SOUTH TEXAS COLLEGE

SOUTH TEXAS COLLEGE DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED AUGUST 31, 2015 AND 2014

SERVING HIDALGO COUNTY AND STARR COUNTY, TEXAS

SOUTH TEXAS COLLEGE

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED AUGUST 31, 2015 AND 2014

HIDALGO COUNTY AND STARR COUNTY, TEXAS

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Comprehensive Annual Financial Report
Fiscal Years Ended August 31, 2015 and 2014

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SOUTH TEXAS COLLEGE

South Texas College District

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December 15, 2015

To: President Shirley A. Reed, MBA, Ed. D.
Members of the Board of Trustees and
Citizens of the South Texas College District:

The Comprehensive Annual Financial Report (CAFR) of South Texas College District ("the District"), Counties of Hidalgo and Starr, State of Texas, for the fiscal years ended August 31, 2015 and 2014, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities, in relation to its mission, have been included.

Management of the District is responsible for establishing and maintaining an internal control structure designed to protect the assets of the District, prevent loss from theft or misuse, and provide adequate accounting data to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

This letter of transmittal complements and should be read in conjunction with Management's Discussion and Analysis which immediately follows the independent auditors' report and which provides a narrative introduction, overview, and analysis of the basic financial statements.

Comprehensive Annual Financial Report

The South Texas College District Comprehensive Annual Financial Report for the fiscal years ended August 31, 2015 and 2014, was prepared by the Business Office.

The District's Financial Statements are in compliance with GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the District's assets, liabilities, net position,

revenues, expenses, changes in net position, and cash flows and replaces the fund-group perspective previously required.

The District maintains its accounts and prepares its financial statements in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) as set forth by Governmental and Financial Accounting Standards Boards (GASB and FASB), National Association of College and University Business Officers (NACUBO), and the Texas Higher Education Coordinating Board (THECB). The financial records of the District are maintained on the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when incurred.

The District's financial statements are prepared using the economic resources measurement focus. The notes to the financial statements expand on and explain the financial statements and the accounting principles applied.

State statutes require every community college to submit audited annual financial reports to the Texas Higher Education Coordinating Board by January 1 of each year.

Long Chilton, LLP, Certified Public Accountants, have issued an unqualified opinion on the District's financial statements for the years ended August 31, 2015 and 2014. The independent auditors' report is included in the financial section of this report on page 25.

Profile of the District

The District is a political subdivision of the State of Texas located in Hidalgo and Starr Counties, which offers academic, general occupational, developmental, and continuing adult education programs through a network of locations in Hidalgo and Starr Counties. The District is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award the Baccalaureate and Associate degrees. Contact the Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097 or call (404) 679-4500 for questions about the accreditation of South Texas College District. The District offers certificates and institutional awards, and is also approved for veteran's educational training in Certificate and Associate of Applied Science degree programs by the Texas Education Agency. The District's program offerings are approved by the Texas Higher Education Coordinating Board.

In fiscal year 2003, the District received approval from the Texas Higher Education Coordinating Board to be one of three community colleges in Texas to grant Baccalaureate degrees in Applied Science and Applied Technology. On December 7, 2004, the District was approved as a Level II bachelor degree granting institution by the Commission on Colleges of the Southern Association of Colleges and Schools, and began offering the Bachelor of Applied Technology in Technology Management in Fall of 2005.

Today the District is the only community college in Texas accredited to offer four Bachelor Program degrees, which are the Bachelor's of Applied Technology in Technology Management, Bachelor's of Applied Technology in Computer and Information Technologies, Bachelor's of Applied Technology in Medical and Health Management, and Bachelor of Applied Science (BAS) of Organizational Leadership.

The District was created on September 1, 1993, by Texas Senate Bill 251, now codified as Section 130.0311, as amended, Texas Education Code, to serve Hidalgo and Starr Counties. It is the only community college in Texas to have been established prior to a taxing district being approved by local voters. A confirmation election, held on August 12, 1995, established a taxing district. Seven districts, based on population, were also approved for single member representation on the Board of Trustees. A community leader, from each of the seven districts, was originally appointed by the Texas Governor to serve on the founding Board of Trustees. Since then, elections have been held for all of the seats, as required by state law, and all members were elected by the year 2000. The members of the Board of Trustees serve staggered six-year terms with elections held in May of each even-numbered year. Policy making functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the President, who is the Chief Executive Officer of the District.

The District's Board of Trustees voted unanimously at its June 24, 2004, meeting to change the name of the District from South Texas Community College District to South Texas College District to reflect its expanded scope and mission.

The District has five campuses conveniently located throughout Hidalgo and Starr Counties, and an on-line virtual campus. The five campuses are as follows: (1) the Pecan Campus, (2) the Technology Campus, (3) the Dr. Ramiro R. Casso Nursing and Allied Health Campus, (4) the Starr County Campus, and (5) the Mid-Valley Campus. The Pecan Campus in McAllen, the Mid-Valley Campus in Weslaco and the Starr County Campus in Rio Grande City offer traditional college programs. The Dr. Ramiro R. Casso Nursing and Allied Health Campus, and the Technology Campus in McAllen provide specialized training for students entering the workforce. In addition, the District has Continuing Education Workforce Training Centers at the Pecan Plaza, Technology Campus, the Mid-Valley Campus, and the Starr County Campus. Almost 2,100 faculty and staff serve the District.

The District is located in the Rio Grande Valley of Texas, near the southernmost part of Texas along the U.S.-Mexico border. This region is composed of four counties including Hidalgo, Cameron, Starr, and Willacy.

The Vision, Purpose, Core Values, Guiding Principles, and Strategic Directions constitute the Comprehensive Mission for South Texas College District, and are as follows:

Vision

South Texas College is a world-class institution advancing regional prosperity through education for a better quality of life in our community.

Purpose

South Texas College is an innovative, public, post-secondary institution providing quality education and career pathways for the people and communities of Hidalgo and Starr counties. The College achieves student success, nurtures talent development, and promotes economic vitality through collaborative and creative approaches to teaching, learning, and support services.

Core Values

1. Student Success: We promote student success and completion through the implementation of diverse strategies and initiatives.
2. Opportunity: We value providing access and opportunities to students to meet the needs of our communities.
3. Excellence: We value excellence in teaching, learning, and all support services.
4. Innovation: We encourage creativity and champion innovative approaches to teaching, learning, and services.
5. Community: We value engaging the community in students' learning experiences and in the positive transformation of our region.
6. Professionalism: We demonstrate professionalism through collegiality, respect, and recognition for each other.

7. Collaboration: We value collaboration and communication among STC employees and STC constituents.
8. Integrity: We value integrity through honest and transparent communication and courageous dialogue.

Guiding Principles

1. South Texas College shares collective responsibility for student learning, student success, and regional prosperity.
2. Students succeed through mutual engagement with the College at each stage of their educational pathways.
3. South Texas College champions innovation through its willingness to transform the College's systems to meet the educational and workforce needs and challenges of our region.
4. Collaboration with educational and business partners is key to student, college, and community successes.

Strategic Directions

Clear Pathways

- South Texas College provides students with clear pathways to facilitate coherent educational experiences and timely completion of a post-secondary credential leading to relevant employment and/or further educational experiences.

Access and Success

- South Texas College is committed to increasing the college-going and college-completing rates in the region.

High Success Rate

- South Texas College engages in effective, proven efforts to ensure student success and positively affect the economic and social mobility of residents in our region.

Collective Responsibility

- South Texas College empowers faculty to work together within and across disciplines to design best learning experiences for students, leading to their academic success, career readiness, and timely completion.

Collaboration

- South Texas College commits to effective interdepartmental and interdivisional collaborations and advances mutually beneficial community and educational partnerships that create a collective impact on student success.

Cost Efficiency

- South Texas College seeks innovative redesign of college processes to promote new approaches to cost-consciousness and cost-efficiency.

The District has experienced continuous growth since its inception in the Fall of 1993. The following tables illustrate the District's enrollment data over the last five fiscal years.

Fall Semester Enrollment					
	FY 2015	**FY 2014**	**FY 2013**	**FY 2012**	**FY 2011**
	Fall 2014	**Fall 2013**	**Fall 2012**	**Fall 2011**	**Fall 2010**
Academic and Vocational					
Headcount	30,849	30,246	29,812	29,513	28,006
Full-time equivalent	21,262	21,140	20,979	21,064	19,944
Continuing Education					
Headcount	5,858	5,022	2,385	896	1,098
Full-time equivalent	3,249	3,092	1,431	366	453

Annual Enrollment – Academic and Vocational					
	FY 2015	**FY 2014**	**FY 2013**	**FY 2012**	**FY 2011**
Total credit hours	593,199	585,280	576,890	562,410	561,245
Total contact hours	12,118,584	12,073,392	11,839,880	11,495,216	11,745,072
Unduplicated full-time student equivalent	19,773	19,509	19,230	18,747	18,708
Unduplicated headcount	42,079	40,458	40,009	38,900	36,951

Annual Enrollment – Continuing Education			
	FY 2015	**FY 2014**	**FY 2013**
Total contract hours	733,868	719,796	453,305
Unduplicated full-time student equivalent	6,115	5,998	3,778
Unduplicated headcount	10,200	8,476	5,355

The District has accepted over 150 agreements, including articulation agreements, 2+2 articulation agreements, memorandums of understanding, and collaborative agreements with universities and institutions of higher education from across the State of Texas, throughout the United States as well as with international institutions. Currently, agreements are in-place with over 30 institutions to benefit students from the District as they transfer and continue to pursue their educational goals. The articulation agreements include various fields of study such as: Biology, Business Administration, Chemistry, Childcare and Development, Computer Science, Communication Studies, Criminal Justice, English, Engineering, Mathematics, Mexican American Studies, Nursing, Physics, Psychology, Sociology, and Spanish. The District continues to form articulation agreements with other community colleges and institutions of higher education.

The District has developed four intensive academic programs for high school students interested in pursuing degrees in the medical, engineering, computer, and criminal justice science fields. These programs are the Dual Enrollment Medical Science Academy, the Dual Enrollment Engineering Academy, the Dual Enrollment Computer Science Academy, and the Dual Enrollment Criminal Justice

Academy. Each academy consists of concentrated two-year programs of study and internship opportunities for qualified students to pursue an Associate of Science degree during their junior and senior years of high school. The District also offers dual enrollment programs with 24 school districts at over 70 high school sites throughout Hidalgo and Starr Counties. Approximately 13,305 students enrolled in the program during the spring 2015 semester.

The District's Early College High School Program serves students by implementing innovative approaches that continue to provide access, with affordability, to all the high school students in the community. The Progreso Independent School District was the first school district to partner with the District in 2007 to bring the model to the region. In fiscal year 2015, the Texas Education Agency has approved a total of 30 high schools in the region.

The Continuing, Professional and Workforce Education (CPWE) program provides opportunities for lifelong learners to upgrade their skills, change careers, or seek personal enrichment. The CPWE Division has programs on a variety of topics including an Alternative Teaching Certificate Program, GED training, and continuing professional development courses in Human Resources and Grant Writing.

The District is one of the few community colleges in Texas to offer certificate programs and associate degrees completely online. The District offers three online baccalaureate degrees, 18 online associate degrees, and eight online certificates in: Computer and Information Technologies, Medical and Health Services Management, Technology Management, Interdisciplinary Studies, Education in Elementary, Generalist and Secondary, Anthropology, Psychology, Social Work, Sociology, Business Administration Transfer Plan, Criminal Justice, Language – Spanish Concentration, English, Human Resources Specialist, Accounting, Computer Information Systems, Computer Science, Philosophy, Political Science, Accounting Clerk, Computer Applications Specialist, Management, Marketing, Employee and Labor Relations Assistant, Payroll Assistant, Recruiter Assistant, and Human Resources Assistant.

With a total of approximately 721 full-time and adjunct instructors, the District's faculty is among the most qualified at any community college in the nation. There are 686 faculty members with master's degrees, 66 with double master's degrees, three (3) with triple master's degrees, and 148 with doctorate degrees. In certificate and other programs, there are 137 faculty members holding bachelor degrees, 22 holding double bachelor degrees, one (1) holding triple bachelor degrees, 92 faculty members holding associate degrees, 24 holding double associate degrees, 11 holding certificates, 12 holding double certificates, and one (1) holding triple certificates. Several instructors fall into more than one category.

Economic Condition

Local Economy

Located near the Texas-Mexico border, the District serves Hidalgo and Starr Counties. Hidalgo County was founded in 1852 from portions of Cameron and Starr Counties and named for Miguel Hidalgo y Costilla. It covers approximately 1,583 square miles with an estimated population of 830,926 in 2015 and its largest city is McAllen. Starr County was founded in 1848 out of Nueces County and named for James Harper Starr. It covers approximately 1,229 square miles with an estimated population of

66,546 for 2015 and its largest city is Rio Grande City. Both counties are located in the Rio Grande Valley of South Texas and border the Republic of Mexico, served by nine international bridges.

According to the 2010 U.S. Census, the McAllen Metropolitan Statistical Area (MSA) had a population of 774,769, a 66.8% increase since 2001; where the Hispanic population comprises up to 90% of the total population. Forbes has noted the McAllen MSA as the 28th on job growth over 200 MSA's ranked nationwide (Source: Forbes, August 2015).

The McAllen MSA is outpacing the rest of the nation in population and job growth because of the very young and trainable labor force, as well as the abundance of extraordinary business opportunities created by the city's growth. The area is enriched by the contributions of many cultures and offers a range of outdoor creations, museums, theater, and musical performances (Source: McAllen Economic Development Corporation).

Today the Rio Grande Valley is being transformed into a major international trade area by developing first-rate commercial, retail, office, industrial, medical, retirement, and educational facilities. The promotion of international and retail trade, tourism, and manufacturing are among the most successful along the U.S.-Mexico border (Source: McAllen Chamber of Commerce).

Despite the current rate of unemployment, the Rio Grande Valley continues to grow and create jobs (Source: McAllen Economic Development Corporation).

Unemployment rates, per capita income, and sales tax receipts for Hidalgo and Starr Counties are as follows:

- The unemployment rate for Hidalgo County decreased from 9.15% in 2014 to 8.0% in 2015.
- The unemployment rate for Starr County decreased from 13.45% in 2014 to 13.20% in 2015.
- Per capita income in Hidalgo County increased from $22,400 in 2014 to $23,073 in 2015.
- Per capita income in Starr County increased from $19,866 in 2014 to $20,811 in 2015.
- Sales tax receipts in Hidalgo County decreased 0.4% from 2014 to 2015.
- Sales tax receipts in Starr County increased 1.9% from 2014 to 2015.

Additional data related to some of the major cities in the District and surrounding communities include the following:

- The McAllen Metropolitan Statistical Area is ranked among the top markets in the United States, as 54th out of 400 metro areas across the county measured by the International Trade Administration. These rankings show that MSA as a region we are nearly in the top 10 percent among metro areas nationally for exports (Source: Rio Grande Valley Partnership).

- The McAllen housing indicators continued to improve midway through 2015. Existing home sales increased 5.7% for the second quarter, and over 6.9% on sales year-to-date. Prices increased by 1.9% on average in the second quarter, and 1.0% for the year-to-date compared to the first six months a year ago (Source: McAllen Chamber of Commerce, www. mcallen. org/ Business-Community/Economic-Pulse).

- According to an article published in September 2015 by Forbes, McAllen ranked as the second-best city in America for future job growth. Forbes states a projected annual job growth of 3.7%. Other cities in Texas that made the list include Brownsville, ranked tenth, and Austin claiming the top spot with a projected job growth of 4% (Source: www.forbes.com).

- According to The Council for Community and Economic Research, the McAllen area is first "Least Expensive Urban Area" among 265 urban areas that participated in the 2015 Cost of Living Index. The index is based on six components: housing, utilities, grocery items, transportation, healthcare, and miscellaneous goods and services.

Reynosa, Tamaulipas, Mexico, McAllen's twin city and a principal city along the U.S.-Mexico border, is a dynamic and business-oriented city with current border population of approximately 608,891. These two interdependent communities are joined by three international bridges that allow economic and cultural exchanges on a daily basis. Reynosa has a diverse economic base, which includes oil and natural gas resources, livestock, agriculture, tourist trade, and industry (Source: inegi.com).

Travel and tourism are an ever-growing element of the area's economy. People from all over the globe travel to the area, which is one of the best bird watching spots in North America to view nearly 528 rare species of birds. Nature tourism is a big business for the Rio Grande Valley, and a study released in 2012 by Texas A&M University revealed an economic impact of $463 million a year to the Rio Grande Valley economy. Nature and wildlife attractions, art festivals, and other tourist attractions have made the area a primary tourist destination. Much of the McAllen-Edinburg-Mission MSA's area's attraction lies in its geography, its great outdoors, its history, and its rich Hispanic flavor including the Rio Grande Valley's mild year-round climate, which makes for outdoor living 365 days a year. The McAllen MSA's unique geographic position allows its residents to experience two unique cultures, while flavoring a unique blend of art, music and literature. The Rio Grande Valley is also quite popular with winter visitors due to the area's balmy weather. The seasonal residents enjoy the beach, golf courses, flea markets, Mexico sites, and participating in the various area festivals. Weather conditions are inviting for those who want to escape the snow, ice, and cold weather of the northern United States and Canadian winters. According to an article published on ValleyCentral.com in January 2015, every year more than 100,000 senior citizens make the Valley their winter home. Winter Texans spend more than $600 million in the Valley every year.

Located 15 miles east of McAllen is the city of Weslaco. It is in the heart of an immense citrus, vegetable, and cotton-producing area. As of 2015, the estimated population was 38,606. Weslaco is known for preserving its history and has about 15 historic landmarks from the early 1900's. The city focuses its energy on attracting business and industry. It is the front door to business and trade between the United States and Mexico. Strategically located at the center of the Rio Grande Valley, Weslaco is home to a combination of retail, distribution, and light manufacturing businesses which contribute to the city's strong economy (Sources: weslaco.com and texassitesearch.com).

The District's graduates find work in the Rio Grande Valley, and stimulate the Texas economy. The area's rising number of college-educated residents has contributed to its economic boom. In academic year 2014-2015, the District held one graduation ceremony in December 2014 and five ceremonies in May 2015, at which more than 5,300 degrees and certificates were awarded. Out of those degrees and certificates, 1,377 were earned by high school students in dual enrollment programs. Among those who celebrated this milestone were students in the District's Bachelor of Applied Technology (BAT)

and Bachelor of Applied Science (BAS) programs' students. A total of 196 graduates earned their bachelor degrees.

Additionally, the District graduated 70 students from its Dual Enrollment Medical Science Academy (DEMSA), 22 students from the Dual Enrollment Engineering Academy (DEEA), 18 students from the Dual Enrollment Computer Science Academy (DECSA), and 16 students from the Dual Enrollment Criminal Justice Academy (DECJA). The students obtained their college diplomas weeks before earning their high school diplomas.

The District plays a vital role in providing educational opportunities for its citizens and preparing a strong workforce in the region. The District has earned a popular reputation among the residents of the two counties due to the enthusiastic support of the private, business, corporate, and industrial communities of Hidalgo and Starr Counties, the rapid expansion of its technical/vocational and academic programs, and its strong commitment to meeting the area's need for a trained and skilled workforce. The District's students are graduating in record numbers, transferring to four-year colleges and universities, or finding employment.

Long-Term Financial Planning

The District has no short term or long term loans at August 31, 2015.

At August 31, 2015, the District has outstanding bonds payable for Bond Series 2007 MTR, Bond Series 2007 LTR, Bond Series 2010 LTR, Bonds Series 2013 LTR, Bonds Series 2014 LT, and Bonds Series 2015 LT. Bonds were issued in March 2007, November 2010, and June 2013 to refund portions of the District's outstanding debt and lower the overall debt service requirements. The Limited Tax Bond Series 2014 was issued in February 2014 and the Limited Tax Bonds Series 2015 was issued in July 2015 for construction and equipping of buildings, and to accommodate increased student enrollment. The outstanding amounts at year-end are $1,435,000, $17,235,000, $5,150,000, $3,225,000, $53,750,000, and $90,220,000 for Bonds Series 2007 MTR, Bonds Series 2007 LTR, Bonds Series 2010 LTR, Bonds Series 2013 LTR, Bonds Series 2014 LT, and Bonds Series 2015 LT, respectively. Total bonds payable at August 31, 2015 is $171,015,000. All debt service requirements are to be paid with ad-valorem taxes levied.

The District's outstanding bonds have been rated AA by Standards & Poor's Ratings Services and Aa2 by Moody's Investors Service. These ratings are a reflection of the District's stable outlook for continued enrollment growth and favorable operating performance.

The District has levied taxes since fiscal year 1997. The following table illustrates the property tax levy rates and tax collections over the last 10 years.

Tax Levy Rates				
(Per $100 of assessed valuation)				
Fiscal Year	**Current Operations**	**Debt Service**	**Taxable Assessed Value (TAV)**	**Total Tax Collections**
2006	0.11000	0.04890	21,527,704,669	33,785,446
2007	0.11000	0.04480	23,658,082,495	36,997,639
2008	0.11000	0.04400	26,529,232,568	40,964,399
2009	0.11000	0.03980	28,933,493,707	43,734,507
2010	0.11000	0.03910	30,304,183,226	44,615,970
2011	0.11000	0.03970	30,089,658,977	44,329,200
2012	0.11000	0.04070	29,518,175,339	44,157,110
2013	0.11000	0.04070	29,645,534,071	44,193,705
2014	0.11000	0.04000	30,246,199,691	45,108,905
2015	0.14000	0.04500	30,965,159,425	56,344,301

The District's average collection rate over the past 10 years, including collection of delinquent taxes, has been 97.83%. The tax base has increased by an average of 4.64% annually over the past 10 years. The tax base has increased from $21,527,704,669 in fiscal year 2006 to $30,965,159,425 in fiscal year 2015. The District's property value has shown a steady increase due to a tremendous amount of development. The tax base increase was due to an escalation of improvements and increase in personal property values. In fiscal year 2015, the District's tax rates for current operations and debt service increased by $0.03 and $0.005, respectively, as approved by the voters of Hidalgo and Starr County in November 2013. The increase in property values and tax levy rates caused a $11,235,396 tax collection increase in fiscal year 2015. The increase in property values caused a $915,200 tax collection increase in fiscal year 2014.

In fiscal years 1997 through 2015, the District has set aside a total of $100,210,860 for construction of facilities and a total of $30,713,236 for deferred maintenance purposes.

Per Board Policy #5350, Unrestricted Fund Balance, the District shall maintain an unrestricted fund balance sufficient to cover no less than four months of budgeted expenditures, unless the Board of Trustees approves the use, transfer, or designation of fund balance, and a plan to restore the fund balance to the minimum amount.

The District has complied with Board Policy #5350 as follows:

	August 31, 2015	August 31, 2014	August 31, 2013
Current Undesignated Unrestricted Fund Balance	$71,932,033	$87,171,492	$91,784,899
Next Fiscal Year Budgeted Unrestricted Fund Expenses (including transfers and contingencies)	163,175,686	151,285,133	141,233,035
Fund Balance as a % of Total Expenses	44%	58%	65%
Number of Months Expenses in Reserve	5.3 months	6.9 months	7.8 months

During the fiscal year, the District may designate a portion of the unrestricted fund balance. The unrestricted fund balance designation represents the District's intended use of available resources for specific initiatives.

As of August 31, 2015, the District's Board of Trustees has designated a total of $28,500,000 of the unrestricted net position as follows: for the purpose of supplementing future employee health insurance costs, infrastructure maintenance and renewal of the District's Enterprise Resource Planning system, deferred maintenance of facilities, and a reserve for the District's business continuity and disaster plan.

	August 31, 2015	August 31, 2014	August 31, 2013
Future Employee Health Insurance Costs	$7,500,000	$9,500,000	$9,500,000
Infrastructure Maintenance and Renewal of the District's Enterprise Resource Planning System	11,500,000	7,500,000	-
Deferred Maintenance of Facilities	4,000,000	4,000,000	-
Reserve for the District's Business Continuity and Disaster Plan	3,500,000	3,500,000	-
Furniture Replacement	2,000,000	-	-
Total	$28,500,000	$24,500,000	$9,500,000

The Texas Higher Education Coordinating Board collects financial documents for Texas Public Institutions of higher education, including community colleges. The Texas Higher Education Coordinating Board's (THECB) annual report on the financial condition of the state's community colleges is required as referenced in the General Appropriates Act, Senate Bill 1 (S.B. 1), 83rd Texas Legislature, Section 13 (page 111-198).

The objective of this report is to provide an assessment of the overall financial health of public community colleges and to identify institutions in which the potential for financial stress exists.

One of the measures used to determine the financial condition of the community colleges is the Composite Financial Index (CFI) which combines four ratios into one metric. The four (4) core ratios include primary reserve ratio, viability ratio, return on net position, and operating margin. The core ratios were selected because they represent measurement of key components in relation to institutional risk that must be consistently addressed.

The College's composite financial index for the last three years is as follows:

Composite Financial Index (CFI)			
	August 31, 2015	**August 31, 2014**	**August 31, 2013**
Primary Reserve Ratio	1.02	1.09	1.02
Viability Ratio	7.40	2,179.29	4.24
Return on Net Position Ratio	0.8%	6.9%	7.8%
Operating Margin Ratio	14.7%	14.7%	13.2%
Total CFI Index	7.26	8.06	8.91

The established CFI value for an institution in a strong financial position is 4.0 or above, according to *Strategic Financial Analysis for Higher Education*. As reflected above, the District's CFI scores are consistently significantly higher than the threshold for an institution with a strong financial position.

Relevant Financial Policies

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act amendments of 1996, U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, Schedule of Expenditures of State Awards and Related Notes, and the Independent Auditors' Report on Internal Control Over Financial Reporting, and on Compliance and Other Matters, is included in the single audit section of this report.

The District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District's Board of Trustees.

Each community/junior college in Texas must file by December 1 of each fiscal year directly with the Governor, Legislative Budget Board, the Legislative Reference Library, and the Texas Higher Education Coordinating Board, a copy of an annual operating budget, and subsequent amendments thereto, approved by the community/junior college governing board. The budget must include departmental operating budgets by function.

The budget is developed in collaboration with personnel from all divisions of the District. Available resources are allocated based on division's requirements and as approved by the Board of Trustees. The budget process ensures that demands are integrated with the District's mission statement. Monthly budget reports reflecting budgeted and actual revenue and expenses are prepared and provided to management and the Board of Trustees to assist in decision-making and to monitor compliance and performance.

The budget allocations are based on prioritizing initiatives that support the College's Strategic Directions. To operationalize the College's Strategic Plan, the President and Vice Presidents develop a five-year Comprehensive Plan which identifies the prioritized major initiatives to be undertaken by each area. The objectives and initiatives identified in the Comprehensive Plan form the basis for budget allocations.

For internal management purposes, activities of the following fund groups and individual funds are included in the annual budget.

Fund Group	Fund
Current Funds	Unrestricted Auxiliary Restricted
Plant Funds	Unexpended Renewals and Replacements Retirement of Indebtedness

The District's Board of Trustees approved changes in tuition and fees in fiscal year 2015. The tuition change included the addition of an Adjusted Tuition Rate per credit hour of $78 for out-of-district dual enrollment students attending the College independent of their school's participation. The fee changes included the removal of the THEA/Accuplacer Reservation and Preparation Fees of $25 and the removal of the Accuplacer Exam Fees of $10 and $29 since these exams will no longer be offered, the reduction of $11 per credit hour in the Electronic Distance Learning Fee, and an increase of $2 per credit hour in the Information Technology Fee.

The District's Investment Policy and Strategy Statement is reviewed and approved annually by the Board of Trustees. It is designed to establish guidelines for investing the District funds by maintaining the preservation and safety of principal by mitigating credit and interest rate risk while attaining a competitive yield on the portfolio. The District's bank deposits and investments were properly insured by federal depository insurance or collateralized during the fiscal year.

The District continually conducts self-assessment of risk exposure. An outsourced risk consultant is retained to monitor risk factors and to recommend insurance coverage. Insurances include property, general liability, crime, auto, flood, sports activity, errors and omissions, workers compensation, and tax collectors bond. The District has elected to reimburse the Texas Workforce Commission, on a quarterly basis, for unemployment benefits.

Major Initiatives

The District's new major initiatives included the following:

- In November 2013, the constituents of Hidalgo County and Starr County passed a $159 million bond issuance for the construction and equipping of college buildings to accommodate increased student enrollment.
    - On February 26, 2014, the District issued Limited Tax Bonds, Series 2014 in the amount of $53,750,000.

- On July 21, 2015, the District issued Limited Tax Bonds, Series 2015 in the amount of $90,220,000.

The bonds will be used to fund the design and construction phase of new facilities in all campuses. Bond funds will also be utilized to furnish the new facilities with state of the art equipment.

- Major construction completed during fiscal year 2015 included renovation and improvements at all campuses.

- A memorandum of understanding was signed by officials with the District and the University of Texas Rio Grande Valley (UTRGV) on August 10, 2015 at the Pecan Campus in McAllen, making a historic first step towards building a strong partnership between the two institutions. The agreement aims to facilitate student success by creating a set of guidelines for students and their advisors to understand how courses will transfer between the District and UTRGV.

The District's financial outlook for the future continues to be positive. In 21 years, the District has grown from a student headcount of over 1,000 in Fall 1993 to over 30,000 in Spring 2015. The District's unrestricted fund budget increased from $2,325,212 in 1993 to $158,285,133 in 2015.

Awards and Acknowledgments

The District has continued its tradition of being recognized and honored for its dedication to excellence and its innovative endeavors. The District has received numerous awards from national, state and local sources that demonstrate its leadership among the community colleges in the State of Texas and the nation. Some of the accomplishments and initiatives of the past year include:

- *Diverse Education* listing released in 2014 ranks the District as number one on having Associate Degrees in the majors of Business, Education, and Psychology, and number three in the nation awarding associate degrees to Hispanics. Furthermore, the District ranked number 10 nationwide in bachelor degrees awarded to Hispanics in Health and Medical Administrative Services with at 100% graduation rate.

- *Excelencia in Education* rated the top 25 Institutions Graduating Latinos in science, technology, engineering, and mathematics (STEM); the District was ranked number one in the nation for Associate Degrees Awarded to Latinos.

- Since its inception in 1993, the District continues to make both educational and economic impacts in the community it serves. According to a 2014 study conducted by Economic Modeling Specialists International (EMSI), the overall effect of the District on Hidalgo and Starr counties in 2013-2014 amounted to $447.6 million. The EMSI study concluded that the District creates a significant positive impact on the local business community and generates a return on investment to its major stakeholder groups – students, society and taxpayers. The EMSI study included 51 Texas Community and Technical Colleges across the state.

- An innovative partnership between the District, Doctor's Hospital at Renaissance (DHR), South Texas ISD, Pharr-San Juan-Alamo (PSJA) ISD and Region One Education Service Center

(Region One), that aims to provide dual enrollment high school students with the opportunity to earn an associate degree in nursing, has received approval from the Texas Board of Nursing.

- Eight students from the Universidad Autonoma de Nuevo Leon (UANL) were recently honored after completing a summer international residency with the Associate Degree Nursing (ADN) Program at the District. Faculty and administration from both institutions celebrated the partnership. Students were awarded a Certificate of Attendance for completion of program signed by Nursing & Allied Health Program Chair and Interim Dean.

