SOUTH TEXAS COLLEGE

SOUTH TEXAS COLLEGE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED AUGUST 31, 2014 AND 2013

SERVING HIDALGO COUNTY AND STARR COUNTY, TEXAS

SOUTH TEXAS COLLEGE

South Texas College District

Comprehensive Annual Financial Report

Fiscal Years Ended August 31, 2014 and 2013

Hidalgo County and Starr County, Texas

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INTRODUCTORY SECTION

South Texas College District

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED AUGUST 31, 2014 AND 2013

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SOUTH TEXAS COLLEGE

South Texas College District

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December 11, 2014

To: President Shirley A. Reed, M.B.A., 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, 2014 and 2013, 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, 2014 and 2013, 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, 2014 and 2013. 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 offer 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 three Bachelor of Applied Technology (BAT) degrees, which are the Bachelor's of Applied Technology in Technology Management; Bachelor's of Applied Technology in Computer and Information Technologies; and Bachelor's of Applied Technology in Medical and Health Management.

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 Workforce Training Centers at the Technology Campus, the Mid-Valley Campus, the Starr County Campus and in Pharr, Texas. Almost 2,000 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 years.

FALL SEMESTER ENROLLMENT	FY 2010 Fall 2009	FY 2011 Fall 2010	FY 2012 Fall 2011	FY 2013 Fall 2012	FY 2014 Fall 2013
Academic					
Headcount	26,368	28,006	29,513	29,812	30,246
Full-time equivalent	18,599	19,944	21,065	20,979	21,140
Continuing Education					
Headcount	1,192	1,098	896	2,385	5,022
Full-time equivalent	493	453	366	1,431	3,092

ANNUAL ENROLLMENT – ACADEMIC AND VOCATIONAL	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Total credit hours	537,540	561,301	562,423	576,890	585,280
Total contact hours	10,973,760	11,745,072	11,495,216	11,839,880	12,073,392
Unduplicated full-time student equivalent	17,918	18,710	18,748	19,213	19,509
Unduplicated headcount	36,169	36,951	37,012	38,667	39,417

The District has accepted over 150 articulation agreements with universities and institutions of higher education from across the state and county as well as with international educational partners. Currently articulation agreements are in-place with 28 institutions to benefit students from the District as they transfer and continue to pursue their educational goals. These agreements include articulation agreements, memorandums of understanding, collaborative agreements and 2+2 articulation agreements in various fields of study such as: Biology, Business Administration, Chemistry, Computer Science, Communication Studies, Criminal Justice, English, Engineering, Mathematics, Nursing, Physics, Psychology, and Sociology.

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

23 school districts at over 70 high school sites throughout Hidalgo and Starr Counties. Approximately 12,646 students enrolled in the program during the Spring 2014 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 2012, the Texas Education Agency approved six more colleges - Edinburg, Edinburg Economedes, PSJA Memorial, Mission, La Joya STEM, and La Villa - as Early College High Schools for a total of 24 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 16 online associate degrees and eight online certificates in the following fields: Interdisciplinary Studies, Education in Elementary, Generalist and Secondary, Anthropology, Psychology, Social Work, Sociology, Business Administration Transfer Plan, Criminal Justice, Language and Cultural Studies, English, Human Resources Specialist, Accounting, Computer Information Systems, Computer Science; Accounting Clerk, Computer Applications Specialist, Management, Marketing, Employee and Labor Relations Assistant, Payroll Assistant, Recruiter Assistant and Human Resources Assistant.

Twenty graduates earned an Associate of Applied Science Degree in Radiologic Technology from South Texas College District on May 2014 and passed the national certification examination administered by the American Registry of Radiologic Technologies (AART) on their first attempt.

With a total of approximately 725 full-time and adjunct instructors, the District's faculty is among the most qualified at any community college in the nation. There are 685 faculty members with master's degrees, 71 with double master's degrees, two (2) with triple master's degrees, 143 with doctorate degrees, and one (1) with double doctorate degrees. In certificate and other programs, there are 139 faculty members holding bachelor degrees, 24 holding double bachelor degrees, and one (1) holding triple bachelor degrees; 81 faculty members holding associate degrees, 21 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. Starr County was formed in 1848 out of Nueces County. It covers approximately 1,229 square miles with an estimated population of 65,387 for 2014. Hidalgo County was formed in 1852 from portions of Cameron and Starr Counties. It covers approximately 1,583 square miles with an

estimated population of 819,501 in 2014. 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 over 2001; where the Hispanic population comprises up to 90% of the total population. Forbes has noted the McAllen MSA as the 6th on job growth over 200 MSA's ranked nationwide. (Source: Forbes, July 2014).

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 10.8% in 2013 to 8.5% in 2014.
- The unemployment rate for Starr County decreased from 15.0% in 2013 to 12.6% in 2014.
- Per capita income in Hidalgo County increased from $21,620 in 2013 to $22,400 in 2014.
- Per capita income in Starr County increased from $19,235 in 2013 to $19,866 in 2014.
- Sales tax receipts in Hidalgo County increased 1.05% from 2013 to 2014.
- Sales tax receipts in Starr County increased 4.54% from 2013 to 2014.

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 53rd with a 14% growth from 2008-2012, also making it Texas's ninth best export market. (Source: valleybusinessreport.com)

- The McAllen housing indicators continued to improve midway through 2014. Existing home sales increased 4.0% for the second quarter and over 2.2% on sales year-to-date. Prices increased by 0.7% on average in the second quarter, and 3.0% for the year-to-date compared to the first six months a year ago. (Sources: McAllen Chamber of Commerce, http://www.mcallen.org/Business-Community/Economic-Pulse)

- According to a Forbes article on January 2014, McAllen ranked as the second-best city in America for future job growth. The article states a projected job growth of 3.7%. Among the cities in Texas that also made the list is Brownsville, ranked number tenth as one of the best cities in the nation for job growth with Austin claiming the top spot with a projected job growth of 4%.

- McAllen is America's number one for Solo Enterpreneurs according to Good News McAllen article posted on June 2014. The Solo Enterpreneurs concept is becoming more common while raising the U.S. economy by freelancing, consulting, coaching, offering services or selling products. The data is gathered from the 100 most populated U.S. metro areas.

- The U.S. Chamber of Commerce concluded to honor the McAllen Chamber with the five-star accreditation in March 2014. The accreditation validates a chamber for having programs that benefit their local economy and for positively influencing action in their community.

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. (Sources: 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 alone is identified to bring in an estimated $450 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. Approximately 100,000 Winter Texans came into the Rio Grande Valley last winter, often returning year after year, investing over $710 million into the local economy. (Source: themonitor.com and wintertexaninfo.com)

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 2014, the estimated population was 37,472. Weslaco is known for preserving its history and it 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 for trade between the United States and Mexico. Weslaco is strategically located at the center of the Rio Grande Valley. Weslaco has a strong economy being home to a combination of retail, distribution and light manufacturing businesses. (Sources: weslaco.com and texassitesearch.com)

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)

The South Texas College 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. The District held six separate graduation ceremonies in May 2014, where more than 4,665 students received degrees; 975 of graduates earned their college degree or certificate while attending in high school. Among those who celebrated this milestone were the District's Bachelor of Applied Technology (BAT) Program students. A total of 145 graduates earned their bachelor degrees.

Additionally, the South Texas College District graduated 58 students from its Dual Enrollment Medical Science Academy (DEMSA), 23 students from the Dual Enrollment Engineering Academy (DEEA); 10 students from the Dual Enrollment Computer Science Academy (DECSA) and 10 from the Dual Enrollment Criminal Justice Academy (DECJA). The students obtained their college diplomas weeks before earning their high school diplomas.

The South Texas College District plays a vital role in providing educational opportunities for its citizens and preparing a strong workforce in the region. South Texas College 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, 2014.

At August 31, 2014, the District has outstanding bonds payable for Bond Series 2007 MTR, Bond Series 2007 LTR, Bond Series 2010 LTR, Bond Series 2013 LTR, and Bond Series 2014 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 for construction, equipping of buildings and to accommodate increased student enrollment. The outstanding amounts at year end were $1,760,000, $21,559,991, $6,985,000, $4,780,000, and $53,750,000 for Bond Series 2007 MTR, Bond Series 2007 LTR, Bond Series 2010 LTR, Bond Series 2013 LTR, and Bond Series 2014 LT, respectively. Total bonds payable at August 31, 2014 was $88,834,991. 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 South Texas College 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 District's 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
2005	0.11000	0.05470	19,869,963,507	32,077,466
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

The District's average collection rate over the past 10 years, including collection of delinquent taxes, has been 97.70%.

The tax base has increased by an average of 5.69% annually over the past 10 years. The tax base has increased from $19,869,963,507 in fiscal year 2005 to $30,246,199,691 in fiscal year 2014. The District's property value has shown a steady increase due to a tremendous amount of development; however, an increase of 2.03% was noted for fiscal year 2014 and a slight increase of 0.43% was noted for fiscal year 2013. The tax base increase was due to an escalation of improvements and slight increase in personal property values. The increase in property values caused a $915,200 tax collection increase in fiscal year 2014 and a $36,595 tax collection increase in fiscal year 2013.

In fiscal years 1997 through 2014, the District has set aside a total of $89,750,000 for construction of facilities and a total of $29,713,236 for deferred maintenance purposes.

	August 31, 2012	August 31, 2013	August 31, 2014
Current Unrestricted Fund Balance	$79,624,462	$91,784,899	$111,646,991
Next Fiscal Year Budgeted Unrestricted Fund Expenses (including transfers and contingencies)	$139,862,355	$141,233,035	$151,285,133
Fund Balance as a % of Total Expenses	57%	65%	74%
Number of Months Expenses in Reserve	6.8 months	7.8 months	8.9 months

As of August 31, 2014, the District's Board of Trustees has designated $24,500,000 of the unrestricted net position 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 business continuity and disaster plans.

In fiscal year 2014, South Texas College District computed four core ratios that provide information on the overall financial stability of the District. These four core ratios are the following: Primary Reserve Ratio, Viability Ratio, Return on Net Assets Ratio, and Net Operating Revenues Ratio. These four ratios are used to create one overall financial measurement called the Composite Financial Index, or CFI.

South Texas College District has computed overall CFI scores of 9.04, 9.21 and 7.12 for fiscal year 2012, 2013 and 2014, respectively. The established threshold CFI value for an institution in a strong financial position is 3.0, according to *Strategic Financial Analysis for Higher Education*. South Texas College District's Composite Financial Index scores are significantly higher than the threshold for an institution with a strong financial position.

The District has the resources required to serve the student enrollment in both counties.

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.

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 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.

The budget is developed in collaboration with personnel from all divisions of the institution. 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.

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 fees and differential tuition in fiscal year 2014. The changes included an increasing by $1 and $2 per credit hour in tuition charges related to Learning Support and Information Technology, respectively. Additional fees approved were TSI Assessment Exam Fees on Reading, Writing and Math by $10 each; fine and/or replacement cost as assessed and charged by lending library for Lost or Damaged Inter-Library Loan or TexShare Item per day; and $750 fee for Bachelor of Applied Science in Organizational Leadership Competency-Based Format for Seven Week Term. On fiscal year 2014, the students were able to register and pay fees to Pearson VUE for GED on-line testing and retesting services for Writing, Reading, Math, Science and Social Studies. Conversely, the fees and differential tuition per credit hour for Supplemental Instruction and GED Testing Reservation Fee were eliminated.

The District's Investment Policy and Strategy Statement is reviewed and approved annually by the Board of Trustees. At August 31, 2014, the District had a total amount of $240,790,425 in bank deposits, consisting of eight interest checking accounts totaling $76,182,784 and seven certificates of deposit totaling $164,607,641. In addition, the District held an endowment investment in the form of a coin collection valued at $5,590 and change funds totaling $8,950. As of August 31, 2014, total investments were $240,804,965.

Interest revenue earned on interest checking accounts and certificates of deposit during fiscal year 2014 totaled $214,915. All the District's funds were properly collateralized during the fiscal year. The District continually conducts self-assessment of risk exposure. An out-sourced 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 instead of paying contributions.

Major Initiatives

The District's major initiatives included the following:

- South Texas College District was selected as one of seven community colleges in Texas to participate in the Achieving the Dream Texas Peer Coaching Initiative in 2012. The initiative is designed to accelerate the transfer of effective practices from college to college with the long-term goal of positively impacting student outcome gains in Texas. Through this initiative, South Texas College District will provide support to at least two other Texas colleges on evidence-based effective student success strategies and will receive a grant of

$10,000 from Achieving the Dream, Inc. to assist with the activities associated with their participation in the initiative.

- The Texas Higher Education Coordinating Board, the Texas Association of Community Colleges, El Paso Community College, Alamo Colleges, the Dallas Community College District, the Lone Star College System, Austin Community College, Kilgore College, Odessa College and South Texas College District are working together on a new initiative called "*Texas Completes.*" The goal to significantly improve Texas post-secondary student success by revising key aspects of the curriculum, bringing expertise to support curricular reform and building new technology solutions.

- Major construction completed during fiscal year 2014 included Pecan & Starr Repainting of Exterior Walls, Pecan Plaza Parking Resurfacing and Light Replacement, Tech Detention Pond Cleaning Improvements, Mid Valley Parking Lot Resurfacing, Hail Damage Repairs: Pecan Bldg. C,F,X,B,E,G,M,N,H,J,K,L, Portables & Casso Residence, Human Resources, HVAC Chilled Water Piping and Insulation & Jacketing, and Exhaust Fan Repairs. Also completed during fiscal year 2014 were Pecan Art Lab Bldg. Improvements, Pecan DMARC Improvements, Pecan Acoustic Upgrades Cooper Ctr. Conference Rooms, Mid Valley CDC Food Preparation Area Improvements, Mid Valley South Academic Bldg. Art Lab Improvements, District Wide Bldg. to Bldg. ADA Improvements, District Wide Automatic Door Openers, Pecan Plaza Police Dept. Space Renovation, Tech Bldg. B Welding Lab Improvements, Mid Valley North Academic Bldg. G Science Lab Seat Improvements. Projects ongoing are Pecan Annex Grant/Accountability Office Improvements, Pecan Student Services Admissions Office Improvements, Pecan Plaza Cashiering (CE Class) Space Renovation, Nursing Allied Health Parking Expansion, Starr Parking Lot & South Drive.

- A regional delegation championed the opportunity for the South Texas region to lead the world in advanced manufacturing. Their support helped the North American Advanced Manufacturing Research and Education Initiative to secure more than $8 million to spur the development of advanced manufacturing in the region. In October of 2007, the U.S. Department of Labor awarded the consortium $5 million for strategic planning, research and talent development. Recognizing the opportunity to transform the economy, the Texas Workforce Commission awarded NAAMREI $3 million, and employers and the City of McAllen matched $3 million to train over 1,800 new and incumbent workers through customized training. The Office of the Governor was the grant recipient and South Texas College District served as the fiscal agent and lead agency for the initiative. The NAAMREI network includes 100 public and private partners. The lead partnership agencies are South Texas College District, the University of Texas-Pan American, Region One Education Service Center, Rio South Texas Economic Development Council and the McAllen Economic Development Corporation. The City of McAllen has awarded $3,589,176 from 2008 to 2014 to support the NAAMREI partnership initiative. In addition, the Texas Workforce Commission has granted South Texas College District $5,535,156 in state funds to support the training of manufacturing workers in the region. The ultimate goal of the initiative is to raise the standard of living by increasing and sustaining the total number of high skill, high wage manufacturing jobs from 13,676 to at least 25,000

positions by 2020. South Texas College District is playing a major role in leading this regional economic transformation initiative.

The District's financial outlook for the future continues to be positive. In 20 years, South Texas College District has grown from a student headcount of over 1,000 in Fall 1993 to over 29,000 in Spring 2014. The District's unrestricted fund budget increased from $2,325,212 in 1993 to $143,735,200 in 2014.

AWARDS AND ACKNOWLEDGMENTS

South Texas College 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 South Texas College District as number one on having Associate Degrees in the majors of Business, Education and Psychology.

- South Texas College District was awarded a $2.5 million grant by the U.S. Department of Education under the Developing Hispanic-Serving Institutions (DHSI) Program. During the five-year funding period, three projects designed to work cohesively to increase the higher education success of the college's students will be implemented.

- South Texas College District was among nine colleges selected as a Co-Development Partner with the New Mathways Project, led by the Texas Association of Community Colleges and the Charles A. Dana Center, to lead Texas in a redesign of developmental mathematics course offerings. The project is a statewide approach to reforming mathematics developmental education.

- TheDream.U.S., a multi-million national scholarship fund, announced that the inaugural class of scholars has been selected. From nearly 1,000 applications, 11 students will use the scholarship to pursue their higher education at South Texas College. The scholarship will assist in covering books, fees and tuition cost up to $25,000 per student.

- South Texas College District's President, Dr. Shirley A. Reed, was recognized in 2013 at the Good Samaritan Community Services-Rio Grande Valley's third annual event, for dedicating her career to changing the lives of youth and adults in South Texas.

- Excelencia in Education announced the launch of the Presidents for Latino Student Success' program which included leaders throughout the country to make America stronger by increasing degree attainment for Latino students and all students. South Texas College District's President, Dr. Shirley A. Reed, joined this effort to continue assisting latino students on their educational achievement and degree completion.

- South Texas College District Office of Public Relations and Marketing received 5 Medallion Awards from the National Council for Marketing and Public Relations for outstanding achievement in communications at community and technical colleges. This national organization included colleges from Texas, Arkansas, Colorado, New Mexico, Oklahoma and Wyoming.

- On November 2013, South Texas College District passed the vote election for $159 million in new construction projects throughout Hidalgo and Starr counties. Proposition one: the issuance for the construction and equipping the buildings; proposition two: the additional three cents annual tax for the maintenance and operation of the college. With 55% and 52% on proposition one and two respectively, the College will be preparing the expansion of the facilities with new buildings and a growth in student population.

- "Redefining the South Texas College Brand", was an initiative held on fiscal year 2014, coordinated by Public Relations & Marketing and the College's re-branding consultant, Richards/Carlberg, where students, prospective students, non-traditional students and high school juniors/seniors participated with their feedback on the proposed logo redesign and rebranding advertising campaign.

- In fiscal year 2014, South Texas College District received 17 National Institute for Staff and Organizational Development (NISOD) Excellence Awards during the NISOD annual conference in Austin, Texas. NISOD is an international organization dedicated to the professional development of faculty, administrators, and staff, and to the continued improvement of teaching and learning, with the ultimate goal of student success. The NISOD Excellence Award gives recognition to individuals who exemplify excellence in teaching and leadership at their institutions of higher education. (Source: NISOD Excellence Awards, www.nisod.org)

- On July 10, 2014, the Government Treasurers' Organization of Texas presented the Certificate of Distinction to South Texas College 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 of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to South Texas College District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2013. 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 submitting it 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 the highest standards of professionalism in the management of South Texas College District's finances and operations.

Respectfully submitted,

Maria G. Elizondo, MBA, CFE, CPA	Myriam Lopez, MBA
Vice President for Finance and Administrative Services	Comptroller

SOUTH TEXAS COLLEGE

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South Texas College District

BOARD OF TRUSTEES

For the Fiscal Year 2014

Roy de León **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-Pan American 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.

South Texas College District
BOARD OF TRUSTEES
For the Fiscal Year 2014

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.

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.

South Texas College District

BOARD OF TRUSTEES

For the Fiscal Year 2014

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.

