



**Financial Statements and Supplemental Information
With Independent Auditor's Report**

For the Year Ended August 31, 2012

Ede & Company, Certified Public Accountants

SOUTHWEST TEXAS JUNIOR COLLEGE

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
AUGUST 31, 2012

**SOUTHWEST TEXAS JUNIOR COLLEGE
2012 ANNUAL FINANCIAL REPORT**

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November 29, 2012

To the Members of the Board of Trustees, Taxpayers of Uvalde, Real, and Zavala counties, and to the citizens of the Southwest Texas Junior College Service Area:

I am pleased to submit the Annual Financial Report for the fiscal year 2012. A discussion and analysis of the College's financial statements provide an overview of the financial activities for the fiscal year ended August 31, 2012.

The College experienced a very successful year, financially and more importantly in terms of quality. This year SWTJC announced a "2 plus 2 for \$10,000" bachelor degree program in concert with Sul Ross – Rio Grande College in order to provide our students a seamless, affordable degree plan. The College has also been working to implement suggestions from the Aspen Institute, which named SWTJC as one of the top ten community colleges in 2011. This outstanding honor has spurred the College to strive for even higher levels of excellence.

This past year was denoted by major reductions in State assistance and a decrease in enrollment. But, with careful planning, the College was able to fund mission critical areas, contributing to student success, while maintaining a positive year.

The year was also marked with further emergence of the Eagle Ford Shale exploration. This has become a true economic engine in the SWTJC region and the College is positioning itself to take advantage of the opportunities that this exploration will bring to the area.

As the College strives toward excellence, SWTJC is also planning for the future in terms of facilities. In the summer of 2012, the Board voted to issue Maintenance Tax Notes. The funds will be used to upgrade energy devices. Also in the summer of 2012, SWTJC resumed work on a new building for the Del Rio campus. The building will be financed by Revenue Bonds issued in the fall of 2012. The Foundation, in the fall of 2012, purchased 18 acres of land for future development of the Eagle Pass campus.

SWTJC is and will continue to serve the needs of Southwest Texas.

Sincerely,



Ismael Sosa, Jr. Ph.D.

President



November 29, 2012

*To President Sosa, Members of the Board of Trustees, and Citizens of Southwest Texas Junior College:
The annual financial report of Southwest Texas Junior College District (College) for the fiscal year ended August 31, 2012, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the representation, including all disclosures, rest with Southwest Texas Junior College. To the best of our knowledge, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and the results of operations of the various funds of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included.*

COMPARATIVE FINANCIAL STATEMENTS

The 2012 audit report contains comparative data for the last two fiscal periods to ensure that the financial information will be available at a glance to financial statement users. Following the auditor's report the College has included a Management's Discussion and Analysis which provides summary information and a brief economic forecast in three segments:

1. A brief discussion of the basic financial statement,
2. Condensed comparative financial information, and
3. Analysis of the College's overall financial position and results of operation.

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

- a. Total assets, distinguishing between capital and other assets
- b. Total liabilities, distinguishing between long-term and other liabilities
- c. Total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts
- d. Operating revenue by major source
- e. Operating expenses by function
- f. Non-operating revenue and expenses
- g. Income before other revenue, expenses, gains, and losses
- h. Changes in net assets
- i. Ending net assets
- j. Cash flow, distinguishing among operating activities, non-capital financing activities, capital and related financing activities, and investing activities.
- k. Changes in cash flow

We hope this Annual Financial Report presentation will help the reader better understand the overall financial status of the College as of August 31, 2012.

The Annual Financial Report is presented in five sections:

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

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

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

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

The Public Funds Investment section includes the annual report on compliance with Texas State Public Funds Investment Act.

SOUTHWEST TEXAS JUNIOR COLLEGE

Organizational Data For the Fiscal Year 2011 - 2012

Board of Trustees

<u>Name</u>	<u>County</u>	<u>Title</u>	Term Expires <u>May</u>
Rodolfo R. Flores	Uvalde	President	2014
Dr. Harry O. Watkins	Uvalde	Vice-President	2016
Dr. Antonio H. Rivera	Zavala	Secretary	2016
Tony Moreno	Uvalde	Member	2014
Maria Elena Lara	Uvalde	Member	2018
Victor Lopez	Zavala	Member	2018
Anita Shackelford	Real	Member	2018

Administration

Dr. Ismael Sosa, Jr.	President
Dr. Hector E. Gonzales	President Elect, Dean of Instructional Services, & CFO
Dr. Blaine Bennett	Dean of Institutional Advancement & Technology
Joe Barker	Dean of Admissions & Student Services
Dr. Mark Underwood	Associate Dean, Del Rio Campus
Gilbert C. Bermea	Associate Dean, Eagle Pass Campus
Anne H. Tarski	Associate Dean of Finance

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EDE & COMPANY

Certified Public Accountants

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Frank Ede
Donna Ede Jones

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Telephone (830) 934-2148
Fax (830) 934-2799

UNQUALIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER SUPPLEMENTARY INFORMATION

INCLUDING THE SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Independent Auditor's Report

Board of Trustees
Southwest Texas Junior College
2401 Garner Field Road
Uvalde, Texas 78801

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Southwest Texas Junior College as of and for the year ended August 31, 2012 and 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's Administration. Our responsibility is to express opinions on these 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. The financial statements of the Southwest Texas Junior College Foundation, Inc., a component unit of the Southwest Texas Junior College, included in the accompanying basic financial statements, were not audited in accordance with the standards applicable to financial statement audits contained in *Governmental Auditing Standards*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Southwest Texas Junior College as of August 31, 2012 and 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were performed for the purpose of forming an opinion on the financial statements that collectively comprise Southwest Texas Junior College's basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Texas Single Audit Circular, and are not a required part of the basic financial statements. The combining statements, and the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical sections marked **UNAUDITED** have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Ede & Company
Certified Public Accountants

November 9, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 31, 2012

The following Management Discussion and Analysis was prepared by Southwest Texas Junior College's management and provides an overview of the College's financial activities.

Basic Financial Statements

In June 1999, GASB released Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* which was followed by GASB Statement No. 35, *Basic Financial Statements – Management Discussion and Analysis for Public Colleges and Universities*, which provided guidance to public colleges. Southwest Texas Junior College implemented these new reporting requirements in fiscal year 2002 in accordance with the implementation dates set forth in GASB 35.

The reporting format requires three basic financial statements that provide information for the College and its component unit, SWTJC Foundation, Inc.

Statement of Net Assets – presents information on the College's assets, liabilities and the difference between them as net assets. Net assets are further identified as restricted and unrestricted

Statement of Revenues, Expenses, and Changes in Net Assets – presents information on the College's activities for the year then ended. Revenue and expenses are recorded as they incur, regardless of the timing of the related cash flow.

Statement of Cash Flows – is reported on the direct method. It reports cash flow from operations as major classes of receipts and expenses.

Comparative Financial Information

A comparative analysis of financial information is included in the Management Discussion and Analysis.

Financial Analysis

Total assets exceed total liabilities by \$17,409,802 (47%), of which \$7,326,594 (20%) is unrestricted. Of the College's total assets, \$17,177,284 (46%) is represented by capital assets including land, buildings and improvements, furniture, equipment, and library books, net of accumulated depreciation.

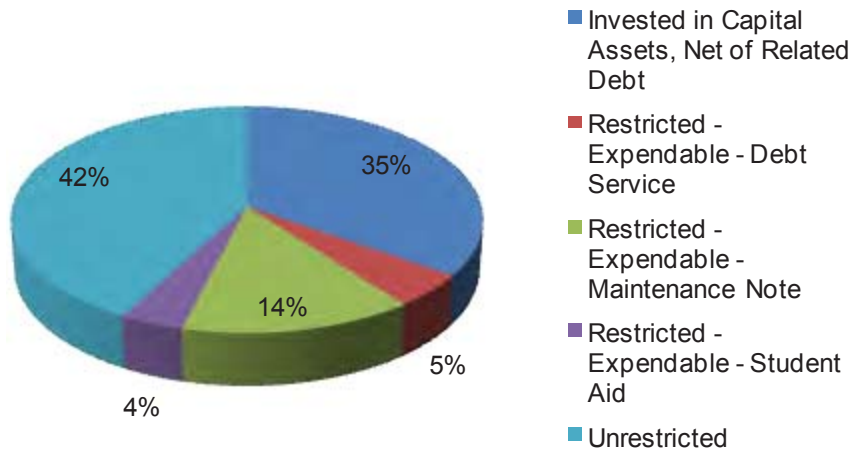
MANAGEMENT'S DISCUSSION AND ANALYSIS

August 31, 2012

Southwest Texas Junior College's Net Assets

	Year Ended 2012	Year Ended 2011	Year Ended 2010
Assets			
Current Assets	\$ 13,007,255	\$ 12,569,730	\$ 10,751,042
Restricted Cash and Cash Equivalents	1,469,476	522,738	601,171
Endowment Investments	3,040,029	3,034,957	2,916,920
Capital Assets	17,177,284	17,674,600	17,588,106
Other Noncurrent Investments	2,410,300	1,510,300	910,480
Total Assets	<u>37,104,344</u>	<u>35,312,325</u>	<u>32,767,719</u>
Liabilities			
Current Liabilities	9,147,108	9,618,162	8,286,008
Noncurrent Liabilities	10,547,434	8,526,685	8,388,522
Total Liabilities	<u>19,694,542</u>	<u>18,144,847</u>	<u>16,674,530</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	6,055,003	9,030,617	8,151,843
Restricted - Expendable - Debt Service	839,257	860,746	989,438
Restricted - Expendable - Maintenance Note	2,499,214	-	-
Restricted - Expendable - Student Aid	689,734	839,182	618,550
Unrestricted	7,326,594	6,436,933	6,333,358
Total Net Assets	<u>\$ 17,409,802</u>	<u>\$ 17,167,478</u>	<u>\$ 16,093,189</u>

Net Assets



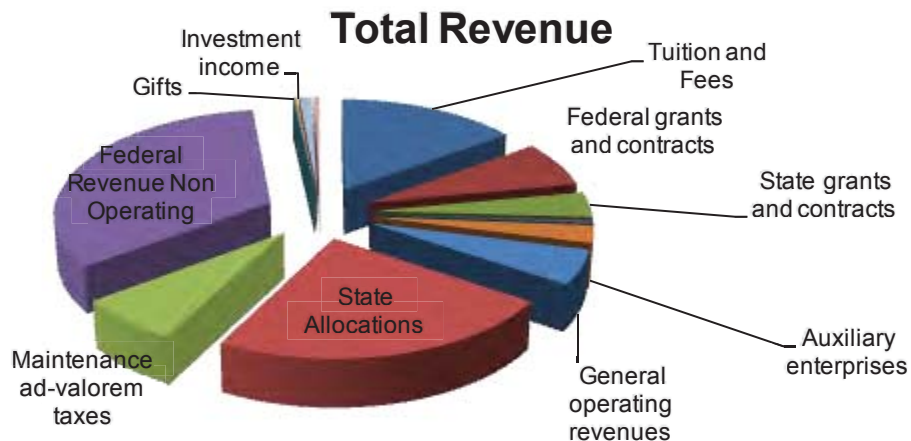
MANAGEMENT'S DISCUSSION AND ANALYSIS August 31, 2012

For the year ended August 31, 2012, operations of Southwest Texas Junior College were primarily supported by appropriations from the state's general fund and tuition and fee revenue. Effective as of the 2006 fiscal year, state appropriations are reported as non-operating revenue. Total revenue is supplemented by federal and state grants and contracts, private gifts, and sales and service revenue for auxiliary and educational departments. The College is also supported by ad-valorem taxes of \$2,572,349 in the current year as compared to \$2,486,117 for the year ended August 31, 2011, and \$2,375,217 for the year ended August 31, 2010, listed as non-operating revenue.

State appropriations including restricted insurance and retirement payments totaled \$8,613,312 (24%), \$9,360,771 (23%), and \$9,441,219 (23%); tuition and fees totaled \$5,493,939 (15%), \$5,930,984 (14%), and \$3,719,005 (9%); and federal grants and contracts totaled \$14,824,867, (42%), \$18,739,036 (45%), and \$19,740,550 (48%), all for years ended August 31, 2012, 2011, and 2010, respectively.

Instruction continues to be the largest component of operating expenses at \$11,910,414 (34%) in the current year as compared to the year ended August 31, 2011, of \$12,484,217 (31%) and the year ended August 31, 2010 of \$12,349,906 (31%). Scholarships of \$5,275,942 (15%) in the current year compared to the year ended August 31, 2011, amount of \$8,171,634 (20%) and the year ended August 31, 2010, amount of \$7,792,456 (20%), passed through to students after being applied to tuition and fees. Included in operating expenses is depreciation of \$823,623 in the current year, \$759,582 for the year ended August 31, 2011, and \$743,353 for the year ended August 31, 2010, which represent non-cash expenses.

For the year ended August 31, 2012, the result of operations was an operating loss of \$22,763,672, compared to the year ended August 31, 2011, amount of \$25,470,485 and the year ended August 31, 2010, amount of \$25,856,318. The current year operating loss combined with the current year net non-operating revenue of \$23,005,996 results in an increase in net assets of \$242,324.