- In the Spring of 2015, the Dollar General Literacy Foundation awarded the Department of Continuing Professional and Workforce Education at the District a $10,000 grant to support adult literacy. The Dollar General Literacy Foundation is proud to support initiatives that help others improve their lives through literacy and education. The department is committed to empowering both individuals and employers with the skills, knowledge, and credentials necessary to help them fulfill both personal and professional goals for a better quality of life.

- NAAMREI and the Institute for Advanced Manufacturing (IAM) at the District recently attained their certification as a globally recognized Festo Certified Training Center on April 22, 2015. Festo is a privately owned German industrial control and automation manufacturer and is a leading global supplier of automation technology. The Festo Certified Training Center for Robotics and industrial Automation is the first of its kind in the nation, opening a world of opportunities for students and companies who are utilizing automation technology on both sides of the U.S.-Mexico border.

- On July 10, 2014, the Government Treasurers' Organization of Texas presented the Certificate of Distinction to the District for its investment policy for the fourth straight time. The certificate was issued for the District's success in developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing established by the Government Treasurers' Organization of Texas. The Certificate of Distinction is effective for a two-year period ending August 31, 2016.

Certificate of Achievement

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2014. This is the eleventh consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. The District's current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The timely preparation of the Comprehensive Annual Financial Report was made possible by the efficient and dedicated service of the entire staff of the District's Business Office. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Due credit is also granted to the District's Board of Trustees and President for their continued support for maintaining ethical and professional standards of professionalism in the management of the District's finances and operations.

Respectfully submitted,

Maria G. Elizondo, MBA, CFE, CGMA, CPA
Vice President for Finance and Administrative Services

Myriam Lopez, MBA
Comptroller

SOUTH TEXAS COLLEGE

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South Texas College District
Board of Trustees
For the Fiscal Year 2015

Roy De Leon
Chair

Branch Retail Executive of BBVA Compass Bank – Mercedes
District 7
Representing Northeast Hidalgo County, North Weslaco, Edcouch-Elsa, La Villa, North Mercedes, Northeast Alamo, Northeast Edinburg, and Hargill (Appointed 1997 - 1998)
First Term: May 1998 – May 2002
Second Term: May 2002 – May 2008
Third Term: May 2008 – May 2014
Fourth Term: May 2014 – May 2020
Serves as Chair of the Board, member of the Finance & Human Resources Committee, and member of the Facilities Committee. Formerly served as Chair, Vice Chair and Secretary of the Board, Chair and member of the Finance & Human Resources Committee, and member of the Facilities Committee.

Dr. Alejo Salinas, Jr.
Vice Chair

Clinical Lecturer, University of Texas Rio Grande Valley
Retired Superintendent/Superintendent Emeritus, Hidalgo ISD
District 5
Representing Northwest Hidalgo County, Edinburg, North San Juan, and Northeast Pharr
First Term: May 1996 – May 2002
Second Term: May 2002 – May 2008
Third Term: May 2008 – May 2014
Fourth Term: May 2014 – May 2020
Serves as Vice Chair of the Board, Chair of the Finance & Human Resources Committee, member of the Education and Workforce Innovation Committee, and member of the Facilities Committee. Formerly served as Chair and member of the Facilities Committee, Chair and member of the Education and Workforce Development Committee, and member Finance & Human Resources Committee.

Paul R. Rodriguez
Secretary

CEO of Valley Land Title Co.
District 3
Representing South McAllen, Southwest Pharr, Hidalgo, Sharyland, Southeast Mission, and Granjeno
First Term: August 2012 – May 2016
Serves as Secretary of the Board, member of the Finance & Human Resources Committee, and member of the Facilities Committee. Formerly served as member of the Finance & Human Resources Committee.

South Texas College District
Board of Trustees
For the Fiscal Year 2015

Rose Benavidez
Member

President of Starr County Industrial Foundation
District 1
Representing Starr County
First Term: Nov. 2009 – May 2012
Second Term: May 2012 – May 2018
Serves as member of the Finance & Human Resources Committee and member of the Facilities Committee.
Formerly served as Chair and Vice Chair of the Board, member of the Facilities Committee, and member of the Finance & Human Resources Committee.

Graciela Farias
Member

Self-Employed Educational Consultant
Retired from McAllen Independent School District
District 2
Representing La Joya, Western Mission, Palmview, Sullivan City, Penitas, and Western Alton
First Term: May 2012 – May 2018
Serves as Chair of the Education and Workforce Development Committee and member of the Facilities Committee.
Formerly served as Secretary of the Board and member of the Education and Workforce Development Committee.

Gary Gurwitz
Member

Managing Partner, Atlas, Hall & Rodriguez, L.L.P., McAllen
District 4
Representing North McAllen, Northwest Pharr, Palmhurst, Northeast Mission, and Southwest Edinburg (Appointed 1993 - 1998)
First Term: May 1998 – May 2004
Second Term: May 2004 – May 2010
Third Term: May 2010 – May 2016
Serves as Chair of the Facilities Committee and member of the Education and Workforce Innovation Committee.
Formerly served as Chair, Vice Chair, and Secretary of the Board,
Chair and member of the Facilities Committee, member of the Finance
& Human Resources Committee, and member of the Education and Workforce Development Committee.

South Texas College District
Board of Trustees
For the Fiscal Year 2015

Jesse Villarreal
Member

Parental Involvement Department, Weslaco ISD
District 6
Representing Donna, South Alamo, South San Juan, South East Pharr, South Weslaco and Progreso
First Term: May 2000 – May 2006
Second Term: May 2006 – May 2012
Third Term: May 2012 – May 2018
Serves as a member of the Facilities Committee
Formerly served as Vice Chair and Secretary of the Board and member of the Facilities Committee.

South Texas College District
Administrative Officials
For the Fiscal Year 2015

Name	Position
Shirley A. Reed, MBA, Ed. D.	President
Maria G. Elizondo, MBA, CFE, CGMA, CPA	Vice President for Finance and Administrative Services
Myriam Lopez, MBA	Comptroller

South Texas College
2014 - 2015 Organizational Plan
Overview

College President
Dr. Shirley A. Reed

- **Assoc Dean Cont, Prof & Wkf Ed** — *Juan Carlos Aguirre*
- **Dir of Grant Dev, Mgmnt, and Compliance** — *701321 Vacant*
- **Admin Spec for Board Rel** — *Andrew Fish*
- **Dir of Publ Rel/Marketing** — *Daniel Ramirez*
  - **Asst Dir Public Rel & Mrktng** — *Raymond G Pedraza*
- **Exec Asst to the President** — *Yolanda Orozco*
- **Interim Assoc Dean of Industry Training and Econ Dev** — *Carlos Margo*
  - **Interim Training Manager** — *Jose Raul Ruiz*

VP for Academic Affairs
Dr. Anahid Petrosian, Interim

- **Asst VP for Academic Advancement** — *Dr. Anahid Petrosian*
- **Dean of Distance Learning** — *Dr. Erasmus Addae*
- **Admin for HS Prgms & Svcs** — *Nicolas Gonzalez*
  - **Dir of Early College HighSchool** — *Sofia Pena*
  - **Dir of Academies & HS Projects** — *Kimberly Crawford*
- **Associate Dean of Curriculum & Student Learning** — *Kristina M Wilson*
- **Assoc Dean Prof & Orgn Dev** — *Lee Grimes*
- **Academic Grants & Proj Offcr** — *702272 Vacant*
- **Coord of Valley Scholars Prgm** — *Jessica Garcia*
- **Dean for Bach Prog & Univ Relations** — *Dr. Ali Esmaeili*
  - **Department Chairs**
    - **Faculty**
- **Dean for Business & Technology** — *Mario Reyna*
  - **Department Chairs**
    - **Faculty**
- **Dean for Liberal Arts & Social Sciences** — *Dr. Margaretha Bischoff*
  - **Assistant to the Dean for Fine & Performing Arts** — *William Buhidar*
  - **Assistant to the Dean for Humanities** — *Dr. Christopher Nelson*
  - **Department Chairs**
    - **Faculty**
- **Dean for Nursing & Allied Hlth** — *Melba Trevino, Interim*
  - **Department Chairs**
    - **Faculty**

Campus Administrators
Mid Valley Campus: *Daniel Montez*
Technology Campus: *Mario Reyna*
Starr County Campus: *Arturo Montiel*
Dr. Ramiro R. Casso Nursing & Allied Health Campus: *Melba Trevino (Interim)*

VP for Stu Affrs & Enrl Mgmnt
Wanda F. Garza, Interim

- **Dean for Enrlmnt Svcs & Rgstrar** — *Matthew Hebbard*
- **Dir of Degree and Cert Completion** — *Cynthia A Blanco*
- **Dir of College Con & Adm Trad Stu** — *Larry Barroso*
- **Dir of College Con & Adm Dual Enrollment** — *625332 Vacant*
- **Assoc. Dean for Student Fin. Svcs, Testing & VA** — *Miguel Carranza*
- **Dir of Testing Services** — *Guadalupe A Lozano*
- **Dir of Student Fin Svcs** — *Juan Miguel Galvan*
- **Dean for Student Affairs** — *Paul Hernandez*
- **Dir of Compr Advsmnt & Mentrg Svc** — *Nancy Garcia*
- **Dir of Counseling** — *Santa Elisa Pena*
- **Dir of Career & Employer Svcs** — *Celinda Palacios*
- **Dir of Judicial Affairs** — *Karey Barnes*
- **Dir of Stu Activ & Wellness** — *Eli Nguma*

VP for Finance & Admin Svcs
Mary Elizondo

- **Dir of Facilities Planning & Cons** — *701501 Vacant*
- **Dir of Facilities Oper & Maint** — *George McCaleb*
  - **Asst Dir of Facil Oper & Maint** — *Luis De La Garza*
- ***Dir of Purchasing*** — *Rebecca Cavazos*
  - **Assoc Dir of Purchasing** — *Fernando Lamas*
- **Dir of Accountability Svcs** — *Frank Jason Gutierrez*
- ***Comptroller*** — *Myriam Lopez*
  - **Associate Comptroller** — *745184 Vacant*
  - **Dir Student Accts & Bursar** — *Norma Jimenez*
  - **Chief of Police & Director of Safety and Security** — *Paul Varville*
    - **Police Lieutenant** — *Ruben Suarez*
  - **Dir of Human Resources** — *Brenda Balderaz*
    - **Asst Dir of Human Resources** — *704240 Vacant*
    - **Employee Relations Officer** — *Laura Requena*
  - **Dir of Food Services** — *Patrick Woodin*

VP for Information Services, Planning & Strategic Initiatives
Dr. David Plummer, Interim

- **Dean for Lib Svcs & Instr Tech** — *Cody Gregg*
- **Dir of Library Public Svcs** — *Noemi Garza*
- **Dir of Library Technical Svcs** — *Jesus Campos*
- **Dir of Instructional Technologies** — *Maria L Evans*
- **Dir of Info Commons and Open Labs** — *Dr. Lelia Salinas*
- **Dir of Ctrs for Lrng Excellence** — *703591 Vacant*
- **Assoc.Dean of Inst. Research & Effectiveness** — *Laura Boyer Sanchez*
  - **Dir of Rsrch & Analytical Svcs** — *Serkan Celtek*
  - **Dir of Inst'l Effect & Assmnt** — *Dr. Paul Henley*
- **Asst to the VP for Strat Init** — *Dr. David Plummer*
- **Chief Information Officer** — *Alicia Gomez*
  - **Asst CIO for Appl, Dev & Web** — *Ali Kolahdouz*
  - **Asst CIO for Infrastructure** — *Jose Lucio Gonzalez*
  - **IT Risk and Security Manager** — *Jose Luis Gonzalez*
  - **Chief Info Security Officer** — *Victor Gonzalez*

8/31/2015 ss

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

South Texas College

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2014

Executive Director/CEO

FINANCIAL SECTION

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS
LONG CHILTON, LLP
A PARTNERSHIP OF PROFESSIONAL CORPORATIONS AND INDIVIDUALS

Members - Division of Firms,
American Institute of CPAs

4100 N. 23rd
McAllen, Texas 78504
(956) 686-3701
Fax (956) 686-6830
www.longchilton.com

Independent Auditor's Report

To the President and Board of Trustees
South Texas College

Dr. Shirley Reed and Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of South Texas College (the College) as of and for the years ended August 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Texas College as of August 31, 2015 and August 31, 2014 and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2015, the College adopted new accounting guidance, GASB 68, *Accounting and Financial Reporting for Pensions* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District Contributions-Teacher Retirement System as 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise South Texas College's basic financial statements. The introductory section, supplementary schedules (schedules A-D) as described in the table of contents, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards (schedule E) and schedule of expenditures of state awards (schedule F) 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 Governor's Office of Budget and Planning, State of Texas Single Audit Circular, respectively, and are also not a required part of the basic financial statements.

The supplementary schedules (schedules A-D) and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules (schedules A-D) and schedules of expenditures of federal and state awards (schedules E-F) are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Texas College's internal control over financial reporting and compliance.

Long Chilton LLP

LONG CHILTON, LLP
Certified Public Accountants

McAllen, Texas
December 15, 2015

Introduction

This section of South Texas College District's Comprehensive Annual Financial Report presents management's discussion and analysis of the District's financial position and activities for the year ended August 31, 2015, and comparative information for the year ended August 31, 2014. This discussion focuses on current activities, resulting changes and currently known facts. It should be read in conjunction with the transmittal letter, the District's basic financial statements and notes to the financial statements. Responsibility for the completeness and fairness of this information rests with the District.

Financial Highlights

- The District's total combined net position was $340,202,352 at August 31, 2015. Of this amount, $147,038,865 was unrestricted and may be used to meet the District's ongoing obligations.

- Total combined net position increased by $2,660,841 in fiscal year 2015. Unrestricted net position increased by $837,599. The District experienced an increase of $28,452,186 in net position which was offset by a decrease of $25,791,345 due to the implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71 (GASB 71), *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

- During fiscal year 2015, the balance of cash and cash equivalents, and short-term and other investments increased by $121,293,050 from $240,804,965 at August 31, 2014, to $362,098,015 on August 31, 2015, or 50.37%. This can be attributed to the issuance of South Texas College Districted Limited Tax Bonds, Series 2015.

- Capital assets, net of accumulated depreciation, at August 31, 2015, had a decrease of $163,795 from August 31, 2014, due to a decrease of $1,880,246 in buildings, a decrease in land improvements of $347,847, a decrease in library books of $160,831 and a decrease in telecommunication equipment of $9,771, offset by an increase in construction in progress of $1,854,851, an increase in furniture and equipment of $354,049, an increase in land of $1,000, and an increase in collections of $25,000.

Financial Statements

The financial statements of this annual report consist of three parts – Management's Discussion and Analysis, the Basic Financial Statements, and Required Supplementary Information. The financial statements, consisting of the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows are prepared in accordance with the Governmental Accounting Standards Board Statements No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local*

Governments; and No. 35 (GASB 35), *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.*

These three statements will assist the reader in determining whether the District, as a whole, is performing financially better this year as compared to last year. The financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

The Statements of Net Position report all of the District's assets, deferred outflows and inflows of resources, and liabilities. Net position is the difference between (a) assets and deferred outflows and (b) liabilities and deferred inflows and is subdivided into three categories to indicate the limitations on its use. Net investment in capital assets is not available for general use, since these are resources that have been invested in capital assets such as land, buildings and improvements, and equipment of the District. Restricted net position is not accessible for general use because the use of these assets is subject to third-party restrictions. Any remaining net position is classified as unrestricted and is available for general use.

Over time, increases or decreases in net position indicate the improvement or erosion of the District's financial health when considered with non-financial facts, such as enrollment levels and the condition of the facilities.

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred over the course of the fiscal year. Activities are reported as either operating or non-operating. Operating revenues are primarily those that result from instruction, the operation of the District's auxiliary services, and federal and state grants. State appropriations and ad-valorem taxes, while budgeted for operations, are considered to be non-operating revenue. Depreciation on capital assets is included in operating expenses. Since state appropriations and ad-valorem taxes are a significant portion of maintenance and operations funding, classification of this revenue as non-operating will usually result in an operating deficit.

Another important factor to consider when evaluating financial viability is the District's ability to meet financial obligations as they mature. The Statements of Cash Flows present information related to cash inflows and outflows summarized by operating, non-capital financing, capital and related financing and investing activities.

This discussion and analysis of the District's financial statements provides an overview of its financial activities for the fiscal year.

Analysis of Overall Financial Position and Results of Operations and Condensed Financial Information

Statements of Net Position

The Statements of Net Position presents a fiscal snapshot of all assets owned by the District, all liabilities owed by the District to others, the deferred outflows and inflows of resources, and the

resulting net position. The focus is to report the total net resources available to finance future services. Assets and liabilities are presented in the order of their liquidity.

From the data presented, readers of the financial statements are able to determine the assets available to continue operations of the District. They are also able to determine how much the District owes vendors, investors and lending institutions.

The following is prepared from the District's Statements of Net Position and provides a summary of its assets, deferred outflows of resources, liabilities, deferred inflows of resources and the changes in net position for the years ended August 31:

	Statements of Net Position		
	2015	2014	2013
Assets			
Current assets	$ 214,099,479	$ 187,531,297	$ 180,689,548
Capital assets, net	199,642,734	199,806,529	202,116,314
Noncurrent assets	162,267,091	66,709,502	4,942,081
Total Assets	**576,009,304**	**454,047,328**	**387,747,943**
Deferred Outflows of Resources			
Deferred amount of debt refundings	1,004,730	1,293,307	1,581,885
Deferred outflows related to pension	4,112,834	-	-
Total Deferred Outflows of Resources	**5,117,564**	**1,293,307**	**1,581,885**
Liabilities			
Current liabilities	32,813,530	28,816,886	36,007,093
Noncurrent liabilities	201,147,509	88,982,238	37,474,482
Total Liabilities	**233,961,039**	**117,799,124**	**73,481,575**
Deferred Inflows of Resources			
Deferred inflows related to pension	6,963,477	-	-
Total Deferred Inflows of Resources	**6,963,477**	**-**	**-**
Net investment in capital assets	170,833,415	169,028,494	162,064,429
Restricted expendable	21,990,626	21,972,306	20,325,155
Restricted non-expendable	339,446	339,445	339,444
Unrestricted	147,038,865	146,201,266	133,119,225
Total Net Position	**$ 340,202,352**	**$ 337,541,511**	**$ 315,848,253**

Statement of Net Position - Fiscal Year 2015 Compared to 2014

Total assets increased by $121,961,976 from $454,047,328 at August 31, 2014, to $576,009,304 on August 31, 2015. A review of the Statements of Net Position will reveal that the increase was due mainly to an overall increase of $121,293,050 in cash and cash equivalents, short term and other investments. This was attributable to the issuance of the South Texas College District Limited Tax Bonds, Series 2015.

Total deferred outflows increased by $3,824,257 from $1,293,307 at August 31, 2014 to, $5,117,564 on August 31, 2015. The increase was mainly due to the outflows related to pensions in the amount of $4,112,834.

Total liabilities from 2014 to 2015 increased by $116,161,915 from $117,799,124 at August 31, 2014, to $233,961,039 on August 31, 2015. The major factors contributing to the change was an increase in total bonds payable of $90,943,826, an increase of $22,763,681 in net pension liability and an increase in accounts payable of $1,476,685.

Due to the implementation of GASB 68 reporting requirements, deferred inflows increased by $6,963,477.

The combination of the increase in total assets and deferred outflows of resources from 2014 to 2015 of $125,786,233 and the increase in total liabilities and deferred inflows of resources of $123,125,392 yields an increase in total net position of $2,660,841. Fifty percent of net position, $170,833,415, reflects the District's substantial net investment in capital assets, net of outstanding debt obligations and accumulated depreciation related to those capital assets. Restricted net position such as endowment gifts with specific restrictions, grants from third-party agencies with expenditure restrictions, student loan funds and assets designated for debt service represent an

additional 7.0% of net position. The remaining unrestricted net position may be used for educational or general operations of the District.

Statement of Net Position - Fiscal Year 2014 Compared to 2013

Total assets increased by $66,299,385 from $387,747,943 at August 31, 2013, to $454,047,328 on August 31, 2014. A review of the Statements of Net Position will reveal that the increase was attributable to an increase of $17,920,085 in cash and cash equivalents, an increase of $18,754,899 in restricted cash and cash equivalents and an increase of $50,896,906 in restricted short-term investments. This was mainly offset by a decrease of $17,278,716 in short-term investments and a decrease of $2,309,785 in capital assets, net of accumulated depreciation.

Total liabilities from 2013 to 2014 increased by $44,317,549 from $73,481,575 at August 31, 2013, to $117,799,124 on August 31, 2014. The major factor contributing to the change was an increase in total bonds payable of $50,568,194, due to the issuance of the South Texas College District Limited Tax Bonds, Series 2014. This was mainly offset by a decrease in unearned revenue of $5,534,956 and a decrease in accounts payable of $1,030,294.

The combination of the increase in total assets and deferred outflows of resources from 2013 to 2014 of $66,010,807 and the increase in total liabilities of $44,317,549 yields an increase in total net position of $21,693,258. Fifty percent of net position, $169,028,494, reflects the District's substantial net investment in capital assets, net of outstanding debt obligations and accumulated depreciation related to those capital assets. Restricted net position such as endowment gifts with specific restrictions, grants from third-party agencies with expenditure restrictions, student loan funds and assets designated for debt service represent an additional 7.0% of net position. The remaining unrestricted net position may be used for educational or general operations of the District.

The following is a graphic illustration of net position at August 31, 2015, 2014 and 2013:

Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the Statements of Net Position are based on the activity presented in the Statements of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues earned by the District, both operating and non-operating, and the expenses incurred by the District, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the District.

Operating revenues are received for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the District. Non-operating revenues are revenues received for which goods and services are not provided.

The following summary is prepared from the District's Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended August 31:

Statements of Revenues, Expenses, and Changes in Net Position

	2015	2014	2013
Operating revenues	$ 39,227,839	$ 36,728,902	$ 37,658,223
Operating expenses	159,722,412	152,850,981	148,834,519
Operating loss	(120,494,573)	(116,122,079)	(111,176,296)
Non-operating revenues and expenses	146,892,186	140,818,213	138,083,799
Capital contributions	66,908	105,190	83,298
Extraordinary item	1,987,665	(2,655,340)	(4,230,489)
Increase in net position	28,452,186	22,145,984	22,760,312
Net position-beginning of year, as Restated	337,541,511	315,848,253	293,087,941
Cumulative effect of change in accounting principle	(25,791,345)	(452,726)	-
Net Position-End of Year	**$ 340,202,352**	**$ 337,541,511**	**$ 315,848,253**

Statement of Revenues, Expenses, and Changes in Net Position - Fiscal Year 2015 Compared to 2014

An operating loss of $120,494,573 resulted in fiscal year 2015. State appropriations, ad-valorem taxes, investment income and Title IV revenue, while budgeted for operations, are not considered to be exchange transactions and are therefore, classified as non-operating revenues according to generally accepted accounting principles. This will usually cause the District to show a significant operating loss.

The operating loss increased by $4,372,494 or 4%, from $116,122,079 in fiscal year 2014 to $120,494,573 in fiscal year 2015. Operating revenues increased by $2,498,937, and total operating expenses increased by $6,871,431.

The increase in operating revenues of $2,498,937 primarily consisted of an increase of $923,281 in federal grants and contracts, an increase of $884,918 in tuition and fees, and an increase of $663,092 general operating revenues. This was mainly offset by a decrease of $177,371 in state grants and contracts and a decrease of $62,028 in auxiliary enterprises.

Grants and contracts include restricted revenues made available by government agencies as well as private agencies. Grant funding is recognized as revenue at the point when all eligibility requirements imposed by the provider have been met. This source of revenue was approximately

38% of total revenues, an increase from $13,759,494 in fiscal year 2014 to $14,772,449 in fiscal year 2015.

In fiscal year 2015, the increase in operating expenses of $6,871,431 was due to increased personnel costs and increased operating costs due to strategic initiatives for the upcoming fiscal year's budget.

An analysis of operating expenses by function indicates an increase in instruction by $1,373,065 or 2%, an increase in academic support of $1,300,484 or 9%, an increase in institutional support of $1,977,867 or 10%, and an increase in operations and maintenance of $1,112,234 or 9%. Operating expenses increased due to the budgeted level of spending associated with increased personnel costs and increased operating costs.

Statement of Revenues, Expenses, and Changes in Net Position - Fiscal Year 2014 Compared to 2013

An operating loss of $116,122,079 resulted in fiscal year 2014. State appropriations, ad-valorem taxes, investment income and Title IV revenue, while budgeted for operations, are not considered to be exchange transactions and are therefore, classified as non-operating revenues according to generally accepted accounting principles. This will usually cause the District to show a significant operating loss.

The operating loss increased by $4,945,783 or 4.5%, from $111,176,296 in fiscal year 2013 to $116,122,079 in fiscal year 2014. Operating revenues decreased by $929,321, and total operating expenses increased by $4,016,462.

The decrease in operating revenues of $929,321 primarily consisted of a decrease of $1,185,009 in federal grants and contracts, a decrease of $914,389 in state grants and contracts, and a decrease of $563,133 in tuition and fees. This was mainly offset by an increase of $1,835,872 in non-governmental grants and contracts.

The decrease in tuition and fee revenue was attributed to a decrease in non-dual enrollment students in the fiscal year 2014 fall and spring semesters.

Grants and contracts include restricted revenues made available by government agencies as well as private agencies. Grant funding is recognized as revenue at the point when all eligibility requirements imposed by the provider have been met. This source of revenue was approximately 37% of total revenues, a decrease from $14,175,342 in fiscal year 2013 to $13,759,494 in fiscal year 2014.

In fiscal year 2014, the increase in operating expenses of $4,016,462 was due to increased personnel costs and increased operating costs due to strategic initiatives for the upcoming fiscal year's budget.

An analysis of operating expenses by function indicates an increase in instruction by $1,680,528 or 3%, an increase in academic support of $1,205,082 or 9%, an increase in operations and maintenance of $3,076,316 or 32%, a decrease in institutional support of $1,295,870 or 6% and a decrease in scholarships and fellowships of $1,031,432 or 4%. The increase in operations and maintenance of $3,076,316 is related to an increase in personnel costs due to functional classification changes from fiscal year 2013 to fiscal year 2014. The increase of $1,680,528 in instruction costs is related to an increase in faculty salaries and associated benefits. The decrease of $1,295,870 in institutional support is related to a decrease in personnel costs due to functional classification changes from fiscal year 2013 to fiscal year 2014. Operating expenses under the remaining elements of costs increased due to the budgeted level of spending associated with increased personnel costs and increased operating costs.

Operating revenues, used to fund operating expenses, consisted of the following percentages of the total:

	2015		2014		2013	
Operating Revenues	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Tuition and fees (net of discounts of $57,685,249, $59,803,233, and $56,202,456)	$ 21,373,162	54.48%	$ 20,488,244	55.78%	$ 21,051,377	55.90%
Federal grants and contracts	4,368,574	11.14%	3,445,293	9.38%	4,630,302	12.30%
State grants and contracts	4,068,944	10.37%	4,246,315	11.56%	5,160,704	13.70%
Local and non-governmental grants and contracts	6,334,931	16.15%	6,067,886	16.52%	4,384,336	11.64%
Auxiliary enterprises	1,773,325	4.52%	1,835,353	5.00%	1,810,240	4.81%
General operating revenues	1,308,903	3.34%	645,811	1.76%	621,264	1.65%
Total	**$ 39,227,839**	**100.00%**	**$ 36,728,902**	**100.00%**	**$ 37,658,223**	**100.00%**

Operating Revenues
Comparison - Fiscal Years 2015, 2014 and 2013

Operating expenses, including depreciation, may be viewed by their function or by natural (object) classification as illustrated below:

	2015		2014		2013	
Operating Expenses by Function	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Instruction	$ 60,820,171	38.08%	$ 59,447,106	38.89%	$ 57,766,578	38.81%
Research	-	0.00%	-	0.00%	4,516	0.00%
Public service	1,205,480	0.75%	829,711	0.54%	903,735	0.61%
Academic support	15,281,478	9.57%	13,980,994	9.15%	12,775,912	8.58%
Student services	10,969,940	6.87%	10,403,814	6.81%	10,090,241	6.78%
Institutional support	21,790,954	13.64%	19,813,087	12.96%	21,108,957	14.18%
Operations and maintenance of plant	13,675,484	8.56%	12,563,250	8.22%	9,486,934	6.38%
Scholarships and fellowships	27,815,696	17.42%	27,692,817	18.12%	28,724,249	19.30%
Auxiliary enterprises	1,403,408	0.88%	1,388,716	0.91%	1,383,521	0.93%
Depreciation	6,759,801	4.23%	6,731,486	4.40%	6,589,876	4.43%
Total	**$ 159,722,412**	**100.00%**	**$ 152,850,981**	**100.00%**	**$ 148,834,519**	**100.00%**

Operating Expenses by Function
Comparison - Fiscal Years 2015, 2014 and 2013

Operating Expenses by Classification	2015 Amount	2015 Percentage of Total	2014 Amount	2014 Percentage of Total	2013 Amount	2013 Percentage of Total
Salaries and wages	$ 77,739,719	48.67%	$ 74,608,758	48.81%	$ 71,203,678	47.84%
State benefits	6,529,425	4.09%	6,311,371	4.13%	5,095,698	3.42%
Local benefits	14,783,935	9.26%	13,716,088	8.97%	14,781,992	9.93%
Other (travel, operating and depreciation)	32,853,637	20.57%	30,521,947	19.97%	29,028,902	19.51%
Scholarships and fellowships	27,815,696	17.41%	27,692,817	18.12%	28,724,249	19.30%
Total	**$ 159,722,412**	**100.00%**	**$ 152,850,981**	**100.00%**	**$ 148,834,519**	**100.00%**

Operating Expenses by Classification
Comparison - Fiscal Years 2015, 2014 and 2013

Non-operating revenues consisted of the following:

	2015		2014		2013	
Non-Operating Revenues	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
State allocations	$ 42,858,200	27.43%	$ 42,766,020	29.50%	$ 38,977,829	27.58%
Ad-valorem taxes – maintenance and operations	43,951,580	28.12%	33,983,319	23.44%	32,403,363	22.93%
Ad-valorem taxes – debt service	14,105,277	9.03%	12,291,870	8.48%	12,030,232	8.51%
Federal revenue, non-operating	54,881,496	35.12%	55,351,962	38.18%	57,151,307	40.45%
Gifts	305,146	0.19%	323,100	0.22%	351,843	0.25%
Investment income (net of investment expenses)	144,206	0.09%	214,915	0.15%	389,519	0.28%
Insurance Proceeds	24,282	0.02%	-	-	-	-
Other non-operating revenues	-	0.00%	35,840	0.03%	-	-
Total	**$156,270,187**	**100.00%**	**$144,967,026**	**100.00%**	**$ 141,304,093**	**100.00%**

Non-operating expenses consisted of the following:

	2015		2014		2013	
Non-Operating Expenses	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Interest on capital related debt	$ 5,964,767	63.60%	$ 1,340,664	32.31%	$ 1,513,884	47.01%
Loss on sale/disposal/return of capital assets	240,389	2.56%	10,154	0.25%	217	0.01%
Non-capital construction costs	1,731,576	18.46%	1,715,994	41.36%	849,455	26.38%
Bond costs amortization	1,166,614	12.44%	873,317	21.05%	566,261	17.58%
Other non-operating expenses	274,655	2.94%	208,684	5.03%	290,477	9.02%
Total	**9,378,001**	**100.00%**	**4,148,813**	**100.00%**	**3,220,294**	**100.00%**
Net non-operating revenues (expenses)	**$146,892,186**		**$ 140,818,213**		**$ 138,083,799**	

The Statements of Revenues, Expenses, and Changes in Net Position reflect a positive year with an increase in the net position at the end of the year.