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 2014

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
2013-2014 Organizational Plan
Overview

College President
Dr. Shirley A. Reed

- **Associate Dean of Community Engagement and Workforce Development** — *707160 Vacant*
- **Director of Accountability Services** — *Arely Benavidez*
- **Assoc Dean Cont. Professional & Workforce Education** — *Juan Carlos Aguirre*
- **Internal Auditor - Contracted** — *Burton McCumber & Cortez, L.L.P.*
- **Director of Public Relations and Marketing** — *Daniel Ramirez*
  - **Assistant Director of Web and Creative Services** — *Raymond Pedraza*
- **Executive Assistant** — *Yolanda Orozco*
- **Executive Director for the North American Advanced Manufacturing Research & Education Initiative** — *Carlos Margo, Interim*
  - **Regional Training Manager** — *504860 Vacant*

Vice President for Academic Affairs
Dr. Anahid Petrosian, Interim

- **Assistant Vice President for Academic Advancement** — *Dr. Anahid Petrosian*
- **Dean of Distance Learning** — *702279 Vacant*
- **Administrator for High School Programs and Services** — *Nicolas Gonzalez*
  - **Director of High School Programs** — *Kimberly Crawford*
- **Curriculum and Accreditation Officer** — *Laura Talbot*
- **Director of Professional & Organizational Development** — *Lee Gaines*
- **Director for Student Learning and Achievement** — *704279 Vacant*
- **Director of Centers for Learning Excellence** — *Jennifer Knecht, Interim*
- **Academic Grants and Projects Officer** — *Mario Morin, Interim*
- **Valley Scholars Program Coordinator** — *Jessica Garcia*
- **Dean for Math, Science and Bachelor Programs** — *Dr. Ali Esmaeili*
  - Department Chairs
  - Faculty
- **Dean for Business & Technology** — *Mario Reyna*
  - Department Chairs
  - Faculty
- **Dean for Social Sciences** — *Dr. Margaretha Bischoff*
  - Department Chairs
  - Faculty
- **Dean for Liberal Arts** — *Vacant*
  - Department Chairs
  - Faculty
- **Dean for Nursing/Allied Health** — *Melba Trevino, Interim*
  - Department Chairs
  - Faculty
- **Campus Administrators**
  - **Mid Valley Campus:** *Monte Churchill*
  - **Technology Campus:** *Mario Reyna*
  - **Starr County Campus:** *Dr. Arturo Montel*
  - **Dr. Ramiro R. Cano Nursing and Allied Health Campus:** *Melba Trevino (Interim)*

Vice President for Student Affairs & Enrollment Management
Wanda F. Garza, Interim

- **Dean of Enrollment Services** — *Matthew Hebbard*
- **Director of College Connections & Adm** — *Larry Barrego*
- **Registrar and Director Degree and Certificate Completion** — *703612 Vacant*
- **Coordinator of Admissions & Records** — *Michelle Longoria*
- **Coordinator of College Connections** — *720610 Vacant*
- **Testing Officer** — *Maria Elizabeth Hinojosa*
- **Director of Judicial Affairs** — *Kelley Barnes*
- **Director of Student Activities & Wellness** — *Elizabeth Noguera*
- **Coordinator of Student Activities** — *Luis M Banda*
- **Coordinator of Veterans Recruitment & Engagement** — *Javier Alejandro*
- **Wellness Centers**
- **Coordinator of Judicial Affairs/ Ombudsperson** — *Maria Adrian*
- **Director of Career Planning & Placement** — *Celinda Palacios*
- **Coordinator of Job Placement** — *701275 Vacant*
- **Coordinator of Veterans Enrollment Services** — *Luna Jesse*
- **Dean of Student Affairs** — *Paul Hernandez*
  - **Director of Comprehensive Advisement & Mentoring Services** — *Nancy Garza*
    - **Coordinator of Advisement** — *Willie Johnson*
  - **Coordinator of Retention & Transfer Services** — *Rosalinda Villarreal*
  - **Director of Counseling** — *720112 Vacant*
    - **Coordinator of Counseling** — *Santa Elena Pena*
  - **Coordinator of ADA Services** — *Graciela Sanchez*
  - **Coordinator of Employer Services** — *711337 Vacant*
- **Assoc Dean Stu Financial Services & Vet Affrs** — *Miguel Cavazos*
  - **Director of Student Financial Services** — *Juan Galvan*
    - **Coordinator of Financial Aid** — *Anna Barrera*
    - **Coordinator of State & Third Party Programs** — *700011 Vacant*
    - **Coordinator of Student Financial Services** — *Ramona Leon*
- **Student Services Training Manager** — *704150 Vacant*

Vice President for Finance and Administrative Services
Maria G Elizondo

- **Director of Facilities Planning & Construction** — *Gerardo Rodriguez*
  - **Planning & Construction Project Manager** — *John De La Garza*
  - **Senior Planning & Construction Project Manager** — *Ricardo De La Garza*
  - **Planning & Construction Project Manager** — *Roberto Cuellar*
- **Director of Operations** — *George McCaleb*
  - **Assistant Director of Operations and Maintenance** — *715499 Vacant*
    - **Maintenance Services**
    - **Custodial Services**
  - **Operations Contract Manager** — *Luis De La Garza*
    - **Grounds Keeping** — *Contracted*
    - **Bookstore** — *Contracted*
  - **Director of Safety and Security** — *Paul Varville*
    - **Security** — *Contracted*
- **Associate Vice President for Financial Services** — *Mrs. Diana A. Pena*
  - **Comptroller** — *Myriam Lopez*
    - **Accounting Group Supervisor** — *718154 Vacant*
  - **Project Manager** — *702625 Vacant*
    - **Risk Management** — *Contracted*
  - **Director of Purchasing** — *Rebecca Cavazos*
    - **Assistant Director of Purchasing** — *Fernando Lamas*
    - **Receiving & Distribution Supervisor** — *Gerardo Quintanilla*
      - **Copy/Mail Center**
  - **Director of Food Services** — *Patrick Woodin*
  - **Director of Human Resources** — *Brenda Balderaz, Interim*
    - **Human Resources Operations Officer** — *704240 Vacant*
    - **Employee Relations Officer** — *703240 Vacant*

Vice President for Information Services, Planning & Strategic Initiatives
Jose Cruz Jr.

- **Dean of Library Services & Instructional Technologies** — *Cody Gregg*
  - **Director of Library Public Services** — *Noemi Garza*
    - **Campus Librarians** — *Lilian Carrillo, Angelica Garcia, Minerva Alvarez, Jose Noriega, Maria Rosalez, Esther Garcia, Joshua Wallace, Maureen Mitchell*
    - **Library Art Gallery**
  - **Director of Library Technical Services** — *Jesus Campos*
    - **Librarian - Distance Education & Dual Enrollment** — *Aissa Martinez*
    - **Automated Systems Librarian** — *Dr. Becky Owens*
  - **Director of Instructional Technologies** — *Maria Evans*
    - **Director of Information Commons and Open Labs** — *Lelia Salinas*
      - **Open Labs**
      - **Information Commons**
- **Chief Information Officer** — *Alicia Gomez*
  - **Assistant Chief Information Officer** — *700396 Vacant*
  - **Director for IT Services** — *707396 Vacant*
    - **Coordinator of Client Services** — *Teresa Sanchez*
      - **Help Desk**
    - **Application Development Manager** — *Stephen Crum*
    - **Hosted Services** — *Contracted*
    - **Application Services** — *Contracted*
    - **Systems and Operations**
  - **Chief Information Security Officer** — *Steven Bourdon*
  - **Director of Institutional Effectiveness and Assessment** — *Paul Henley*
    - **Director of Research and Analytical Services** — *Serkan Ozbek*
      - **Institutional Review Board**
  - **Project Manager** — *Geneva Scott*

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, 2013

Executive Director/CEO

FINANCIAL SECTION

Independent Auditor's Report

Independent Auditor's Report

Independent Auditor's Report

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, 2014, and comparative information for the year ended August 31, 2013. 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 $337,541,511 at August 31, 2014. Of this amount, $146,201,266 was unrestricted and may be used to meet the District's ongoing obligations.

- Total combined net position increased by $21,693,258 in fiscal year 2014. Unrestricted net position increased by $13,082,041.

- During fiscal year 2014, the balance of cash and cash equivalents, and short-term and other investments increased by $70,293,174 from $170,511,791 at August 31, 2013, to $240,804,965 on August 31, 2014, or 41.22%. This can be attributed to the issuance of South Texas College Limited Tax Bonds, Series 2014.

- Capital assets, net of accumulated depreciation, at August 31, 2014, had a decrease of $2,309,785 from August 31, 2013, due to a decrease of $1,917,456 in buildings, a decrease in land improvements of $1,172,019, a decrease in library books of $71,546, and a decrease in construction in progress of $36,900, offset by an increase in furniture and equipment of $874,812 and an increase in telecommunication equipment of $13,324.

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 and liabilities. Net position, the difference between assets and liabilities, 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, building 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 end of year data concerning assets (current and noncurrent), liabilities (current and noncurrent) and net position (assets minus liabilities).

Current assets consist mainly of cash and cash equivalents, short-term investments and receivables. Cash and short-term investments are maintained at levels necessary to cover current liabilities as

they come due and to ensure adequate liquidity as funds are needed for expenditures associated with building and expansion projects. Receivables are from students, property taxes, and federal, state and local grants and contracts.

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, liabilities and net position for the years ended August 31:

	Statements of Net Position		
	2014	2013	2012
Assets			
Current assets	$ 187,242,719	$ 180,689,548	$ 155,603,514
Capital assets, net	199,806,529	202,116,314	205,089,105
Noncurrent assets	66,998,080	4,942,081	4,439,230
Total Assets	**454,047,328**	**387,747,943**	**365,131,849**
Liabilities			
Current liabilities	28,528,308	35,718,515	26,203,956
Noncurrent liabilities	87,977,509	36,181,175	45,839,952
Total Liabilities	**116,505,817**	**71,899,690**	**72,043,908**
Net Position			
Net investment in capital assets	169,028,494	162,064,429	156,914,256
Restricted expendable	21,972,306	20,325,155	17,978,771
Restricted non-expendable	339,445	339,444	340,664
Unrestricted	146,201,266	133,119,225	117,854,250
Total Net Position	**$ 337,541,511**	**$ 315,848,253**	**$ 293,087,941**

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 $44,606,127 from $71,899,690 at August 31, 2013, to $116,505,817 on August 31, 2014. The major factor contributing to the change was an increase in total bonds payable of $50,856,772, due to principal payments and associated amortization of bond premium and deferred loss. 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 from 2013 to 2014 of $66,299,385 and the increase in total liabilities of $44,606,127 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.

Fiscal Year 2013 Compared To 2012

Total assets increased by $22,616,094 from $365,131,849 at August 31, 2012, to $387,747,943 on August 31, 2013. A review of the Statements of Net Position will reveal that the increase was primarily attributable to an increase of $2,965,741 in cash and cash equivalents and an increase of $33,787,209 in short-term investments. This was mainly offset by a decrease of $10,039,486 in restricted cash and cash equivalents, $2,972,791 in capital assets, net of accumulated depreciation, and $1,586,042 in accounts receivable.

Total liabilities from 2012 to 2013 decreased by $144,218 from $72,043,908 at August 31, 2012, to $71,899,690 on August 31, 2013. The major factor contributing to the change was a decrease in total bonds payable of $8,629,248, due to principal payments and associated amortization of bond premium and deferred loss. This was mainly offset by an increase in accounts payable of $1,566,498 and an increase in unearned revenue of $6,360,229.

The combination of the increase in total assets from 2012 to 2013 of $22,616,094 and the decrease in total liabilities of $144,218 yields an increase in total net position of $22,760,312. Fifty-one percent of net position, $162,064,429, 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 6.5% 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, 2014, 2013 and 2012:

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

	2014	2013	2012
Operating revenues	$ 36,728,902	$ 37,658,223	$ 37,471,221
Operating expenses	152,850,981	148,834,519	144,597,510
Operating loss	(116,122,079)	(111,176,296)	(107,126,289)
Non-operating revenues and expenses	140,365,487	138,083,799	141,066,848
Capital contributions	105,190	83,298	22,740
Additions (deductions) to permanent and term endowment	-	-	(4,700)
Extraordinary item	(2,655,340)	(4,230,489)	2,010,294
Increase in net position	21,693,258	22,760,312	35,968,893
Net position-beginning of year, as restated	315,848,253	293,087,941	257,119,048
Net Position-End of Year	**$ 337,541,511**	**$ 315,848,253**	**$ 293,087,941**

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 $718,957 in state grants and contracts and a decrease of $563,133 in tuition and fees. This was mainly offset by an increase of $374,128 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 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 increase 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 decrease personnel costs due to functional classification changes from fiscal year 2013 to fiscal year 2014. The decrease of $1,031,432 in scholarships and fellowships is directly related to the reduced federal financial aid to students. 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.

Fiscal Year 2013 Compared To 2012

An operating loss of $111,176,296 resulted in fiscal year 2013. 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 $4,050,007 or 3.8%, from $107,126,289 in fiscal year 2012 to $111,176,296 in fiscal year 2013. Operating revenues increased by $187,002, and total operating expenses increased by $4,237,009.

The increase in operating revenues of $187,002 primarily consisted of an increase of $1,467,868 in tuition and fees and $373,826 in non-governmental grants and contracts. This was mainly offset by a decrease of $1,633,356 in state grants and contracts.

The increase in tuition and fee revenue was attributed to changes in fees and differential tuition in fiscal year 2013. The changes included an increase of $10 per semester credit hour in tuition charges related to the following programs: Associate Degree Nursing, Vocational Nursing and Biology. For parking permits, the second, third, fourth and fifth permit violation increased by $10; handicap parking violations increased by $50, and the vehicle boot removal fee increased by $20. Additional fees approved were GED exam fees, parking permit fee, child care center tuition and reservation fees, and moving traffic violations. Conversely, the fees for Emotional Skills Assessment Process (ESAP) and graduation gown purchase were eliminated.

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 37.6% of total revenues, a decrease from $15,575,336 in fiscal year 2012 to $14,175,342 in fiscal year 2013.

In fiscal year 2013, the increase in operating expenses of $4,237,009 was due to budgeted level of spending associated with the reduction of state funding and increased operating costs associated with increased enrollment.

An analysis of operating expenses by function indicates an increase in instruction by $3,866,773 or 7%, an increase in academic support of $1,224,734 or 11%, an increase in institutional support of $1,614,072 or 8% and a decrease in scholarships and fellowships of $3,148,833 or 10%. The increase of $3,866,773 in instruction costs is related to an increase in faculty salaries and associated benefits. The decrease of $3,148,833 in scholarships and fellowships is directly related to the reduced federal financial aid to students. 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:

	2014		2013		2012	
Operating Revenues	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Tuition and fees (net of discounts of $58,099,649, $56,202,456, and $55,255,652)	$ 20,488,244	55.78%	$ 21,051,377	55.90%	$ 19,583,509	52.26%
Federal grants and contracts	4,723,984	12.86%	4,630,302	12.30%	4,748,007	12.67%
State grants and contracts	4,441,747	12.09%	5,160,704	13.70%	6,794,060	18.13%
Local and non-governmental grants and contracts	4,593,763	12.51%	4,384,336	11.64%	4,033,269	10.77%
Auxiliary enterprises	1,835,353	5.00%	1,810,240	4.81%	1,872,734	5.00%
General operating revenues	645,811	1.76%	621,264	1.65%	439,642	1.17%
Total	**$ 36,728,902**	**100.00%**	**$ 37,658,223**	**100.00%**	**$ 37,471,221**	**100.00%**

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

	2014		2013		2012	
Operating Expenses by Function	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Instruction	$ 59,447,106	38.89%	$ 57,766,578	38.81%	$ 53,899,805	37.27%
Research	-	0.00%	4,516	0.00%	67,273	0.05%
Public service	829,711	0.54%	903,735	0.61%	736,507	0.51%
Academic support	13,980,994	9.15%	12,775,912	8.58%	11,551,178	7.99%
Student services	10,403,814	6.81%	10,090,241	6.78%	9,681,946	6.70%
Institutional support	19,813,087	12.96%	21,108,957	14.18%	19,494,885	13.48%
Operations and maintenance of plant	12,563,250	8.22%	9,486,934	6.38%	9,459,757	6.54%
Scholarships and fellowships	27,692,817	18.12%	28,724,249	19.30%	31,873,082	22.04%
Auxiliary enterprises	1,388,716	0.91%	1,383,521	0.93%	1,418,145	0.98%
Depreciation	6,731,486	4.40%	6,589,876	4.43%	6,414,932	4.44%
Total	**$ 152,850,981**	**100.00%**	**$ 148,834,519**	**100.00%**	**$ 144,597,510**	**100.00%**

Operating Expenses by Classification	2014 Amount	2014 Percentage of Total	2013 Amount	2013 Percentage of Total	2012 Amount	2012 Percentage of Total
Salaries and wages	$ 74,608,758	48.81%	$ 71,203,678	47.84%	$ 68,809,740	47.59%
State benefits	6,311,371	4.13%	5,095,698	3.42%	4,851,654	3.36%
Local benefits	13,716,088	8.97%	14,781,992	9.93%	11,052,442	7.64%
Other (travel, operating and depreciation)	30,521,947	19.97%	29,028,902	19.51%	28,010,592	19.37%
Scholarships and fellowships	27,692,817	18.12%	28,724,249	19.30%	31,873,082	22.04%
Total	**$ 152,850,981**	**100.00%**	**$ 148,834,519**	**100.00%**	**$ 144,597,510**	**100.00%**

Operating Expenses by Classification
Comparison - Fiscal Years 2014, 2013 and 2012

Non-operating revenues consisted of the following:

	2014		2013		2012	
Non-Operating Revenues	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
State allocations	$ 42,766,020	29.50%	$ 38,977,829	27.58%	$ 37,017,673	25.47%
Ad-valorem taxes – maintenance and operations	33,983,319	23.44%	32,403,363	22.93%	33,244,142	22.88%
Ad-valorem taxes – debt service	12,291,870	8.48%	12,030,232	8.51%	12,276,741	8.45%
Federal revenue, non-operating	55,351,962	38.18%	57,151,307	40.45%	61,950,136	42.63%
Gifts	323,100	0.22%	351,843	0.25%	418,605	0.29%
Investment income (net of investment expenses)	214,915	0.15%	389,519	0.28%	417,075	0.28%
Gain on disposal of capital assets	-	0.00%	-	0.00%	2,793	0.00%
Other non-operating revenues	35,840	0.03%	-	-	-	-
Total	**$ 144,967,026**	**100.00%**	**$141,304,093**	**100.00%**	**$ 145,327,165**	**100.00%**

Non-operating expenses consisted of the following:

	2014		2013		2012	
Non-Operating Expenses	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Interest on capital related debt	$ 1,340,664	29.14%	$ 1,513,884	47.01%	$ 1,821,871	42.76%
Loss on sale/disposal/return of capital assets	10,154	0.22%	217	0.01%	-	0.00%
Non-capital construction costs	1,715,994	37.29%	849,455	26.38%	1,400,934	32.88%
Bond costs amortization	1,326,043	28.82%	566,261	17.58%	536,677	12.60%
Other non-operating expenses	208,684	4.53%	290,477	9.02%	500,835	11.76%
Total	**4,601,539**	**100.00%**	**3,220,294**	**100.00%**	**4,260,317**	**100.00%**
Net non-operating revenues (expenses)	**$140,365,487**		**$ 138,083,799**		**$ 141,066,848**	

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 $58,099,649, $56,202,456 and $55,255,652 in fiscal years 2014, 2013 and 2012, 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 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 Hazelwood 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 collections, net of penalties and interest, increased 2.1% from $44,193,706 in fiscal year 2013, to $45,108,905 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.

- In fiscal year 2013, state allocations received increased by $1,960,156 due mainly to an increase in contact hour funding of $1,716,112 and an increase in state on-behalf benefits of $244,044. State allocations totaling $38,977,829 consisted of $33,882,131 of contact hour funding and $5,095,698 of state on-behalf benefits, which consisted of state group insurance of $3,075,251 and state retirement matching of $2,020,447. 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 $1,716,112 from $32,166,019 in fiscal year 2012 to $33,882,131 in fiscal year 2013.

- The tax base, net assessed valuation, for Hidalgo and Starr Counties increased by $127,358,732 or 0.43% from $29,518,175,339 in fiscal year 2012 to $29,645,534,071 in fiscal year 2013. Tax collections, net of penalties and interest, increased 0.08% from $44,157,110 in fiscal year 2012, to $44,193,705 in fiscal year 2013.

- The District's federal Title IV grant programs revenue decreased by $4,798,829 from $61,950,136 in fiscal year 2012 to $57,151,307 in fiscal year 2013 due mainly to the reduced federal financial aid to students resulting from a change in provisions allowing students to use 2013 awards for Summer 2012.

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		
	2014	2013	2012
Cash provided (used) by:			
Operating activities	$ (116,819,299)	$ (98,040,156)	$ (98,917,463)
Non-capital financing activities	129,790,913	126,806,700	131,723,386
Capital and related financing activities	57,059,038	(2,387,111)	(6,068,632)
Investing activities	(33,355,670)	(33,453,178)	(7,930,260)
Net change in cash and cash equivalents	36,674,982	(7,073,745)	18,807,031
Cash and cash equivalents-September 1,	39,516,750	46,590,495	27,783,464
Cash and cash equivalents-August 31,	**$ 76,191,732**	**$ 39,516,750**	**$ 46,590,495**

Fiscal Year 2014 Compared To 2013

The Statements of Cash Flows indicates an overall increase in cash and cash equivalents of $36,674,982 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 increased 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. 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. 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 $2,984,213. 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 $663,235 from $33,535,414 in fiscal year 2013 to $34,198,649 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.

Fiscal Year 2013 Compared To 2012

The Statements of Cash Flows indicates an overall decrease in cash and cash equivalents of $7,073,745 at August 31, 2013 and an overall increase in cash and cash equivalents of $18,807,031 at August 31, 2012.

Net cash used by operating activities decreased by $877,307. The primary use of cash in operations was in payment of salaries and benefits, which increased by $5,116,267 from $81,838,441 in fiscal year 2012 to $86,954,708 in fiscal year 2013, followed by payments for scholarships and fellowships, which decreased by $3,329,285 from $31,945,302 in fiscal year 2012 to $28,616,017 in fiscal year 2013 and payments to suppliers for goods and services, which decreased by $1,413,177, from $22,556,340 in fiscal year 2012 to $21,143,163 in fiscal year 2013. Sources of cash from operating activities are primarily from students and other customers, and grants and contracts. Students and other customers increased by $6,403,730 from $22,759,907 in fiscal year 2012 to $29,163,637 in fiscal year 2013. Grants and contracts decreased by $1,628,288 from $16,157,830 in fiscal year 2012 to $14,529,542 in fiscal year 2013. A major change in net cash used was in payments for non-operating construction costs, which increased by $3,680,610 from $1,399,334 in fiscal year 2012 to $5,079,944 in fiscal year 2013.

Net cash provided by non-capital financing activities decreased by $4,916,686. 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 $4,798,829 from $61,950,136 in fiscal year 2012 to $57,151,307 in fiscal year 2013. State allocations increased by $1,802,088 from $34,100,490 in fiscal year 2012 to $35,902,578 in fiscal year 2013. Ad-valorem taxes for maintenance and operations had an increase of $51,248 from $33,484,166 in fiscal year 2012 to $33,535,414 in fiscal year 2013.

Net cash used by capital and related financing activities decreased by $3,681,521. Capital and related financing activities include receipts from ad-valorem taxes for debt service and payment of capital debt, both, principal and interest, as well as capital asset acquisitions. Capital asset acquisitions decreased by $3,644,021 from $7,230,962 in fiscal year 2012 to $3,586,941 in fiscal year 2013. Payment of capital debt had a decrease of $4,480 from $11,151,900 in fiscal year 2012 to $11,147,420 in fiscal year 2013. The major source of cash from capital and related financing activities is from ad-valorem taxes-debt services, which increased by $19,347 from $12,385,343 in fiscal year 2012 to $12,404,690 in fiscal year 2013.

Net cash used by investing activities increased by $25,522,918. Investing activities include purchase of investments, proceeds from sale and maturity of investments, and receipts from interest on investments. Purchase of investments increased by $40,500,000 from $14,000,000 in fiscal year 2012 to $54,500,000 in fiscal year 2013. Proceeds from sale and maturity of investments increased by, $15,058,875 from $5,653,916 in fiscal year 2012 to $20,712,791 in fiscal year 2013. Receipts from interest on investments decreased by, $81,793 from $415,824 in fiscal year 2012 to $334,031 in fiscal year 2013.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

The District had $267,406,372 in capital assets and $67,599,843 in accumulated depreciation at August 31, 2014.

