

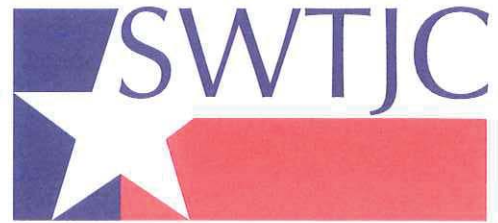
# **SOUTHWEST TEXAS JUNIOR COLLEGE**

FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
AUGUST 31, 2011

**SOUTHWEST TEXAS JUNIOR COLLEGE  
2011 ANNUAL FINANCIAL REPORT**

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November 18, 2011

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

I am pleased to submit the Annual Financial Report for the fiscal year 2011. A discussion and analysis of the College's financial statements provide an overview of the financial activities for the fiscal year ended August 31, 2011.

The College has experienced one of the most successful years in its history, financially but most importantly in terms of quality. This year the college was named one of top 10 community colleges in the nation by the Aspen Institute. The college continues to see the fruits of transformational change that has been occurring in past several years. SWTJC continues to be recognized as an Achieving the Dream Leader College, and a leader for the improvement of education in our region.

This past year was denoted by major reductions in State assistance including unfunded enrollment growth; however, the college was able to reallocate its resources to continue to fund the mission critical areas and continue funding student support systems, while maintaining a positive year.

In the area of facilities the college continues to improve the deferred maintenance issues as well as begin the development plan to upgrade the Del Rio campus and increase the size of the Eagle Pass campus. Efforts continue to further develop the college's technical programs on the Uvalde campus.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ismael Sosa, Jr.", is written over a light blue horizontal line.

Ismael Sosa, Jr. Ph.D.

President

November 18, 2011

To President Sosa, Members of the Board of Trustees, and Citizens of Southwest Texas Junior College:

*The annual financial report of Southwest Texas Junior College District (College) for the fiscal year ended August 31, 2011, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the representation, including all disclosures, rest with Southwest Texas Junior College. To the best of our knowledge, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and the results of operations of the various funds of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included.*

## COMPARATIVE FINANCIAL STATEMENTS

The 2011 audit report contains comparative data for the last two fiscal periods to ensure that the financial information will be available at a glance to financial statement users. Following the auditor's report the College has included a Management's Discussion and Analysis which provides summary information and a brief economic forecast in three segments:

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

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

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

We hope this Annual Financial Report presentation will help the reader better understand the overall financial status of the College as of August 31, 2011.

The Annual Financial Report is presented in five sections:

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

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

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

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

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

# SOUTHWEST TEXAS JUNIOR COLLEGE

## ORGANIZATIONAL DATA For the Fiscal Year 2010 – 2011

### Board of Trustees

<u>Name</u>	<u>County</u>	<u>Title</u>	<u>Term Expires</u> <u>May</u>
Rodolfo R. Flores	Uvalde	President	2014
Dr. Harry O. Watkins	Uvalde	Vice-President	2016
Dr. Antonio H. Rivera	Zavala	Secretary	2016
Tony Moreno	Uvalde	Member	2014
Maria Elena Lara	Uvalde	Member	2012
Victor Lopez	Zavala	Member	2012
Anita Shackelford	Real	Member	2012

### Administration

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

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# EDE & COMPANY

Certified Public Accountants

Eric Ede  
Frank Ede  
Donna Ede Jones

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Fax (830) 934-2799

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

## **INCLUDING THE SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

### Independent Auditor's Report

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

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Southwest Texas Junior College as of and for the year ended August 31, 2011 and 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's Administration. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. The financial statements of the Southwest Texas Junior College Foundation, Inc., a component unit of the Southwest Texas Junior College, included in the accompanying basic financial statements, were not audited in accordance with the standards applicable to financial statement audits contained in *Governmental Auditing Standards*.

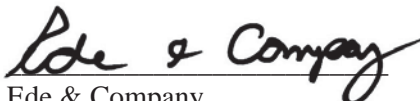
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Southwest Texas Junior College as of August 31, 2011 and 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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

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



Ede & Company  
Certified Public Accountants

November 18, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2011**

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

***Basic Financial Statements***

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

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

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

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

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

***Comparative Financial Information***

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

***Financial Analysis***

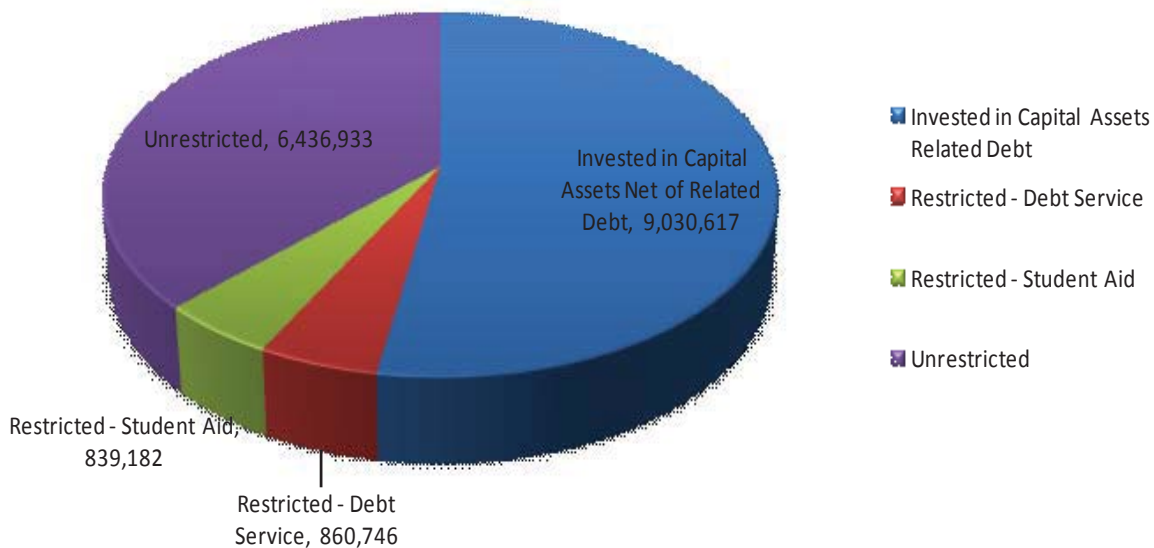
The total assets exceed total liabilities by \$17,167,478 (48%), of which \$6,436,933 (18%) is unrestricted. Of the College's total assets, \$17,674,600 (50%) is represented by capital assets including land, buildings and improvements, furniture, equipment and library books net of accumulated depreciation.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2011**

**Southwest Texas Junior College's Net Assets**

<b>Assets</b>	Year Ending 2011	Year Ending 2010
Current Assets	\$ 12,569,730	\$ 10,751,042
Restricted Cash and Cash Equivalents	522,738	601,171
Endowment Investments	3,034,957	2,916,920
Capital Assets	17,674,600	17,588,106
Other Noncurrent Investments	1,510,300	910,480
<b>TOTAL ASSETS</b>	<b>\$ 35,312,325</b>	<b>\$ 32,767,719</b>
<b>Liabilities:</b>		
Current Liabilities	\$ 9,618,162	\$ 8,286,008
Noncurrent Liabilities	8,526,685	8,388,522
<b>TOTAL LIABILITIES</b>	<b>\$ 18,144,847</b>	<b>\$ 16,674,530</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of related Debt	\$ 9,030,617	\$ 8,151,843
Restricted - Expendable - Debt Service	860,746	989,438
Restricted - Expendable - Student Aid	839,182	618,550
Unrestricted	6,436,933	6,333,358
<b>TOTAL NET ASSETS</b>	<b>\$ 17,167,478</b>	<b>\$ 16,093,189</b>

**Net Assets**



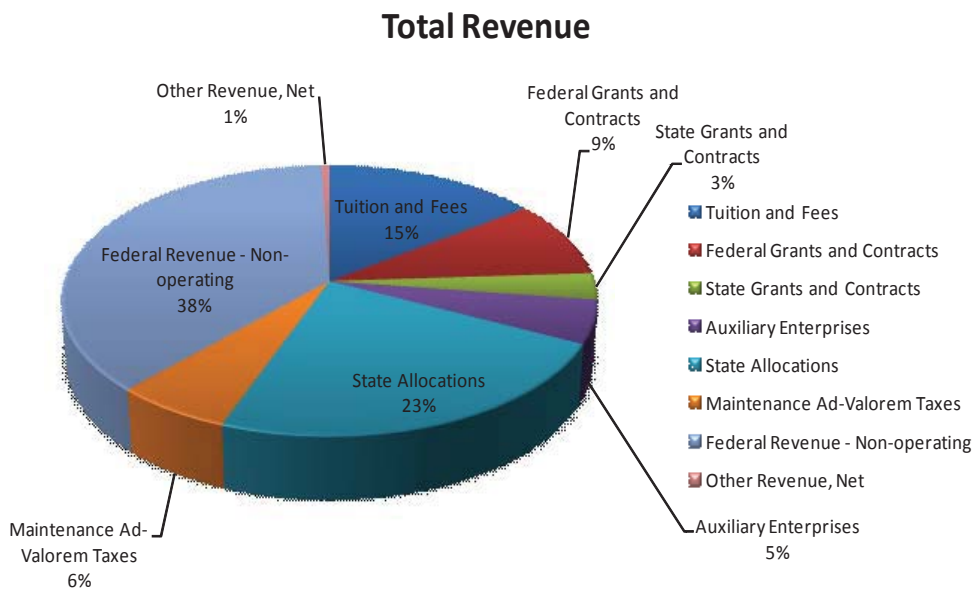
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2011**

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

State appropriations including restricted insurance and retirement payments totaled \$9,360,771 (23%) and \$9,441,219 or (23%) for the years ended August 31, 2011 and August 31, 2010 respectively; tuition and fees of \$5,930,984 (14%) as compared to the prior year \$3,719,005 (9%); and federal grants and contracts of \$18,739,036 (45%) as compared to prior year amount of \$19,740,550 (48%).

Instruction continues to be the largest component of operating expenses at \$12,484,217 (31%) as compared to last year's amount of \$12,349,906 (31%). Scholarships of \$8,171,634 (20%) compared to the August 31, 2010 amount of \$7,792,456 (20%) passed through to students after being applied to tuition and fees. Included in operating expenses is depreciation of \$759,582 and \$743,353 for the years ended August 31, 2011 and August 31, 2010 respectively, which represent non-cash expenses.

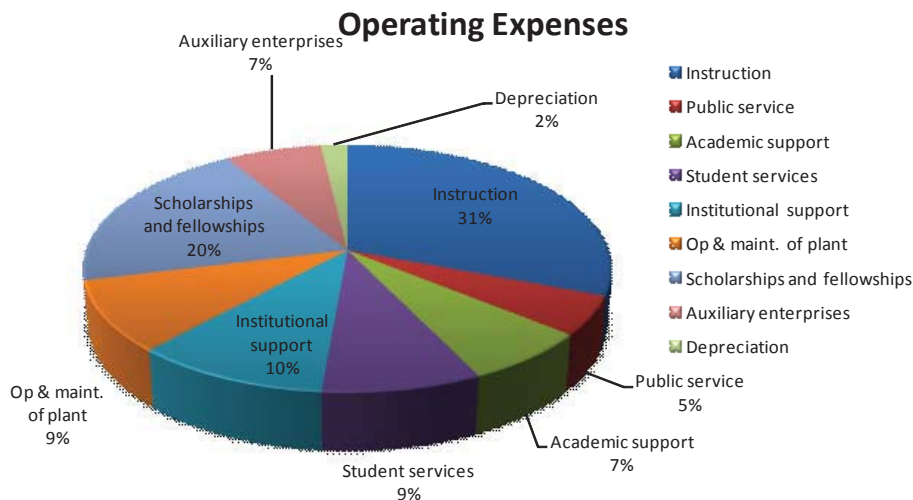
For the year ended August 31, 2011 the result of operations was an operating loss of \$25,470,485 compared to the prior year of \$25,856,318, combined with net non-operating revenue of \$26,544,774 for an increase in Net Assets of \$17,167,478.