Some highlights of the information presented on the Statements of Revenues, Expenses, and Changes in Net Position are as follows:

- Tuition and fees were discounted by $57,685,249, $59,803,233 and $56,202,456 in fiscal years 2015, 2014 and 2013, respectively, which consisted of federal, state, local and private grants that were provided as financial aid to students and other remissions and exemptions.

- In fiscal year 2015, state allocations received increased by $92,180 due mainly to an increase in state on-behalf benefits of $218,055. State allocations totaling $42,858,200 consisted of $35,896,669 of contact hour funding, $393,155 of professional nursing shortage reduction, $38,951 of Hazlewood reimbursement and $6,529,425 of state on-behalf benefits, which consisted of state group insurance of $4,390,995 and state retirement matching of $2,138,430. The contact hour allocations are received in 10 monthly payments, September through December and March through August.

- The District's state allocation for contact hour funding was $35,896,669 for both, fiscal year 2015 and fiscal year 2014.

- The tax base, net assessed valuation, for Hidalgo and Starr Counties increased by $718,959,734 or 2% from $30,246,199,691 in fiscal year 2014 to $30,965,159,425 in fiscal year 2015. Tax revenue increased 25% from $46,275,189 in fiscal year 2014, to $58,056,857 in fiscal year 2015.

- In fiscal year 2014, state allocations received increased by $3,788,191 due mainly to an increase in contact hour funding of $2,014,538 and an increase in state on-behalf benefits of $1,215,672. State allocations totaling $42,766,020 consisted of $35,896,669 of contact hour funding, $464,567 of professional nursing shortage reduction, $93,414 of Hazlewood reimbursement and $6,311,370 of state on-behalf benefits, which consisted of state group insurance of $4,182,296 and state retirement matching of $2,129,074. The contact hour allocations are received in 10 monthly payments, September through December and March through August.

- The District's state allocation for contact hour funding was increased by $2,014,538 from $33,882,131 in fiscal year 2013 to $35,896,669 in fiscal year 2014.

- The tax base, net assessed valuation, for Hidalgo and Starr Counties increased by $600,665,620 or 2% from $29,645,534,071 in fiscal year 2013 to $30,246,199,691 in fiscal year 2014. Tax revenue increased 4% from $44,433,595 in fiscal year 2013, to $46,275,189 in fiscal year 2014.

- The District's federal Title IV grant programs revenue decreased by $1,799,345 from $57,151,307 in fiscal year 2013 to $55,351,962 in fiscal year 2014 due mainly to the reduced federal financial aid to students resulting from a change in provisions allowing students to use 2014 awards for Summer 2013.

Statement of Cash Flows

The final statement presented by the District is the Statements of Cash Flows, which details information about the cash activity of the District during the year. The statement is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing and non-capital financing purposes. The third section reflects cash flows from capital and related financing activities. This section reflects the cash used for the acquisition and construction of capital assets and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statements of Revenues, Expenses, and Changes in Net Position.

The following summary is prepared from the District's Statements of Cash Flows for the fiscal years ended August 31:

	Statements of Cash Flows		
	2015	2014	2013
Cash provided (used) by:			
Operating activities	$ (109,977,495)	$ (116,819,299)	$ (98,040,156)
Non-capital financing activities	139,477,763	129,790,915	126,806,700
Capital and related financing activities	91,653,320	57,059,038	(2,387,111)
Investing activities	164,415,178	(33,355,670)	(33,453,178)
Net change in cash and cash equivalents	285,568,766	36,674,984	(7,073,745)
Cash and cash equivalents-September 1,	76,191,734	39,516,750	46,590,495
Cash and cash equivalents-August 31,	**$ 361,760,500**	**$ 76,191,734**	**$ 39,516,750**

Statement of Cash Flows - Fiscal Year 2015 Compared to 2014

The Statements of Cash Flows indicates an overall increase in cash and cash equivalents of $285,568,766 at August 31, 2015 and an overall increase in cash and cash equivalents of $36,674,984 at August 31, 2014.

Net cash used by operating activities increased by $6,841,804. The primary use of cash in operations was in payment of salaries and benefits, which increased by $3,909,756 from $90,445,989 in fiscal year 2014 to $94,355,745 in fiscal year 2015, followed by payments for scholarships and fellowships, which increased by $86,037 from $27,690,953 in fiscal year 2014 to

$27,776,990 in fiscal year 2015 and payments to suppliers for goods and services, which decreased by $56,059, from $24,379,418 in fiscal year 2014 to $24,323,359 in fiscal year 2015. Sources of cash from operating activities are primarily from students and other customers, and grants and contracts. Receipts from students and other customers increased by $6,213,057 from $17,284,796 in fiscal year 2014 to $23,497,853 in fiscal year 2015. Receipts from grants and contracts increased by $163,446 from $13,809,240 in fiscal year 2014 to $13,972,686 in fiscal year 2015.

Net cash provided by non-capital financing activities increased by $9,686,848. Sources of cash from non-capital financing activities are primarily from non-operating federal revenue, state allocations and ad-valorem taxes for maintenance and operations. Non-operating federal revenue decreased by $470,466 from $55,351,962 in fiscal year 2014 to $54,881,496 in fiscal year 2015. State allocations decreased by $116,519 from $38,583,724 in fiscal year 2014 to $38,467,205 in fiscal year 2015. Ad-valorem taxes for maintenance and operations had an increase of $9,767,877 from $34,198,650 in fiscal year 2014 to $43,966,527 in fiscal year 2015.

Net cash provided by capital and related financing activities increased by $34,594,282. Capital and related financing activities include proceeds on issuance of capital debt and ad-valorem taxes for debt service and payment of capital debt, both, principal and interest, as well as capital asset acquisitions. The major source of cash from capital and related financing activities is from proceeds on issuance of capital debt, which increased by $39,333,415 and ad-valorem taxes-debt services, which increased by $1,801,994 from $12,460,450 in fiscal year 2014 to $14,262,444 in fiscal year 2015. Capital asset acquisitions increased by $2,469,768 from $4,210,106 in fiscal year 2014 to $6,679,874 in fiscal year 2015. Payment of capital debt had an increase of $4,062,929 from $11,718,414 in fiscal year 2014 to $15,781,343 in fiscal year 2015.

Net cash used by investing activities increased by $197,770,848. Investing activities include purchase of investments, proceeds from sale and maturity of investments, and receipts from interest on investments. Purchase of investments decreased by $78,000,000 from $78,000,000 in fiscal year 2014 to $0 in fiscal year 2015. Proceeds from sale and maturity of investments increased by, $119,893,906 from $44,381,810 in fiscal year 2014 to $164,275,716 in fiscal year 2015. Receipts from interest on investments decreased by $123,058 from $262,250 in fiscal year 2014 to $139,462 in fiscal year 2015.

Statement of Cash Flows - Fiscal Year 2014 Compared to 2013

The Statements of Cash Flows indicates an overall increase in cash and cash equivalents of $36,674,984 at August 31, 2014 and an overall decrease in cash and cash equivalents of $7,073,745 at August 31, 2013.

Net cash used by operating activities decreased by $18,779,143. The primary use of cash in operations was in payment of salaries and benefits, which increased by $3,491,281 from $86,954,708 in fiscal year 2013 to $90,445,989 in fiscal year 2014, followed by payments for scholarships and fellowships, which decreased by $925,064 from $28,616,017 in fiscal year 2013 to $27,690,953 in fiscal year 2014 and payments to suppliers for goods and services, which increased by $3,236,255, from $21,143,163 in fiscal year 2013 to $24,379,418 in fiscal year 2014.

Sources of cash from operating activities are primarily from students and other customers, and grants and contracts. Receipts from students and other customers decreased by $11,878,841 from $29,163,637 in fiscal year 2013 to $17,284,796 in fiscal year 2014. Receipts from grants and contracts decreased by $720,302 from $14,529,542 in fiscal year 2013 to $13,809,240 in fiscal year 2014.

Net cash provided by non-capital financing activities increased by $2,984,215. Sources of cash from non-capital financing activities are primarily from non-operating federal revenue, state allocations and ad-valorem taxes for maintenance and operations. Non-operating federal revenue decreased by $1,799,345 from $57,151,307 in fiscal year 2013 to $55,351,962 in fiscal year 2014. State allocations increased by $2,681,146 from $35,902,578 in fiscal year 2013 to $38,583,724 in fiscal year 2014. Ad-valorem taxes for maintenance and operations had an increase of $663,236 from $33,535,414 in fiscal year 2013 to $34,198,650 in fiscal year 2014.

Net cash provided by capital and related financing activities increased by $59,446,149. Capital and related financing activities include proceeds on issuance of capital debt and ad-valorem taxes for debt service and payment of capital debt, both, principal and interest, as well as capital asset acquisitions. The major source of cash from capital and related financing activities is from proceeds on issuance of capital debt, which increased by $60,578,664 and ad-valorem taxes-debt services, which increased by $55,760 from $12,404,690 in fiscal year 2013 to $12,460,450 in fiscal year 2014. Capital asset acquisitions increased by $623,165 from $3,586,941 in fiscal year 2013 to $4,210,106 in fiscal year 2014. Payment of capital debt had an increase of $570,994 from $11,147,420 in fiscal year 2013 to $11,718,414 in fiscal year 2014.

Net cash used by investing activities decreased by $97,508. Investing activities include purchase of investments, proceeds from sale and maturity of investments, and receipts from interest on investments. Purchase of investments increased by $23,500,000 from $54,500,000 in fiscal year 2013 to $78,000,000 in fiscal year 2014. Proceeds from sale and maturity of investments increased by, $23,669,019 from $20,712,791 in fiscal year 2013 to $44,381,810 in fiscal year 2014. Receipts from interest on investments decreased by $71,511 from $334,031 in fiscal year 2013 to $262,520 in fiscal year 2014.

Capital Asset and Long-Term Debt Administration

The District had $271,753,646 in capital assets and $72,110,912 in accumulated depreciation at August 31, 2015.

	Capital Assets (Net of Depreciation)		
	2015	2014	2013
Land	$ 29,555,510	$ 29,554,510	$ 29,554,510
Collections	36,000	11,000	11,000
Construction in progress	2,393,384	538,533	575,433
Buildings	138,836,849	140,717,095	142,634,551
Land improvements	17,378,691	17,726,538	18,898,557
Library books	1,755,617	1,916,448	1,987,994
Furniture, machinery, vehicles, and other equipment	9,644,433	9,290,384	8,415,572
Telecommunications and peripheral equipment	42,250	52,021	38,697
Net capital assets	**$ 199,642,734**	**$ 199,806,529**	**$ 202,116,314**

The following is a graphic illustration of capital assets, net of depreciation at August 31, 2015, 2014 and 2013.

Capital Assets (Net of Depreciation)
Comparison - Fiscal Years 2015, 2014 and 2013

Capital Assets Net of Depreciation Fiscal Year 2015 Compared to 2014

From fiscal year 2014 to fiscal year 2015, buildings, net of depreciation, decreased by $1,880,246, construction in progress increased by $1,854,851 and land improvements decreased by $347,847.

Capital Assets Net of Depreciation Fiscal Year 2014 Compared to 2013

From fiscal year 2013 to fiscal year 2014, buildings, net of depreciation, decreased by $1,917,456, construction in progress decreased by $36,900 and land improvements decreased by $1,172,019.

The bonds payable liability balances at August 31, 2015, 2014 and 2013 are as follows:

Outstanding Debt – Bonds

	2015	2014	2013
South Texas College District Tax Bonds, Series 2007 MTR	$ 1,435,000	$ 1,760,000	$ 2,070,000
South Texas College District Tax Bonds, Series 2007 LTR	17,235,000	21,559,991	21,844,991
South Texas College District Tax Bonds, Series 2010 LTR	5,150,000	6,985,000	13,975,000
South Texas College District Tax Bonds, Series 2013 LTR	3,225,000	4,780,000	6,495,000
South Texas College District Tax Bonds, Series 2014 LT	53,750,000	53,750,000	-
South Texas College District Tax Bonds, Series 2015 LT	90,220,000	-	-
Total Bonds Payable	**$ 171,015,000**	**$ 88,834,991**	**$ 44,384,991**

The District's bond ratings on the outstanding bonds are AA by Standard & Poor's Ratings Services and Aa2 by Moody's Investors Service.

The bonds were issued to address the facility requirements of the District. The enrollment has increased over the years since the District's inception. Over the last five years, the unduplicated annual headcount enrollment has increased by 14%, from 36,951 in fiscal year 2011 to 42,079 in fiscal year 2015. During the same period, the total contact hour generation has increased 3%, from 11,745,072 contact hours in 2011 to 12,118,584 contact hours in 2015.

For additional information concerning capital assets and debt administration, see Notes No. 5, No. 6, No. 7, and No. 8 in the Notes to the Financial Statements.

See Note No. 25 in the Notes to Financial Statements for contractual commitments for capital expenditures at August 31, 2015. In fiscal years 1997 through 2015, the District has set aside a total of $100,210,860 for construction of facilities and a total of $30,713,236 for deferred maintenance purposes. The amounts set aside are funded from current year revenue and net position.

The District is authorized to issue, per Education Code Section 130.122, $0.50 per $100 valuation of taxable property for bonded debt. The District's debt tax rate in fiscal year 2015 was $0.0450 per $100 valuation of taxable property.

Economic Outlook

The District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the coming fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

The District's overall financial position is strong. Increases in tuition and fee revenues and conservative spending practices have contributed to the District's ability to realize an increase in net position.

Request for Information

This financial report is intended to provide a general overview of South Texas College District's finances. Requests for additional financial information may be addressed to South Texas College District, Business Office, P.O. Box 9701, McAllen, Texas 78502-9701.

South Texas College District
Statements of Net Position
August 31, 2015 and 2014

Exhibit 1

	FY 2015	FY 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 185,458,216	$ 52,670,153
Restricted cash and cash equivalents	14,393,902	12,191,482
Short-term investments	25	109,261,906
Accounts receivable (net of allowance for doubtful accounts of $5,887,003 in 2015 and $5,810,957 in 2014)	13,411,409	12,536,219
Deposits in escrow	152,100	146,884
Prepaid expenses	683,827	724,653
Total Current Assets	**214,099,479**	**187,531,297**
Noncurrent Assets:		
Restricted cash and cash equivalents	161,908,382	11,330,099
Endowment investments	5,590	5,590
Restricted short-term investments	331,900	55,345,735
Deferred bond issuance costs (net of related amortization of $6,859 in 2015 and $459,584 in 2014)	21,219	28,078
Capital assets, net (note 5)	199,642,734	199,806,529
Total Noncurrent Assets	**361,909,825**	**266,516,031**
Total Assets	**576,009,304**	**454,047,328**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on debt refundings	1,004,730	1,293,307
Deferred outflows related to pensions	4,112,834	-
Total Deferred Outflows of Resources	**5,117,564**	**1,293,307**
Total Assets & Deferred Outflows of Resources	**$ 581,126,868**	**$ 455,340,635**
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 4,294,012	$ 2,817,327
Accrued liabilities	2,038,279	1,539,853
Accrued compensable absences - current portion	696,842	639,686
Funds held for others	430,280	403,976
Unearned revenue	14,889,466	14,503,234
Bonds payable - current portion	10,464,651	8,912,810
Total Current Liabilities	**32,813,530**	**28,816,886**
Noncurrent Liabilities:		
Accrued compensable absences	86,774	77,169
Bonds payable, net	178,297,054	88,905,069
Net pension liability	22,763,681	-
Total Noncurrent Liabilities	**201,147,509**	**88,982,238**
Total Liabilities	**233,961,039**	**117,799,124**
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions	6,963,477	-
Total Deferred Inflows of Resources	**6,963,477**	**-**

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

South Texas College District
Statements of Net Position
August 31, 2015 and 2014

Exhibit 1

	FY 2015	FY 2014
NET POSITION		
Net investment in capital assets	170,833,415	169,028,494
Restricted for:		
Expendable		
Student aid	2,544,086	2,097,439
Instructional programs	883,930	734,312
Institutional activities	315,558	457,171
Loans	1,085,968	1,048,022
Debt service	17,161,084	17,635,362
Non-expendable		
Endowment	339,446	339,445
Unrestricted	147,038,865	146,201,266
Total Net Position (Schedule D)	**340,202,352**	**337,541,511**
Total Liabilities, Deferred Inflows of Resources & Net Position	**$ 581,126,868**	**$ 455,340,635**

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

South Texas College District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2015 and 2014

Exhibit 2

	FY 2015	FY 2014
OPERATING REVENUES		
Tuition and fees (net of discounts of $57,685,249 in 2015 and $59,803,233 in 2014)	$ 21,373,162	$ 20,488,244
Federal grants and contracts	4,368,574	3,445,293
State grants and contracts	4,068,944	4,246,315
Local grants and contracts	1,099,573	1,118,054
Non-governmental grants and contracts	5,235,358	4,949,832
Auxiliary enterprises	1,773,325	1,835,353
General operating revenues	1,308,903	645,811
Total Operating Revenues (Schedule A)	**39,227,839**	**36,728,902**
OPERATING EXPENSES		
Educational and general		
Instruction	60,820,171	59,447,106
Public service	1,205,480	829,711
Academic support	15,281,478	13,980,994
Student services	10,969,940	10,403,814
Institutional support	21,790,954	19,813,087
Operations and maintenance of plant	13,675,484	12,563,250
Scholarships and fellowships	27,815,696	27,692,817
Auxiliary enterprises	1,403,408	1,388,716
Depreciation	6,759,801	6,731,486
Total Operating Expenses (Schedule B)	**159,722,412**	**152,850,981**
OPERATING LOSS	**(120,494,573)**	**(116,122,079)**
NON-OPERATING REVENUES (EXPENSES)		
State allocations	42,858,200	42,766,020
Ad-valorem taxes		
Taxes for maintenance and operations	43,951,580	33,983,319
Taxes for debt service	14,105,277	12,291,870
Federal revenue, non-operating	54,881,496	55,351,962
Gifts	305,146	323,100
Investment income (net of investment expenses)	144,206	214,915
Insurance proceeds	24,282	
Interest on capital related debt	(5,964,767)	(1,340,664)
Gain (loss) on disposal of capital assets	(240,389)	(10,154)
Non-capital construction costs	(1,731,576)	(1,715,994)
Bond costs amortization	(1,166,614)	(873,317)
Other non-operating revenues (expenses)	(274,655)	(172,844)
Net Non-Operating Revenues (Expenses) (Schedule C)	**146,892,186**	**140,818,213**
Income Before Contributions and Extraordinary Item	**26,397,613**	**24,696,134**
Capital contributions	66,908	105,190
Extraordinary item	1,987,665	(2,655,340)
Increase In Net Position	**28,452,186**	**22,145,984**
NET POSITION		
Net Position-Beginning of Year	337,541,511	315,848,253
Cumulative Effect of Change in Accounting Principle (Note 2)	(25,791,345)	(452,726)
Net Position-End of Year	**$ 340,202,352**	**$ 337,541,511**

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

South Texas College District
Statements of Cash Flows
For the Years Ended August 31, 2015 and 2014

Exhibit 3

	FY 2015	FY 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	$ 23,497,853	$ 17,284,796
Receipts from grants and contracts	13,972,686	13,809,240
Payments to suppliers for goods or services	(24,323,359)	(24,379,418)
Payments to or on behalf of employees	(94,355,745)	(90,445,989)
Payments for scholarships and fellowships	(27,776,990)	(27,690,953)
Payments for loans issued to students	(1,312,785)	(1,186,665)
Receipts from collection of loans to students	1,162,019	1,066,812
Other receipts	1,142,138	533,767
Payments for non-operating construction costs	(1,741,127)	(5,633,854)
Payments for non-operating transactions	(242,185)	(177,035)
Net cash used by operating activities	**(109,977,495)**	**(116,819,299)**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from state allocations	38,467,205	38,583,724
Receipts from ad-valorem taxes-maintenance and operation	43,966,527	34,198,650
Receipts from non-operating federal revenue	54,881,496	55,351,962
Payments for collection of taxes for maintenance and operation	(122,911)	(117,856)
Receipts from gifts or grants for other than capital purposes	296,548	281,003
Receipts from student organizations and other agency transactions	2,953,780	2,695,230
Payments to student organizations and other agency transactions	(2,989,253)	(2,500,544)
Receipts from endowment interest	89	386
Proceeds from insurance claims	2,024,282	1,298,360
Net cash provided by non-capital financing activities	**139,477,763**	**129,790,915**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds on issuance of capital debt	99,912,079	60,578,664
Refund of overpayment of issuance cost bond	8,983	782
Receipts from ad-valorem taxes-debt services	14,262,444	12,460,450
Payments for collection of taxes for debt service	(63,753)	(62,338)
Contribution received in aid of construction	-	10,000
Purchases of capital assets including payments for construction costs	(6,679,874)	(4,210,106)
Payments for deposit in escrow	(5,216)	-
Payments on capital debt-principal	(8,039,991)	(9,300,000)
Payments on capital debt-interest and fees	(6,861,191)	(1,839,750)
Bond issue costs paid on new capital debt issue	(880,161)	(578,664)
Net cash provided (used) by capital and related financing activities	**91,653,320**	**57,059,038**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale and maturity of investments	164,275,716	44,381,810
Receipts from interest on investments	139,462	262,520
Purchase of investments	-	(78,000,000)
Net cash used by investing activities	**164,415,178**	**(33,355,670)**
Increase (decrease) in cash and cash equivalents	**285,568,766**	**36,674,984**
Cash and cash equivalents-September 1,	76,191,734	39,516,750
Cash and cash equivalents-August 31,	**$ 361,760,500**	**$ 76,191,734**

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

South Texas College District
Statements of Cash Flows
For the Years Ended August 31, 2015 and 2014

Exhibit 3

	FY 2015	FY 2014
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	$ (120,494,573)	$ (116,122,079)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	6,759,801	6,731,486
Payments made directly by state for benefits	4,390,995	4,182,296
Payments for non-operating construction costs	(1,741,127)	(5,633,854)
Payments for non-operating transactions	(242,185)	(177,035)
Changes in assets and liabilities:		
Receivables, net	(880,333)	602,628
Prepaid expenses	40,826	383,510
Deferred outflow	(1,952,249)	
Accounts payable	1,457,120	(1,194,934)
Accrued liabilities	416,599	(93,093)
Compensable absences	66,761	101,025
Unearned revenues	425,642	(5,599,249)
Net pension liability	(5,188,249)	-
Deferred inflow	6,963,477	-
Net cash used by operating activities	**$ (109,977,495)**	**$ (116,819,299)**

Non-cash investing, capital, and financing activities for fiscal year 2015:

Library books donated to the District during the fiscal year amounted to $530.

During the fiscal year, General Motors donated the following vehicles to the Automotive Technology Department for a total of $30,958: 2013 Chevrolet Camaro $5,583, 2015 Chevrolet Suburvan $14,210, and 2015 GMC Sierra $11,165.

During the fiscal year, a 2014 Honda Engine in the amount of $5,000 was donated to the Precision Manufacturing Department.

A Start Smart Computer Learning Center station was donated to the Child Development Center at the Mid Valley Campus in the amount of $5,420.

The Art Department received two works of art donations amounting to $25,000. A painting entitled "Elvis" for $5,000 and another paining entitled "Trafficked" for $20,000.

In-kind contributions provided by vendors for the Valley Scholars Program during the fiscal year amounted to $32,471.

Bond discount and premiums are amortized over the debt repayment period for the following bond series.

Premium - MTR Bond Series 2007	1,666
Premium - LTR Bond Series 2007	204,458
Premium - LTR Bond Series 2010	248,625
Premium - LTR Bond Series 2013	85,165
Premium - LT Bond Series 2014	332,905
Premium - LT Bond Series 2015	(9,636,636)

The deferred loss ending balance as of August 31, 2015 is $31,513, $288,946, $631,005, and $53,266 for MTR Bond Series 2007, LTR Bond Series 2007, LTR Bond Series 2010 and LTR Bond Series 2013, respectively, which will be amortized over the debt repayment period.

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

The bond issuance costs are amortized over the debt repayment period for the following bond series.

MTR Bond Series 2007	643
LTR Bond Series 2007	6,216

Pledge contributions as of August 31, 2015, consisted of $18,247 non-cash and $7,000 cash.

Payments made directly by the state for benefits as of August 31, 2015, consisted of $4,390,995.

Non-cash investing, capital, and financing activities for fiscal year 2014:

In June 2014, a Diesel Engine (Paccar MX10) in the amount of $40,392 was donated to the Diesel Technology Department.

Library books donated to the District during the fiscal year amounted to $3,215.

During the fiscal year, General Motors donated the following vehicles to the Automotive Technology Department for a total of $28,083: 2008 Buick Enclave $ 8,500, 2014 Cadillac ATS $5,500, 2007 Saturn Outlook $8,500, and 2014 Chevrolet Malibu $5,583.

An Acuson 128 XP/10 Ultrasound Equipment and a Siemens Acuson Ultrasound Unit with 4 Transducers for instructional use were donated to the Radiology Technology Program during the fiscal year in the amounts of $7,000 and $6,500, respectively.

During the fiscal year, a 15 Ton Roof Top Package Unit in the amount of $10,000 was donated to the HVACR Department.

In-kind contributions provided by vendors for the Valley Scholars Program during the fiscal year amounted to $34,597.

Bond discount and premiums are amortized over the debt repayment period for the following bond series.

Premium - MTR Bond Series 2007	1,666
Premium - LTR Bond Series 2007	204,458
Premium - LTR Bond Series 2010	248,625
Premium - LTR Bond Series 2013	85,164
Premium - LT Bond Series 2014	(6,658,107)

The deferred loss ending balance as of August 31, 2014 is $39,391, $385,261, $788,756, and $79,899 for MTR Bond Series 2007, LTR Bond Series 2007, LTR Bond Series 2010 and LTR Bond Series 2013, respectively, which will be amortized over the debt repayment period.

The bond issuance costs are amortized over the debt repayment period for the following bond series.

MTR Bond Series 2007	20,613
LTR Bond Series 2007	144,273
Bond Series 2010	179,203
Bond Series 2013	115,495

Pledge contributions as of August 31, 2014, consisted of $30,620 non-cash and $18,500 cash.

Payments made directly by the state for benefits as of August 31, 2014, consisted of $4,182,296.

Note 1 – Reporting Entity

South Texas College District ("the District") was established on June 1, 1993, in accordance with the laws of the State of Texas, to serve the educational needs of Hidalgo and Starr Counties and the surrounding communities. South Texas College District is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the District 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.

Note 2 – Summary of Significant Accounting Policies

A. Reporting Guidelines

The significant accounting policies followed by South Texas College District in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community Colleges* and in accordance with U.S. Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board (GASB). The District applies all applicable GASB pronouncements. The District is reported as a special-purpose government engaged in business-type activities (BTA).

Selected separate financial statements are provided, as required by the Texas Higher Education Coordinating Board (THECB), even though the latter are excluded from the government-wide financial statements. The District adheres to the financial statement presentation required by the THECB.

B. Nature of Operations

South Texas College District is a political subdivision of the State of Texas located in Hidalgo and Starr Counties, Texas. The District offers academic, general occupational, developmental and continuing adult education programs through a network of locations. The District is governed by a seven member Board of Trustees who serve staggered six-year terms with elections held in May of each even-numbered year.

C. Tuition Discounting

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

Title IV, Higher Education Act Program (HEA) Funds
Certain Title IV HEA Program funds are received by the District to pass through to the student. These

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Tuition Discounting (Continued)

funds are initially received by the District and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts
The District 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 dispersed directly to the student, the amount is recorded as a scholarship expense.

D. Basis of Accounting, Measurement Focus and Financial Statement Presentation

The financial statements of South Texas College District 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. The District's financial statements are prepared using the economic resources measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

E. Operating and Non-Operating Revenue and Expense Policy

The District distinguishes operating revenues and expenses from non-operating items. The District reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. As business-type activities, the District's operating revenues are defined as the result of exchange transactions with those who purchase, use or directly benefit from the goods or services of the District. The principal operating revenues are tuition and related fees, net of discounts. The District also recognizes as operating revenue federal, state and local grants, non-governmental grants and contracts, auxiliary enterprises and other operating revenues. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. Non-operating revenues include activities that have the characteristic of non-exchange transactions, such as gifts and contributions, property tax and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, such as investment income. The major non-operating revenues are allocations from the state, including restricted revenues such as state insurance and benefit allocations, property tax collections and Title IV funds. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are reported as non-operating revenues or non-operating expenses. The operation of the bookstore is not performed by the District.

Note 2 – Summary of Significant Accounting Policies (Continued)

F. 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 District's Board of Trustees adopts the budget, for internal management use at the individual fund and account group level on which the books of the District are maintained, and it 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, the Legislative Budget Board, the Legislative Reference Library and the Governor's Office of Budget and Planning by December 1.

G. Elimination of Internal Activity

The internal activity and balances reflected in the internal use only fund financial statements are eliminated in the preparation of the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, to avoid the inappropriate "grossing-up" effects that internal activity would otherwise have on aggregated amounts.

H. Cash and Cash Equivalents

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

I. Restricted Cash and Cash Equivalents and Investments

Restricted cash and cash equivalents and investments reserved for payment of restricted current liabilities are included as current assets. Cash and cash equivalents and investments that are externally restricted as to their use are classified as noncurrent assets in the Statements of Net Position. This category includes cash and investment balances restricted to make debt service payments, maintain sinking or reserve funds, or purchase or construct capital or other noncurrent assets, or that are restricted by donors.

J. Investments

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

K. Inventories

Inventories consist of consumable office supplies, physical plant supplies and food service supplies. Inventories are valued at cost under the "first-in, first-out" method and are charged to expenses as consumed.

Note 2 – Summary of Significant Accounting Policies (Continued)

L. Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are valued at their estimated fair value at the date of donation. South Texas College District capitalization policy includes real and personal property with a unit cost equal to or greater than $5,000 and an estimated useful life in excess of one year. Renovations of $100,000 or more to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following useful lives are used:

Buildings	50 years
Facilities and land improvements	20 years
Library books and materials	15 years
Furniture, machinery, vehicles and equipment	10 years
Telecommunications and peripheral equipment	5 years

Residual values of 10% are maintained for facilities and land improvements and buildings.

M. Collections/Works of Art

The District's capitalization policy includes works of art, historical treasures and similar assets with a $5,000 threshold whether they are held as individual items or in a collection. Collections are not depreciated as they are deemed to have permanent value.

N. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. A typical deferred outflow for community colleges is a deferred charge on refunding debt.

O. Unearned Revenues

Tuition and fees of $13,738,722 and $14,073,913 and federal, state, local, and private grants of $1,150,744 and $429,321 have been reported as unearned revenues at August 31, 2015, and 2014, respectively. Total unearned revenues were $14,889,466 and $14,503,234 at August 31, 2015, and 2014, respectively.