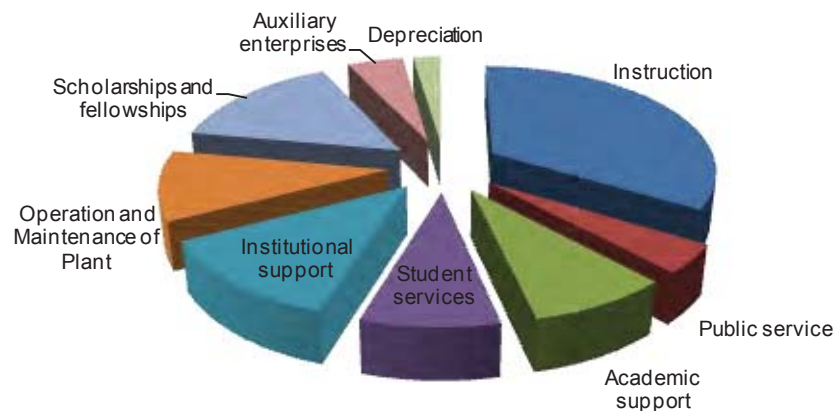
MANAGEMENT'S DISCUSSION AND ANALYSIS

August 31, 2012

Southwest Texas Junior College's Change in Net Assets

Operating Revenues	FY 2012	FY 2011	FY 2010
Tuition and Fees (net of discount of \$8,465,239; \$7,900,116; \$8,756,566)	\$ 5,493,939	\$ 5,930,984	\$ 3,719,006
Federal grants and contracts	2,581,256	3,700,527	4,174,551
State grants and contracts	1,385,040	1,270,208	1,451,117
Non-governmental grants and contracts	112,713	56,904	25,540
Sales and services of educational activities	22,630	23,556	24,044
Auxiliary enterprises (net of discounts of \$464,009; \$881,955; \$968,841)	972,184	2,070,432	2,278,908
General operating revenues	1,959,051	1,965,962	1,770,343
Total Operating Revenues (Schedule A)	<u>12,526,813</u>	<u>15,018,573</u>	<u>13,443,509</u>
Operating Expenses			
Instruction	11,910,414	12,484,217	12,349,906
Public Service	1,511,783	2,068,587	2,075,941
Academic support	3,008,190	2,787,990	2,693,002
Student services	2,929,304	3,451,245	3,210,434
Institutional support	4,456,411	4,238,281	3,481,474
Operation and maintenance of plant	3,699,346	3,769,594	3,968,955
Scholarships and fellowships	5,275,942	8,171,634	7,792,456
Auxiliary enterprises	1,675,472	2,757,928	2,984,306
Depreciation	823,623	759,582	743,353
Total Operating Expenses (Schedule B)	<u>35,290,485</u>	<u>40,489,058</u>	<u>39,299,827</u>
Operating Loss	(22,763,672)	(25,470,485)	(25,856,318)
Non-Operating Revenues (Expenses)			
State Allocations	8,613,312	9,360,771	9,441,219
Maintenance ad-valorem taxes	2,572,349	2,486,117	2,375,217
Federal Revenue, Non Operating	12,243,611	15,038,509	15,565,999
Gifts	39,390	36,372	40,495
Investment income	73,443	71,539	97,442
Interest on Capital related debt	(383,417)	(384,648)	(420,862)
Other non-operating revenues	(152,692)	(63,886)	(58,175)
Net Non-Operating Revenues (Schedule C)	<u>23,005,996</u>	<u>26,544,774</u>	<u>27,041,335</u>
Increase (Decrease) in Net Assets	242,324	1,074,289	1,185,017
Net Assets			
Net Assets - Beginning of Year	<u>17,167,478</u>	<u>16,093,189</u>	<u>14,908,172</u>
Net Assets - End of Year	<u><u>\$ 17,409,802</u></u>	<u><u>\$ 17,167,478</u></u>	<u><u>\$ 16,093,189</u></u>

Operating Expenses



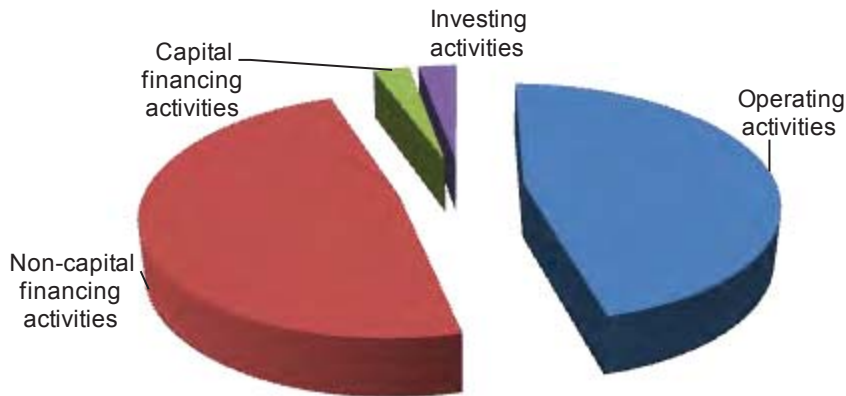
MANAGEMENT'S DISCUSSION AND ANALYSIS August 31, 2012

Cash and cash equivalents increased during the current fiscal year by \$1,454,689. Cash was used by operating activities in the amount of \$20,888,749. Cash was provided from non-capital financing activities in the amount of \$21,940,748. Cash was also provided by capital and related financing activities in the amount of \$1,234,319. Cash was used in investing activities in the amount of \$831,629.

Southwest Texas Junior College's Statement of Cash Flows

	2012	2011	2010
Net cash used by operating activities	\$ (20,888,749)	\$ (21,013,619)	\$ (21,964,216)
Net cash provided by non-capital financing activities	21,940,748	24,635,306	25,127,519
Net cash provided by (used) by capital and related financing activities	1,234,319	(1,186,318)	(1,022,668)
Net cash provided by investing activities	<u>(831,629)</u>	<u>(646,317)</u>	<u>(1,147,191)</u>
Increase (decrease) in cash and cash equivalents	1,454,689	1,789,052	993,444
Cash and Cash equivalents at beginning of year	<u>9,111,867</u>	<u>7,322,815</u>	<u>6,329,371</u>
Cash and cash equivalents at end of year	<u>\$ 10,566,556</u>	<u>\$ 9,111,867</u>	<u>\$ 7,322,815</u>

Cash Flows By Activity

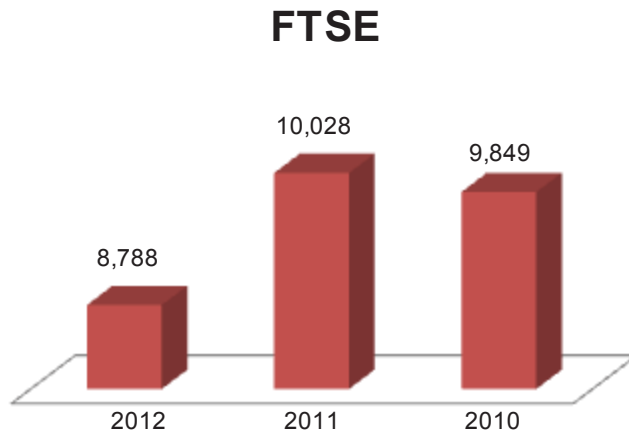
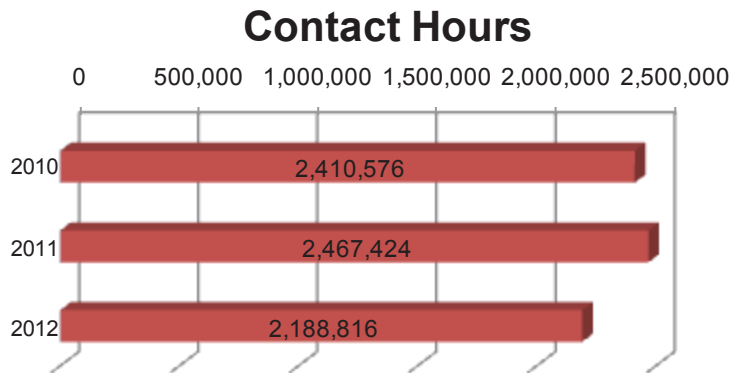


MANAGEMENT'S DISCUSSION AND ANALYSIS

August 31, 2012

Enrollment in academic and technical programs decreased in the 2012 fiscal year as did contact hours.

	<u>FTSE</u>	<u>Contact Hours</u>
2010	9,849	2,410,576
2011	10,028	2,467,424
2012	8,788	2,188,816



MANAGEMENT'S DISCUSSION AND ANALYSIS

August 31, 2012

Capital Assets

In 2001, the Southwest Texas Junior College Board changed equipment capitalization from \$250 to \$5,000.

As a result of implementing GASB 34-35, in the fiscal year ended August 31, 2012, SWTJC recorded a depreciation expense of \$823,623, \$759,582 in the fiscal year ended August 31, 2011, and \$743,353 in the fiscal year ended August 31, 2010. The method of accounting for expenditures for plant and retirement of indebtedness remains unchanged.

Long-term Debt

In 2006, Southwest Texas Junior College incurred \$9,000,000 in long-term debt through two revenue bond issues. The first, \$3.5 million, is a private placement issue with proceeds used for the construction of a new student services building and the subsequent renovations of existing spaces. Refer to note 8 in the notes to the financial statements for further details. Construction of the new building was completed in May of 2008.

The second, \$5.5 million, is a private placement issue with proceeds used for the construction of a new educational facility for Sul Ross State University Rio Grande College. Refer to note 8 in the notes to the financial statements for more information. The building was completed in December 2007.

In 2012, Southwest Texas Junior College incurred \$2,500,000 in long term debt through a maintenance tax note issue. It is a private placement with proceeds used for updating energy systems. The energy savings acquired will provide the payment for the note. Refer to note 9 in the notes to the financial statements for more information. Energy systems work will commence in the Fall of 2012.

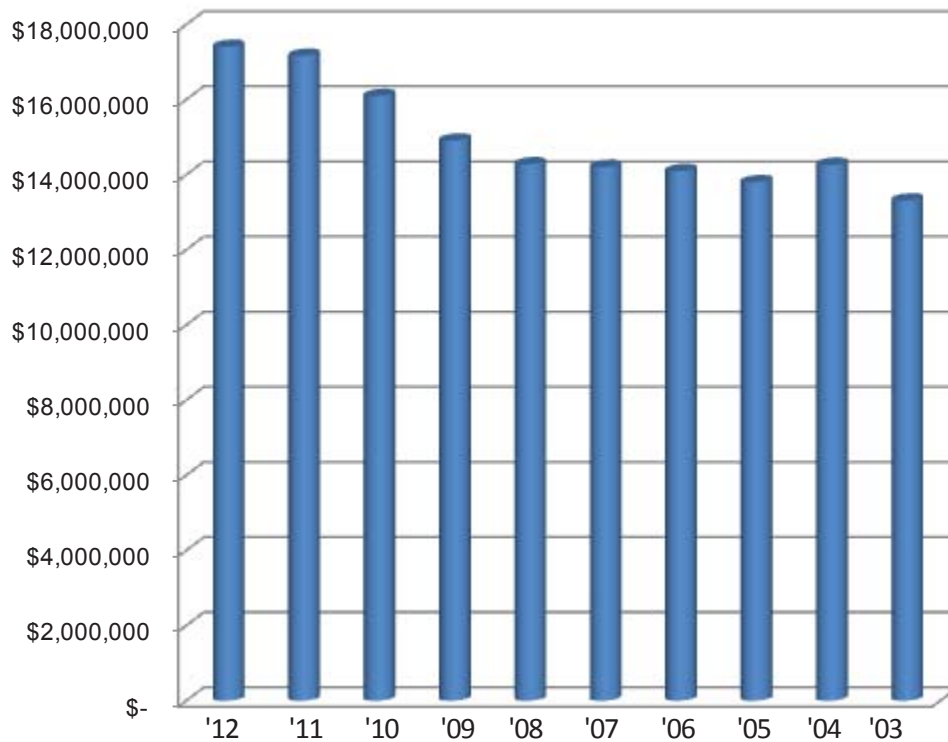
Net Assets

In 2002, in accordance with GASB 34-35, Southwest Texas Junior College began reporting Net Assets by Source and Availability. Until 2007, the College reported Endowment Funds as Other Restricted Funds. Starting with the year 2007, these Endowment Funds were correctly reported in the Unrestricted category as Quasi Unrestricted (restrictions self-imposed by the Board of Trustees). For the year 2012, Endowment Funds amounted to \$3,380,153; 46% of Unrestricted Funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS August 31, 2012

Year	Net Capital Assets	Net Assets				Unrestricted	Total	Net Change
		Restricted for:						
		Maintenance Note/Bond	Debt Service	Student Aid	Other			
2012	\$ 6,055,003	\$ 2,499,214	\$ 839,257	\$ 689,734	\$ -	\$ 7,326,594	\$ 17,409,802	\$ 242,324
2011	9,030,617	-	860,746	839,182	-	6,436,933	17,167,478	1,074,292
2010	8,151,843	-	989,435	618,550	-	6,333,358	16,093,186	1,185,014
2009	8,293,391	-	562,034	198,659	-	5,854,088	14,908,172	630,882
2008	8,188,931	-	376,038	209,826	-	5,502,495	14,277,290	69,531
2007	4,128,283	4,155,920	66,792	413,393	-	5,443,371	14,207,759	111,313
2006	389,530	8,402,603	121,273	229,722	3,285,606	1,667,712	14,096,446	297,749
2005	8,765,422	-	-	-	3,350,469	1,682,806	13,798,697	(463,509)
2004	8,525,609	-	-	-	3,581,180	2,155,417	14,262,206	950,490
2003	8,412,624	-	-	73,799	2,896,498	1,928,795	13,311,716	182,044

Net Assets



MANAGEMENT'S DISCUSSION AND ANALYSIS

August 31, 2012

Other Conditions and Factors

Aspen Institute: In 2011, Southwest Texas Junior College was recognized by the Aspen Institute in Washington D.C. as one of the top 10 community colleges in the nation. SWTJC is aggressively working to implement many of the suggestions of the Aspen committee in order to continue to excel as one of the nation's most outstanding community colleges.