## MANAGEMENT'S DISCUSSION AND ANALYSIS AUGUST 31, 2011

### Southwest Texas Junior College's Change in Net Assets

<b>Operating Revenues</b>	<b>FY 2011</b>	<b>FY 2010</b>
Tuition and fees (net of discounts of \$7,900,116; \$8,756,566)	\$ 5,930,984	\$ 3,719,006
Federal grants and contracts	3,700,527	4,174,551
State grants and contracts	1,270,208	1,451,117
Non-governmental grants and contracts	56,904	25,540
Sales and services of educational activities	23,556	24,044
Auxiliary enterprises (net of discounts of \$881,955 \$968,841)	2,070,432	2,278,908
General operating revenues	<u>1,965,962</u>	<u>1,770,343</u>
<b>Total Operating Revenues (Schedule A)</b>	<b><u>15,018,573</u></b>	<b><u>13,443,509</u></b>
<b>Operating Expenses</b>		
Instruction	12,484,217	12,349,906
Public service	2,068,587	2,075,941
Academic support	2,787,990	2,693,002
Student services	3,451,245	3,210,434
Institutional support	4,238,281	3,481,474
Operation and maintenance of plant	3,769,594	3,968,955
Scholarships and fellowships	8,171,634	7,792,456
Auxiliary enterprises	2,757,928	2,984,306
Depreciation	<u>759,582</u>	<u>743,353</u>
<b>Total Operating Expenses (Schedule B)</b>	<b><u>40,489,058</u></b>	<b><u>39,299,827</u></b>
<b>Operating Loss</b>	<b><u>(25,470,485)</u></b>	<b><u>(25,856,318)</u></b>
<b>Non-Operating Revenues (Expenses)</b>		
State Allocations	9,360,771	9,441,219
Maintenance ad-valorem taxes	2,486,117	2,375,217
Federal Revenue, Non Operating	15,038,509	15,565,999
Gifts	36,372	40,495
Investment income	71,539	97,442
Interest on capital related debt	(384,648)	(420,862)
Other non-operating revenues	<u>(63,886)</u>	<u>(58,175)</u>
<b>Net Non-Operating Revenues (Schedule C)</b>	<b><u>26,544,774</u></b>	<b><u>27,041,335</u></b>
<b>Increase (Decrease) in Net Assets</b>	<b>1,074,289</b>	<b>1,185,017</b>
<b>Net Assets</b>		
Net Assets - Beginning of Year	<u>16,093,189</u>	<u>14,908,172</u>
Net Assets - End of Year	<b><u>\$ 17,167,478</u></b>	<b><u>\$ 16,093,189</u></b>



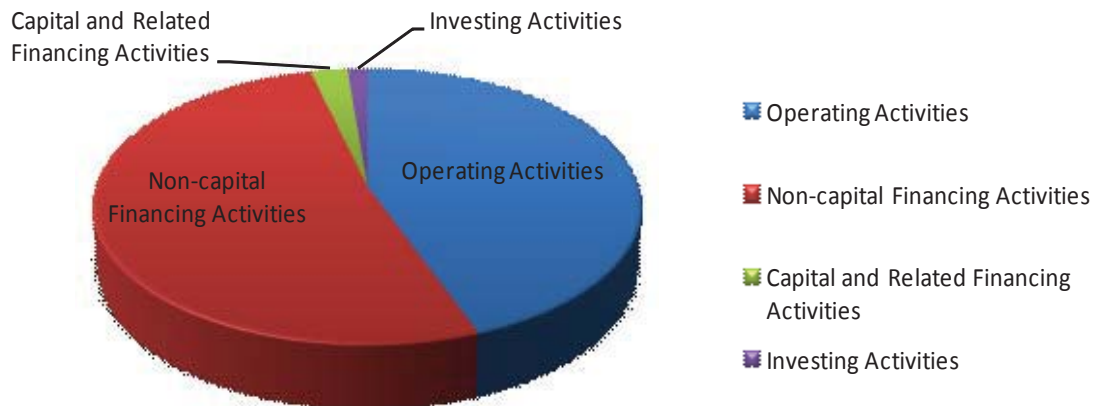
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2011**

Cash and cash equivalents increased during the fiscal year by \$1,789,052. Cash was used by operating activities in the amount of \$21,013,619. Cash was also provided from non-capital financing activities in the amount of \$24,635,306. Cash was used by capital and related financing activities in the amount of \$1,186,318. Cash was used in investing activities in the amount of \$646,317.

**Southwest Texas Junior College's Statement of Cash Flows**

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

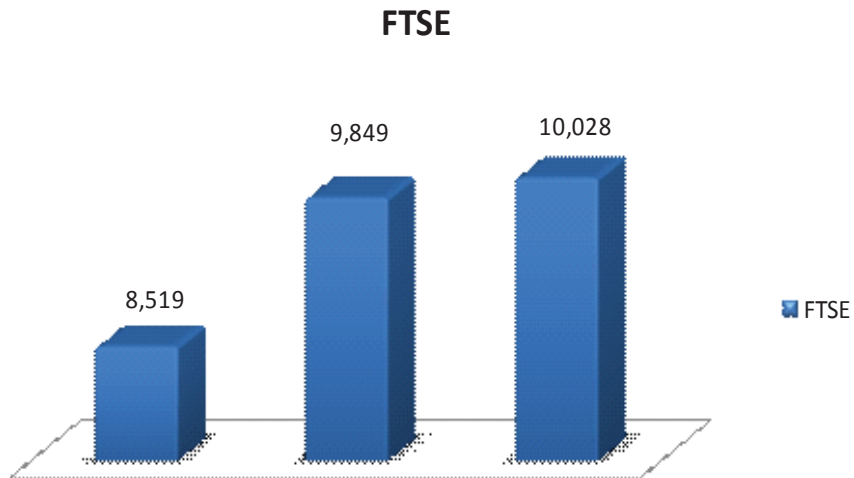
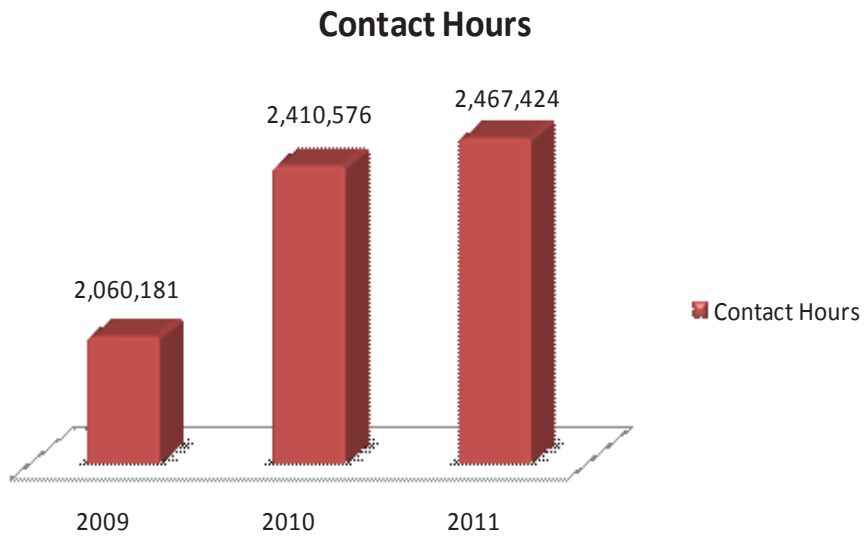
**Cash Flows By Activity**



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2011**

Enrollment in academic and technical programs increased in the 2011 fiscal year as did contact hours.

	<u>FTSE</u>	<u>Contact Hours</u>
2009	8,519	2,060,181
2010	9,849	2,410,576
2011	10,028	2,467,424





**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2011**

***Capital Assets***

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

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

***Long-term Debt***

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

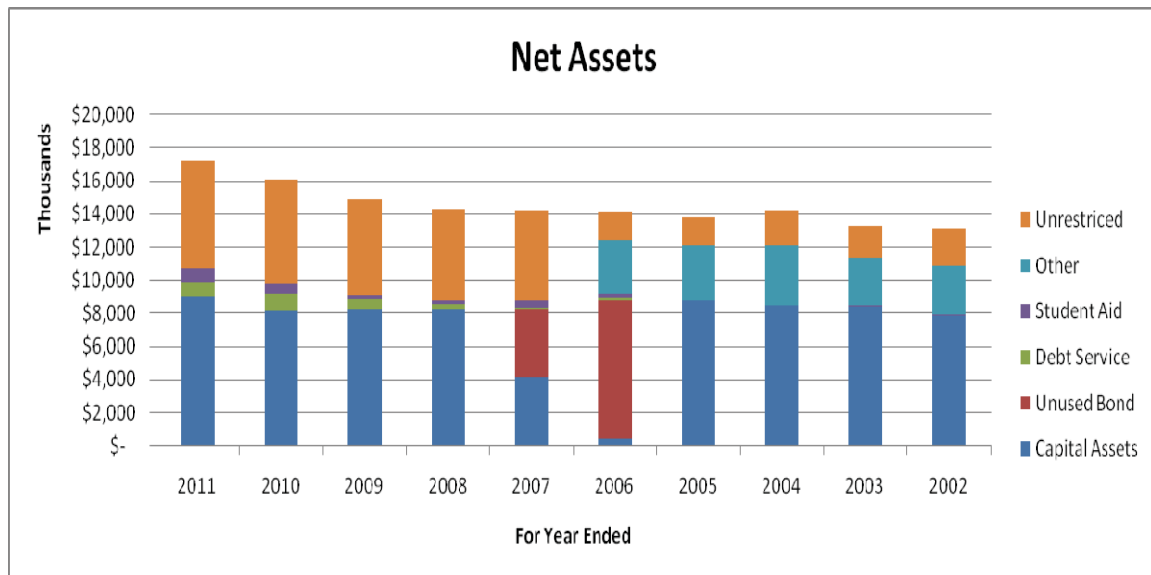
The second, \$5.5 million, is a private placement issue with proceeds used for the construction of a new educational facility for Sul Ross State University Rio Grande College. Refer to note 8 in the notes to the financial statements for more information. The building was completed in December of 2007.

***Net Assets***

In 2002, in accordance with GASB 34-35, Southwest Texas Junior College began reporting Net Assets by Source and Availability. Until 2007 the College reported Endowment Funds as Other Restricted Funds. Starting with the year 2007 these Endowment Funds were correctly reported in the Unrestricted category as Quasi Unrestricted (restrictions self-imposed by the Board of Trustees). For the year 2011 Endowment Funds amounted to \$3,341,110; 52% of Unrestricted Funds.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2011**

Capital Assets		Change in Net Assets						
		Restricted for:				Unrestricted	Total	Net Change
		Unused Bond	Debt Service	Student Aid	Other			
2011	\$ 9,030,617	-	\$ 860,746	\$ 839,182	-	\$6,436,933	\$ 17,167,478	\$ 1,074,292
2010	8,151,843	-	989,435	618,550	-	6,333,358	\$ 16,093,186	\$ 1,185,014
2009	8,293,391	-	562,034	198,659	-	5,854,088	\$ 14,908,172	\$ 630,882
2008	8,188,931	-	376,038	209,826	-	5,502,495	\$ 14,277,290	\$ 69,531
2007	4,128,283	4,155,920	66,792	413,393	-	5,443,371	\$ 14,207,759	\$ 111,313
2006	389,530	8,402,603	121,273	229,722	3,285,606	1,667,712	\$ 14,096,446	\$ 297,749
2005	8,765,422	-	-	-	3,350,469	1,682,806	\$ 13,798,697	\$ (463,509)
2004	8,525,609	-	-	-	3,581,180	2,155,417	\$ 14,262,206	\$ 950,490
2003	8,412,624	-	-	73,799	2,896,498	1,928,795	\$ 13,311,716	\$ 182,044
2002	7,864,301	-	-	22,010	2,997,671	2,245,690	\$ 13,129,672	



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2011**

***Other Conditions and Factors***

**Aspen Institute:** 2011 represents a pinnacle for SWTJC, the Aspen Institute in Washington D.C. named the college one of the top 10 community colleges in the nation. In December 2011, the Aspen Institute will name the top community college in the nation at a ceremony in Washington D.C. College personnel will be on hand for the official notification.

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

**Partnerships:** During the past year the college has been working closely with Sul Ross State University – Rio Grande College in an effort to streamline collaboration between institutions to ease barriers for student transition. Both colleges are co-located in the three main population centers of the service area, SWTJC provides freshmen and sophomore level courses, and Rio Grande College provides junior, senior and graduate level courses. The two colleges are striving to strengthen this model to provide the students in our region a low cost, quality model for bachelor degrees.

**Facilities:** SWTJC has partnered with the City of Hondo to expand course offerings in that community. The city of Hondo remodeled an approximately 16,000 square foot building and the college began offering courses fall 2011. SWTJC has worked with Ferrell Brown and Associates (Architects) on preliminary plans for the Del Rio Campus upgrade. The college plans to replace portable classrooms with permanent structures as well as improve student support services areas. The project is on hold for the time being until state funding stabilizes.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2011**

**Southern Association of Colleges and Schools (SACS) Five Year Report:** SWTJC submitted its fifth year interim report to SACS during the Fall 2011 semester. The fifth year report is required of all colleges and university and represents a requirement for continued accreditation. The college anticipates that the report will be accepted without exception.

**State Economy:** Texas like many other states faced a challenging budget cycle. The State faced a large deficit before budget talks even began. As a result the college experienced a reduction in state appropriations and on-behalf payments for insurance and retirement. The reduced funds provided zero funding for the record enrollment growth that the college experienced during the last biennium. SWTJC was prepared and anticipated a reduction in appropriations well in advance. The college has focused its resource allocation to support mission critical areas and reduced or eliminated other services. SWTJC was able to save approximately half a million dollars from positions that were not replaced. These positions came mostly from retirements. The state economy is beginning to show signs of a rebound; however, the college continues to anticipate insufficient funding from the state over the next few years.

**Enrollment:** Although the college experienced record growth over the last two years, the fall 2011 enrollment decreased. This decrease may be due in part to several factors. In no particular order, these factors include: reduced state funding to school districts which negatively impact dual credit students, a state cut in educational funding for inmates, an increase in job opportunities due to the Eagle Ford Shale oil/gas formation, a decrease in state student financial aid, and an increase in eligibility requirements for federal financial aid.