	Capital Assets (Net of Depreciation)		
	2014	2013	2012
Land	$ 29,554,510	$ 29,554,510	$ 29,554,510
Collections	11,000	11,000	11,000
Construction in progress	538,533	575,433	2,189,607
Buildings	140,717,095	142,634,551	142,678,791
Land improvements	17,726,538	18,898,557	19,269,253
Library books	1,916,448	1,987,994	2,046,324
Furniture, machinery, vehicles, and other equipment	9,290,384	8,415,572	9,264,646
Telecommunications and peripheral equipment	52,021	38,697	74,974
Net capital assets	**$ 199,806,529**	**$ 202,116,314**	**$ 205,089,105**

The following is a graphic illustration of capital assets, net of depreciation at August 31, 2014, 2013 and 2012.

Capital Assets (Net of Depreciation)
Comparison - Fiscal Years 2014, 2013 and 2012

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.

Fiscal Year 2013 Compared To 2012

From fiscal year 2012 to fiscal year 2013, buildings, net of depreciation, decreased by $44,240, construction in progress decreased by $1,614,174 and land improvements decreased by $370,696.

The bonds payable liability balances at August 31, 2014, 2013 and 2012 are as follows:

Outstanding Debt – Bonds

	2014	2013	2012
South Texas College Tax Bonds, Series 2002	$ -	$ -	$ -
South Texas College Tax Bonds, Series 2003	-	-	1,595,000
South Texas College Tax Bonds, Series 2004	-	-	8,190,000
South Texas College Tax Bonds, Series 2007 MTR	1,760,000	2,070,000	2,370,000
South Texas College Tax Bonds, Series 2007 LTR	21,559,991	21,844,991	22,119,991
South Texas College Tax Bonds, Series 2010 LTR	6,985,000	13,975,000	18,556,029
South Texas College Tax Bonds, Series 2013 LTR	4,780,000	6,495,000	-
South Texas College Tax Bonds, Series 2014 LT	53,750,000	-	-
Total Bonds Payable	**$ 88,834,991**	**$ 44,384,991**	**$ 52,831,020**

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 9%, from 36,169 in fiscal year 2010 to 39,417 in fiscal year 2014. During the same period, the total contact hour generation has increased 10%, from 10,973,760 contact hours in 2010 to 12,073,392 contact hours in 2014.

For additional information concerning capital assets and debt administration, see Notes No. 5, No. 6, No. 7, No. 8 and No. 9 in the Notes to the Financial Statements.

See Note No. 26 in the Notes to Financial Statements for contractual commitments for capital expenditures at August 31, 2014. In fiscal years 1997 through 2014, the District has set aside a total of $89,750,000 for construction of facilities and a total of $29,713,236 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 2014 was $0.0400 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

South Texas College District
Statements of Net Position
August 31, 2014 and 2013

Exhibit 1

	FY 2014	FY 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 52,670,153	$ 34,750,068
Restricted cash and cash equivalents	11,902,904	4,766,682
Short-term investments	109,261,906	126,540,622
Accounts receivable (net of allowance for doubtful accounts of $5,810,957 in 2014 and $5,137,044 in 2013)	12,536,219	13,377,129
Deposits in escrow	146,884	146,884
Prepaid expenses	724,653	1,108,163
Total Current Assets	**187,242,719**	**180,689,548**
Noncurrent Assets:		
Restricted cash and cash equivalents	11,618,677	-
Endowment investments	5,590	5,590
Restricted short-term investments	55,345,735	4,448,829
Deferred bond issuance costs (net of related amortization of $459,584 in 2014 and $72,681 in 2013)	28,078	487,662
Capital assets, net (note 5)	199,806,529	202,116,314
Total Noncurrent Assets	**266,804,609**	**207,058,395**
Total Assets	**454,047,328**	**387,747,943**
LIABILITIES		
Current Liabilities:		
Accounts payable	2,817,327	3,847,621
Accrued liabilities	1,539,853	1,421,074
Accrued compensable absences - current portion	639,686	551,119
Funds held for others	403,976	309,175
Unearned revenue	14,503,234	20,038,190
Bonds payable - current portion	8,624,232	9,551,336
Total Current Liabilities	**28,528,308**	**35,718,515**
Noncurrent Liabilities:		
Accrued compensable absences	77,169	64,711
Bonds payable, net	87,900,340	36,116,464
Total Noncurrent Liabilities	**87,977,509**	**36,181,175**
Total Liabilities	**116,505,817**	**71,899,690**
NET POSITION		
Net investment in capital assets	169,028,494	162,064,429
Restricted for:		
Expendable		
Student aid	2,097,439	1,670,849
Instructional programs	734,312	919,646
Institutional activities	457,171	462,280
Loans	1,048,022	977,483
Debt service	17,635,362	16,294,897
Non-expendable		
Endowment	339,445	339,444
Unrestricted	146,201,266	133,119,225
Total Net Position (Schedule D)	**337,541,511**	**315,848,253**
Total Liabilities & Net Position	**$ 454,047,328**	**$ 387,747,943**

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

SOUTH TEXAS COLLEGE

South Texas College District **Exhibit 2**

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended August 31, 2014 and 2013

	FY 2014	FY 2013
OPERATING REVENUES		
Tuition and fees (net of discounts of $58,099,649 in 2014 and $56,202,456 in 2013)	$ 20,488,244	$ 21,051,377
Federal grants and contracts	4,723,984	4,630,302
State grants and contracts	4,441,747	5,160,704
Local grants and contracts	1,105,675	1,270,376
Non-governmental grants and contracts	3,488,088	3,113,960
Auxiliary enterprises	1,835,353	1,810,240
General operating revenues	645,811	621,264
Total Operating Revenues (Schedule A)	**36,728,902**	**37,658,223**
OPERATING EXPENSES		
Educational and general		
Instruction	59,447,106	57,766,578
Research	-	4,516
Public service	829,711	903,735
Academic support	13,980,994	12,775,912
Student services	10,403,814	10,090,241
Institutional support	19,813,087	21,108,957
Operations and maintenance of plant	12,563,250	9,486,934
Scholarships and fellowships	27,692,817	28,724,249
Auxiliary enterprises	1,388,716	1,383,521
Depreciation	6,731,486	6,589,876
Total Operating Expenses (Schedule B)	**152,850,981**	**148,834,519**
OPERATING LOSS	**(116,122,079)**	**(111,176,296)**
NON-OPERATING REVENUES (EXPENSES)		
State allocations	42,766,020	38,977,829
Ad-valorem taxes		
Taxes for maintenance and operations	33,983,319	32,403,363
Taxes for debt service	12,291,870	12,030,232
Federal revenue, non-operating	55,351,962	57,151,307
Gifts	323,100	351,843
Investment income (net of investment expenses)	214,915	389,519
Interest on capital related debt	(1,340,664)	(1,513,884)
Gain (loss) on disposal of capital assets	(10,154)	(217)
Non-capital construction costs	(1,715,994)	(849,455)
Bond costs amortization	(1,326,043)	(566,261)
Other non-operating revenues (expenses)	(172,844)	(290,477)
Net Non-Operating Revenues (Expenses) (Schedule C)	**140,365,487**	**138,083,799**
Income Before Contributions and Extraordinary Item	**24,243,408**	**26,907,503**
Capital contributions	105,190	83,298
Extraordinary item	(2,655,340)	(4,230,489)
Increase In Net Position	**21,693,258**	**22,760,312**
NET POSITION		
Net Position-Beginning of Year	315,848,253	293,087,941
Net Position-End of Year	**$ 337,541,511**	**$ 315,848,253**

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

SOUTH TEXAS COLLEGE

South Texas College District
Statements of Cash Flows
For the Years Ended August 31, 2014 and 2013

Exhibit 3

	FY 2014	FY 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	$ 17,284,796	$ 29,163,637
Receipts from grants and contracts	13,809,240	14,529,542
Payments to suppliers for goods or services	(24,379,418)	(21,143,163)
Payments to or on behalf of employees	(90,445,989)	(86,954,708)
Payments for scholarships and fellowships	(27,690,953)	(28,616,017)
Payments for loans issued to students	(1,186,665)	(798,106)
Receipts from collection of loans to students	1,066,812	659,887
Other receipts	533,767	454,928
Payments for non-operating construction costs	(5,633,854)	(5,079,944)
Payments for non-operating transactions	(177,035)	(256,212)
Net cash used by operating activities	**(116,819,299)**	**(98,040,156)**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from state allocations	38,583,724	35,902,578
Receipts from ad-valorem taxes-maintenance and operation	34,198,649	33,535,414
Receipts from non-operating federal revenue	55,351,962	57,151,307
Payments for collection of taxes for maintenance and operation	(117,856)	(119,240)
Receipts from gifts or grants for other than capital purposes	281,003	296,344
Receipts from student organizations and other agency transactions	2,695,229	1,981,358
Payments to student organizations and other agency transactions	(2,500,544)	(1,941,989)
Receipts from endowment interest	386	928
Proceeds from insurance claims	1,298,360	-
Net cash provided by non-capital financing activities	**129,790,913**	**126,806,700**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds on issuance of capital debt	60,578,664	-
Refund of overpayment of issuance cost bond	782	-
Receipts from ad-valorem taxes-debt services	12,460,450	12,404,690
Payments for collection of taxes for debt service	(62,338)	(67,440)
Contribution received in aid of construction	10,000	10,000
Purchases of capital assets	(4,210,106)	(3,586,941)
Payments on capital debt-principal	(9,300,000)	(8,376,028)
Payments on capital debt-interest and fees	(1,839,750)	(2,771,392)
Bond issue costs paid on new capital debt issue	(578,664)	-
Net cash provided (used) by capital and related financing activities	**57,059,038**	**(2,387,111)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale and maturity of investments	44,381,810	20,712,791
Receipts from interest on investments	262,520	334,031
Purchase of investments	(78,000,000)	(54,500,000)
Net cash used by investing activities	**(33,355,670)**	**(33,453,178)**
Increase (decrease) in cash and cash equivalents	**36,674,982**	**(7,073,745)**
Cash and cash equivalents-September 1,	39,516,750	46,590,495
Cash and cash equivalents-August 31,	**$ 76,191,732**	**$ 39,516,750**

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

(Continued)

SOUTH TEXAS COLLEGE

South Texas College District
Statements of Cash Flows
For the Years Ended August 31, 2014 and 2013

Exhibit 3

	FY 2014	FY 2013
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	$ (116,122,079)	$ (111,176,296)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	6,731,486	6,589,876
Payments made directly by state for benefits	4,182,296	3,075,251
Payments for non-operating construction costs	(5,633,854)	(5,079,944)
Payments for non-operating transactions	(177,035)	(256,212)
Changes in assets and liabilities:		
Receivables, net	602,628	341,905
Prepaid expenses	383,510	(534,144)
Accounts payable	(1,194,934)	1,632,809
Accrued liabilities	(93,093)	1,024,107
Compensable absences	101,025	27,299
Deferred revenues	(5,599,249)	6,315,193
Net cash used by operating activities	$ (116,819,299)	$ (98,040,156)

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 Radilogy 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 cost 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

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

SOUTH TEXAS COLLEGE

South Texas College District
Statements of Cash Flows
For the Years Ended August 31, 2014 and 2013

Exhibit 3

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.

Non-cash investing, capital, and financing activities for fiscal year 2013:

Three Dell Force 10 Network Switch were donated to the District with a fair value of $59,804 in September 2012.

Library books donated to the District during the fiscal year amounted to $1,440.

Firefighter gear and truck donated to the District during the fiscal year amounuted to $7,053 and $5,000, respectively.

In-kind contributions provided by vendors for the Valley Scholars Program during the fiscal year amounted to $44,736.

On June 12, 2013 a $6,630,000 Limited Tax Refunding Bonds, Series 2013 was issued to refund a portion of the District's $6,700,000 of Limited Tax General Obligation Bonds, Series 2004, which resulted in $70,000 non-cash.

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

Premium - Bond Series 2003	53,644
Premium - Bond Series 2002 & 2003 I&S	316
Premium - Bond Series 2004	705,975
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	(340,657)

The deferred loss ending balance as of August 31, 2013, is $42,270, $481,576, $946,507, and $106,532 for MTR Bond Series 2007, LTR Bond Series 2007, and LTR Bond Series 2010 and LTR Bond Series 2013, respectively, which will be amortized over the debt repayment period.

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

Bond Series 2003	20,608
Bond Series 2004	99,902
MTR Bond Series 2007	3,972
LTR Bond Series 2007	33,827
Bond Series 2010	29,867
Bond Series 2013	(115,495)

Pledge contributions as of August 31, 2013, consisted of $27,671 non-cash and $11,000 cash.

Payments made directly by the state for benefits as of August 31, 2013, consisted of $3,075,251.

Note 1 – Reporting Entity

South Texas College District ("STC", "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 and Junior Colleges* and in accordance with U.S. Generally Accepted Accounting Principles, 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.

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Tuition Discounting (Continued)

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 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 & 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

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Operating and Non-Operating Revenue and Expense Policy (Continued)

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.

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.

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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 assets or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. Library books and materials purchased, in total for the year, are subject to the $5,000 capitalization threshold.

The District reports depreciation under a single-line item as a business-type activity. 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

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.

Note 2 – Summary of Significant Accounting Policies (Continued)

O. Unearned Revenues

Tuition and fees of $14,073,913 and $19,403,380 and federal, state, local, and private grants of $429,321 and $634,810 have been reported as unearned revenues at August 31, 2014, and 2013, respectively. Total unearned revenues were $14,503,234 and $20,038,190 at August 31, 2014, and 2013, respectively.

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. Deferred Inflows

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.

R. 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.

S. 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.

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 consist 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

Note 2 – Summary of Significant Accounting Policies (Continued)

S. Net Position (Continued)

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.

T. 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, 2014, the District incurred $2,051,622 in interest cost expense. As of August 31, 2013, the District incurred $2,270,369 in interest cost expense and $10,508 was capitalized.

U. 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 are recorded as deferred charges.

V. 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.

W. 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.

Note 2 – Summary of Significant Accounting Policies (Continued)

X. Designation of Unrestricted Net Position

In fiscal year 2014, the District's Board of Trustees designated a total of $15,000,000 of the unrestricted net position. The designation includes $7,500,000 for the District's Enterprise Resource Planning system infrastructure maintenance and renewal, $4,000,000 for the deferred maintenance of facilities, and 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 $24,500,000 of the unrestricted net position at August 31, 2014.

Y. Prior-Year Reclassifications

A reclassification in the Statements of Net Position was necessary in the assets section to segregate cash and cash equivalents and short-term investments into their properly titled category of restricted cash and cash equivalents and restricted short-term investments and their classified format of current assets and noncurrent assets.

A reclassification in the Statements of Revenues, Expenses, and Changes in Net Position was necessary to segregate non-capital construction costs into its proper titled category of extraordinary item.

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, (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, and (10) other instruments and obligations authorized by statute.

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 maintenance of sufficient liquidity, maximization of return within acceptable risk constraints and diversification of investments. At August 31, 2014, and 2013, the carrying amount of South Texas College's District bank deposits and investments was $240,804,965 and $170,511,791, 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 $264,000,000 and $188,000,000 for the years ended August 31, 2014, and 2013, 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, 2014	August 31, 2013
Demand deposits	$ 76,182,784	$ 39,507,800
Change funds on hand	8,950	8,950
Total Cash and Cash Equivalents	**$ 76,191,734**	**$ 39,516,750**

Total deposits and investments at August 31, 2014, and 2013, are as follows:

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

Type of Security	Fair Value August 31, 2014	Fair Value August 31, 2013
Certificates of deposit	$ 164,607,641	$ 130,989,451
Endowment investment	5,590	5,590
Total Investments	164,613,231	130,995,041
Total Cash and Cash Equivalents	76,191,734	39,516,750
Total Cash and Cash Equivalents and Investments	**$ 240,804,965**	**$ 170,511,791**

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

Exhibit 1				
Cash and cash equivalents	$	52,670,153	$	34,750,068
Restricted cash and cash equivalents-current		11,902,904		4,766,682
Short-term investments-current		109,261,906		126,540,622
Restricted cash and cash equivalents-noncurrent		11,618,677		-
Endowment investment		5,590		5,590
Restricted short-term investments		55,345,735		4,448,829
Total Reconciliation to Exhibit 1	**$**	**240,804,965**	**$**	**170,511,791**

Endowment investment consists of a donated coin collection.

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

As of August 31, 2013, the District had the following investments and maturities:

Investment Type	Fair Value	Weight Average Maturity (Years)
Certificates of Deposit	$ 130,989,451	0.5620

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. All of the District's investments are in the form of certificates of deposit, which at August 31, 2014 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

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

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, 2014, 100% of the District's investment portfolio is in certificates of deposit.

Note 5 – Capital Assets

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	(2,287,621)	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 2N-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
Bo nd 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 5 – Capital Assets (Continued)

For comparison purposes, capital assets activity for the year ended August 31, 2013, was as follows:

	Balance September 1, 2012	Increases	Decreases	Balance August 31, 2013
Not Depreciated:				
Land	$ 29,554,510	$ -	$ -	$ 29,554,510
Collections	11,000	-	-	11,000
Construction in progress	2,189,607	2,178,128	3,792,302	575,433
Subtotal	31,755,117	2,178,128	3,792,302	30,140,943
Buildings and Other Capital Assets:				
Buildings	166,819,821	3,008,964	-	169,828,785
Land improvements	24,971,794	783,337	-	25,755,131
Total Buildings and Other Land Improvements	191,791,615	3,792,301	-	195,583,916
Library books	5,090,599	248,429	-	5,339,028
Furniture, machinery, vehicles, and other equipment	20,950,594	1,348,106	82,087	22,216,613
Telecommunications and peripheral equipment	10,401,975	-	9,264	10,392,711
Total Buildings and Other Capital Assets	228,234,783	5,388,836	91,351	233,532,268
Accumulated Depreciation:				
Buildings	24,141,030	3,053,204	-	27,194,234
Land improvements	5,702,541	1,154,033	-	6,856,574
Library books	3,044,275	306,759	-	3,351,034
Furniture, machinery, vehicles, and other equipment	11,685,948	2,196,963	81,870	13,801,041
Telecommunications and peripheral equipment	10,327,001	36,277	9,264	10,354,014
Total Accumulated Depreciation	54,900,795	6,747,236	91,134	61,556,897
Net Buildings and Other Capital Assets	173,333,988	(1,358,400)	217	171,975,371
Total Capital Assets, Net	**$ 205,089,105**	**$ 819,728**	**$ 3,792,519**	**$ 202,116,314**
Net Buildings and Other Capital Assets-Detail				
Buildings	$ 142,678,791	$ (44,240)	$ -	$ 142,634,551
Land improvements	19,269,253	(370,696)	-	18,898,557
Library books	2,046,324	(58,330)	-	1,987,994
Furniture, machinery, vehicles, and other equipment	9,264,646	(848,857)	217	8,415,572
Telecommunications and peripheral equipment	74,974	(36,277)	-	38,697
Total Net Buildings and Other Capital Assets	**$ 173,333,988**	**$ (1,358,400)**	**$ 217**	**$ 171,975,371**

Note 5 – Capital Assets (Continued)

In addition to the $11,000 art work/collection, which is capitalized but not depreciated (see Note 2N-Collections/Works of Art), the District has other art work/collections that it does not capitalize in the amount of $58,365. 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, 2013, including capitalized interest of $9,686, consists of the following:

Project	Balance September 1, 2012	Additions / Deductions	Completed	Balance August 31, 2013
Pecan West Academic Building	$ -	$ (66,253)	(66,253)	-
Pecan Building G Fume Hoods	103,708	5,605	109,313	-
Pecan DMARC Relocation	3,150	(695)	-	2,455
Pecan South Academic Building Science Labs	-	100,288	100,288	
Tech Southwest Building Renovation	44,990	196,488	241,478	-
Tech Southwest Building	1,593,429	-	1,593,429	-
Tech Welding Lab Expansion	-	17,274	-	17,274
Mid Valley Building G Science Lab Improvements	347,141	1,593	348,734	-
Mid Valley Parking Expansion	53,317	434,519	467,384	20,452
Mid Valley Art Lab Improvements	-	352	-	352
Mid Valley North Academic Building Science Labs	-	122,225	-	122,225
Pecan Plaza Police Department Renovation	-	28,247	-	28,247
Pecan Plaza Re-roofing	19,246	662,729	681,975	-
Pecan Plaza Resurface Parking & Replace Lighting	-	19,753	-	19,753
Hail Damage Repairs	-	196,571	-	196,571
MV Resurface Parking Lot	-	153,154	-	153,154
Starr HVAC Chiller Replacement	24,626	306,278	315,954	14,950
Total	**$ 2,189,607**	**$ 2,178,128**	**3,792,302**	**575,433**

Note 6 – Long Term Liabilities

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 Tax Bonds, Series 2007 MTR	$ 2,070,000	$ -	$ 310,000	1,760,000	$ 325,000
South Texas College District Tax Bonds, Series 2007 LTR	21,844,991	-	285,000	21,559,991	4,324,991
South Texas College District Tax Bonds, Series 2010 LTR	13,975,000	-	6,990,000	6,985,000	1,835,000
South Texas College District Tax Bonds, Series 2013 LTR	6,495,000	-	1,715,000	4,780,000	1,555,000
South Texas College District Tax Bonds, Series 2014 LT	-	53,750,000	-	53,750,000	-
Subtotal	44,384,991	53,750,000	9,300,000	88,834,991	8,039,991
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**

Bond 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
Deferred Refunding Loss	(1,581,885)	-	(288,578)	(1,293,307)	(288,578)
Total Bond Liabilities	**$ 45,667,800**	**$ 60,578,664**	**$ 9,721,892**	**$ 96,524,572**	**$ 8,624,232**
Less Current Bonds Payable				(8,624,232)	
Total Noncurrent Bonds Payable				**$ 87,900,340**	

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 Tax Bonds, Series 2007 MTR	$ 3,219	$ 8,330	$ 39,391
South Texas College District Tax Bonds, Series 2007 LTR	24,859	817,834	385,261
South Texas College District Tax Bonds, Series 2010 LTR	-	1,243,124	788,756
South Texas College District Tax Bonds, Series 2013 LTR	-	255,493	79,899
South Texas College District Tax Bonds, Series 2014 LT	-	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 6 – Long Term Liabilities (Continued)

For comparison purposes, the long-term liabilities activity for the year ended August 31, 2013, was as follows:

	Balance September 1, 2012	Additions	Reductions	Balance August 31, 2013	Current Portion
Bonds					
South Texas College District Tax Bonds, Series 2003	$ 1,595,000	$ -	$ 1,595,000	$ -	$ -
South Texas College District Tax Bonds, Series 2004	8,190,000	-	8,190,000	-	-
South Texas College District Tax Bonds, Series 2007 MTR	2,370,000	-	300,000	2,070,000	310,000
South Texas College District Tax Bonds, Series 2007 LTR	22,119,991	-	275,000	21,844,991	285,000
South Texas College District Tax Bonds, Series 2010 LTR	18,556,029	-	4,581,029	13,975,000	6,990,000
South Texas College District Tax Bonds, Series 2013 LTR	-	6,630,000	135,000	6,495,000	1,715,000
Subtotal	52,831,020	6,630,000	15,076,029	44,384,991	9,300,000
Accrued Compensable Absences	588,531	86,194	58,895	615,830	551,119
Total Liabilities	**$ 53,419,551**	**$ 6,716,194**	**$ 15,134,924**	**$ 45,000,821**	**$ 9,851,119**
Bond Detail					
Total Bonds Payable	$ 52,831,020	$ 6,630,000	$ 15,076,029	$ 44,384,991	$ 9,300,000
Premium on Bonds Payable	3,738,721	359,323	1,233,350	2,864,694	539,914
Discount on Bonds Payable	-	-	-	-	-
Deferred Refunding Loss	(2,272,693)	(112,369)	(803,177)	(1,581,885)	(288,578)
Total Bond Liabilities	**$ 54,297,048**	**$ 6,876,954**	**$ 15,506,202**	**$ 45,667,800**	**$ 9,551,336**
Less Current Bonds Payable				(9,551,336)	
Total Noncurrent Bonds Payable				**$ 36,116,464**	

Note 6 – Long Term Liabilities (Continued)

Unamortized bond discount/premium, bond issue costs and deferred loss for the year ended August 31, 2013, on the above bond issues are as follows:

	Deferred Bond Issuance Cost	Bond Premium	Deferred Loss
South Texas College District Tax Bonds, Series 2007 MTR	$ 23,832	$ 9,996	$ 47,270
South Texas College District Tax Bonds, Series 2007 LTR	169,132	1,022,292	481,576
South Texas College District Tax Bonds, Series 2010 LTR	179,203	1,491,749	946,507
South Texas College District Tax Bonds, Series 2013 LTR	115,495	340,657	106,532
Total	**$ 487,662**	**$ 2,864,694**	**$ 1,581,885**

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, 2013, the District did not have a liability.