Lumina Foundation's Latino Student Success Grant Initiative: SWTJC has been awarded a \$600,000, three year grant to increase Latino student success in graduation and transfer by 15% by 2015. The initiative is focused on utilizing a diverse community partnership which includes: Hispanic Association of Colleges and Universities (HACU), Texas Association of Community Colleges (TACC), Middle Rio Grande Workforce Solutions and Development Board, Intercultural Development Research Association (IDRA), Uvalde Independent School District (UCISD), Sul Ross State University – Rio Grande College (SRU-RGC), University of Texas – Austin Jackson School of Geosciences, AVID, HEB, Inc., and Texas State Representative Tracy O. King.

Partnerships: During the past year, the college has announced a “two year plus two year for \$10,000” bachelor degree program in concert with SRU-RGC. SWTJC will provide instruction for the first two years of the student's college degree plan with a seamless transition to the final two years at SRU-RGC. The total tuition and fee cost will be \$10,000. Both colleges are co-located in the three main population centers of the service area. The two colleges are striving to strengthen and expand this model to provide the students in our region a low cost, quality model for bachelor degrees.

Facilities: In the summer of 2012, SWTJC resumed work with the architect firm of Ferrell Brown and Associates on plans for the Del Rio Campus upgrade. The college plans to replace portable classrooms with permanent structures as well as improve student support services areas. In September of 2012, the Board of Trustees voted to approve a \$7.5 million revenue bond issue to finance the new building. Also in the summer of 2012, the board voted to issue maintenance tax notes in the amount of \$2.5 million. These funds will be used to update energy usage on all campuses and will be repaid with the guaranteed energy savings.

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 31, 2012

State Economy: The 82nd Regular Session of the Texas State Legislature again reduced state appropriations and on-behalf payments for insurance and retirement. It also required re-allocation of formula funding on a yearly basis rather than a bi-annual basis (without a hold-harmless clause). SWTJC anticipates that these changes will cause more fluctuation in state appropriations and has addressed that concern by proactively focusing its resource allocation to support mission critical areas. The state economy is rebounding and in the SWTJC service area, the Eagle Ford Shale project has truly become an economic engine. The college is already seeing the impact of increased demand for certified technicians in many fields and the college is developing the ground work to take advantage of this opportunity by working with drilling businesses and their vendors.

Enrollment: Although the college experienced a decrease in enrollment during the year, the fall 2012 enrollment increased. The college anticipates further enrollment growth due to the activities surrounding the Eagle Ford Shale project, the “two plus two for \$10,000” degree program, and the continuing rise in tuition for four year colleges.

SOUTHWEST TEXAS JUNIOR COLLEGE

Statement of Net Assets
August 31, 2012 and August 31, 2011

ASSETS	<u>FY2012</u>	<u>FY2011</u>
Current Assets:		
Cash and cash equivalents	\$ 9,097,080	\$ 8,589,129
Accounts receivable (net of \$994,101; \$931,391)	3,433,457	2,595,528
Taxes receivable (net of \$51,783; \$51,133)	364,510	298,086
Inventories	87,208	1,061,762
Prepaid expenses	25,000	25,225
Total Current Assets	<u>13,007,255</u>	<u>12,569,730</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,469,476	522,738
Endowment investments	3,040,029	3,034,957
Other long-term investments	2,410,300	1,510,300
Capital assets (net of \$13,172,364; \$12,348,742)	17,177,284	17,674,600
Total Noncurrent Assets	<u>24,097,089</u>	<u>22,742,595</u>
Total Assets	<u>37,104,344</u>	<u>35,312,325</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	944,711	1,823,016
Accrued liabilities	580,446	378,540
Deposits	236,212	233,715
Funds held for others	-	28,084
Deferred revenues	6,508,461	6,200,823
Notes payable - current portion	632,278	718,984
Bonds payable - current portion	245,000	235,000
Total Current Liabilities	<u>9,147,108</u>	<u>9,618,162</u>
Noncurrent Liabilities:		
Lease payable	302,434	536,685
Notes payable	2,500,000	-
Bonds payable	7,745,000	7,990,000
Total Noncurrent Liabilities	<u>10,547,434</u>	<u>8,526,685</u>
Total Liabilities	<u>19,694,542</u>	<u>18,144,847</u>
NET ASSETS		
Invested in capital assets, net of related debt	6,055,003	9,030,617
Restricted for:		
Expendable		
Debt service	839,257	860,746
Maintenance note	2,499,214	-
Student aid	689,734	839,182
Unrestricted	7,326,594	6,436,933
Total Net Assets (Schedule D)	<u>\$ 17,409,802</u>	<u>\$ 17,167,478</u>

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

SOUTHWEST TEXAS JUNIOR COLLEGE FOUNDATION, INC.

**Comparative Statement of Financial Position
August 31, 2012**

	August 31, 2012	August 31, 2011
ASSETS		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 343,177.68	\$ 432,780.16
Short-term Investments	-	200,000.00
	<u>343,177.68</u>	<u>632,780.16</u>
<u>Property and equipment, at cost</u>		
Land	668,646.23	668,646.23
Buildings	10,416,334.71	10,416,334.71
Improvements	385,889.09	312,566.38
Furniture and fixtures	19,387.00	19,387.00
	<u>11,490,257.03</u>	<u>11,416,934.32</u>
Less accumulated depreciation	3,284,172.92	3,008,133.97
	<u>8,206,084.11</u>	<u>8,408,800.35</u>
TOTAL ASSETS	\$ 8,549,261.79	\$ 9,041,580.51
LIABILITIES AND NET ASSETS		
<u>Current liabilities</u>		
Deposit	\$ 25,000.00	\$ 25,000.00
Current portion of long-term debt	234,583.00	546,891.00
	<u>259,583.00</u>	<u>571,891.00</u>
<u>Long-term liabilities</u>		
Long-term debt, less current maturities Notes payable	782,133.64	1,611,892.28
	<u>1,041,716.64</u>	<u>2,183,783.28</u>
Total liabilities	1,041,716.64	2,183,783.28
Net assets - Permanently restricted	7,507,545.15	6,857,797.23
	<u>7,507,545.15</u>	<u>6,857,797.23</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 8,549,261.79	\$ 9,041,580.51

Southwest Texas Junior College
Statement of Revenues, Expenses, and Changes in Net Assets
Years Ended August 31, 2012 and August 31, 2011

Operating Revenues	<u>FY 2012</u>	<u>FY 2011</u>
Tuition and fees (net of discounts of \$8,465,239; \$7,900,116)	\$ 5,493,939	\$ 5,930,984
Federal grants and contracts	2,581,256	3,700,527
State grants and contracts	1,385,040	1,270,208
Non-governmental grants and contracts	112,713	56,904
Sales and services of educational activities	22,630	23,556
Auxiliary enterprises (net of discounts of \$464,009; \$881,955)	972,184	2,070,432
General operating revenues	<u>1,959,051</u>	<u>1,965,962</u>
Total Operating Revenues (Schedule A)	<u>12,526,813</u>	<u>15,018,573</u>
Operating Expenses		
Instruction	11,910,414	12,484,217
Public service	1,511,783	2,068,587
Academic support	3,008,190	2,787,990
Student services	2,929,304	3,451,245
Institutional support	4,456,411	4,238,281
Operation and maintenance of plant	3,699,346	3,769,594
Scholarships and fellowships	5,275,942	8,171,634
Auxiliary enterprises	1,675,472	2,757,928
Depreciation	<u>823,623</u>	<u>759,582</u>
Total Operating Expenses (Schedule B)	<u>35,290,485</u>	<u>40,489,058</u>
Operating Loss	<u>(22,763,672)</u>	<u>(25,470,485)</u>
Non-Operating Revenues (Expenses)		
State Allocations	8,613,312	9,360,771
Maintenance ad-valorem taxes	2,572,349	2,486,117
Federal Revenue, Non Operating	12,243,611	15,038,509
Gifts	39,390	36,372
Investment income	73,443	71,539
Interest on capital related debt	(383,417)	(384,648)
Other non-operating revenues (expenses)	<u>(152,692)</u>	<u>(63,886)</u>
Net Non-Operating Revenues (Schedule C)	<u>23,005,996</u>	<u>26,544,774</u>
Increase (Decrease) in Net Assets	242,324	1,074,289
Net Assets		
Net Assets - Beginning of Year	<u>17,167,478</u>	<u>16,093,189</u>
Net Assets - End of Year	<u>\$ 17,409,802</u>	<u>\$ 17,167,478</u>

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

SOUTHWEST TEXAS JUNIOR COLLEGE FOUNDATION, INC.

**Comparative Statement of Activities
Years Ended August 31, 2012 and August 31, 2011**

	<u>August 31, 2012 Permanently Restricted</u>	<u>August 31, 2011 Permanently Restricted</u>
<u>Support and Revenues:</u>		
Support:		
Contributions	\$ -	\$ -
Revenue:		
Rental income	1,197,600.00	1,197,600.00
Interest income	1,781.35	1,788.71
Total revenue	<u>1,199,381.35</u>	<u>1,199,388.71</u>
Total support and revenue	1,199,381.35	1,199,388.71
<u>Expenses:</u>		
Depreciation	276,038.95	272,372.81
Interest	70,031.73	114,714.62
Professional Fees	174,777.75	30,441.97
Repair & Maintenance	28,235.00	56,100.00
Miscellaneous	550.00	1,406.73
Total expenses	<u>549,633.43</u>	<u>475,036.13</u>
Change in net assets	649,747.92	724,352.58
Net assets, beginning of year	<u>6,857,797.23</u>	<u>6,133,444.65</u>
Net assets, end of year	<u><u>\$ 7,507,545.15</u></u>	<u><u>\$ 6,857,797.23</u></u>

SOUTHWEST TEXAS JUNIOR COLLEGE

Exhibit 3

Statement of Cash Flows
Years Ended August 31, 2012 and August 31, 2011

	<u>FY2012</u>	<u>FY2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from student and other customers	\$ 5,932,875	\$ 8,731,740
Receipts from grants and contracts	4,079,009	5,027,639
Other receipts	1,959,051	1,965,962
Payment to or on behalf of employees	(19,763,135)	(19,892,689)
Payment to suppliers for goods or services	(7,820,607)	(8,674,637)
Payment of scholarships	(5,275,942)	(8,171,634)
Net cash provided (used) by operating activities	<u>(20,888,749)</u>	<u>(21,013,619)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	7,304,514	7,153,135
Ad valorem tax revenue	2,505,925	2,471,176
Receipts from non operating federal revenue	12,243,611	15,038,509
Other non-operating revenue	(113,302)	(27,514)
Net cash provided (used) by non-capital financing	<u>21,940,748</u>	<u>24,635,306</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital lease	-	586,212
Proceeds from maintenance note	2,500,000	-
Purchases of capital assets	(326,307)	(846,076)
Payments on capital debt and leases -- principal	(555,957)	(541,806)
Payments on capital debt and leases -- interest	(383,417)	(384,648)
Net cash provided (used) by capital and related financing activities	<u>1,234,319</u>	<u>(1,186,318)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity of investments	6,498,000	3,779,628
Receipts from interest	73,443	71,539
Purchase of investments	(7,403,072)	(4,497,484)
Net cash provided (used) by investing activities	<u>(831,629)</u>	<u>(646,317)</u>
Increase (decrease) in cash and cash equivalents	1,454,689	1,789,052
Cash and cash equivalents - Beginning of Year	<u>9,111,867</u>	<u>7,322,815</u>
Cash and cash equivalents - End of Year	<u>\$ 10,566,556</u>	<u>\$ 9,111,867</u>
Reconciliation of operating income (loss) to net cash provided (used)		
by operating activities:		
Operating income (loss)	\$ (22,763,672)	\$ (25,470,485)
Adjustment to reconcile operating loss to net cash used		
by operating activities:		
Depreciation expense	823,623	759,582
Bad debt expense	135,063	101,232
Payments made directly by state for benefits	1,308,798	2,207,636
Changes in assets and liabilities		
Receivables, net	(972,992)	321,971
Inventories	974,554	(419,806)
Prepaid expenses	225	60,340
Accounts payable	(878,305)	1,108,529
Accrued liabilities	201,906	33,817
Deposits	2,497	(8,380)
Funds held for others	(28,084)	(41,201)
Deferred revenue	307,638	333,146
Net cash provided (used) by operating activities	<u>\$ (20,888,749)</u>	<u>\$ (21,013,619)</u>

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

SOUTHWEST TEXAS JUNIOR COLLEGE FOUNDATION, INC.

**Comparative Statement of Cash Flows
Years Ended August 31, 2012 and August 31, 2011**

	August 31, 2012	August 31, 2011
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 649,747.92	\$ 724,352.58
Add items not affecting cash:		
Depreciation	276,038.95	272,372.81
Net cash provided by operating activities	925,786.87	996,725.39
<u>Cash flow from investing activities:</u>		
Purchase of capital assets	(73,322.71)	-
Purchase of short-term investments	-	(200,000.00)
Proceeds from maturity of short-term investments	200,000.00	-
Net cash used in investing activities	126,677.29	(200,000.00)
<u>Cash flow from financing activities:</u>		
Principal payments of long-term debt	(1,142,066.64)	(645,457.33)
Net cash provided by financing activities	(1,142,066.64)	(645,457.33)
Net increase in cash and cash equivalents	(89,602.48)	151,268.06
Cash and cash equivalents - beginning of year	432,780.16	281,512.10
Cash and cash equivalents - end of year	\$ 343,177.68	\$ 432,780.16

SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

1. Reporting Entity

Southwest Texas Junior College (SWTJC) was established in 1946, in accordance with the laws of the State of Texas, to serve the educational needs of the Tri-county District (Real, Zavala, and Uvalde Counties) and the surrounding communities. The College is governed by a seven member Board of Trustees elected from the three counties of which the district is comprised. Members are elected at large from each of the counties. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While SWTJC receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

2. Summary of Significant Accounting Policies

Report Guidelines

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

Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.033). When the award for tuition is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act 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 revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount.

