ORP) and Employees Retirement System (ERS).

## Odessa Junior College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2006 and 2005

#### NOTE 14 - POST RETIREMENT, HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Those and similar benefits for active employees are provided through the state's Group Benefits Program. Certain categories of employees, such as physical plant and auxiliary employees, are not eligible for state funding of health care benefits. The premiums are based on benefits paid during the previous year. The state's contribution per full-time employee was \$343 per month for HealthSelect coverage and \$316 per month for HMO FirstCare coverage for the year ended August 31, 2006 (\$316 and \$304 per month, respectively, for fiscal year 2005).

The cost of providing health care benefits to retirees and active employees is as follows for the years ending August 31:

	2006	2005
Number of retirees receiving benefits	148	146
Cost of state's contribution	\$ 646,665	594,835
Cost of local contribution	48,774	45,441
Total cost of benefits for retirees	\$ 695,439	640,276
Number of active employees receiving benefits	336	342
Cost of state's contribution	\$ 1,201,229	964,567
Cost of federal grant contribution	175,201	146,144
Cost of local contribution	353,303	504,789
Total cost of benefits for active employees	\$ 1,729,733	1,615,500

#### NOTE 15 – AD VALOREM TAX

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

At August 31:

	2006	2005
Assessed valuation of the District (at January 1, 2005 and 2004)	\$ 7,174,227,647	6,370,121,743
Less: exemptions	(1,038,965,796)	(971,843,240)
Less: abatements	(315,275,858)	(352,810,266)
Net assessed valuation of the District	\$ 5,819,985,993	5,045,468,237

At August 31:

	2006			2005		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized tax rate						
per \$100 valuation	\$ 0.20	0.50	0.70	0.20	0.50	0.70
Assessed tax rate						
per \$100 valuation	\$ 0.20	-	0.20	0.20	-	0.20

## Odessa Junior College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2006 and 2005

#### NOTE 15 – AD VALOREM TAX (CONTINUED)

Taxes levied for the year ended August 31, 2006 and 2005 were \$11,639,972 and \$10,090,432, respectively. 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.

At August 31:	2006			2005		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes collected \$	11,260,411	-	11,260,411	9,757,949	-	9,757,949
Delinquent taxes collected	304,823	-	304,823	326,666	-	326,666
Penalties and interest collected	173,122	-	173,122	183,193	-	183,193
Total collections \$	11,738,356	-	11,738,356	10,267,808	-	10,267,808

Tax collections (including delinquent collections) for the years ended August 31, 2006 and 2005 were 97.85% and 97.88%, respectively, of the current year tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations.

#### NOTE 16 - INCOME TAXES

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the years ended August 31, 2006 and 2005.

#### NOTE 17 – EARLY RETIREMENT PROGRAM

During fiscal year 1994, the College instituted an early retirement program for the benefits of its employees. To be eligible the employee must have been a full time employee as of June 1, 1994 and had a sum of age and full year of service with the College of 70 or greater, with those years of service being ten or more full years as of June 1, 1994. Upon meeting these eligibility requirements, the employee had the election to select one of three payment options listed below:

1. One hundred percent (100%) of base salary paid over 6 years,
2. One hundred sixteen point seven percent (116.7%) of base salary paid over 8 years, or
3. One hundred twenty five percent (125%) of base salary paid over 10 years.

All payments were made in quarterly installments. During June of 1995, another early retirement offering was issued. The terms of this offering were the same as the initial offering. The College considers this plan to be subject to the provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*. The final installments relating to these early retirement programs were paid on November 30, 2005. As of August 31, 2006 and 2005, the accrued liabilities for the benefits were \$-0- and \$12,662, respectively.

## **Odessa Junior College District**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2006 and 2005**

#### **NOTE 18 – COMPONENT UNITS**

Odessa College Foundation, Incorporated (the “Foundation”) was established as a separate nonprofit organization in 1996, to raise funds to provide student scholarships and assistance in the development and growth of the College. Under Governmental Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit.

Accordingly, the Foundation financial statements are included in the College’s annual report as a discrete component unit (see table of contents). Complete financial statements of the Odessa College Foundation, Incorporated can be obtained from the administrative offices of the Foundation/Odessa Junior College District.

**REQUIRED SUPPLEMENTAL INFORMATION**

**Odessa Junior College District**

**Schedule A**

**SCHEDULE OF OPERATING REVENUES**

**Year Ended August 31, 2006  
With Memorandum Totals for the Year Ended August 31, 2005**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2006 Total</u>	<u>2005 Total</u>
<b>Tuition</b>						
State-funded credit courses						
In-district resident tuition	\$ 2,303,706	-	2,303,706	-	2,303,706	2,254,374
Out-of-district resident tuition	1,169,270	-	1,169,270	-	1,169,270	1,166,928
Non-resident tuition	253,087	-	253,087	-	253,087	231,583
TPEG credit set aside *	205,758	-	205,758	-	205,758	202,267
State-funded continuing education	532,170	-	532,170	-	532,170	896,783
TPEG non-credit set aside *	32,358	-	32,358	-	32,358	56,390
Non-state funded educational programs	<u>317,859</u>	<u>-</u>	<u>317,859</u>	<u>-</u>	<u>317,859</u>	<u>172,699</u>
Total tuition	<u>4,814,208</u>	<u>-</u>	<u>4,814,208</u>	<u>-</u>	<u>4,814,208</u>	<u>4,981,024</u>
<b>Fees</b>						
Student use fees	916,149	-	916,149	-	916,149	908,589
Institutional/course fees	21,403	-	21,403	-	21,403	20,735
Student service fees	-	-	-	95,127	95,127	94,876
Laboratory fees	171,645	-	171,645	-	171,645	177,758
Other fees	<u>33,087</u>	<u>9,190</u>	<u>42,277</u>	<u>-</u>	<u>42,277</u>	<u>21,184</u>
Total fees	<u>1,142,284</u>	<u>9,190</u>	<u>1,151,474</u>	<u>95,127</u>	<u>1,246,601</u>	<u>1,223,142</u>
<b>Scholarship allowances and discounts</b>						
Scholarship allowances	(433,431)	(25,352)	(458,783)	-	(458,783)	(415,734)
Local remissions and exemptions	(4,914)	-	(4,914)	-	(4,914)	(3,368)
State remissions and exemptions	(95,538)	-	(95,538)	(477)	(96,015)	(69,550)
TPEG allowances	(74,649)	-	(74,649)	-	(74,649)	(92,865)
Federal grants to students	-	(1,479,310)	(1,479,310)	-	(1,479,310)	(2,255,930)
State grants to students	<u>-</u>	<u>(213,256)</u>	<u>(213,256)</u>	<u>-</u>	<u>(213,256)</u>	<u>(389,155)</u>
Total scholarship allowances	<u>(608,532)</u>	<u>(1,717,918)</u>	<u>(2,326,450)</u>	<u>(477)</u>	<u>(2,326,927)</u>	<u>(3,226,602)</u>
<b>Total net tuition and fees</b>	<u>5,347,960</u>	<u>(1,708,728)</u>	<u>3,639,232</u>	<u>94,650</u>	<u>3,733,882</u>	<u>2,977,564</u>
<b>Other operating revenues</b>						
Federal grants and contracts	68,951	8,443,767	8,512,718	-	8,512,718	8,970,276
State grants and contracts	15,030	316,763	331,793	-	331,793	562,368
Nongovernmental grants and contracts	-	120,000	120,000	-	120,000	27,500
Sales and services of educational activities	261,545	-	261,545	-	261,545	262,133
Investment income (program restricted)	-	35,601	35,601	1,855	37,456	20,995
General operating revenues	<u>444,430</u>	<u>34,439</u>	<u>478,869</u>	<u>-</u>	<u>478,869</u>	<u>428,964</u>
Total other operating revenues	<u>789,956</u>	<u>8,950,570</u>	<u>9,740,526</u>	<u>1,855</u>	<u>9,742,381</u>	<u>10,272,236</u>