Note 7 – Debt and Lease Obligations and Rental Agreements

As of August 31, 2014, bonds payable are 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**

For comparison purposes, as of August 31, 2013, bonds payable were due in annual installments varying from $135,000 to $6,990,000 with interest rates from 2.0% to 5.6% and the final installment due in 2019. 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
2014	$ 9,300,000	$ 1,839,750	$ 11,139,750
2015	8,039,991	2,912,059	10,952,050
2016	8,590,000	1,252,150	9,842,150
2017	8,885,000	873,550	9,758,550
2018	8,820,000	465,500	9,285,500
2019	750,000	28,150	778,150
Total	**$ 44,384,991**	**$ 7,371,159**	**$ 51,756,150**

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

Fund Group	August 31, 2014	August 31, 2013
Unrestricted Current Funds	$ 445,009	$ 544,868

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, 2014 Minimum Future Lease Payments	August 31, 2013 Minimum Future Lease Payments
2014	$ -	$ 69,307
2015	119,241	52,244
2016	118,876	53,991
2017	78,913	29,001
2019	23,892	9,923
Total	**$ 340,922**	**$ 217,466**

During fiscal year 2014, the District leased office space at the Mid Valley Campus and Starr County Campus to nonprofit agencies. In fiscal year 2014, the District's rental income from these leases was $65,089. Annual future minimum receipts under these agreements for fiscal year 2015 are $55,021. 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:

	2014	2013
$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 current refund a portion of the District's maintenance tax debt, 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.		
Source of revenue for debt service: Ad-valorem taxes	$ 1,760,000	$ 2,070,000

Note 8 – Bonds Payable (Continued)

	2014	2013
$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 outstanding debt, 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: March 29, 2007 Source of revenue for debt service: Ad-valorem taxes	21,559,991	21,844,991
$19,550,011 South Texas 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 outstanding debt, 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 Source of revenue for debt service: Ad-valorem taxes	6,985,000	13,975,000
$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 outstanding debt, 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 Source of revenue for debt service: Ad-valorem taxes	4,780,000	6,495,000
$53,750,000 South Texas College District General Obligation Debt Limited Tax Bonds, Series 2014 due in varying installments through 2034, interest at 5.0%. Purpose: Construction and equipping of College buildings to accommodate increased student enrollment and to pay for cost of issuance of the bonds. Issued: February 26, 2014. Source of revenue for debt service: Ad-valorem taxes	53,750,000	-
Total Bonds Payable	**$ 88,834,991**	**$ 44,384,991**

Note 8 – Bonds Payable (Continued)

Bonds Payable are due in annual installments varying from $325,000 to $6,380,000 with interest rates from 2.0% to 5.6% with the final installment due in 2034.

Note 9 – Advance Refunding of Bonds

On June 12, 2013, South Texas College District approved the issuance of a Limited Tax Refunding Bonds, Series 2013 totaling $6,630,000 and is being issued to refund a portion of the District's outstanding debt South Texas College District Limited Tax General Obligation Bonds, Series 2004, in order to lower the overall debt service requirements of the District and to pay the cost associated with the issuance of the bonds. A total of $6,700,000 of Limited Tax General Obligation Bonds, Series 2004 was refunded. The amount outstanding at year end on the Limited Tax Refunding Bonds, Series 2013 was $6,495,000. The average interest rate of bonds refunded was 3.53% for Bonds Series 2004. In order to refund the bonds, the proceeds of the new bonds in the amount of $6,867,500 (after payments of $121,823 for underwriting fees, insurance, bond counsel fees, and other issuance costs) were deposited and held in an escrow fund by Bank of Texas. The refunding resulted in a reduction of the total debt service payments over the next four years by $595,530 and gave the District an economic gain of $570,035. The portion of post refunding Limited Tax General Obligation Bonds, Series 2004, were paid as of August 31, 2013. The accounting loss resulting from the advance refunding totaled $112,370. At August 31, 2013, the Limited Tax General Obligation Bonds, Series 2004 are considered fully defeased.

On November 18, 2010, South Texas College District approved the issuance of a Limited Tax Refunding Bonds, Series 2010 totaling $19,550,011 and is being issued to current interest bonds and capital appreciation bonds to advance refund a portion of the South Texas College District Limited Tax General Obligation Bonds, Series 2002 and South Texas College District Limited Tax General Obligation Bonds, Series 2003, in order to lower the overall debt service requirements of the District and to pay the cost associated with the issuance of the bonds. A total of $10,020,000 of Limited Tax General Obligation Bonds, Series 2002 and a total of $9,540,000 of Limited Tax General Obligation Bonds, Series 2003 totaling $19,560,000 were refunded. Outstanding on the Limited Tax Refunding Bonds, Series 2010 at year end was $13,975,000. The average interest rate of bonds refunded were 5.27% for Bonds Series 2002 and 4.61% for Bonds Series 2003. The portion of post refunding Limited Tax General Obligation Bonds, Series 2002, were paid as of August 31, 2012, and Limited Tax General Obligation Bonds, Series 2003, were paid as of August 31, 2013. At August 31, 2013, the Limited Tax General Obligation Bonds, Series 2002 and Limited Tax General Obligation Bonds, Series 2003 are considered fully defeased.

Note 10 – 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

Plan Description. South Texas College District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas State Legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas State Legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6% 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 of all members of the system during the fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2014, 2013, and 2012, and a state contribution rate of 6.8% for fiscal year 2014, 6.4% for fiscal year 2013, and 6.0% for fiscal year 2012. In certain instances the reporting district is required to make all or a portion of the state's 6.8% contribution for fiscal year 2014, 6.4% for fiscal year 2013, and 6.0% for fiscal year 2012. State contributions to TRS made on behalf of the District's employees for the years ended August 31, 2014, 2013, and 2012 were $1,651,059, $1,280,428, and $1,194,351, respectively. The District paid additional state contributions for the years ended August 31, 2014, 2013, and 2012 in the amounts of $2,136,855, $3,500,138, and $318,568, respectively. Senate Bill (S.B) 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

Note 10 – Employees' Retirement Plan (Continued)

The total payroll of employees covered by TRS, associated District contributions and state contributions made on behalf of the District, and member contributions were as follows:

	August 31, 2014	August 31, 2013	August 31, 2012
Total payroll for TRS	$ 55,705,206	$ 51,811,943	$ 49,188,881
State contributions	$ 1,651,059	$ 1,280,428	$ 1,194,351
District contributions	2,136,855	3,500,138	318,568
Total Contributions-active	3,787,914	4,780,566	1,512,919
District contributions-retirees	32,241	26,760	31,468
Total Contributions	**$ 3,820,155**	**$ 4,807,326**	**$ 1,544,387**
Member Contributions	$ 3,566,961	$ 3,320,549	$ 3,175,434

Optional Retirement Plan-Defined Contribution Plan

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

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 year 2014, 6.0% for fiscal years 2013 and 2012. The percentages of participant salaries currently contributed by each participant are 6.65% for fiscal years 2014, 2013, and 2012, respectively. The District contributes 1.9% for fiscal year 2014, 2.5% for fiscal years 2013 and 2012 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 to 50% of eligible employees in the reporting district.

The retirement expense to the state for the District was $398,495, $740,019, and $740,120, for the fiscal years ended August 31, 2014, 2013, and 2012, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the District.

The total payroll of employees covered by ORP, associated District contributions and state contributions made on behalf of the District, and member contributions were as follows:

Note 10 – Employees' Retirement Plan (Continued)

	August 31, 2014	August 31, 2013	August 31, 2012
Total payroll for ORP	$ 12,075,622	$ 12,333,625	$ 12,335,313
State contributions	$ 398,495	$ 740,019	$ 740,120
District contributions	$ 444,511	$ 59,838	$ 66,236
Total Contributions	**$ 843,006**	**$ 799,857**	**$ 806,356**
Member Contributions	$ 826,227	$ 850,840	$ 856,796

The total payroll for all District employees was $74,608,758, $71,203,678, and $68,809,740 for fiscal years 2014, 2013, and 2012, respectively. The total payroll of employees covered by the Teacher Retirement System was $55,705,206, $51,811,943, and $49,181,881, and the total payroll of employees covered by the Optional Retirement Program was $12,075,622, $12,333,625, and $12,335,313, for fiscal years 2014, 2013, and 2012, respectively.

Note 11 – 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, 2014, the District has 87 employees participating in Section 403(b) Tax Sheltered Annuity (TSA) Program and 85 participated in 2013. A total of $392,796 and $329,237 in payroll deductions have been invested in approved 403(b) plans during the fiscal years 2014 and 2013, respectively.

As of August 31, 2014, the District has 73 employees participating in Section 457 Deferred Compensation Plan (DCP) and 84 participated in 2013. A total of $172,590 and $171,556 in payroll deductions have been invested in Section 457 Deferred Compensation Plan (DCP) during the fiscal years 2014 and 2013, 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 12 – 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.

Note 12 – Compensable Absences (Continued)

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.

	August 31, 2014	August 31, 2013
Compensable absences-beginning	$ 615,830	$ 588,531
Net additions and reductions	101,025	27,299
Total Compensable Absences	**$ 716,855**	**$ 615,830**
Current portion	$ 639,686	$ 551,119

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 13 – Pending Lawsuits and Claims

A. *Litigation*

On August 31, 2014, 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, 2014, 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 14 – Disaggregation of Receivable and Payable Balances

Receivables

Receivables at August 31, 2014, and August 31, 2013, were as follows:

	August 31, 2014	August 31, 2013
Student receivables-delinquent	$ 5,124,391	$ 5,004,057
Student receivables-other	66,088	155,549
Taxes receivables	11,228,544	11,205,036
Federal receivables	1,242,066	1,401,055
Interest receivables	6,573	54,565
Accounts receivables		
Bookstore and auxiliary	123,818	51,265
State, local and private	341,333	382,395
Pledges receivable	49,120	38,671
Agency	2,076	416
Other receivables	163,167	221,164
Subtotal	18,347,176	18,514,173
Allowance for doubtful accounts-student	(4,139,260)	(3,691,253)
Allowance for doubtful accounts-taxes	(1,671,697)	(1,445,791)
Total Receivables–Exhibit 1	**$ 12,536,219**	**$ 13,377,129**

Taxes receivables may not all be collected within one year.

Payables

Payables at August 31, 2014, and August 31, 2013, were as follows:

	August 31, 2014		August 31, 2013	
	Accounts Payable	Accrued Liabilities	Accounts Payable	Accrued Liabilities
Vendor payable				
Vendors	$ 2,207,318	$ -	$ 3,315,488	$ -
Construction	336,913	-	29,558	-
Construction retainage	62,211	-	241,763	-
Salaries & benefits	-	1,247,992	-	1,341,085
Students payable	59,439	-	57,575	-
Accrued interest	-	291,861	-	79,989
Other Payables	151,446	-	203,237	-
Total Payables–Exhibit 1	**$ 2,817,327**	**$ 1,539,853**	**$ 3,847,621**	**$ 1,421,074**

Note 15 – Funds Held for Others

At August 31, 2014, and at August 31, 2013, the District held, in trust funds, amounts of $403,976 and $309,175, respectively that pertain primarily to student organizations. These funds are not available to support the District's programs.

Note 16–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 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 2014 and 2013, for which monies have not been received nor funds expended totaled $6,512,367 and $2,635,362 respectively.

These amounts are comprised of the following:

	August 31, 2014	August 31, 2013
Federal contracts and grant awards	$ 5,750,950	$ 1,936,232
State contracts and grant awards	761,417	615,475
Private contracts and grant awards	-	83,655
Total	**$ 6,512,367**	**$ 2,635,362**

Note 17 –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 $503.14 per month for the year ended August 31, 2014 for United Health Select of Texas and $470.38 per month for the year ended August 31, 2013 for United Health Select of Texas. The state's contribution totaled $4,182,296 for fiscal year 2014 and $3,075,251 for fiscal year 2013.

The cost of providing those benefits for forty-one retirees in the year ended August 31, 2014, was $277,357 and for thirty-seven retirees in the year ended August 31, 2013, was $228,628. For 1,218 United Health Select of Texas active employees, the cost of providing benefits was $3,904,939 for the year ended August 31, 2014. Active employee benefits for 1,172 United Health Select of Texas active employees cost was $2,846,623 for the year ended August 31, 2013. S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

Note 17 –Health Care and Life Insurance Benefits (Continued)

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

	August 31, 2014	August 31, 2013
Full time employees	1,218	1,172
Number of retirees	41	37
Active employee-state	$ 3,904,939	$ 2,846,623
Retiree-state	277,357	228,628
Total State Contributions	4,182,296	3,075,251
District contributions	5,205,833	5,398,075
Total Health Insurance Cost	**$ 9,388,129**	**$ 8,473,326**

Note 18 – 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, 2014	August 31, 2013
Assessed valuation of the District	$ 39,073,962,437	$ 38,329,106,121
Less: Exemptions	8,827,762,746	8,683,572,050
Less: Abatements	-	-
Net Assessed Valuation of the District	**$ 30,246,199,691**	**$ 29,645,534,071**

	Fiscal Year 2014			Fiscal Year 2013		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized tax rate per $100 valuation (maximum per enabling legislation)	$ 0.1100	$ 0.5000	$ 0.6100	$ 0.1100	$ 0.5000	$ 0.6100
Assessed tax rate per $100 valuation	$ 0.1100	$ 0.0400	$ 0.1500	$ 0.1100	$ 0.0407	$ 0.1507

Taxes levied for the year ended August 31, 2014, and 2013 amounted to $46,726,234 and $46,010,568, 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 18 – 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, 2014			August 31, 2013		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes collected	$ 31,198,100	$ 11,344,780	$ 42,542,880	$30,337,769	$11,224,976	$ 41,562,745
Delinquent taxes collected	1,871,485	694,540	2,566,025	1,918,510	712,450	2,630,960
Penalties & interest collected	1,203,463	443,800	1,647,263	1,208,040	450,702	1,658,742
Total Gross Collections	34,273,048	12,483,120	46,756,168	33,464,319	12,388,128	45,852,448
Tax Appraisal & Collection Fees	(589,947)	(62,668)	(652,615)	(619,787)	(62,668)	(682,455)
Bad Debt Expense	(1,231,375)	(440,323)	(1,671,698)	(1,103,987)	(341,804)	(1,445,791)
Total Net Collections	**$32,451,726**	**$ 11,980,129**	**$ 44,431,855**	**$ 1,740,545**	**$11,983,656**	**$43,724,201**

Tax collections for the year ended August 31, 2014, and 2013, were 94.37% and 93.71%, 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 19 – 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, 2014 and 2013.

Note 20 – 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 2014.

Note 21 – Subsequent Events

On November 5th, 2013, the residents of Hidalgo County and Starr County approved the issuance of bonds in the amount of one-hundred-fifty-nine million, twenty-eight thousand, nine-hundred-forty dollars ($159,028,940) for the construction and equipping of college buildings in the District. In addition, the voters approved to increase the maximum ad-valorem tax rate by three cents, at a rate not to exceed fourteen cents, for the further operation and maintenance of the District.

On September 27th, 2013, the District received an additional $1,262,519 insurance check for replacement cost incurred by the hail damage repairs.

On August 26, 2014, the Department of Education awarded the Developing Hispanic-Serving Institutions Grant (STC in Focus) to the District. The $2,568,075 award with a performance period of October 1, 2014 through September 30, 2019 was accepted by the Board of Trustees at the September 23, 2014 board meeting.

Note 22 – Postemployment Benefits Other than Pensions

This footnote is in accordance with GASB Statement 45.

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 http://www.ers.state.tx.us/.

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

Note 22 – 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, 2014, 2013, and 2012, were $301,799, $245,562, and $198,862, respectively, which equaled the required contributions each year.

Note 23 – On-Behalf Payments

For the fiscal years ended August 31, 2014 and 2013, the District recorded state on-behalf contributions for the Teacher Retirement System of $1,730,579 and $1,280,428, respectively, contributions for the Optional Retirement Program of $398,495 and $740,019, respectively, and contributions for health insurance of $4,182,296 and $3,075,251, 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, 2014, and 2013 of $6,311,370 and $5,095,698, respectively, were recorded as revenues and expenses in the accompanying basic financial statements.

Note 24 – 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 25 – 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 25 – Risk Management (Continued)

The more significant coverage's include $5,000,000 of general liability insurance for fiscal year 2014 and $1,0000,000 for fiscal year 2013, property insurance covering the District's buildings and properties including commercial inland marine in an aggregate amount of $227,609,407 and $219,708,986 for fiscal years 2014 and 2013 respectively, business income with extra expense coverage of $34,000,000 and $34,441,000 for fiscal year 2014 and 2013 respectively, and $5,000,000 in education legal and employment practices liability for fiscal years 2014 and 2013. 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 26 – Construction and Improvement Commitments

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**

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

Construction and improvement commitments for August 31, 2013, were as follows:

Project	Contracted Amount	Spent to Date	Commitments
Pecan Campus	$ 8,011,763	$ 4,855,867	$ 3,155,896
Technology Campus	467,193	361,193	106,000
Mid Valley Campus	1,050,862	995,114	55,748
Starr Campus	299,000	299,000	-
Total	**$ 9,828,818**	**$ 6,511,174**	**$ 3,317,644**

At August 31, 2013, the District had $3,317,644 of remaining contractual commitments in construction and improvement projects.

Note 27 – Deposits in Escrow

South Texas College District entered into the following infrastructure improvement escrow agreements with the City of McAllen. 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.

Note 28 – 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 $381, $922 and $1,242, in fiscal years 2014, 2013, and 2012, respectively.

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

The fund balances of the endowments were as follows:

Endowment	August 31, 2014	August 31, 2013
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	1,050
Roberto Gutierrez Sr. Endowment	904	904
Edwynne G. Cooper Endowment	5,590	5,590
Total Endowments	**$ 339,445**	**$ 339,444**

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 the last day of the Trust's previous fiscal year. 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. At August 31, 2013, the market value of the Trust was $3,408,176. The Trust made a distribution to the District in the amount of $160,785 in fiscal year 2013. The funds are presented in Restricted Expendable Net Position.

Note 29 –Pledges of Gifts

The District records pledges of gifts when an unconditional promise to pay is received. At August 31, 2014, pledges receivable totaled $49,120, which consisted of non-cash gifts of $30,620 and $18,500 in cash gifts. At August 31, 2013, pledges receivable totaled $38,671, which consisted of non-cash gifts of $27,671 and $11,000 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 30 – Extraordinary Item

In fiscal year 2014, South Texas College District reported an extraordinary item in the amount of $1,262,519 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. The cost of repairs related to the extraordinary event was $3,917,859 and $4,230,489 for fiscal year 2014 and 2013 respectively.