## SOUTHWEST TEXAS JUNIOR COLLEGE

Statement of Net Assets  
August 31, 2011 and August 31, 2010

<b>ASSETS</b>	<b><u>FY2011</u></b>	<b><u>FY2010</u></b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 8,589,129	\$ 6,721,645
Accounts receivable (net of \$931,391; \$1,415,186)	2,595,528	3,018,731
Taxes receivable (net of \$51,133; \$47,981)	298,086	283,145
Inventories	1,061,762	641,956
Prepaid expenses	25,225	85,565
<b>Total Current Assets</b>	<b><u>12,569,730</u></b>	<b><u>10,751,042</u></b>
<b>Noncurrent Assets:</b>		
Restricted cash and cash equivalents	522,738	601,171
Endowment investments	3,034,957	2,916,920
Other long-term investments	1,510,300	910,480
Capital assets (net of \$12,348,742; \$11,690,078)	17,674,600	17,588,106
<b>Total Noncurrent Assets</b>	<b><u>22,742,595</u></b>	<b><u>22,016,677</u></b>
<b>Total Assets</b>	<b><u>35,312,325</u></b>	<b><u>32,767,719</u></b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	1,823,016	714,487
Accrued liabilities	378,540	344,723
Deposits	233,715	242,095
Funds held for others	28,084	41,201
Deferred revenues	6,200,823	5,895,761
Notes payable - current portion	718,984	832,741
Bonds payable - current portion	235,000	215,000
<b>Total Current Liabilities</b>	<b><u>9,618,162</u></b>	<b><u>8,286,008</u></b>
<b>Noncurrent Liabilities:</b>		
Lease payable	536,685	153,522
Bonds payable	7,990,000	8,235,000
<b>Total Noncurrent Liabilities</b>	<b><u>8,526,685</u></b>	<b><u>8,388,522</u></b>
<b>Total Liabilities</b>	<b><u>18,144,847</u></b>	<b><u>16,674,530</u></b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	9,030,617	8,151,843
Restricted for:		
Expendable		
Debt service	860,746	989,438
Student Aid	839,182	618,550
Unrestricted	6,436,933	6,333,358
<b>Total Net Assets (Schedule D)</b>	<b><u>\$ 17,167,478</u></b>	<b><u>\$ 16,093,189</u></b>

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

**SOUTHWEST TEXAS JUNIOR COLLEGE FOUNDATION, INC.**

**Comparative Statement of Financial Position  
August 31, 2011**

	<b>August 31, 2011</b>	<b>August 31, 2010</b>
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 432,780.16	\$ 281,512.10
Short-term Investments	200,000.00	-
	<u>632,780.16</u>	<u>281,512.10</u>
<u>Property and equipment, at cost</u>		
Land	668,646.23	668,646.23
Buildings	10,416,334.71	10,416,334.71
Improvements	312,566.38	312,566.38
Furniture and fixtures	19,387.00	19,387.00
	<u>11,416,934.32</u>	<u>11,416,934.32</u>
Less accumulated depreciation	3,008,133.97	2,735,761.16
	<u>8,408,800.35</u>	<u>8,681,173.16</u>
Net property and equipment	<u>8,408,800.35</u>	<u>8,681,173.16</u>
<b>TOTAL ASSETS</b>	<b>9,041,580.51</b>	<b>8,962,685.26</b>
<b>LIABILITIES AND NET ASSETS</b>		
<u>Current liabilities</u>		
Deposit	25,000.00	25,000.00
Current portion of long-term debt	546,891.00	476,841.00
	<u>571,891.00</u>	<u>501,841.00</u>
<u>Long-term liabilities</u>		
Long-term debt, less current maturities		
Notes payable	1,611,892.28	2,327,399.61
	<u>1,611,892.28</u>	<u>2,327,399.61</u>
Total liabilities	<u>2,183,783.28</u>	<u>2,829,240.61</u>
Net assets - Permanently restricted	<u>6,857,797.23</u>	<u>6,133,444.65</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,041,580.51</b>	<b>\$ 8,962,685.26</b>

**Southwest Texas Junior College**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Years Ended August 31, 2011 and August 31, 2010**

<b>Operating Revenues</b>	<b><u>FY 2011</u></b>	<b><u>FY 2010</u></b>
Tuition and fees (net of discounts of \$7,900,116; \$8,756,566)	\$ 5,930,984	\$ 3,719,006
Federal grants and contracts	3,700,527	4,174,551
State grants and contracts	1,270,208	1,451,117
Non-governmental grants and contracts	56,904	25,540
Sales and services of educational activities	23,556	24,044
Auxiliary enterprises (net of discounts of \$881,955; \$968,841)	2,070,432	2,278,908
General operating revenues	<u>1,965,962</u>	<u>1,770,343</u>
<b>Total Operating Revenues (Schedule A)</b>	<b><u>15,018,573</u></b>	<b><u>13,443,509</u></b>
<b>Operating Expenses</b>		
Instruction	12,484,217	12,349,906
Public service	2,068,587	2,075,941
Academic support	2,787,990	2,693,002
Student services	3,451,245	3,210,434
Institutional support	4,238,281	3,481,474
Operation and maintenance of plant	3,769,594	3,968,955
Scholarships and fellowships	8,171,634	7,792,456
Auxiliary enterprises	2,757,928	2,984,306
Depreciation	<u>759,582</u>	<u>743,353</u>
<b>Total Operating Expenses (Schedule B)</b>	<b><u>40,489,058</u></b>	<b><u>39,299,827</u></b>
<b>Operating Loss</b>	<b><u>(25,470,485)</u></b>	<b><u>(25,856,318)</u></b>
<b>Non-Operating Revenues (Expenses)</b>		
State Allocations	9,360,771	9,441,219
Maintenance ad-valorem taxes	2,486,117	2,375,217
Federal Revenue, Non Operating	15,038,509	15,565,999
Gifts	36,372	40,495
Investment income	71,539	97,442
Interest on capital related debt	(384,648)	(420,862)
Other non-operating revenues (expenses)	<u>(63,886)</u>	<u>(58,175)</u>
<b>Net Non-Operating Revenues (Schedule C)</b>	<b><u>26,544,774</u></b>	<b><u>27,041,335</u></b>
<b>Increase (Decrease) in Net Assets</b>	<b>1,074,289</b>	<b>1,185,017</b>
<b>Net Assets</b>		
Net Assets - Beginning of Year	<u>16,093,189</u>	<u>14,908,172</u>
Net Assets - End of Year	<b><u>\$ 17,167,478</u></b>	<b><u>\$ 16,093,189</u></b>

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



**SOUTHWEST TEXAS JUNIOR COLLEGE FOUNDATION, INC.**

**Comparative Statement of Activities  
Years Ended August 31, 2011 and August 31, 2010**

	<b>August 31, 2011 Permanently Restricted</b>	<b>August 31, 2010 Permanently Restricted</b>
<b><u>Support and Revenues:</u></b>		
Support:		
Contributions	\$ -	\$ -
Revenue:		
Rental income	1,197,600.00	1,197,600.00
Interest income	1,788.71	1,610.28
Total revenue	1,199,388.71	1,199,210.28
Total support and revenue	1,199,388.71	1,199,210.28
<b><u>Expenses:</u></b>		
Depreciation	272,372.81	273,241.04
Interest	114,714.62	172,996.13
Professional Fees	30,441.97	-
Repair & Maintenance	56,100.00	60,000.00
Miscellaneous	1,406.73	491.33
Total expenses	475,036.13	506,728.50
Change in net assets	724,352.58	692,481.78
Net assets, beginning of year	6,133,444.65	5,440,962.87
<b>Net assets, end of year</b>	<b>\$ 6,857,797.23</b>	<b>\$ 6,133,444.65</b>

SOUTHWEST TEXAS JUNIOR COLLEGE

Exhibit 3

**Statement of Cash Flows**  
Years Ended August 31, 2011 and August 31, 2010

	<u>FY2011</u>	<u>FY2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from student and other customers	\$ 8,731,740	\$ 7,441,891
Receipts from grants and contracts	5,027,639	5,651,208
Other receipts	1,965,962	1,770,343
Payment to or on behalf of employees	(19,892,689)	(18,672,563)
Payment to suppliers for goods or services	(8,674,637)	(10,362,639)
Payment of scholarships	(8,171,634)	(7,792,456)
Net cash provided (used) by operating activities	<u>(21,013,619)</u>	<u>(21,964,216)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	7,153,135	7,221,296
Ad valorem tax revenue	2,471,176	2,357,904
Receipts from non operating federal revenue	15,038,509	15,565,999
Other non-operating revenue	(27,514)	(17,680)
Net cash provided (used) by non-capital financing	<u>24,635,306</u>	<u>25,127,519</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital lease	586,212	171,746
Purchases of capital assets	(846,076)	(428,445)
Payments on capital debt and leases -- principa	(541,806)	(345,107)
Payments on capital debt and leases -- interes	(384,648)	(420,862)
Net cash provided (used) by capital and related financing activities	<u>(1,186,318)</u>	<u>(1,022,668)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturity of investments	3,779,628	3,779,460
Receipts from interest	71,539	97,442
Purchase of investments	(4,497,484)	(5,024,093)
Net cash provided (used) by investing activities	<u>(646,317)</u>	<u>(1,147,191)</u>
Increase (decrease) in cash and cash equivalents	1,789,052	993,444
Cash and cash equivalents - Beginning of Year	<u>7,322,815</u>	<u>6,329,371</u>
Cash and cash equivalents - End of Year	<u>\$ 9,111,867</u>	<u>\$ 7,322,815</u>
<b>Reconciliation of operating income (loss) to net cash provided (used)</b>		
by operating activities:		
Operating income (loss)	\$ (25,470,485)	\$ (25,856,318)
Adjustment to reconcile operating loss to net cash used		
by operating activities:		
Depreciation expense	759,582	743,353
Bad debt expense	101,232	109,996
Payments made directly by state for benefits	2,207,636	2,219,923
Changes in assets and liabilities		
Receivables, net	321,971	366,037
Inventories	(419,806)	59,796
Prepaid expenses	60,340	(60,565)
Accounts payable	1,108,529	(607,381)
Accrued liabilities	33,817	117,043
Deposits	(8,380)	29,345
Funds held for others	(13,117)	(44,855)
Deferred revenue	305,062	959,410
Net cash provided (used) by operating activities	<u>\$ (21,013,619)</u>	<u>\$ (21,964,216)</u>

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

**SOUTHWEST TEXAS JUNIOR COLLEGE FOUNDATION, INC.**

**Comparative Statement of Cash Flows  
Years Ended August 31, 2011 and August 31, 2010**

	<b>August 31, 2011</b>	<b>August 31, 2010</b>
<b><u>Cash flows from operating activities:</u></b>		
Change in net assets	\$ 724,352.58	\$ 692,481.78
Add items not affecting cash:		
Depreciation	272,372.81	273,241.04
Net cash provided by operating activities	996,725.39	965,722.82
<b><u>Cash flow from investing activities:</u></b>		
Purchase of short-term investments	(200,000.00)	-
Net cash used in investing activities	(200,000.00)	-
<b><u>Cash flow from financing activities:</u></b>		
Principal payments of long-term debt	(645,457.33)	(879,989.10)
Net cash provided by financing activities	(645,457.33)	(879,989.10)
<b>Net increase in cash and cash equivalents</b>	151,268.06	85,733.72
Cash and cash equivalents - beginning of year	281,512.10	195,778.38
Cash and cash equivalents - end of year	\$ 432,780.16	\$ 281,512.10

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**1. Reporting Entity**

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

**2. Summary of Significant Accounting Policies**

**Report Guidelines**

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

**Tuition Discounting**

*Texas Public Education Grants*

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

*Title IV, Higher Education Act Program Funds*

Certain Title IV HEA Program funds are received by the college to pass through to the student. These funds are initially received by the college and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount.

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**2. Summary of Significant Accounting Policies (Continued)**

If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

*Other Tuition Discounts*

The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

**Basis of Accounting**

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

**Budgetary Data**

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

**Cash and cash equivalents**

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

**Investments**

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

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**2. Summary of Significant Accounting Policies (Continued)**

**Inventories**

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

**Capital Assets**

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

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

**Deferred Revenues**

Tuition and fees of \$5,902,740 and \$5,612,015 have been reported as deferred revenues at August 31, 2011 and August 31, 2010, respectively.