**Odessa Junior College District**

**Schedule A**

**SCHEDULE OF OPERATING REVENUES (CONTINUED)**

**Year Ended August 31, 2006  
With Memorandum Totals for the Year Ended August 31, 2005**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2006 Total</u>	<u>2005 Total</u>
Auxiliary enterprises						
Bookstore **	\$ -	-	-	182,113	182,113	172,530
Food service	-	-	-	274,880	274,880	308,542
Student housing	-	-	-	-	-	47,029
Less: housing discounts and allowances	-	-	-	-	-	(28,828)
Other auxiliaries	-	-	-	45,107	45,107	16,235
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>502,100</u>	<u>502,100</u>	<u>515,508</u>
Total Operating Revenues	\$ <u>6,137,916</u>	<u>7,241,842</u>	<u>13,379,758</u>	<u>598,605</u>	<u>13,978,363</u> (Exhibit 2)	<u>13,765,308</u> (Exhibit 2)

\* In accordance with Education Code 56.033, \$238,115 and \$258,658 for years ending August 31, 2006 and 2005, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

\*\* The Odessa College Bookstore is outsourced. Bookstore revenue is derived from lease payments. Accordingly, there are no scholarship allowances and discounts related to bookstore revenues.

Odessa Junior College District

Schedule B

SCHEDULE OF OPERATING EXPENSES  
BY OBJECT

Year Ended August 31, 2006  
With Memorandum Totals for the Year Ended August 31, 2005

	Salaries & Wages	Staff Benefits		Other Expenses	2006 Total	2005 Total
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 7,445,121	-	554,016	1,335,286	9,334,423	9,363,497
Public service	607,411	-	28,168	337,973	973,552	745,834
Academic support	1,725,107	-	110,943	565,299	2,401,349	2,256,763
Student services	1,300,104	-	92,789	380,726	1,773,619	1,791,006
Institutional support	1,746,053	-	627,397	1,021,572	3,395,022	3,525,946
Operation and maintenance of plant	788,834	-	238,064	2,817,581	3,844,479	3,518,965
Scholarship and fellowships	-	-	-	395,652	395,652	300,359
Total Unrestricted Educational Activities	<u>13,612,630</u>	<u>-</u>	<u>1,651,377</u>	<u>6,854,089</u>	<u>22,118,096</u>	<u>21,502,370</u>
Restricted - Educational Activities						
Instruction	530,983	1,356,358	42,490	255,281	2,185,112	2,405,583
Public service	218,865	82,520	39,719	204,373	545,477	551,309
Academic support	521,966	407,847	121,851	875,784	1,927,448	1,341,113
Student services	482,451	351,133	124,886	161,770	1,120,240	1,454,694
Institutional support	14,868	331,716	-	532	347,116	458,446
Operation and maintenance of plant	608	-	-	16,997	17,605	1,993
Scholarship and fellowships	-	-	-	3,576,151	3,576,151	3,203,026
Total Restricted Educational Activities	<u>1,769,741</u>	<u>2,529,574</u>	<u>328,946</u>	<u>5,090,888</u>	<u>9,719,149</u>	<u>9,416,164</u>
Total Educational Activities	15,382,371	2,529,574	1,980,323	11,944,977	31,837,245	30,918,534
Auxiliary Enterprises	292,251	-	50,348	835,481	1,178,080	1,223,136
Depreciation Expense – Buildings and other real estate improvements	-	-	-	531,351	531,351	498,422
Depreciation Expense – Equipment and furniture	-	-	-	312,886	312,886	252,044
Total Operating Expenses	\$ <u>15,674,622</u>	<u>2,529,574</u>	<u>2,030,671</u>	<u>13,624,695</u>	<u>33,859,562</u> (Exhibit 2)	<u>32,892,136</u> (Exhibit 2)

Odessa Junior College District

Schedule C

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

Year Ended August 31, 2006  
With Memorandum Totals for the Year Ended August 31, 2005

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2006 Total</u>	<u>2005 Total</u>
<b>NON-OPERATING REVENUES:</b>					
State appropriations:					
Education and general support	\$ 8,473,763	-	-	8,473,763	8,318,055
State group insurance	-	1,846,102	-	1,846,102	1,562,402
State retirement matching	-	683,472	-	683,472	683,272
Total state appropriations	<u>8,473,763</u>	<u>2,529,574</u>	<u>-</u>	<u>11,003,337</u>	<u>10,563,729</u>
Property taxes for maintenance and operations	11,656,368	-	-	11,656,368	10,346,299
Gifts – noncapital	70,805	143,702	6,096	220,603	199,784
Investment income – not restricted to programs	1,033,062	-	-	1,033,062	496,204
Other non-operating revenues	<u>8,223</u>	<u>16,847</u>	<u>-</u>	<u>25,070</u>	<u>13,984</u>
Total Non-Operating Revenues	<u>21,242,221</u>	<u>2,690,123</u>	<u>6,096</u>	<u>23,938,440</u>	<u>21,620,000</u>
<b>NON-OPERATING EXPENSES:</b>					
Interest on capital-related debt	1,424,411	-	-	1,424,411	1,501,502
Loss on disposal of capital assets	112,167	-	-	112,167	147,687
Other non-operating expenses	<u>79,481</u>	<u>-</u>	<u>-</u>	<u>79,481</u>	<u>79,481</u>
Total Non-Operating Expenses	<u>1,616,059</u>	<u>-</u>	<u>-</u>	<u>1,616,059</u>	<u>1,728,670</u>
Net Non-Operating Revenues	\$ <u>19,626,162</u>	<u>2,690,123</u>	<u>6,096</u>	<u>22,322,381</u> (Exhibit 2)	<u>19,891,330</u> (Exhibit 2)

**Odessa Junior College District**

**Schedule D**

**SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY**

**Year Ended August 31, 2006  
With Memorandum Totals for the Year Ended August 31, 2005**

	Details by Source						
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Capital Assets Net of Depreciation and Related Debt</u>	<u>Total</u>	<u>Available for Current Operations</u>	
		<u>Expendable</u>	<u>Non- Expendable</u>			<u>Yes</u>	<u>No</u>
Current:							
Undesignated	\$ 15,348,174	-	-	-	15,348,174	15,348,174	-
Board designated	14,492	-	-	-	14,492	-	14,492
Restricted	-	508,913	-	-	508,913	-	508,913
Auxiliary enterprises	16,219	-	-	-	16,219	16,219	-
Loans	-	840,442	-	-	840,442	-	840,442
Endowment	-	-	706,924	-	706,924	-	706,924
Plant							
Renewal and replacement	-	3,471,938	-	-	3,471,938	-	3,471,938
Debt service	-	5,249,868	-	-	5,249,868	-	5,249,868
Investment in plant	-	-	-	(5,113,820)	(5,113,820)	-	(5,113,820)
Total Net Assets, August 31, 2006	15,378,885	10,071,161	706,924	(5,113,820)	21,043,150 (Exhibit 1)	15,364,393	5,678,757
Total Net Assets, August 31, 2005	<u>14,287,918</u>	<u>10,699,990</u>	<u>671,917</u>	<u>(7,115,132)</u>	<u>18,544,693</u> (Exhibit 1)	<u>14,239,948</u>	<u>4,304,745</u>
Net Increase (Decrease) in Net Assets	\$ <u>1,090,967</u>	<u>(628,829)</u>	<u>35,007</u>	<u>2,001,312</u>	<u>2,498,457</u> (Exhibit 2)	<u>1,124,445</u>	<u>1,374,012</u>

