

South Plains College
Levelland, Texas

Annual Financial Report
August 31, 2012

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SOUTH PLAINS COLLEGE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2012

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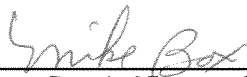
**SOUTH PLAINS COLLEGE
CERTIFICATE OF BOARD OF REGENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

We, the undersigned, certify that the attached annual financial report of South Plains College was reviewed and was (check one):

Approved Disapproved

for the year ended August 31, 2011, at a meeting of the Board of Regents of South Plains College on the

15th day of November, 2012



Signature Board of Regents President



Signature Board of Regents Secretary

If the Board of Regents disapproved of the annual financial report, the reason(s) for disapproving it is (are):

**SOUTH PLAINS COLLEGE
ORGANIZATIONAL DATA
AUGUST 31, 2012**

Board of Regents

Officers

Mike Box
Bobby G. Neal
Linda Patton

Chairman
Vice-Chairman
Secretary

Members

		<u>Term Expires</u>
Mike Box	Sundown, Texas	2016
William Clements	Levelland, Texas	2018
Ronny Alexander	Levelland, Texas	2014
Ken Williams	Levelland, Texas	2014
Bobby G. Neal	Whiteface, Texas	2014
Linda Patton	Levelland, Texas	2018
Alton C. Pettiet	Ropesville, Texas	2018

Executive Administration

Dr. Kelvin Sharp
Anthony G. Riley, Jr., CPA, MBA
Jim Walker, MPA
Stephen John, MBA
Cathy Mitchell, MED
Teresa Green, CPA

President
Vice-President for Finance and Administration
Vice-President for Academic Affairs
Vice-President for Institutional Advancement
Vice-President for Student Affairs
Controller

FINANCIAL SECTION

KEITH DOWNS, C.P.A.
RUSS PINKERTON, C.P.A.

PATE, DOWNS & PINKERTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
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P.O. BOX 1255 1008 AUSTIN STREET LEVELLAND, TX 79336
EMAIL: pdpllp@pdpllp.com

November 15, 2012

Independent Auditor's Report

Board of Regents
South Plains College
1401 S. College Avenue
Levelland, Texas 79336

Members of the Board:

We have audited the accompanying financial statements of South Plains College and the discretely presented component unit, as of and for the years ended August 31, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of South Plains College's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State of Texas Single Audit Circular. Those standards require that we plan and perform the audit 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of South Plains College and the discretely presented component unit as of August 31, 2012 and 2011, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2012, on our consideration of South Plains College'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 *Government 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 on pages 5 through 11 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Plains College's financial statements. The other supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, and Local Governments and Non-Profit Organizations and the Texas Single Audit Circular*, and is also not a required part of the financial statements of South Plains College. The other supplementary information and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 other supplementary information and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Plains College's financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

Pate, Downs & Pinkerton, LLP

Pate, Downs & Pinkerton, LLP

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of South Plains College's annual financial report presents our discussion and analysis of the College's financial performance during the fiscal year ended August 31, 2012. Please read it in conjunction with the College's financial statements, which follow this section.

This section provides an overview of financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues. While maintaining its financial health is crucial to the long-term viability of the College, the primary mission of South Plains College, as a public institution of higher education, is to provide education and public service. Therefore, net assets are accumulated only as required to ensure that there are sufficient reserve funds for future operations and implementation of new programs.

FINANCIAL HIGHLIGHTS 2012-2010					
	<u>2012</u>	<u>2011</u>	<u>% CHANGE</u>	<u>2010</u>	<u>% CHG.2012</u>
REVENUES					
OPERATING REVENUES	\$ 17,999,473	\$ 18,511,834	-2.8%	\$ 20,209,989	-10.9%
NON-OPERATING REVENUES	\$ 44,420,274	\$ 46,919,894	-5.3%	\$ 43,998,041	1.0%
TOTAL	\$ 62,419,747	\$ 65,431,728	-4.6%	\$ 64,208,030	-2.8%
EXPENSES					
OPERATING EXPENSES	\$ 60,776,727	\$ 61,255,593	-0.8%	\$ 59,654,665	1.9%
NON-OPERATING EXPENSES	\$ 313,173	\$ 68,754	355.5%	\$ 99,715	214.1%
TOTAL	\$ 61,089,900	\$ 61,324,347	-0.4%	\$ 59,754,380	2.2%
INCREASE IN NET ASSETS	\$ 1,643,020	\$ 4,107,381	-60.0%	\$ 4,453,650	-63.1%
TOTAL NET ASSETS	\$ 53,864,851	\$ 52,302,758	3.0%	\$ 48,195,377	11.8%
CURRENT ASSETS	\$ 19,248,306	\$ 19,121,685	0.7%	\$ 18,573,784	3.6%
CURRENT LIABILITIES	\$ 7,792,582	\$ 7,713,492	1.0%	\$ 7,831,522	-0.5%
CURRENT RATIO	2.47	2.5	-0.4%	2.4	0.1

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis (required supplementary information)*, the *basic financial statements*, and *other supplementary information*. The basic financial statements include the Statement of Net Assets (Exhibit 1); Statement of Revenues, Expenses, and Changes in Net Assets (Exhibit 2); Statement of Cash Flows (Exhibit 3); and the Notes to the Financial Statements.