**Estimates**

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

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

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

**SOUTHWEST TEXAS JUNIOR COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2011**

**3. Authorized Investments**

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

**4. Deposits and Investments**

District Policies and Legal and Contractual Provisions Governing Deposits

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

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

District Policies and Legal and Contractual Provisions Governing Investments

**Compliance with the Public Funds Investment Act**

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



**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**4. Deposits and Investments (Continued)**

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

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

**Cash and Deposits**

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

<u>August 31, 2011</u>	<u>SWTJC</u>	<u>Foundation</u>
<u>CURRENT ASSETS</u>		
Demand Deposits	\$ 8,558,129	\$ 432,780
Time Deposits	-	200,000
	<u>8,558,129</u>	<u>632,780</u>
Cash and cash Equivalents		
Petty Cash on Hand	31,000	-
Total Current Cash and Deposits	<u>8,589,129</u>	<u>632,780</u>
<u>NONCURRENT ASSETS</u>		
Demand Deposits - Restricted	29,173	-
Demand Deposits - Endowments	493,565	-
Total Noncurrent Cash and Deposits	<u>522,738</u>	<u>-</u>
Total Cash and Deposits	<u>\$ 9,111,867</u>	<u>\$ 632,780</u>

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**4. Deposits and Investments (Continued)**

<u>August 31, 2010</u>	<u>SWTJC</u>	<u>Foundation</u>
Demand Deposits	\$ 6,661,645	\$ 281,512
	<u>6,661,645</u>	<u>281,512</u>
Cash and cash Equivalents		
Petty Cash on Hand	60,000	-
Current Cash and Deposits	<u>6,721,645</u>	<u>281,512</u>
 <u>NONCURRENT ASSETS</u>		
Demand Deposits - Restricted	17,872	-
Demand Deposits - Endowments	<u>583,299</u>	<u>-</u>
Noncurrent Cash and Deposits	<u>601,171</u>	<u>-</u>
 Total Cash and Deposits	 <u>\$ 7,322,816</u>	 <u>\$ 281,512</u>

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

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

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

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

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

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

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

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

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

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**4. Deposits and Investments (Continued)**

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

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

<u>Type of Security</u>	<u>August 31, 2011</u>	<u>August 31, 2010</u>
Real Estate Investment	\$ 42,491	\$ 43,115
Corporate Stocks	126,632	121,485
Other Investments	36,134	53,173
Total Cash and Deposits	8,001,867	6,212,816
Total Certificates of Deposits	5,450,000	4,719,627
	<u>\$ 13,657,124</u>	<u>\$ 11,150,216</u>
Cash and cash equivalents (Exhibit 1)	\$ 8,589,129	\$ 6,721,645
Restricted cash and cash equivalent (Exhibit 1)	522,738	601,171
Endowment investments (Exhibit 1)	3,034,957	2,916,920
Other long-term investments (Exhibit 1)	1,510,300	910,480
	<u>\$ 13,657,124</u>	<u>\$ 11,150,216</u>

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**5. Changes in Property and Equipment**

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

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

Reconciliation of Capital Assets to Statement of Net Assets

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

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**5. Changes in Property and Equipment (Continued)**

Changes in property and equipment for SWTJC for the year ended August 31, 2010 were as follows:

	Sept. 1, 2009	Increases	Decreases	Aug. 31, 2010
<u>Not Depreciated</u>				
Land	\$ 813,442	\$ -	\$ -	\$ 813,442
Construction in Progress	45,282	31,355	45,282	31,355
Subtotal	<u>858,724</u>	<u>31,355</u>	<u>45,282</u>	<u>844,797</u>
<u>Other Capital Assets</u>				
Building	18,864,690	133,675	15,670	18,982,695
Land Improvements	2,411,041	-	-	2,411,041
Furniture & Fixtures	2,693,748	67,351	15,670	2,745,429
Library Books	1,075,467	33,401	-	1,108,868
Telecommunication and Peripheral Equipment	2,961,740	223,614	-	3,185,354
Subtotal	<u>28,006,686</u>	<u>458,041</u>	<u>31,340</u>	<u>28,433,387</u>
<u>Accumulated Depreciation</u>				
Buildings	4,891,089	339,439	-	5,230,528
Land Improvements	1,579,182	46,738	-	1,625,920
Furniture & Fixtures	1,671,437	171,380	15,670	1,827,147
Library Books	160,491	28,971	-	189,462
Telecommunication and Peripheral Equipment	2,660,196	162,995	6,170	2,817,021
Subtotal	<u>10,962,395</u>	<u>749,523</u>	<u>21,840</u>	<u>11,690,078</u>
Net Other Capital Assets	<u>17,044,291</u>	<u>(291,482)</u>	<u>9,500</u>	<u>16,743,309</u>
Net Capital Assets	<u>\$ 17,903,015</u>	<u>\$ (260,127)</u>	<u>\$ 54,782</u>	<u>\$ 17,588,106</u>
Reconciliation of Capital Assets to Statement of Net Assets				
SWTJC - Capital Assets (Exhibit 1)				\$ 17,588,106
Total				<u>\$ 17,588,106</u>

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**5. Changes in Property and Equipment (Continued)**

Changes in property and equipment for the **Foundation** for the years ended August 31, 2011 and August 31, 2010 were as follows:

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

	<u>Balance</u> <u>Sept. 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Aug. 31, 2010</u>
Land	\$ 668,646	\$ -	\$ -	\$ 668,646
Buildings	10,416,334	-	-	10,416,334
Improvements	312,566	-	-	312,566
Furniture & Fixtures	19,387	-	-	19,387
	<u>11,416,933</u>	<u>-</u>	<u>-</u>	<u>11,416,933</u>
Accumulated Depreciation	<u>2,462,519</u>	<u>\$ 273,241</u>	<u>\$ -</u>	<u>2,735,760</u>
Net property & equipment	<u>\$ 8,954,414</u>			<u>\$ 8,681,173</u>
Reconciliation to Statement of Financial Position				<u>\$ 8,681,173</u>
Total				<u>\$ 8,681,173</u>

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**6. Long-Term Liabilities**

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

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

Long-term liability activity for the year ended August 31, 2010 was as follows:

	Balance September 1, 2009			Balance August 31, 2010		Current Portion
		Additions	Reductions			
<b>SWTJC</b>						
Revenue Bonds	\$ 8,665,000	\$ -	\$ 215,000	\$ 8,450,000	\$ 215,000	
Capital Leases Payable		396,386	242,864	153,522	-	
Total long-term liabilities	<u>\$ 8,665,000</u>	<u>\$ 396,386</u>	<u>\$ 457,864</u>	<u>\$ 8,603,522</u>	<u>\$ 215,000</u>	
<b>SWTJC Foundation</b>						
Notes Payable	\$ 3,684,230	\$ -	\$ 879,989	\$ 2,804,241	\$ 476,841	
Total long-term liabilities	<u>\$ 3,684,230</u>	<u>\$ -</u>	<u>\$ 879,989</u>	<u>\$ 2,804,241</u>	<u>\$ 476,841</u>	

**7. Debt and Lease Obligations**

Debt service requirements at August 31, 2011 for SWTJC were as follows:

For the Year Ended August 31,	Revenue Bonds		
	Principal	Interest	Total
FY 2012	\$ 235,000	\$ 369,113	\$ 604,113
FY 2013	245,000	358,566	603,566
FY 2014	260,000	347,570	607,570
FY 2015 - FY 2019	1,450,000	1,555,413	3,005,413
FY 2020 - FY 2024	1,815,000	1,197,717	3,012,717
FY 2025 - FY 2029	2,260,000	753,176	3,013,176
FY 2030 - FY 2033	1,960,000	209,254	2,169,254
Total	<u>\$ 8,225,000</u>	<u>\$ 4,790,809</u>	<u>\$ 13,015,809</u>



**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**7. Debt and Lease Obligations (Continued)**

Obligations through notes payable for the Foundation at August 31, 2011 were as follows:

Bank Note, original balance of \$3,294,952 secured by a third lien on 11 acres of real estate and building, 4.75% interest, principal and interest of \$29,936 due monthly through December 9, 2015.	\$ 918,633
Bank Note, original balance \$2,307,163 secured by a second lien on 15 acres of real estate and buildings, adjustable rate, (currently 4.5%), \$22,961.34 principal and interest due monthly through April 8, 2017.	<u>1,240,150</u>
Total Notes Payable	2,158,783
Less current portion	<u>546,891</u>
Long-Term portion	<u><u>\$ 1,611,892</u></u>

For the Year Ended August 31,	Total
2012	\$ 634,769
2013	634,769
2014	538,418
2015	275,536
2016	275,536
Later Years	<u>10,674</u>
Total minimum debt payments	2,369,702
Less: Amount representing interest costs	<u>210,919</u>
Present value of minimum note payments	<u><u>\$ 2,158,783</u></u>

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**8. Bonds Payable**

General information related to bonds payable is summarized below:

- Southwest Texas Junior College District Combined Fee Revenue Bonds, Series 2006
- Proceeds used to construct a new student services building and remodel existing office areas
- Issued March 15, 2006
- Amount of issue, \$3,500,000
- Debt to be serviced through tuition and fees
- Outstanding balance, \$3,165,000

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

- Southwest Texas Junior College District Combined Fee Revenue Bonds, Series 2006A
- Proceeds used to construct a new facility for lessee, Sul Ross State University Rio Grande College
- Issued May 15, 2006
- Amount of issue, \$5,500,000
- Debt to be serviced through pledged lease revenue and tuition and fees
- Outstanding balance, \$5,060,000

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

**9. Short-Term Debt**

The college used short-term debt in the form of a secured line of credit in the fiscal years ended August 31, 2011 and August 31, 2010. The credit was used to finance the expansion of the college's Crystal City campus and the purchase of fleet vehicles. The credit is secured by CDs at an annual interest rate equal to 1% over the pledged CD rates.

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

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**9. Short-Term Debt (Continued)**

	Balance September 1, 2009	Additions	Reductions	Balance August 31, 2010
Crystal Campus	\$ 817,513	\$ 59,508	\$ 129,021	\$ 748,000
Fleet Vehicles	127,111	-	42,370	84,741
	<u>\$ 944,624</u>	<u>\$ 59,508</u>	<u>\$ 171,391</u>	<u>\$ 832,741</u>

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

**10. Employees' Retirement Plan**

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

**Teacher Retirement System of Texas**

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

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

**SOUTHWEST TEXAS JUNIOR COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2011**

**10. Employees' Retirement Plan (Continued)**

State law provides for a member contribution rate of 6.4% for fiscal years 2011 and 2010 and a state contribution rate of 6.4% for fiscal years 2011 and 2010. In certain instances the reporting district is required to make all or a portion of the state's 6.4% contribution for fiscal years 2011 and 2010.

**Optional Retirement Plan**

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.4% and 6.65%, respectively. The College contributes 7.31% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the State for the College was \$858,204 and \$812,630 for the fiscal years ended August 31, 2011 and 2010, respectively.

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

The total payroll for all College employees was \$18,156,527 and \$17,257,202 for fiscal years 2011 and 2010, respectively. The total payroll of employees covered by the Teacher Retirement System was \$12,419,110 and \$11,561,578, and the total payroll of employees covered by the Optional Retirement Program was \$3,595,432 and \$3,488,544 for fiscal years 2011 and 2010, respectively.

**11. Deferred Compensation Program**

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

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**12. Compensated Absences**

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

**13. Disaggregation of Receivables and Payables Balances**

**Receivables**

Receivables at August 31, 2011 were as follows:

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

Receivables at August 31, 2010 were as follows:

Student Receivables	\$ 1,495,924
Federal Receivables	1,066,448
Accounts Receivables	1,919,526
Other Receivables	-
Subtotal	<u>4,481,898</u>
Allowance for Doubtful Accounts	1,463,167
Total Receivables (Exhibit 1)	<u><u>\$ 3,018,731</u></u>

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**13. Disaggregation of Receivables and Payables Balances (Continued)**

**Payables**

Payables at August 31, 2011 and August 31, 2010 were as follows:

	<b>August 31, 2011</b>	<b>August 31, 2010</b>
Vendor Payables (Exhibit 1)	<u>\$ 1,823,016</u>	<u>\$ 714,487</u>
Accrued Interest Payable	\$ 157,503	\$ 162,287
Accrued Workers Compensation	69,253	168,162
Other	151,784	14,274
Accrued Liabilities (Exhibit 1)	<u>\$ 378,540</u>	<u>\$ 344,723</u>

**14. Operating Lease Commitments and Rental Agreement**

Obligations under operating leases to the Foundation at August 31, 2011 were as follows:

<b>Agreement Year</b>	<b>Property</b>	<b>Annual Due</b>	<b>Term</b>
1989	Land	\$ 1	99 Years
2003	Del Rio, Sul Ross Facility	\$ 381,600	12 Years
2011	Eagle Pass Campus	\$ 346,800	1 Year
2011	Del Rio Campus	\$ 144,000	1 Year
2011	Del Rio, Land	\$ 13,200	1 Year
2011	Eagle Pass, New Technical Building*	\$ 312,000	1 Year

\*Annual renewal for 12 years from origination, 2005

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

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**14. Operating Lease Commitments and Rental Agreement (Continued)**

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

	Year Ended August 31, 2011	Year Ended August 31, 2010
<u>Operating Expenses</u>		
Rental Expense - SWTJC	\$ 1,197,600	\$ 1,197,600
Foundation Rental Income	\$ 1,197,600	\$ 1,197,600

The following is a schedule by years of future minimum rental payments from the College to the Foundation required under these operating leases which have an initial term in excess of one year as of August 31, 2011.

	Minimum Future Rental Payments
2012	\$ 381,601
2013	381,601
2014	381,601
2015	381,601
Thereafter	381,601
Required Total Minimum Payment	\$ 1,908,005

**15. Contract and Grant Awards**

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal contracts and awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements.

**16. Self-Insured Plans**

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

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**17. Post Retirement Health Care and Life Insurance Benefits**

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee for the years ended August 31, 2011 and August 31, 2010 was approximately \$413 and \$360 per month, respectively, and totaled \$1,349,432 and \$1,407,293 for each year, respectively. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees.

**18. Related Parties**

Previously the College leased a building from a board member, which is used as a classroom for Adult Basic Education. This lease is no longer in effect. It was cancelled by the College effective August 31, 2011.