**Odessa Junior College District**

**Schedule E**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended August 31, 2006**

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Document/ Pass Through Grantor's Number</u>	<u>Pass Through Disbursement and Expenditures</u>
<u>U.S. Department of Education</u>			
Direct Programs:			
Supplemental Educational Opportunity Grant Strengthening Institutions Program	84.007	P007A054089	\$ 110,243
Title V	84.031S	P031S010070	709,224
Title V COOP	84.031S	P031S040013	<u>855,494</u>
Subtotal for CFDA 84.031S			<u>1,564,718</u>
Federal College Work Study	84.033	P033A054089	129,142
Trio Student Support Services	84.042	P042A050150	245,773
Trio Upward Bound	84.047	P047A031053	257,536
Pell Grant	84.063	P063P052294	4,177,416
Trio Educational Opportunity Centers Program	84.066	P066A020203	268,209
Bilingual Education-Professional Development	84.195	T195N020198	480,331
Academic Competitiveness Grant	84.375A	P375A062294	<u>6,375</u>
Subtotal Direct Programs			<u>7,239,743</u>
Pass-through from:			
Texas Education Agency			
Adult Education	84.002	41000501	<u>355,026</u>
Subtotal Adult Basic Education			<u>355,026</u>
Pass-through from:			
Texas Higher Education Coordinating Board			
Carl Perkins Vocational Education	84.048	64235	374,487
Carl Perkins Tech Prep	84.243	61714	12,344
Carl Perkins Tech Prep Passed through from Midland College	84.243	61714	<u>66,712</u>
Subtotal CFDA 84.243			<u>79,056</u>
Subtotal Carl Perkins			<u>453,543</u>
Total U.S. Department of Education			<u>8,048,312</u>
<u>U.S. Department of Agriculture</u>			
Pass-through from:			
Texas Department of Human Services			
Child and Adult Care Food Program	10.558	1650013	<u>47,200</u>
<u>National Science Foundation</u>			
Pass-through from:			
University of Texas El Paso-Alliance for Minority Participation	47.046	01/02/158-13	<u>15,999</u>
<u>U.S. Department of Labor</u>			
Pass-through from:			
Texas Workforce Commission			
Televista SSF Grant	93.558	1105SSF000	180,795
Trans Pecos Food SSF Grant	93.558	1106SSF000	<u>6,834</u>
Subtotal CFDA 93.558			<u>187,629</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-through from:			
Greater Opportunities of Permian Basin Head Start Program	93.600	O6CH5616	<u>197,570</u>
Total Federal Financial Assistance			\$ <u>8,496,710</u>

Notes to Schedule on following page.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**Year Ended August 31, 2006**

**Note 1: FEDERAL ASSISTANCE RECONCILIATION**

Federal revenues per Schedule A:

Federal grants and contracts revenue	\$ 8,512,718
Less: Expenditures Not Subject to A-133 Audit (Note 3)	<u>(16,008)</u>

Total Federal Revenues Per Schedule of Expenditures of Federal Awards	\$ <u>8,496,710</u>
-----------------------------------------------------------------------	---------------------

**Note 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE**

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended to the College for the purposes of the award. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

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

KOCV-FM, public radio station licensed by the College,  
received federal funds passed through to the following entities:

Corporation for Public Broadcasting (CPB)	\$ <u>16,008</u>
-------------------------------------------	------------------

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

Federal Grantor <u>CFDA Number/Program Name</u>	<u>New Loans Processed</u>	<u>Administrative Costs Recovered</u>	<u>Total Loans Processed &amp; Admin. Costs Recovered</u>
<u>Department of Education</u>			
84.000 PLUS Parent Loan Program	\$ 33,576	-	33,576
84.000 Federal Family Education Loan Program	<u>718,021</u>	-	<u>718,021</u>
	\$ <u>751,597</u>	-	<u>751,597</u>

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

The following amounts were passed through to the listed subreipients by the College. These amounts were from the Title V Coop Program CFDA No. 84.031S from the Department of Education.

College of the Southwest	84.031S	\$ <u>258,578</u>
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**Odessa Junior College District**

**Schedule F**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

**Year Ended August 31, 2006**

Grantor Agency / Program Title	Grant Contract Number	Disbursements and Expenditures
Texas Education Agency State Adult Education	1000501	\$ 74,203
Texas Higher Education Coordinating Board		
Texas College Work Study	9400179M	14,482
Texas Grant I	-	181,064
Texas Grant II	-	45,750
College for Texas Campaign	-	15,030
Law Enforcement Officer Standards in Education Agency LEOSE Training Grant	-	\$ <u>1,264</u>
Total State Financial Assistance (per Schedule A)		\$ <u><u>331,793</u></u>

**NOTE 1: STATE ASSISTANCE RECONCILIATION**

State revenues per Exhibit 2:

    Operating Revenues:

        State and local government grants and contracts

\$ 331,793

Total Expenditures Per Schedule of Expenditures of State Awards

\$ 331,793

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE**

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended to the College for the purposes of the award. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

**SINGLE AUDIT REPORTS**



**Report of Independent Certified Public Accountants on Compliance  
and on Internal Control Over Financial Reporting  
Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

The Board of Trustees  
Odessa Junior College District  
Odessa, Texas

We have audited the financial statements of Odessa Junior College District (the "College") as of and for the years ended August 31, 2006 and 2005, and have issued our report thereon dated November 20, 2006. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, provisions of the *State of Texas Single Audit Circular*, 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 that are required to be reported under *Government Auditing Standards*.

We have performed tests designed to verify the District's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2006, no instances of noncompliance were found.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the District's trustees, audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Johnson Miller & Co., CAA's PC*

Odessa, Texas  
November 20, 2006



# JOHNSON, MILLER & CO.

*Certified Public Accountants*

*A Professional Corporation*

*An Independent Member Of BDO Seidman Alliance*

Odessa, Texas  
Midland, Texas  
Hobbs, New Mexico

**Report of Independent Certified Public Accountants on  
Compliance With Requirements Applicable to Each  
Major Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133 and  
the Provisions of the State of Texas Single Audit Circular**

The Board of Trustees  
Odessa Junior College District  
Odessa, Texas

### **Compliance**

We have audited the compliance of Odessa Junior College District (the "College") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the provisions of the *State of Texas Single Audit Circular* that are applicable to each of its major federal and state programs for the year ended August 31, 2006. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the provisions of the *State of Texas Single Audit Circular*. Those standards, OMB Circular A-133 and the *State of Texas Single Audit Circular*, 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 or state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended August 31, 2006.

### **Internal Control Over Compliance**

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the College's trustees, audit committee, management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Johnson Miller & Co., CPA's PC*

Odessa, Texas  
November 20, 2006

## Odessa Junior College District

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

August 31, 2006

The Board of Trustees  
Odessa Junior College District  
Odessa, Texas

#### SECTION I - SUMMARY OF AUDITOR'S RESULTS

Type of Auditor's Report issued Unqualified

Internal control over financial reporting:

Material Weaknesses identified? No

Reportable Conditions Identified that are  
not considered to be material weaknesses? No

Noncompliance material to financial  
statements noted? No

#### Federal and State Awards

Internal control over major programs:

Material Weaknesses identified? No

Reportable Conditions Identified that are  
not considered to be material weaknesses? No

Type of Auditor's Report issued on compliance  
for major programs Unqualified

Any audit findings disclosed that are  
required to be reported in accordance  
with section 501(a) of Circular A-133 and/or  
the State of Texas Single Audit Circular ? No matters were reported.