Note 2 – Summary of Significant Accounting Policies (Continued)

P. Noncurrent Liabilities

Noncurrent liabilities include (1) principal amount of bonds payable, notes payable and capital lease obligations with contractual maturities greater than one year, (2) other liabilities that will not be paid within the next fiscal year and (3) other liabilities that, although payable within a year, are to be paid from funds that are classified as noncurrent assets.

Q. Pensions

For the year ended August 31, 2015, the District implemented the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined based on the flow of economic resource measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability: deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, and liabilities and additions to/deductions from TRS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

R. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. A typical deferred inflow for community colleges is a deferred earning on plan investments.

S. 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.

T. Net Position

The District's net position is classified as follows:

Net investment in capital assets: This represents the District's total investment in capital assets, net of outstanding debt obligations and accumulated depreciation related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Note 2 – Summary of Significant Accounting Policies (Continued)

T. Net Position (Continued)

Restricted net position–expendable: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net position–non-expendable: Restricted non-expendable net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal.

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of educational departments and auxiliary enterprises which are substantially self-supporting activities that provide services for students, faculty and staff.

These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose. When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources.

U. Capitalization of Interest

Interest cost during the construction period is capitalized in accordance with GASB Statement No. 62. The District's policy is to capitalize interest cost as a component of construction in progress upon completion of capital assets. As of August 31, 2015, the District incurred $6,943,018 in interest cost expense and $8,760 was capitalized. As of August 31, 2014, the District incurred $2,051,622 in interest cost expense.

V. Bond Discounts/Premiums

Bond discounts/premiums and issuance costs are deferred and amortized over the term of the bond. Bond discounts/premiums are presented as a reduction/addition of the face amount of bonds payable, whereas issuance costs for insurance premiums are recorded as deferred charges.

W. Gain or Loss on Retirement of Debt

The gain or loss on the early retirement of debt is deferred and amortized over the shorter of (1) the remaining amortization period that was used in the original refunding or (2) the life of the newly issued debt. This deferred amount is reported as a deduction from the new debt liability on the statement of net position.

Note 2 – Summary of Significant Accounting Policies (Continued)

X. Characterization of Title IV Grant Revenues

In response to guidance provided by the Government Accounting Standards Board (GASB) as question/answer 7.72.10 in the Implementation Guide, beginning fiscal year 2009, the Texas Higher Education Coordinating Board required colleges to reclassify the revenue received for federal Title IV grant programs (i.e. Pell grants) from operating revenue to non-operating revenue.

Y. Designation of Unrestricted Net Position

In fiscal year 2015, the District's Board of Trustees designated a total of $4,000,000 of the unrestricted net position. The designation includes $2,000,000 for the Enterprise Resource Planning (ERP) infrastructure maintenance and renewals and $2,000,000 for furniture replacements. The District's Board of Trustees also reassigned $2,000,000 of previously designated funds for health insurance premiums to the ERP infrastructure maintenance and renewals designation. In fiscal year 2014, the District's Board of Trustees designated $7,500,000 for ERP infrastructure maintenance and renewals, $4,000,000 for deferred maintenance of facilities, and a reserve of $3,500,000 for the District's business continuity and disaster plan. In fiscal year 2013, the District's Board of Trustees designated $2,000,000 of the unrestricted net position for the purpose of supplementing future employee health insurance costs. In fiscal year 2011 and fiscal year 2012, the District's Board of Trustees had designated $5,000,000 and $2,500,000, respectively, for the same purpose. As a result, the District has designated $28,500,000 of the unrestricted net position at August 31, 2015.

Z. Prior-Year Reclassifications

A reclassification in the Statements of Net Position was necessary in the assets section to change the previous classification of restricted cash and cash equivalents from noncurrent assets to current assets.

A reclassification in the Statements of Revenue, Expenses, and Changes in Net Position was necessary to change the previous classification of federal and state grants and contracts to local and non-governmental grants and contracts. This reclassification also affects the Schedule of Operating Revenues. A reclassification was necessary to change the previous classification of debt issuance costs, except the portion that pertains to insurance, from bond costs amortization to cumulative effect of change in accounting principle. In fiscal year 2014, the year of implementation of GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, a restatement to beginning net position was required for the recording of debt issuance costs, which are required to be expensed in the year they are in incurred. This reclassification also affects the Schedule of Non-Operating Revenues and Expenses.

A reclassification in the Schedule of Operating Revenues was necessary to segregate bad debt allowance into its proper classified format of scholarship allowances and discounts. A reclassification was necessary to change the previous classification of federal and state grants to students to local and private grants to students in the classified format of scholarship allowances and discounts.

Note 2 – Summary of Significant Accounting Policies (Continued)

AA. Prior-Year Restatement

In the year of implementation of GASB Statement 68 *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No.27*, as amended by GASB Statement 71 *Pension Transition for Contributions made Subsequent to the Measurement Date*, a restatement to beginning net position will be required for the recording of the net beginning net pension liability and for the recording of deferred outflows of resources for contributions made after the measurement date of the beginning net pension liability and the beginning of the reporting entity's fiscal year.

GASB 68, paragraph 137 states that "if restatement of all prior period presented is not practical, the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning net position for the earliest period restated and the reason for not restating prior periods presented should be explained". The District does not have all of the audited beginning balances for the deferred inflows of resources and deferred outflows of resources related to pensions required to properly restate fiscal year 2014 financial statements, the restatement will be made directly to the beginning net position in the fiscal year 2015 financial statements as a cumulative effect of a change in accounting principle.

Note 3 – Authorized Investments

The District is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas, or its agencies and instrumentalities, (3) obligations of political subdivisions rated not less than "A" by a national investment rating firm, (4) certificates of deposit, (5) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission, (6) no-load mutual funds registered with the Securities and Exchange Commission, (7) eligible investment pools organized and operating in compliance with the Public Funds Investment Act and continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service, (8) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, and (9) other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the FDIC or by the explicit full faith and credit of the United States.

Note 4 – Cash, Cash Equivalents and Investments

The Public Funds Investment Act allows funds belonging to South Texas College District to be invested. District policy delegates this authority to three investment officers. It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are preservation of capital, safety of District funds, and

Note 4 – Cash, Cash Equivalents and Investments (Continued)

maintenance of sufficient liquidity, maximization of return within acceptable risk constraints and diversification of investments. At August 31, 2015, and 2014, the carrying amount of South Texas College's District bank deposits were $262,714,178 and $76,182,784, respectively and total bank balances equaled $263,046,103 and $240,790,425 respectively. Federal Deposit Insurance Corporation (FDIC) coverage of $250,000 served as collateral for interest checking accounts and $250,000 served as collateral for certificate of deposits. In addition, the collateral held by the depository bank in South Texas College's District name had a fair value of $290,000,000 and $264,000,000 for the years ended August 31, 2015, and 2014, respectively. The District is subject to collateral credit risk in the event of the bank's nonperformance of collateral requirements under the collateral agreement.

Cash and cash equivalents reported on Exhibit 1, Statements of Net Position, consist of the items reported below:

	August 31, 2015	August 31, 2014
Bank Deposits		
Demand deposits	$ 262,714,178	$ 76,182,784
Cash and Cash Equivalents		
Change funds on hand	9,450	8,950
Investment Pools	99,036,872	-
Total Cash and Cash Equivalents	**$ 361,760,500**	**$ 76,191,734**

Total deposits and investments at August 31, 2015, and 2014, are as follows:

Reconciliation of Cash and Cash Equivalents and Investments to Statements of Net Position

Type of Security	Fair Value August 31, 2015	Fair Value August 31, 2014
Certificates of deposit	$ 331,925	$ 164,607,641
Endowment investment	5,590	5,590
Total Investments	337,515	164,613,231
Total Cash and Cash Equivalents	361,760,500	76,191,734
Total Cash and Cash Equivalents and Investments	**$ 362,098,015**	**$ 240,804,965**
Exhibit 1		
Cash and cash equivalents	$ 185,458,216	$ 52,670,153
Restricted cash and cash equivalents-current	14,393,902	12,191,482
Short-term investments-current	25	109,261,906
Restricted cash and cash equivalents-noncurrent	161,908,382	11,330,099
Endowment investment	5,590	5,590
Restricted short-term investments	331,900	55,345,735
Total Reconciliation to Exhibit 1	**$ 362,098,015**	**$ 240,804,965**

Note 4 – Cash, Cash Equivalents and Investments (Continued)

Endowment investment consists of a donated coin collection.

As of August 31, 2015, the District had the following investments and maturities:

Investment Type	Fair Value	Weight Average Maturity (Years)
Investments Pools	$ 99,036,872	0.13
Certificates of Deposit	331,925	0.25
Total Fair Value	**$ 99,368,797**	

As of August 31, 2014, the District had the following investments and maturities:

Investment Type	Fair Value	Weight Average Maturity (Years)
Certificates of Deposit	$ 164,607,641	0.4721

Interest Rate Risk–In accordance with its Investment Policy, the District limits its exposure to interest rate risk by investing in securities whose maturities will not exceed the anticipated cash flow requirements for the funds and limits the weighted average maturity of its investment portfolio to 270 days or less with a maximum allowable maturity of two years for any one investment. The investment maturities of Unexpended Plant Funds and of Funds for Retirement of Indebtedness are generally limited to the anticipated cash flow requirements of the funds.

Credit Risk–In accordance with State law and the District's Investment Policy, investments in no-load mutual funds registered with the SEC must be continuously rated not less than AAA or its equivalent, eligible investment pools must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service and obligations, including letters of credit, of the United States or its agencies and instrumentalities, direct obligations of the State of Texas, obligations of states, agencies, counties, cities and other political subdivisions of any State must be rated not less than "A" or its equivalent. Certificates of deposit must be guaranteed or insured by the FDIC or its successors or the National Credit Union Share Insurance Fund or its successor, secured by obligations described above, or secured in any other manner provided by law and governed by a depository agreement. At August 31, 2015, the District's certificates of deposit were collateralized by a letter of credit and were FDIC insured. The District's investments pools had a Standard and Poor's rating of AAAm. At August 31, 2014, all of the District's investments were in the form of certificates of deposit, which at were collateralized by a letter of credit and were FDIC insured. Concentration of Credit Risk–The District's

Investment Policy seeks to minimize its concentration of credit risk by establishing the following maximum percentages of investment types for the total District investment portfolio: U.S. Treasury Bills/Notes/Bonds 100%; U.S. Agencies and Instrumentalities 100%; States, Counties, Cities, and Other 25%; Certificates of Deposit 100%; Money Market Mutual Funds 25%; and Eligible Investment Pools 50%. At August 31, 2015, the District's cash and investments were in TexPool (27.35%) and certificates of deposit (0.09%). At August 31, 2014, the District's investments were in certificates of deposit (68.36).

Note 4 – Cash, Cash Equivalents and Investments (Continued)

The State Comptroller of Public Accounts oversees TexPool, the Texas Local Government Investment Pool. Federated Investors manages the assets, provides Participant Services, and arranges for all custody and other functions in support of TexPool operations under a contract with the Comptroller. The Comptroller maintains oversight of the services provided to TexPool by Federated. Texpool is managed to provide a safe, efficient and liquid investment alternative to Texas governments. TexPool investments are stated at amortized cost, which in most cases approximates the market value of the securities. TexPool seeks to maintain a $1.00 value per share as required by the Texas Public Funds Investment Act. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. The weighted average maturities of TexPool cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool is governed by the Texas Public Funds Investment Act, and are in full compliance with the Act. The District reports investments in TexPool as cash and cash equivalents.

Note 5 – Capital Assets

Capital assets activity for the year ended August 31, 2015, was as follows:

	Balance September 1, 2014	Increases	Decreases	Balance August 31, 2015
Not Depreciated:				
Land	$ 29,554,510	$ 1,000	$ -	$ 29,555,510
Collections	11,000	25,000	-	36,000
Construction in progress	538,533	3,967,513	2,112,662	2,393,384
Subtotal	30,104,043	3,993,513	2,112,662	31,984,894
Buildings and Other Capital Assets:				
Buildings	171,016,621	1,256,495	-	172,273,116
Land improvements	25,771,050	856,165	-	26,627,215
Total Buildings and Other Land Improvements	196,787,671	2,112,660	-	198,900,331
Library books	5,576,242	69,372	254,718	5,390,896
Furniture, machinery, vehicles, and other equipment	25,014,373	2,537,922	632,572	26,919,723
Telecommunications and peripheral equipment	9,924,043	-	1,366,241	8,557,802
Total Buildings and Other Capital Assets	237,302,329	4,719,954	2,253,531	239,768,752
Accumulated Depreciation:				
Buildings	30,299,526	3,136,741	-	33,436,267
Land improvements	8,044,512	1,204,012	-	9,248,524
Library books	3,659,794	227,739	252,254	3,635,279
Furniture, machinery, vehicles, and other equipment	15,723,989	2,181,537	630,236	17,275,290
Telecommunications and peripheral equipment	9,872,022	9,771	1,366,241	8,515,552
Total Accumulated Depreciation	67,599,843	6,759,800	2,248,731	72,110,912
Net Buildings and Other Capital Assets	169,702,486	(2,039,846)	4,800	167,657,840
Total Capital Assets, Net	**$ 199,806,529**	**$ 1,953,667**	**$ 2,117,462**	**$ 199,642,734**
Net Buildings and Other Capital Assets-Detail				
Buildings	$ 140,717,095	$ (1,880,246)	$ -	$ 138,836,849
Land improvements	17,726,538	(347,847)	-	17,378,691
Library books	1,916,448	(158,367)	2,464	1,755,617
Furniture, machinery, vehicles, and other equipment	9,290,384	356,385	2,336	9,644,433
Telecommunications and peripheral equipment	52,021	(9,771)	-	42,250
Total Net Buildings and Other Capital Assets	**$ 169,702,486**	**$ (2,039,846)**	**$ 4,800**	**$ 167,657,840**

Note 5 – Capital Assets (Continued)

In addition to the $36,000 art work/collection, which is capitalized but not depreciated (see Note 2M-Collections/Works of Art), the District has other art work/collections that it does not capitalize in the amount of $95,122. These collections adhere to the District's policy which are (a) held for public exhibitions, education or research in furtherance of public service, rather than financial gain, (b) protected, kept unencumbered, cared for and preserved and (c) require the proceeds from sales of collection items to be used to acquire other items for collections, may be charged to operations at time of purchase rather than capitalized.

Construction in progress as of August 31, 2015, including capitalized interest of $49,989, consists of the following:

Project	Balance September 1, 2014	Additions / Deductions	Completed	Balance August 31, 2015
Pecan Annex Grant / Accountability Improvements	$ 19,793	$ 99,149	$ 118,942	$ -
Pecan Student Services Admission Office Improvements	48,260	395,645	443,905	-
Pecan AECHS Service Drive and Sidewalk	-	2,474	-	2,474
Pecan AECHS Portable Infrastructure	-	10,729	-	10,729
Pecan South Academic Labs Additional Seating	-	23,300	23,300	-
Pecan Ceramic Art Kilns Renovation	-	150,816	-	150,816
Pecan Health & Wellness Spots Field Lighting	-	15,253	-	15,253
Pecan Relocation of Portable Buildings Infrastructure	-	115,311	-	115,311
Pecan Enrollment Center Improvements	-	4,990	-	4,990
Pecan Plaza Police Department Renovation	44,806	12,410	57,216	-
Pecan Plaza Cashier / Continuing Education Renovation	98,596	125,711	224,307	-
Pecan Plaza Emergency Generator & Wiring Improvemen	-	23,031	-	23,031
Nursing Allied Health Parking Lot Expansion	43,240	449,576	492,816	-
Starr Parking Lot Light and South Drive	107,403	2,420	109,823	-
Starr Crisis Management Center	-	3,000	-	3,000
Bond 2014 Pecan Campus	53,276	542,735	-	596,011
Bond 2014 Nursing Allied Health Campus	24,664	562,369	253,527	333,506
Bond 2014 Technology Campus	16,030	156,710	-	172,740
Bond 2014 Mid Valley Campus	32,048	429,076	-	461,124
Bond 2014 Starr Campus	24,149	303,416	-	327,565
Bond 2014 Regional Center for Public Safety Excellence	4,182	7,403	-	11,585
Bond 2014 La Joya Jimmy Carter Teaching Site	1,513	7,974	-	9,487
Pecan Building M, N, and L Repainting Purple areas	7,459	(7,459)	-	-
Pecan Plaza Resurface Parking Lot and Replace Lighting	-	72,323	-	72,323
Technology West Academic Building Re-Roofing	-	44,513	-	44,513
Technology Cooling Tower Replacement/Improvements	13,114	410,711	388,826	34,999
Nursing Allied Health Irrigation System Upgrade	-	1,390	-	1,390
District Wide Upgrades for Parking Lot	-	2,537	-	2,537
Total	**$ 538,533**	**$ 3,967,513**	**$ 2,112,662**	**$ 2,393,384**

Note 5 – Capital Assets (Continued)

For comparison purposes, capital assets activity for the year ended August 31, 2014, was as follows:

	Balance September 1, 2013	Increases	Decreases	Balance August 31, 2014
Not Depreciated:				
Land	$ 29,554,510	$ -	$ -	$ 29,554,510
Collections	11,000	-	-	11,000
Construction in progress	575,433	1,166,855	1,203,755	538,533
Subtotal	30,140,943	1,166,855	1,203,755	30,104,043
Buildings and Other Capital Assets:				
Buildings	169,828,785	1,187,836	-	171,016,621
Land improvements	25,755,131	15,919	-	25,771,050
Total Buildings and Other Land Improvements	195,583,916	1,203,755	-	196,787,671
Library books	5,339,028	237,214	-	5,576,242
Furniture, machinery, vehicles, and other equipment	22,216,613	3,003,861	206,101	25,014,373
Telecommunications and peripheral equipment	10,392,711	23,925	492,593	9,924,043
Total Buildings and Other Capital Assets	233,532,268	4,468,755	698,694	237,302,329
Accumulated Depreciation:				
Buildings	27,194,234	3,105,292	-	30,299,526
Land improvements	6,856,574	1,187,938	-	8,044,512
Library books	3,351,034	308,760	-	3,659,794
Furniture, machinery, vehicles, and other equipment	13,801,041	2,118,895	195,947	15,723,989
Telecommunications and peripheral equipment	10,354,014	10,601	492,593	9,872,022
Total Accumulated Depreciation	61,556,897	6,731,486	688,540	67,599,843
Net Buildings and Other Capital Assets	171,975,371	(2,262,731)	10,154	169,702,486
Total Capital Assets, Net	**$ 202,116,314**	**$ (1,095,876)**	**$ 1,213,909**	**$ 199,806,529**
Net Buildings and Other Capital Assets-Detail				
Buildings	$ 142,634,551	$ (1,917,456)	$ -	$ 140,717,095
Land improvements	18,898,557	(1,172,019)	-	17,726,538
Library books	1,987,994	(71,546)	-	1,916,448
Furniture, machinery, vehicles, and other equipment	8,415,572	884,966	10,154	9,290,384
Telecommunications and peripheral equipment	38,697	13,324	-	52,021
Total Net Buildings and Other Capital Assets	**$ 171,975,371**	**$ (2,262,731)**	**$ 10,154**	**$ 169,702,486**

Note 5 – Capital Assets (Continued)

In addition to the $11,000 art work/collection, which is capitalized but not depreciated (see Note 2M-Collections/Works of Art), the District has other art work/collections that it does not capitalize in the amount of $65,618. These collections adhere to the District's policy which are (a) held for public exhibitions, education or research in furtherance of public service, rather than financial gain, (b) protected, kept unencumbered, cared for and preserved and (c) require the proceeds from sales of collection items to be used to acquire other items for collections, may be charged to operations at time of purchase rather than capitalized.

Construction in progress as of August 31, 2014, including capitalized interest of $488, consists of the following

Project	Balance September 1, 2013	Additions / Deductions	Completed	Balance August 31, 2014
Pecan DMARC Relocation	$ 2,455	$ (2,455)	$ -	$ -
Pecan Annex Grant/Accountability Improvements	-	19,793	-	19,793
Pecan Student Services Admission Office Improvements	-	48,260	-	48,260
Pecan Plaza Police Department Renovation	28,247	954,394	937,835	44,806
Pecan Plaza Cashier/Continuing Education Renovation	-	98,596	-	98,596
Nursing Allied Health Parking Lot Expansion	-	43,240	-	43,240
Technology Welding Lab Expansion	17,274	110,502	127,776	-
Mid Valley Parking Expansion	20,452	(17,021)	3,431	-
Mid Valley Art Lab Improvements	352	(352)	-	-
Mid Valley North Academic Building Science Labs	122,225	-	122,225	-
Starr Parking Lot Light and South Drive	-	107,403	-	107,403
Bond 2014 Pecan Campus	-	53,276	-	53,276
Bond 2014 Nursing Allied Health Campus	-	24,664	-	24,664
Bond 2014 Technology Campus		16,030	-	16,030
Bond 2014 Mid Valley Campus	-	32,048	-	32,048
Bond 2014 Starr Campus	-	24,149	-	24,149
Bond 2014 Regional Center for Public Safety Excellence	-	4,182	-	4,182
Bond 2014 La Joya Jimmy Carter Teaching Site	-	1,513	-	1,513
Pecan Hail Damage Repairs	196,571	(196,571)	-	-
Pecan Building M, N, and L Repainting Purple areas	-	7,459	-	7,459
Pecan Plaza Resurface Parking Lot & Replace Lighting	19,753	(19,753)	-	-
Technology Cooling Tower Replacement/Improvements	-	13,114	-	13,114
Mid Valley Resurface Parking Lot	153,154	(153,154)	-	-
Starr HVAC Chiller Replacement	14,950	(2,462)	12,488	-
Total	**$ 575,433**	**$ 1,166,855**	**$ 1,203,755**	**$ 538,533**

Note 6 – Long Term Liabilities

Long-term liabilities activity for the year ended August 31, 2015, was as follows:

	Balance September 1, 2014	Additions	Reductions	Balance August 31, 2015	Current Portion
Bonds					
South Texas College District Maintenance Tax Refunding Bonds, Series 2007	$ 1,760,000	$ -	$ 325,000	$ 1,435,000	$ 340,000
South Texas College District Limited Tax Refunding Bonds, Series 2007	21,559,991	-	4,324,991	17,235,000	5,875,000
South Texas College District Limited Tax Refunding Bonds, Series 2010	6,985,000	-	1,835,000	5,150,000	785,000
South Texas College District Limited Tax Refunding Bonds, Series 2013	4,780,000	-	1,555,000	3,225,000	1,590,000
South Texas College District Limited Tax Bonds, Series 2014	53,750,000	-	-	53,750,000	-
South Texas College District Limited Tax Bonds, Series 2015	-	90,220,000	-	90,220,000	520,000
General Obligation Bonds Subtotal	88,834,991	90,220,000	8,039,991	171,015,000	9,110,000
Net Pension Liability	-	22,763,681	-	22,763,681	-
Accrued Compensable Absences	716,855	115,194	48,433	783,616	696,842
Total Liabilities	**$ 89,551,846**	**$ 113,098,875**	**$ 8,088,424**	**$ 194,562,297**	**$ 9,806,842**
Bonds Detail					
Total Bonds Payable	$ 88,834,991	$ 90,220,000	$ 8,039,991	$ 171,015,000	$ 9,110,000
Premium on Bonds Payable	8,982,888	9,692,079	928,263	17,746,705	1,354,651
Total Bonds Payable	**$ 97,817,879**	**$ 99,912,079**	**$ 8,968,254**	**$ 188,761,705**	**$ 10,464,651**
Less Current Bonds Payable				(10,464,651)	
Total Noncurrent Bonds Payable				**$ 178,297,054**	

Note 6 – Long Term Liabilities (Continued)

Unamortized bond discount/premium, bond issue costs and deferred loss for the year ended August 31, 2015, on the above bond issues are as follows:

	Deferred Bond Issuance Cost	Bond Premium	Deferred Loss
South Texas College District Maintenance Tax Refunding Bonds, Bonds, Series 2007	$ 2,576	$ 6,664	$ 31,513
South Texas College District Limited Tax Refunding Bonds, Series 2007	18,643	613,376	288,946
South Texas College District Limited Tax Refunding Bonds, Series 2010	-	994,499	631,005
South Texas College District Limited Tax Refunding Bonds, Series 2013	-	170,328	53,266
South Texas College District Limited Tax Bonds, Series 2014	-	6,325,202	-
South Texas College District Limited Tax Bonds, Series 2015	-	9,636,636	-
Total	**$ 28,078**	**$ 17,746,705**	**$ 1,004,730**

Arbitrage

IRS rules governing arbitrage are designed to minimize arbitrage benefits by investing the proceeds of tax-exempt bonds in higher interest rate investments. Any excess earnings resulting from arbitrage must be rebated to the federal government. The District calculates arbitrage at the end of each five-year period that bonds are outstanding and at maturity. At August 31, 2015, the District did not have a liability.

Note 6 – Long Term Liabilities (Continued)

For comparison purposes, the long-term liabilities activity for the year ended August 31, 2014, was as follows:

	Balance September 1, 2013	Additions	Reductions	Balance August 31, 2014	Current Portion
Bonds					
South Texas College District Maintenance Tax Refunding Bonds, Series 2007	$ 2,070,000	$ -	$ 310,000	$ 1,760,000	$ 325,000
South Texas College District Limited Tax Refunding Bonds, Series 2007	21,844,991	-	285,000	21,559,991	4,324,991
South Texas College District Limited Tax Refunding Bonds, Series 2010	13,975,000	-	6,990,000	6,985,000	1,835,000
South Texas College District Limited Tax Refunding Bonds, Series 2013	6,495,000	-	1,715,000	4,780,000	1,555,000
South Texas College District Limited Tax Bonds Series 2014	-	53,750,000	-	53,750,000	-
General Obligation Bonds Subtotal	44,384,991	53,750,000	9,300,000	88,834,991	8,039,991
Net Pension Liability	-	-	-	-	-
Accrued Compensable Absences	615,830	136,341	35,316	716,855	639,686
Total Liabilities	**$ 45,000,821**	**$ 53,886,341**	**$ 9,335,316**	**$ 89,551,846**	**$ 8,679,677**
Bonds Detail					
Total Bonds Payable	$ 44,384,991	$ 53,750,000	$ 9,300,000	$ 88,834,991	$ 8,039,991
Premium on Bonds Payable	2,864,694	6,828,664	710,470	8,982,888	872,819
Total Bonds Payable	**$ 47,249,685**	**$ 60,578,664**	**$ 10,010,470**	**$ 97,817,879**	**$ 8,912,810**
Less Current Bonds Payable				(8,912,810)	
Total Noncurrent Bonds Payable				**$ 88,905,069**	

Note 6 – Long Term Liabilities (Continued)

Unamortized bond discount/premium, bond issue costs and deferred loss for the year ended August 31, 2014, on the above bond issues are as follows:

	Deferred Bond Issuance Cost	Bond Premium	Deferred Loss
South Texas College District Maintenance Tax Refunding Bonds, Bonds, Series 2007	$ 3,219	$ 8,330	$ 39,391
South Texas College District Limited Tax Refunding Bonds, Series 2007	24,859	817,834	385,261
South Texas College District Limited Tax Refunding Bonds, Series 2010	-	1,243,124	788,756
South Texas College District Limited Tax Refunding Bonds, Series 2013	-	255,493	79,899
South Texas College District Limited Tax Bonds, Series 2014	-	6,658,107	-
Total	**$ 28,078**	**$ 8,982,888**	**$ 1,293,307**

Arbitrage

IRS rules governing arbitrage are designed to minimize arbitrage benefits by investing the proceeds of tax-exempt bonds in higher interest rate investments. Any excess earnings resulting from arbitrage must be rebated to the federal government. The District calculates arbitrage at the end of each five-year period that bonds are outstanding and at maturity. At August 31, 2014, the District did not have a liability.

Note 7 – Debt and Lease Obligations and Rental Agreements

As of August 31, 2015, bonds payable are due in annual installments varying from $340,000 to $6,455,000 with interest rates from 2.0% to 5.6% and the final installment due in 2035. The principal and interest expense requirements for the next five years and beyond are summarized below for bonds issued:

	General Obligation Bond		
Fiscal Year	Principal	Interest	Total
2016	$ 9,110,000	$ 8,320,990	$ 17,430,990
2017	9,410,000	7,658,156	17,068,156
2018	9,430,000	7,239,606	16,669,606
2019	6,955,000	6,771,756	13,726,756
2020	7,295,000	6,433,356	13,728,356
2021-2025	39,535,000	27,320,631	66,855,631
2026-2030	41,595,000	18,144,325	59,739,325
2031-2035	47,685,000	6,893,750	54,578,750
Total	**$ 171,015,000**	**$ 88,782,570**	**$ 259,797,570**

For comparison purposes, as of August 31, 2014, bonds payable were due in annual installments varying from $325,000 to $6,380,000 with interest rates from 2.0% to 5.6% and the final installment due in 2034. The principal and interest expense requirements for the next five years and beyond are summarized below for bonds issued:

	General Obligation Bond		
Fiscal Year	Principal	Interest	Total
2015	$ 8,039,991	$ 6,861,191	$ 14,901,182
2016	8,590,000	3,939,650	12,529,650
2017	8,885,000	3,561,050	12,446,050
2018	8,820,000	3,153,000	11,973,000
2019	3,025,000	2,715,650	5,740,650
2020-2024	13,180,000	11,615,000	24,795,000
2025-2029	16,820,000	7,973,750	24,793,750
2030-2034	21,475,000	3,326,250	24,801,250
Total	**$ 88,834,991**	**$ 43,145,541**	**$ 131,980,532**

Included in current expenditures are the following amounts of facility rental paid or due:

Fund Group	August 31, 2015	August 31, 2014
Unrestricted Current Funds	$ 432,318	$ 445,009

Note 7 – Debt and Lease Obligations and Rental Agreements (Continued)

The District leases postage and copier equipment under non-cancelable operating leases. The future minimum lease rental payments under these leases having an initial term in excess of one year are as follows:

Year Ended	August 31, 2015 Minimum Future Lease Payments	August 31, 2014 Minimum Future Lease Payments
2015	$ -	$ 119,241
2016	362,095	118,876
2017	311,088	78,913
2018	219,327	23,892
2019	124,331	-
2020	64,022	-
Total	**$ 1,080,863**	**$ 340,922**

During fiscal year 2015, the District leased office space at the Mid Valley Campus and Starr County Campus to nonprofit agencies. In fiscal year 2015, the District's rental income from these leases was $62,133. No future receipts are expected for fiscal years 2016 and 2017.