**19. Property Tax**

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

	<u>August 31, 2011</u>	<u>August 31, 2010</u>
Assessed Valuation	\$ 1,916,219,239	\$ 1,843,114,815
Less: Exemptions	<u>5,541,642</u>	<u>7,817,048</u>
Net Assessed Valuation	<u><u>\$ 1,910,677,597</u></u>	<u><u>\$ 1,835,297,767</u></u>



**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**19. Property Tax (Continued)**

Authorized tax rates for the College for years 2011 and 2010 were as follows:

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

August 31, 2010	Current Operations	Debt Service	Total
Maximum tax rates per \$100 valuation	\$ 0.20	\$0.50	\$ 0.70
Adopted tax rate per \$100 valuation	\$ 0.13	\$ -	\$ 0.13

Taxes levied for the years ended August 31, 2011 and August 31, 2010 respectively were \$2,421,647 and \$2,315,803. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

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

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

August 31, 2010 Taxes Collected	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 2,196,203	\$ -	\$ 2,196,203
Delinquent Taxes Collected	97,826	-	97,826
Penalties and Interest Collected	59,313	-	59,313
Total Collections	<u>\$ 2,353,342</u>	<u>\$ -</u>	<u>\$ 2,353,342</u>

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2011**

**19. Property Tax (Continued)**

Tax collections for the year ended August 31, 2010 were 95% of the current tax levy. Allowance for uncollectible taxes is based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance or operations or interest and sinking expenditures.

**20. Income Taxes**

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the year ended August 31, 2011 or August 31, 2010.

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

**21. Component Units**

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

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

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

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

**SOUTHWEST TEXAS JUNIOR COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
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**21. Component Units (Continued)**

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

## SOUTHWEST TEXAS JUNIOR COLLEGE

**Schedule of Operating Revenues**  
**Year Ended August 31, 2011 (With Memorandum Totals for the Year Ended August 31, 2010)**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	August 31, 2011 Total	August 31, 2010 Total
<b>Tuition:</b>						
<b>State funded credit courses:</b>						
In-district resident tuition	\$ 5,330,021	\$ -	\$ 5,330,021	\$ -	\$ 5,330,021	\$ 4,918,742
Out-of-district resident tuition	2,633,999	-	2,633,999	-	2,633,999	2,239,545
Non-resident tuition	327,730	-	327,730	-	327,730	271,286
TPEG - credit (set aside)*	337,808	-	337,808	-	337,808	351,584
State funded continuing education	1,242,352	-	1,242,352	-	1,242,352	850,978
TPEG non-credit (set aside)*	20,578	-	20,578	-	20,578	18,865
Non-state funded educational programs	182,687	-	182,687	-	182,687	156,067
<b>Total Tuition</b>	<b>10,075,175</b>	<b>-</b>	<b>10,075,175</b>	<b>-</b>	<b>10,075,175</b>	<b>8,807,067</b>
<b>Fees:</b>						
General fees	3,284,054	-	3,284,054	-	3,284,054	3,226,596
Laboratory fees	471,871	-	471,871	-	471,871	441,909
<b>Total Fees</b>	<b>3,755,925</b>	<b>-</b>	<b>3,755,925</b>	<b>-</b>	<b>3,755,925</b>	<b>3,668,505</b>
<b>Scholarship allowance and discount</b>						
Remission and exemption - state	(234,871)	-	(234,871)	-	(234,871)	(248,735)
Remission and exemption - local	(546,964)	-	(546,964)	-	(546,964)	(502,251)
Title IV federal grants	(6,391,841)	-	(6,391,841)	-	(6,391,841)	(7,643,699)
Other federal grants	(37,510)	-	(37,510)	-	(37,510)	(77,562)
TPEG awards	(133,968)	-	(133,968)	-	(133,968)	(138,477)
Other state grants	(489,011)	-	(489,011)	-	(489,011)	(91,932)
Other local grants	(65,951)	-	(65,951)	-	(65,951)	(53,910)
<b>Total Scholarship Allowances</b>	<b>(7,900,116)</b>	<b>-</b>	<b>(7,900,116)</b>	<b>-</b>	<b>(7,900,116)</b>	<b>(8,756,566)</b>
<b>Total net tuition and fees</b>	<b>5,930,984</b>	<b>-</b>	<b>5,930,984</b>	<b>-</b>	<b>5,930,984</b>	<b>3,719,006</b>
<b>Additional operating revenues:</b>						
Federal grants and contracts	-	3,674,796	3,674,796	25,731	3,700,527	4,174,551
State grants and contracts	-	1,215,403	1,215,403	54,805	1,270,208	1,451,117
Non-governmental grants and contracts	-	56,904	56,904	-	56,904	25,540
Sales and services of educational activities	23,556	-	23,556	-	23,556	24,044
General operating revenue	1,965,962	-	1,965,962	-	1,965,962	1,770,343
<b>Total additional operating revenues</b>	<b>1,989,518</b>	<b>4,947,103</b>	<b>6,936,621</b>	<b>80,536</b>	<b>7,017,157</b>	<b>7,445,595</b>
<b>Auxiliary Enterprises</b>						
Bookstore	-	-	-	1,891,129	1,891,129	2,134,984
Less Discounts	-	-	-	(510,587)	(510,587)	(576,426)
Residential life	-	-	-	939,249	939,249	992,480
Less Discounts	-	-	-	(371,368)	(371,368)	(392,415)
Day Care	-	-	-	77,325	77,325	88,377
SWTNET	-	-	-	33,150	33,150	18,600
Other revenues	-	-	-	11,534	11,534	13,308
<b>Total net auxiliary enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,070,432</b>	<b>2,070,432</b>	<b>2,278,908</b>
<b>Total Operating Revenues</b>	<b>\$ 7,920,502</b>	<b>\$ 4,947,103</b>	<b>\$ 12,867,605</b>	<b>\$ 2,150,968</b>	<b>\$ 15,018,573</b>	<b>\$ 13,443,509</b>

\*In accordance with Education Code 56.033, \$358,386 and \$370,449 for years August 31, 2011 and August 31, 2010, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

## SOUTHWEST TEXAS JUNIOR COLLEGE

Schedule of Operating Expenses by Object  
 Year Ended August 31, 2011 (With Memorandum Totals for the Year Ended August 31, 2010)

	Operating Expense				August 31, 2011 Total	August 31, 2010 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 8,989,881	\$ -	\$ 782,512	\$ 1,102,665	\$ 10,875,058	\$ 9,980,783
Public Service	48,611	-	4,231	30,653	83,495	93,028
Academic Support	1,751,533	-	152,460	398,460	2,302,453	2,194,956
Student Services	1,314,543	-	114,423	293,701	1,722,667	1,571,084
Institutional Support	2,261,621	-	196,860	1,432,259	3,890,740	3,134,862
Operation and Maintenance of Plant	927,103	-	80,698	2,761,793	3,769,594	3,968,955
Scholarship	-	-	-	-	-	-
<b>Total Unrestricted Educational Activities</b>	<b>15,293,292</b>	<b>-</b>	<b>1,331,184</b>	<b>6,019,531</b>	<b>22,644,007</b>	<b>20,943,668</b>
Restricted - Educational Activities						
Instruction	91,083	1,381,465	12,680	123,931	1,609,159	2,369,123
Public Service	1,220,667	7,470	169,931	587,024	1,985,092	1,982,914
Academic Support	189,914	269,156	26,438	29	485,537	498,046
Student Services	884,623	202,004	123,150	518,801	1,728,578	1,639,350
Institutional Support	-	347,541	-	-	347,541	346,612
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarship	-	-	-	8,171,634	8,171,634	7,792,456
<b>Total Restricted Educational Activities</b>	<b>2,386,287</b>	<b>2,207,636</b>	<b>332,199</b>	<b>9,401,419</b>	<b>14,327,541</b>	<b>14,628,501</b>
<b>Total Educational Activities</b>	<b>17,679,579</b>	<b>2,207,636</b>	<b>1,663,383</b>	<b>15,420,950</b>	<b>36,971,548</b>	<b>35,572,169</b>
<b>Auxiliary Enterprises</b>	<b>476,948</b>	<b>-</b>	<b>106,596</b>	<b>2,174,384</b>	<b>2,757,928</b>	<b>2,984,306</b>
<b>Depreciation Expense - Buildings and other real estate improvements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>345,218</b>	<b>345,218</b>	<b>386,177</b>
<b>Depreciation Expense - Equipment and furniture</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>386,300</b>	<b>386,300</b>	<b>328,205</b>
<b>Depreciation Expense - Library Books</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,064</b>	<b>28,064</b>	<b>28,971</b>
<b>Total Operating Expenses</b>	<b>\$ 18,156,527</b>	<b>\$ 2,207,636</b>	<b>\$ 1,769,979</b>	<b>\$ 18,354,916</b>	<b>\$ 40,489,058</b>	<b>\$ 39,299,828</b>

## SOUTHWEST TEXAS JUNIOR COLLEGE

**Schedule of Non-Operating Revenues and Expenses**  
**Year Ended August 31, 2011 (with Memorandum Totals for the Year Ended August 31, 2010)**

	Unrestricted	Restricted	Auxiliary Enterprises	August 31, 2011 Total	August 31, 2010 Total
NON-OPERATING REVENUES:					
State Appropriations:					
Education and general state support	\$ 7,153,135	\$ -	\$ -	\$ 7,153,135	\$ 7,221,296
State group insurance	-	1,349,432	-	1,349,432	1,407,293
State retirement matching	-	858,204	-	858,204	812,630
<b>Total state appropriations</b>	<b>7,153,135</b>	<b>2,207,636</b>	<b>-</b>	<b>9,360,771</b>	<b>9,441,219</b>
Maintenance ad valorem taxes	2,486,117	-	-	2,486,117	2,375,217
Federal Revenue, Non Operating	-	15,038,509	-	15,038,509	15,565,999
Gifts	-	36,372	-	36,372	40,495
Investment Income	65,882	-	5,657	71,539	97,442
Other non-operating revenue	-	64,921	-	64,921	27,135
<b>Total non-operating revenues</b>	<b>2,551,999</b>	<b>15,139,802</b>	<b>5,657</b>	<b>27,058,229</b>	<b>27,547,507</b>
NON-OPERATING EXPENSES:					
Interest on capital related debt	384,648	-	-	384,648	420,862
Other non-operating expense	128,807	-	-	128,807	85,310
<b>Total non-operating expenses</b>	<b>513,455</b>	<b>-</b>	<b>-</b>	<b>513,455</b>	<b>506,172</b>
<b>Net non-operating revenues</b>	<b>\$ 9,191,679</b>	<b>\$ 17,347,438</b>	<b>\$ 5,657</b>	<b>\$ 26,544,774</b>	<b>\$ 27,041,335</b>

SOUTHWEST TEXAS JUNIOR COLLEGE

Schedule D

Schedule of Net Assets by Source and Availability  
 Year Ended August 31, 2011 (With Memorandum Totals for the Year Ended August 31, 2010)

	Detail by Source					Available for Current Operations	
	Restricted			Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
	Unrestricted	Expendable	Non-Expendable				
Current							
Unrestricted	\$ 556,135	\$ -	\$ -	\$ -	\$ 556,135	\$ 556,135	\$ -
Restricted	-	705,856	-	-	705,856	705,856	-
Auxiliary	2,539,688	-	-	-	2,539,688	2,539,688	-
Loan	-	133,326	-	-	133,326	-	133,326
Endowment							
Quasi:							
Unrestricted	3,341,110	-	-	-	3,341,110	-	3,341,110
Plant							
Debt Service		860,746	-	-	860,746	-	860,746
Investment in Plant		-	-	9,030,617	9,030,617	-	9,030,617
Total Net Assets, August 31, 2011	6,436,933	1,699,928	-	9,030,617	17,167,478	3,801,679	13,365,799
Total Net Assets, August 31, 2010	6,333,359	1,607,987	-	8,151,843	16,093,189	3,340,966	12,752,223
Net Increase (Decrease) in Net Assets	\$ 103,574	\$ 91,941	\$ -	\$ 878,774	\$ 1,074,289	\$ 460,713	\$ 613,576

## SOUTHWEST TEXAS JUNIOR COLLEGE

Schedule of Expenditures of Federal Awards  
For the Year Ended August 31, 2011

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:			
Federal Pell Grant	84.063		\$ 14,280,489
Federal Direct Student Loan	84.268		3,228,384
Supplemental Education Opportunity Grant	84.007		105,769
Academic Competitiveness Grant	84.375A		486,285
Federal College Workstudy Program	84.033		165,966
Title V	84.031		902,329
CAMSC	84.031C		193,680
TRIO Student Support Services	84.042A		325,938
TRIO Upward Bound	84.047A		232,610
TRIO Education Opportunity Center	84.066A		198,523
Pass-Through From:			
Texas Education Agency Adult Basic Education	84.002	94100017110262	1,006,871
Texas Higher Education Coordinating Board Carl Perkins Vocational Education - Basic	84.048	94241	315,869
Carl Perkins Tech Prep Program	84.243	91718	238,989
Leveraging Educational Assistance Partnership	84.069A		8,335
Special Leveraging Educational Assistance Partnership	84.069B		11,368
Total Department of Education			<u>21,701,405</u>
U.S. Department of Agriculture			
Pass-Through From:			
Texas Health and Human Services Commission Child and Adult Care Food Program	10.558	7588016	25,731
Total U.S. Department of Agriculture			<u>25,731</u>
U.S. Department of Labor			
Direct Programs:			
President's Community-based Job Training Grant	17.261		38
Pass-Through From:			
Middle Rio Grande Development Council College Bound	17.259	78225	58,709
Motivation Education and Training National Farmworker Jobs Program	17.264		32,682
Total Department of Labor			<u>91,429</u>
National Science Foundation			
Direct Programs:			
STEM	47.076	630808	56,993
Total National Science Foundation			<u>56,993</u>
U.S. Department of Health and Human Services			
Pass-Through From:			
Texas Education Agency Temporary Assistance for Needy Families (TANF)	93.558	93625017110232	91,862
Total Department of Health and Human Services			<u>91,862</u>
Total Federal Financial Assistance			<u>\$ 21,967,420</u>



**Schedule E (Continued)**

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts revenue - per Schedule A	\$	3,700,527
Add: Non Operating Federal Revenue from Schedule C		15,038,509
Add: Direct Student Loans		3,228,384
		<u>\$ 21,967,420</u>
		(A)

Note 2: Significant accounting policies used in preparing the schedule

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

Note 6: Amounts passed through by the College

The following amounts were passed through to the listed subrecipients by the college. These amounts were from the Creating a Math and Science Community in Southwest Texas, CFDA 84.031C from the U.S. Department of Education.