## Odessa Junior College District

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

August 31, 2006

#### Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007	Student Financial Aid Cluster: Federal Supplemental Education Opportunity Grant
84.033	Federal College Workstudy Program
84.063	Federal Pell Grant Program
84.002	Adult Basic Education
84.048	Carl Perkins Cluster: Carl Perkins Vocational Education
84.243	Carl Perkins Tech Prep
84.243	Carl Perkins Tech Prep passed through from Midland College
84.031	Strengthening Institutions Program
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Section II - FINANCIAL STATEMENT FINDINGS	No matters were reported.
Section III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS	
August 31, 2006	None
August 31, 2005	Yes

**Odessa Junior College District**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**August 31, 2006**

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

No matters were reported.

**Odessa Junior College District**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**August 31, 2005**

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

05-1 Circular A-133 General Requirements Compliance – resolved, not repeated

**STATISTICAL SUPPLEMENT**

**Odessa Junior College District**  
**Statistical Supplement 1**  
**Net Assets by Component**  
**Fiscal Years 2002 to 2006**  
 (unaudited)  
 (amounts expressed in thousands)

	For the Fiscal Year Ended August 31,				
	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	(5,114)	(7,115)	(8,978)	(8,501)	(11,312)
Restricted - expendable	10,071	10,699	13,937	14,957	14,095
Restricted - nonexpendable	707	672	670	657	640
Unrestricted	15,379	14,288	12,144	11,948	13,349
<b>Total primary government net assets</b>	<b>\$ 21,043</b>	<b>\$ 18,544</b>	<b>\$ 17,773</b>	<b>\$ 19,061</b>	<b>\$ 16,772</b>

**Note:** Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2006 are available.

**Odessa Junior College District**  
**Statistical Supplement 2**  
**Revenues by Source**  
**Fiscal Years 2002 to 2006**  
(unaudited)

For the Year Ended August 31,					
(amounts expressed in thousands)					
	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	\$3,734	\$2,978	\$2,644	\$2,468	\$2,634
Governmental Grants and Contracts					
Federal Grants and Contracts	8,512	8,970	7,619	7,748	6,241
State Grants and Contracts	332	562	1,200	849	456
Non-Governmental Grants and Contracts	120	28	111	88	98
Sales and services of educational activities	262	262	273	288	290
Investment Income	37	20	14	48	62
Auxiliary enterprises	502	516	466	540	1,290
Other Operating Revenues	479	429	463	504	617
<b>Total Operating Revenues</b>	<b>13,978</b>	<b>13,765</b>	<b>12,790</b>	<b>12,533</b>	<b>11,688</b>
State Appropriations	11,003	10,564	10,486	11,134	11,455
Ad Valorem Taxes	11,656	10,346	9,407	9,055	8,874
Gifts	221	199	261	310	433
Investment income	1,033	496	495	419	776
Other non-operating revenues	25	14	13	27	-
<b>Total Non-Operating Revenues</b>	<b>23,938</b>	<b>21,619</b>	<b>20,662</b>	<b>20,945</b>	<b>21,538</b>
<b>Total Revenue</b>	<b>\$ 37,916</b>	<b>\$ 35,384</b>	<b>\$ 33,452</b>	<b>\$ 33,478</b>	<b>\$ 33,226</b>

For the Year Ended August 31,					
(amounts expressed in thousands)					
	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	9.85%	8.42%	7.90%	7.37%	7.93%
Governmental grants and contracts					
Federal grants and contracts	22.55%	25.41%	22.82%	23.28%	18.97%
State grants and contracts	0.88%	1.59%	3.59%	2.54%	1.37%
Non-governmental grants and contracts	0.32%	0.08%	0.33%	0.26%	0.29%
Sales and services of educational activities	0.69%	0.74%	0.82%	0.86%	0.87%
Auxiliary enterprises	1.32%	1.46%	1.39%	1.61%	3.88%
Other operating revenues	1.26%	1.21%	1.38%	1.51%	1.86%
<b>Total Operating Revenues</b>	<b>36.87%</b>	<b>38.91%</b>	<b>38.23%</b>	<b>37.43%</b>	<b>35.18%</b>
State appropriations	29.02%	29.86%	31.35%	33.26%	34.48%
Ad valorem taxes	30.74%	29.24%	28.12%	27.05%	26.71%
Gifts	0.58%	0.56%	0.78%	0.93%	1.30%
Investment income	2.72%	1.40%	1.48%	1.25%	2.34%
Other non-operating revenues	0.07%	0.04%	0.04%	0.08%	0.00%
<b>Total Non-Operating Revenues</b>	<b>63.13%</b>	<b>61.10%</b>	<b>61.77%</b>	<b>62.56%</b>	<b>64.82%</b>
<b>Total Revenue</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 2002-2006 are available

**Odessa Junior College District  
Statistical Supplement 3  
Program Expenses by Function  
Fiscal Years 2002 to 2006  
(unaudited)**

For the Year Ended August 31,					
(amounts expressed in thousands)					
	2006	2005	2004	2003	2002
Instruction	\$11,520	\$11,769	\$11,895	\$11,938	\$11,550
Research	-	-	-	-	-
Public service	1,519	1,297	1,806	2,146	2,111
Academic support	4,329	3,598	2,837	2,943	2,814
Student services	2,894	3,246	2,829	2,613	2,283
Institutional support	3,742	3,984	3,697	3,308	3,388
Operation and maintenance of plant	3,862	3,521	3,614	3,404	3,543
Scholarships and fellowships	3,971	3,503	2,956	2,618	2,412
Auxiliary enterprises	1,178	1,223	1,241	1,394	2,475
Depreciation	844	750	780	829	771
<b>Total Operating Expenses</b>	<b>33,859</b>	<b>32,891</b>	<b>31,655</b>	<b>31,193</b>	<b>31,347</b>
Interest on capital related debt	1,424	1,501	1,573	1,639	1,702
Loss on disposal of fixed assets	112	147	135	182	93
Other non-operating	79	79	79	53	10
<b>Total Non-Operating Expenses</b>	<b>1,615</b>	<b>1,727</b>	<b>1,787</b>	<b>1,874</b>	<b>1,805</b>
<b>Total Expenses</b>	<b>\$ 35,474</b>	<b>\$ 34,618</b>	<b>\$ 33,442</b>	<b>\$ 33,067</b>	<b>\$ 33,152</b>

For the Year Ended August 31,					
(amounts expressed in thousands)					
	2006	2005	2004	2003	2002
Instruction	32.47%	34.00%	35.57%	36.10%	34.84%
Research	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	4.28%	3.75%	5.40%	6.49%	6.37%
Academic support	12.20%	10.39%	8.48%	8.90%	8.49%
Student services	8.16%	9.38%	8.46%	7.90%	6.89%
Institutional support	10.55%	11.51%	11.05%	10.00%	10.22%
Operation and maintenance of plant	10.89%	10.17%	10.81%	10.29%	10.69%
Scholarships and fellowships	11.19%	10.12%	8.84%	7.92%	7.28%
Auxiliary enterprises	3.32%	3.53%	3.71%	4.22%	7.47%
Depreciation	2.38%	2.17%	2.33%	2.51%	2.33%
<b>Total Operating Expenses</b>	<b>95.45%</b>	<b>95.01%</b>	<b>94.66%</b>	<b>94.33%</b>	<b>94.56%</b>
Interest on capital related debt	4.01%	4.34%	4.70%	4.96%	5.13%
Loss on disposal of fixed assets	0.32%	0.42%	0.40%	0.55%	0.28%
Other non-operating	0.22%	0.23%	0.24%	0.16%	0.03%
<b>Total Non-Operating Expenses</b>	<b>4.55%</b>	<b>4.99%</b>	<b>5.34%</b>	<b>5.67%</b>	<b>5.44%</b>
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Note:** Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2006 are available.