Note 8 – Bonds Payable

General information related to bonds payable and balances at August 31, are summarized below:

	2015	2014
$2,985,000 South Texas College District Maintenance Tax Refunding Bonds, Series 2007 due in varying installments through 2019, interest at 4.0%.		
Purpose: To advance refund a portion of the District's Bonds Series 1999, in order to lower the overall annual debt service requirements of the District, and to pay for the costs of issuance of the bonds.		
Issued: March 29, 2007		
Authorized: $5,200,000; $2,940,000 Current Interest Bonds and $2,985,000		
Source of revenue for debt service: Ad-valorem taxes	$ 1,435,000	$ 1,760,000

Note 8 – Bonds Payable (Continued)

	2015	2014
$23,589,991 South Texas College District Limited Tax Refunding Bonds, Series 2007 due in varying installments through 2018, interest at 4.0% - 5.0%. Purpose: To advance refund a portion of the District's Bonds Series 2002, in order to lower the overall annual debt service requirements of the District, and to pay for the costs of issuance of the bonds. Issued: March 29, 2007 Authorized: $71,230,000; $47,640,000 Current Interest Bonds and $23,589,991 Source of revenue for debt service: Ad-valorem taxes	17,235,000	21,559,991
$19,550,011 South Texas Junior College District Limited Tax Refunding Bonds, Series 2010 due in varying installments through 2019, interest at 3.0% - 5.6%. Purpose: To advance refund a portion of the District's Bonds, Series 2002 and 2003 in order to lower the overall annual debt service requirements of the District, and to pay for the cost of issuance of the bonds. Issued: November 18, 2010 Authorized: $71,230,000 for Series 2002; $37,620,000 Current Interest Bonds $23,589,991and $9,726,028 refunded Authorized: $22,845,000 for Series 2003; $13,305,000 Current Interest Bonds and $9,823,983 refunded Source of revenue for debt service: Ad-valorem taxes	5,150,000	6,985,000
$6,630,000 South Texas College District Limited Tax Refunding Bonds, Series 2013 due in varying installments through 2017, interest at 2.0% - 3.0%. Purpose: To advance refund a portion of the District's Refunding Bonds, Series 2004 in order to lower the overall annual debt service requirements of the District, and to pay for the cost of issuance of the bonds. Issued: June 12, 2013 Authorized: $15,514,996; $8,814,996 Current Interest Bonds $6,630,000 Source of revenue for debt service: Ad-valorem taxes	3,225,000	4,780,000

Note 8 – Bonds Payable (Continued)

	2015	2014
$53,750,000 South Texas College District Limited Tax Bonds, Series 2014 due in varying installments through 2034, interest at 5.0%. Purpose: Construction and equipping of College buildings to accommodate increased student enrollment and to pay for the cost of issuance of the bonds. Issued: February 26, 2014 Authorized Date: November 5, 2013 Authorized: $159,028,940; $53,750,000 issued Source of revenue for debt service: Ad-valorem taxes	53,750,000	53,750,000
$90,220,000 South Texas College District Limited Tax Bonds, Series 2015 due in varying installments through 2035, interest at 2.0% - 5.0%. Purpose: Construction and equipping of College buildings to accommodate increased student enrollment and to pay for the cost of issuance of the bonds. Issued: July 21, 2015 Authorized Date: November 5, 2013 Authorized: $159,028,940; $90,220,000 issued Source of revenue for debt service: Ad-valorem taxes	90,220,000	-
Total Bonds Payable	**$ 171,015,000**	**$ 88,834,991**

Bonds Payable are due in annual installments varying from $340,000 to $6,455,000 with interest rates from 2.0% to 5.0% with the final installment due in 2035.

Note 9 – Employees' Retirement Plan

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

Teacher Retirement System of Texas - Defined Benefit Plan

A. Plan Description

South Texas College District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS' defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

Note 9 – Employees' Retirement Plan (Continued)

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

B. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

C. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic Cost of Living Adjustment (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

D. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

Note 9 – Employees' Retirement Plan (Continued)

Contribution Rates	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Employer # 2022 - 2014 District Contributions	$ 2,160,585
Employer # 2022 - 2014 State Contributions	$ 1,672,521

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Note 9 – Employees' Retirement Plan (Continued)

E. Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll,Open
Remaining Amortization Period	30years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

**Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

F. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each

Note 9 – Employees' Retirement Plan (Continued)

major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Long Term Expected Geometric Real Rate of Return	Expected Contribution to Long Term Portfolio Returns*
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Liked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	**100.0%**		**8.7%**

*The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.
Source: Teacher Retirement System of Texas 2014 Comprehensive Annual Financial Report

Note 9 – Employees' Retirement Plan (Continued)

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
The District's proportionate share of the net pension liability:	$ 40,677,318	$ 22,763,681	$ 9,367,617

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At August 31, 2015, South Texas College reported a liability of $22,763,681 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with South Texas College were as follows:

The District's proportionate share of the collective net pension liability	$ 22,763,681
State's proportionate share that is associated with South Texas College District	17,659,066
Total	**$ 40,422,747**

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

Note 9 – Employees' Retirement Plan (Continued)

For the year ended August 31, 2015, South Texas College recognized pension expense of $3,844,482 and revenue of $1,740,382 for support provided by the State.

At August 31, 2015, South Texas College reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 352,048	$ -
Changes in actuarial assumptions	1,479,665	-
Difference between projected and actual investment earnings	-	6,957,510
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	5,967
Contributions paid to TRS subsequent to the measurement date	2,281,121	-
Total	**$ 4,112,834**	**$ 6,963,477**

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Increase (Reduction) of Pension Expense
2016	$ (1,431,375)
2017	(1,431,375)
2018	(1,431,375)
2019	(1,431,375)
2020	308,003
Thereafter	285,773

Note 9 – Employees' Retirement Plan (Continued)

Optional Retirement Plan-Defined Contribution Plan

A. Plan Description

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

B. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state are 6.6% for fiscal years 2015 and 2014. The percentages of participant salaries currently contributed by each participant are 6.65% for fiscal years 2015 and 2014 respectively. The District contributes 1.9% for fiscal years 2015 and 2014, 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. S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution of 50% of eligible employees in the reporting district.

Total payroll for the District and for employees covered by each retirement plan, associated District contributions, State contributions made on behalf of the District and member contributions were as follows:

	August 31, 2015	August 31, 2014	August 31, 2013
Payroll for All District employees	$ 77,739,719	$ 74,608,758	$ 71,203,678
Total payroll for TRS	$ 58,805,553	$ 55,705,206	$ 51,811,943
State contributions	$ 1,739,512	$ 1,651,059	$ 1,280,428
District contributions	2,259,267	2,136,855	3,500,138
Total Contributions-active	3,998,779	3,787,914	4,780,566
District contributions-retirees	21,854	32,241	26,760
Total Contributions	**$ 4,020,633**	**$ 3,820,155**	**$ 4,807,326**
Member Contributions	$ 3,941,470	$ 3,566,961	$ 3,320,549

Note 9 – Employees' Retirement Plan (Continued)

	August 31, 2015	August 31, 2014	August 31, 2013
Total payroll for ORP	$ 12,088,424	$ 12,075,622	$ 12,333,625
State contributions	$ 398,918	$ 398,495	$ 740,019
District contributions	442,126	444,511	59,838
Total Contributions	**$ 841,044**	**$ 843,006**	**$ 799,857**
Member Contributions	$ 827,188	$ 826,227	$ 850,840

Note 10 – Deferred Compensation Program

District employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001.

As of August 31, 2015, the District has 92 employees participating in Section 403(b) Tax Sheltered Annuity (TSA) Program and 87 participated in 2014. A total of $458,958 and $392,796 in payroll deductions have been invested in approved 403(b) plans during the fiscal years 2015 and 2014, respectively.

Note 10 – Deferred Compensation Program (Continued)

As of August 31, 2015, the District has 77 employees participating in Section 457 Deferred Compensation Plan (DCP) and 73 participated in 2014. A total of $152,775 and $172,590 in payroll deductions have been invested in Section 457 Deferred Compensation Plan (DCP) during the fiscal years 2015 and 2014, respectively.

The deferred compensation program is not included in the basic financial statements because the program assets are assets of the plan participants and not of the District.

Note 11 – Compensable Absences

With the exception of faculty members who have appointments of less than 12 months, all full-time benefit eligible employees accrue vacation leave time at the rate of 8 hours per month. Less than full-time employees accrue vacation on a pro-rated basis.

All hours of unused accumulated vacation leave, except as authorized by the Board of Trustees, must be used by March 1, following the fiscal year in which it was accumulated. Any vacation leave not used by that date is forfeited. A time extension may be requested from the District's President for extenuating circumstances. The Board has made an exception to these guidelines and the associated cost is included in the long-term portion. Full-time benefit eligible employees are expected to utilize accrued vacation leave prior to their separation from the District. However, the employee will be compensated for accrued vacation leave if the leave is not taken prior to separation.

Note 11 – Compensable Absences (Continued)

	August 31, 2015	August 31, 2014
Compensable absences-beginning	$ 716,855	$ 615,830
Net additions and reductions	66,761	101,025
Total Compensable Absences	**$ 783,616**	**$ 716,855**
Current portion	$ 696,842	$ 639,686

Sick leave, which can be accumulated up to 720 hours, is earned at the rate of 8 hours per month. It is paid to an employee who misses work under the criteria of board-approved guidelines for sick leave. Sick leave does not vest, therefore no liability is recorded. Employees retiring under the Texas Retirement System (TRS) after September 1, 2001, may have the option to use accrued sick leave towards years of service credit under TRS rules.

Note 12 – Pending Lawsuits and Claims

A. Litigation

On August 31, 2015, various lawsuits and claims involving the District were pending. While the ultimate liability with respect to litigation and other claims asserted against the District cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the District.

B. Federal and State Assisted Grant Programs

The District participates in several federal and state assisted grant programs. Although the District's grant programs have been audited in accordance with the provisions of OMB Circular A-133 and the State of Texas Single Audit Circular through August 31, 2015, these programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

Note 13 – Disaggregation of Receivable and Payable Balances

Receivables

Receivables at August 31, 2015, and August 31, 2014, were as follows:

	August 31, 2015	August 31, 2014
Student receivables-delinquent	$ 4,937,193	$ 5,124,391
Student receivables-other	92,865	66,088
Taxes receivables	11,469,297	11,228,544
Federal receivables	1,776,464	1,242,066
Interest receivables	11,227	6,573
Accounts receivables		
Bookstore and auxiliary	55,410	123,818
State, local and private	677,281	341,333
Pledges receivable	25,247	49,120
Contractors	285	-
Agency	2,076	2,076
Other receivables	251,067	163,167
Subtotal	19,298,412	18,347,176
Allowance for doubtful accounts-student	(3,988,629)	(4,139,260)
Allowance for doubtful accounts-taxes	(1,898,374)	(1,671,697)
Total Receivables–Exhibit 1	**$ 13,411,409**	**$ 12,536,219**

Taxes receivables may not all be collected within one year.

Note 13 – Disaggregation of Receivable and Payable Balances (Continued)

Payables

Payables at August 31, 2015, and August 31, 2014, were as follows:

	August 31, 2015		August 31, 2014	
	Accounts Payable	Accrued Liabilities	Accounts Payable	Accrued Liabilities
Vendor payable				
Vendors	$ 3,481,319	$ -	$ 2,207,318	$ -
Construction	519,199	-	336,913	-
Construction retainage	99,313	-	62,211	-
Salaries & benefits	-	1,664,591	-	1,247,992
Students payable	98,144	-	59,439	-
Accrued interest	-	373,688	-	291,861
Other Payables	96,037	-	151,446	-
Total Payables	**$ 4,294,012**	**$ 2,038,279**	**$ 2,817,327**	**$ 1,539,853**

Note 14 – Funds Held for Others

At August 31, 2015, and at August 31, 2014, the District held, in trust funds, amounts of $430,280 and $403,976, respectively that pertain primarily to student organizations. These funds are not available to support the District's programs.

Note 15 – Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards for which funds have been received but not yet expended are included in unearned revenue in Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant award funds already committed (e.g. multi-year awards) or funds awarded during fiscal years ended 2015 and 2014, for which monies have not been received nor funds expended totaled $5,806,184 and $6,512,367, respectively.

Note 15 – Contract and Grant Awards (Continued)

These amounts are comprised of the following:

	August 31, 2015	August 31, 2014
Federal contracts and grant awards	$ 4,691,444	$ 5,750,950
State contracts and grant awards	861,640	761,417
Private contracts and grant awards	253,100	-
Total	**$ 5,806,184**	**$ 6,512,367**

Note 16 – Health Care and Life Insurance Benefits

Certain health care and life insurance 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 was $537.66 per month for the year ended August 31, 2015 and $503.14 per month for the year ended August 31, 2014 for United Health Select of Texas. The state's contribution totaled $4,390,995 for fiscal year 2015 and $4,182,296 for fiscal year 2014.

The cost of providing those benefits for fifty-four retirees in the year ended August 31, 2015, was $39,965 and for forty-one retirees in the year ended August 31, 2014, was $277,357. For 1,267 United Health Select of Texas active employees, the cost of providing benefits was $4,351,030 for the year ended August 31, 2015. Active employee benefits for 1,218 United Health Select of Texas active employees cost was $3,904,939 for the year ended August 31, 2014. S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

The number of employees and retirees and associated District contributions and state contributions made on behalf of the District were as follows:

	August 31, 2015	August 31, 2014
Full time employees	1,267	1,218
Number of retirees	54	41
Active employee-state	$ 4,351,030	$ 3,904,939
Retiree-state	39,965	277,357
Total State Contributions	4,390,995	4,182,296
District contributions	5,964,248	5,205,833
Total Health Insurance Cost	**$ 10,355,243**	**$ 9,388,129**

Note 17 – Ad Valorem Tax

The District's ad valorem property taxes are levied each October 1, on the assessed value listed as of the lien date, which is the prior January 1, for all real and business personal property located in the District.

	August 31, 2015	August 31, 2014
Assessed valuation of the District	$ 40,017,479,312	$ 39,073,962,437
Less: Exemptions	(9,052,319,887)	(8,827,762,746)
Less: Abatements	-	-
Net Assessed Valuation of the District	**$ 30,965,159,425**	**$ 30,246,199,691**

	Fiscal Year 2015			Fiscal Year 2014		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized tax rate per $100 valuation (maximum per enabling legislation)	$ 0.1400	$ 0.5000	$ 0.6400	$ 0.1100	$ 0.5000	$ 0.6100
Assessed tax rate per $100 valuation	$ 0.1400	$ 0.0450	$ 0.1850	$ 0.1100	$ 0.0400	$ 0.1500

Taxes levied for the year ended August 31, 2015, and 2014 amounted to $57,971,360 and $46,726,234, respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Note 17 – Ad Valorem Tax (Continued)

The Hidalgo County Tax Assessor-Collector and the Starr County Tax Assessor-Collector are the collecting agencies for the tax levy and remit the collections to the District, net of a collection fee.

	August 31, 2015			August 31, 2014		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes collected	$40,662,182	$13,070,003	$53,732,185	$31,198,100	$11,344,780	$42,542,880
Delinquent taxes collected	1,908,390	703,726	2,612,116	1,871,485	694,540	2,566,025
Penalties & interest collected	1,358,187	479,135	1,837,322	1,203,463	443,800	1,647,263
Total Gross Collections	43,928,759	14,252,864	58,181,623	34,273,048	12,483,120	46,756,168
Tax Appraisal & Collection Fees	(726,878)	(63,604)	(790,482)	(589,947)	(62,668)	(652,615)
Bad Debt Expense	(148,655)	(78,021)	(226,676)	(127,388)	(98,518)	(225,906)
Total Net Collections	**$43,053,226**	**$14,111,239**	**$57,164,465**	**$33,555,713**	**$12,321,934**	**$45,877,647**

Tax collections for the year ended August 31, 2015, and 2014, were 95.72% and 94.37%, respectively, 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 for the use of maintenance and operations and/or general obligation debt service.

Note 18 – Income Taxes

The District is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The District had no unrelated business income tax liability for the year ended August 31, 2015 and 2014.

Note 19 – Related Parties

One member of the Board of Trustees is employed at the District's depository bank. Another member of the Board of Trustees provided professional services to the District's depository bank and other entities that conducted business with the District during fiscal year 2015.

Note 20 – Subsequent Events

On May 26, 2015, the Board of Trustees approved the Tax Abatement Agreement with Duke Energy Renewables Wind, LLC. The Agreement is for eighty-five percent (85%) abatement of property taxes for a period of 10 years. Duke Energy Renewables Wind, LLC will make annual payments of $65,000 to the District in lieu of abated taxes on December 31 of each year, beginning in 2016.

In June, the District entered into an unimproved property contract to purchase 0.1047 acres of land located in Weslaco, Texas, in the amount of $6,230 which includes a deposit of $1,000 earnest money. The remaining balance will be paid in fiscal year 2016.

Note 21 – Postemployment Benefits Other than Pensions

This footnote is in accordance with GASB Statement 45.

A. Plan Description

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

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

B. Funding Policy

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

Note 21 – Postemployment Benefits Other than Pensions (Continued)

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

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years.

Beginning September 1, 2013, SB 1812 limited the state's contribution to 50% of eligible employees for community colleges.

The District's contributions to SRHP for the years ended August 31, 2015, 2014 and 2013 were $178,644, $301,799 and $245,562, respectively, which equaled the required contributions each year.

Note 22 – On-Behalf Payments

For the fiscal years ended August 31, 2015 and 2014, the District recorded state on-behalf contributions for the Teacher Retirement System of $1,739,512 and $1,730,579, respectively, contributions for the Optional Retirement Program of $398,918 and $398,495, respectively, and contributions for health insurance of $4,390,995 and $4,182,296, respectively. For fiscal year 2014, the TRS on-behalf contributions include $79,520 from fiscal year 2013. The state's total on-behalf contributions for the fiscal years ended August 31, 2015 and 2014 of $6,529,425 and $6,311,370, respectively, were recorded as revenues and expenses in the accompanying basic financial statements.

Note 23 – Auxiliary Operations

The District currently outsources its auxiliary bookstore operations to Barnes and Noble College Booksellers, Inc. The Dr. Ramiro R. Casso Nursing Allied Health campus cafeteria operations are outsourced to Domine Catering, LLP.

Note 24 – Risk Management

The District controls risk through participation in a governmental risk management pool, the purchase of insurance from commercial insurance providers, or a combination of both. Each year, the district solicits competitive proposals from insurance providers to cover various risks such as injuries to employees; natural disasters; theft, damage or destruction of assets; errors and omissions; and injuries to persons and property. Both governmental risk pools and commercial insurance companies may respond to the solicitation. The District evaluates responses for each type of insurance and awards to the respondent who affords the best value.

Note 24 – Risk Management (Continued)

The more significant coverage's include $5,000,000 of general liability insurance for fiscal year 2015 and $5,000,000 for fiscal year 2014, property insurance covering the District's buildings and properties including commercial inland marine in an aggregate amount of $227,546,974 and $227,609,407 for fiscal years 2015 and 2014 respectively, business income with extra expense coverage of $34,000,000 and $34,000,000 for fiscal year 2015 and 2014 respectively, and $5,000,000 in education legal and employment practices liability for fiscal years 2015 and 2014. Employees were covered by a fully insured health insurance plan. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 25 – Construction and Improvement Commitments

Construction and improvement commitments for August 31, 2015, were as follows:

Project	Contracted Amount	Spent to Date	Commitments
Pecan Campus	$ 2,385,937	$ 2,039,812	$ 346,125
Technology Campus	1,692,000	1,286,250	405,750
Nursing Allied Campus	716,438	688,967	27,471
Mid Valley Campus	-	-	-
Starr Campus	145,012	110,752	34,260
District Wide	199,843	199,843	-
Total	**$ 5,139,230**	**$ 4,325,624**	**$ 813,606**

At August 31, 2015, the District had $813,606 of remaining contractual commitments in construction and improvement projects.

Construction and improvement commitments for August 31, 2014, were as follows:

Project	Contracted Amount	Spent to Date	Commitments
Pecan Campus	$ 9,321,730	$ 8,836,045	$ 485,685
Technology Campus	141,000	141,000	-
Nursing Allied Campus	110,918	110,918	-
Mid Valley Campus	574,273	574,273	-
Starr Campus	387,000	387,000	-
District Wide	465,369	465,369	-
Total	**$ 11,000,290**	**$ 10,514,605**	**$ 485,685**

Note 25 – Construction and Improvement Commitments (Continued)

At August 31, 2014, the District had $485,685 of remaining contractual commitments in construction and improvement projects.

Note 26 – Deposits in Escrow

South Texas College District entered into the following infrastructure improvement escrow agreements with the City of McAllen. In fiscal year 2015, $5,216 was deposited into an escrow account for a sidewalk along proposed subdivision along South McColl Road at the Nursing and Allied Health Campus. In fiscal year 2012, $13,677 was deposited into an escrow account for a sidewalk along Military Road at the Technology Campus. In fiscal year 2010, $6,406 was deposited into an escrow account for a sidewalk along Ivy Avenue at the Pecan Campus and $126,801 was deposited into an escrow account for the thirty foot portion of the Quince Avenue roadway dedication at the District's West 15 acre parking lot. As a result, the District has deposited $152,100 into an escrow account at August 31, 2015.

Note 27 – Endowments

The District is the recipient of six endowments. By District policy, the net appreciation is earmarked for student scholarships. The amount of net appreciation on investments that was available for spending was $86, $381 and $922, in fiscal years 2015, 2014, and 2013, respectively.

The endowments are presented in Restricted Non-Expendable Net Position.

The fund balances of the endowments were as follows:

Endowment	August 31, 2015	August 31, 2014
Alfredo De Los Santos Endowment	$ 15,100	$ 15,100
Futuro Brillante Endowment	200,100	200,100
Glen & Rita K. Roney Endowment	116,700	116,700
Martin Harvey Endowment	1,051	1,051
Roberto Gutierrez Sr. Endowment	905	904
Edwynne G. Cooper Endowment	5,590	5,590
Total Endowments	**$ 339,446**	**$ 339,445**

In fiscal year 2012, the District's Board of Trustees accepted the Mission Economic Development Authority (MEDA) Scholarship Fund Endowment. The MEDA deposited $3,151,875 into the MEDA Scholarship Fund Trust for the purpose of awarding and distributing scholarships to students of South Texas College District who reside in the City of Mission, Texas, and/or to establish educational facility(ies) within the City of Mission, Texas. Edward Jones Trust Company will serve as the initial sole trustee. South Texas College District, as the Trust's initial sole beneficiary, will receive, each fiscal year of the Trust, distributions not to exceed an amount equal to the greater of the following: 1) the net income of the Trust and 2) 5% of the fair market value of the undistributed income and corpus of the Trust as of

Note 27 – Endowments (Continued)

the last day of the Trust's previous fiscal year. At August 31, 2015, the market value of the Trust was $3,471,942. The Trust made a distribution to the District in the amount of $187,900 in fiscal year 2015. At August 31, 2014, the market value of the Trust was $3,743,186. The Trust made a distribution to the District in the amount of $185,937 in fiscal year 2014. The funds are presented in Restricted Expendable Net Position.

Note 28 – Pledges of Gifts

The District records pledges of gifts when an unconditional promise to pay is received. At August 31, 2015, pledges receivable totaled $25,247, which consisted of non-cash gifts of $18,247 and $7,000 in cash gifts. At August 31, 2014, pledges receivable totaled $49,120, which consisted of non-cash gifts of $30,620 and $18,500 in cash gifts. All the pledges are expected to be received within the next fiscal year. Pledges receivable are recorded on the statement of financial position as assets net of allowance for uncollectible accounts.

Note 29 – Extraordinary Item

In fiscal year 2015, South Texas College District reported an extraordinary item in the amount of $2,000,000 for the insurance proceeds for hail damaged roofs and related equipment at the Pecan Campus, Technology Campus and Pecan Plaza located in McAllen that occurred in fiscal year 2012. In addition, $1,262,519 was received during fiscal year 2014. The cost of repairs related to the extraordinary event were $12,335 and $3,917,859 for fiscal year 2015 and 2014, respectively.

Note 30 – Recent Accounting Pronouncements – Governmental Accounting Standards Board

GASB Statement No. 72

The GASB has issued Statement No. 72, *Fair Value Measurement.* The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement also will enhance fair value application guidance and related disclosures to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015. Management of the District is currently evaluating the effects of this Statement, which will become effective in fiscal year 2016.

South Texas College District
Schedule of the District's Share of Net Pension Liability
For the Year Ended August 31, 2015

Exhibit 4

		FY 2015**
Fiscal Year ending August 31st*		
Total TRS' Pension Liability	$	159,496,075,886
TRS' Net Position		132,779,243,085
TRS' Net Pension Liability	**$**	**26,716,832,801**
TRS net position as percentage of total pension liability		83.25%
South Texas College proportionate share of collective net pension liability (%)		0.0009%
South Texas College proportionate share of collective net pension liability ($)	$	22,763,681
Portion of NECE's total proportionate share of NPL associated with South Texas College		1,672,521
Total	**$**	**24,436,202**
South Texas college's covered payroll amount	$	58,805,553
Ratio of ER proportionate share of collective NPL/ER's covered payroll amount		41.55%

* The amounts presented above are as of the measurement date of the collective net pension liability
** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

South Texas College District
Schedule of Contributions
For the Year Ended August 31, 2015

Exhibit 5

		FY 2015**
Fiscal Year ending August 31st*		
Legally Required Contributions	$	3,998,779
Actual Contributions		3,998,779
Contributions Deficiency (Excess)	**$**	**-**
South Texas college's covered payroll amount	$	58,805,553
Ratio of ER proportionate share of collective NPL/ER's covered payroll amount		6.8%

* The amounts presented above are as South Texas College's most recent fiscal year-end
** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

South Texas College District
Schedule of Operating Revenues
Year Ended August 31, 2015 (With Totals for the Year Ended August 31, 2014)

Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY 2015 Total	FY 2014 Total
Tuition:						
State funded credit courses						
In-district resident tuition	$ 40,421,346	$ -	$ 40,421,346	$ -	$ 40,421,346	$ 40,107,147
Out-of-district resident tuition	1,131,976	-	1,131,976	-	1,131,976	1,055,403
Non-resident tuition	2,295,557	-	2,295,557	-	2,295,557	3,930,120
TPEG state (set aside) *	1,757,169	-	1,757,169	-	1,757,169	1,746,570
State funded continuing education	1,200,780	-	1,200,780	-	1,200,780	1,084,757
TPEG non-credit (set aside) *	76,645	-	76,645	-	76,645	69,240
State funded workforce development	214,738	-	214,738	-	214,738	429,437
TPEG non-credit (set aside) *	13,706	-	13,706	-	13,706	27,411
Non-state funded continuing education	573,053	-	573,053	-	573,053	815,954
TPEG non-credit (set aside) *	36,578	-	36,578	-	36,578	53,244
Non-state funded workforce development	47,176	-	47,176	-	47,176	116,537
TPEG non-credit (set aside) *	3,014	-	3,014	-	3,014	7,438
Total Tuition	**47,771,738**	**-**	**47,771,738**	**-**	**47,771,738**	**49,443,258**
Fees:						
Student registration fee	7,840,673	-	7,840,673	-	7,840,673	7,740,350
Laboratory fees	1,296,718	-	1,296,718	-	1,296,718	1,354,535
Incidental fees	22,149,282	-	22,149,282	-	22,149,282	21,753,334
Total Fees	**31,286,673**	**-**	**31,286,673**	**-**	**31,286,673**	**30,848,219**
Scholarship Allowances and Discounts:						
Bad debt allowance	(1,229,525)	-	(1,229,525)	-	(1,229,525)	(1,703,584)
Remissions and exemptions	(21,008,769)	-	(21,008,769)	-	(21,008,769)	(21,762,139)
TPEG allowances	(1,377,693)	-	(1,377,693)	-	(1,377,693)	(1,519,770)
Local grants to students	(414,943)	-	(414,943)	-	(414,943)	(501,298)
Private grants to students	(1,262,178)	-	(1,262,178)	-	(1,262,178)	(1,138,850)
State grants to students	(1,830,604)	-	(1,830,604)	-	(1,830,604)	(1,967,871)
Federal grants to students	(30,561,537)	-	(30,561,537)	-	(30,561,537)	(31,209,721)
Total Scholarship Allowances and Discounts	**(57,685,249)**	**-**	**(57,685,249)**	**-**	**(57,685,249)**	**(59,803,233)**
Total Net Tuition and Fees	**21,373,162**	**-**	**21,373,162**	**-**	**21,373,162**	**20,488,244**
Additional Operating Revenues:						
Federal grants and contracts	183,790	4,184,784	4,368,574	-	4,368,574	3,445,293
State grants and contracts	11,385	4,057,559	4,068,944	-	4,068,944	4,246,315
Local grants and contracts	12,024	1,087,549	1,099,573	-	1,099,573	1,118,054
Non-governmental grants and contracts	2,799,179	2,436,179	5,235,358	-	5,235,358	4,949,832
General operating revenues	1,094,355	214,548	1,308,903	-	1,308,903	645,811
Total Additional Operating Revenues	**$ 4,100,733**	**$ 11,980,619**	**$ 16,081,352**	**$ -**	**$ 16,081,352**	**$ 14,405,305**

South Texas College District
Schedule of Operating Revenues
Year Ended August 31, 2015 (With Totals for the Year Ended August 31, 2014)

Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY 2015 Total	FY 2014 Total
Auxiliary Enterprises:						
Bookstore	$ -	$ -	$ -	$ 552,238	$ 552,238	$ 549,395
Food service	-	-	-	686,452	686,452	703,081
Vending commissions	-	-	-	147,088	147,088	146,102
Copier commissions	-	-	-	14,219	14,219	18,720
Wellness center	-	-	-	-	-	32,412
Child care center	-	-	-	287,586	287,586	296,250
General conferences	-	-	-	79,194	79,194	79,803
Other	-	-	-	6,548	6,548	9,590
Total Auxiliary Enterprises	**-**	**-**	**-**	**1,773,325**	**1,773,325**	**1,835,353**
Total Operating Revenues	**$ 25,473,895**	**$ 11,980,619**	**$ 37,454,514**	**$ 1,773,325**	**$ 39,227,839**	**$ 36,728,902**
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, $1,887,112 and $1,903,903 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended 2015 and 2014, respectively.