The University of Texas at Austin	\$	<u>84,297</u>
Total amount passed through	\$	<u>84,297</u>

## SOUTHWEST TEXAS JUNIOR COLLEGE

Schedule of Expenditures of State Awards  
For the Year Ended August 31, 2011

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Education Agency		
Adult Basic Education	90100017110262	\$ 207,271
Temporary Assistance for Needy Families	93625017110232	46,145
Intensive Summer Program		4,887
Texas Health and Human Services Commission		
Child Care		54,805
Texas Department of Criminal Justice		
College Classes for Inmates		50,520
Texas Comptroller of Public Accounts		
Jobs and Education for Texans		19,535
Texas Higher Education Coordinating Board		
Texas Grant		631,010
Texas College Workstudy		26,695
TEOG		137,662
AVID		27,720
Top 10 %		40,000
Nursing Shortage Reduction - Regular		12,289
Nursing Shortage Reduction - Under 70		7,636
Vocational Nursing Scholarship		407
Professional Nursing Scholarship		1,580
TG Dr. Charlie Wootan		2,046
Total State Financial Assistance		<u>\$ 1,270,208</u>
Note 1: State Assistance Reconciliation		
State Revenues - per Schedule A		\$ 1,270,208
		<u>\$ 1,270,208</u>
		(A)

## Note 2: Significant Accounting Policies Used in Preparing the Schedule

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

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

### Independent Auditor's Report

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

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southwest Texas Junior College as of and for the year ended August 31, 2011 and 2010, which collectively comprise the Southwest Texas Junior College 's basic financial statements and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Southwest Texas Junior College Foundation, Inc., a component unit of Southwest Texas Junior College, included in the accompanying basic financial statements, were not audited in accordance with standards applicable to financial audits contained in *Governmental Auditing Standards* and accordingly this report does not extend to that component unit.

### Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

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



Ede & Company  
Certified Public Accountants

November 18, 2011

# EDE & COMPANY

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

### Independent Auditor's Report

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

Members of the Board:

#### Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, and the *State Single Audit Circular*. Those standards and OMB Circular A-133, and State Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Southwest Texas Junior College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Southwest Texas Junior College's compliance with those requirements.

In our opinion, Southwest Texas Junior College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2011.

#### Internal Control Over Compliance

The management of Southwest Texas Junior College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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



Ede & Company  
Certified Public Accountants

November 18, 2011

# EDE & COMPANY

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## REPORT ON COMPLIANCE WITH THE TEXAS STATE PUBLIC FUNDS INVESTMENT ACT

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

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southwest Texas Junior College as of and for the year ended August 31, 2011 and 2010, which collectively comprise the Southwest Texas Junior College 's basic financial statements and have issued our report thereon dated November 18, 2011.

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

### Compliance

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



Ede & Company  
Certified Public Accountants

November 18, 2011



**SOUTHWEST TEXAS JUNIOR COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**I. Summary of the Auditor's Result**

**Financial Statements**

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

Internal control over financial reporting:

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

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

**Federal Awards**

Internal control over major programs:

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

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

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

**Major Federal Programs of the College**

Student Financial Assistance	
Pell Grant	CFDA 84.063
College Work Study	CFDA 84.033
Academic Competitiveness Grant	CFDA 84.375A
Supplemental Education Opportunity Grant	CFDA 84.007
Federal Direct Student Loan	CFDA 84.268
TRIO	
Student Support Services	CFDA 84.042A
Upward Bound	CFDA 84.047A
Education Opportunity Center	CFDA 84066A

**Major State Programs of the College**

Texas Grant

The dollar threshold to distinguish between Type A and Type B federal programs was \$659,023.  
The dollar threshold to distinguish between Type A and Type B state programs was \$300,000.

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

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

NONE

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

NONE

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# REQUIRED STATISTICAL SUPPLEMENTS

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

	For the Fiscal Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 9,030,617	\$ 8,293,391	\$ 8,293,391	\$ 8,188,931	\$ 4,128,283	\$ 389,530	\$ 8,765,422	\$ 8,525,609	\$ 8,412,624	\$ 7,864,301
Restricted - expendable	1,699,928	1,587,988	760,693	585,864	4,636,105	12,039,204	3,350,469	3,581,180	2,857,454	3,019,681
Restricted - nonexpendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,436,933	6,333,358	5,854,088	5,312,622	5,443,371	1,667,712	1,682,806	2,155,417	2,041,638	2,245,690
<b>Total primary government net assets</b>	<b>\$ 17,167,478</b>	<b>\$ 16,214,737</b>	<b>\$ 14,908,172</b>	<b>\$ 14,087,417</b>	<b>\$ 14,207,759</b>	<b>\$ 14,096,446</b>	<b>\$ 13,798,697</b>	<b>\$ 14,262,206</b>	<b>\$ 13,311,716</b>	<b>\$ 13,129,672</b>

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

	For the Fiscal Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	\$ 5,930,984	\$ 3,719,005	\$ 4,132,832	\$ 4,917,321	\$ 5,532,691	\$ 3,373,893	\$ 3,033,901	\$ 3,433,798	\$ 3,723,171	\$ 3,486,002
Governmental Grants and Contracts	3,700,527	4,174,551	4,086,099	3,764,995	3,309,559	2,839,435	3,398,145	3,482,768	3,341,349	3,392,477
Federal Grants and Contracts	1,270,208	1,451,117	1,147,896	879,839	663,381	863,062	726,289	1,010,866	1,017,795	1,046,158
State Grants and Contracts	56,904	25,540	103,454	145,706	127,682	132,711	158,243	50,753	83,918	21,148
Non-Governmental Grants and Contracts	23,556	24,044	26,299	24,209	27,722	27,152	28,484	29,068	30,044	37,503
Sales and services of educational activities	2,070,432	2,278,908	2,019,967	1,923,731	1,920,838	1,547,658	1,603,979	1,557,116	1,648,056	1,439,271
Auxiliary enterprises (Net of Discounts)	1,965,962	1,770,344	1,960,895	1,886,021	1,733,216	1,657,717	1,700,089	1,672,198	1,204,437	-
Other Operating Revenue	15,018,573	13,443,509	13,477,442	13,541,822	13,315,089	10,441,628	10,649,130	11,236,567	11,048,770	9,422,559
<b>Total Operating Revenues</b>										
State Appropriations	9,360,771	9,441,219	10,113,651	10,114,906	9,584,008	9,879,911	7,958,097	7,821,873	7,676,160	7,921,916
Ad Valorem Taxes	2,486,117	2,375,217	2,039,186	1,845,476	1,843,045	1,614,528	1,448,099	1,106,866	1,034,099	660,203
Federal Revenue, Non-operating	15,038,509	15,565,999	9,401,077	6,636,804	6,308,389	7,867,429	8,241,287	7,961,153	6,786,825	5,662,904
Investment income	71,539	97,442	96,889	280,930	622,569	255,958	115,469	84,952	175,535	157,988
Other non-operating revenues	101,293	67,630	105,064	102,484	-	-	-	615,267	-	1,074,347
<b>Total Non-Operating Revenues</b>										
<b>Total Revenues</b>	\$ 27,058,229	\$ 27,547,507	\$ 21,755,867	\$ 18,980,600	\$ 18,358,011	\$ 19,617,826	\$ 17,762,952	\$ 17,590,111	\$ 15,672,619	\$ 15,477,358
	\$ 42,076,802	\$ 40,991,016	\$ 35,233,309	\$ 32,522,422	\$ 31,673,100	\$ 30,059,454	\$ 28,412,082	\$ 28,826,678	\$ 26,721,389	\$ 24,899,917

	For the Fiscal Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	14.10%	9.07%	11.73%	15.12%	17.47%	11.22%	10.68%	11.91%	13.10%	12.09%
Governmental Grants and Contracts	8.79%	10.18%	11.60%	11.58%	10.45%	9.45%	11.96%	12.08%	11.76%	11.77%
Federal Grants and Contracts	3.02%	3.54%	3.26%	2.71%	2.09%	2.87%	2.56%	3.51%	3.58%	3.63%
State Grants and Contracts	0.14%	0.06%	0.29%	0.45%	0.40%	0.44%	0.56%	0.18%	0.30%	0.07%
Non-Governmental Grants and Contracts	0.06%	0.06%	0.07%	0.07%	0.09%	0.09%	0.10%	0.10%	0.11%	0.13%
Sales and services of educational activities	4.92%	5.56%	5.73%	5.92%	6.06%	5.15%	5.65%	5.40%	5.80%	4.99%
Auxiliary enterprises	4.67%	4.32%	5.57%	5.80%	5.47%	5.51%	5.98%	5.80%	4.24%	0.00%
Other Operating Revenue	35.69%	32.80%	38.25%	41.64%	42.04%	34.74%	37.48%	38.98%	38.89%	32.69%
<b>Total Operating Revenues</b>										
State Appropriations	22.25%	23.03%	28.70%	31.10%	30.26%	32.87%	28.01%	27.13%	27.02%	27.48%
Ad Valorem Taxes	5.91%	5.79%	5.79%	5.67%	5.82%	5.37%	5.10%	3.84%	3.64%	2.29%
Federal Revenue, Non-operating	35.74%	37.97%	26.68%	20.41%	19.92%	26.17%	29.01%	27.62%	23.89%	19.64%
Investment income	0.17%	0.24%	0.27%	0.86%	1.97%	0.85%	0.41%	0.29%	0.62%	0.55%
Other non-operating revenues	0.24%	0.16%	0.30%	0.32%	0.00%	0.00%	0.00%	2.13%	0.00%	3.73%
<b>Total Non-Operating Revenues</b>	64.31%	67.20%	61.75%	58.36%	57.96%	65.26%	62.52%	61.02%	55.16%	53.69%
<b>Total Revenues</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**SOUTHWEST TEXAS JUNIOR COLLEGE**  
**Statistical Supplement 3**  
**Program Expense by Function**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	For the Fiscal Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$ 12,484,217	\$ 12,349,906	\$ 11,539,955	\$ 11,389,564	\$ 10,576,180	\$ 10,151,621	\$ 9,925,065	\$ 8,609,104	\$ 9,860,771	\$ 7,949,696
Public service	2,068,587	2,075,941	1,808,083	1,539,084	1,664,383	1,530,040	1,950,501	2,044,442	2,142,618	2,123,343
Academic support	2,787,990	2,693,002	2,342,428	2,465,644	2,494,815	2,380,994	2,028,800	1,938,487	709,953	1,606,077
Student services	3,451,245	3,210,434	2,242,411	2,135,536	2,462,228	2,132,291	2,405,814	1,954,676	1,324,108	1,801,840
Institutional support	4,238,281	3,481,474	3,707,149	3,778,780	3,334,844	3,197,701	2,454,920	2,808,556	2,947,613	2,368,638
Operation and maintenance of plant	3,769,594	3,968,955	3,865,770	4,053,378	3,710,069	3,676,253	2,720,929	2,663,234	2,644,204	2,067,272
Scholarships and fellowships	8,171,634	7,792,456	5,011,267	3,561,580	3,274,153	3,270,079	4,204,569	4,544,955	3,769,485	3,320,021
Auxiliary enterprises	2,757,928	2,984,306	2,659,229	2,619,667	2,841,246	2,789,801	2,600,247	2,949,775	2,560,062	2,313,202
Depreciation	759,582	743,353	709,187	625,426	516,034	494,589	489,819	354,691	388,640	425,968
<b>Total Operating Expenses</b>	<b>40,489,058</b>	<b>39,299,827</b>	<b>33,885,479</b>	<b>32,168,659</b>	<b>30,873,952</b>	<b>29,623,369</b>	<b>28,780,664</b>	<b>27,867,920</b>	<b>26,347,454</b>	<b>23,976,057</b>
Interest on capital related debt	384,648	420,862	421,715	363,546	580,416	41,924	12,315	8,268	8,995	13,896
Other non-operating expense	128,807	85,310	105,360	110,559	107,419	96,412	82,612	-	182,898	-
<b>Total Non-Operating Expenses</b>	<b>513,455</b>	<b>506,172</b>	<b>527,075</b>	<b>474,105</b>	<b>687,835</b>	<b>138,336</b>	<b>94,927</b>	<b>8,268</b>	<b>191,893</b>	<b>13,896</b>
<b>Total Expenses</b>	<b>\$ 41,002,513</b>	<b>\$ 39,805,999</b>	<b>\$ 34,412,554</b>	<b>\$ 32,642,764</b>	<b>\$ 31,561,787</b>	<b>\$ 29,761,705</b>	<b>\$ 28,875,591</b>	<b>\$ 27,876,188</b>	<b>\$ 26,539,347</b>	<b>\$ 23,989,953</b>