Odessa Junior College District  
Statistical Supplement 4  
Tuition and Fees  
Last Ten Academic Years  
(unaudited)

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

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Building Use Fee	General Services Fee	Student Activity Fees	Computer Fee	Out of District Fee	ID Fee Non-refundable	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2005	\$ -	\$ 37	47	\$ -	6	\$ 5	-	-	-	\$ 576	696	0.00%	0.00%
2004	-	37	47	-	10	1	-	-	-	576	696	17.07%	13.73%
2003	-	30	30	-	10	1	-	10	-	492	612	16.59%	12.92%
2002	20	22	22	10	-	16	-	10	2	422	542	0.00%	0.00%
2001	20	22	22	10	-	16	-	10	2	422	542	0.00%	8.40%
2000	15	16	16	12	-	16	3	8	1	404	500	0.00%	0.00%
1999	15	16	16	12	-	16	3	8	1	404	500	6.32%	13.64%
1998	15	14	19	12	-	16	3	-	1	380	440	6.74%	5.77%
1997	15	14	19	12	-	16	1	-	1	356	416	5.64%	4.79%
1996	-	14	19	12	-	1	1	-	1	337	397	-	-

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

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Building Use Fee	General Services Fee	Student Activity Fees	Computer Fee	Out of District Fee	ID Fee Non-refundable	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2005	\$ 150	\$ 52	\$ 52	\$ -	10	\$ 1	-	-	-	\$ 906	\$ 906	0.00%	0.00%
2004	150	52	52	-	10	1	-	-	-	906	906	18.90%	20.64%
2003	150	40	40	-	10	1	-	-	-	762	751	7.63%	6.07%
2002	20	46	46	10	-	16	-	-	2	708	708	0.00%	0.00%
2001	20	46	46	10	-	16	-	-	2	708	708	8.92%	8.92%
2000	15	37	37	12	-	16	3	-	1	650	650	0.00%	0.00%
1999	15	37	37	12	-	16	3	-	1	650	650	10.17%	10.17%
1998	15	32	32	12	-	16	3	-	1	590	590	4.24%	4.24%
1997	15	32	32	12	-	16	1	-	1	566	566	14.57%	14.57%
1996	15	310	310	12	-	1	1	-	1	494	494	-	-

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

**Odessa Junior College District**  
**Statistical Supplement 5**  
**Assessed Value and Taxable Assessed Value of Property**  
**Last Ten Fiscal Years**  
(unaudited)  
(amounts expressed in thousands)

Fiscal Year	(amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2005-06	7,174,228	1,354,242	5,819,986	81.12%	\$ 0.200000	\$0.000000	\$ 0.200000
2004-05	6,370,122	1,324,654	5,045,468	79.21%	0.200000	0.000000	0.200000
2003-04	5,775,949	1,145,302	4,630,647	80.17%	0.200000	0.000000	0.200000
2002-03	5,747,875	1,257,014	4,490,861	78.13%	0.200000	0.000000	0.200000
2001-02	5,669,924	1,183,960	4,485,964	79.12%	0.198400	0.000000	0.198400
2000-01	4,908,098	870,239	4,037,859	82.27%	0.198400	0.000000	0.198400
1999-00	4,650,469	778,793	3,871,676	83.25%	0.198400	0.000000	0.198400
1998-99	4,666,071	776,218	3,889,853	83.36%	0.198400	0.000000	0.198400
1997-98	4,636,864	735,212	3,901,652	84.14%	0.198400	0.000000	0.198400
1996-97	4,341,786	684,661	3,657,125	84.23%	0.198400	0.000000	0.198400

Source: Ector County Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

**Odessa Junior College District**  
**Statistical Supplement 6**  
**State Appropriation per FTSE and Contact Hour**  
**Last Ten Fiscal Years**  
(unaudited)  
(amounts expressed in thousands)

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour					State Appropriation per Contact Hour
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Non-Credit Vaocational	Total Contact Hours		
2005-06	\$ 8,474	3,452	\$ 2,455	1,286	713	383	2,382	\$ 3.56	
2004-05	8,318	4,062	2,048	1,299	750	780	2,829	2.94	
2003-04	8,318	3,604	2,308	1,253	784	384	2,421	3.44	
2002-03	8,113	3,777	2,148	1,319	853	397	2,569	3.16	
2001-02	8,863	3,440	2,576	1,202	768	356	2,326	3.81	
2000-01	8,882	3,291	2,699	1,167	745	310	2,222	4.00	
1999-00	8,655	3,309	2,616	1,211	802	255	2,268	3.82	
1998-99	8,472	3,343	2,534	1,201	763	367	2,331	3.63	
1997-98	8,146	3,344	2,436	1,223	775	256	2,254	3.61	
1996-97	6,964	3,328	2,093	1,256	780	178	2,214	3.15	

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

Odessa Junior College District

Statistical Supplement 7

Principal Taxpayers

Last Ten Tax Years

(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Occidental Permian LTD	Oil & Gas	\$ 514,882	\$ 449,259	\$ 342,424	\$ 324,562	\$ 338,998	\$ 380,089	\$ -	\$ -	\$ -	\$ -
Huntsman Polimers Corp.	Chemicals	282,588	229,892	242,777	353,970	358,838	383,379	438,085	457,104	152,829	-
Anadarko Petroleum Corp.	Oil & Gas	229,934	193,987	113,847	78,661	88,417	113,259	81,656	71,127	115,755	74,395
Conocophillips	Oil & Gas	212,867	172,712	127,058	80,308	-	-	-	-	-	-
Oxy USA WTP LP	Oil & Gas	188,176	119,146	89,841	62,490	56,016	58,424	-	-	44,470	54,780
Four Star Oil and Gas	Oil & Gas	167,372	123,514	109,559	62,758	80,607	94,530	68,050	53,504	67,747	95,134
Oncore Electric Delivery	Utility	-	-	72,286	73,009	75,393	-	-	-	-	-
XTO Energy	Oil & Gas	147,857	82,277	-	-	-	-	-	-	-	-
TXU Electric Delivery Co.	Utility	81,073	77,387	-	-	-	73,629	-	-	-	-
Encore Operating LP	Oil & Gas	59,604	60,009	-	-	-	-	-	-	-	-
BP American Production Co.	Oil & Gas	52,168	43,699	36,772	34,498	-	-	-	-	-	-
Chevron USA Inc.	Oil & Gas	-	-	72,084	73,065	49,753	53,667	-	-	-	49,345
Southwestern Bell	Utility	-	-	36,475	-	44,225	44,232	43,627	43,326	-	-
Duke Energy Field Sevices	Oil & Gas	-	-	-	37,303	-	-	-	-	-	-
Phillips Petroleum CO.	Oil & Gas	-	-	-	-	71,433	55,011	45,086	34,021	59,273	76,050
Texaco E & P Inc	Oil & Gas	-	-	-	-	51,761	56,715	44,294	37,722	57,835	67,499
Altura Energy, LTD	Oil & Gas	-	-	-	-	-	-	244,566	177,120	271,560	-
Texas Utilities Electric Co.	Utility	-	-	-	-	-	-	69,202	66,654	63,222	61,681
GPM Gas Corporation	Oil & Gas	-	-	-	-	-	-	54,820	60,538	56,097	-
Ameripol Synpol Corporation	Manufacturing	-	-	-	-	-	-	43,631	46,797	45,567	-
AMOCO	Oil & Gas	-	-	-	-	-	-	-	-	-	342,569
Rexene	Oil & Gas	-	-	-	-	-	-	-	-	-	141,358
ARCO	Oil & Gas	-	-	-	-	-	-	-	-	-	54,176
<b>Totals</b>		<b>\$ 1,936,521</b>	<b>\$ 1,551,882</b>	<b>\$ 1,243,123</b>	<b>\$ 1,180,624</b>	<b>\$ 1,215,441</b>	<b>\$ 1,312,935</b>	<b>\$ 1,133,017</b>	<b>\$ 1,047,913</b>	<b>\$ 934,355</b>	<b>\$ 1,016,987</b>
<b>Total Taxable Assessed Value</b>		<b>\$ 7,174,227</b>	<b>\$ 6,370,122</b>	<b>\$ 5,775,949</b>	<b>\$ 5,747,875</b>	<b>\$ 5,669,924</b>	<b>\$ 4,908,098</b>	<b>\$ 4,650,469</b>	<b>\$ 4,666,071</b>	<b>\$ 4,636,864</b>	<b>\$ 4,341,786</b>