SOUTH TEXAS COLLEGE

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SOUTH TEXAS COLLEGE

South Texas College District
Schedule of Operating Revenues
Year Ended August 31, 2014 (With Totals for the Year Ended August 31, 2013)

Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY 2014 Total	FY 2013 Total
Tuition:						
State funded credit courses						
In-district resident tuition	$ 38,403,563	$ -	$ 38,403,563	$ -	$ 38,403,563	$ 38,767,086
Out-of-district resident tuition	1,055,403	-	1,055,403	-	1,055,403	1,071,957
Non-resident tuition	3,930,120	-	3,930,120	-	3,930,120	3,645,624
TPEG state (set aside) *	1,746,570	-	1,746,570	-	1,746,570	1,814,291
State funded continuing education	1,084,757	-	1,084,757	-	1,084,757	711,649
TPEG non-credit (set aside) *	69,240	-	69,240	-	69,240	45,424
State funded workforce development	429,437	-	429,437	-	429,437	499,135
TPEG non-credit (set aside) *	27,411	-	27,411	-	27,411	31,859
Non-state funded continuing education	815,954	-	815,954	-	815,954	786,413
TPEG non-credit (set aside) *	53,244	-	53,244	-	53,244	50,878
Non-state funded workforce development	116,537	-	116,537	-	116,537	192,575
TPEG non-credit (set aside) *	7,438	-	7,438	-	7,438	12,291
Total Tuition	**47,739,674**	**-**	**47,739,674**	**-**	**47,739,674**	**47,629,182**
Fees:						
Student registration fee	7,740,350	-	7,740,350	-	7,740,350	7,714,740
Laboratory fees	1,354,535	-	1,354,535	-	1,354,535	1,293,939
Incidental fees	21,753,334	-	21,753,334	-	21,753,334	20,615,972
Total Fees	**30,848,219**	**-**	**30,848,219**	**-**	**30,848,219**	**29,624,651**
Scholarship Allowances and Discounts:						
Remissions and exemptions	(21,762,139)	-	(21,762,139)	-	(21,762,139)	(19,380,034)
TPEG allowances	(1,519,770)	-	(1,519,770)	-	(1,519,770)	(1,461,625)
Local grants to students	(495,119)	-	(495,119)	-	(495,119)	(565,284)
Private grants to students	(385,124)	-	(385,124)	-	(385,124)	(371,865)
State grants to students	(2,076,663)	-	(2,076,663)	-	(2,076,663)	(2,277,177)
Federal grants to students	(31,860,834)	-	(31,860,834)	-	(31,860,834)	(32,146,471)
Total Scholarship Allowances and Discounts	**(58,099,649)**	**-**	**(58,099,649)**	**-**	**(58,099,649)**	**(56,202,456)**
Total Net Tuition and Fees	**20,488,244**	**-**	**20,488,244**	**-**	**20,488,244**	**21,051,377**
Additional Operating Revenues:						
Federal grants and contracts	201,559	4,522,425	4,723,984	-	4,723,984	4,630,302
State grants and contracts	14,419	4,427,328	4,441,747	-	4,441,747	5,160,704
Local grants and contracts	-	1,105,675	1,105,675	-	1,105,675	1,270,376
Non-governmental grants and contracts	2,564,771	923,317	3,488,088	-	3,488,088	3,113,960
General operating revenues	443,379	202,432	645,811	-	645,811	621,264
Total Additional Operating Revenues	**$ 3,224,128**	**$ 11,181,177**	**$ 14,405,305**	**$ -**	**$ 14,405,305**	**$ 14,796,606**

SOUTH TEXAS COLLEGE

South Texas College District
Schedule of Operating Revenues
Year Ended August 31, 2014 (With Totals for the Year Ended August 31, 2013)

Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY 2014 Total	FY 2013 Total
Auxiliary Enterprises:						
Bookstore	$ -	$ -	$ -	$ 549,395	$ 549,395	$ 526,825
Food service	-	-	-	703,081	703,081	765,095
Vending commissions	-	-	-	146,102	146,102	159,521
Copier commissions	-	-	-	18,720	18,720	20,978
Wellness center	-	-	-	32,412	32,412	37,299
Child care center	-	-	-	296,250	296,250	257,753
General conferences	-	-	-	79,803	79,803	39,192
Other				9,590	9,590	3,577
Total Auxiliary Enterprises	-	-	-	1,835,353	1,835,353	1,810,240
Total Operating Revenues	$ 23,712,372	$ 11,181,177	$ 34,893,549	$ 1,835,353	$ 36,728,902	$ 37,658,223
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, $1,903,903 and $1,954,743 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended 2014 and 2013, respectively.

SOUTH TEXAS COLLEGE

Schedule B

South Texas College District
Schedule of Operating Expenses by Object
Year Ended August 31, 2014 (With Totals for the Year Ended August 31, 2013)

	Operating Expenses					
	Salaries and Wages	Benefits State	Benefits Local	Other Expenses	FY 2014 Total	FY 2013 Total
Unrestricted-Educational Activities						
Instruction	$ 43,527,567	$ -	$ 7,050,489	$ 4,157,654	$ 54,735,710	$ 53,506,749
Public service	189,149	-	15,068	121,412	325,629	263,026
Academic support	7,434,536	-	1,310,915	2,150,166	10,895,617	9,549,716
Student services	6,608,201	-	1,252,026	1,325,680	9,185,907	9,117,706
Institutional support	9,149,011	-	1,790,870	7,734,318	18,674,199	19,711,880
Operation and maintenance of plant	4,717,996	-	1,539,423	6,291,487	12,548,906	9,463,217
Total Unrestricted Educational Activities	**71,626,460**	**-**	**12,958,791**	**21,780,717**	**106,365,968**	**101,612,294**
Restricted-Educational Activities						
Instruction	495,196	3,874,271	88,800	253,129	4,711,396	4,259,829
Research	-	-	-	-	-	4,516
Public service	298,972	-	51,436	153,674	504,082	640,709
Academic support	1,362,272	701,761	333,120	688,224	3,085,377	3,226,196
Student services	320,563	721,417	37,957	137,970	1,217,907	972,535
Institutional support	116,745	1,013,921	3,297	4,925	1,138,888	1,397,077
Operation and maintenance of plant	14,344	-	-	-	14,344	23,717
Scholarships and fellowships	-	-	-	27,692,817	27,692,817	28,724,249
Total Restricted Educational Activities	**2,608,092**	**6,311,370**	**514,610**	**28,930,739**	**38,364,811**	**39,248,828**
Total Educational Activities	**74,234,552**	**6,311,370**	**13,473,401**	**50,711,456**	**144,730,779**	**140,861,122**
Auxiliary Enterprises	**374,206**	**-**	**242,688**	**771,822**	**1,388,716**	**1,383,521**
Depreciation expense-buildings and other real estate improvements	-	-	-	4,981,770	4,981,770	4,141,012
Depreciation expense-books	-	-	-	308,760	308,760	306,759
Depreciation expense-equipment and furniture	-	-	-	1,440,956	1,440,956	2,142,105
Total Operating Expenses	**$ 74,608,758**	**$ 6,311,370**	**$ 13,716,089**	**$ 58,214,764**	**$ 152,850,981**	**$ 148,834,519**
					(Exhibit 2)	(Exhibit 2)

SOUTH TEXAS COLLEGE

South Texas College District
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2014 (With Totals for the Year Ended August 31, 2013)

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	FY 2014 Total	FY 2013 Total
NON-OPERATING REVENUES:					
State allocations:					
Education and general state support	$ 35,334,195	$ -	$ -	$ 35,334,195	$ 33,527,444
Education and general state support BAT	562,474	-	-	562,474	354,687
State group insurance	-	4,182,296	-	4,182,296	3,075,251
State retirement matching	-	2,129,074	-	2,129,074	2,020,447
Hazelwood reimbursement	93,414			93,414	-
Professional nursing shortage reduction	-	464,567	-	464,567	-
Total State Allocations	**35,990,083**	**6,775,937**	**-**	**42,766,020**	**38,977,829**
Ad-valorem taxes-maintenance and operations	33,983,319	-	-	33,983,319	32,403,363
Ad-valorem taxes-debt service	-	12,291,870	-	12,291,870	12,030,232
Federal revenue, non operating	-	55,351,962	-	55,351,962	57,151,307
Gifts	-	323,100	-	323,100	351,843
Investment income (net of investment expenses)	213,014	398	1,503	214,915	389,519
Other non-operating revenue	35,840	-	-	35,840	-
Total Non-Operating Revenues	**70,222,256**	**74,743,267**	**1,503**	**144,967,026**	**141,304,093**
NON-OPERATING EXPENSES:					
Interest on capital related debt	1,340,664	-	-	1,340,664	1,513,884
Loss on disposal of capital assets	10,154	-	-	10,154	217
Non-capital construction costs	1,715,994	-		1,715,994	849,455
Bond costs amortization	1,326,043			1,326,043	566,261
Other non-operating expenses	24,516	184,168	-	208,684	290,477
Total Non-Operating Expenses	**4,417,371**	**184,168**	**-**	**4,601,539**	**3,220,294**
Net Non-Operating Revenues	**$ 65,804,885**	**$ 74,559,099**	**$ 1,503**	**$ 140,365,487**	**$ 138,083,799**
				(Exhibit 2)	(Exhibit 2)

SOUTH TEXAS COLLEGE

South Texas College District
Schedule of Net Position by Source and Availability
Year Ended August 31, 2014 (With Totals for the Year Ended August 31, 2013)

	Detail by Source				
		Restricted			
	Unrestricted	Expendable	Non-Expendable	Net Investment in Capital Assets	FY 2014 Total
Current:					
Unrestricted	$ 87,171,492	$ -	$ -	$ -	$ 87,171,492
Board designated	24,500,000	-	-	-	24,500,000
Restricted		-			
Student Aid	-	2,097,439	-	-	2,097,439
Instructional Programs	-	734,312	-	-	734,312
Institutional Activities	-	457,171	-	-	457,171
Auxiliary enterprises	2,608,047		-	-	2,608,047
Loan	-	1,048,022	-	-	1,048,022
Endowment:					
Quasi:					
Unrestricted	-	-	-	-	-
Restricted	-	-	-	-	-
Endowment					
True	-	-	339,445	-	339,445
Term (per instructions at maturity)	-	-	-	-	-
Life income contracts	-	-	-	-	-
Annuities	-	-	-	-	-
Plant:					
Unexpended	10,767,128	-	-	-	10,767,128
Renewals & replacements	21,154,599	-	-	-	21,154,599
Debt service	-	17,635,362	-	-	17,635,362
Investment in plant	-	-	-	169,028,494	169,028,494
Total Net Position, August 31, 2014	**146,201,266**	**21,972,306**	**339,445**	**169,028,494**	**337,541,511**
					(Exhibit 1)
Total Net Position, August 31, 2013	**133,119,225**	**20,325,155**	**339,444**	**162,064,429**	**315,848,253**
					(Exhibit 1)
Net Increase (Decrease) in Net Position	**$ 13,082,041**	**$ 1,647,151**	**$ 1**	**$ 6,964,065**	**$ 21,693,258**
					(Exhibit 2)

Note: The Unexpended Plant Fund is earmarked in the fiscal year 2014 board approved budget for construction projects.
The Renewals & Replacements Plant Fund is earmarked in the fiscal year 2014 board approved budget for deferred maintenance projects.

Schedule D

Available for Current Operations	
Yes	No
$ 87,171,492	$ -
-	24,500,000
-	2,097,439
-	734,312
-	457,171
2,608,047	-
-	1,048,022
-	-
-	-
-	339,445
-	-
-	-
-	-
-	10,767,128
-	21,154,599
-	17,635,362
-	169,028,494
89,779,539	**247,761,972**
93,944,806	**221,903,447**
$ (4,165,267)	**$ 25,858,525**

SOUTH TEXAS COLLEGE

South Texas College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2014

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			
SEOG	84.007	594423	$ 567,933
Federal Work-Study Program	84.033		440,494
Federal Pell Grant Program	84.063		54,343,535
Childcare Access Means Parents In School	84.335		270,751
Pass-Through From:			
Texas Higher Education Coordinating Board			
Worker Trainer National Emergency Grant	17.277		76,241
Career and Technical Education-Basic Grants	84.048		1,308,257
Pharr San Juan Alamo School District			
Title 1 Grants to Local Educational Agencies	84.010		282,415.00
Sharyland ISD			
Title 1 Grants to Local Educational Agencies	84.010		2,098
McAllen ISD			
Title 1 Grants to Local Educational Agencies	84.010		27,326
Subtotal			311,839
Region One Education Service Center			
Migrant Education-State Grant Program	84.011		18,375
La Joya Independent School District			
Migrant Education-High School Equivalency Program	84.141		2,309
Texas A&M University			
Migrant Education-High School Equivalency Program	84.141		2,905
University Texas Pan-American Foundation			
Migrant Education-High School Equivalency Program	84.141		5,571
Subtotal			10,784
Hidalgo Independent School District			
Twenty-First Century Community Learning Centers	84.287		30,139
Pharr San Juan Alamo School District			
Twenty-First Century Community Learning Centers	84.287		11,232
Progresso Independent School District			
Twenty-First Century Community Learning Centers	84.287		28,866
Subtotal			70,237
University Texas Pan-American Foundation			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		2,775
Sharyland Independent School District			
Improving Teacher Quality State Grants	84.367		460
Total U.S. Department of Education			**57,421,680**
U.S Department of Agiculture			
Pass-Through From:			
Texas A & M University Kingsville			
Hispanic Serving Institutions Education Grants	10.223	12-0109	67,264
U.S. Department of Defense			
Direct Programs:			
Military Spouse Career Advancement	12.000		4,075
Pass-Through From:			
University of Texas Pan American			
Basic, Applied and Advanced Research in Science and Engineering	12.630		34,269
Total U.S. Department of Defense			**$ 38,344**

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Continued)

SOUTH TEXAS COLLEGE

South Texas College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2014

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 Housing and Urban Development			
Direct Programs:			
Hispanic-Serving Institutions Assisting Communities	14.514		$ 6,437
U.S. Department of Labor			
Pass-Through From:			
Texas Workforce Commission			
Employment Service/Wagner-Peyser Funded Activities	17.207	2313WPB000	16,045
Employment Service/Wagner-Peyser Funded Activities	17.207	2314WPB000	274,606
Subtotal			290,651
Lower Rio Grande Valley Workforce			
WIA Cluster			
Workforce Investment Act - Adult Program	17.258		360,097
Workforce Investment Act - Adult Program	17.258	2313WSW000	(495)
Workforce Investment Act - Youth Activities	17.259		6,081
Workforce Investment Act - Dislocated Workers	17.260		200,143
Motivation Education & Training, Inc.			
Workforce Investment Act - Adult Program	17.258		470,313
Total U.S. Department of Labor			**1,326,789.70**
U.S. Department of Veterans' Affairs			
Direct Programs:			
Post 9/11 Veterans Educational Assistance, Recovery Act	64.027		763,284
Vocational and Educational Counseling for Servicemembers and Veterans	64.125		210,626
Total U.S. Department of Veterans' Affairs			**973,910.37**
U.S. Department of Health & Human Services			
Pass-Through From:			
Texas Workforce Commission			
Temporary Assistance for Needy Families	93.558	2313SSF000	23,934
Temporary Assistance for Needy Families	93.558	2314SSF000	86,671
Subtotal			110,605
South Texas Development Council			
Community Services Block Grant	93.569		240
Lower Rio Grande Valley Workforce			
Child Care and Development Block Grant	93.575		16,504
ARRA-Community Services Block Grant	93.710		12,292
Hidalgo County Headstart			
Head Start Program	93.600		(4)
Texas Migrant Council			
Head Start Program	93.600		27,117
Subtotal			27,112
Baylor College of Medicine			
Geriatric Education Center	93.969		20,124.60
Total U.S. Department of Health & Human Services			$ **186,879**

See Accompanying Notes to Schedule of Expenditures of Federal Awards

SOUTH TEXAS COLLEGE

South Texas College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2014

Schedule E

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
Corporation for National and Community Service			
Direct Programs:			
AmeriCorps - National Service Award	94.006		$ 54,643
Total Federal Financial Assistance			**60,075,946**

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - per Schedule A	4,522,425
Add: Indirect/Administrative Cost Recoveries - per Schedule A	201,559
Add: Non Operating Federal Revenue from Schedule C	55,351,962
Total Federal Revenues per Statement of Revenues, Expenses and Changes in Net Assets	$ 60,075,946

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

South Texas Collge
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2014

Schedule F

Grantor Agency/Program Title	Grant Contract Number	Total Expenditures
Texas Higher Education Coordinating Board		
Nursing Shortage Reduction > 70%		$ 145,427
Texas College Workstudy Program		143,857
TEXAS Grant I - Initial Year		1,443,685
TEXAS Grant I - Renewal Year		878,550
Texas Educational Opportunity Grant - Initial Year		390,960
Texas Educational Opportunity Grant - Renewal Year		179,520
Top 10% Scholarship Initial		10,500
Top 10% Scholarship Renewal		8,000
Work-Study Mentorship Program	11843	26,503
P-16 Adult Basic Education Innovation	7048	170,395
T-STEM Scholarship		237,500
Total Texas Higher Education Coordinating Board		**3,634,896**
City of Hidalgo		
Border Security Training Center		22,482
Department of Assistive and Rehabilitative Services		
Texas Rehabilitation Commission - Academic		15,690
Texas Rehabilitation Commission - Continuing Education		183,004
Total Department of Assistive and Rehabilitative Services		**198,695**
Hidalgo County		
Substance Abuse Treatment Facility		64
McAllen Independent School District		
College & Career Transitions Initiative	2013-006	144,915
Pharr San Juan Alamo Independent School District		
Texas Prefreshman Engineering Program		22,570
College Success		9,268
Total Pharr San Juan Alamo Independent School District		**31,838**
Roma Independent School District		
Texas Prefreshman Engineering Program		33,987
Texas Workforce Commission		
Skills for Small Business Program	2312SSD000	76
Skills Development Fund #18	2312SDF000	133,848
Skills Development Fund #19	2312SDF001	330,709
Fast Start Programs in Precision Manufacturing	2314GRF001	18,017
Total Texas Workforce Commission		**482,650**
University of Texas - Austin		
Texas Education Consortium for Male Students of Color	UTA14-000148	875
University of Texas - San Antonio		
Texprep UTSA		10,752
Texas Department of Agriculture		
Child And Adult Care Food Program		45,407
Texas Association for the Education of Young Children		

See Accompanying Notes to Schedule of Expenditures of State Awards

(Continued)

SOUTH TEXAS COLLEGE

(Continued)

South Texas Collge
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2014

Schedule F

Grantor Agency/Program Title	Grant Contract Number	Total Expenditures
T.E.A.C.H. Scholarship		3,096
Total State Financial Assistance		$ **4,609,656**

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A	4,427,328
Add: Indirect/Administrative Cost Recoveries - per Schedule A	14,419
Total State Revenues per Statement of Revenues, Expenses and Changes in Net Assets	4,441,747
Reconciling Item:	
Add: Revenue classified as Non Operating	
Professional Nursing Shortage Reduction	145,427
Professional Nursing Shortage Reduction	22,482
Total State Revenues per Schedule of Expenditures of State Awards	$ 4,609,656

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.

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 says about the District's overall financial health.

Contents **Page**

Financial Trends (Schedules 1-3, 19) 100-109, 136-139
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity (Schedules 4-8, 20-21) 110-119, 141-145
These schedules contain information to help the reader assess the District's most significant local revenue sources, including the property tax.

Debt Capacity (Schedules 9-11, 22) 120-125, 146-147
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.

Demographic and Economic Information (Schedules 12-13) 126-128
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating and Other Information (Schedules 14-18) 129-135
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.