For the Fiscal Year Ended August 31,

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	30.45%	31.03%	33.53%	34.89%	33.51%	34.11%	34.37%	30.88%	34.15%	28.52%
Public service	5.05%	5.22%	5.25%	4.71%	5.27%	5.14%	6.75%	7.33%	7.42%	7.62%
Academic support	6.80%	6.77%	6.81%	7.55%	7.90%	8.00%	7.03%	6.95%	2.46%	5.76%
Student services	8.42%	8.07%	6.52%	6.54%	7.80%	7.16%	8.33%	7.01%	4.59%	6.46%
Institutional support	10.34%	8.75%	10.77%	11.58%	10.57%	10.74%	8.50%	10.08%	10.21%	8.50%
Operation and maintenance of plant	9.19%	9.97%	11.23%	12.42%	11.75%	12.35%	9.42%	9.55%	9.16%	7.42%
Scholarships and fellowships	19.93%	19.58%	14.56%	10.91%	10.37%	10.99%	14.56%	16.30%	13.05%	11.91%
Auxiliary enterprises	6.73%	7.50%	7.73%	8.03%	9.00%	9.37%	9.01%	10.58%	8.87%	8.30%
Depreciation	1.85%	1.87%	2.06%	1.92%	1.63%	1.66%	1.70%	1.27%	1.35%	1.53%
<b>Total Operating Expenses</b>	<b>98.75%</b>	<b>98.73%</b>	<b>98.47%</b>	<b>98.55%</b>	<b>97.82%</b>	<b>99.54%</b>	<b>99.67%</b>	<b>99.97%</b>	<b>91.24%</b>	<b>86.01%</b>
Interest on capital related debt	0.94%	1.06%	1.23%	1.11%	1.84%	0.14%	0.04%	0.03%	0.03%	0.05%
Other non-operating expense	0.31%	0.21%	0.31%	0.34%	0.34%	0.32%	0.29%	0.00%	0.63%	0.00%
<b>Total Non-Operating Expenses</b>	<b>1.25%</b>	<b>1.27%</b>	<b>1.53%</b>	<b>1.45%</b>	<b>2.18%</b>	<b>0.46%</b>	<b>0.33%</b>	<b>0.03%</b>	<b>0.66%</b>	<b>0.05%</b>
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

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

Academic Year (Fall)	Registration Fee	In-District Tuition	Out-of-District Fee	Technology Fees	Building Use Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
Summer I & II 2011 \$	8.25	55.00	48.50	5.00	13.00	975.00	1,557.00	13.64%	22.41%
Fall & Spring 2011	8.25	48.00	34.50	5.00	10.25	858.00	1,272.00	4.38%	2.91%
2010	8.25	48.00	34.50	5.00	7.25	822.00	1,236.00	6.06%	9.48%
2009	8.25	46.00	31.50	5.00	7.25	775.00	1,129.00	0.00%	0.00%
2008	8.25	43.00	29.50	5.00	7.25	775.00	1,129.00	12.32%	14.39%
2007	8.25	39.00	24.75	3.00	7.25	690.00	987.00	26.37%	22.30%
2006	8.25	29.00	21.75	1.00	7.25	546.00	807.00	2.25%	1.51%
2005	8.25	29.00	21.75	1.00	6.25	534.00	795.00	4.71%	12.29%
2004	8.25	27.00	16.50	1.00	6.25	510.00	708.00	0.00%	0.00%
2003	8.25	27.00	16.50	1.00	6.25	510.00	708.00	13.33%	28.26%
2002	8.25	22.00	8.50	1.00	6.25	450.00	552.00		

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

Academic Year (Fall)	Registration Fee	Non-Resident Tuition Out-of-State	Technology Fees	Building Use Fees	Cost for 12 SCH Out-of-State	Increase from Prior Year Out-of-State
Summer I & II 2011 \$	8.25	120.00	5.00	13.00	1,755.00	23.42%
Fall & Spring 2011	8.25	95.00	5.00	10.25	1,422.00	2.60%
2010	8.25	95.00	5.00	7.25	1,386.00	3.51%
2009	8.25	90.00	5.00	7.25	1,339.00	0.00%
2008	8.25	90.00	5.00	7.25	1,339.00	26.08%
2007	8.25	70.00	3.00	7.25	1,062.00	15.69%
2006	8.25	60.00	1.00	7.25	918.00	1.32%
2005	8.25	60.00	1.00	6.25	906.00	0.00%
2004	8.25	60.00	1.00	6.25	906.00	0.00%
2003	8.25	60.00	1.00	6.25	906.00	0.00%
2002	8.25	60.00	1.00	6.25	906.00	

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

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

Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)		Debt Service (a)	Total (a)
					Operations (a)	Debt Service (a)		
2010-11	\$ 1,916,219,239	\$ 5,541,642	\$ 1,910,677,597	99.71%	\$	\$	-	\$
2009-10	1,843,114,815	7,817,048	1,835,297,767	99.58%			-	
2008-09	1,812,568,169	4,270,010	1,808,298,159	99.76%			-	
2007-08	1,675,745,594	1,802,289	1,673,943,305	99.89%			-	
2006-07	1,570,255,446	4,662,012	1,565,593,434	99.70%			-	
2005-06	1,443,317,414	2,874,294	1,440,443,120	99.80%			-	
2004-05	1,306,723,643	8,009,032	1,298,714,611	99.39%			-	
2003-04	1,230,506,908	1,445,646	1,229,061,262	99.88%			-	
2002-03	1,162,367,328	849,507	1,161,517,821	99.93%			-	
2001-02	1,170,916,833	293,020	1,170,623,813	99.97%			-	

Direct Rate

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



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

Appropriation per FTSE		Appropriation per Contact Hour					
Fiscal Year	State Appropriation*	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (b)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2010-11	\$ 7,153,135	10,028	\$ 713.32	1,923,424	544,000	2,467,424	\$ 2.90
2009-10	7,221,296	9,849	733.20	1,889,904	520,672	2,410,576	3.00
2008-09	7,704,531	8,519	904.39	1,621,477	438,704	2,060,181	3.74
2007-08	7,704,532	8,029	959.59	1,530,320	454,736	1,985,056	3.88
2006-07	7,704,532	8,204	939.12	1,582,855	455,808	2,038,663	3.78
2005-06	7,704,532	8,454	911.35	1,631,944	463,776	2,095,720	3.68
2004-05	6,298,364	8,867	710.32	1,718,906	470,070	2,188,976	2.88
2003-04	6,298,468	8,286	760.13	1,630,736	492,752	2,123,488	2.97
2002-03	5,861,801	7,423	789.68	1,447,024	457,568	1,904,592	3.08
2001-02	6,276,106	6,619	948.20	1,252,656	385,824	1,638,480	3.83

**Notes:**

\*Includes appropriation for education and general state support  
 FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 12

(a) Source Estudios Enterprise Reports: Attempted Credits by Term  
 (b) Source CBM001

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

Taxpayer	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Southwestern Bell Telephone Company	\$ 12,345,904	\$ 14,103,191	\$ 9,824,125	\$ 11,403,465	\$ 10,989,160	\$ 11,199,690	\$ 10,814,330	\$ 12,771,200	\$ 13,502,980	\$ 13,554,840
Bailey Four Canyon Ranch Prop Ltd	16,138,063									
Del Monte Foods	22,209,541	21,868,060	21,868,060							
Sage Energy			15,741,230							
Texas American Resources	8,823,811							8,524,850	7,813,290	7,683,500
Vulcan Construction Materials	7,901,360	8,116,360	9,752,800	8,396,820	7,342,860	7,500,990	6,495,800	7,240,663	6,897,025	6,605,214
Briscoe Ranch Inc.	10,376,612	9,773,262	9,988,117	8,172,035	8,216,849	7,903,122	7,730,502	3,737,275		
Wal Mart Stores Texas LP	16,048,422	17,094,269	17,346,553	17,166,499	17,837,964	18,503,555				
General Tire Inc	6,689,108	7,863,003	7,905,340	5,542,708	4,988,323		5,122,433	5,486,159	5,527,096	5,445,269
First State Bank of Uvalde		5,729,035		5,875,736	6,157,146	5,793,588	3,987,634			3,457,596
Umphrey Family Ltd., Partnership	5,895,907	5,730,269								
Union Pacific Railroad	17,983,340	16,659,470	14,746,250	13,511,620	13,064,480	9,494,000	9,559,810	8,125,700	7,053,660	5,981,800
H E Butt Grocery Company							4,091,285	3,765,924	3,766,800	3,889,686
Williamson Dickie MFG Co	8,327,822	7,588,377	7,592,209	7,807,100	5,353,020	6,794,943	6,934,264	4,769,028	4,922,767	4,320,657
AEP Texas Central Co	17,652,091	18,175,900	11,445,590		11,184,090	9,426,300	8,565,780	8,391,400	7,723,180	6,795,970
Food Machinery International										
Rush Truck Leasing								5,713,400	3,820,930	3,541,720
Chaparosa Enterprises, LP	9,458,093	8,181,466	8,260,913	8,165,895	8,009,617					
Martin Marietta Materials	7,761,830	9,465,000	8,112,850	7,743,100	7,135,380	8,176,160	3,738,190			
Raul Gomez and Enrique Davila			27,890,224							
	\$ 167,621,904	\$ 150,347,662	\$ 156,404,917	\$ 121,675,202	\$ 100,278,889	\$ 84,692,348	\$ 67,040,028	\$ 68,535,589	\$ 65,566,135	\$ 61,286,252

Total Taxable Assessed Value \$ 1,910,677,597 \$ 1,835,297,767 \$ 1,808,298,159 \$ 1,673,943,305 \$ 1,565,593,434 \$ 1,440,443,120 \$ 1,229,061,262 \$ 1,161,517,821 \$ 1,170,623,813

Taxpayer	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Southwestern Bell Telephone Company	0.65%	0.77%	0.54%	0.68%	0.70%	0.78%	0.83%	1.04%	1.16%	1.16%
Bailey Four Canyon Ranch Prop Ltd	0.84%									
Del Monte Foods	1.16%	1.19%	1.21%							
Sage Energy			0.87%							
Texas American Resources	0.46%		0.77%							
Vulcan Construction Materials	0.41%	0.44%	0.54%	0.50%	0.47%	0.52%	0.50%	0.69%	0.67%	0.66%
Briscoe Ranch Inc.	0.54%	0.53%	0.55%	0.49%	0.52%	0.54%	0.60%	0.59%	0.59%	0.56%
Wal Mart Stores Texas LP	0.84%	0.93%	0.96%	1.03%	1.14%	1.28%	0.30%	0.30%	0.48%	0.00%
General Tire Inc	0.35%	0.43%	0.44%	0.33%	0.32%	0.40%	0.39%	0.45%	0.48%	0.47%
First State Bank of Uvalde	0.00%	0.31%		0.35%	0.39%	0.40%	0.31%	0.00%	0.30%	0.30%
Umphrey Family Ltd., Partnership	0.31%	0.91%								
Union Pacific Railroad	0.94%	0.91%	0.82%	0.81%	0.83%	0.66%	0.74%	0.66%	0.61%	0.51%
H E Butt Grocery Company	0.44%	0.41%	0.42%	0.47%	0.34%	0.47%	0.32%	0.31%	0.32%	0.33%
Williamson Dickie MFG Co	0.92%	0.99%	0.63%	0.47%	0.71%	0.65%	0.53%	0.39%	0.42%	0.37%
AEP Texas Central Co							0.66%	0.68%	0.66%	0.58%
Food Machinery International								0.33%	0.33%	0.30%
Rush Truck Leasing								0.46%	0.39%	0.00%
Chaparosa Enterprises, LP	0.50%	0.45%	0.46%	0.49%	0.51%	0.57%	0.29%			0.00%
Martin Marietta Materials	0.41%	0.52%	0.45%	0.46%	0.46%					
Raul Gomez and Enrique Davila			1.67%	1.67%						
	8.77%	8.19%	8.65%	7.27%	6.41%	5.88%	5.16%	5.28%	5.64%	5.24%

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

Fiscal Year Ended August 31,	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections Year of Levy (c)	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
				Levy	Percentage			
2011	\$ 2,421,647	\$ -	\$ 2,421,647	\$ 2,297,451	94.87%	\$ -	\$ 2,382,610	98.39%
2010	2,315,903	(100)	2,315,803	2,196,203	94.84%	-	2,294,029	99.06%
2009	1,983,622	-	1,983,622	1,866,202	94.08%	-	1,952,198	98.42%
2008	1,800,038	-	1,800,038	1,729,130	96.06%	-	1,818,780	101.04%
2007	1,799,937	-	1,799,937	1,689,185	93.85%	-	1,739,496	96.64%
2006	1,575,444	-	1,575,444	1,480,404	93.97%	-	1,540,813	97.80%
2005	1,374,191	-	1,374,191	1,331,294	96.88%	-	1,394,831	101.50%
2004	1,106,155	-	1,106,155	998,498	90.27%	-	1,053,297	95.22%
2003	1,045,683	-	1,045,683	1,008,883	96.48%	-	1,008,883	96.48%
2002	660,202	-	660,202	615,170	93.18%	-	637,895	96.62%

Source: Local Tax Assessor/Collector and District records.