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Occidental Permian LTD	Oil & Gas	7.18%	7.05%	5.93%	5.65%	5.98%	7.74%	0.00%	0.00%	0.00%	0.00%
Huntsman Polimers Corp.	Chemicals	3.94%	3.61%	4.20%	6.16%	6.33%	7.81%	9.42%	9.80%	3.30%	0.00%
Anadarko Petroleum Corp.	Oil & Gas	3.21%	3.05%	1.97%	1.37%	1.56%	2.31%	1.76%	1.52%	2.50%	1.71%
Conocophillips	Oil & Gas	2.97%	2.71%	2.20%	1.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Oxy USA WTP LP	Oil & Gas	2.62%	1.87%	1.56%	1.09%	0.99%	1.19%	0.00%	0.00%	0.96%	1.26%
Four Star Oil and Gas	Oil & Gas	2.33%	1.94%	1.90%	1.09%	1.42%	1.93%	1.46%	1.15%	1.46%	2.19%
Oncore Electric Delivery	Utility	-	-	1.25%	1.27%	1.33%	-	-	-	-	-
XTO Energy	Oil & Gas	2.06%	1.29%	-	-	-	-	-	-	-	-
TXU Electric Delivery Co.	Utility	1.13%	1.21%	-	-	-	1.50%	-	-	-	-
Encore Operating LP	Oil & Gas	0.83%	0.94%	-	-	-	-	-	-	-	-
BP American Production Co.	Oil & Gas	0.73%	0.69%	0.64%	0.60%	-	-	-	-	-	-
Chevron USA Inc.	Oil & Gas	-	-	1.25%	1.27%	0.88%	1.09%	-	-	-	1.14%
Southwestern Bell	Utility	-	-	0.63%	0.00%	0.78%	0.90%	0.94%	0.93%	-	-
Duke Energy Field Sevices	Oil & Gas	-	-	-	0.65%	0.00%	0.00%	-	-	-	-
Phillips Petroleum CO.	Oil & Gas	-	-	-	-	1.26%	1.12%	0.97%	0.73%	1.28%	1.75%
Texaco E & P Inc	Oil & Gas	-	-	-	-	0.91%	1.16%	0.95%	0.81%	1.25%	1.55%
Altura Energy, LTD	Oil & Gas	-	-	-	-	-	-	5.26%	3.80%	5.86%	0.00%
Texas Utilities Electric Co.	Utility	-	-	-	-	-	-	1.49%	1.43%	1.36%	1.42%
GPM Gas Corporation	Oil & Gas	-	-	-	-	-	-	1.18%	1.30%	1.21%	0.00%
Ameripol Synpol Corporation	Manufacturing	-	-	-	-	-	-	0.94%	1.00%	0.98%	0.00%
AMOCO	Oil & Gas	-	-	-	-	-	-	-	-	-	7.89%
Rexene	Oil & Gas	-	-	-	-	-	-	-	-	-	3.26%
ARCO	Oil & Gas	-	-	-	-	-	-	-	-	-	1.25%
<b>Totals</b>		<b>26.99%</b>	<b>24.36%</b>	<b>19.51%</b>	<b>20.54%</b>	<b>21.44%</b>	<b>26.75%</b>	<b>24.36%</b>	<b>22.46%</b>	<b>20.15%</b>	<b>23.42%</b>

**Odessa Junior College District**  
**Statistical Supplement 8**  
**Property Tax Levies and Collections**  
**Last Ten Tax Years**  
(unaudited)  
(amounts expressed in thousands)

Fiscal Year Ended August 31	Total Current Tax Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections -		Prior		Current		Total Collections	Percentage of Current Levy
				Year of Levy (c)	Percentage	Collections of Prior Levies (d)	Collections of Prior Levies (e)				
2006	\$ 11,640	\$ (132)	\$ 11,508	\$ 11,260	97.85%	\$ -	\$ -	\$ 11,260	97.85%		
2005	10,091	(24)	10,067	9,740	96.75%	-	114	9,854	97.88%		
2004	9,261	108	9,369	9,005	96.12%	153	60	9,218	98.39%		
2003	8,982	(1)	8,981	8,584	95.58%	199	71	8,854	98.59%		
2002	8,900	(44)	8,856	8,567	96.74%	178	15	8,760	98.92%		
2001	8,011	84	8,095	7,761	95.88%	224	29	8,014	99.00%		
2000	7,681	(1)	7,680	7,424	96.67%	195	5	7,624	99.28%		
1999	7,717	(9)	7,708	7,465	96.84%	198	3	7,666	99.45%		
1998	7,741	56	7,797	7,598	97.45%	158	2	7,758	99.51%		
1997	7,256	(12)	7,244	7,035	97.11%	177	1	7,213	99.57%		
1996	7,176	(25)	7,151	6,950	97.19%	168	1	7,119	99.55%		

Source: Local Tax Assessor/Collector and District records.

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

(b) As of August 31st of the current reporting year.

(c) Property tax only - does not include penalties and interest year of the tax levy.

(e) Represents current year collections of prior years' levies.

Total Collections = C + D + E

**Odessa 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)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>General Bonded Debt</b>										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other Debt</b>										
Revenue bonds	\$ 27,040	\$ 28,295	\$ 29,475	\$ 30,585	\$ 31,630	\$ 32,615	\$ 33,540	\$ 34,415	\$ 34,915	\$ 29,270
Notes	-	-	-	-	-	-	-	-	1,703	3,595
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 27,040	\$ 28,295	\$ 29,475	\$ 30,585	\$ 31,630	\$ 32,615	\$ 33,540	\$ 34,415	\$ 36,618	\$ 32,865
<b>General Bonded Debt Ratios</b>										
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per Student	-	-	-	-	-	-	-	-	-	-
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Outstanding Debt Ratios</b>										
Per Capita	\$ 215.73	\$ 225.75	\$ 237.14	\$ 248.76	\$ 258.50	\$ 269.84	\$ 276.91	\$ 281.05	\$ 296.40	\$ 269.94
Per Student	7,833	6,966	8,178	8,098	9,195	9,910	10,136	10,295	10,950	9,875
As a percentage of Taxable Assessed Value	0.46%	0.56%	0.64%	0.68%	0.71%	0.81%	0.87%	0.88%	0.94%	0.90%

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

Population for 2006 is estimated

**Odessa 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)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Taxable Assessed Value	\$ 5,819,986	\$ 5,045,468	\$ 4,630,647	\$ 4,490,861	\$ 4,485,963	\$ 4,037,858	\$ 3,871,675	\$ 3,889,852	\$ 3,901,652	\$ 3,657,125
<b>General Obligation Bonds</b>										
Statutory Tax Levy Limit for Debt Service	29,100	25,227	23,153	22,454	22,430	20,189	19,358	19,449	19,508	18,286
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	29,100	25,227	23,153	22,454	22,430	20,189	19,358	19,449	19,508	18,286
Current Year Debt Service Requirements	-	-	-	-	-	-	-	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 29,100	\$ 25,227	\$ 23,153	\$ 22,454	\$ 22,430	\$ 20,189	\$ 19,358	\$ 19,449	\$ 19,508	\$ 18,286
Net Current Requirements as a % of Statutory Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**Odessa Junior College District**  
**Statistical Supplement 11**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
(unaudited)