South Texas College District
Schedule of Operating Expenses by Object
Year Ended August 31, 2015 (With Totals for the Year Ended August 31, 2014)

Schedule B

	Operating Expenses					
	Salaries and Wages	Benefits State	Benefits Local	Other Expenses	FY 2015 Total	FY 2014 Total
Unrestricted-Educational Activities						
Instruction	$ 44,470,181	$ -	$ 7,230,917	$ 4,482,836	$ 56,183,934	$ 54,735,710
Public service	76,466	-	14,380	104,949	195,795	325,629
Academic support	8,162,528	-	1,429,132	2,402,312	11,993,972	10,895,617
Student services	7,015,310	-	1,331,031	1,362,550	9,708,891	9,185,907
Institutional support	9,629,131	-	2,191,951	8,501,825	20,322,907	18,674,199
Operation and maintenance of plant	5,461,964	-	1,814,593	6,382,980	13,659,537	12,548,906
Total Unrestricted Educational Activities	**74,815,580**	**-**	**14,012,004**	**23,237,452**	**112,065,036**	**106,365,968**
Restricted-Educational Activities						
Instruction	412,865	3,877,098	70,801	275,473	4,636,237	4,711,396
Public service	338,301	-	65,218	606,166	1,009,685	504,082
Academic support	1,308,756	792,019	330,202	856,529	3,287,506	3,085,377
Student services	274,921	800,861	2,378	182,889	1,261,049	1,217,907
Institutional support	133,872	1,059,447	5,707	269,021	1,468,047	1,138,888
Operation and maintenance of plant	15,947	-	-	-	15,947	14,344
Scholarships and fellowships	-	-	-	27,815,696	27,815,696	27,692,817
Total Restricted Educational Activities	**2,484,662**	**6,529,425**	**474,306**	**30,005,774**	**39,494,167**	**38,364,811**
Total Educational Activities	**77,300,242**	**6,529,425**	**14,486,310**	**53,243,226**	**151,559,203**	**144,730,779**
Auxiliary Enterprises	**439,477**	**-**	**297,625**	**666,306**	**1,403,408**	**1,388,716**
Depreciation expense-buildings and other real estate improvements	-	-	-	6,540,455	6,540,455	4,981,770
Depreciation expense-books				24,515	24,515	308,760
Depreciation expense-equipment and furniture	-	-	-	194,831	194,831	1,440,956
Total Operating Expenses	**$ 77,739,719**	**$ 6,529,425**	**$ 14,783,935**	**$ 60,669,333**	**$ 159,722,412**	**$ 152,850,981**
					(Exhibit 2)	(Exhibit 2)

South Texas College District
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2015 (With Totals for the Year Ended August 31, 2014)

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	FY 2015 Total	FY 2014 Total
NON-OPERATING REVENUES:					
State allocations:					
Education and general state support	$ 35,334,195	$ -	$ -	$ 35,334,195	$ 35,334,195
Education and general state support BAT	562,474	-	-	562,474	562,474
State group insurance	-	4,390,995	-	4,390,995	4,182,296
State retirement matching	-	2,138,430	-	2,138,430	2,129,074
Hazlewood reimbursement	38,951	-	-	38,951	93,414
Professional nursing shortage reduction	-	393,155	-	393,155	464,567
Total State Allocations	**35,935,620**	**6,922,580**	**-**	**42,858,200**	**42,766,020**
Ad-valorem taxes-maintenance and operations	43,951,580	-	-	43,951,580	33,983,319
Ad-valorem taxes-debt service	-	14,105,277	-	14,105,277	12,291,870
Federal revenue, non operating	-	54,881,496	-	54,881,496	55,351,962
Gifts	-	305,146	-	305,146	323,100
Investment income (net of investment expenses)	142,662	86	1,458	144,206	214,915
Insurance proceeds	24,282			24,282	-
Other non-operating revenue	-	-	-	-	35,840
Total Non-Operating Revenues	**80,054,144**	**76,214,585**	**1,458**	**156,270,187**	**144,967,026**
NON-OPERATING EXPENSES:					
Interest on capital related debt	5,964,767	-	-	5,964,767	1,340,664
Loss on disposal of capital assets	240,389		-	240,389	10,154
Non-capital construction costs	1,731,576	-	-	1,731,576	1,715,994
Bond costs amortization	1,166,614		-	1,166,614	873,317
Other non-operating expenses	25,351	249,304	-	274,655	208,684
Total Non-Operating Expenses	**9,128,697**	**249,304**	**-**	**9,378,001**	**4,148,813**
Net Non-Operating Revenues	**$ 70,925,447**	**$ 75,965,281**	**$ 1,458**	**$ 146,892,186**	**$ 140,818,213**
				(Exhibit 2)	(Exhibit 2)

South Texas College District
Schedule of Net Position by Source and Availability
Year Ended August 31, 2015 (With Totals for the Year Ended August 31, 2014)

	Detail by Source				
		Restricted			
	Unrestricted	Expendable	Non-Expendable	Net Investment in Capital Assets	FY 2015 Total
Current:					
Unrestricted	$ 71,932,033	$ -	$ -	$ -	$ 71,932,033
Board designated	28,500,000	-	-	-	28,500,000
Restricted					
Student Aid	-	2,544,086	-	-	2,544,086
Instructional Programs	-	883,930	-	-	883,930
Institutional Activities	-	315,558	-	-	315,558
Auxiliary enterprises	2,974,002	-	-	-	2,974,002
Loan	-	1,085,968	-	-	1,085,968
Endowment:					
Quasi:					
Unrestricted	-	-	-	-	-
Restricted	-	-	-	-	-
Endowment					
True	-	-	339,446	-	339,446
Term (per instructions at maturity)	-	-	-	-	-
Life income contracts	-	-	-	-	-
Annuities	-	-	-	-	-
Plant:					
Unexpended	21,366,003	-	-	-	21,366,003
Renewals & replacements	22,266,827	-	-	-	22,266,827
Debt service	-	17,161,084	-	-	17,161,084
Investment in plant	-	-	-	170,833,415	170,833,415
Total Net Position, August 31, 2015	**147,038,865**	**21,990,626**	**339,446**	**170,833,415**	**340,202,352**
					(Exhibit 1)
Total Net Position, August 31, 2014	**146,201,266**	**21,972,306**	**339,445**	**169,028,494**	**337,541,511**
Cumulative Effect of Change in Accounting Principle (	**(25,791,345)**	**-**	**-**	**-**	**(25,791,345)**
					(Exhibit 1)
Net Increase (Decrease) in Net Position	**$ 26,628,944**	**$ 18,320**	**$ 1**	**$ 1,804,921**	**$ 28,452,186**
					(Exhibit 2)

Note: The Unexpended Plant Fund is earmarked in the fiscal year 2015 board approved budget for construction projects.
The Renewals & Replacements Plant Fund is earmarked in the fiscal year 2015 board approved budget for deferred maintenance projects.

Schedule D

Available for Current Operations	
Yes	No
$ 71,932,033	$ -
-	28,500,000
-	2,544,086
-	883,930
-	315,558
2,974,002	-
-	1,085,968
-	-
-	-
-	339,446
-	-
-	-
-	-
-	21,366,003
-	22,266,827
-	17,161,084
-	170,833,415
74,906,035	**265,296,317**
89,779,539	**247,761,972**
(25,791,345)	**-**
$ 10,917,841	**$ 17,534,345**

South Texas College District
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2015

Schedule E

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			
FSEOG	84.007	594423	$ 609,594
Federal Work-Study Program	84.033		481,328
Federal Pell Grant Program	84.063		53,790,574
Higher Education_Institutional Aid	84.031		353,419
Childcare Access Means Parents In School	84.335		191,760
Pass-Through From:			
Texas Workforce Commission			
Texas Adult Completion and Skills Initiative	84.002	2315AEL000	7,220
Texas Higher Education Coordinating Board			
Career and Technical Education-Basic Grants	84.048	13473	1,429,086
Career and Technical Education-Basic Grants	84.048	13257	330,110
Subtotal			1,759,196
Total U.S. Department of Education			**57,193,091**
U.S Department of Agiculture			
Pass-Through From:			
Texas A & M University Kingsville			
Hispanic Serving Institutions Education Grants	10.223	12-0109	82,550
Texas Department of Agriculture			
Child and Adult Care Food Program	10.558	3264	45,438
Total U.S. Department of Agriculture			**127,988**
U.S. Department of Defense			
Direct Programs:			
Military Spouse Career Advancement	12.000		312
Pass-Through From:			
University of Texas Pan American			
Basic, Applied and Advanced Research in Science and Engineering	12.630		34,435
Total U.S. Department of Defense			**34,747**
U.S. Department of Labor			
Pass-Through From:			
Texas Workforce Commission			
Employment Service/Wagner-Peyser Funded Activities	17.207	2314WPB000	225,394
Employment Service/Wagner-Peyser Funded Activities	17.207	2315WPB001	153,687
Subtotal			379,081
WIA Cluster			
Pass-Through From:			
Lower Rio Grande Valley Workforce Development Board			
WIA/WIOA Adult Program	17.258		166
Pass-Through From:			
Texas Workforce Commission			
WIA/WIOA Adult Program	17.258	2315AEL000	2,109
WIA/WIOA Adult Program	17.258	2313WSW000	(495)
WIA/WIOA Dislocated Workder Formula Grants	17.278	2315WSW000	41,068

South Texas College District
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2015

Schedule E

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
Pass-Through From:			
Texas Higher Education Coordinating Board			
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277	EM-24470-13-60-A-48	83,432
Pass-Through From:			
Lower Rio Grande Valley Workforce Development Board			
Workforce Innovation Fund	17.283		141,778
Total U.S. Department of Labor			**647,139**
U.S. Department of Veterans' Affairs			
Direct Programs:			
Post 9/11 Veterans Educational Assistance, Recovery Act	64.027		$ 856,555
Vocational and Educational Counseling for Servicemembers and Veterans	64.125		185,354
Total U.S. Department of Veterans' Affairs			**1,041,909**
U.S. Environmental Protection Agency			
Pass-Through From:			
Texas A & M University Kingsville			
Nonpoint Source Implementation Grants	66.460	S14-007	1,460
U.S. Department of Health & Human Services			
Pass-Through From:			
Texas Workforce Commission			
Temporary Assistance for Needy Families	93.558	2115SMP000	$ 41,800
Temporary Assistance for Needy Families	93.558	2314SSF000	21,229
Temporary Assistance for Needy Families	93.558	2313SSF000	79,983
Subtotal			143,012
Lower Rio Grande Valley Workforce Development Board			
Child Care and Development Block Grant	93.575	14-OPSP-009	20,756
Child Care and Development Block Grant	93.575	15-OPSP-012	19,974
Subtotal			40,730
Baylor College of Medicine			
PPHF Geriatric Education Centers	93.969	5 UB4HP19052-05-00	19,993
Total U.S. Department of Health & Human Services			**203,735**
Total Federal Financial Assistance			$ **59,250,070**

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - per Schedule A	4,184,784
Add: Indirect/Administrative Cost Recoveries - per Schedule A	183,790
Add: Non Operating Federal Revenue from Schedule C	54,881,496
Total Federal Revenues per Statement of Revenues, Expenses and Changes in Net Assets	$ **59,250,070**

Note 2: Significant Accounting Policies Used In Preparing The Schedule

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

South Texas College District
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2015

Schedule E

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements

Note 3: Amounts Passed-Through By South Texas College District

The following amounts were passed through to the listed subrecipients by the District:

U.S. Department of Education

Passed-Through Career and Technical Education Basic-Grants (CFDA 84.048) to:

Weslaco Independent School District	$	229,467
Mission Consolidated Independent School District		55,867
Total	$	285,334

Note 4: Inkind Match

The Workforce Investment Act-Adult Program pass through from the Lower Rio Grande Valley Workforce Development Board and the Nonpoint Source Implementation Grant pass through Texas A&M University Kingsville received inkind match in the amount of $2,650.68 and $14,852.19, respectively. These amounts were not included in the Schedule of Expenditures of Federal Awards but was included in the basic financial statements of the District.

Note 5: Expenditures Not Subject To Federal Single Audit: None

South Texas College District
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2015

Schedule F

Grantor Agency/Program Title	Grant Contract Number	Total Expenditures
Texas Higher Education Coordinating Board		
Nursing Shortage Reduction > 70% Program		$ 91,490
Nursing Shortage Reduction Regular Program		44,786
Texas College Workstudy Program		154,005
TEXAS Grant I - Renewal Year		735,463
Texas Educational Opportunity Grant - Initial Year		2,024,835
Texas Educational Opportunity Grant - Renewal Year		202,187
Top 10% Scholarship Initial		15,000
Top 10% Scholarship Renewal		1,000
Work-Study Student Mentorship Program	11843	28,613
Adult Basic Education Community College Grant	07048	29,605
Texas-STEM Challenge Scholarship Program	11266	19,216
Texas-STEM Challenge Scholarship Program	13495	263,160
Accelerate Texas Program	14938	18,682
Accelerate Texas Mentor College	15131	483
Texas Education Agency		108,299
Total Texas Higher Education Coordinating Board		**3,736,825**
University of Texas Austin		
Texas Education Consortium for Male Students of Color	UTA14-000148	4,747
University of Texas - San Antonio		
TexPREP Program		19,000
Texas Comptroller of Public Accounts		
Jobs and Education for Texans-Nursing	5535-19JF	105,473
Texas Workforce Commission		
Skills Development Fund #20	2314SDF000	180,698
Skills Development Fund #21	2315SDF000	19,398
Fast Start Programs in Precision Manufacturing	2314GRF001	109,284
Total Texas Workforce Commission		**309,381**
Texas Department of Agriculture		
Child And Adult Care Food Program	75W7010	2,718
Department of Assistive and Rehabilitative Services		
Texas Rehabilitation Commission - Academic		27,076
Total State Financial Assistance		$ **4,205,219**

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A	4,057,559
Add: Indirect/Administrative Cost Recoveries - per Schedule A	11,385
Total State Revenues per Statement of Revenues, Expenses and Changes in Net Assets	4,068,944
Reconciling Item:	
Add: Revenue classified as Non Operating	
Professional Nursing Shortage Reduction	136,275
Total State Revenues per Schedule of Expenditures of State Awards	$ **4,205,219**

South Texas College District
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2015

Schedule F

Grantor Agency/Program Title	Grant Contract Number	Total Expenditures

Note 2: Significant accounting policies used in preparing the schedule.

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

Note 3: Amounts Passed-Through By South Texas College District

The following amounts were passed through to the listed subrecipient by the District:

Texas Higher Education Coordinating Board		
Passed-Through Texas Education Agency to:		
Mission Consolidated Independent School District	$	103,142

Note 4: Inkind Match

The Adult Basic Education Community College Grant pass through from the Texas Higher Education Coordinating Board and the Jobs and Education for Texans pass through from the Texas Comptroller of Public Accounts received inkind match in the amount of 2,174 and 4,899, respectively. These amounts were not included in the Schedule of State Awards but was included in the basic financial statements of the District.

STATISTICAL SECTION

Statistical Information

This part of South Texas College District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the District's overall financial health.

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

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These schedules contain information to help the reader assess the District's most significant local revenue sources, including the property tax.

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These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

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These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

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These schedules contain service, infrastructure and other data to help the reader understand how the information in the District's financial report relates to the services the government provides and the activities it performs.

Sources:
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Statistical Supplement 1
Net Position by Component
Last Ten Fiscal Years
(unaudited)

	For the Fiscal Year Ended August 31,			
Net Position	2015	2014	2013	2012
Net investment in capital assets	$ 170,833,415	$ 169,028,494	$ 162,064,429	$ 156,914,256
Restricted expendable	21,990,626	21,972,306	20,325,155	17,978,771
Restricted non-expendable	339,446	339,445	339,444	340,664
Unrestricted	147,038,865	146,201,266	133,119,225	117,854,250
Total Net Position	**$ 340,202,352**	**$ 337,541,511**	**$ 315,848,253**	**$ 293,087,941**

For the Fiscal Year Ended August 31,					
2011	2010	2009	2008	2007	2006
$ 147,207,945	$ 136,773,512	$ 113,996,844	$ 99,425,786	$ 81,439,837	$ 77,875,115
17,161,889	16,906,861	14,027,153	12,741,856	10,581,497	9,842,298
346,360	346,050	346,041	332,230	330,880	215,228
92,402,854	75,665,289	74,119,953	69,192,197	67,223,004	52,703,700
$ 257,119,048	**$ 229,691,712**	**$ 202,489,991**	**$ 181,692,069**	**$ 159,575,218**	**$ 140,636,341**

Statistical Supplement 2
Revenues by Source
Last Ten Fiscal Years
(unaudited)

	For the Year Ended August 31,			
	2015	2014	2013	2012
Operating Revenues				
Tuition and fees (net of discounts)	$ 21,373,162	$ 20,488,244	$ 21,051,377	$ 19,583,509
Federal grants and contracts	4,368,574	3,445,293	4,630,302	4,748,007
State grants and contracts	4,068,944	4,246,315	5,160,704	6,794,060
Local grants and contracts	1,099,573	1,118,054	1,270,376	1,293,135
Non-governmental grants and contracts	5,235,358	4,949,832	3,113,960	2,740,134
Auxiliary enterprises	1,773,325	1,835,353	1,810,240	1,872,734
General operating revenues	1,308,903	645,811	621,264	439,642
Total Operating Revenues	**39,227,839**	**36,728,902**	**37,658,223**	**37,471,221**
Non-Operating Revenues				
State allocations	42,858,200	42,766,020	38,977,829	37,017,673
Ad-valorem taxes-maintenance and operations	43,951,580	33,983,319	32,403,363	33,244,142
Ad-valorem taxes-debt service	14,105,277	12,291,870	12,030,232	12,276,741
Federal revenue, non-operating	54,881,496	55,351,962	57,151,307	61,950,136
Gifts	305,146	323,100	351,843	418,605
Investment income (net of investment expenses)	144,206	214,915	389,519	417,075
Gain on disposal of capital assets	-	-	-	2,793
Insurance proceeds	24,282	-	-	-
Other non-operating revenues	-	35,840	-	-
Total Non-Operating Revenues	**156,270,187**	**144,967,026**	**141,304,093**	**145,327,165**
Total Revenues	**$ 195,498,026**	**$ 181,695,928**	**$ 178,962,316**	**$ 182,798,386**

(Continued)

For the Year Ended August 31,					
2011	2010	2009	2008	2007	2006
$ 18,281,708	$ 17,153,615	$ 16,561,311	$ 15,075,608	$ 12,657,625	$ 14,167,536
6,172,207	8,979,526	7,015,595	6,508,073	5,057,914	6,653,576
6,335,567	6,711,706	5,412,226	4,292,294	3,068,738	3,094,018
1,380,691	1,255,944	1,129,509	741,390	922,667	756,312
2,796,686	2,200,618	1,594,568	1,555,367	1,192,509	1,017,893
1,877,501	1,666,738	1,403,045	1,300,682	874,962	906,335
545,846	1,988,232	2,280,483	1,129,049	1,493,987	1,680,707
37,390,206	**39,956,379**	**35,396,737**	**30,602,463**	**25,268,402**	**28,276,377**
36,676,953	37,514,938	33,173,275	32,857,808	30,311,961	29,972,196
33,798,861	34,314,946	33,731,408	30,822,108	27,439,614	24,854,665
12,187,090	12,197,541	12,212,764	12,319,291	11,151,789	11,017,119
66,972,554	59,089,947	34,498,524	28,470,310	25,966,042	26,726,564
309,868	663,193	775,113	519,842	351,586	215,177
327,497	388,426	1,335,180	2,627,475	4,653,487	3,684,413
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,844
150,272,823	**144,168,991**	**115,726,264**	**107,616,834**	**99,874,479**	**96,471,978**
$ 187,663,029	**$ 184,125,370**	**$ 151,123,001**	**$ 138,219,297**	**$ 125,142,881**	**$ 124,748,355**

Statistical Supplement 2
Revenues by Source
Last Ten Fiscal Years
(unaudited)

	For the Year Ended August 31,			
	2015	2014	2013	2012
Operating Revenue				
Tuition and fees (net of discounts)	10.93%	11.28%	11.76%	10.71%
Federal grants and contracts	2.24%	1.90%	2.59%	2.60%
State grants and contracts	2.08%	2.34%	2.88%	3.72%
Local grants and contracts	0.56%	0.61%	0.71%	0.71%
Non-governmental grants and contracts	2.68%	2.72%	1.74%	1.50%
Auxiliary enterprises	0.91%	1.01%	1.01%	1.02%
General operating revenues	0.67%	0.35%	0.35%	0.24%
Total Operating Revenues	**20.07%**	**20.21%**	**21.04%**	**20.50%**
Non-Operating Revenues				
State allocations	21.92%	23.54%	21.78%	20.25%
Ad-valorem taxes-maintenance and operations	22.48%	18.70%	18.11%	18.19%
Ad-valorem taxes-debt service	7.22%	6.77%	6.72%	6.71%
Federal revenue, non-operating	28.07%	30.46%	31.93%	33.89%
Gifts	0.16%	0.18%	0.20%	0.23%
Investment income (net of investment expenses)	0.07%	0.12%	0.22%	0.23%
Gain on disposal of capital assets	-	-	-	-
Insurance proceeds	0.01%	-	-	-
Other non-operating revenues	-	0.02%	-	-
Total Non-Operating Revenues	**79.93%**	**79.79%**	**78.96%**	**79.50%**
Total Revenues	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Note:
Change in Net Position reflected on Statistical Supplement 19.

(Continued)

For the Year Ended August 31,					
2011	2010	2009	2008	2007	2006
9.74%	9.31%	10.96%	10.90%	10.11%	11.36%
3.29%	4.88%	4.64%	4.71%	4.05%	5.33%
3.38%	3.64%	3.58%	3.10%	2.45%	2.48%
0.74%	0.68%	0.75%	0.54%	0.74%	0.61%
1.49%	1.20%	1.06%	1.13%	0.95%	0.82%
1.00%	0.91%	0.93%	0.94%	0.70%	0.73%
0.28%	1.08%	1.51%	0.82%	1.19%	1.35%
19.92%	**21.70%**	**23.43%**	**22.14%**	**20.19%**	**22.68%**
19.55%	20.37%	21.95%	23.77%	24.22%	24.03%
18.01%	18.65%	22.32%	22.30%	21.93%	19.92%
6.49%	6.62%	8.08%	8.91%	8.91%	8.83%
35.69%	32.09%	22.83%	20.60%	20.75%	21.42%
0.17%	0.36%	0.51%	0.38%	0.28%	0.17%
0.17%	0.21%	0.88%	1.90%	3.72%	2.95%
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
80.08%	**78.30%**	**76.57%**	**77.86%**	**79.81%**	**77.32%**
100.00%	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Statistical Supplement 3
Program Expenses by Function
Last Ten Fiscal Years
(unaudited)

	For the Year Ended August 31,			
	2015	2014	2013	2012
Operating Expenses				
Instruction	$ 60,820,171	$ 59,447,106	$ 57,766,578	$ 53,899,805
Research	-	-	4,516	67,273
Public service	1,205,480	829,711	903,735	736,507
Academic support	15,281,478	13,980,994	12,775,912	11,551,178
Student services	10,969,940	10,403,814	10,090,241	9,681,946
Institutional support	21,790,954	19,813,087	21,108,957	19,494,885
Operations and maintenance of plant	13,675,484	12,563,250	9,486,934	9,459,757
Scholarships and fellowships	27,815,696	27,692,817	28,724,249	31,873,082
Auxiliary enterprises	1,403,408	1,388,716	1,383,521	1,418,145
Depreciation	6,759,801	6,731,486	6,589,876	6,414,932
Total Operating Expenses	**159,722,412**	**152,850,981**	**148,834,519**	**144,597,510**
Non-Operating Expenses				
Interest on capital related debt	5,964,767	1,340,664	1,513,884	1,821,871
Loss on sale/disposal/return of capital assets	240,389	10,154	217	-
Non-capital construction costs	1,731,576	1,715,994	849,455	1,400,934
Bond costs amortization	1,166,614	873,317	566,261	536,677
Other non-operating expenses	274,655	208,684	290,477	500,835
Total Non-Operating Expenses	**9,378,001**	**4,148,813**	**3,220,294**	**4,260,317**
Total Expenses	**$ 169,100,413**	**$ 156,999,794**	**$ 152,054,813**	**$ 148,857,827**

Note:
Other non-operating expenses were segregated into separate categories for FY 2008 – FY 2015. The segregation is not reflected in the previous years.

For the Year Ended August 31,					
2011	2010	2009	2008	2007	2006
$ 57,359,050	$ 55,454,200	$ 48,698,353	$ 42,291,067	$ 37,853,111	$ 36,144,166
6,303	-	-	-	-	19,663
640,673	2,460,617	2,637,239	2,924,649	1,795,019	2,847,813
12,035,474	9,565,508	9,271,172	8,241,265	8,089,561	7,542,624
9,939,104	10,264,591	9,070,935	8,057,220	7,727,628	6,476,443
20,293,881	19,044,676	17,197,508	15,303,315	14,169,127	13,255,074
10,270,614	10,437,077	10,356,102	9,336,528	8,712,299	8,473,871
39,320,494	37,212,122	23,176,417	19,424,919	15,819,630	19,681,397
1,421,243	1,524,084	1,498,378	655,258	422,150	438,747
6,265,826	5,923,105	5,848,873	5,391,971	5,285,190	5,165,342
157,552,662	**151,885,980**	**127,754,977**	**111,626,192**	**99,873,715**	**100,045,140**
2,054,633	2,986,702	3,186,226	3,046,995	4,926,778	4,662,868
3,500	4,698	77,747	-	-	-
464,503	2,268,529	1,038,216	735,663	-	-
496,724	353,037	353,037	353,211	-	-
396,032	673,262	706,561	426,718	1,712,405	1,093,561
3,415,392	**6,286,228**	**5,361,787**	**4,562,587**	**6,639,183**	**5,756,429**
$ 160,968,054	**$ 158,172,208**	**$ 133,116,764**	**$ 116,188,779**	**$ 106,512,898**	**$ 105,801,569**

(Continued)

Statistical Supplement 3
Program Expenses by Function
Last Ten Fiscal Years
(unaudited)

	For the Year Ended August 31,			
	2015	2014	2013	2012
Operating Expenses				
Instruction	35.97%	37.86%	37.99%	36.22%
Research	-	-	-	0.05%
Public service	0.71%	0.53%	0.59%	0.49%
Academic support	9.03%	8.91%	8.40%	7.76%
Student services	6.49%	6.63%	6.64%	6.50%
Institutional support	12.88%	12.62%	13.88%	13.10%
Operations and maintenance of plant	8.09%	8.00%	6.24%	6.35%
Scholarships and fellowships	16.45%	17.64%	18.89%	21.41%
Auxiliary enterprises	0.83%	0.88%	0.91%	0.95%
Depreciation	4.00%	4.29%	4.34%	4.31%
Total Operating Expenses	**94.45%**	**97.36%**	**97.88%**	**97.14%**
Non-Operating Expenses				
Interest on capital related debt	3.53%	0.85%	1.00%	1.22%
Loss on sale/disposal/return of capital assets	0.14%	0.01%	-	-
Non-capital construction costs	1.03%	1.09%	0.56%	0.94%
Bond costs amortization	0.69%	0.56%	0.37%	0.36%
Other non-operating expenses	0.16%	0.13%	0.19%	0.34%
Total Non-Operating Expenses	**5.55%**	**2.64%**	**2.12%**	**2.86%**
Total Expenses	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Notes:
Change in Net Position reflected on Statistical Supplement 19.
Other non-operating expenses were segregated into separate categories for FY 2008 – FY 2015. The segregation is not reflected in the previous years.

(Continued)

For the Year Ended August 31,					
2011	2010	2009	2008	2007	2006
35.63%	35.13%	36.58%	36.40%	35.54%	34.16%
-	-	-	-	-	0.02%
0.40%	1.56%	1.98%	2.52%	1.69%	2.69%
7.48%	6.06%	6.96%	7.09%	7.59%	7.13%
6.17%	6.50%	6.82%	6.93%	7.26%	6.12%
12.61%	12.06%	12.92%	13.17%	13.30%	12.53%
6.38%	6.61%	7.78%	8.04%	8.18%	8.01%
24.43%	23.57%	17.41%	16.72%	14.85%	18.60%
0.88%	0.97%	1.13%	0.56%	0.40%	0.41%
3.89%	3.75%	4.39%	4.64%	4.96%	4.89%
97.87%	**96.21%**	**95.97%**	**96.07%**	**93.77%**	**94.56%**
1.28%	1.70%	2.39%	2.63%	4.63%	4.41%
-	-	0.06%	-	-	-
0.29%	1.44%	0.78%	0.63%	-	-
0.31%	0.22%	0.27%	0.30%	-	-
0.25%	0.43%	0.53%	0.37%	1.60%	1.03%
2.13%	**3.79%**	**4.03%**	**3.93%**	**6.23%**	**5.44%**
100.00%	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

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

	Resident Fees per Semester Credit Hour (SCH)				
Academic Year (Fall)	Registration Fee (per student)	In-District Tuition (a)	Out-of-District Tuition (a)	Technology Fee	Learning Support Fee
2014	$ 90/150	$ 67	$ 76	$ 20	$ 13
2013	90/150	67	76	18	13
2012	90/150	67	76	16	12
2011	90/150	67	76	16	12
2010	90/125	63	76	16	12
2009	90/125	63	76	12	7
2008	90/125	59	76	10	5
2007	85/120	59	76	7	-
2006	85/120	59	76	6	-
2005	85	59	76	6	-

	Non - Resident Fees per Semester Credit Hour (SCH)				
Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fee	Learning Support Fee
2014	$ 90/150	$ 105	$ 105	$ 20	$ 13
2013	90/150	202	202	18	13
2012	90/150	202	202	16	12
2011	90/150	202	202	16	12
2010	90/125	202	202	16	12
2009	90/125	202	202	12	7
2008	90/125	202	202	10	5
2007	85/120	202	202	7	-
2006	85/120	202	202	6	-
2005	85	202	202	6	-

Source:
South Texas College District Student Guide

Notes:
Includes basic enrollment tuition and fees but excludes course based fees, such as laboratory fees, testing fees and certification fees.
(a) Tuition rate at 12 credit hours.

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
$ 1,290/1,350	$ 1,398/1,458	1.90%	1.75%
1,266/1,326	1,375/1,435	2.93%	2.69%
1,230/1,290	1,339/1,399	0.00%	0.00%
1,230/1,290	1,339/1,399	4.06%	0.00%
1,182/1,217	1,339/1,374	10.06%	8.77%
1,074/1,109	1,231/1,266	9.82%	4.15%
978/1,013	1,182/1,217	11.52%	9.34%
877/912	1,081/1,116	1.39%	1.12%
865/900	1,069/1,104	0.00%	0.00%
865	1,069	12.48%	9.85%

Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
$ 1,746/1,806	$ 1,746/1,806	(38.73%)	(38.73%)
2,886/2,946	2,886/2,946	1.26%	1.26%
2,850/2,910	2,850/2,910	0.00%	0.00%
2,850/2,910	2,850/2,910	0.00%	0.00%
2,850/2,885	2,850/2,885	3.94%	3.94%
2,742/2,777	2,742/2,777	1.78%	1.78%
2,694/2,729	2,694/2,729	3.90%	3.90%
2,593/2,628	2,593/2,628	0.46%	0.46%
2,581/2,616	2,581/2,616	0.00%	0.00%
2,581	2,581	3.86%	3.86%

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

Fiscal Year	Assessed Valuation of Property	Less: Exempt Property	Less: Exemptions	Taxable Assessed Value (TAV)
2014-15	$ 40,017,479,312	$ 8,339,328,628	$ 712,991,259	$ 30,965,159,425
2013-14	39,073,962,437	8,153,953,156	673,809,590	30,246,199,691
2012-13	38,329,106,121	8,122,084,714	561,487,336	29,645,534,071
2011-12	38,076,515,412	8,066,423,089	491,916,984	29,518,175,339
2010-11	38,564,676,317	8,008,313,427	466,703,913	30,089,658,977
2009-10	38,657,894,136	7,884,586,948	469,123,962	30,304,183,226
2008-09	36,065,859,928	6,466,957,338	665,408,883	28,933,493,707
2007-08	33,049,275,732	6,097,590,820	422,452,344	26,529,232,568
2006-07	28,988,038,504	4,927,692,437	402,263,572	23,658,082,495
2005-06	26,418,776,903	4,504,497,488	386,574,746	21,527,704,669

Source:
Hidalgo County and Starr County Tax Assessor and Collector

Notes:
Property is assessed at fair market value. Property in each county is reassessed annually. Exempt property includes exclusions.
(a) Tax rates are per $100 of Taxable Assessed Value.