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

2. Summary of Significant Accounting Policies (Continued)

If the amount is disbursed 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 amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Basis of Accounting

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

Budgetary Data

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

Cash and cash equivalents

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

Investments

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

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

2. Summary of Significant Accounting Policies (Continued)

Inventories

Inventories consist of consumable office supplies, physical plant supplies, and food service supplies. Inventories are valued at the “first-in, first-out” method and are charged to expense as consumed.

Capital Assets

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

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

Deferred Revenues

Tuition and fees of \$6,120,813 and \$5,902,740 have been reported as deferred revenues at August 31, 2012 and August 31, 2011, respectively.

Estimates

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

Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. The college reports as a BTA (Business-Type Activity) and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College’s principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are allocations from the state and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

3. Authorized Investments

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

4. Deposits and Investments

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not participating in foreign currency transactions.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity; (2) portfolio diversification; (3) allowable investments; (4) acceptable risk levels; (5) expected rates of return; (6) maximum allowable stated maturity of portfolio investments; (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio; (8) investment staff quality and capabilities; and, (9) bid solicitation preferences for certificates of deposit.

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

4. Deposits and Investments (Continued)

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts; and, (10) common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act.

Southwest Texas Junior College is in substantial compliance with the requirements of the Act and with local policies.

Cash and Deposits

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

August 31, 2012	<u>SWTJC</u>	<u>Foundation</u>
<u>Current Assets</u>		
Demand Deposits	\$ 6,457,080	\$ 343,178
Time Deposits	2,610,000	-
Petty Cash on Hand	30,000	-
Total Current Cash and Deposits	<u>9,097,080</u>	<u>343,178</u>
<u>Noncurrent Assets</u>		
Demand Deposits - Restricted	492,011	-
Demand Deposits - Endowments	527,465	-
Time Deposits	450,000	-
Total Noncurrent Cash and Deposits	<u>1,469,476</u>	<u>-</u>
 Total Cash and Deposits	 <u>\$ 10,566,556</u>	 <u>\$ 343,178</u>

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

4. Deposits and Investments (Continued)

August 31, 2011	SWTJC	Foundation
<u>Current Assets</u>		
Demand Deposits	\$ 7,448,129	\$ 432,780
Time Deposits	1,110,000	200,000
Petty Cash on Hand	31,000	-
Total Current Cash and Deposits	8,589,129	632,780
 <u>Noncurrent Assets</u>		
Demand Deposits - Restricted	29,173	-
Demand Deposits - Endowments	493,565	-
Total Noncurrent Cash and Deposits	522,738	-
 Total Cash and Deposits	 \$ 9,111,867	 \$ 632,780

Additional policies and contractual provisions governing deposits and investments for Southwest Texas Junior College are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to depository bank certificates of deposits and state sponsored investment pools.

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District investments in both depository bank certificates of deposits and state sponsored investment pools.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires the investment portfolio to have the following maturities:

Current/Operating Funds: an average weighted maturity of 365 days or less

Endowment Funds: an average weighted maturity of three (3) years or less

Debt Service Funds: an average weighted maturity of 365 days or less

Debt Service Reserve Funds: an average weighted maturity of five (5) years or less

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

4. Deposits and Investments (Continued)

Foreign Currency Risk for Investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in foreign currencies.

Reconciliation of Deposits and Investments to Exhibit 1

<u>Type of Security</u>	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Real Estate Investment	\$ 42,491	\$ 42,491
Corporate Stocks	140,366	126,632
Other Investments	27,472	36,134
Total Cash and Deposits	7,506,556	8,001,867
Total Certificates of Deposits	8,300,000	5,450,000
	<u>\$ 16,016,885</u>	<u>\$ 13,657,124</u>
Cash and Cash Equivalents (Exhibit 1)	\$ 9,097,080	\$ 8,589,129
Restricted Cash and Cash Equivalents (Exhibit1)	1,469,476	522,738
Endowment Investments (Exhibit 1)	3,040,029	3,034,957
Other Long-Term Investments (Exhibit 1)	2,410,300	1,510,300
	<u>\$ 16,016,885</u>	<u>\$ 13,657,124</u>

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

5. Changes in Property and Equipment

Changes in property and equipment for SWTJC for the year ended August 31, 2012 were as follows:

	<u>Sept. 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Aug. 31, 2012</u>
<u>Not Depreciated</u>				
Land	\$ 813,442	\$ -	\$ -	\$ 813,442
Construction In Progress	22,189	-	22,189	-
Subtotal	<u>835,631</u>	<u>-</u>	<u>22,189</u>	<u>813,442</u>
<u>Other Capital Assets</u>				
Buildings	19,024,491	53,952	-	19,078,443
Land Improvements	2,476,107	58,498	-	2,534,605
Furniture & Fixtures	2,727,777	76,441	-	2,804,218
Library Books	1,131,243	14,410	-	1,145,653
Telecommunication and Peripheral Equipment	3,828,093	145,195	-	3,973,288
Subtotal	<u>29,187,711</u>	<u>348,496</u>	<u>-</u>	<u>29,536,207</u>
<u>Accumulated Depreciation</u>				
Buildings	5,569,537	337,173	-	5,906,710
Land Improvements	1,673,211	45,190	-	1,718,401
Furniture & Fixtures	1,896,419	174,609	-	2,071,028
Library Books	217,526	28,756	-	246,282
Telecommunication and Peripheral Equipment	2,992,049	237,895	-	3,229,944
Subtotal	<u>12,348,742</u>	<u>823,623</u>	<u>-</u>	<u>13,172,365</u>
Net Other Capital Assets	<u>16,838,969</u>	<u>(475,127)</u>	<u>-</u>	<u>16,363,842</u>
Net Capital Assets	<u>\$ 17,674,600</u>	<u>\$ (475,127)</u>	<u>\$ 22,189</u>	<u>\$ 17,177,284</u>

Reconciliation of Capital Assets to Statement of Net Assets

SWTJC - Capital Assets (Exhibit 1)	\$ 17,177,284
Total	<u>\$ 17,177,284</u>

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

5. Changes in Property and Equipment (Continued)

Changes in property and equipment for SWTJC for the year ended August 31, 2011 were as follows:

	<u>Sept. 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Aug. 31, 2011</u>
<u>Not Depreciated</u>				
Land	\$ 813,442	\$ -	\$ -	\$ 813,442
Construction In Progress	31,356	22,189	31,356	22,189
Subtotal	<u>844,798</u>	<u>22,189</u>	<u>31,356</u>	<u>835,631</u>
<u>Other Capital Assets</u>				
Buildings	18,982,695	41,796	-	19,024,491
Land Improvements	2,411,041	65,066	-	2,476,107
Furniture & Fixtures	2,745,429	83,267	100,919	2,727,777
Library Books	1,108,868	22,375	-	1,131,243
Telecommunication and Peripheral Equipment	3,185,354	642,739	-	3,828,093
Subtotal	<u>28,433,387</u>	<u>855,243</u>	<u>100,919</u>	<u>29,187,711</u>
<u>Accumulated Depreciation</u>				
Buildings	5,230,528	339,009	-	5,569,537
Land Improvements	1,625,920	47,291	-	1,673,211
Furniture & Fixtures	1,827,147	170,191	100,919	1,896,419
Library Books	189,462	28,064	-	217,526
Telecommunication and Peripheral Equipment	2,817,022	175,027	-	2,992,049
Subtotal	<u>11,690,079</u>	<u>759,582</u>	<u>100,919</u>	<u>12,348,742</u>
Net Other Capital Assets	<u>16,743,308</u>	<u>95,661</u>	<u>-</u>	<u>16,838,969</u>
Net Capital Assets	<u>\$ 17,588,106</u>	<u>\$ 117,850</u>	<u>\$ 31,356</u>	<u>\$ 17,674,600</u>

Reconciliation of Capital Assets to Statement of Net Assets

SWTJC - Capital Assets (Exhibit 1)	\$ 17,674,600
Total	<u>\$ 17,674,600</u>

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

5. Changes in Property and Equipment (Continued)

Changes in property and equipment for the Foundation for the years ended August 31, 2012 and August 31, 2011 were as follows:

	<u>Sept. 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Aug. 31, 2012</u>
Land	\$ 668,646	\$ -	\$ -	\$ 668,646
Buildings	10,416,334	-	-	10,416,334
Improvements	312,566	73,323	-	385,889
Furniture & Fixtures	19,387	-	-	19,387
Construction in Progress	-	-	-	-
	<u>11,416,933</u>	<u>73,323</u>	<u>-</u>	<u>11,490,256</u>
Accumulated Depreciation	<u>3,008,133</u>	<u>\$ 276,039</u>	<u>\$ -</u>	<u>3,284,172</u>
Net Property & Equipment	<u>\$ 8,408,800</u>			<u>\$ 8,206,084</u>
Reconciliation to Statement of Financial Position Total				<u>\$ 8,206,084</u> <u>\$ 8,206,084</u>

	<u>Sept. 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Aug. 31, 2011</u>
Land	\$ 668,646	\$ -	\$ -	\$ 668,646
Buildings	10,416,334	-	-	10,416,334
Improvements	312,566	-	-	312,566
Furniture & Fixtures	19,387	-	-	19,387
Construction in Progress	-	-	-	-
	<u>11,416,933</u>	<u>-</u>	<u>-</u>	<u>11,416,933</u>
Accumulated Depreciation	<u>2,735,760</u>	<u>\$ 272,373</u>	<u>\$ -</u>	<u>3,008,133</u>
Net Property & Equipment	<u>\$ 8,681,173</u>			<u>\$ 8,408,800</u>
Reconciliation to Statement of Financial Position Total				<u>\$ 8,408,800</u> <u>\$ 8,408,800</u>

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

6. Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2012 was as follows:

	<u>September 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>August 31, 2012</u>	<u>Current Portion</u>
SWTJC					
Revenue Bonds	\$ 8,225,000	\$ -	\$ 235,000	\$ 7,990,000	\$ 245,000
Maintenance Tax Notes	-	2,500,000	-	2,500,000	
Capital Leases Payable	536,685	-	234,251	302,434	
Total Long-Term Liabilities	<u>\$ 8,761,685</u>	<u>\$ 2,500,000</u>	<u>\$ 469,251</u>	<u>\$ 10,792,434</u>	<u>\$ 245,000</u>
SWTJC Foundation					
Notes Payable	\$ 2,158,783	\$ -	\$ 1,142,066	\$ 1,016,717	\$ 234,583
Total Long-Term Liabilities	<u>\$ 2,158,783</u>	<u>\$ -</u>	<u>\$ 1,142,066</u>	<u>\$ 1,016,717</u>	<u>\$ 234,583</u>

Long-term liability activity for the year ended August 31, 2011 was as follows:

	<u>September 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>August 31, 2011</u>	<u>Current Portion</u>
SWTJC					
Revenue Bonds	\$ 8,450,000	\$ -	\$ 225,000	\$ 8,225,000	\$ 235,000
Capital Leases Payable	153,522	586,212	203,049	536,685	-
Total Long-Term Liabilities	<u>\$ 8,603,522</u>	<u>\$ 586,212</u>	<u>\$ 428,049</u>	<u>\$ 8,761,685</u>	<u>\$ 235,000</u>
SWTJC Foundation					
Notes Payable	\$ 2,804,241	\$ -	\$ 645,458	\$ 2,158,783	\$ 546,891
Total Long-Term Liabilities	<u>\$ 2,804,241</u>	<u>\$ -</u>	<u>\$ 645,458</u>	<u>\$ 2,158,783</u>	<u>\$ 546,891</u>

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

7. Debt and Lease Obligations

Debt service requirements at August 31, 2012 for SWTJC were as follows:

For the Year Ended August 31,	Revenue Bonds and Maintenance Tax Note		
	Principal	Interest	Total
FY 2013	\$ 245,000	\$ 419,146	\$ 664,146
FY 2014	460,000	404,930	864,930
FY 2015	470,000	388,421	858,421
FY 2016-2020	2,625,000	1,676,100	4,301,100
FY 2021-2025	2,880,000	1,164,179	4,044,179
FY 2026-2030	2,365,000	651,746	3,016,746
FY 2031-2033	1,445,000	121,317	1,566,317
	<u>\$ 10,490,000</u>	<u>\$ 4,825,839</u>	<u>\$ 15,315,839</u>

Obligations through notes payable for the Foundation at August 31, 2012 were as follows:

Bank Note, original balance \$2,307,163 secured by first lien on 15 acres of real estate and buildings, adjustable rate, currently 4.50% interest, principal and interest payments of \$22,961.34 due monthly through April 8, 2017.