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

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

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

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

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

Total Collections = c + d + e

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

	For the Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>General Bonded Debt</b>										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	-	-	-	-	-	-	-	-	-	-
<b>Other debt</b>										
Revenue bonds	8,225,000	8,450,000	8,665,000	8,870,000	9,000,000	9,000,000	-	-	-	-
Notes	718,984	832,741	944,624	834,000	918,000	1,000,000	876,166	135,000	195,000	250,000
Capital lease obligations	536,685	153,522	-	13,807	67,778	119,293	168,864	-	-	-
Total Outstanding Debt	\$ 9,480,669	\$ 9,436,263	\$ 9,609,624	\$ 9,717,807	\$ 9,985,778	\$ 10,119,293	\$ 1,045,030	\$ 135,000	\$ 195,000	\$ 250,000

**General Bonded Debt Ratios**

Per Capita	-
Per FTSE	-
As a percentage of Taxable Assessed Value	-

**Total Outstanding Debt Ratios**

Per Capita	\$ 229	\$ 228	\$ 234	\$ 236	\$ 237	\$ 242	\$ 25	\$ 3	\$ 5	\$ 6
Per FTSE	984	851	1,224	1,306	1,132	1,124	120	16	25	39
As a percentage of Taxable Assessed Value	0.50%	0.51%	0.53%	0.58%	0.64%	0.70%	0.08%	0.01%	0.02%	0.02%

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

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

For the Year Ended August 31,

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Taxable Assessed Value	\$ 1,910,677,597	\$ 1,843,114,815	\$ 1,808,298,159	\$ 1,673,943,305	\$ 1,565,593,434	\$ 1,440,443,120	\$ 1,298,714,611	\$ 1,229,061,262	\$ 1,161,517,821	\$ 1,170,623,813
<b>General Obligation Bonds</b>										
Statutory Tax Levy Limit for Debt Service	9,553,388	9,215,574	9,041,491	8,369,717	7,827,967	7,202,216	6,493,573	6,145,306	5,807,589	5,853,119
Less Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	9,553,388	9,215,574	9,041,491	8,369,717	7,827,967	7,202,216	6,493,573	6,145,306	5,807,589	5,853,119
Current Year Debt Service Requirements	-	-	-	-	-	-	-	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 9,553,388	\$ 9,215,574	\$ 9,041,491	\$ 8,369,717	\$ 7,827,967	\$ 7,202,216	\$ 6,493,573	\$ 6,145,306	\$ 5,807,589	\$ 5,853,119
Net Current Requirement as a % of Statutory Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues										Debt Service Requirements		
	Tuition	Technology Fee	Registration Fees	Laboratory Fees	Community Education Fees	Interest Income	Vending Commission	Dorm Rental	Total	Principal	Interest	Total	Coverage Ratio
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2010	256,130	-	-	-	-	-	-	-	256,130	-	-	-	-
2009	460,988	-	-	-	-	-	-	-	460,988	-	-	-	-
2008	65,908	-	-	-	-	-	-	-	65,908 *	-	-	-	-
2007	35,138	-	-	-	-	-	-	-	35,138 *	-	-	-	-
2006	-	-	-	-	-	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-	-	-	-	-	-	-

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

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

<b>Calendar Year</b>	<b>District Population</b>	<b>District Personal Income (\$1,000's)</b>	<b>District Personal Income per Capita</b>	<b>District Unemployment Rate</b>
2010	41,391	**	**	10.7%
2009	41,321	1,090,333	26,387	10.4%
2008	41,014	990,849	24,159	6.8%
2007	41,211	923,571	22,411	6.4%
2006	41,181	885,851	21,511	7.2%
2005	40,993	839,167	20,471	7.2%
2004	40,762	803,622	19,715	8.3%
2003	40,783	773,952	18,977	9.1%
2002	40,923	725,407	17,726	8.9%
2001	40,516	698,408	17,238	8.0%

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

**Sources**

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

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

<b>Employer</b>	<b>Number of Employees</b>	<b>% of Total Employment*</b>
Del Monte Foods	500-999	4%
Ralph & Diana Ramon (Fruits & Vegetables-wholesale )	500-999	4%
Uvalde Memorial Hospital	500-999	4%
Amistad Nursing and Rehab Ctr	100-499	2%
Community Council - Southwest Texas	100-499	2%
Crystal City Correctional Ctr	100-499	2%
Friends of the Frio	100-499	2%
HEB Foods (Uvalde)	100-499	2%
Sabinal High School	100-499	2%
Southwest Texas Junior College	100-499	2%
Statewide Transport	100-499	2%
Thomas Rivera Elementary School	100-499	2%
Uvalde County	100-499	2%
Uvalde High School	100-499	2%
Walmart Supercenter (Uvalde)	100-499	2%
Williamson-Dickie Mfg Co	100-499	2%
<b>Labor force (average of monthly estimates, Oct 2010-Sept 2011)</b>		

**Sources:**

Texas Workforce Commission  
Socrates Employer Search

\*Exact number of employees is confidential and not available.

\*\*Percentages based on midpoint of interval



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

	Fall Semester*							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Faculty</b>								
Full-Time	115	112	114	114	119	113	104	99
Part-Time	86	62	77	72	82	89	102	117
<b>Total</b>	<b>201</b>	<b>174</b>	<b>191</b>	<b>186</b>	<b>201</b>	<b>202</b>	<b>206</b>	<b>216</b>
<b>Percent</b>								
Full-Time	57%	64%	60%	61%	59%	56%	50%	46%
Part-Time	43%	36%	40%	39%	41%	44%	50%	54%
<b>Staff &amp; Administrators</b>								
Full-Time	210	229	203	204	185	171	171	155
Part-Time	90	193	74	43	47	34	49	34
<b>Total</b>	<b>300</b>	<b>422</b>	<b>277</b>	<b>247</b>	<b>232</b>	<b>205</b>	<b>220</b>	<b>189</b>
<b>Percent</b>								
Full-Time	70%	54%	73%	83%	80%	83%	78%	82%
Part-Time	30%	46%	27%	17%	20%	17%	22%	18%
<b>FTSE per Full-time Faculty</b>	<b>83.8</b>	<b>81.9</b>	<b>68.9</b>	<b>65.3</b>	<b>64.3</b>	<b>69.6</b>	<b>78.0</b>	<b>78.1</b>
<b>FTSE per Full-time Staff Member</b>	<b>45.9</b>	<b>40.1</b>	<b>38.7</b>	<b>36.5</b>	<b>41.4</b>	<b>46.0</b>	<b>47.4</b>	<b>49.9</b>
<b>Average Annual Faculty Salary**</b>	<b>\$ 48,602</b>	<b>\$ 46,177</b>	<b>\$ 45,859</b>	<b>\$ 46,430</b>	<b>\$ 44,915</b>	<b>\$ 42,350</b>	<b>\$ 41,827</b>	<b>\$ 40,981</b>

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

\*\*Source: IPEDS Salary Survey, weighted average full-time faculty salary over 9/10 month and 11/12 month contracts.

**SOUTHWEST TEXAS JUNIOR COLLEGE**  
**Statistical Supplement 15**  
**Enrollment Details**  
**Last Five Fiscal Years**  
**(Unaudited)**

Student Classification*	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours (freshmen)	4,379	73.00%	4,024	76.44%	3,237	69.27%	3,411	75.92%	3,946	82.76%
31-60 hours (sophomores)	1,318	21.97%	1,216	23.10%	1,158	24.78%	1,065	23.70%	808	16.95%
> 60 hours (assoc. & bacc.)	302	5.03%	24	0.46%	278	5.95%	17	0.38%	14	0.29%
<b>Total</b>	<b>5,999</b>	<b>100.00%</b>	<b>5,264</b>	<b>100.00%</b>	<b>4,673</b>	<b>100.00%</b>	<b>4,493</b>	<b>100.00%</b>	<b>4,768</b>	<b>100.00%</b>

\*excludes unclassified students

Semester Hour Load	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	12	0.19%	28	0.49%	15	0.31%	23	0.47%	27	0.54%
3-5 semester hours	1,311	21.03%	1,217	21.10%	1,121	22.83%	1,029	21.11%	1,037	20.65%
6-8 semester hours	1,663	26.67%	1,590	27.57%	1,171	23.85%	1,159	23.77%	1,165	23.20%
9-11 semester hours	727	11.66%	692	12.00%	744	15.15%	751	15.41%	741	14.76%
12-14 semester hours	2,060	33.04%	1,780	30.87%	1,412	28.76%	1,428	29.29%	1,552	30.90%
15-17 semester hours	357	5.73%	358	6.21%	336	6.84%	380	7.79%	406	8.08%
18 & over	105	1.68%	102	1.77%	111	2.26%	105	2.15%	94	1.87%
<b>Total</b>	<b>6,235</b>	<b>100.00%</b>	<b>5,767</b>	<b>100.00%</b>	<b>4,910</b>	<b>100.00%</b>	<b>4,875</b>	<b>100.00%</b>	<b>5,022</b>	<b>100.00%</b>

Average course load

8.9

8.9

9.0

9.20

Tuition Status	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	1,504	24.19%	1,450	25.22%	1,268	25.82%	1,215	24.92%	1,323	26.34%
Texas Resident (Out-of-District)	4,559	73.32%	4,177	72.66%	3,504	71.36%	3,546	72.74%	3,595	71.59%
Non-Resident Tuition	155	2.49%	122	2.12%	138	2.81%	114	2.34%	104	2.07%
<b>Total</b>	<b>6,218</b>	<b>100.00%</b>	<b>5,749</b>	<b>100.00%</b>	<b>4,910</b>	<b>100.00%</b>	<b>4,875</b>	<b>100.00%</b>	<b>5,022</b>	<b>100.00%</b>

Source: CBM001



**SOUTHWEST TEXAS JUNIOR COLLEGE**  
**Statistical Supplement 17**

**Transfers to Senior Institutions**

**SWJTC Students Found as First-Time Transfers In Fall 2010**  
**(Includes only public senior colleges in Texas)**

	Transfer Student Count					Total of all		% of all SWTJC
	Associate Degree Academic	Associate Degree Technical	Certificate	No Award	Core Completion	SWTJC Transfer Students	Transfer Students	
Angelo State University	2	0	0	5	0	7	7	2%
Sul Ross State University - Rio Grande College	92	8	1	68	21	190	190	52%
Texas A&M International University	2	0	0	4	1	7	7	2%
Texas A&M University at Kingsville	6	0	1	10	3	20	20	5%
Texas A&M University at San Antonio	1	3	0	4	0	8	8	2%
Texas State University	5	0	0	20	4	29	29	8%
Texas Tech University	2	0	0	3	1	6	6	2%
The University of Texas at San Antonio	15	0	0	38	5	58	58	16%
The University of Texas--Pan American	3	0	0	2	0	5	5	1%
Other Public 4-Year Institution	10	0	0	20	4	34	34	9%
<b>Totals</b>	<b>138</b>	<b>11</b>	<b>2</b>	<b>174</b>	<b>39</b>	<b>364</b>	<b>364</b>	<b>100%</b>

**Source:**  
 THECB Transfer Report

Students reported here completed at least 30 hours with SWTJC in the six years prior to their initial enrollment at the listed institution in Fall 2010.

**SOUTHWEST TEXAS JUNIOR COLLEGE**  
**Statistical Supplement 18**  
**Capital Asset Information**  
**Fiscal Years 2007 to 2011**

	Fiscal Year				
	2011	2010	2009	2008	2007
Academic buildings	31	30	30	29	28
Square footage	260,936	259,136	259,136	257,536	222,883
Libraries	3	3	3	3	3
Square footage	25,466	25,466	25,466	25,466	25,466
Administrative and support buildings	6	6	6	6	5
Square footage	48,597	48,597	48,597	48,597	31,248
Dormitories	2	2	2	2	2
Square footage	50,146	50,146	50,146	50,146	50,146
Number of beds	256	256	256	256	256
Dining facilities*	1	1	1	1	1
Square footage	35,770	35,770	35,770	35,770	35,770
Average daily customers	600	600	600	600	600
Athletic facilities	2	2	2	2	2
Square footage	38,338	38,338	38,338	38,338	38,338
Plant facilities	4	4	4	4	4
Square footage	18,482	18,482	18,482	18,482	18,482
Transportation					
Cars/vans	64	65	64	59	59
Light trucks/other	28	28	27	28	28

\* Includes all of student center

Data includes property leased from SWTJC Foundation, Inc.