	Direct Rate		
Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
77.38%	0.1400	0.0450	0.1850
77.41%	0.1100	0.0400	0.1500
77.34%	0.1100	0.0407	0.1507
77.52%	0.1100	0.0407	0.1507
78.02%	0.1100	0.0397	0.1497
78.39%	0.1100	0.0391	0.1491
80.22%	0.1100	0.0398	0.1498
80.27%	0.1100	0.0440	0.1540
81.61%	0.1100	0.0448	0.1548
81.49%	0.1100	0.0489	0.1589

SOUTH TEXAS COLLEGE

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Statistical Supplement 6
State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years
(unaudited)

		Appropriation per FTSE		Appropriation per Contact Hour			
Fiscal Year	State Appropriation	FTSE (a & b)*	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (a & b)*	Total Contact Hours	State Appropriation per Contact Hour
2014-15	$ 35,334,195	25,498	$ 1,386	8,283,144	4,199,556	12,482,700	$ 2.83
2013-14	35,334,195	25,508	1,385	8,269,360	4,169,970	12,439,330	2.84
2012-13	33,527,444	23,007	1,457	8,276,552	3,696,382	11,972,934	2.80
2011-12	31,810,174	20,612	1,543	8,112,432	3,296,181	11,408,613	2.79
2010-11	27,944,746	20,282	1,378	8,185,840	3,076,852	11,262,692	2.48
2009-10	28,236,264	20,442	1,381	7,755,466	3,218,188	10,973,654	2.57
2008-09	25,271,072	15,956	1,584	6,123,504	2,639,854	8,763,358	2.88
2007-08	25,271,074	14,762	1,712	5,617,712	2,193,404	7,811,116	3.24
2006-07	23,228,528	11,921	1,949	5,221,392	1,876,011	7,097,403	3.27
2005-06	23,228,528	11,323	2,051	5,150,672	1,756,186	6,906,858	3.36

Sources:
(a) CBM001
(b) CBM00A

Notes:
FTSE is calculated by summing total credit hours taken by academic students divided by 30 and contact hours taken by continuing education students divided by 120.
Data for BAT is not reflected in this supplement.

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

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year 2015	2014	2013	2012
OXY USA Inc.	Oil & Gas	$ 480,051,211	$ 417,907,900	$ 379,637,700	$ 570,009,910
AEP Texas Central Co.	Electric Utility	261,746,510	240,344,300	193,373,940	186,023,180
Wal-Mart Stores	Retail Store	111,616,706	110,650,697	87,206,008	85,068,298
H E Butt Grocery Company	Grocery Chain	104,974,764	99,587,906	97,514,949	100,817,846
Day Surgery at Renaissance LLC	Healthcare	96,644,921	87,177,604	88,878,995	-
Simon Property Group-McAllen No.2	Development	85,303,024	61,802,878	51,503,892	50,708,897
CPG Mercedes LP	Real Estate	71,900,000	59,259,989	59,589,853	59,589,853
Frontera Generation LTD	Land & Improvements	67,964,220	63,178,400	69,157,000	70,561,190
Sharyland Utilities LP	Electric Utility	67,452,860	56,941,250	51,663,190	-
Calpine Construction Finance Co. LP	Electric Utility	65,093,830	64,184,330	73,089,400	69,200,480
Cantera Operating LLC	Real Estate	64,113,853	-	-	-
Rio Grande Regional Hospital	Hospital	54,415,269	56,328,437	56,871,910	52,965,623
Southwestern Bell Telephone	Telephone Utility	51,319,700	53,302,090	54,950,030	70,080,780
Universal Health Services	Healthcare	46,786,593	52,246,584	53,599,944	54,844,645
Palm Crossing Town Center LLC	Real Estate	41,915,932	-	-	-
El Paso Production Oil & Gas	Oil & Gas	-	86,226,095	110,119,062	123,772,278
Legend Natural Gas LLP	Oil & Gas	-	62,055,660	78,265,270	66,012,120
Chevron U.S.A. Inc.	Oil & Gas	-	-	-	52,344,210
Kerr-McGee Oil & Gas Onshore	Oil & Gas	-	-	-	48,146,650
Shell Western E&G Inc.	Oil & Gas	-	-	-	-
Smith Production Inc.	Oil & Gas	-	-	-	-
Chesapeake Operating	Oil & Gas	-	-	-	-
Trenton Street Corporation	Real Estate	-	-	-	-
Shell Western E&P (Total E&P)	Oil & Gas	-	-	-	-
Total E&P USA Inc.	Oil & Gas	-	-	-	-
Wal Mart Stores East, Inc. #452	Retail Store	-	-	-	-
Magic Valley Electric Co-op	Electric Utility	-	-	-	-
Shell Western E&P Inc.	Oil & Gas	-	-	-	-
Newfield Exploration Company	Oil & Gas	-	-	-	-
	Totals	**1,671,299,393**	**1,571,194,120**	**1,505,421,143**	**1,660,145,960**
	Total Taxable Assessed Value	**$ 30,965,159,425**	**$ 30,246,199,691**	**$ 29,645,534,071**	**$ 29,518,175,339**

Sources:
First Southwest Company: Table 5 – Fifteen Largest Taxpayers, p.4; Table 3 – Valuation and Tax Supported Debt History, p.3
South Texas College CAFR (FY Ended August 31, 2014): Note 12 – Ad Valorem Tax

Taxable Assessed Value (TAV) by Tax Year

2011	2010	2009	2008	2007	2006
$ -	$ -	$ -	$ -	$ -	$ -
174,591,370	174,591,370	173,471,710	159,251,780	181,625,710	191,443,144
104,810,618	104,810,618	107,262,492	-	-	-
114,289,734	114,289,734	117,156,504	95,953,669	89,443,353	88,271,957
-	-	-	-	-	-
50,944,799	50,944,799	-	51,557,233	43,530,337	44,653,815
60,625,220	60,625,220	-	-	-	-
82,100,300	82,100,300	82,417,210	99,208,230	98,233,700	102,345,890
-	-	-	-	-	-
87,490,000	87,490,000	97,713,920	113,654,620	119,471,740	144,390,920
-	-	-	-	-	-
66,677,559	66,677,559	67,737,830	61,468,351	74,762,587	81,410,943
93,005,380	93,005,380	98,438,720	110,118,990	104,595,695	107,809,102
83,905,804	83,905,804	86,464,634	88,442,154	93,134,843	98,840,598
-	-	-	-	-	-
233,251,590	233,251,590	310,057,070	358,107,640	252,759,270	380,027,260
-	-	-	-	-	-
194,500,240	194,500,240	456,481,610	219,565,590	66,770,720	68,596,763
107,433,880	107,433,880	-	-	-	-
697,953,120	697,953,120	598,628,940	572,030,780	-	399,792,820
153,359,110	153,359,110	166,694,640	-	-	-
-	-	91,207,190	-	-	-
-	-	58,908,315	72,528,462	60,688,959	55,670,370
-	-	56,191,760	62,130,020	70,971,140	-
-	-	-	-	-	154,675,460
-	-	-	95,159,294	74,757,151	74,538,560
-	-	-	-	-	44,108,254
-	-	-	-	377,813,720	-
-	-	-	51,796,170	47,858,470	-
2,304,938,724	**2,304,938,724**	**2,568,832,545**	**2,210,972,983**	**1,756,417,395**	**2,036,575,856**
$ 30,089,658,977	**$ 30,304,183,226**	**$ 28,933,493,707**	**$ 26,529,232,568**	**$ 23,658,082,495**	**$ 21,527,704,669**

(Continued)

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

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year			
		2015	2014	2013	2012
OXY USA Inc.	Oil & Gas	1.55%	1.38%	1.28%	1.93%
AEP Texas Central Co.	Electric Utility	0.85%	0.79%	0.65%	0.63%
Wal-Mart Stores	Retail Store	0.36%	0.37%	0.29%	0.29%
H E Butt Grocery Company	Grocery Chain	0.34%	0.33%	0.33%	0.34%
Day Surgery at Renaissance LLC	Healthcare	0.31%	0.29%	0.30%	-
Simon Property Group-McAllen No.2	Development	0.28%	0.20%	0.17%	0.17%
CPG Mercedes LP	Real Estate	0.23%	0.20%	0.20%	0.20%
Frontera Generation LTD	Land & Improvements	0.22%	0.21%	0.23%	0.24%
Sharyland Utilities LP	Electric Utility	0.22%	0.19%	0.17%	-
Calpine Construction Finance Co. LP	Electric Utility	0.21%	0.21%	0.25%	0.23%
Cantera Operating LLC	Real Estate	0.21%	-	-	-
Rio Grande Regional Hospital	Hospital	0.18%	0.19%	0.19%	0.18%
Southwestern Bell Telephone	Telephone Utility	0.17%	0.18%	0.19%	0.24%
Universal Health Services	Healthcare	0.15%	0.17%	0.18%	0.19%
Palm Crossing Town Center LLC	Real Estate	0.14%	-	-	-
El Paso Production Oil & Gas	Oil & Gas	-	0.29%	0.37%	0.42%
Legend Natural Gas LLP	Oil & Gas	-	0.21%	0.26%	0.22%
Chevron U.S.A. Inc.	Oil & Gas	-	-	-	0.18%
Kerr-McGee Oil & Gas Onshore	Oil & Gas	-	-	-	0.16%
Shell Western E&G Inc.	Oil & Gas	-	-	-	-
Smith Production Inc.	Oil & Gas	-	-	-	-
Chesapeake Operating	Oil & Gas	-	-	-	-
Trenton Street Corporation	Real Estate	-	-	-	-
Shell Western E&P (Total E&P)	Oil & Gas	-	-	-	-
Total E&P USA Inc.	Oil & Gas	-	-	-	-
Wal Mart Stores East, Inc. #452	Retail Store	-	-	-	-
Magic Valley Electric Co-op	Electric Utility	-	-	-	-
Shell Western E&P Inc.	Oil & Gas	-	-	-	-
Newfield Exploration Company	Oil & Gas	-	-	-	-
	Totals	**5.42 %**	**5.21%**	**5.06%**	**5.62%**

Sources:
First Southwest Company: Table 5 – Fifteen Largest Taxpayers, p.4

(Continued)

% of Taxable Assessed Value (TAV) by Tax Year					
2011	2010	2009	2008	2007	2006
-	-	-	-	-	-
0.58%	0.58%	0.60%	0.64%	0.77%	0.94%
0.35%	0.35%	0.37%	-	-	-
0.38%	0.38%	0.40%	0.39%	0.38%	0.43%
-	-	-	-	-	-
0.17%	0.17%	-	0.21%	0.18%	0.22%
0.20%	0.20%	-	-	-	-
0.27%	0.27%	0.28%	0.40%	0.42%	0.50%
-	-	-	-	-	-
0.29%	0.29%	0.34%	0.46%	0.50%	0.71%
-	-	-	-	-	-
0.22%	0.22%	0.23%	0.25%	0.32%	0.40%
0.31%	0.31%	0.34%	0.44%	0.44%	0.53%
0.28%	0.28%	0.30%	0.36%	0.39%	0.48%
-	-	-	-	-	-
0.77%	0.77%	1.07%	1.45%	1.07%	1.86%
-	-	-	-	-	-
0.64%	0.64%	1.57%	0.89%	0.28%	0.34%
0.36%	0.36%	-	-	-	-
2.31%	2.31%	2.06%	2.31%	-	1.96%
0.51%	0.51%	0.57%	-	-	-
-	-	0.31%	-	-	-
-	-	0.20%	0.29%	0.26%	0.27%
-	-	0.19%	0.25%	0.30%	-
-	-	-	-	-	0.76%
-	-	-	0.38%	0.32%	0.36%
-	-	-	-	-	0.22%
-	-	-	-	1.60%	-
-	-	-	0.21%	0.20%	-
7.64%	**7.64%**	**8.83%**	**8.93%**	**7.43%**	**9.98%**

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

Fiscal Year Ended August 31,	Levy (a)	**Cumulative Levy Adjustment	Adjusted Tax Levy (b)	Collections - Year of Levy I	Percentage
2015	$ 56,134,038	$ 636,994	$ 56,771,033	$ 53,732,185	95.72%
2014	45,078,972	161,784	45,240,756	42,542,880	94.37%
2013	44,351,826	(42,763)	44,309,062	41,562,746	93.71%
2012	44,227,775	(74,733)	44,153,042	41,368,696	93.54%
2011	44,806,807	(36,010)	44,770,797	41,594,864	92.83%
2010	44,968,114	150,926	45,119,040	41,700,948	92.73%
2009	43,218,654	1,430,382	44,649,036	41,017,803	94.91%
2008	40,856,871	683,923	41,540,793	38,370,024	93.91%
2007	36,625,083	220,823	36,845,905	34,032,590	92.92%
2006	34,208,247	170,694	34,378,941	31,237,216	91.31%

Sources: Hidalgo County and Starr County Tax Assessor/Collector and the District's records
(a) As reported in notes to the financial statements for the year of the levy
(b) As of August 31st of the current reporting year
I 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
I Represents current year collections of prior years levies

Total collections = c + d + e + f

Notes:
* Includes rollback total collections
**Modifications to Levy provided by Hidalgo and Starr County, and Beginning Balance Adjustments

Prior Collections of Prior Levies (d)	Current Collections of Prior Levies I	Penalty and Interest Collections (f)	Total Collections (g = c + d + e + f)	Cumulative Collections of Adjusted Levy (h = g / b)
$ -	$ -	$ 664,015	$ 54,396,200	95.82%
-	1,237,304 *	263,465 *	44,043,649	97.35%
1,267,636 *	434,644	158,321	43,423,346	98.00%
1,668,705	245,181	116,986	43,399,568	98.29%
2,197,321	180,378	106,761	44,079,324	98.46%
2,623,939	133,892	94,386	44,553,166	98.75%
2,969,032	104,428	84,957	44,176,220	98.94%
2,713,072	74,127	69,275	41,226,497	99.24%
2,486,416	43,779	45,637	36,608,421	99.36%
2,681,357	35,802	41,603	33,995,979	98.89%

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

	For the Year Ended August 31,			
	2015	2014	2013	2012
General Bonded Debt				
General Obligation Bonds	$ 188,761,705	$ 97,817,879	$ 47,249,685	$ 56,569,741
Notes	-	-	-	-
Less: Funds restricted for debt service	(17,161,084)	(17,634,580)	(16,294,897)	(14,493,499)
Net general bonded debt	**171,600,621**	**80,183,299**	**30,954,788**	**42,076,242**
Other Debt				
Revenue bonds	-	-	-	-
Notes	-	-	-	-
Capital lease obligations	-	-	-	-
Total Outstanding Debt	**$ 188,761,705**	**$ 97,817,879**	**$ 47,249,685**	**$ 56,569,741**
General Bonded Debt Ratios				
Per Capita (a)	$ 191.20	$ 90.61	$ 35.43	$ 48.87
Per FTSE (b)	6,730	3,143	1,345	2,041
As a percentage of Taxable Assessed Value I	0.55%	0.27%	0.10%	0.14%
As a percentage of personal income (d)	0.87%	0.43%	0.17%	0.35%
Total Outstanding Debt Ratios				
Per Capita (a)	$ 210.33	$ 110.54	$ 54.08	$ 65.70
Per FTSE (b)	7,403	3,835	2,054	2,745
As a percentage of Taxable Assessed Value I	0.61%	0.32%	0.16%	0.19%
As a percentage of personal income (d)	0.96%	0.52%	0.26%	0.47%

Notes:
(a) Ratios calculated using current year district population from Statistical Supplement 12
(b) Ratios calculated using the FTSE from Statistical Supplement 6
I Ratios calculated using the current Taxable Assessed Value Statistical Supplement 5
(d) Ratios calculated using District Personal Income from Statistical Supplement 12

For the Year Ended August 31,					
2011	2010	2009	2008	2007	2006
$ 65,994,008	$ 73,749,384	$ 81,837,974	$ 89,621,562	$ 97,140,150	$ 102,057,411
-	-	-	-	-	-
(13,204,788)	(11,946,974)	(10,475,704)	(8,974,272)	(7,125,560)	(6,233,133)
52,789,220	**61,802,410**	**71,362,270**	**80,647,290**	**90,014,590**	**95,824,278**
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 65,994,008	**$ 73,749,384**	**$ 81,837,974**	**$ 89,621,562**	**$ 97,140,150**	**$ 102,057,411**
$ 62.23	$ 73.95	$ 83.42	$ 99.23	$ 118.92	$ 124.29
2,603	3,023	4,472	5,463	7,551	8,463
0.18%	0.20%	0.25%	0.30%	0.38%	0.45%
0.62%	0.75%	0.83%	0.98%	0.74%	0.82%
$ 77.80	$ 88.24	$ 95.66	$ 110.27	$ 128.33	$ 132.38
3,254	3,608	5,129	6,071	8,149	9,013
0.22%	0.24%	0.28%	0.34%	0.41%	0.47%
0.77%	0.90%	0.96%	1.09%	0.80%	0.87%

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

General Obligation Bonds

For the Year Ended August 31	Taxable Assessed Value	Statutory Tax Levy Limit for Debt Service	Less: Funds Restricted for Repayment	Total Net Debt	Current Year Debt Service Requirements	Excess of Statutory Limit for Debt Service over Current Requirements	Net Current Requirements as a % of Statutory Limit
2015	$ 30,965,159,425	$ 154,825,797	$ (17,161,084)	$ 137,664,713	$ (17,430,990)	$ 120,233,723	0.17%
2014	30,246,199,691	151,230,998	(17,634,580)	133,596,418	(14,901,182)	118,695,236	-1.81%
2013	29,645,534,071	148,227,670	(16,294,897)	131,932,773	(11,139,750)	120,793,023	-3.48%
2012	29,518,175,339	147,590,877	(14,493,499)	133,097,378	(11,151,900)	121,945,478	-2.26%
2011	30,089,658,977	150,448,295	(13,204,788)	137,243,507	(11,148,943)	126,094,565	-1.37%
2010	30,304,183,226	151,520,916	(11,946,974)	139,573,942	(11,150,535)	128,423,407	-0.53%
2009	28,933,493,707	144,667,469	(10,475,704)	134,191,765	(11,146,701)	123,045,064	0.46%
2008	26,529,232,568	132,646,163	(8,974,272)	123,671,891	(11,147,686)	112,524,205	1.64%
2007	23,658,082,495	118,290,412	(7,125,560)	111,164,852	(11,135,516)	100,029,336	3.39%
2006	21,527,704,669	107,638,523	(6,233,133)	101,405,390	(10,947,644)	90,457,746	4.38%

Sources:
Texas Education Code Section 130.122
Hidalgo County and Starr County Tax Assessor and Collector

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

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

Statistical Supplement 11 required by THECB is not applicable to South Texas College District.

Statistical Supplement 12
Demographic and Economic Statistics – Taxing District
Last Ten Fiscal Years
(unaudited)

Calendar Year	District Population (a)	Hidalgo County Median Household Money Income (b)	Starr County Median Household Money Income I	District Median Household Money Income (d=(b+c)/2)	Hidalgo County Personal Income Per Capita I	Starr County Personal Income Per Capita (f)
2015	897,472 (2)	$ 35,036 (6)	$ 25,696 (6)	$ 30,366	$ 23,073 (1,7)	$ 20,811 (1,7)
2014	884,888 (2)	34,140 (6)	26,714 (6)	30,427	22,400 (1,7)	19,866 (1,7)
2013	873,715 (2)	33,839 (6)	26,017 (6)	29,928	21,620 (1)	19,235 (1)
2012	860,992 (2)	32,471 (6)	24,741 (6)	28,606	16,272 (1)	11,980 (1)
2011	848,228 (2)	33,558 (4)	19,931 (4)	26,745	12,056 (4)	8,099 (4)
2010	835,737 (2,3)	30,593 (4)	19,536 (4)	25,065	11,769 (4)	7,908 (4)
2009	855,503 (8)	30,863 (4)	19,493 (4)	25,178	12,009 (4)	7,980 (4)
2008	812,734 (8)	30,932 (4)	19,430 (4)	25,181	12,276 (4)	7,986 (4)
2007	756,956 (8)	30,153 (8)	23,070 (1)	26,612	18,316 (1)	13,854 (1)
2006	770,962 (8)	28,538 (3)	20,098 (1)	24,318	17,409 (5)	12,971 (5)

Sources:
(1) Texas Workforce Commission
(2) Office of the State Demographer – Texas State Data Center
(3) U.S. Census Bureau
(4) Economic Development Intelligence System
(5) U.S. Bureau of Economic Analysis
(6) Zoom Prospector
(7) FRED Economic Data & Research– Federal Reserve Bank of St. Louis
(8) First Southwest Company

District Personal Income Per Capita (g=(e+f)/2)	District wide Personal Income (thousands of dollars) (h=(a x g)/1000)	Hidalgo County Unemployment Rate (1,7) (i)	Starr County Unemployment Rate (1,7) (j)	District Unemployment Rate (k)	State Unemployment Rate (1,7) (l)	National Unemployment Rate (1) (m)
$ 21,942	$ 19,692,331	8.00%	13.20%	10.60%	4.50%	5.20%
21,133	18,700,338	9.15%	13.45%	11.30%	5.10%	5.70%
20,428	17,848,250	10.80%	15.00%	12.90%	6.35%	7.30%
14,126	12,162,373	11.70%	14.70%	13.20%	7.05%	8.20%
10,078	8,548,442	12.60%	16.80%	14.70%	8.50%	9.10%
9,839	8,222,816	12.10%	17.90%	15.00%	8.50%	9.60%
9,995	8,550,752	11.60%	17.80%	14.70%	8.30%	9.80%
10,131	8,233,808	7.90%	10.90%	9.40%	5.10%	6.10%
16,085	12,175,637	6.20%	8.10%	7.15%	4.30%	4.70%
15,190	11,710,913	7.10%	10.40%	8.75%	5.10%	4.60%

Statistical Supplement 13
Principal Employers
(unaudited)

	2015			2006	
Employer	Number of Employees	Percentage of Total Employment	Employer	Number of Employees	Percentage of Total Employment
Wal-Mart[1]	5,329	1.64%	Edinburg Consolidated I.S.D.	3,600	1.77%
H-E-B[2]	4,656	1.44%	McAllen Independent School District	3,595	1.77%
Edinburg Consolidated I.S.D.	4,207	1.30%	Edinburg Regional Medical Center	3,000	1.48%
Pharr-San Juan-Alamo I.S.D.	4,100	1.26%	University of Texas-Pan American	2,842	1.40%
McAllen Consolidated I.S.D.	3,900	1.20%	McAllen Medical Center	2,800	1.38%
Hidalgo County	3,821	1.18%	Hidalgo County	2,211	1.09%
Edinburg Regional Medical Center	3,000	0.93%	Mission Consolidated I.S.D.	1,955	0.96%
University of Texas-Pan American	2,850	0.88%	City of McAllen	1,489	0.73%
Weslaco I.S.D.	2,821	0.87%	Wal-Mart	1,000+	0.49%
Doctor's Hospital at Renaissance	2,700	0.83%	Rio Grande I.S.D.	1,000+	0.49%
Totals	**37,384**	**11.53%**	**Totals**	**23,492**	**11.56%**

Sources:
Hidalgo County 2014 CAFR
Edinburg Economic Development Corporation
Weslaco Economic Development Corporation
Starr County
Texas Workforce Commission

Notes:
Total employment as of August 2015 for the district was 324,296. Based on latest economic indicators, provided by the Texas Workforce Commission for Texas Labor Market Information for August 2015.
(1) Total number of employees includes 19 stores in Hidalgo County and 1 Wal-Mart store located in Starr County (Rio Grande City, TX).
(2) Total number of employees includes 19 stores in Hidalgo County and 1 H-E-B store located in Starr County (Rio Grande City, TX).

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Faculty										
Full-Time	586	420	530	526	552	446	437	428	409	396
Part-Time	135	177	146	192	197	194	170	252	229	244
Total	**721**	**597**	**676**	**718**	**749**	**640**	**607**	**680**	**638**	**640**
Percent										
Full-Time	81.3%	70.4%	78.4%	73.3%	73.7%	69.7%	72.0%	62.9%	64.1%	61.9%
Part-Time	18.7%	29.6%	21.6%	26.7%	26.3%	30.3%	28.0%	37.1%	35.9%	38.1%
Staff and Administrators										
Full-Time	808	794	698	710	720	718	675	596	574	541
Part-Time	522	547	446	426	408	428	428	404	475	470
Total	**1,330**	**1,341**	**1,144**	**1,136**	**1,128**	**1,146**	**1,103**	**1,000**	**1,049**	**1,011**
Percent										
Full-Time	60.8%	59.2%	61.0%	62.5%	63.8%	62.7%	61.2%	59.6%	54.7%	53.5%
Part-Time	39.2%	40.8%	39.0%	37.5%	36.2%	37.3%	38.8%	40.4%	45.3%	46.5%
FTSE per Full-Time Faculty	43.5	60.7	43.4	39.2	36.7	45.8	36.5	34.5	29.1	28.6
FTSE per Full-Time Staff Member	31.6	32.1	33.0	29.0	28.2	28.5	23.6	24.8	20.8	20.9
FTSE*	25,498	25,508	23,007	20,612	20,282	20,442	15,956	14,762	11,921	11,323
Average Annual Faculty Salary**	**$ 55,811**	**$ 66,383**	**$ 56,701**	**$ 52,051**	**$ 52,435**	**$ 56,880**	**$ 52,830**	**$ 44,391**	**$ 39,688**	**$ 37,817**

Source:
South Texas College District Office of Human Resources

Notes:
* FTSE was obtained from Statistical Supplement 6
**Average annual faculty salary includes annualized salaries for faculty under nine month contract

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

	Academic									
	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
Student Classification	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	20,911	67.79%	20,746	68.59%	20,391	68.40%	19,655	66.60%	18,941	67.63%
31-60 hours	7,996	25.92%	8,353	27.62%	8,391	28.15%	8,771	29.72%	7,609	27.17%
> 60 hours	1,942	6.29%	1,147	3.79%	1,030	3.45%	1,087	3.68%	1,456	5.20%
Total	**30,849**	**100.00%**	**30,246**	**100.00%**	**29,812**	**100.00%**	**29,513**	**100.00%**	**28,006**	**100.00%**

	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
Semester Hour Load	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	79	0.26%	85	0.28%	105	0.35%	92	0.31%	151	0.54%
3-5 semester hours	8,377	27.15%	8,239	27.24%	7,729	25.93%	7,336	24.86%	6,545	23.37%
6-8 semester hours	7,416	24.04%	7,016	23.20%	6,867	23.03%	6,431	21.79%	6,483	23.15%
9-11 semester hours	6,274	20.34%	5,829	19.27%	5,838	19.58%	5,854	19.84%	5,555	19.84%
12-14 semester hours	7,483	24.26%	7,545	24.95%	7,991	26.80%	8,690	29.44%	8,221	29.35%
15-17 semester hours	1,084	3.51%	1,347	4.45%	1,136	3.81%	997	3.38%	919	3.28%
18 & over	136	0.44%	185	0.61%	146	0.50%	113	0.38%	132	0.47%
Total	**30,849**	**100.00%**	**30,246**	**100.00%**	**29,812**	**100.00%**	**29,513**	**100.00%**	**28,006**	**100.00%**
Average course load	8.36		8.39		8.44		8.57		8.57	

	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
Tuition Status	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	29,057	94.19%	28,868	95.44%	28,649	96.10%	28,611	96.94%	27,105	96.79%
Texas Resident (out-of-District)	683	2.21%	597	1.97%	682	2.29%	548	1.86%	600	2.14%
Non-Resident Tuition	1,109	3.60%	781	2.59%	481	1.61%	354	1.20%	301	1.07%
Total	**30,849**	**100.00%**	**30,246**	**100.00%**	**29,812**	**100.00%**	**29,513**	**100.00%**	**28,006**	**100.00%**

Source:
CBM001

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

	Continuing Education									
Student Classification	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
(Contact Hours)	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Continuing Education (CE)	5,798	98.98%	4,972	99.00%	2,314	97.02%	859	95.87%	1,069	97.36%
CE Not State Funded	60	1.02%	50	1.00%	71	2.98%	37	4.13%	29	2.64%
Inter-Institutional	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	**5,858**	**100.00%**	**5,022**	**100.00%**	**2,385**	**100.00%**	**896**	**100.00%**	**1,098**	**100.00%**

	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
Contact Hour Load	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
3-5 semester hours	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
6-8 semester hours	92	1.57%	169	3.37%	295	12.37%	100	11.16%	77	7.01%
9-11 semester hours	2	0.03%	3	0.06%	-	0.00%	-	0.00%	-	0.00%
12-14 semester hours	233	3.98%	192	3.82%	209	8.76%	186	20.76%	265	24.13%
15-17 semester hours	11	0.19%	9	0.18%	30	1.26%	12	1.34%	7	0.64%
18 & over	5,520	94.23%	4,649	92.57%	1,851	77.61%	598	66.74%	749	68.22%
Total	**5,858**	**100.00%**	**5,022**	**100.00%**	**2,385**	**100.00%**	**896**	**100.00%**	**1,098**	**100.00%**
Average course load	66.55		73.87		72.03		49.04		49.59	

	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
Tuition Status	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Both contract and non-contract courses	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Contract course(s) only	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Non-contract course(s) only	5,858	100.00%	5,022	100.00%	2,385	100.00%	896	100.00%	1,098	100.00%
Total	**5,858**	**100.00%**	**5,022**	**100.00%**	**2,385**	**100.00%**	**896**	**100.00%**	**1,098**	**100.00%**

Source:
CBM00A Item #21 Tuition Status of CE Students

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

	Academic									
	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	17,476	56.65%	17,102	56.54%	17,160	57,56%	16,877	57.18%	16,039	57.27%
Male	13,373	43.35%	13,144	43.46%	12,652	42.44%	12,636	42.82%	11,967	42.73%
Total	**30,849**	**100.00%**	**30,246**	**100.00%**	**29,812**	**100.00%**	**29,513**	**100.00%**	**28,006**	**100.00%**

	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	880	2.85%	825	2.73%	769	2.58%	591	2.00%	911	3.25%
Hispanic	28,829	93.45%	28,257	93.42%	27,582	92.52%	26,815	90.86%	24,853	88.74%
African American	90	0.29%	66	0.22%	65	0.22%	62	0.21%	39	0.14%
Asian	259	0.84%	247	0.82%	227	0.76%	156	0.53%	80	0.29%
Foreign	76	0.25%	67	0.22%	82	0.27%	64	0.22%	55	0.20%
Native American	16	0.05%	11	0.04%	26	0.09%	7	0.02%	33	0.12%
Unknown	699	2.27%	773	2.55%	1,061	3.56%	1,818	6.16%	2,035	7.26%
Total	**30,849**	**100.00%**	**30,246**	**100.00%**	**29,812**	**100.00%**	**29,513**	**100.00%**	**28,006**	**100.00%**