**Revenue Bonds**

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)								Debt Service Requirements (\$000 omitted)			Coverage Ratio
	Tuition	General Use Fee	Bookstore Revenues	Room & Board Revenues	Operating Fees	Unrestricted Gifts & Grants	Interest Earned On Investments	Total	Principal	Interest	Total	
2006	\$ 4,814	\$ 916	\$ 182	\$ 275	\$ 1,090	\$ 161	\$ 1,071	\$ 8,509	\$ 1,255	\$ 1,424	2,679	3.18
2005	4,981	909	173	356	1,013	61	517	\$ 8,010	1,180	1,501	2,681	2.99
2004	4,018	906	166	461	1,067	359	510	\$ 7,487	1,110	1,573	2,683	2.79
2003	3,360	908	173	527	1,303	310	467	\$ 7,048	1,045	1,640	2,685	2.62
2002	2,932	838	965	489	1,752	-	839	\$ 7,815	985	1,702	2,687	2.91
2001	2,291	931	1,537	434	1,743	319	1,229	\$ 8,484	925	1,760	2,685	3.16
2000	2,186	981	1,557	490	2,088	209	1,234	\$ 8,745	875	1,813	2,688	3.25
1999	2,446	974	1,538	424	1,672	538	1,148	\$ 8,740	500	2,009	2,509	3.48
1998	2,500	972	1,413	461	1,543	273	835	\$ 7,997		1,189	1,189	6.73
1997	2,453	1,029	1,362	418	1,367	251	785	\$ 7,665	-	2,378	2,378	3.22

**Odessa Junior College District**  
**Statistical Supplement 12**  
**Demographic and Economic Statistics - Taxing District**  
**Last Ten Fiscal Years**  
(unaudited)

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2005	125,339	a	a	5.0%
2004	124,293	2,988,004	24,040	6.0%
2003	122,948	2,824,239	22,971	6.7%
2002	122,361	2,699,039	22,058	6.8%
2001	120,866	2,651,317	21,936	5.0%
2000	121,123	2,554,847	21,093	6.4%
1999	122,450	2,340,632	19,115	9.7%
1998	123,544	2,457,290	19,890	5.3%
1997	121,749	2,281,576	18,740	5.8%
1996	121,519	2,080,527	17,121	5.5%

**Sources:**

Population of City of Odessa from Odessa Chamber of Commerce  
Personal income and Population from U.S. Bureau of Economic Analysis.  
Unemployment rate from Odessa Chamber of Commerce

**Notes:**

a. Information not yet available

**Odessa Junior College District**  
**Statistical Supplement 13**  
**Principal Employers**  
**As of August 2005**  
(unaudited)

Employer	Number of Employees	Percentage of Total Employment (1)
Ector County ISD	3,376	5.44%
Medical Center Hospital	1,610	2.60%
Wal-Mart Supercenter	990	1.60%
City of Odessa	805	1.30%
Odessa College	650	1.05%
Ector County	625	1.01%
Televista	575	0.93%
Saulsbury Companies	540	0.87%
Investment Corporation of America	500	0.81%
Huntsman Corporation	451	0.73%
Odessa Regional Hospital	435	0.70%
Family Dollar	407	0.66%
Bobby Cox Companies, Inc.	403	0.65%
Nurses Unlimited	400	0.65%
Holloman Construction	400	0.65%
Texas Tech University Health Sciences Center	374	0.60%
Haliburton Services	370	0.60%
Albertson's	363	0.59%
University of Texas of the Permian Basin	290	0.47%
Big Tex Trailer Manufacturer, Inc.	288	0.46%
Southwest Convenience Stores	280	0.45%
Sitel Corporation	275	0.44%
HEB	235	0.38%
Jones Brothers Dirt & Paving	227	0.37%
Lowe's Market Place	200	0.32%
Alliance Hospital	192	0.31%
Southwestern Bell	190	0.31%
<b>Total Principal Employers</b>	<b>15,451</b>	<b>24.92%</b>
<b>Total Ector County Workforce (1)</b>	<b>62,003</b>	<b>100.00%</b>

**Source:**

Odessa Chamber of Commerce  
Information as of August 2005 (most current available)

**Note:**

Percentages are calculated using the midpoints of the ranges.  
This institution previously did not present this schedule and chose to implement prospectively.

**Odessa Junior College District**  
**Statistical Supplement 14**  
**Faculty, Staff, and Administrators Statistics**  
**Last Nine Fiscal Years**  
(unaudited)

	Fiscal Year								
	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Faculty</b>									
Full-Time	123	126	124	130	131	127	128	137	132
Part-Time	170	179	156	178	161	184	147	170	181
Total	293	305	280	308	292	311	275	307	313
<b>Percent</b>									
Full-Time	42.0%	41.3%	44.3%	42.2%	44.9%	40.8%	46.5%	44.6%	42.2%
Part-Time	58.0%	58.7%	55.7%	57.8%	55.1%	59.2%	53.5%	55.4%	57.8%
<b>Staff and Administrators</b>									
Full-Time	246	249	262	266	271	278	266	250	259
Part-Time	292	343	339	327	331	317	292	275	280
Total	538	592	601	593	602	595	558	525	539
<b>Percent</b>									
Full-Time	45.7%	42.1%	43.6%	44.9%	45.0%	46.7%	47.7%	47.6%	48.1%
Part-Time	54.3%	57.9%	56.4%	55.1%	55.0%	53.3%	52.3%	52.4%	51.9%
FTSE per Full-time Faculty	15.6	15.6	15.5	15.5	15.7	16.5	16.1	16.3	15.8
FTSE per Full-Time Staff Membr	6.0	6.0	6.0	5.8	5.8	5.9	6.0	5.8	5.8
Average Annual Faculty Salary	\$41,929	\$41,372	\$39,434	\$40,032	\$39,635	\$38,509	\$37,383	\$34,413	\$37,405

**Notes:**  
Data only available from 1998 forward.

**Odessa Junior College District**  
**Statistical Supplement 15**  
**Enrollment Details**  
**Last Five Fiscal Years**  
(unaudited)

Student Classification	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent								
00-30 hours	5,780	84.32%	6,646	95.27%	7,172	94.46%	7,214	93.14%	5,762	90.40%
31-60 hours	1,036	15.11%	309	4.43%	404	5.32%	512	6.61%	596	9.35%
> 60 hours	39	0.57%	21	0.30%	17	0.22%	19	0.25%	16	0.25%
<b>Total</b>	<b>6,855</b>	<b>100.00%</b>	<b>6,976</b>	<b>100.00%</b>	<b>7,593</b>	<b>100.00%</b>	<b>7,745</b>	<b>100.00%</b>	<b>6,374</b>	<b>100.00%</b>

Semester Hour Load	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent								
2 or less semester hours	1,203	17.55%	1,618	23.19%	1,717	22.61%	1,911	24.67%	1,043	16.36%
3-5 semester hours	1,715	25.02%	1,519	21.77%	1,980	26.08%	1,874	24.20%	1,770	27.77%
6-8 semester hours	1,283	18.72%	1,253	17.96%	1,417	18.66%	1,494	19.29%	1,356	21.27%
9-11 semester hours	819	11.95%	789	11.31%	795	10.47%	765	9.88%	658	10.32%
12-14 semester hours	1,408	20.54%	1,328	19.04%	1,202	15.83%	1,215	15.69%	1,106	17.35%
15-17 semester hours	338	4.93%	353	5.06%	367	4.83%	345	4.45%	309	4.85%
18 or more semester hours	89	1.30%	116	1.66%	115	1.51%	141	1.82%	132	2.07%
<b>Total</b>	<b>6,855</b>	<b>100.00%</b>	<b>6,976</b>	<b>100.00%</b>	<b>7,593</b>	<b>100.00%</b>	<b>7,745</b>	<b>100.00%</b>	<b>6,374</b>	<b>100.00%</b>