SOUTH TEXAS COLLEGE

Statistical Supplement 1
Net Position by Component
Fiscal Years 2005-2014
(unaudited)

	For the Fiscal Year Ended August 31,			
Net Position	**2014**	**2013**	**2012**	**2011**
Net investment in capital assets	$ 169,028,494	$ 162,064,429	$ 156,914,256	$ 147,207,94
Restricted expendable	21,972,306	20,325,155	17,978,771	17,161,88
Restricted non-expendable	339,445	339,444	340,664	346,36
Unrestricted	146,201,266	133,119,225	117,854,250	92,402,85
Total Net Position	**$ 337,541,511**	**$ 315,848,253**	**$ 293,087,941**	**$ 257,119,04**

For the Fiscal Year Ended August 31,					
2010	**2009**	**2008**	**2007**	**2006**	**2005**
$ 136,773,512	$ 113,996,844	$ 99,425,786	$ 81,439,837	$ 77,875,115	$ 65,488,899
16,906,861	14,027,153	12,741,856	10,581,497	9,842,298	8,001,688
346,050	346,041	332,230	330,880	215,228	215,228
75,665,289	74,119,953	69,192,197	67,223,004	52,703,700	47,788,784
$ 229,691,712	**$ 202,489,991**	**$ 181,692,069**	**$ 159,575,218**	**$ 140,636,341**	**$ 121,494,599**

SOUTH TEXAS COLLEGE

Statistical Supplement 2
Revenues by Source
Fiscal Years 2005-2014
(unaudited)

	For the Year Ended August 31,			
	2014	**2013**	**2012**	**2011**
Operating Revenues				
Tuition and fees (net of discounts)	$ 20,488,244	$ 21,051,377	$ 19,583,509	$ 18,281,708
Federal grants and contracts	4,723,984	4,630,302	4,748,007	6,172,207
State grants and contracts	4,441,747	5,160,704	6,794,060	6,335,567
Local grants and contracts	1,105,675	1,270,376	1,293,135	1,380,691
Non-governmental grants and contracts	3,488,088	3,113,960	2,740,134	2,796,686
Auxiliary enterprises	1,835,353	1,810,240	1,872,734	1,877,501
General operating revenues	645,811	621,264	439,642	545,846
Total Operating Revenues	**36,728,902**	**37,658,223**	**37,471,221**	**37,390,206**
Non-Operating Revenues				
State allocations	42,766,020	38,977,829	37,017,673	36,676,953
Ad-valorem taxes-maintenance and operations	33,983,319	32,403,363	33,244,142	33,798,861
Ad-valorem taxes-debt service	12,291,870	12,030,232	12,276,741	12,187,090
Federal revenue, non-operating	55,351,962	57,151,307	61,950,136	66,972,554
Gifts	323,100	351,843	418,605	309,868
Investment income (net of investment expenses)	214,915	389,519	417,075	327,497
Gain on disposal of capital assets	-	-	2,793	-
Other non-operating revenues	35,840	-	-	-
Total Non-Operating Revenues	**144,967,026**	**141,304,093**	**145,327,165**	**150,272,823**
Total Revenues	**$ 181,695,928**	**$ 178,962,316**	**$ 182,798,386**	**$ 187,663,029**

For the Year Ended August 31,					
2010	2009	2008	2007	2006	2005
$ 17,153,615	$ 16,561,311	$ 15,075,608	$ 12,657,625	$ 14,167,536	$ 11,453,488
8,979,526	7,015,595	6,508,073	5,057,914	6,653,576	8,591,817
6,711,706	5,412,226	4,292,294	3,068,738	3,094,018	3,553,359
1,255,944	1,129,509	741,390	922,667	756,312	757,398
2,200,618	1,594,568	1,555,367	1,192,509	1,017,893	1,525,659
1,666,738	1,403,045	1,300,682	874,962	906,335	838,057
1,988,232	2,280,483	1,129,049	1,493,987	1,680,707	872,885
39,956,379	**35,396,737**	**30,602,463**	**25,268,402**	**28,276,377**	**27,592,663**
37,514,938	33,173,275	32,857,808	30,311,961	29,972,196	24,945,029
34,314,946	33,731,408	30,822,108	27,439,614	24,854,665	22,405,071
12,197,541	12,212,764	12,319,291	11,151,789	11,017,119	11,258,100
59,089,947	34,498,524	28,470,310	25,966,042	26,726,564	28,314,872
663,193	775,113	519,842	351,586	215,177	190,148
388,426	1,335,180	2,627,475	4,653,487	3,684,413	2,352,936
-	-	-	-	-	-
-	-	-	-	1,844	-
144,168,991	**115,726,264**	**107,616,834**	**99,874,479**	**96,471,978**	**89,466,156**
$ 184,125,370	**$ 151,123,001**	**$ 138,219,297**	**$ 125,142,881**	**$ 124,748,355**	**$ 117,058,819**

(Continued)

SOUTH TEXAS COLLEGE

Statistical Supplement 2
Revenues by Source
Fiscal Years 2005-2014
(unaudited)

	For the Year Ended August 31,			
	2014	**2013**	**2012**	**2011**
Operating Revenue				
Tuition and fees (net of discounts)	11.28%	11.76%	10.71%	9.74%
Federal grants and contracts	2.60%	2.59%	2.60%	3.29%
State grants and contracts	2.44%	2.88%	3.72%	3.38%
Local grants and contracts	0.61%	0.71%	0.71%	0.74%
Non-governmental grants and contracts	1.92%	1.74%	1.50%	1.49%
Auxiliary enterprises	1.01%	1.01%	1.02%	1.00%
General operating revenues	0.35%	0.35%	0.24%	0.28%
Total Operating Revenues	**20.21%**	**21.04%**	**20.50%**	**19.92%**
Non-Operating Revenues				
State allocations	23.54%	21.78%	20.25%	19.55%
Ad-valorem taxes-maintenance and operations	18.70%	18.11%	18.19%	18.01%
Ad-valorem taxes-debt service	6.77%	6.72%	6.71%	6.49%
Federal revenue, non-operating	30.46%	31.93%	33.89%	35.69%
Gifts	0.18%	0.20%	0.23%	0.17%
Investment income (net of investment expenses)	0.12%	0.22%	0.23%	0.17%
Gain on disposal of capital assets	-	-	-	-
Other non-operating revenues	0.02%	-	-	-
Total Non-Operating Revenues	**79.90%**	**78.96%**	**79.50%**	**80.08%**
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,					
2010	**2009**	**2008**	**2007**	**2006**	**2005**
9.31%	10.96%	10.90%	10.11%	11.36%	9.78%
4.88%	4.64%	4.71%	4.05%	5.33%	7.33%
3.64%	3.58%	3.10%	2.45%	2.48%	3.04%
0.68%	0.75%	0.54%	0.74%	0.61%	0.65%
1.20%	1.06%	1.13%	0.95%	0.82%	1.30%
0.91%	0.93%	0.94%	0.70%	0.73%	0.72%
1.08%	1.51%	0.82%	1.19%	1.35%	0.75%
21.70%	**23.43%**	**22.14%**	**20.19%**	**22.68%**	**23.57%**
20.37%	21.95%	23.77%	24.22%	24.03%	21.31%
18.65%	22.32%	22.30%	21.93%	19.92%	19.14%
6.62%	8.08%	8.91%	8.91%	8.83%	9.62%
32.09%	22.83%	20.60%	20.75%	21.42%	24.19%
0.36%	0.51%	0.38%	0.28%	0.17%	0.16%
0.21%	0.88%	1.90%	3.72%	2.95%	2.01%
-	-	-	-	-	-
-	-	-	-	-	-
78.30%	**76.57%**	**77.86%**	**79.81%**	**77.32%**	**76.43%**
100.00%	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

SOUTH TEXAS COLLEGE

Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2005-2014
(unaudited)

	For the Year Ended August 31,			
	2014	**2013**	**2012**	**2011**
Operating Expenses				
Instruction	$ 59,447,106	$ 57,766,578	$ 53,899,805	$ 57,359,050
Research	-	4,516	67,273	6,303
Public service	829,711	903,735	736,507	640,673
Academic support	13,980,994	12,775,912	11,551,178	12,035,474
Student services	10,403,814	10,090,241	9,681,946	9,939,104
Institutional support	19,813,087	21,108,957	19,494,885	20,293,881
Operations and maintenance of plant	12,563,250	9,486,934	9,459,757	10,270,614
Scholarships and fellowships	27,692,817	28,724,249	31,873,082	39,320,494
Auxiliary enterprises	1,388,716	1,383,521	1,418,145	1,421,243
Depreciation	6,731,486	6,589,876	6,414,932	6,265,826
Total Operating Expenses	**152,850,981**	**148,834,519**	**144,597,510**	**157,552,662**
Non-Operating Expenses				
Interest on capital related debt	1,340,664	1,513,884	1,821,871	2,054,633
Loss on sale/disposal/return of capital assets	10,154	217	-	3,500
Non-capital construction costs	1,715,994	849,455	1,400,934	464,503
Bond costs amortization	1,326,043	566,261	536,677	496,724
Other non-operating expenses	208,684	290,477	500,835	396,032
Total Non-Operating Expenses	**4,601,539**	**3,220,294**	**4,260,317**	**3,415,392**
Total Expenses	**$ 157,452,520**	**$ 152,054,813**	**$ 148,857,827**	**$ 160,968,054**

Note: Other non-operating expenses were segregated into separate categories for FY 2008 – FY 2014. The segregation is not reflected in the previous years.

For the Year Ended August 31,					
2010	2009	2008	2007	2006	2005
$ 55,454,200	$ 48,698,353	$ 42,291,067	$ 37,853,111	$ 36,144,166	$ 32,107,169
-	-	-	-	19,663	11,768
2,460,617	2,637,239	2,924,649	1,795,019	2,847,813	2,106,665
9,565,508	9,271,172	8,241,265	8,089,561	7,542,624	6,707,548
10,264,591	9,070,935	8,057,220	7,727,628	6,476,443	6,021,112
19,044,676	17,197,508	15,303,315	14,169,127	13,255,074	11,765,777
10,437,077	10,356,102	9,336,528	8,712,299	8,473,871	7,137,221
37,212,122	23,176,417	19,424,919	15,819,630	19,681,397	22,958,306
1,524,084	1,498,378	655,258	422,150	438,747	411,684
5,923,105	5,848,873	5,391,971	5,285,190	5,165,342	4,215,249
151,885,980	**127,754,977**	**111,626,192**	**99,873,715**	**100,045,140**	**93,442,499**
2,986,702	3,186,226	3,046,995	4,926,778	4,662,868	3,704,377
4,698	77,747	-	-	-	-
2,268,529	1,038,216	735,663	-	-	-
353,037	353,037	353,211	-	-	-
673,262	706,561	426,718	1,712,405	1,093,561	5,949,680
6,286,228	**5,361,787**	**4,562,587**	**6,639,183**	**5,756,429**	**9,654,057**
$ 157,172,208	**$ 133,116,764**	**$ 116,188,779**	**$ 106,512,898**	**$ 105,801,569**	**$ 103,096,556**

(Continued)

SOUTH TEXAS COLLEGE

Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2005-2014
(unaudited)

	For the Year Ended August 31,			
	2014	**2013**	**2012**	**2011**
Operating Expenses				
Instruction	37.76%	37.99%	36.22%	35.63%
Research	-	-	0.05%	-
Public service	0.53%	0.59%	0.49%	0.40%
Academic support	8.88%	8.40%	7.76%	7.48%
Student services	6.61%	6.64%	6.50%	6.17%
Institutional support	12.58%	13.88%	13.10%	12.61%
Operations and maintenance of plant	7.98%	6.24%	6.35%	6.38%
Scholarships and fellowships	17.59%	18.89%	21.41%	24.43%
Auxiliary enterprises	0.88%	0.91%	0.95%	0.88%
Depreciation	4.27%	4.34%	4.31%	3.89%
Total Operating Expenses	**97.08%**	**97.88%**	**97.14%**	**97.87%**
Non-Operating Expenses				
Interest on capital related debt	0.85%	1.00%	1.22%	1.28%
Loss on sale/disposal/return of capital assets	0.01%	-	-	-
Non-capital construction costs	1.09%	0.56%	0.94%	0.29%
Bond costs amortization	0.84%	0.37%	0.36%	0.31%
Other non-operating expenses	0.28%	0.19%	0.34%	0.25%
Total Non-Operating Expenses	**2.92%**	**2.12%**	**2.86%**	**2.13%**
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 – 2014. The segregation is not reflected in the previous years.

(Continued)

For the Year Ended August 31,					
2010	**2009**	**2008**	**2007**	**2006**	**2005**
35.13%	36.58%	36.40%	35.54%	34.16%	31.14%
-	-	-	-	0.02%	0.01%
1.56%	1.98%	2.52%	1.69%	2.69%	2.04%
6.06%	6.96%	7.09%	7.59%	7.13%	6.51%
6.50%	6.82%	6.93%	7.26%	6.12%	5.84%
12.06%	12.92%	13.17%	13.30%	12.53%	11.41%
6.61%	7.78%	8.04%	8.18%	8.01%	6.92%
23.57%	17.41%	16.72%	14.85%	18.60%	22.27%
0.97%	1.13%	0.56%	0.40%	0.41%	0.41%
3.75%	4.39%	4.64%	4.96%	4.89%	4.09%
96.21%	**95.97%**	**96.07%**	**93.77%**	**94.56%**	**90.64%**
1.70%	2.39%	2.63%	4.63%	4.41%	3.59%
-	0.06%	-	-	-	-
1.44%	0.78%	0.63%	-	-	-
0.22%	0.27%	0.30%	-	-	-
0.43%	0.53%	0.37%	1.60%	1.03%	5.77%
3.79%	**4.03%**	**3.93%**	**6.23%**	**5.44%**	**9.36%**
100.00%	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

SOUTH TEXAS COLLEGE

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	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
2013	$ 90/150	$ 67	$ 76	$ 18	$ 13	$ 1,266/1,326	$ 1,375/1,435	2.93%	2.69%
2012	90/150	67	76	16	12	1,230/1,290	1,339/1,399	0.00%	0.00%
2011	90/150	67	76	16	12	1,230/1,290	1,339/1,399	4.06%	0.00%
2010	90/125	63	76	16	12	1,182/1,217	1,339/1,374	10.06%	8.77%
2009	90/125	63	76	12	7	1,074/1,109	1,231/1,266	9.82%	4.15%
2008	90/125	59	76	10	5	978/1,013	1,182/1,217	11.52%	9.34%
2007	85/120	59	76	7	-	877/912	1,081/1,116	1.39%	1.12%
2006	85/120	59	76	6	-	865/900	1,069/1,104	0.00%	0.00%
2005	85	59	76	6	-	865	1,069	12.48%	9.87%
2004	85	57	74	-	-	769	973	20.34%	30.75%

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	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2013	$ 90/150	$ 202	$ 202	$ 18	$ 13	$ 2,886/2,946	$ 2,886/2,946	1.26%	1.26%
2012	90/150	202	202	16	12	2,850/2,910	2,850/2,910	0.00%	0.00%
2011	90/150	202	202	16	12	2,850/2,910	2,850/2,910	0.00%	0.00%
2010	90/125	202	202	16	12	2,850/2,885	2,850/2,885	3.94%	3.94%
2009	90/125	202	202	12	7	2,742/2,777	2,742/2,777	1.78%	1.78%
2008	90/125	202	202	10	5	2,694/2,729	2,694/2,729	3.90%	3.90%
2007	85/120	202	202	7	-	2,593/2,628	2,593/2,628	0.46%	0.46%
2006	85/120	202	202	6	-	2,581/2,616	2,581/2,616	0.00%	0.00%
2005	85	202	202	6	-	2,581	2,581	3.86%	3.86%
2004	85	200	200	-	-	2,485	2,485	78.14%	78.14%

Source: South Texas College District Student Guide

Note: 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.

SOUTH TEXAS COLLEGE

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SOUTH TEXAS COLLEGE

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)	Ratio of Taxable Assessed Value to Assessed Value
2013-14	$ 39,073,962,437	$ 7,425,955,696	$ 1,401,807,050	$ 30,246,199,691	77.41%
2012-13	38,329,106,121	7,393,214,192	1,290,357,858	29,645,534,071	77.34%
2011-12	38,076,515,412	7,412,251,339	1,146,088,734	29,518,175,339	77.52%
2010-11	38,564,676,317	7,346,813,957	1,128,203,383	30,089,658,977	78.02%
2009-10	38,657,894,136	7,211,441,308	1,142,269,602	30,304,183,226	78.39%
2008-09	36,065,859,928	5,790,148,018	1,342,218,203	28,933,493,707	80.22%
2007-08	33,049,275,732	5,639,632,600	880,410,564	26,529,232,568	80.27%
2006-07	28,988,038,504	4,460,158,967	869,797,042	23,658,082,495	81.61%
2005-06	26,418,776,903	4,049,747,338	841,324,896	21,527,704,669	81.49%
2004-05	24,662,657,409	4,032,206,829	760,487,073	19,869,963,507	80.57%

Source: Hidalgo County and Starr County Tax Assessor and Collector

Note: 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 assessed value.

Direct Rate		
Maintenance & Operations (a)	Debt Service (a)	Total (a)
0.1100	0.0400	0.1500
0.1100	0.0407	0.1507
0.1100	0.0407	0.1507
0.1100	0.0397	0.1497
0.1100	0.0391	0.1491
0.1100	0.0398	0.1498
0.1100	0.0440	0.1540
0.1100	0.0448	0.1548
0.1100	0.0489	0.1589
0.1100	0.0547	0.1647

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SOUTH TEXAS COLLEGE

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
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	6,915,858	3.36
2004-05	19,849,307	11,478	1,729	5,334,720	1,741,056	7,075,776	2.81

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.
(a) Source CBM001
(b) Source CBM00A

SOUTH TEXAS COLLEGE

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

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year 2014	2013	2012	2011
OXY USA Inc.	Oil & Gas	$ 417,907,900	$ 379,637,700	$ 570,009,910	$ -
AEP Texas Central Co.	Electric Utility	240,344,300	193,373,940	186,023,180	174,591,370
Wal Mart Stores	Retail Store	110,650,697	87,206,008	85,068,298	104,810,618
H E Butt Grocery Company	Grocery Chain	99,587,906	97,514,949	100,817,846	114,289,734
Day Surgery at Renaissance	Healthcare	87,177,604	88,878,995	-	-
El Paso Production Oil & Gas	Oil & Gas	86,226,095	110,119,062	123,772,278	233,251,590
Calpine Construction Finance Co. LP	Electric Utility	64,184,330	73,089,400	69,200,480	87,490,000
Frontera Generation LTD	Land & Improvements	63,178,400	69,157,000	70,561,190	82,100,300
Legend Natural Gas III LLP	Oil & Gas	62,055,660	78,265,270	66,012,120	-
Simon Property Group - McAllen No. 2	Real Estate	61,802,878	51,503,892	50,708,897	50,944,799
CPG Mercedes LP	Real Estate	59,259,989	59,589,853	59,589,853	60,625,220
Sharyland Utilities LP	Electric Utility	56,941,250	51,663,190	-	-
Rio Grande Regional Hospital	Hospital	56,328,437	56,871,910	52,965,623	66,677,559
Southwestern Bell Telephone	Telephone Utility	53,302,090	54,950,030	70,080,780	93,005,380
Universal Health Services	Hospital	52,246,584	53,599,944	54,844,645	83,905,804
Chevron U.S.A. Inc.	Oil & Gas	-	-	52,344,210	194,500,240
Kerr-McGee Oil & Gas Onshore	Oil & Gas	-	-	48,146,650	107,433,880
Shell Western E&G Inc.	Oil & Gas	-	-	-	697,953,120
Smith Production Inc.	Oil & Gas	-	-	-	153,359,110
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	-	-	-	-
Texas Cable Partners	Communication Utility	-	-	-	-
Symbol Technologies	Electronic Distribution Warehouse	-	-	-	-
Shell Western E&P Inc.	Oil & Gas	-	-	-	-
Newfield Exploration Company	Oil & Gas	-	-	-	-
	Totals	**1,571,194,120**	**1,505,421,143**	**1,660,145,960**	**2,304,938,724**
	Total Taxable Assessed Value	**$ 30,246,196,711**	**$ 29,645,534,071**	**$ 29,518,175,339**	**$ 30,089,658,977**

Sources:
First Southwest Company: Table 5 – Fifteen Largest Taxpayers, p. 4; Table 3 – Valuation and Tax Supported Debt History
South Texas College CAFR (FY Ended August 31, 2013): Note 12 – Ad Valorem Tax

Taxable Assessed Value (TAV) by Tax Year

2010	2009	2008	2007	2006	2005
$ -	$ -	$ -	$ -	$ -	$ -
174,591,370	173,471,710	159,251,780	181,625,710	191,443,144	178,031,920
104,810,618	107,262,492	-	-	-	-
114,289,734	117,156,504	95,953,669	89,443,353	88,271,957	95,690,999
-	-	-	-	-	-
233,251,590	310,057,070	358,107,640	252,759,270	380,027,260	411,146,130
87,490,000	97,713,920	113,654,620	119,471,740	144,390,920	153,265,270
82,100,300	82,417,210	99,208,230	98,233,700	102,345,890	90,009,600
-	-	-	-	-	-
50,944,799	-	51,557,233	43,530,337	44,653,815	44,669,232
60,625,220	-	-	-	-	-
-	-	-	-	-	-
66,677,559	67,737,830	61,468,351	74,762,587	81,410,943	53,269,350
93,005,380	98,438,720	110,118,990	104,595,695	107,809,102	100,410,407
83,905,804	86,464,634	88,442,154	93,134,843	98,840,598	66,846,041
194,500,240	456,481,610	219,565,590	66,770,720	68,596,763	69,683,810
107,433,880	-	-	-	-	-
697,953,120	598,628,940	572,030,780	-	399,792,820	375,232,590
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	131,093,560
-	-	95,159,294	74,757,151	74,538,560	62,685,769
-	-	-	-	44,108,254	-
-	-	-	-	-	44,028,400
-	-	-	-	-	20,084,103
-	-	-	377,813,720	-	-
-	-	51,796,170	47,858,470	-	-
2,304,938,724	2,568,832,545	2,210,972,983	1,756,417,395	2,036,575,856	1,896,147,181
$ 30,304,183,226	$ 28,933,493,707	$ 26,529,232,568	$ 23,658,082,495	$ 21,527,704,669	$ 19,869,963,507

(Continued)

SOUTH TEXAS COLLEGE

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

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year			
		2014	2013	2012	2011
OXY USA Inc.	Oil & Gas	1.38%	1.28%	1.93%	-
AEP Texas Central Co.	Electric Utility	0.79%	0.65%	0.63%	0.58%
Wal Mart Stores	Retail Store	0.37%	0.29%	0.29%	0.35%
H E Butt Grocery Company	Grocery Chain	0.33%	0.33%	0.34%	0.38%
Day Surgery at Renaissance	Healthcare	0.29%	0.30%	-	-
El Paso Production Oil & Gas	Oil & Gas	0.29%	0.37%	0.42%	0.77%
Calpine Construction Finance Co. LP	Electric Utility	0.21%	0.25%	0.23%	0.29%
Frontera Generation LTD	Land & Improvements	0.21%	0.23%	0.24%	0.27%
Legend Natural Gas III LLP	Oil & Gas	0.21%	0.26%	0.22%	-
Simon Property Group - McAllen No. 2	Real Estate	0.20%	0.17%	0.17%	0.17%
CPG Mercedes LP	Real Estate	0.20%	0.20%	0.20%	0.20%
Sharyland Utilities LP	Electric Utility	0.19%	0.17%	-	-
Rio Grande Regional Hospital	Hospital	0.19%	0.19%	0.18%	0.22%
Southwestern Bell Telephone	Telephone Utility	0.18%	0.19%	0.24%	0.31%
Universal Health Services	Hospital	0.17%	0.18%	0.19%	0.28%
Chevron U.S.A. Inc.	Oil & Gas	-	-	0.18%	0.64%
Kerr-McGee Oil & Gas Onshore	Oil & Gas	-	-	0.16%	0.36%
Shell Western E&G Inc.	Oil & Gas	-	-	-	2.31%
Smith Production Inc.	Oil & Gas	-	-	-	0.51%
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	-	-	-	-
Texas Cable Partners	Communication Utility	-	-	-	-
Symbol Technologies	Electronic Distribution Warehouse	-	-	-	-
Shell Western E&P Inc.	Oil & Gas	-	-	-	-
Newfield Exploration Company	Oil & Gas	-	-	-	-
	Totals	5.21%	5.06%	5.62%	7.64%