	<u>\$ 1,016,717</u>
Total Notes Payable	\$ 1,016,717
Less Current Portion	<u>234,583</u>
Long-Term Portion	<u>\$ 782,134</u>

The following is a summary of debt service requirements:

FY 2013	\$ 275,536
FY 2014	275,537
FY 2015	275,536
FY 2016	275,536
FY 2017	11,765
Later Years	<u>-</u>
Total minimum debt payments	1,113,910
Less: Amounts representing interest	<u>97,193</u>
Present value of minimum note payments	<u>\$ 1,016,717</u>

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

8. Bonds Payable

General information related to bonds payable is summarized below:

- Southwest Texas Junior College District Combined Fee Revenue Bonds, Series 2006
- Proceeds used to construct a new student services building and remodel existing office areas
- Issued March 15, 2006
- Amount of issue, \$3,500,000
- Debt to be serviced through tuition and fees
- Outstanding balance, \$3,070,000

This is a private placement issue with annual installments varying from \$152,250 to \$238,675 at a 4.50% interest rate, with the final installment due April 1, 2032.

- Southwest Texas Junior College District Combined Fee Revenue Bonds, Series 2006A
- Proceeds used to construct a new facility for lessee, Sul Ross State University Rio Grande College
- Issued May 15, 2006
- Amount of issue, \$5,500,000
- Debt to be serviced through pledged lease revenue and tuition and fees
- Outstanding balance, \$4,920,000

This is a private placement issue with annual installments varying from \$205,333 to \$369,160 at a 4.48% interest rate, with the final installment due April 1, 2033.

9. Maintenance Tax Notes

General information related to notes payable is summarized below:

- Southwest Texas Junior College Maintenance Tax Notes, Series 2012
- Proceeds used to complete Energy Performance contract and deferred maintenance.
- Issued July 26, 2012
- Amount of issue, \$2,500,000
- Debt to be serviced through ad valorem revenue, tuition and fees, and energy savings
- Outstanding balance, \$2,500,000

This is a private placement issue with annual installments varying from \$60,580 to \$261,469 at a 2.39% interest rate, with the final installment due February 1, 2024.

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

10. Short-Term Debt

The college used short-term debt in the form of a secured line of credit in the fiscal years ended August 31, 2011 and August 31, 2012. The credit was used to finance the expansion of the college's Crystal City campus. The credit is secured by a CD at an annual interest rate equal to 1% over the collateralized CD rate.

	Balance September 1, 2011	Additions	Reductions	Balance August 31, 2012
Crystal Campus	\$ 718,984	\$ -	\$ 86,706	\$ 632,278
Total	<u>\$ 718,984</u>	<u>\$ -</u>	<u>\$ 86,706</u>	<u>\$ 632,278</u>

	Balance September 1, 2010	Additions	Reductions	Balance August 31, 2011
Crystal Campus	\$ 748,000	\$ -	\$ 29,016	\$ 718,984
Fleet Vehicles	84,741	-	84,741	-
Total	<u>\$ 832,741</u>	<u>\$ -</u>	<u>\$ 113,757</u>	<u>\$ 718,984</u>

The entire balance is reported as current. The college will service this line of credit on a 12 year schedule, or until the rate of interest based on the pledged CDs is unfavorable. At that time the balance will be financed using the most advantageous method.

11. Employees' Retirement Plan

The State of Texas has joint contributory retirement plans for almost all of its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas.

Teacher Retirement System of Texas

Plan Description. The Southwest Texas Junior College District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us, under the TRS Publications heading.

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

11. Employees' Retirement Plan (Continued)

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

State law provides for a member contribution rate of 6.4% for fiscal years 2012 and 2011 and a state contribution rate of 6.0% and 6.644% for fiscal years 2012 and 2011, respectively. In certain instances, the reporting district is required to make all or a portion of the state's 6.4% contribution for fiscal years 2012 and 2011.

Optional Retirement Plan

Plan Description. 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 and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.0% and 6.65%, respectively. The College contributes 7.31% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the State for the College was \$438,418 and \$858,204 for the fiscal years ended August 31, 2012 and 2011, respectively.

This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all College employees was \$17,311,012 and \$18,156,527 for fiscal years 2012 and 2011, respectively. The total payroll of employees covered by the Teacher Retirement System was \$11,868,094 and \$12,419,110, and the total payroll of employees covered by the Optional Retirement Program was \$3,426,036 and \$3,595,432 for fiscal years 2012 and 2011, respectively.

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

12. Deferred Compensation Program

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

13. Compensated Absences

The College's policy is that an employee may not carry their accrued vacation leave forward from one fiscal year to another fiscal year. Sick leave, which can be accumulated to a maximum of 90 days, is earned at the rate of six hours per month. The maximum sick leave that may be paid to a retired employee after 20 years or more of service or an employee's estate is limited to one month's pay for 30 days or more of unused sick leave. The College's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements because experience indicates the expenditure for sick leave to be minimal.

14. Disaggregation of Receivables and Payables Balances

Receivables

Receivables at August 31, 2012 were as follows:

Student Receivables	\$ 3,188,885
Federal Receivables	423,792
Accounts Receivables	866,664
Other Receivables	-
Subtotal	<u>4,479,341</u>
Allowance for Doubtful Accounts	<u>1,045,884</u>
Total Receivables (Exhibit 1)	<u><u>\$ 3,433,457</u></u>

Receivables at August 31, 2011 were as follows:

Student Receivables	\$ 2,611,571
Federal Receivables	202,788
Accounts Receivables	763,672
Other Receivables	-
Subtotal	<u>3,578,031</u>
Allowance for Doubtful Accounts	<u>982,503</u>
Total Receivables (Exhibit 1)	<u><u>\$ 2,595,528</u></u>

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

14. Disaggregation of Receivables and Payables Balances (Continued)

Payables

Payables at August 31, 2012 and August 31, 2011 were as follows:

	August 31, 2012	August 31, 2011
Vendor Payables (Exhibit 1)	\$ <u>944,711</u>	\$ <u>1,823,016</u>
Accrued Interest Payable	\$ 158,547	\$ 157,503
Accrued Workers Compensation	67,504	69,253
Other	<u>354,395</u>	<u>151,784</u>
Accrued Liabilities (Exhibit 1)	\$ <u>580,446</u>	\$ <u>378,540</u>

15. Operating Lease Commitments and Rental Agreement

Obligations under operating leases to the Foundation at August 31, 2012 were as follows:

Agreement Year	Property	Annual Due	Term
1989	Land	\$ 1	99 Years
2003	Del Rio, Sul Ross Facility	\$ 381,600	12 Years
2012	Eagle Pass Campus	\$ 346,800	1 Year
2012	Del Rio Campus	\$ 144,000	1 Year
2012	Del Rio, Land	\$ 13,200	1 Year
2012	Eagle Pass, New Technical Building*	\$ 312,000	1 Year

*Annual renewal for 12 years from origination, 2005

These leases do not meet the criteria of a capital lease and are recorded as operating leases.

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

15. Operating Lease Commitments and Rental Agreement (Continued)

Included in the Foundation's revenue and the college's operating expenses are the following amounts of rent under operating leases:

	Year Ended August 31, 2012	Year Ended August 31, 2011
<u>Operating Expenses</u>		
Rental Expense - SWTJC	\$ 1,197,600	\$1,197,600
Foundation Rental Income	\$ 1,197,600	\$1,197,600

The following is a schedule by years of future minimum rental payments from the College to the Foundation required under these operating leases which have an initial term in excess of one year as of August 31, 2012.

	<u>Minimum Future Rental Payments</u>
2013	\$ 381,601
2014	381,601
2015	381,601
2016	381,601
Thereafter	381,601
Required Total Minimum Payment	<u>\$ 1,908,005</u>

16. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal contracts and 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.

17. Self-Insured Plans

The College has various self-insured arrangements for coverage in the areas of workers' compensation and unemployment compensation. The plans are on a pay-as-you-go basis, in which no assets are set aside. Accrued liabilities are generally based on actuarial valuation and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current funds expenditures.

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

18. Post Retirement Health Care and Life Insurance Benefits

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee for the years ended August 31, 2012 and August 31, 2011 was approximately \$438 and \$413 per month, respectively, and totaled \$870,380 and \$1,349,432 for each year, respectively. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees.

19. Property Tax

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

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Assessed Valuation	\$1,987,517,503	\$ 1,916,219,239
Less: Exemptions	<u>13,892,409</u>	<u>5,541,642</u>
Net Assessed Valuation	<u>\$1,973,625,094</u>	<u>\$ 1,910,677,597</u>

Authorized tax rates for the College for years 2012 and 2011 were as follows:

August 31, 2012	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Maximum tax rates per \$100 valuation	\$ 0.20	\$ 0.50	\$ 0.70
Adopted tax rate per \$100 valuation	\$ 0.13	\$ -	\$ 0.13
August 31, 2011	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Maximum tax rates per \$100 valuation	\$ 0.20	\$ 0.50	\$ 0.70
Adopted tax rate per \$100 valuation	\$ 0.13	\$ -	\$ 0.13

**SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012**

19. Property Tax (Continued)

Taxes levied for the years ended August 31, 2012 and August 31, 2011 respectively were \$2,501,500 and \$2,421,647. 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.

August 31, 2012 Taxes Collected	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 2,372,315	\$ -	\$2,372,315
Delinquent Taxes Collected	108,338	-	108,338
Penalties and Interest Collected	69,018	-	69,018
Total Collections	<u>\$ 2,549,671</u>	<u>\$ -</u>	<u>\$2,549,671</u>

Tax collections for the year ended August 31, 2012 were 95% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance or operations or interest and sinking expenditures.

August 31, 2011 Taxes Collected	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 2,297,451	\$ -	\$2,297,451
Delinquent Taxes Collected	85,159	-	85,159
Penalties and Interest Collected	64,466	-	64,466
Total Collections	<u>\$ 2,447,076</u>	<u>\$ -</u>	<u>\$2,447,076</u>

Tax collections for the year ended August 31, 2011 were 95% of the current tax levy. Allowance for uncollectible taxes is based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance or operations or interest and sinking expenditures.

SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

20. 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 year ended August 31, 2012 or August 31, 2011.

The College's blended component unit, the Foundation, is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Foundation is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code, because it is an organization described in section 509(a)(3).

21. Component Units

Southwest Texas Junior College Foundation, Inc. – Discrete Component Unit

Southwest Texas Junior College Foundation, Inc. (the Foundation) was established as a separate nonprofit organization in 1989, for the purpose of providing acquiring facilities to allow the College to serve the educational needs of communities outside of the College's taxing district. Excess revenue is to be donated to Southwest Texas Junior College as scholarships.

Under Governmental Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units, the Foundation is a component unit of the College because:

The governing Board of the Foundation and the College are the same; therefore the College can and does exercise oversight responsibility. Additionally, services rendered by the Foundation are provided entirely or almost entirely to the College and the relationship between the College and the Foundation is such that exclusion would cause the College's financial statements to be misleading or incomplete.

Accordingly, the Foundation's financial statements are included in the College's annual report as a discrete component unit (see table of contents). Complete financial statements of the Southwest Texas Junior College Foundation, Inc. can be obtained from the administrative office of Southwest Texas Junior College.

SOUTHWEST TEXAS JUNIOR COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2012

22. Contingencies

Texas Constitution article 16, section 67(b)(3) provides that the State of Texas must contribute “not less than six percent nor more than ten percent of the aggregate compensation paid to individuals participating in the system,” referring to the State’s Teacher Retirement System (TRS) including the related faculty Optional Retirement Program (ORP). During the 2011 legislative session, the Texas legislature appropriated retirement funds for various types of educational institutions other than community and junior colleges in satisfaction of the requirement, but the community college appropriations restricted the State’s contribution to TRS/ORP on behalf of community colleges to only six percent of each district’s unrestricted general revenue appropriation for each year of the biennium state budget.

There is no pending litigation concerning this issue to construe the constitutional funding requirements; or to hold that the State biennium appropriations satisfy those requirements; or to attempt to collect any shortfall contributions from any community college district.

The College has calculated that as of August 31, 2012 the contribution that has not been paid to TRS on behalf of College employees is \$335,192.38.

23. Subsequent Events

In October 2012, SWTJC issued revenue bonds in the amount of \$7,500,000 with an interest rate of 3.19%. The College plans to use these funds to build new classrooms and administrative offices on the Del Rio campus. SWTJC issued a request for proposals on the project and is scheduled to act on them at the November 29, 2012, board meeting. Also, the Board of Trustees signed a sixty year land lease with the Foundation for the Del Rio land.