	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	11,954	38.75%	11,693	38.66%	10,783	36.17%	9,540	32.32%	4,079	14.56%
18 -21	10,508	34.06%	10,248	33.88%	10,281	34.49%	10,479	35.51%	12,132	43.32%
22 – 24	3,136	10.17%	3,079	10.18%	3,039	10.19%	3,085	10.45%	4,042	14.43%
25 – 35	3,775	12.24%	3,704	12.25%	4,019	13.48%	4,545	15.40%	5,499	19.64%
36 – 50	1,311	4.25%	1,343	4.44%	1,489	5.00%	1,675	5.68%	2,014	7.19%
51 & over	165	0.53%	179	0.59%	201	0.67%	189	0.64%	240	0.86%
Unknown	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	**30,849**	**100.00%**	**30,246**	**100.00%**	**29,812**	**100.00%**	**29,513**	**100.00%**	**28,006**	**100.00%**
Average Age	20.7		21.2		21.2		22.0		22.1	

Source:
CBM001

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

	Continuing Education									
	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	3,069	52.39%	2,418	48.15%	1,039	43.56%	429	47.88%	678	61.75%
Male	2,789	47.61%	2,604	51.85%	1,346	56.44%	467	52.12%	420	38.25%
Total	**5,858**	**100.00%**	**5,022**	**100.00%**	**2,385**	**100.00%**	**896**	**100.00%**	**1,098**	**100.00%**

	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	109	1.86%	91	1.81%	10	0.42%	44	4.91%	24	2.19%
Hispanic	3,755	64.10%	3,369	67.08%	1,255	52.62%	282	31.47%	433	39.44%
African American	6	0.10%	14	0.28%	3	0.13%	1	0.11%	-	0.00%
Asian	26	0.44%	15	0.30%	5	0.21%	1	0.11%	1	0.09%
Foreign	1	0.02%	-	0.00%	-	0.00%	-	0.00%	3	0.27%
Native American	5	0.09%	3	0.06%	2	0.08%	1	0.11%	1	0.09%
Unknown	1,956	33.39%	1,530	30.47%	1,110	46.54%	567	63.29%	636	57.92%
Total	**5,858**	**100.00%**	**5,022**	**100.00%**	**2,385**	**100.00%**	**896**	**100.00%**	**1,098**	**100.00%**

	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	4,275	72.98%	3,625	72.18%	927	38.87%	19	2.12%	14	1.28%
18 -21	456	7.78%	485	9.66%	259	10.86%	97	10.83%	202	18.40%
22 – 24	124	2.12%	147	2.93%	143	6.00%	53	5.92%	84	7.65%
25 – 35	404	6.90%	306	6.09%	418	17.52%	263	29.35%	319	29.05%
36 – 50	480	8.19%	324	6.45%	481	20.17%	358	39.96%	388	35.34%
51 & over	119	2.03%	135	2.69%	157	6.58%	106	11.82%	91	8.28%
Unknown	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	**5,858**	**100.00%**	**5,022**	**100.00%**	**2,385**	**100.00%**	**896**	**100.00%**	**1,098**	**100.00%**
Average Age	20.10		21.70		27.00		36.20		33.80	

Source:
CBM00A

Statistical Supplement 17
Transfers to Senior Institutions
Students as of Fall 2014
(includes only public senior colleges in Texas)
(unaudited)

		Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
1	The University of Texas – Pan American	2,708	463	82	3,253	64.47%
2	Texas A&M University	291	31	7	329	6.52%
3	Texas A&M University – Kingsville	250	19	7	276	5.47%
4	The University of Texas at San Antonio	213	33	7	253	5.01%
5	The University of Texas at Austin	185	13	9	207	4.10%
6	Texas State University – San Marcos	135	21	2	158	3.13%
7	The University of Texas at Brownsville	80	13	1	94	1.86%
8	Texas State Technical College – Harlingen	48	25	1	74	1.47%
9	Texas A&M International University	58	9	2	69	1.37%
10	Texas A&M University – Corpus Christi	54	6	1	61	1.21%
11	University of Houston	38	1	-	39	0.77%
12	Texas Tech University	30	3	-	33	0.64%
13	Austin Community College	22	6	2	30	0.59%
14	Blinn College	21	2	3	26	0.51%
15	University of North Texas	21	-	1	22	0.44%
16	Del Mar College	9	9	-	18	0.36%
17	Sam Houston State University	12	5	-	17	0.34%
18	The University of Texas at Arlington	11	2	-	13	0.26%
19	The University of Texas at Dallas	11	2	-	13	0.26%
20	Texas Southmost College	6	7	-	13	0.26%
21	Stephen F. Austin State University	12	-	-	12	0.24%
22	ACCD – San Antonio College	9	1	1	11	0.22%
23	Houston Community College System	6	4	-	10	0.20%
24	Texas A&M University System Health Science Center	7	1	-	8	0.16%
25	ACCD – Northwest Vista College	6	-	1	7	0.14%
	Total	**4,243**	**676**	**127**	**5,046**	**100.00%**

Source:
Texas Higher Education Data: ASALFS Students Pursuing Additional Education
ASALFS South Texas College – http://www.txhighereddata.org/reports/performace/ctcasalf/ctcaddl/

Statistical Supplement 18
Capital Asset Information
Last Five Fiscal Years
(unaudited)

	Fiscal Year				
	2015	2014	2013	2012	2011
Academic Buildings	23	23	23	24	22
Square footage	949,435	949,435	949,435	1,023,096	897,023
Academic Portable Buildings	43	43	43	44	44
Square footage	71,305	71,305	71,305	72,865	72,865
Libraries	3	3	3	3	3
Square footage	105,507	105,507	105,507	105,507	105,507
Number of volumes	139,465	141,500	138,221	142,163	133,283
Administrative and Support Buildings	13	13	13	12	12
Square footage	305,970	305,970	305,970	232,309	232,309
Administrative and Support Portable Buildings	12	12	12	9	8
Square footage	15,124	15,124	15,124	13,404	12,964
Dining Facilities	5	5	5	5	5
Square footage	15,343	15,343	15,343	15,343	15,343
Average daily customers	1,544	1,401	1,052	1,005	1,059
Fitness Facilities	2	2	2	2	2
Square footage	37,432	37,432	37,432	37,432	37,432
Plant Facilities	1	1	1	1	1
Square footage	11,754	11,754	11,754	11,754	11,754
Transportation					
Automobiles-instructional	30	32	29	29	29
Light trucks/vans	41	35	24	21	19
Light trucks/vans-instructional	29	29	28	28	28
Heavy trucks/backhoe	2	1	1	1	1
Heavy trucks/backhoe-instructional	6	5	5	5	4
Golf and forklift	28	27	18	14	10
Trailer	1	1	1	1	1
Shuttle/bus	3	3	2	2	2

Sources:
South Texas College District Office of Facilities Planning and Construction
South Texas College District Fixed Assets Department

Statistical Supplement 19
Changes in Net Position
Last Ten Fiscal Years
(unaudited)

	For the Fiscal Year Ended			
Operating Revenues	2015	2014	2013	2012
Tuition and fees (net of discounts)	$ 21,373,162	$ 20,488,244	$ 21,051,377	$ 19,583,509
Federal grants and contracts	4,368,574	3,445,293	4,630,302	4,748,007
State grants and contracts	4,068,944	4,246,315	5,160,704	6,794,060
Local grants and contracts	1,099,573	1,118,054	1,270,376	1,293,135
Non-governmental grants and contracts	5,235,358	4,949,832	3,113,960	2,740,134
Auxiliary enterprises	1,773,325	1,835,353	1,810,240	1,872,734
General operating revenues	1,308,903	645,811	621,264	439,642
Total Operating Revenues	**39,227,839**	**36,728,902**	**37,658,223**	**37,471,221**
Operating Expenses				
Instruction	60,820,171	59,447,106	57,766,578	53,899,805
Research	-	-	4,516	67,273
Public service	1,205,480	829,711	903,735	736,507
Academic support	15,281,478	13,980,994	12,775,912	11,551,178
Student services	10,969,940	10,403,814	10,090,241	9,681,946
Institutional support	21,790,954	19,813,087	21,108,957	19,494,885
Operations and maintenance of plant	13,675,484	12,563,250	9,486,934	9,459,757
Scholarships and fellowships	27,815,696	27,692,817	28,724,249	31,873,082
Auxiliary enterprises	1,403,408	1,388,716	1,383,521	1,418,145
Depreciation	6,759,801	6,731,486	6,589,876	6,414,932
Total Operating Expenses	**159,722,412**	**152,850,981**	**148,834,519**	**144,597,510**
Operating Loss	**$ (120,494,573)**	**$ (116,122,079)**	**$ (111,176,296)**	**$ (107,126,289)**

Note:
Other non-operating expenses were segregated into separate categories for FY 2008 – FY 2015. The segregation is not reflected in the previous years.

For the Fiscal Year Ended					
2011	2010	2009	2008	2007	2006
$ 18,281,708	$ 17,153,615	$ 16,561,311	$ 15,075,608	$ 12,657,625	$ 14,167,536
6,172,207	8,979,526	7,015,595	6,508,073	5,057,914	6,653,576
6,335,567	6,711,706	5,412,226	4,292,294	3,068,738	3,094,018
1,380,691	1,255,944	1,129,509	741,390	922,667	756,312
2,796,686	2,200,618	1,594,568	1,555,367	1,192,509	1,017,893
1,877,501	1,666,738	1,403,045	1,300,682	874,962	906,335
545,846	1,988,232	2,280,483	1,129,049	1,493,987	1,680,707
37,390,206	**39,956,379**	**35,396,737**	**30,602,463**	**25,268,402**	**28,276,377**
57,359,050	55,454,200	48,698,353	42,291,067	37,853,111	36,144,166
6,303	-	-	-	-	19,663
640,673	2,460,617	2,637,239	2,924,649	1,795,019	2,847,813
12,035,474	9,565,508	9,271,172	8,241,265	8,089,561	7,542,624
9,939,104	10,264,591	9,070,935	8,057,220	7,727,628	6,476,443
20,293,881	19,044,676	17,197,508	15,303,315	14,169,127	13,255,074
10,270,614	10,437,077	10,356,102	9,336,528	8,712,299	8,473,871
39,320,494	37,212,122	23,176,417	19,424,919	15,819,630	19,681,397
1,421,243	1,524,084	1,498,378	655,258	422,150	438,747
6,265,826	5,923,105	5,848,873	5,391,971	5,285,190	5,165,342
157,552,662	**151,885,980**	**127,754,977**	**111,626,192**	**99,873,715**	**100,045,140**
$ (120,162,456)	**$ (111,929,601)**	**$ (92,358,240)**	**$ (81,023,729)**	**$ (74,605,313)**	**$ (71,768,763)**

(Continued)

Statistical Supplement 19
Changes in Net Position
Last Ten Fiscal Years
(unaudited)

	For the Fiscal Year Ended			
	2015	2014	2013	2012
Non-Operating Revenues (Expenses)				
State allocations	$ 42,858,200	$ 42,766,020	$ 38,977,829	$ 37,017,673
Ad-valorem taxes				
Taxes for maintenance & operations	43,951,580	33,983,319	32,403,363	33,244,142
Taxes for debt service	14,105,277	12,291,870	12,030,232	12,276,741
Federal revenue, non-operating	54,881,496	55,351,962	57,151,307	61,950,136
Gifts	305,146	323,100	351,843	418,605
Investment income (net of investment expenses)	144,206	214,915	389,519	417,075
Insurance proceeds	24,282	-	-	-
Interest on capital related debt	(5,964,767)	(1,340,664)	(1,513,884)	(1,821,871)
Gain on disposal of capital assets	-	-	-	2,793
Loss on sale/disposal/return of capital assets	(240,389)	(10,154)	(217)	-
Non-capital construction costs	(1,731,576)	(1,715,994)	(849,455)	(1,400,934)
Bond costs amortization	(1,166,614)	(873,317)	(566,261)	(536,677)
Other non-operating revenues (expenses)	(274,655)	(172,844)	(290,477)	(500,835)
Net Non-Operating Revenues (Expenses)	**146,892,186**	**140,818,213**	**138,083,799**	**141,066,848**
Income before contributions, endowment and extraordinary item	26,397,613	24,696,134	26,907,503	33,940,559
Capital contributions	66,908	105,190	83,298	22,740
Additions (deductions) to permanent and term endowment	-	-	-	(4,700)
Special item	-	-	-	-
Extraordinary item	1,987,665	(2,655,340)	(4,230,489)	2,010,294
Increase In Net Position	28,452,186	22,145,984	22,760,312	35,968,893
Net Position-Beginning of Year, as restated	337,541,511	315,848,253	293,087,941	257,119,048
Cumulative Effect of Change in Accounting Principle	(25,791,345)	(452,726)	-	-
Net Position-End of Year	**$ 340,202,352**	**$ 337,541,511**	**$ 315,848,253**	**$ 293,087,941**

(Continued)

For the Fiscal Year Ended					
2011	2010	2009	2008	2007	2006
$ 36,676,953	$ 37,514,938	$ 33,173,275	$ 32,857,808	$ 30,311,961	$ 29,972,196
33,798,861	34,314,946	33,731,408	30,822,108	27,439,614	24,854,665
12,187,090	12,197,541	12,212,764	12,319,291	11,151,789	11,017,119
66,972,554	59,089,947	34,498,524	28,470,310	25,966,042	26,726,564
309,868	663,193	775,113	519,842	351,586	215,177
327,497	388,426	1,335,180	2,627,475	4,653,487	3,684,413
-	-	-	-	-	-
(2,054,633)	(2,986,702)	(3,186,226)	(3,046,995)	(4,926,778)	(4,662,868)
-	-	-	-	-	-
(3,500)	(4,698)	(77,747)	-	-	-
(464,503)	(2,268,529)	(1,038,216)	(735,663)	-	-
(496,724)	(353,037)	(353,037)	(353,211)	-	-
(396,032)	(673,262)	(706,561)	(426,718)	(1,712,405)	(1,091,717)
146,857,431	**137,882,763**	**110,364,477**	**103,054,247**	**93,235,296**	**90,715,549**
26,694,975	25,953,162	18,006,237	22,030,518	18,629,983	18,946,786
732,061	1,248,559	2,407,855	86,333	308,894	194,956
300	-	9,690	-	-	-
-	-	374,140	-	-	-
-	-	-	-	-	-
27,427,336	27,201,721	20,797,922	22,116,851	18,938,877	19,141,742
229,691,712	202,489,991	181,692,069	159,575,218	140,636,341	121,494,599
-	-	-	-	-	-
$ 257,119,048	**$ 229,691,712**	**$ 202,489,991**	**$ 181,692,069**	**$ 159,575,218**	**$ 140,636,341**

SOUTH TEXAS COLLEGE

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Statistical Supplement 20
Ad Valorem Tax Rates Authorized
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Current Operations	Debt Service	Total
2015	0.1400	0.5000	0.6400
2014	0.1100	0.5000	0.6100
2013	0.1100	0.5000	0.6100
2012	0.1100	0.5000	0.6100
2011	0.1100	0.5000	0.6100
2010	0.1100	0.5000	0.6100
2009	0.1100	0.5000	0.6100
2008	0.1100	0.5000	0.6100
2007	0.1100	0.5000	0.6100
2006	0.1100	0.5000	0.6100

Sources:
Texas Constitution and Statutes, Education Code (Debt Service)
South Texas College District Tax Order Resolution (Current Operations)

Statistical Supplement 21
Property Tax Rates
All Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)

Governmental Subdivision	Percent Applicable *	Tax Year 2014	Tax Year 2013	Tax Year 2012	Tax Year 2011
South Texas College District	100.00%	$0.185000	$0.150000	$0.150700	$0.150700
HIDALGO COUNTY					
Cities:					
Alamo	100.00%	0.598970	0.598970	0.598970	0.585480
Alton	-	0.459100	0.462400	0.479900	0.482500
Donna	100.00%	1.142421	1.252376	1.252300	1.252300
Edcouch	-	0.928600	0.970500	0.999900	0.884200
Edinburg	100.00%	0.635000	0.635000	0.635000	0.635000
Elsa	-	0.986700	0.991600	0.990000	0.990000
Granjeno	-	0.423000	0.425300	0.425300	0.425300
Hidalgo	100.00%	0.351400	0.351400	0.351400	0.351400
La Joya	100.00%	0.570000	0.567800	0.567800	0.545200
La Villa	100.00%	0.783600	0.783600	0.783600	0.622400
McAllen	100.00%	0.476300	0.431300	0.431300	0.431300
Mercedes	100.00%	0.760000	0.775000	0.785000	0.785000
Mission	100.00%	0.518800	0.528800	0.528800	0.538800
Palmview	-	0.479000	0.466500	0.466500	0.460000
Penitas	-	0.459500	0.434500	0.410000	0.362500
Pharr	100.00%	0.680000	0.680000	0.680000	0.680000
Progreso	100.00%	0.793000	0.812600	0.538900	0.499900
San Juan	100.00%	0.699300	0.738600	0.738600	0.738600
Sullivan City	-	0.447800	0.416000	0.383800	0.353500
Weslaco	100.00%	0.676700	0.686700	0.696700	0.696700
School Districts:					
Donna ISD	100.00%	1.258200	1.258200	1.258200	1.258200
Edcouch-Elsa ISD	100.00%	1.258000	1.258000	1.258000	1.258000
Edinburg CISD	100.00%	1.239800	1.239800	1.239800	1.239800
Hidalgo ISD	100.00%	1.530000	1.556400	1.556400	1.586400
La Joya ISD	100.00%	1.311000	1.311000	1.311000	1.311000
La Villa ISD	100.00%	1.303800	1.303800	1.303800	1.303800
Lyford CISD	2.17%	1.280000	1.220000	1.330000	1.330000
McAllen ISD	100.00%	1.165000	1.165000	1.165000	1.165000
Mercedes ISD	100.00%	1.380000	1.290000	1.290000	1.290000
Mission CISD	100.00%	1.330000	1.300000	1.300000	1.300000
Monte Alto ISD	100.00%	1.350000	1.350000	1.350000	1.350000
PSJA ISD	100.00%	1.359200	1.359200	1.359200	1.359200
Progreso ISD	100.00%	1.370000	1.327500	1.370000	1.430000
Sharyland ISD	100.00%	1.335500	1.285500	1.285500	1.200000
South Texas ISD	-	0.049200	0.049200	0.049200	0.049200
Valley View ISD	100.00%	1.277000	1.277000	1.277000	1.317000
Weslaco ISD	100.00%	1.139700	1.139700	1.139700	1.139700

Tax Year 2010	Tax Year 2009	Tax Year 2008	Tax Year 2007	Tax Year 2006	Tax Year 2005
$0.149700	$0.149100	$0.149800	$0.154000	$0.154800	$0.158900
0.591910	0.591910	0.591910	0.592850	0.592850	0.553800
0.485000	0.049500	0.497400	0.499900	0.426600	0.426600
1.125979	1.038320	0.989999	0.989999	0.989999	0.989138
0.854200	0.854200	0.901200	0.899000	0.899000	0.773400
0.635000	0.635000	0.635000	0.635000	0.635000	0.635000
0.904200	0.904200	0.904220	0.741851	0.792720	0.810000
0.375700	0.037200	0.311100	0.281000	0.304900	0.275478
0.351400	0.351400	0.351400	0.351400	0.351400	0.351400
0.532300	0.517600	0.567800	0.560100	0.586200	0.565200
0.623400	0.623400	0.839600	0.772400	0.851600	0.785800
0.421300	0.421300	0.421300	0.421300	0.421300	0.421300
0.790000	0.790000	0.805000	0.850000	0.870000	0.870000
0.556600	0.556600	0.566600	0.556600	0.556600	0.558900
0.453400	0.443800	0.467964	0.352146	0.337009	0.334301
0.329600	0.308500	0.338900	0.275000	0.300000	0.300000
0.680000	0.680000	0.683120	0.683120	0.683120	0.683120
0.455300	0.455300	0.414700	0.422200	0.413900	0.389600
0.738600	0.738600	0.699300	0.699300	0.699300	0.699368
0.322000	0.323200	0.326000	0.326000	0.300000	0.300000
0.696700	0.696700	0.696700	0.696700	0.699500	0.699500
1.258200	1.177900	1.200000	1.200000	1.530000	1.660000
1.258000	1.258000	1.258000	1.258000	1.543400	1.600000
1.239800	1.219800	1.189800	1.115200	1.445200	1.575100
1.586400	1.436400	1.350000	1.320000	1.540000	1.610000
1.311000	1.311000	1.321600	1.252000	1.582000	1.642000
1.224800	1.224800	1.224800	1.224800	1.517800	1.626700
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
1.165000	1.165000	1.145000	1.145000	1.478000	1.615500
1.290000	1.290000	1.290000	1.290000	1.570000	1.660000
1.300000	1.280000	1.240000	1.180000	1.457400	1.663200
1.350000	1.220000	1.240000	1.186000	1.427300	1.546000
1.359200	1.301300	1.271000	1.211300	1.519400	1.613534
1.430000	1.310000	1.340000	1.239000	1.604600	1.654000
1.200000	1.200000	1.185000	1.185000	1.545100	1.565000
0.049200	0.049200	0.049200	0.049200	0.039200	0.039200
1.317000	1.317000	1.317000	1.255200	1.548800	1.548900
1.139700	1.139700	1.139700	1.104700	1.341800	1.430000

(Continued)

Statistical Supplement 21
Property Tax Rates
All Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)

Governmental Subdivision	Percent Applicable *	Tax Year 2014	Tax Year 2013	Tax Year 2012	Tax Year 2011
HIDALGO COUNTY					
Special Districts:					
Hidalgo County	100.00%	0.590000	0.590000	0.590000	0.590000
Drainage Dist. #1	100.00%	0.095700	0.095700	0.075000	0.073300
EMS District #1	-	0.016500	0.015400	0.014300	0.013400
EMS District #2	-	0.036100	0.036100	0.036100	0.033600
EMS District #3	-	0.030000	0.030000	0.030000	0.010000
EMS District #4	-	0.272000	0.026700	0.026200	0.024500
Donna Irrigation #1	-	0.210000	0.210000	0.210000	0.210000
Delta Lake Irrigation	-	0.550000	0.580000	0.580000	0.510000
Engleman Water District #6	-	0.000000	0.000000	0.230000	0.220000
Kennedy Co GCD	-	0.015300	0.015300	0.015300	0.015300
Brush County GCD	-	0.026020	0.027000	0.029894	0.030000
Red Sands Groundwater CD	-	0.169000	0.169000	0.169000	0.169000
STARR COUNTY					
Cities:					
Roma	100.00%	0.523055	0.519030	0.516500	0.508710
Rio Grande City	100.00%	0.514749	0.514080	0.514160	0.507459
Escobares City	-	0.403517	0.364809	0.340000	0.340000
School Districts:					
Rio Grande City CISD	100.00%	1.447200	1.440600	1.442600	1.479500
Roma ISD	100.00%	1.459090	1.459090	1.459090	1.459920
San Isidro ISD	-	1.260000	1.130000	1.130000	1.040000
Special Districts:					
Starr County Memorial Hospital District	-	0.262775	0.256915	0.251238	0.237531
Starr County	100.00%	0.561700	0.524600	0.551100	0.510100
F&M & FC	-	0.217400	0.254600	0.228100	0.189100

Sources:
Hidalgo County Appraisal District
Starr County Appraisal District
*Municipal Advisory Council of Texas

(Continued)

Tax Year 2010	Tax Year 2009	Tax Year 2008	Tax Year 2007	Tax Year 2006	Tax Year 2005
0.590000	0.590000	0.590000	0.590000	0.590000	0.590000
0.072500	0.072500	0.070000	0.049200	0.043100	0.043500
0.013400	0.013200	0.013200	0.014700	0.015700	0.016700
0.031100	0.028400	0.029000	0.028000	0.027400	0.026200
0.008800	0.008000	0.007500	0.008600	0.010300	0.011500
0.024500	0.024000	0.021800	0.022800	0.024100	0.024100
0.210000	0.210000	0.210000	0.210000	0.210000	0.210000
0.510000	0.000000	0.480000	0.000000	0.540000	0.550000
0.220000	0.210000	0.280000	0.270000	0.274600	0.290000
0.012500	0.015000	0.020000	0.000000	0.000000	0.000000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
0.508710	0.446330	0.444620	0.453780	0.394940	0.394940
0.506460	0.350000	0.292292	0.292292	0.292292	0.290000
0.322050	0.300000	0.300000	0.000000	0.000000	0.000000
1.489500	1.413000	1.418900	1.418900	1.599800	1.594600
1.464760	1.416680	1.437683	1.234090	1.521000	1.594900
1.030000	1.040000	1.040000	1.040000	1.370000	1.500000
0.204604	0.193676	0.200178	0.196300	0.133400	0.115300
0.460100	0.520400	0.514200	0.514200	0.441000	0.446000
0.239100	0.178800	0.185000	0.185000	0.168200	0.168400

Statistical Supplement 22
Computation of Direct and Overlapping Debt
August 31, 2015
(unaudited)

Overlapping Agencies	Outstanding Bonds		As of	Applicable to Direct Percent	Applicable to Direct Amount
Alamo, City of	$ 12,015,000	*	08/31/15	100.00%	$ 12,015,000
Donna ISD	89,045,000	*	08/31/15	100.00%	89,045,000
Donna, City of	44,645,000	*	08/31/15	100.00%	44,645,000
Edcouch-Elsa ISD	40,728,060	*	08/31/15	100.00%	40,728,060
Edinburg CISD	170,620,000	*	08/31/15	100.00%	170,620,000
Edinburg, City of	46,275,000	*	08/31/15	100.00%	46,275,000
Hidalgo Co.	161,285,000	*	08/31/15	100.00%	161,285,000
Hidalgo Co. DD #1	157,700,000	*	08/31/15	100.00%	157,700,000
Hidalgo ISD	40,005,000	*	08/31/15	100.00%	40,005,000
Hidalgo, City of	5,115,000	*	08/31/15	100.00%	5,115,000
La Joya ISD	257,656,704	*	08/31/15	100.00%	257,656,704
La Joya, City of	1,365,000	*	08/31/15	100.00%	1,365,000
La Villa ISD	5,080,000	*	08/31/15	100.00%	5,080,000
La Villa, City of	1,960,000	*	08/31/15	100.00%	1,960,000
Lyford CISD	6,887,609	*	08/31/15	2.17%	149,461
McAllen ISD	102,606,000	*	08/31/15	100.00%	102,606,000
McAllen, City of	76,825,000	*	08/31/15	100.00%	76,825,000
Mercedes ISD	69,970,400	*	08/31/15	100.00%	69,970,400
Mercedes, City of	25,655,000	*	08/31/15	100.00%	25,655,000
Mission CISD	128,758,222	*	08/31/15	100.00%	128,758,222
Mission, City of	29,440,000	*	08/31/15	100.00%	29,440,000
Monte Alto ISD	14,125,799	*	08/31/15	100.00%	14,125,799
Pharr, City of	21,010,000	*	08/31/15	100.00%	21,010,000
Pharr-San Juan-Alamo ISD	374,080,000	*	08/31/15	100.00%	374,080,000
Progreso ISD	27,585,000	*	08/31/15	100.00%	27,585,000
Progreso, City of	1,944,000	*	08/31/15	100.00%	1,944,000
Rio Grande City CISD	113,000,000	*	08/31/15	100.00%	113,000,000
Rio Grande City, City of	27,745,000	*	08/31/15	100.00%	27,745,000
Roma ISD	59,485,000	*	08/31/15	100.00%	59,485,000
Roma, City of	8,201,000	*	08/31/15	100.00%	8,201,000
San Juan, City of	17,195,000	*	08/31/15	100.00%	17,195,000

Overlapping Agencies	Outstanding Bonds		As of	Applicable to Direct Percent	Applicable to Direct Amount
Sharyland ISD	117,648,999	*	08/31/15	100.00%	117,648,999
Starr Co.	4,025,000	*	08/31/15	100.00%	4,025,000
Valley View ISD	47,354,764	*	08/31/15	100.00%	47,354,764
Weslaco ISD	69,296,000	*	08/31/15	100.00%	69,296,000
Weslaco, City of	82,830,000	*	08/31/15	100.00%	82,830,000
Total Net Overlapping Debt:					**2,452,424,409**
South Texas College District			08/31/15		171,015,000
Total Direct and Overlapping Debt:					**$ 2,623,439,409**

Source:
Municipal Advisory Council of Texas

Note:
*Gross Debt

SOUTH TEXAS COLLEGE

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SPECIAL REPORTS SECTION

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

To the President and Board of Trustees
South Texas College

Dr. Shirley Reed and Members of the Board:

We have audited, in accordance with the 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 basic financial statements of South Texas College (the College) as of and for the years ended August 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated December 15, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the College in a separate letter dated December 15, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Texas Public Funds Investment Act

We also performed tests of the College's compliance with the requirements of the Texas Public Funds Investment Act (the "Act"). The results of our tests disclosed no instances of noncompliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit, and accordingly, we do not express an opinion.

Long Chilton LLP

LONG CHILTON, LLP
Certified Public Accountants

McAllen, Texas
December 15, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH FEDERAL MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the President and Board of Trustees
South Texas College

Dr. Shirley Reed and Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited South Texas College's (the College) 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 the College's major federal programs for the year ended August 31, 2015. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, South Texas College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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 a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Long Chilton LLP

LONG CHILTON, LLP
Certified Public Accountants

McAllen, Texas
December 15, 2015

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH STATE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

To the President and Board of Trustees
South Texas College

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited South Texas College's (the College) compliance with the types of compliance requirements described in the Texas Governor's Office of Budget and Planning, the State of Texas Single Audit Circular that could have a direct and material effect on each of the College's major state programs for the year ended August 31, 2015. The College's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of Texas Single Audit Circular. Those standards and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major State Program

In our opinion, South Texas College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended August 31, 2015.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the State of Texas Single Audit Circular, 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 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 a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Long Chilton LLP

LONG CHILTON, LLP
Certified Public Accountants

McAllen, Texas
December 15, 2015

SOUTH TEXAS COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness (es) identified?	___ yes __X__ no
• Significant deficiency (ies) identified?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Internal control over major programs:	
• Material weakness (es) identified?	____ yes __X__ no
• Significant deficiency (ies) identified?	___ yes __X__ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	___ yes __X__ no

State Awards

Internal control over major programs:	
• Material weakness (es) identified?	____ yes __X__ no
• Significant deficiency (ies) identified?	____ yes __X__ none reported

SOUTH TEXAS COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended August 31, 2015

Section I - Summary of Auditor's Results

State Awards (Continued)

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with State of Texas Single Audit Circular? ___ yes __X__ no

Identification of major programs:

Federal major programs:

CFDA Number(s)	Name of Federal or State Program
	Student Financial Aid Cluster
84.007	FSEOG
84.033	Federal College Workstudy
84.063	Pell Grant
84.048	Career and Technical Education-Carl Perkins

State major programs:

Texas Educational Opportunity Grant Program (TEOG)
Jobs and Education for Texans- Nursing

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	$1,777,502
State	$300,000

Auditee qualified as low-risk auditee? __X__ yes ___ no

Section II – Financial Statement Findings

None.

Section III – Federal/State Award Findings and Questioned Costs

Federal

None.

State

None.

SOUTH TEXAS COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEAR FINDINGS FEDERAL AND STATE
For the Year Ended August 31, 2015

Schedule of Status of Prior Year Findings - Federal

No prior year findings.

Schedule of Status of Prior Year Findings - State

No prior year findings.

SOUTH TEXAS COLLEGE
CORRECTIVE ACTION PLAN
For the Year Ended August 31, 2015

FEDERAL

Not Applicable.

STATE

Not Applicable.

SOUTH TEXAS COLLEGE

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South Texas College