Average course load                      9.0                      8.9                      8.3                      8.4                      9.5

Tuition Status	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent								
Texas Resident (in-District)	4,582	66.84%	4,686	67.17%	5,050	67.01%	5,358	69.18%	4,465	70.05%
Texas Resident (out-of-District)	2,114	30.84%	2,132	30.56%	2,352	31.21%	2,236	28.87%	1,764	27.67%
Non-Resident Tuition	145	2.12%	130	1.86%	175	2.31%	127	1.64%	126	1.98%
Tuition Exempt	13	0.19%	28	0.40%	15	0.20%	24	0.31%	19	0.30%
Visiting Student	1	0.01%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>Total</b>	<b>6,855</b>	<b>100.00%</b>	<b>6,976</b>	<b>100.00%</b>	<b>7,592</b>	<b>100.72%</b>	<b>7,745</b>	<b>100.00%</b>	<b>6,374</b>	<b>100.00%</b>

**Odessa Junior College District**  
**Statistical Supplement 16**  
**Student Profile**  
**Last Five Fiscal Years**  
(unaudited)

Gender	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent								
Female	3,921	57.20%	4,180	59.92%	4,139	54.51%	4,036	52.11%	3,459	54.27%
Male	2,934	42.80%	2,796	40.08%	3,454	45.49%	3,709	47.89%	2,915	45.73%
Total	6,855	100.00%	6,976	100.00%	7,593	100.00%	7,745	100.00%	6,374	100.00%

Ethnic Origin	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent								
White	3,153	46.00%	3,389	48.58%	4,001	52.69%	4,163	53.75%	3,499	54.89%
Hispanic	3,282	47.88%	3,136	44.95%	3,152	41.51%	3,109	40.14%	2,525	39.61%
African American	275	4.01%	309	4.43%	325	4.28%	332	4.29%	244	3.83%
Asian	85	1.24%	90	1.29%	69	0.91%	87	1.12%	69	1.08%
Foreign	13	0.19%	10	0.14%	12	0.16%	19	0.25%	7	0.11%
Native American	46	0.67%	39	0.56%	34	0.45%	35	0.45%	30	0.47%
Unknown	1	0.01%	3	0.04%	-	0.00%	-	0.00%	-	0.00%
Total	6,855	100.00%	6,976	100.00%	7,593	100.00%	7,745	100.00%	6,374	100.00%

Age	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent								
Under 18	682	9.95%	675	9.68%	752	9.90%	927	11.97%	921	14.45%
18 -21	2,222	32.41%	2,166	31.05%	2,084	27.45%	2,078	26.83%	1,888	29.62%
22 - 24	773	11.28%	724	10.38%	760	10.01%	707	9.13%	590	9.26%
25 - 35	1,626	23.72%	1,651	23.67%	1,841	24.25%	1,837	23.72%	1,435	22.51%
36 - 50	1,138	16.60%	1,308	18.75%	1,593	20.98%	1,696	21.90%	1,204	18.89%
51 & over	414	6.04%	452	6.48%	563	7.41%	500	6.46%	336	5.27%
Total	6,855	100.00%	6,976	100.00%	7,593	100.00%	7,745	100.00%	6,374	100.00%

Average Age Credit	24.40	24.20	24.70	24.50	24.30
Average Age CE	36.10	37.00	37.70	37.20	36.20

**Odessa Junior College District  
Statistical Supplement 17  
Transfers to Senior Institutions  
2003 Fall Students as of Fall 2004  
(Includes only public senior colleges in Texas)  
(unaudited)**

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 The University of Texas at Permian Basin	335	28	5	368	53.26%
2 Texas Tech University	86	2	1	89	12.88%
3 Angelo State University	34	3	2	39	5.64%
4 The University of Texas at Austin	28	-	-	28	4.05%
5 Texas A & M University	26	-	1	27	3.91%
6 University of North Texas	21	-	1	22	3.18%
7 Sul Ross State University	15	2	2	19	2.75%
8 Texas State University	17	-	-	17	2.46%
9 Tarleton State University	14	1	1	16	2.32%
10 The University of Texas at San Antonio	11	-	-	11	1.59%
11 West Texas A & M University	8	2	-	10	1.45%
12 The University of Texas at Arlington	9	-	-	9	1.30%
13 Texas Tech University Health Science Center	7	-	1	8	1.16%
14 Stephen F. Austin State University	3	-	-	3	0.43%
15 Texas A & M University at Corpus Christi	3	-	-	3	0.43%
16 Texas Women's University	2	1	-	3	0.43%
17 University of Houston	3	-	-	3	0.43%
18 Lamar University Institute of Technology	2	-	-	2	0.29%
19 Sam Houston State University	2	-	-	2	0.29%
20 The University of Texas at Dallas	2	-	-	2	0.29%
21 Prairie View A&M University	1	-	-	1	0.14%
22 Texas A & M University at Galveston	1	-	-	1	0.14%
23 Texas Southern University	1	-	-	1	0.14%
24 The University of Texas at El Paso	1	-	-	1	0.14%
25 The University of Texas at Tyler	1	-	-	1	0.14%
26 University of Houston at Victoria	1	-	-	1	0.14%
27 University of Texas Health Science Center at Houston	1	-	-	1	0.14%
28 University of Texas Health Science Center at San Antonio	1	-	-	1	0.14%
29 University of Texas Medical Branch Galveston	1	-	-	1	0.14%
30 University of North Texas Health Science Center - Forth Worth	1	-	-	1	0.14%
<b>Totals</b>	<b>638</b>	<b>39</b>	<b>14</b>	<b>691</b>	<b>100.00%</b>

**Odessa Junior College District**  
**Statistical Supplement 18**  
**Schedule of Capital Asset Information**  
**Fiscal Years 2002 to 2006**  
(unaudited)

	<b>Fiscal Year</b>				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Academic buildings	14	14	15	15	16
Square footage (in thousands)	418	418	460	527	460
Libraries	1	1	1	1	1
Learning Resource Center (in thousands)	28	28	28	28	28
Student Study areas (in thousands)	8	8	8	8	8
Shelving (in linear feet, in thousands)	11	11	11	11	11
Number of Volumes (in thousands)	112	112	112	111	111
Administrative and support buildings	6	5	4	4	5
Square footage (in thousands)	119	98	91	91	91
Dormitories	-	2	2	2	2
Square footage (in thousands)	-	21	28	28	28
Number of Beds	-	134	134	134	134
Apartments	1	1	1	1	-
Square footage (in thousands)	75	75	75	75	-
Number of beds	213	213	213	213	-
Dining Facilities	1	1	1	1	1
Square footage (in thousands)	8	8	8	8	8
Average daily customers	225	225	300	350	350
Athletic Facilities	7	7	7	7	7
Square footage (in thousands)	692	692	692	653	653
Stadiums	1	1	1	1	1
Gymnasiums	2	2	2	2	2
Fitness Centers	1	1	1	1	1
Tennis Court	1	1	1	1	1
Ranch	1	1	1	1	1
Ball Field	1	1	1	1	1
Theater	1	1	1	1	1
Globe Theater	14	14	14	14	14
Plant facilities	4	4	4	4	4
Square footage (in thousands)	46	46	46	46	46
Transportation					
Cars	16	16	15	15	15
Light Trucks/Vans	29	26	26	25	25
Buses	2	-	-	-	-