SOUTHWEST TEXAS JUNIOR COLLEGE

Schedule of Operating Revenues
Year Ended August 31, 2012 (With Memorandum Totals for the Year Ended August 31, 2011)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	August 31, 2012 Total	August 31, 2011 Total
Tuition:						
State funded credit courses:						
In-district resident tuition	\$ 5,259,426	\$ -	\$ 5,259,426	\$ -	\$ 5,259,426	\$ 5,330,021
Out-of-district resident tuition	3,015,611	-	3,015,611	-	3,015,611	2,633,999
Non-resident tuition	417,851	-	417,851	-	417,851	327,730
TPEG - credit (set aside)*	327,643	-	327,643	-	327,643	337,808
State funded continuing education	1,127,555	-	1,127,555	-	1,127,555	1,242,352
TPEG non-credit (set aside)*	20,089	-	20,089	-	20,089	20,578
Non-state funded educational programs	63,795	-	63,795	-	63,795	182,687
Total Tuition	10,231,970	-	10,231,970	-	10,231,970	10,075,175
Fees:						
General fees	3,375,467	-	3,375,467	-	3,375,467	3,284,054
Laboratory fees	351,741	-	351,741	-	351,741	471,871
Total Fees	3,727,208	-	3,727,208	-	3,727,208	3,755,925
Scholarship allowance and discount						
Remission and exemption - state	(224,627)	-	(224,627)	-	(224,627)	(234,871)
Remission and exemption - local	(675,400)	-	(675,400)	-	(675,400)	(546,964)
Title IV federal grants	(6,705,859)	-	(6,705,859)	-	(6,705,859)	(6,391,841)
Other federal grants	-	-	-	-	-	(37,510)
TPEG awards	(136,882)	-	(136,882)	-	(136,882)	(133,968)
Other state grants	(659,670)	-	(659,670)	-	(659,670)	(489,011)
Other local grants	(62,801)	-	(62,801)	-	(62,801)	(65,951)
Total Scholarship Allowances	(8,465,239)	-	(8,465,239)	-	(8,465,239)	(7,900,116)
Total net tuition and fees	5,493,939	-	5,493,939	-	5,493,939	5,930,984
Additional operating revenues:						
Federal grants and contracts	-	2,562,382	2,562,382	18,874	2,581,256	3,700,527
State grants and contracts	-	1,355,847	1,355,847	29,193	1,385,040	1,270,208
Non-governmental grants and contracts	-	112,713	112,713	-	112,713	56,904
Sales and services of educational activities	22,630	-	22,630	-	22,630	23,556
General operating revenue	1,959,051	-	1,959,051	-	1,959,051	1,965,962
Total additional operating revenues	1,981,681	4,030,942	6,012,623	48,067	6,060,690	7,017,157
Auxiliary Enterprises						
Bookstore	-	-	-	341,149	341,149	1,891,129
Less Discounts	-	-	-	(92,107)	(92,107)	(510,587)
Residential life	-	-	-	940,600	940,600	939,249
Less Discounts	-	-	-	(371,902)	(371,902)	(371,368)
Day Care	-	-	-	107,152	107,152	77,325
SWTNET	-	-	-	22,650	22,650	33,150
Other revenues	-	-	-	24,642	24,642	11,534
Total net auxiliary enterprises	-	-	-	972,184	972,184	2,070,432
Total Operating Revenues	\$ 7,475,620	\$4,030,942	\$ 11,506,562	\$ 1,020,251	\$ 12,526,813	\$ 15,018,573

*In accordance with Education Code 56.033, \$347,732 and \$358,386 for years August 31, 2012 and August 31, 2011, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

SOUTHWEST TEXAS JUNIOR COLLEGE

Schedule of Operating Expenses by Object
 Year Ended August 31, 2012 (With Memorandum Totals for the Year Ended August 31, 2011)

	Operating Expense				August 31, 2012 Total	August 31, 2011 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 8,633,361	\$ -	\$ 1,323,626	\$ 982,696	\$ 10,939,683	\$ 10,875,058
Public Service	20,117	-	3,084	16,053	39,254	83,495
Academic Support	1,792,754	-	274,857	440,868	2,508,479	2,302,453
Student Services	1,274,433	-	195,390	297,355	1,767,178	1,722,667
Institutional Support	2,333,511	-	357,763	1,547,828	4,239,102	3,890,740
Operation and Maintenance of Plant	916,598	-	140,528	2,642,220	3,699,346	3,769,594
Scholarship	-	-	-	-	-	-
Total Unrestricted Educational Activities	14,970,774	-	2,295,248	5,927,020	23,193,042	22,644,007
Restricted - Educational Activities						
Instruction	99,015	803,983	13,875	53,858	970,731	1,609,159
Public Service	946,984	1,873	132,700	390,972	1,472,529	1,985,092
Academic Support	246,886	166,951	34,596	51,278	499,711	485,537
Student Services	630,842	118,682	88,400	324,202	1,162,126	1,728,578
Institutional Support	-	217,309	-	-	217,309	347,541
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarship	-	-	-	5,275,942	5,275,942	8,171,634
Total Restricted Educational Activities	1,923,727	1,308,798	269,571	6,096,252	9,598,348	14,327,541
Total Educational Activities	16,894,501	1,308,798	2,564,819	12,023,272	32,791,390	36,971,548
Auxiliary Enterprises	416,511	-	89,210	1,169,751	1,675,472	2,757,928
Depreciation Expense - Buildings and other real estate improvements	-	-	-	382,363	382,363	345,218
Depreciation Expense - Equipment and furniture	-	-	-	412,504	412,504	386,300
Depreciation Expense - Library Books	-	-	-	28,756	28,756	28,064
Total Operating Expenses	\$ 17,311,012	\$ 1,308,798	\$ 2,654,029	\$ 14,016,646	\$ 35,290,485	\$ 40,489,058

SOUTHWEST TEXAS JUNIOR COLLEGE

Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2012 (with Memorandum Totals for the Year Ended August 31, 2011)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>August 31, 2012 Total</u>	<u>August 31, 2011 Total</u>
NON-OPERATING REVENUES:					
State Appropriations:					
Education and general state support	\$ 7,304,514	\$ -	\$ -	\$ 7,304,514	\$ 7,153,135
State group insurance	-	870,380	-	870,380	1,349,432
State retirement matching	-	438,418	-	438,418	858,204
Total state appropriations	<u>7,304,514</u>	<u>1,308,798</u>	<u>-</u>	<u>8,613,312</u>	<u>9,360,771</u>
Maintenance ad valorem taxes	2,572,349	-	-	2,572,349	2,486,117
Federal Revenue, Non Operating	-	12,243,611	-	12,243,611	15,038,509
Gifts	-	39,390	-	39,390	36,375
Investment Income	70,084	-	3,359	73,443	71,539
Other non-operating revenue	-	27,820	-	27,820	64,921
Total non-operating revenues	<u>2,642,433</u>	<u>12,310,821</u>	<u>3,359</u>	<u>23,569,925</u>	<u>27,058,232</u>
NON-OPERATING EXPENSES:					
Interest on capital related debt	383,417	-	-	383,417	384,648
Other non-operating expense	180,512	-	-	180,512	128,807
Total non-operating expenses	<u>563,929</u>	<u>-</u>	<u>-</u>	<u>563,929</u>	<u>513,455</u>
Net non-operating revenues	<u>\$ 9,383,018</u>	<u>\$ 13,619,619</u>	<u>\$ 3,359</u>	<u>\$ 23,005,996</u>	<u>\$ 26,544,777</u>

SOUTHWEST TEXAS JUNIOR COLLEGE

Schedule D

Schedule of Net Assets by Source and Availability
 Year Ended August 31, 2012 (With Memorandum Totals for the Year Ended August 31, 2011)

	Detail by Source				Total	Available for Current Operations	
	Restricted			Capital Assets Net of Depreciation & Related Debt		Yes	No
	Unrestricted	Expendable	Non-Expendable				
Current							
Unrestricted	\$ 1,623,963	\$ -	\$ -	\$ -	\$ 1,623,963	\$ 1,623,963	\$ -
Restricted	-	521,635	-	-	521,635	521,635	-
Auxiliary	2,322,478	-	-	-	2,322,478	2,322,478	-
Loan	-	168,099	-	-	168,099	-	168,099
Endowment							
Quasi:							
Unrestricted	3,380,153	-	-	-	3,380,153	-	3,380,153
Plant							
Debt Service	-	839,257	-	-	839,257	-	839,257
Maintenance Note	-	2,499,214	-	-	2,499,214	-	2,499,214
Investment in Plant	-	-	-	6,055,003	6,055,003	-	6,055,003
Total Net Assets, August 31, 2012	7,326,594	4,028,205	-	6,055,003	17,409,802	4,468,076	12,941,726
Total Net Assets, August 31, 2011	6,436,933	1,699,928	-	9,030,617	17,167,478	3,801,679	13,365,799
Net Increase (Decrease) in Net Assets	\$ 889,661	\$ 2,328,277	\$ -	\$ (2,975,614)	\$ 242,324	\$ 666,397	\$ (424,073)

SOUTHWEST TEXAS JUNIOR COLLEGE

Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2012

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
Federal Pell Grant	84.063		\$ 11,990,047
Federal Direct Student Loan	84.268		2,763,319
Supplemental Education Opportunity Grant	84.007		80,004
Federal College Workstudy Program	84.033		173,560
TRIO Cluster			
TRIO Student Support Services	84.042A		277,292
TRIO Upward Bound	84.047A		240,474
TRIO Education Opportunity Center	84.066A		205,851
Title V	84.031		477,158
Pass-Through From:			
Texas Education Agency			
Adult Basic Education	84.002	94100017110262	897,879
Texas Higher Education Coordinating Board			
Carl Perkins Vocational Education - Basic	84.048	94241	328,245
Total Department of Education			<u>17,433,829</u>
U.S. Department of Agriculture			
Pass-Through From:			
Texas Health and Human Services Commission			
Child and Adult Care Food Program	10.558	7588016	18,874
Total U.S. Department of Agriculture			<u>18,874</u>
U.S. Department of Labor			
Pass-Through From:			
Middle Rio Grande Development Council			
College Bound	17.259	78225	55,021
Total Department of Labor			<u>55,021</u>
U.S. Department of Health and Human Services			
Pass-Through From:			
Texas Education Agency			
Temporary Assistance for Needy Families (TANF)	93.558	93625017110232	80,462
Total Department of Health and Human Services			<u>80,462</u>
Total Federal Financial Assistance			<u>\$ 17,588,186</u>

Schedule E (Continued)

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts revenue - per Schedule A	\$	2,581,256
Add: Non Operating Federal Revenue from Schedule C		12,243,611
Add: Direct Student Loans		2,763,319
		<u>\$ 17,588,186</u>
		(A)

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

SOUTHWEST TEXAS JUNIOR COLLEGE

Schedule of Expenditures of State Awards
For the Year Ended August 31, 2012

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Education Agency		
Adult Basic Education	90100017110262	\$ 167,999
Temporary Assistance for Needy Families	93625017110232	41,772
Texas Health and Human Services Commission		
Child Care		29,193
Texas Department of Criminal Justice		
College Classes for Inmates		69,983
Texas Higher Education Coordinating Board		
Texas Grant		699,960
Texas College Workstudy		36,290
TEOG		93,555
AVID		83,011
Top 10 %		58,000
Nursing Shortage Reduction - Regular		16,295
Nursing Shortage Reduction - Under 70		24,735
Nursing Innovation Grant		43,867
TG Dr. Charlie Wootan		20,380
Total State Financial Assistance		<u>\$ 1,385,040</u>
Note 1: State Assistance Reconciliation		
State Revenues - per Schedule A		\$ 1,385,040
		<u>\$ 1,385,040</u>
		(A)

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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

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

Independent Auditor's Report

Board of Trustees
Southwest Texas Junior College
2401 Garner Field Road
Uvalde, Texas 78801

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southwest Texas Junior College as of and for the year ended August 31, 2012 and 2011, which collectively comprise the Southwest Texas Junior College's basic financial statements and have issued our report thereon dated November 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Southwest Texas Junior College Foundation, Inc., a component unit of Southwest Texas Junior College, included in the accompanying basic financial statements, were not audited in accordance with standards applicable to financial audits contained in *Governmental Auditing Standards* and accordingly this report does not extend to that component unit.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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



Ede & Company
Certified Public Accountants

November 9, 2012

EDE & COMPANY

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE TEXAS SINGLE AUDIT CIRCULAR

Independent Auditor's Report

Board of Trustees
Southwest Texas Junior College
2401 Garner Field Road
Uvalde, Texas 78801

Members of the Board:

Compliance

We have audited the Southwest Texas Junior College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs and the *Texas Single Audit Circular* that are applicable to each of its state major programs, that 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 Southwest Texas Junior College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, and the *State Single Audit Circular*. Those standards and OMB Circular A-133, and State 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 and state program occurred. An audit includes examining, on a test basis, evidence about Southwest Texas Junior 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 Southwest Texas Junior College's compliance with those requirements.

In our opinion, Southwest Texas Junior College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2012.

Internal Control Over Compliance

The management of Southwest Texas Junior 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 and 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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

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



Ede & Company
Certified Public Accountants

November 9, 2012

EDE & COMPANY

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REPORT ON COMPLIANCE WITH THE TEXAS STATE PUBLIC FUNDS INVESTMENT ACT

Board of Trustees
Southwest Texas Junior College
2401 Garner Field Road
Uvalde, Texas 78801

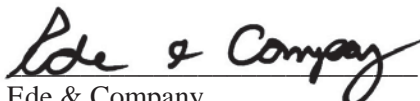
Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southwest Texas Junior College as of and for the year ended August 31, 2012 and 2011, which collectively comprise the Southwest Texas Junior College's basic financial statements and have issued our report thereon dated November 9, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of the Southwest Texas Junior College Foundation, Inc., a component unit of Southwest Texas Junior College, included in the accompanying basic financial statements, were not audited in accordance with standards applicable to financial audits contained in Governmental Auditing Standards and accordingly this report does not extend to that component unit.

Compliance

As part of obtaining reasonable assurance about whether Southwest Texas Junior College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the *Public Funds Investment Act* (Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. The results of our tests disclosed no instances of noncompliance that are required to be reported under the *Public Funds Investment Act*, (Chapter 2256, Texas Government Code).



Ede & Company
Certified Public Accountants

November 9, 2012

**SOUTHWEST TEXAS JUNIOR COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012**

I. Summary of the Auditor's Result

Financial Statements

The type of report issued on the financial statements of the Southwest Texas Junior College was an unqualified opinion.

Internal control over financial reporting:

- | | |
|--|---------------|
| 1. Material weakness identified | No |
| 2. Significant deficiencies identified but not considered material | None Reported |

The audit disclosed no conditions of noncompliance which are material to the financial statements of the College.

Federal Awards

Internal control over major programs:

- | | |
|--|---------------|
| 1. Material weakness identified | No |
| 2. Significant deficiencies identified but not considered material | None Reported |

The type of report the auditor issued on compliance for major programs was an unqualified opinion.