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

(Continued)

% of Taxable Assessed Value (TAV) by Tax Year					
2010	2009	2008	2007	2006	2005
-	-	-	-	-	-
0.58%	0.60%	0.64%	0.77%	0.94%	0.95%
0.35%	0.37%	-	-	-	-
0.38%	0.40%	0.39%	0.38%	0.43%	0.51%
-	-	-	-	-	-
0.77%	1.07%	1.45%	1.07%	1.86%	2.18%
0.29%	0.34%	0.46%	0.50%	0.71%	0.81%
0.27%	0.28%	0.40%	0.42%	0.50%	0.48%
-	-	-	-	-	-
0.17%	-	0.21%	0.18%	0.22%	0.24%
0.20%	-	-	-	-	-
-	-	-	-	-	-
0.22%	0.23%	0.25%	0.32%	0.40%	0.28%
0.31%	0.34%	0.44%	0.44%	0.53%	0.53%
0.28%	0.30%	0.36%	0.39%	0.48%	0.36%
0.64%	1.57%	0.89%	0.28%	0.34%	0.37%
0.36%	-	-	-	-	-
2.31%	2.06%	2.31%	-	1.96%	1.99%
0.51%	0.57%	-	-	-	-
-	0.31%	-	-	-	-
-	0.20%	0.29%	0.26%	0.27%	-
-	0.19%	0.25%	0.30%	-	-
-	-	-	-	0.76%	0.70%
-	-	0.38%	0.32%	0.36%	0.33%
-	-	-	-	0.22%	-
-	-	-	-	-	0.23%
-	-	-	-	-	0.11%
-	-	-	1.60%	-	-
-	-	0.21%	0.20%	-	-
7.64%	**8.83%**	**8.93%**	**7.43%**	**9.98%**	**10.07%**

SOUTH TEXAS COLLEGE

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 (c)	Percentage
2014	$ 45,078,972	$ 92,487	$ 45,171,459	$ 42,542,880	94.37%
2013	44,351,826	19,153	44,370,979	41,562,745	93.71%
2012	44,227,775	(50,819)	44,176,956	41,368,696	93.54%
2011	44,806,807	10,783	44,817,590	41,594,864	92.83%
2010	44,968,114	171,503	45,139,617	41,700,948	92.73%
2009	43,218,654	1,443,728	44,662,382	41,017,803	94.91%
2008	40,856,871	695,813	41,552,683	38,370,024	93.91%
2007	36,625,083	228,874	36,853,957	34,032,590	92.92%
2006	34,208,247	177,340	34,385,587	31,237,216	91.31%
2005	32,727,562	151,294	32,878,856	29,774,669	90.98%

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
(c) Property tax only - does not include penalties and interest
(d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy
(e) Represents current year collections of prior years levies

Total collections = c + d + e

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 (e)	Penalty and Interest Collections (f)	Total Collections (g = c + d + e + f)	Cumulative Collections of Adjusted Levy (h = g / b)
$ -	$ -	$ 539,773	$ 43,082,653	95.38%
-	1,267,636 *	275,769 *	43,106,151	97.15%
1,244,245 *	424,460	155,667	43,193,069	97.77%
1,938,550	258,772	126,183	43,918,368	97.99%
2,443,822	180,117	109,402	44,434,289	98.44%
2,843,085	125,947	88,743	44,075,579	98.69%
2,629,215	83,857	69,561	41,152,656	99.04%
2,428,690	57,726	54,305	36,573,311	99.24%
2,641,137	40,220	42,922	33,961,496	98.77%
2,659,320	34,644	40,984	32,509,616	98.88%

SOUTH TEXAS COLLEGE

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

	For the Year Ended August 31,			
	2014	**2013**	**2012**	**2011**
General Bonded Debt				
South Texas College District Tax Bonds, Series 1996	$ -	$ -	$ -	$ -
Public Property Finance Contractual Obligation Bond, Series 1999	-	-	-	-
South Texas College District Tax Bonds, Series 2002	-	-	-	4,844,846
South Texas College District Tax Bonds, Series 2003	-	-	1,648,960	3,237,920
South Texas College District Tax Bonds, Series 2004	-	-	8,360,579	9,809,945
South Texas College District Maintenance Tax Refunding Bonds, Series 2007	1,728,939	2,032,726	2,326,514	2,610,302
South Texas College District Tax Bonds, Series 2007	21,992,564	22,385,707	22,768,851	23,141,994
South Texas College District Tax Bonds, Series 2010	7,439,368	14,520,242	19,192,144	19,696,285
South Texas College District Tax Bonds, Series 2013	4,955,594	6,729,125	-	-
South Texas College District Tax Bonds, Series 2014	60,408,107	-	-	-
Notes	-	-	-	-
Less: Funds restricted for debt service	(17,634,580)	(16,294,897)	(14,493,499)	(13,204,788)
Net general bonded debt	**$ 78,889,992**	**$ 29,372,903**	**$ 39,803,549**	**$ 50,136,504**
Other Debt				
Revenue bonds	$ -	$ -	$ -	$ -
Notes	-	-	-	-
Capital lease obligations	-	-	-	-
Total Outstanding Debt	**$ 78,889,992**	**$ 29,372,903**	**$ 39,803,549**	**$ 50,136,504**
General Bonded Debt Ratios				
Per Capita (a)	$ 89.15	$ 33.62	$ 46.23	$ 59.11
Per FTSE (b)	3,093	1,277	1,931	2,472
As a percentage of Taxable Assessed Value (c)	0.26%	0.10%	0.13%	0.17%
As a percentage of personal income (d)	0.42%	0.16%	0.33%	0.53%
Total Outstanding Debt Ratios				
Per Capita (a)	$ 109.08	$ 52.27	$ 63.06	$ 74.67
Per FTSE (b)	3,784	1,985	2,634	3,123
As a percentage of Taxable Assessed Value (c)	0.32%	0.15%	0.18%	0.21%
As a percentage of personal income (d)	0.52%	0.26%	0.45%	0.67%

Notes:
(a) Ratios calculated using current year district population from Statistical Supplement 12
(b) Ratios calculated using the FTSE from Statistical Supplement 6
(c) 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,					
2010	2009	2008	2007	2006	2005
$ -	$ -	$ -	$ -	$ -	$ 800,000
-	258,520	507,039	745,558	3,893,851	4,111,752
19,914,776	24,513,470	28,887,164	33,075,858	61,703,606	65,280,157
14,613,092	16,085,899	17,498,706	18,871,513	20,209,320	21,507,128
11,224,310	12,403,676	13,583,042	14,742,407	15,006,769	15,321,134
2,879,090	2,882,877	2,886,665	2,890,453	-	-
23,505,137	23,858,280	24,201,423	24,534,567	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(11,946,974)	(10,475,704)	(8,974,272)	(7,125,560)	(6,233,133)	(5,479,373)
$ 60,189,431	**$ 69,527,018**	**$ 78,589,767**	**$ 87,734,796**	**$ 94,580,413**	**$ 101,540,798**
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
$ 60,189,431	**$ 69,527,018**	**$ 78,589,767**	**$ 87,734,796**	**$ 94,580,413**	**$ 101,540,798**
$ 72.02	$ 81.27	$ 96.70	$ 115.90	$ 122.68	$ 136.39
2,944	4,357	5,324	7,360	8,353	8,847
0.20%	0.24%	0.30%	0.37%	0.44%	0.51%
0.68%	0.81%	0.95%	0.72%	0.81%	0.94%
$ 86.31	$ 93.52	$ 107.74	$ 125.32	$ 130.76	$ 143.75
3,529	5,014	5,932	7,957	8,903	9,324
0.24%	0.28%	0.33%	0.40%	0.47%	0.54%
0.81%	0.94%	1.06%	0.78%	0.86%	0.99%

SOUTH TEXAS COLLEGE

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
	$						
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%
2005	19,869,963,507	99,349,818	(5,479,373)	93,870,445	(10,743,226)	83,127,219	5.30%

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.

SOUTH TEXAS COLLEGE

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.

SOUTH TEXAS COLLEGE

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 (c)	District Median Household Money Income (d=(b+c)/2)	Hidalgo County Personal Income Per Capita (e)	Starr County Personal Income Per Capita (5) (f)
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
2006	770,962 (8)	28,538 (3)	20,098 (1)	24,318	17,409 (5)	12,971
2005	744,499 (8)	24,808 (3)	17,843 (3)	21,326	16,738 (5)	12,364

Sources:
(1) Texas Workforce Commission
(2) 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 (5) (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)
$ 21,133	$ 18,700,338	9.15%	13.45%	11.30%	5.10%	5.70%
20,428	17,847,848	10.80%	15.00%	12.90%	6.35%	7.30%
14,126	12,162,042	11.70%	14.70%	13.20%	7.05%	8.20%
10,078	9,414,444	12.60%	16.80%	14.70%	8.50%	9.10%
9,839	8,901,997	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%
14,551	10,833,205	7.30%	9.80%	8.55%	5.20%	4.90%

SOUTH TEXAS COLLEGE

Statistical Supplement 13
Principal Employers
(unaudited)

Employer	2014 Number of Employees	2014 Percentage of Total Employment	2005[1] Number of Employees	2005[1] Percentage of Total Employment
H-E-B[2]	4,893	1.57%	-	-
Wal-Mart[3]	4,607	1.48%	-	-
P.S.J.A. Independent School District	4,400	1.42%	-	-
Hidalgo County	3,948	1.27%	-	-
McAllen I.S.D.	3,900	1.26%	-	-
Edinburg Consolidated I.S.D.	3,600	1.16%	-	-
Doctor's Hospital at Renaissance	3,400	1.09%	-	-
Edinburg Regional Medical Center	3,000	0.97%	-	-
University of Texas-Pan American	2,850	0.92%	-	-
Weslaco I.S.D.	2,821	0.91%	-	-
Totals	**37,419**	**12.05%**	**-**	**-**

Sources:
Hidalgo County 2013 CAFR
Edinburg Economic Development Corporation
Weslaco Economic Development Corporation
Rio Grande City Economic Development Corporation
Texas Workforce Commission

Notes:
Total employment as of August 2014 for the district was 310,736. Based on latest economic indicators, provided by the Texas Workforce Commission for Texas Labor Market Information for September 2014.
(1) Nine years prior period data not available. The institution will present this data prospectively.
(2) Total number of employees includes Hidalgo County stores and 1 H-E-B store located in Starr County (Rio Grande City, TX).
(3) Total number of employees includes Hidalgo County stores and 1 Wal-Mart store located in Starr County (Rio Grande City, TX).

SOUTH TEXAS COLLEGE

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Faculty										
Full-Time	420	530	526	552	446	437	428	409	396	379
Part-Time	177	146	192	197	194	170	252	229	244	227
Total	597	676	718	749	640	607	680	638	640	606
Percent										
Full-Time	70.4%	78.4%	73.3%	73.7%	69.7%	72.0%	62.9%	64.1%	61.9%	62.5%
Part-Time	29.6%	21.6%	26.7%	26.3%	30.3%	28.0%	37.1%	35.9%	38.1%	37.5%
Staff and Administrators										
Full-Time	794	698	710	720	718	675	596	574	541	523
Part-Time	547	446	426	408	428	428	404	475	470	455
Total	1,341	1,144	1,136	1,128	1,146	1,103	1,000	1,049	1,011	978
Percent										
Full-Time	59.2%	61.0%	62.5%	63.8%	62.7%	61.2%	59.6%	54.7%	53.5%	53.5%
Part-Time	40.8%	39.0%	37.5%	36.2%	37.3%	38.8%	40.4%	45.3%	46.5%	46.5%
FTSE per Full-Time Faculty	60.7	43.4	39.2	36.7	45.8	36.5	34.5	29.1	28.6	30.3
FTSE per Full-Time Staff Member	32.1	33.0	29.0	28.2	28.5	23.6	24.8	20.8	20.9	21.9
FTSE*	25,508	23,007	20,612	20,282	20,442	15,956	14,762	11,921	11,323	11,478
Average Annual Faculty Salary**	**$ 66,383**	**$ 56,701**	**$ 52,051**	**$ 52,435**	**$ 56,880**	**$ 52,830**	**$ 44,391**	**$ 39,688**	**$ 37,817**	**$ 37,202**

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

SOUTH TEXAS COLLEGE

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

	Academic									
	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Student Classification	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	20,746	68.59%	20,391	68.40%	19,655	66.60%	18,941	67.63%	16,690	63.30%
31-60 hours	8,353	27.62%	8,391	28.15%	8,771	29.72%	7,609	27.17%	5,532	20.98%
> 60 hours	1,147	3.79%	1,030	3.45%	1,087	3.68%	1,456	5.20%	4,146	15.72%
Total	**30,246**	**100.00%**	**29,812**	**100.00%**	**29,513**	**100.00%**	**28,006**	**100.00%**	**26,368**	**100.00%**

	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Semester Hour Load	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	85	0.28%	105	0.35%	92	0.31%	151	0.54%	158	0.60%
3-5 semester hours	8,239	27.24%	7,729	25.93%	7,336	24.86%	6,545	23.37%	6,297	23.88%
6-8 semester hours	7,016	23.20%	6,867	23.03%	6,431	21.79%	6,483	23.15%	6,328	24.00%
9-11 semester hours	5,829	19.27%	5,838	19.58%	5,854	19.84%	5,555	19.84%	4,966	18.83%
12-14 semester hours	7,545	24.95%	7,991	26.80%	8,690	29.44%	8,221	29.35%	7,683	29.14%
15-17 semester hours	1,347	4.45%	1,136	3.81%	997	3.38%	919	3.28%	810	3.07%
18 & over	185	0.61%	146	0.50%	113	0.38%	132	0.47%	126	0.48%
Total	**30,246**	**100.00%**	**29,812**	**100.00%**	**29,513**	**100.00%**	**28,006**	**100.00%**	**26,368**	**100.00%**
Average course load	8.39		8.44		8.57		8.57		8.46	

	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Tuition Status	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	28,868	95.44%	28,649	96.10%	28,611	96.94%	27,105	96.79%	25,564	96.95%
Texas Resident (out-of-District)	597	1.97%	682	2.29%	548	1.86%	600	2.14%	502	1.90%
Non-Resident Tuition	781	2.59%	481	1.61%	354	1.20%	301	1.07%	302	1.15%
Total	**30,246**	**100.00%**	**29,812**	**100.00%**	**29,513**	**100.00%**	**28,006**	**100.00%**	**23,368**	**100.00%**

Source: CBM001

SOUTH TEXAS COLLEGE

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

	Continuing Education									
Student Classification	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
(Contact Hours)	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Continuing Education (CE)	4,972	99.00%	2,314	97.02%	859	95.87%	1,069	97.36%	1,175	98.57%
CE Not State Funded	50	1.00%	71	2.98%	37	4.13%	29	2.64%	17	1.43%
Inter-Institutional	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	**5,022**	**100.00%**	**2,385**	**100.00%**	**896**	**100.00%**	**1,098**	**100.00%**	**1,192**	**100.00%**

	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
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	169	3.37%	295	12.37%	100	11.16%	77	7.01%	86	7.21%
9-11 semester hours	3	0.06%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
12-14 semester hours	192	3.82%	209	8.76%	186	20.76%	265	24.13%	481	40.35%
15-17 semester hours	9	0.18%	30	1.26%	12	1.34%	7	0.64%	22	1.85%
18 & over	4,649	92.57%	1,851	77.61%	598	66.74%	749	68.22%	603	50.59%
Total	**5,022**	**100.00%**	**2,385**	**100.00%**	**896**	**100.00%**	**1,098**	**100.00%**	**1,192**	**100.00%**
Average course load	73.87		72.03		49.04		49.59		49.59	

	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
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	5,022	100.00%	2,385	100.00%	896	100.00%	1,098	100.00%	1,192	100.00%
Total	**5,022**	**100.00%**	**2,385**	**100.00%**	**896**	**100.00%**	**1,098**	**100.00%**	**1,192**	**100.00%**

Source: CBM00A Item #21 Tuition Status of CE Students

SOUTH TEXAS COLLEGE

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

	Academic									
	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	17,102	56.54%	17,160	57.56%	16,877	57.18%	16,039	57.27%	15,233	57.77%
Male	13,144	43.46%	12,652	42.44%	12,636	42.82%	11,967	42.73%	11,135	42.23%
Total	**30,246**	**100.00%**	**29,812**	**100.00%**	**29,513**	**100.00%**	**28,006**	**100.00%**	**26,368**	**100.00%**

	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	825	2.73%	769	2.58%	591	2.00%	911	3.25%	786	2.98%
Hispanic	28,257	93.42%	27,582	92.52%	26,815	90.86%	24,853	88.74%	24,567	93.17%
African American	66	0.22%	65	0.22%	62	0.21%	39	0.14%	91	0.35%
Asian	247	0.82%	227	0.76%	156	0.53%	80	0.29%	259	0.98%
Foreign	67	0.22%	82	0.28%	64	0.22%	55	0.20%	170	0.64%
Native American	11	0.04%	26	0.09%	7	0.02%	33	0.12%	13	0.05%
Unknown	773	2.55%	1,061	3.56%	1,818	6.16%	2,035	7.26%	482	1.83%
Total	**30,246**	**100.00%**	**29,812**	**100.00%**	**29,513**	**100.00%**	**28,006**	**100.00%**	**26,368**	**100.00%**

	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	11,693	38.66%	10,783	36.17%	9,540	32.32%	4,079	14.56%	6,639	25.18%
18 -21	10,248	33.88%	10,281	34.49%	10,479	35.51%	12,132	43.32%	9,630	36.52%
22 - 24	3,079	10.18%	3,039	10.19%	3,085	10.45%	4,042	14.43%	3,289	12.47%
25 - 35	3,704	12.25%	4,019	13.48%	4,545	15.40%	5,499	19.64%	4,909	18.62%
36 - 50	1,343	4.44%	1,489	4.99%	1,675	5.68%	2,014	7.19%	1,712	6.49%
51 & over	179	0.59%	201	0.67%	189	0.64%	240	0.86%	189	0.72%
Unknown	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	**30,246**	**100.00%**	**29,812**	**100.00%**	**29,513**	**100.00%**	**28,006**	**100.00%**	**26,368**	**100.00%**
Average Age	21.2		21.2		22.0		22.1		22.0	

Source: CBM001

SOUTH TEXAS COLLEGE

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

	Continuing Education									
	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	2,418	48.15%	1,039	43.56%	429	47.88%	678	61.75%	638	53.52%
Male	2,604	51.85%	1,346	56.44%	467	52.12%	420	38.25%	554	46.48%
Total	**5,022**	**100.00%**	**2,385**	**100.00%**	**896**	**100.00%**	**1,098**	**100.00%**	**1,192**	**100.00%**

	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	91	1.81%	10	0.42%	44	4.91%	24	2.19%	549	46.07%
Hispanic	3,369	67.08%	1,255	52.62%	282	31.47%	433	39.44%	640	53.69%
African American	14	0.28%	3	0.13%	1	0.11%	-	0.00%	1	0.08%
Asian	15	0.30%	5	0.21%	1	0.11%	1	0.09%	1	0.08%
Foreign	-	0.00%	-	0.00%	-	0.00%	3	0.27%	-	0.00%
Native American	3	0.06%	2	0.08%	1	0.11%	1	0.09%	-	0.00%
Unknown	1,530	30.47%	1,110	46.54%	567	63.29%	636	57.92%	1	0.08%
Total	**5,022**	**100.00%**	**2,385**	**100.00%**	**896**	**100.00%**	**1,098**	**100.00%**	**1,192**	**100.00%**

	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	3,625	72.18%	927	38.87%	19	2.12%	14	1.28%	12	1.01%
18 -21	485	9.66%	259	10.86%	97	10.83%	202	18.40%	263	22.06%
22 - 24	147	2.93%	143	6.00%	53	5.92%	84	7.65%	92	7.72%
25 - 35	306	6.09%	418	17.53%	263	29.35%	319	29.05%	336	28.19%
36 - 50	324	6.45%	481	20.17%	358	39.96%	388	35.34%	384	32.21%
51 & over	135	2.69%	157	6.58%	106	11.82%	91	8.28%	105	8.81%
Unknown	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	**5,022**	**100.00%**	**2,385**	**100.00%**	**896**	**100.00%**	**1,098**	**100.00%**	**1,192**	**100.00%**
Average Age	21.70		27.00		36.20		33.80		33.35	

Source: CBM00A

SOUTH TEXAS COLLEGE

Statistical Supplement 17
Transfers to Senior Institutions
Students as of Fall 2013
(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	University of Texas - Pan American	2,915	324	45	3,284	65.16%
2	Texas A&M University - Kingsville	310	12	5	327	6.49%
3	Texas A&M University	268	19	6	293	5.81%
4	University of Texas at Austin	229	8	5	242	4.80%
5	University of Texas at San Antonio	152	24	6	182	3.61%
6	Texas State University - San Marcos	139	20	4	163	3.23%
7	The University of Texas at Brownsville	74	16	2	92	1.82%
8	Texas State Technical College - Harlingen	54	23	5	82	1.63%
9	Texas A&M International University	62	7	2	71	1.41%
10	Texas A&M University - Corpus Christi	56	7	1	64	1.27%
11	Texas Tech University	33	2	-	35	0.69%
12	University of Houston	31	1	-	32	0.62%
13	ACCD – San Antonio College	13	4	2	19	0.38%
14	Texas Southmost College	11	8	-	19	0.38%
15	Sam Houston State University	15	2	-	17	0.34%
16	Austin Community College	13	2	-	15	0.30%
17	University of North Texas	14	-	-	14	0.28%
18	Blinn College	13	-	-	13	0.26%
19	Stephen F. Austin State University	10	3	-	13	0.26%
20	Texas A&M University System Health Science Center	11	-	-	11	0.22%
21	The University of Texas at Arlington	11	-	-	11	0.22%
22	ACCD – Northwest Vista College	9	1	1	11	0.22%
23	Texas Woman's University	9	-	1	10	0.20%
24	The University of Texas at Dallas	9	1	-	10	0.20%
25	Del Mar College	7	3	-	10	0.20%
	Total	**4,468**	**487**	**85**	**5,040**	**100.00%**