The audit disclosed no audit findings which are required to be reported under section 510(a) of Circular A-133 or section .510(a) of The State of Texas Single Audit Circular.

Major Federal Programs of the College

Student Financial Aid Cluster	
Pell Grant	CFDA 84.063
College Work Study	CFDA 84.033
Supplemental Education Opportunity Grant	CFDA 84.007
Federal Direct Student Loan	CFDA 84.268
 Title V	 CFDA 84.031
 Adult Basic Education	 CFDA 84.002

Major State Programs of the College

Texas Grant

The dollar threshold to distinguish between Type A and Type B federal programs was \$527,646.

The dollar threshold to distinguish between Type A and Type B state programs was \$300,000.

The College was determined to be a low risk auditee for both federal and state programs.

II. Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards.

NONE

III. Findings and Question Cost for Federal and State Awards Including Audit Findings.

NONE

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REQUIRED STATISTICAL SUPPLEMENTS

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 1
Net Assets by Component
Last Ten Fiscal Years
(Unaudited)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Invested in capital assets, net of related debt	\$ 6,055,003	\$ 9,030,617	\$ 8,293,391	\$ 8,293,391	\$ 8,188,931	\$ 4,128,283	\$ 389,530	\$ 8,765,422	\$ 8,525,609	\$ 8,412,624
Restricted - expendable	4,028,205	1,699,928	1,587,988	760,693	585,864	4,636,105	12,039,204	3,350,469	3,581,180	2,857,454
Restricted - nonexpendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,326,594	6,436,933	6,333,358	5,854,088	5,312,622	5,443,371	1,667,712	1,682,806	2,155,417	2,041,638
Total primary government net assets	\$ 17,409,802	\$ 17,167,478	\$ 16,214,737	\$ 14,908,172	\$ 14,087,417	\$ 14,207,759	\$ 14,096,446	\$ 13,798,697	\$ 14,262,206	\$ 13,311,716

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 2
Revenue by Source
Last Ten Fiscal Years
(Unaudited)

	For the Fiscal Year Ended August 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tuition and Fees (Net of Discounts)	\$ 5,493,939	\$ 5,930,984	\$ 3,719,005	\$ 4,132,832	\$ 4,917,321	\$ 5,532,691	\$ 3,373,893	\$ 3,033,901	\$ 3,433,798	\$ 3,723,171
Governmental Grants and Contracts	2,581,256	3,700,527	4,174,551	4,086,099	3,764,995	3,309,559	2,839,435	3,398,145	3,482,768	3,341,349
Federal Grants and Contracts	1,385,040	1,270,208	1,451,117	1,147,896	879,839	663,381	863,062	726,289	1,010,866	1,017,795
State Grants and Contracts	112,713	56,904	25,540	103,454	145,706	127,682	132,711	158,243	50,753	83,918
Non-Governmental Grants and Contracts	22,630	23,556	24,044	26,299	24,209	27,722	27,152	28,484	29,068	30,044
Sales and services of educational activities	972,184	2,070,432	2,278,908	2,019,967	1,923,731	1,920,838	1,547,658	1,603,979	1,557,116	1,648,056
Auxiliary enterprises (Net of Discounts)	1,959,051	1,965,962	1,770,344	1,960,895	1,886,021	1,733,216	1,657,717	1,700,089	1,672,198	1,204,437
Other Operating Revenue	12,526,813	15,018,573	13,443,509	13,477,442	13,541,822	13,315,089	10,441,628	10,649,130	11,236,567	11,048,770
Total Operating Revenues										
State Appropriations	8,613,312	9,360,771	9,441,219	10,113,651	10,114,906	9,584,008	9,879,911	7,958,097	7,821,873	7,676,160
Ad Valorem Taxes	2,572,349	2,486,117	2,375,217	2,039,186	1,845,476	1,614,528	1,614,528	1,448,099	1,106,866	1,034,099
Federal Revenue, Non-operating	12,243,611	15,038,509	15,565,999	9,401,077	6,636,804	6,308,389	7,867,429	8,241,287	7,961,153	6,786,825
Investment income	73,443	71,539	97,442	96,889	280,930	622,569	255,958	115,469	84,952	175,535
Other non-operating revenues	67,210	101,293	67,630	105,064	102,484	-	-	-	615,267	-
Total Non-Operating Revenues										
Total Revenues	\$ 23,569,925	\$ 27,058,229	\$ 27,547,507	\$ 21,755,867	\$ 18,980,600	\$ 18,358,011	\$ 19,617,826	\$ 17,762,952	\$ 17,590,111	\$ 15,672,619
	\$ 36,096,738	\$ 42,076,802	\$ 40,991,016	\$ 35,233,309	\$ 32,522,422	\$ 31,673,100	\$ 30,059,454	\$ 28,412,082	\$ 28,826,678	\$ 26,721,389

	For the Fiscal Year Ended August 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tuition and Fees (Net of Discounts)	15.22%	14.10%	9.07%	11.73%	15.12%	17.47%	11.22%	10.68%	11.91%	13.93%
Governmental Grants and Contracts	7.15%	8.79%	10.18%	11.60%	11.58%	10.45%	9.45%	11.96%	12.08%	12.50%
Federal Grants and Contracts	3.84%	3.02%	3.54%	3.26%	2.71%	2.09%	2.87%	2.56%	3.51%	3.81%
State Grants and Contracts	0.31%	0.14%	0.06%	0.29%	0.45%	0.40%	0.44%	0.56%	0.18%	0.31%
Non-Governmental Grants and Contracts	0.06%	0.06%	0.06%	0.07%	0.07%	0.09%	0.09%	0.10%	0.10%	0.11%
Sales and services of educational activities	2.69%	4.92%	5.56%	5.73%	5.92%	6.06%	5.15%	5.65%	5.40%	6.17%
Auxiliary enterprises	5.43%	4.67%	4.32%	5.57%	5.80%	5.47%	5.51%	5.98%	5.80%	4.51%
Other Operating Revenue	34.70%	35.69%	32.80%	38.25%	41.64%	42.04%	34.74%	37.48%	38.98%	41.35%
Total Operating Revenues										
State Appropriations	23.86%	22.25%	23.03%	28.70%	31.10%	30.26%	32.87%	28.01%	27.13%	28.73%
Ad Valorem Taxes	7.13%	5.91%	5.79%	5.79%	5.67%	5.82%	5.37%	5.10%	3.84%	3.87%
Federal Revenue, Non-operating	33.92%	35.74%	37.97%	26.68%	20.41%	19.92%	26.17%	29.01%	27.62%	25.40%
Investment income	0.20%	0.17%	0.24%	0.27%	0.86%	1.97%	0.85%	0.41%	0.29%	0.66%
Other non-operating revenues	0.19%	0.24%	0.16%	0.30%	0.32%	0.00%	0.00%	0.00%	2.13%	0.00%
Total Non-Operating Revenues										
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 4
Tuition and Fees
Last Ten Academic Years
(Unaudited)

Academic Year	Resident Fees per Semester Credit Hour (SCH)									
	Registration Fee	In-District Tuition	Out-of-District Fee	Technology Fees	Building Use Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District	
2012 \$	8.25	55.00	48.50	5.00	13.00	975.00	1,557.00	0.00%	0.00%	
Summer I & II 2011	8.25	55.00	48.50	5.00	13.00	975.00	1,557.00	13.64%	22.41%	
Fall & Spring 2011	8.25	48.00	34.50	5.00	10.25	858.00	1,272.00	4.38%	2.91%	
2010	8.25	48.00	34.50	5.00	7.25	822.00	1,236.00	6.06%	9.48%	
2009	8.25	46.00	31.50	5.00	7.25	775.00	1,129.00	0.00%	0.00%	
2008	8.25	43.00	29.50	5.00	7.25	775.00	1,129.00	12.32%	14.39%	
2007	8.25	39.00	24.75	3.00	7.25	690.00	987.00	26.37%	22.30%	
2006	8.25	29.00	21.75	1.00	7.25	546.00	807.00	2.25%	1.51%	
2005	8.25	29.00	21.75	1.00	6.25	534.00	795.00	4.71%	12.29%	
2004	8.25	27.00	16.50	1.00	6.25	510.00	708.00	0.00%	0.00%	
2003	8.25	27.00	16.50	1.00	6.25	510.00	708.00			

Academic Year	Non-Resident Fees per Semester Credit Hour (SCH)									
	Registration Fee	Non-Resident Tuition Out-of-State	Technology Fees	Building Use Fees	Cost for 12 SCH Out-of-State	Increase from Prior Year Out-of-State				
2012 \$	8.25	120.00	5.00	13.00	1,755.00	0.00%				
Summer I & II 2011	8.25	120.00	5.00	13.00	1,755.00	23.42%				
Fall & Spring 2011	8.25	95.00	5.00	10.25	1,422.00	2.60%				
2010	8.25	95.00	5.00	7.25	1,386.00	3.51%				
2009	8.25	90.00	5.00	7.25	1,339.00	0.00%				
2008	8.25	90.00	5.00	7.25	1,339.00	26.08%				
2007	8.25	70.00	3.00	7.25	1,062.00	15.69%				
2006	8.25	60.00	1.00	7.25	918.00	1.32%				
2005	8.25	60.00	1.00	6.25	906.00	0.00%				
2004	8.25	60.00	1.00	6.25	906.00	0.00%				
2003	8.25	60.00	1.00	6.25	906.00					

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

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)	Direct Rate	
2011-12	\$ 1,965,266,998	\$ 13,892,409	\$ 1,951,374,589	99.29%	\$ 0.13	\$ -	\$ 0.13		
2010-11	1,916,219,239	5,541,642	1,910,677,597	99.71%	0.13	-	0.13		
2009-10	1,843,114,815	7,817,048	1,835,297,767	99.58%	0.13	-	0.13		
2008-09	1,812,568,169	4,270,010	1,808,298,159	99.76%	0.11	-	0.11		
2007-08	1,675,745,594	1,802,289	1,673,943,305	99.89%	0.11	-	0.11		
2006-07	1,570,255,446	4,662,012	1,565,593,434	99.70%	0.11	-	0.11		
2005-06	1,443,317,414	2,874,294	1,440,443,120	99.80%	0.11	-	0.11		
2004-05	1,306,723,643	8,009,032	1,298,714,611	99.39%	0.11	-	0.11		
2003-04	1,230,506,908	1,445,646	1,229,061,262	99.88%	0.09	-	0.09		
2002-03	1,162,367,328	849,507	1,161,517,821	99.93%	0.09	-	0.09		

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

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 6
State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Appropriation per FTSE		Appropriation per Contact Hour				State Appropriation per Contact Hour
	State Appropriation*	FTSE (a)	Academic Contact Hours (b)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour	
2011-12	\$ 7,306,967	8,788	1,690,688	498,128	2,188,816	\$ 3.34	
2010-11	7,153,135	10,028	1,923,424	544,000	2,467,424	2.90	
2009-10	7,221,296	9,849	1,889,904	520,672	2,410,576	3.00	
2008-09	7,704,531	8,519	1,621,477	438,704	2,060,181	3.74	
2007-08	7,704,532	8,029	1,530,320	454,736	1,985,056	3.88	
2006-07	7,704,532	8,204	1,582,855	455,808	2,038,663	3.78	
2005-06	7,704,532	8,454	1,631,944	463,776	2,095,720	3.68	
2004-05	6,298,364	8,867	1,718,906	470,070	2,188,976	2.88	
2003-04	6,298,468	8,286	1,630,736	492,752	2,123,488	2.97	
2002-03	5,861,801	7,423	1,447,024	457,568	1,904,592	3.08	

Notes:

*Includes appropriation for education and general state support

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

(a) Source Estudios Enterprise Reports: Attempted Credits by Term

(b) Source CBM001

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(Unaudited)

Taxpayer	Taxable Assessed Value (TAV) by Tax Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	
Southwestern Bell Telephone Company	\$ -	\$ 12,345,904	\$ 14,103,191	\$ 9,824,125	\$ 11,403,465	\$ 10,989,160	\$ 11,199,690	\$ 10,814,330	\$ 12,771,200	
Bailey Four Canyon Ranch Prop Ltd	16,030,244	16,138,063								
Chesapeake Operating / MIDCON	12,972,585									
Del Monte Foods	17,220,550	22,209,541	21,868,060	21,868,060						
Sage Energy			15,741,230							
Texas American Resources		8,823,811								
Vulcan Construction Materials	7,518,025	7,901,360	8,116,360	9,752,800	8,396,820	7,342,860	7,500,990	6,485,800	8,524,850	
Briscoe Ranch Inc.	8,553,949	10,376,612	9,773,262	9,958,117	8,172,035	8,216,849	7,803,122	7,730,502	7,240,663	
Wal-Mart Stores Texas LP	15,718,065	16,048,422	17,094,269	17,346,563	17,166,499	17,837,964	18,503,555		3,737,275	
General Tire Inc		6,689,108	7,863,003	7,905,340	5,542,708	4,988,323		5,122,433	5,496,159	
First State Bank of Uvalde			5,729,035		5,875,736	6,157,146	5,793,588	3,987,634		
Umphrey Family Ltd. Partnership		5,895,907	5,730,289							
Union Pacific Railroad	22,663,091	17,983,340	16,659,470	14,746,250	13,511,620	13,064,480	9,494,000	9,559,810	8,125,700	
H E Butt Grocery Company			7,588,377	7,592,209				4,091,285		
Williamson Dickie MFG Co	11,888,716	8,327,822	18,175,900	11,445,590	7,807,100	5,353,020	6,794,943	6,934,264	4,769,028	
AEP Texas Central Co	28,057,165	17,652,091				11,184,090	9,426,300	8,565,760	8,391,400	
CML Exploration LLC	21,972,721									
Rush Truck Leasing										5,713,400
Chaparrosa Enterprises, LP		9,458,093	8,181,466	8,260,913	8,165,895	8,009,617				
Martin Marietta Materials	11,424,154	7,761,830	9,465,000	8,112,850	7,743,100	7,135,380	8,176,160	3,738,190		
Raul Gomez and Enrique Davila					27,890,224					
	\$ 174,019,265	\$ 167,621,904	\$ 150,347,662	\$ 156,404,917	\$ 121,675,202	\$ 100,278,889	\$ 84,692,348	\$ 67,040,028	\$ 68,535,599	

Total Taxable Assessed Value \$ 1,951,374,589 \$ 1,910,677,597 \$ 1,835,297,767 \$ 1,808,296,159 \$ 1,673,943,305 \$ 1,565,593,454 \$ 1,440,443,120 \$ 1,298,714,611 \$ 1,228,061,262

Taxpayer	% of Taxable Assessed Value (TAV) by Tax Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	
Southwestern Bell Telephone Company	0.82%	0.65%	0.77%	0.54%	0.68%	0.70%	0.78%	0.83%	1.04%	
Bailey Four Canyon Ranch Prop Ltd	0.66%	0.84%								
Chesapeake Operating / MIDCON	0.88%	1.16%	1.19%	1.21%						
Del Monte Foods										
Sage Energy				0.87%						
Texas American Resources	0.39%	0.46%	0.44%	0.54%	0.50%	0.47%	0.52%	0.50%	0.69%	
Vulcan Construction Materials	0.44%	0.41%	0.53%	0.55%	0.49%	0.52%	0.54%	0.60%	0.59%	
Briscoe Ranch Inc.	0.81%	0.84%	0.93%	0.96%	1.03%	1.14%	1.28%	0.39%	0.30%	
Wal-Mart Stores Texas LP		0.35%	0.43%	0.44%	0.33%	0.32%	0.40%	0.31%	0.45%	
General Tire Inc		0.00%	0.31%		0.35%	0.38%			0.00%	
First State Bank of Uvalde			0.31%							
Umphrey Family Ltd. Partnership	1.16%	0.94%	0.91%	0.82%	0.81%	0.83%	0.66%	0.74%	0.66%	
Union Pacific Railroad										
H E Butt Grocery Company				0.42%				0.32%	0.31%	
Williamson Dickie MFG Co	0.61%	0.44%	0.41%	0.42%	0.47%	0.34%	0.47%	0.53%	0.39%	
AEP Texas Central Co	1.44%	0.92%	0.99%	0.63%	0.47%	0.71%	0.65%	0.66%	0.68%	
CML Exploration LLC	1.13%									
Rush Truck Leasing										0.46%
Chaparrosa Enterprises, LP		0.50%	0.45%	0.46%	0.49%	0.51%	0.57%	0.29%		
Martin Marietta Materials	0.59%	0.41%	0.52%	0.45%	0.46%	0.46%				
Raul Gomez and Enrique Davila					1.67%					
	8.92%	8.77%	8.19%	8.65%	7.27%	6.41%	5.88%	5.16%	5.28%	

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended August 31,	Levy	Cumulative	Adjusted	Collections	Prior	Current	Total	Cumulative
	(a)	Levy Adjustments	Tax Levy (b)	Year of Levy (c)	Collections of Prior Levies (d)	Collections of Prior Levies (e)	Collections (c+d+e)	Adjusted Levy
	\$	\$	\$		\$	\$	\$	%
2012	\$ 2,501,500	(12,279)	\$ 2,489,221	\$ 2,372,315	\$	\$	\$ 2,480,653	99.66%
2011	2,421,647	-	2,421,647	2,297,451	-	85,159	2,382,610	98.39%
2010	2,315,903	(100)	2,315,803	2,196,203	-	97,826	2,294,029	99.06%
2009	1,983,622	-	1,983,622	1,866,202	-	85,996	1,952,198	98.42%
2008	1,800,038	-	1,800,038	1,729,130	-	89,650	1,818,780	101.04%
2007	1,799,937	-	1,799,937	1,689,185	-	50,311	1,739,496	96.64%
2006	1,575,444	-	1,575,444	1,480,404	-	60,409	1,540,813	97.80%
2005	1,374,191	-	1,374,191	1,331,294	-	63,537	1,394,831	101.50%
2004	1,106,155	-	1,106,155	998,498	-	54,799	1,053,297	95.22%
2003	1,045,683	-	1,045,683	1,008,883	-	-	1,008,883	96.48%

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 31 of the current reporting year.

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

(d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy.

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

Total Collections = c + d + e

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Bonded Debt										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	-	-	-	-	-	-	-	-	-	-
Other debt										
Revenue bonds	7,990,000	8,225,000	8,450,000	8,665,000	8,870,000	9,000,000	9,000,000	-	-	-
Notes	3,132,278	718,984	832,741	944,624	834,000	918,000	1,000,000	876,166	135,000	195,000
Capital lease obligations	302,434	536,685	153,522	-	13,807	67,778	119,293	168,864	-	-
Total Outstanding Debt	\$ 11,424,712	\$ 9,480,669	\$ 9,436,263	\$ 9,609,624	\$ 9,717,807	\$ 9,985,778	\$ 10,119,293	\$ 1,045,030	\$ 135,000	\$ 195,000
General Bonded Debt Ratios										
Per Capita	-	-	-	-	-	-	-	-	-	-
Per FTSE	-	-	-	-	-	-	-	-	-	-
As a percentage of Taxable Assessed Value	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt Ratios										
Per Capita	\$ 276	\$ 229	\$ 230	\$ 233	\$ 231	\$ 239	\$ 242	\$ 25	\$ 3	\$ 5
Per FTSE	1,300	855	1,202	1,292	1,101	1,109	1,161	126	17	31
As a percentage of Taxable Assessed Value	0.60%	0.51%	0.52%	0.57%	0.62%	0.69%	0.78%	0.09%	0.01%	0.02%

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

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

For the Year Ended August 31,

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Taxable Assessed Value	\$ 1,965,266,998	\$ 1,910,677,597	\$ 1,843,114,815	\$ 1,808,298,159	\$ 1,673,943,305	\$ 1,565,593,434	\$ 1,440,443,120	\$ 1,298,714,611	\$ 1,229,061,262	\$ 1,161,517,821
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	9,826,335	9,553,388	9,215,574	9,041,491	8,369,717	7,827,967	7,202,216	6,493,573	6,145,306	5,807,589
Less Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	9,826,335	9,553,388	9,215,574	9,041,491	8,369,717	7,827,967	7,202,216	6,493,573	6,145,306	5,807,589
Current Year Debt Service Requirements	-	-	-	-	-	-	-	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 9,826,335	\$ 9,553,388	\$ 9,215,574	\$ 9,041,491	\$ 8,369,717	\$ 7,827,967	\$ 7,202,216	\$ 6,493,573	\$ 6,145,306	\$ 5,807,589
Net Current Requirement 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 of community colleges to \$0.50 per hundred dollars taxable assessed valuation.

SOUTHWEST TEXAS JUNIOR COLLEGE
 Statistical Supplement 11
 Pledged Revenue Coverage
 Last Ten Fiscal Years
 (unaudited)

Revenue Bonds	Pledged Revenues											Debt Service Requirements		
	Fiscal Year Ended August 31	Tuition	Technology Fee	Registration Fees	Laboratory Fees	Community Education Fees	Interest Income	Vending Commission	Dorm Rental	Total	Principal	Interest	Total	Coverage Ratio
2012	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2010	256,130	-	-	-	-	-	-	-	-	-	-	-	-	-
2009	460,988	-	-	-	-	-	-	-	-	-	-	-	-	-
2008	65,908	-	-	-	-	-	-	-	-	-	-	-	-	-
2007	35,138	-	-	-	-	-	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-	-	-	-	-	-	-	-

*Debt service provided by unexpended bond proceeds in 2007 and 2008; pledged revenues to reserve

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 12
Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years

Calendar Year	District Population	District Personal Income (\$1,000's)	District Personal Income per Capita	District Unemployment Rate
2011	41,810	**	**	10.2%
2010	41,391	1,160,055	28,027	10.7%
2009	41,321	1,090,333	26,387	10.4%
2008	41,014	990,849	24,159	6.8%
2007	41,211	923,571	22,411	6.4%
2006	41,181	885,851	21,511	7.2%
2005	40,993	839,167	20,471	7.2%
2004	40,762	803,622	19,715	8.3%
2003	40,783	773,952	18,977	9.1%
2002	40,923	725,407	17,726	8.9%

**Not available (US Bureau of Economic Analysis income reports lag one year behind census estimates)

Sources

Population: Census
Income: US Bureau of Econ Analysis
Unemployment: TWC & Bureau of Labor Statistics
Taxing District: Real, Uvalde, and Zavala Co.

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 13
Principal Employers
Current Fiscal Year
(Unaudited)

Employer	Number of Employees	% of Total Employment*
Del Monte Foods	500-999	4%
Uvalde Memorial Hospital	500-999	4%
American Medical Home Health Svc	100-499	2%
Amistad Nursing and Rehab Ctr	100-499	2%
Community Council - Southwest Texas	100-499	2%
Crystal City Correctional Ctr	100-499	2%
Friends of the Frio	100-499	2%
HEB Foods (Uvalde)	100-499	2%
Sabinal High School	100-499	2%
Southwest Texas Junior College	100-499	2%
Statewide Transport	100-499	2%
Uvalde County	100-499	2%
Uvalde High School	100-499	2%
Wal-Mart Supercenter (Uvalde)	100-499	2%
Williamson-Dickie Mfg Co	100-499	2%
Labor force (average of monthly estimates, Oct 2011-Sept 2012)		

Sources:

Texas Workforce Commission
Socrates Employer Search

*Exact number of employees is confidential and not available.

**Percentages based on midpoint of interval

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 14
Faculty, Staff, and Administrators Statistics
Last 8 Fiscal years
(Unaudited)

		Fall Semester*							
		2011	2010	2009	2008	2007	2006	2005	2004
Faculty	Full-Time	117	115	112	114	114	119	113	104
	Part-Time	63	86	62	77	72	82	89	102
	Total	180	201	174	191	186	201	202	206
Percent	Full-Time	65%	57%	64%	60%	61%	59%	56%	50%
	Part-Time	35%	43%	36%	40%	39%	41%	44%	50%
Staff & Administrators	Full-Time	206	210	229	203	204	185	171	171
	Part-Time	122	90	193	74	43	47	34	49
	Total	328	300	422	277	247	232	205	220
Percent	Full-Time	63%	70%	54%	73%	83%	80%	83%	78%
	Part-Time	37%	30%	46%	27%	17%	20%	17%	22%
FTSE per Full-time Faculty		75.1	83.8	81.9	68.9	65.3	64.3	69.6	78.0
FTSE per Full-time Staff Member		42.7	45.9	40.1	38.7	36.5	41.4	46.0	47.4
Average Annual Faculty Salary**		\$ 50,078	\$ 48,602	\$ 46,177	\$ 45,859	\$ 46,430	\$ 44,915	\$ 42,350	\$ 41,827

*Fiscal year data are not routinely collected; the fall semester data should be a good estimate.

**Source: IPEDS Salary Survey, weighted average full-time faculty salary over 9/10 month and 1/12 month contracts.

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 17
Transfers to Senior Institutions
SWTJC Students Found as First-Time Transfers In Fall 2011
(Includes only public senior colleges in Texas)

	Transfer Student Count					Total of all SWTJC Transfer Students	% of all SWTJC Transfer Students	
	Associate Degree Academic	Associate Degree Technical	Certificate	No Award	Core Completion			
Angelo State University	4	0	0	0	9	3	16	4%
Sul Ross State University - Rio Grande College	68	5	1	1	62	45	181	49%
Texas A&M International University	6	0	1	1	6	3	16	4%
Texas A&M University at Kingsville	3	0	0	0	7	3	13	4%
Texas A&M University at San Antonio	2	1	0	0	6	0	9	2%
Texas State University	5	2	0	0	6	1	14	4%
Texas Tech University	9	0	0	0	10	8	27	7%
The University of Texas at San Antonio	16	0	0	0	30	10	56	15%
The University of Texas--Pan American	1	0	0	0	5	1	7	2%
Other Public 4-Year Institution	10	0	1	1	14	5	30	8%
Totals	124	8	3	3	155	79	369	100%

Source:
THECB Transfer Report

Students reported here completed at least 30 hours with SWTJC in the six years prior to their initial enrollment at the listed institution in Fall 2011.

SOUTHWEST TEXAS JUNIOR COLLEGE
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2008 to 2012

	Fiscal Year			
	2012	2011	2010	2008
Academic buildings	31	31	30	30
Square footage	260,936	260,936	259,136	257,536
Libraries	3	3	3	3
Square footage	25,466	25,466	25,466	25,466
Administrative and support buildings	6	6	6	6
Square footage	48,597	48,597	48,597	48,597
Dormitories	2	2	2	2
Square footage	50,146	50,146	50,146	50,146
Number of beds	256	256	256	256
Dining facilities*	1	1	1	1
Square footage	35,770	35,770	35,770	35,770
Average daily customers	600	600	600	600
Athletic facilities	2	2	2	2
Square footage	38,338	38,338	38,338	38,338
Plant facilities	4	4	4	4
Square footage	18,482	18,482	18,482	18,482
Transportation				
Cars/vans	64	64	65	64
Light trucks/other	28	28	28	27

* Includes all of student center

Data includes property leased from SWTJC Foundation, Inc.

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