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

SOUTH TEXAS COLLEGE

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

	Fiscal Year				
	2014	**2013**	**2012**	**2011**	**2010**
Academic Buildings	23	23	24	22	22
Square footage	949,435	949,435	1,023,096	897,023	897,023
Academic Portable Buildings	43	43	44	44	42
Square footage	71,305	71,305	72,865	72,865	69,793
Libraries	3	3	3	3	3
Square footage	105,507	105,507	105,507	105,507	105,507
Number of volumes	141,500	138,221	142,163	133,283	139,625
Administrative and Support Buildings	13	13	12	12	12
Square footage	305,970	305,970	232,309	232,309	232,309
Administrative and Support Portable Buildings	12	12	9	8	8
Square footage	15,124	15,124	13,404	12,964	12,964
Dining Facilities	5	5	5	5	5
Square footage	15,343	15,343	15,343	15,343	15,343
Average daily customers	1,401	1,052	1,005	1,059	1,257
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	32	29	29	29	29
Light trucks/vans	35	24	21	19	19
Light trucks/vans-instructional	9	28	28	28	28
Heavy trucks/backhoe	1	1	1	1	-
Heavy trucks/backhoe-instructional	5	5	5	4	4
Golf and forklift	27	18	14	10	9
Trailer	1	1	1	1	-
Shuttle/bus	3	2	2	2	2

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

SOUTH TEXAS COLLEGE

Statistical Supplement 19
Changes in Net Position
Fiscal Years 2005-2014
(unaudited)

	For the Fiscal Year Ended			
Operating Revenues	**2014**	**2013**	**2012**	**2011**
Tuition and fees (net of discounts)	$ 20,488,244	$ 21,051,377	$ 19,583,509	$ 18,281,708
Federal grants and contracts	4,723,984	4,630,302	4,748,007	6,172,207
State grants and contracts	4,441,747	5,160,704	6,794,060	6,335,567
Local grants and contracts	1,105,675	1,270,376	1,293,135	1,380,691
Non-governmental grants and contracts	3,488,088	3,113,960	2,740,134	2,796,686
Auxiliary enterprises	1,835,353	1,810,240	1,872,734	1,877,501
General operating revenues	645,811	621,264	439,642	545,846
Total Operating Revenues	**36,728,902**	**37,658,223**	**37,471,221**	**37,390,206**
Operating Expenses				
Instruction	59,447,106	57,766,578	53,899,805	57,359,050
Research	-	4,516	67,273	6,303
Public service	829,711	903,735	736,507	640,673
Academic support	13,980,994	12,775,912	11,551,178	12,035,474
Student services	10,403,814	10,090,241	9,681,946	9,939,104
Institutional support	19,813,087	21,108,957	19,494,885	20,293,881
Operations and maintenance of plant	12,563,250	9,486,934	9,459,757	10,270,614
Scholarships and fellowships	27,692,817	28,724,249	31,873,082	39,320,494
Auxiliary enterprises	1,388,716	1,383,521	1,418,145	1,421,243
Depreciation	6,731,486	6,589,876	6,414,932	6,265,826
Total Operating Expenses	**152,850,981**	**148,834,519**	**144,597,510**	**157,552,662**
Operating Loss	**$ (116,122,079)**	**$ (111,176,296)**	**$ (107,126,289)**	**$ (120,162,456)**

Note: Other non-operating expenses were segregated into separate categories for FY 2008 – FY 2014. The segregation is not reflected in the previous years.

For the Fiscal Year Ended					
2010	2009	2008	2007	2006	2005
$ 17,153,615	$ 16,561,311	$ 15,075,608	$ 12,657,625	$ 14,167,536	$ 11,453,488
8,979,526	7,015,595	6,508,073	5,057,914	6,653,576	8,591,817
6,711,706	5,412,226	4,292,294	3,068,738	3,094,018	3,553,359
1,255,944	1,129,509	741,390	922,667	756,312	757,398
2,200,618	1,594,568	1,555,367	1,192,509	1,017,893	1,525,659
1,666,738	1,403,045	1,300,682	874,962	906,335	838,057
1,988,232	2,280,483	1,129,049	1,493,987	1,680,707	872,885
39,956,379	**35,396,737**	**30,602,463**	**25,268,402**	**28,276,377**	**27,592,663**
55,454,200	48,698,353	42,291,067	37,853,111	36,144,166	32,107,169
-	-	-	-	19,663	11,768
2,460,617	2,637,239	2,924,649	1,795,019	2,847,813	2,106,665
9,565,508	9,271,172	8,241,265	8,089,561	7,542,624	6,707,548
10,264,591	9,070,935	8,057,220	7,727,628	6,476,443	6,021,112
19,044,676	17,197,508	15,303,315	14,169,127	13,255,074	11,765,777
10,437,077	10,356,102	9,336,528	8,712,299	8,473,871	7,137,221
37,212,122	23,176,417	19,424,919	15,819,630	19,681,397	22,958,306
1,524,084	1,498,378	655,258	422,150	438,747	411,684
5,923,105	5,848,873	5,391,971	5,285,190	5,165,342	4,215,249
151,885,980	**127,754,977**	**111,626,192**	**99,873,715**	**100,045,140**	**93,442,499**
$ (111,929,601)	**$ (92,358,240)**	**$ (81,023,729)**	**$ (74,605,313)**	**$ (71,768,763)**	**$ (65,849,836)**

(Continued)

SOUTH TEXAS COLLEGE

Statistical Supplement 19
Changes in Net Position
Fiscal Years 2005 - 2014
(unaudited)

	For the Fiscal Year Ended			
	2014	**2013**	**2012**	**2011**
Non-Operating Revenues (Expenses)				
State allocations	$ 42,766,020	$ 38,977,829	$ 37,017,673	$ 36,676,953
Ad-valorem taxes				
Taxes for maintenance & operations	33,983,319	32,403,363	33,244,142	33,798,861
Taxes for debt service	12,291,870	12,030,232	12,276,741	12,187,090
Federal revenue, non-operating	55,351,962	57,151,307	61,950,136	66,972,554
Gifts	323,100	351,843	418,605	309,867
Investment income (net of investment expenses)	214,915	389,519	417,075	327,497
Interest on capital related debt	(1,340,664)	(1,513,884)	(1,821,871)	(2,054,633)
Gain on disposal of capital assets	-	-	2,793	-
Loss on sale/disposal/return of capital assets	(10,154)	(217)	-	(3,500)
Non-capital construction costs	(1,715,994)	(849,455)	(1,400,934)	(464,503)
Bond costs amortization	(1,326,043)	(566,261)	(536,677)	(496,724)
Other non-operating revenues (expenses)	(172,844)	(290,477)	(500,835)	(396,032)
Net Non-Operating Revenues (Expenses)	**140,365,487**	**138,083,799**	**141,066,848**	**146,857,431**
Income before contributions, endowment and extraordinary item	24,243,408	26,907,503	33,940,559	26,694,975
Capital contributions	105,190	83,298	22,740	732,061
Additions (deductions) to permanent and term endowment	-	-	(4,700)	300
Special item	-	-	-	-
Extraordinary item	(2,655,340)	(4,230,489)	2,010,294	-
Increase in net position	21,693,258	22,760,312	35,968,893	27,427,336
Net Position-Beginning of Year, as restated	315,848,253	293,087,941	257,119,048	229,691,712
Net Position-End of Year	**$ 337,541,511**	**$ 315,848,253**	**$ 293,087,941**	**$ 257,119,048**

(Continued)

For the Fiscal Year Ended					
2010	2009	2008	2007	2006	2005
	$		$ 30,311,961		
$ 37,514,938	33,173,275	$ 32,857,808		$ 29,972,196	$ 24,945,029
34,314,946	33,731,408	30,822,108	27,439,614	24,854,665	22,405,071
12,197,541	12,212,764	12,319,291	11,151,789	11,017,119	11,258,100
59,089,947	34,498,524	28,470,310	25,966,042	26,726,564	28,314,872
663,193	775,113	519,842	351,586	215,177	190,148
388,426	1,335,180	2,627,475	4,653,487	3,684,413	2,352,936
(2,986,702)	(3,186,226)	(3,046,995)	(4,926,778)	(4,662,868)	(3,704,377)
-	-	-	-	-	-
(4,698)	(77,747)	-	-	-	-
(2,268,529)	(1,038,216)	(735,663)	-	-	-
(353,037)	(353,037)	(353,211)	-	-	-
(673,262)	(706,561)	(426,718)	(1,712,405)	(1,091,717)	(5,949,680)
137,882,763	**110,364,477**	**103,054,247**	**93,235,296**	**90,715,549**	**79,812,099**
25,953,162	18,006,237	22,030,518	18,629,983	18,946,786	13,962,263
1,248,559	2,407,855	86,333	308,894	194,956	2,437,397
-	9,690	-	-	-	-
-	374,140	-	-	-	-
-	-	-	-	-	-
27,201,721	20,797,922	22,116,851	18,938,877	19,141,742	16,399,660
202,489,991	181,692,069	159,575,218	140,636,341	121,494,599	105,094,939
$ 229,691,712	**$ 202,489,991**	**$ 181,692,069**	**$ 159,575,218**	**$ 140,636,341**	**$ 121,494,599**

SOUTH TEXAS COLLEGE

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SOUTH TEXAS COLLEGE

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

Fiscal Year	Current Operations	Debt Service	Total
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
2005	0.1100	0.5000	0.6100

Ad Valorem Tax Rates Authorized

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

SOUTH TEXAS COLLEGE

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

Governmental Subdivision	Percent Applicable *	Tax Year 2013	Tax Year 2012	Tax Year 2011	Tax Year 2010
South Texas College District	100.00%	$0.150000	$0.150700	$0.150700	$0.149700
HIDALGO COUNTY					
Cities:					
Alamo	100.00%	0.598970	0.598970	0.585480	0.591910
Alton	-	0.462400	0.479900	0.482500	0.485000
Donna	100.00%	1.252376	1.252300	1.252300	1.125979
Edcouch	-	0.970500	0.999900	0.884200	0.854200
Edinburg	100.00%	0.635000	0.635000	0.635000	0.635000
Elsa	100.00%	0.991600	0.990000	0.990000	0.904200
Granjeno	-	0.425300	0.425300	0.425300	0.375700
Hidalgo	100.00%	0.351400	0.351400	0.351400	0.351400
La Joya	100.00%	0.567800	0.567800	0.545200	0.532300
La Villa	100.00%	0.783600	0.783600	0.622400	0.623400
McAllen	100.00%	0.431300	0.431300	0.431300	0.421300
Mercedes	100.00%	0.775000	0.785000	0.785000	0.790000
Mission	100.00%	0.528800	0.528800	0.538800	0.556600
Palmview	-	0.466500	0.466500	0.460000	0.453400
Penitas	-	0.434500	0.410000	0.362500	0.329600
Pharr	100.00%	0.680000	0.680000	0.680000	0.680000
Progreso	100.00%	0.812600	0.538900	0.499900	0.455300
San Juan	100.00%	0.738600	0.738600	0.738600	0.738600
Sullivan City	-	0.416000	0.383800	0.353500	0.322000
Weslaco	100.00%	0.696700	0.696700	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%	1.556400	1.556400	1.586400	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	1.224800
Lyford CISD	1.94%	1.220000	1.330000	1.330000	0.000000
McAllen ISD	100.00%	1.165000	1.165000	1.165000	1.165000
Mercedes ISD	100.00%	1.290000	1.290000	1.290000	1.290000
Mission CISD	100.00%	1.300000	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%	1.327500	1.370000	1.430000	1.430000
Sharyland ISD	100.00%	1.285500	1.285500	1.200000	1.200000
South Texas ISD	-	0.049200	0.049200	0.049200	0.049200
Valley View ISD	100.00%	1.277000	1.277000	1.317000	1.317000
Weslaco ISD	100.00%	1.139700	1.139700	1.139700	1.139700

Tax Year 2009	Tax Year 2008	Tax Year 2007	Tax Year 2006	Tax Year 2005	Tax Year 2004
$0.149100	$0.149800	$0.154000	$0.154800	$0.158900	$0.164700
0.591910	0.591910	0.592850	0.592850	0.553800	0.553800
0.049500	0.497400	0.499900	0.426600	0.426600	0.409600
1.038320	0.989999	0.989999	0.989999	0.989138	0.991648
0.854200	0.901200	0.899000	0.899000	0.773400	0.776100
0.635000	0.635000	0.635000	0.635000	0.635000	0.635000
0.904200	0.904220	0.741851	0.792720	0.810000	0.691735
0.037200	0.311100	0.281000	0.304900	0.275478	0.283700
0.351400	0.351400	0.351400	0.351400	0.351400	0.351400
0.517600	0.567800	0.560100	0.586200	0.565200	0.597900
0.623400	0.839600	0.772400	0.851600	0.785800	0.781000
0.421300	0.421300	0.421300	0.421300	0.421300	0.421300
0.790000	0.805000	0.850000	0.870000	0.870000	0.870000
0.556600	0.566600	0.556600	0.556600	0.558900	0.539800
0.443800	0.467964	0.352146	0.337009	0.334301	0.307025
0.308500	0.338900	0.275000	0.300000	0.300000	0.300000
0.680000	0.683120	0.683120	0.683120	0.683120	0.683120
0.455300	0.414700	0.422200	0.413900	0.389600	0.373600
0.738600	0.699300	0.699300	0.699300	0.699368	0.681369
0.323200	0.326000	0.326000	0.300000	0.300000	0.300000
0.696700	0.696700	0.696700	0.699500	0.699500	0.699500
1.177900	1.200000	1.200000	1.530000	1.660000	1.660000
1.258000	1.258000	1.258000	1.543400	1.600000	1.600000
1.219800	1.189800	1.115200	1.445200	1.575100	1.595100
1.436400	1.350000	1.320000	1.540000	1.610000	1.590000
1.311000	1.321600	1.252000	1.582000	1.642000	1.642000
1.224800	1.224800	1.224800	1.517800	1.626700	1.606700
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
1.165000	1.145000	1.145000	1.478000	1.615500	1.540000
1.290000	1.290000	1.290000	1.570000	1.660000	1.660000
1.280000	1.240000	1.180000	1.457400	1.663200	1.569100
1.220000	1.240000	1.186000	1.427300	1.546000	1.566400
1.301300	1.271000	1.211300	1.519400	1.613534	1.613534
1.310000	1.340000	1.239000	1.604600	1.654000	1.654000
1.200000	1.185000	1.185000	1.545100	1.565000	1.565000
0.049200	0.049200	0.049200	0.039200	0.039200	0.039200
1.317000	1.317000	1.255200	1.548800	1.548900	1.548900
1.139700	1.139700	1.104700	1.341800	1.430000	1.430000

(Continued)

SOUTH TEXAS COLLEGE

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

Governmental Subdivision	Percent Applicable *	Tax Year 2013	Tax Year 2012	Tax Year 2011	Tax Year 2010
HIDALGO COUNTY					
Special Districts:					
Hidalgo County	100.00%	0.590000	0.590000	0.590000	0.590000
Drainage Dist. #1	-	0.095700	0.075000	0.073300	0.072500
EMS District #1	-	0.015400	0.014300	0.013400	0.013400
EMS District #2	-	0.036100	0.036100	0.033600	0.031100
EMS District #3	-	0.030000	0.030000	0.010000	0.008800
EMS District #4	-	0.026700	0.026200	0.024500	0.024500
Donna Irrigation #1	100.00%	0.210000	0.210000	0.210000	0.210000
Delta Lake Irrigation	59.73%	0.580000	0.580000	0.510000	0.510000
Engleman Water District #6	-	0.000000	0.230000	0.220000	0.220000
Kennedy Co GCD	-	0.015300	0.015300	0.015300	0.012500
Brush County GCD	-	0.027000	0.029894	0.030000	0.000000
Red Sands Groundwater CD	-	0.169000	0.169000	0.169000	0.000000
STARR COUNTY					
Cities:					
Roma	-	0.519030	0.516500	0.508710	0.508710
Rio Grande City	100.00%	0.514080	0.514160	0.507459	0.506460
Escobares City	-	0.364809	0.340000	0.340000	0.322050
School Districts:					
Rio Grande City CISD	100.00%	1.440600	1.442600	1.479500	1.489500
Roma ISD	100.00%	1.459090	1.459090	1.459920	1.464760
San Isidro ISD	-	1.130000	1.130000	1.040000	1.030000
Special Districts:					
Starr County Memorial Hospital District	-	0.256915	0.251238	0.237531	0.204604
Starr County	100.00%	0.524600	0.551100	0.510100	0.460100
F&M & FC	-	0.254600	0.228100	0.189100	0.239100

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

(Continued)

Tax Year 2009	Tax Year 2008	Tax Year 2007	Tax Year 2006	Tax Year 2005	Tax Year 2004
0.590000	0.590000	0.590000	0.590000	0.590000	0.590000
0.072500	0.070000	0.049200	0.043100	0.043500	0.043500
0.013200	0.013200	0.014700	0.015700	0.016700	0.017500
0.028400	0.029000	0.028000	0.027400	0.026200	0.024700
0.008000	0.007500	0.008600	0.010300	0.011500	0.011500
0.024000	0.021800	0.022800	0.024100	0.024100	0.024100
0.210000	0.210000	0.210000	0.210000	0.210000	0.210000
0.000000	0.480000	0.000000	0.540000	0.550000	0.550000
0.210000	0.280000	0.270000	0.274600	0.290000	0.290000
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	0.000000
0.446330	0.444620	0.453780	0.394940	0.394940	0.394940
0.350000	0.292292	0.292292	0.292292	0.290000	0.000000
0.300000	0.300000	0.000000	0.000000	0.000000	0.000000
1.413000	1.418900	1.418900	1.599800	1.594600	1.566000
1.416680	1.437683	1.234090	1.521000	1.594900	1.619700
1.040000	1.040000	1.040000	1.370000	1.500000	1.500000
0.193676	0.200178	0.196300	0.133400	0.115300	0.111400
0.520400	0.514200	0.514200	0.441000	0.446000	0.446000
0.178800	0.185000	0.185000	0.168200	0.168400	0.168400

SOUTH TEXAS COLLEGE

Statistical Supplement 22
Computation of Direct and Overlapping Debt
August 31, 2014
(unaudited)

Overlapping Agencies	Outstanding Bonds		As of	Applicable to Direct Percent	Applicable to Direct Amount
Alamo, City of	$ 12,825,000	*	08/31/14	100.00%	$ 12,825,000
Donna ISD	95,135,000	*	08/31/14	100.00%	95,135,000
Donna, City of	40,400,000	*	08/31/14	100.00%	40,400,000
Edcouch-Elsa ISD	43,921,320	*	08/31/14	100.00%	43,921,320
Edinburg CISD	189,315,000	*	08/31/14	100.00%	189,315,000
Edinburg, City of	38,835,000	*	08/31/14	100.00%	38,835,000
Hidalgo Co.	151,665,000	*	08/31/14	100.00%	150,665,000
Hidalgo Co. DD #1	163,535,000	*	08/31/14	100.00%	163,535,000
Hidalgo ISD	42,695,000	*	08/31/14	100.00%	42,695,000
Hidalgo, City of	5,720,000	*	08/31/14	100.00%	5,720,000
La Joya ISD	271,223,156	*	08/31/14	100.00%	271,223,156
La Joya, City of	140,000	*	08/31/14	100.00%	140,000
La Villa ISD	5,310,000	*	08/31/14	100.00%	5,310,000
La Villa, City of	2,115,000	*	08/31/14	100.00%	2,115,000
Lyford CISD	7,294,997	*	08/31/14	1.94%	141,523
McAllen ISD	108,986,000	*	08/31/14	100.00%	108,986,000
McAllen, City of	81,975,000	*	08/31/14	100.00%	81,975,000
Mercedes ISD	70,662,293	*	08/31/14	100.00%	70,662,293
Mercedes, City of	25,139,000	*	08/31/14	100.00%	25,139,000
Mission CISD	140,788,222	*	08/31/14	100.00%	140,788,222
Mission, City of	31,685,000	*	08/31/14	100.00%	31,685,000
Monte Alto ISD	14,460,000	*	08/31/14	100.00%	14,460,000
Pharr, City of	23,455,000	*	08/31/14	100.00%	23,455,000
Pharr-San Juan-Alamo ISD	370,510,000	*	08/31/14	100.00%	370,510,000
Progreso ISD	28,450,000	*	08/31/14	100.00%	28,450,000
Progreso, City of	1,995,000	*	08/31/14	100.00%	1,995,000
Rio Grande City CISD	118,510,000	*	08/31/14	100.00%	118,510,000
Rio Grande City, City of	28,820,000	*	08/31/14	100.00%	28,820,000
Roma ISD	62,845,000	*	08/31/14	100.00%	62,845,000
San Juan, City of	18,365,000	*	08/31/14	100.00%	18,365,000
Sharyland ISD	126,386,508	*	08/31/14	100.00%	126,386,508

Overlapping Agencies	Outstanding Bonds		As of	Applicable to Direct Percent	Applicable to Direct Amount
Starr Co	2,485,000	*	08/31/14	100.00%	2,485,000
Valley View ISD	49,319,764	*	08/31/14	100.00%	49,319,764
Weslaco ISD	66,279,000	*	08/31/14	100.00%	66,279,000
Weslaco, City of	86,680,000	*	08/31/14	100.00%	86,680,000
Total Net Overlapping Debt:					**2,520,771,786**
South Texas College District			08/31/14		88,834,991
Total Direct and Overlapping Debt:					**$ 2,609,606,777**

Source: Municipal Advisory Council of Texas

Note:
* Gross Debt

SOUTH TEXAS COLLEGE

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SPECIAL REPORTS SECTION

Independent Auditor's Report

Independent Auditor's Report

SOUTH TEXAS
COLLEGE