One of the most important questions asked about the College's finances is "Is the College as a whole better off or worse off as a result of the year's activities?" The basic financial statements mentioned above report information about the College as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets, and the Statement of Revenues, Expenses, and Changes in Net Assets, report the College's net assets and changes in them. You can think of the College's net assets – the difference between assets and liabilities – as one way to measure the College's financial health, or solvency. Over time, increases or decreases in the College's net assets are one indicator of whether its financial health is improving or deteriorating.

You will need to consider other non-financial factors, however, such as changes in the College's property tax base, enrollment levels, State funding, and the condition of the College's facilities.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *other supplementary information* that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE

The College's combined net assets were \$53.9 million at August 31, 2012
 . (See Table A-1).

TABLE A-1
SOUTH PLAINS COLLEGE'S NET ASSETS
(In millions)

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>	<u>% CHANGE</u>	<u>2010</u>	<u>% CHG, 2012</u>
CURRENT AND OTHER ASSETS	\$ 19.2	\$ 19.1	<u>0.5%</u>	\$ 18.6	<u>3.2%</u>
CAPITAL ASSETS	\$ 49.2	\$ 44.2	<u>11.3%</u>	\$ 39.2	<u>25.5%</u>
TOTAL	\$ 68.4	\$ 63.3	8.1%	\$ 57.8	18.3%
<u>LIABILITIES</u>					
LONG TERM DEBT OUTSTANDING	\$ 6.8	\$ 3.3	<u>108.6%</u>	\$ 1.8	<u>277.8%</u>
OTHER LIABILITES	\$ 7.8	\$ 7.7	<u>1.3%</u>	\$ 7.8	<u>0.0%</u>
TOTAL	\$ 14.6	\$ 11.0	33.2%	\$ 9.6	52.1%
<u>NET ASSETS</u>					
INVESTED IN CAPITAL ASSETS					
NET OF DEBT	\$ 41.6	\$ 40.1	<u>3.7%</u>	\$ 37.2	<u>11.8%</u>
RESTRICTED	\$ 1.3	\$ 1.2	<u>8.3%</u>	\$ 2.3	<u>-43.5%</u>
UNRESTRICTED	\$ 11.0	\$ 11.0	<u>0.0%</u>	\$ 8.7	<u>26.4%</u>
TOTAL NET ASSETS	\$ 53.9	\$ 52.3	3.1%	\$ 48.2	11.8%

Approximately 77% (2012), 82% (2011), and 85% (2010), of the College's **restricted** net assets represent amounts restricted for debt service. The \$11.0 million of **unrestricted net assets** for 2012 represents resources available to fund the programs of the College next year.

Changes in net assets. As Table A-1 illustrates, the College's net asset balance for FY2012 increased by 3.1% over FY 2011 and increased by 11.8% over the balance reported in FY 2010.

COLLEGE REVENUES:

The College's total revenues for FY2012 were \$62.4 million. Approximately 26% comes from State appropriations, 32% from Federal and State grants and contracts, 22% from tuition and fees, 17% from property taxes, and the remaining 3% from other sources. (Table A-2)

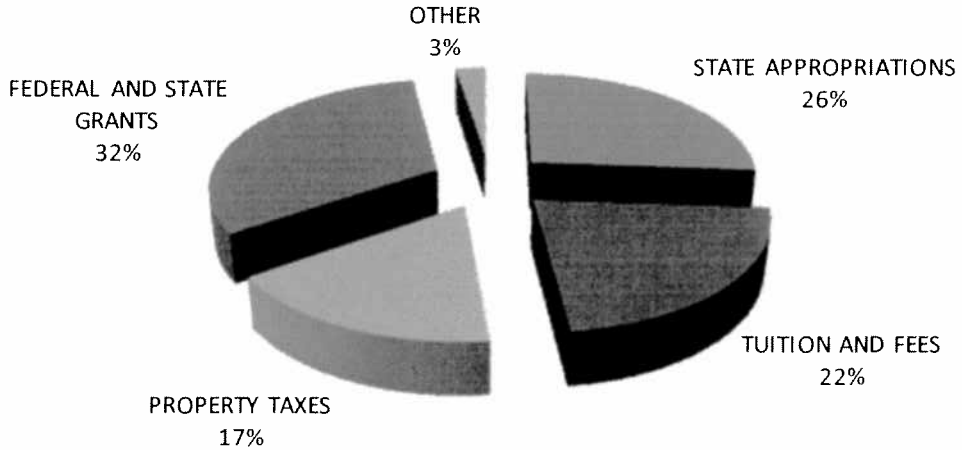
The College's total operating expenses were \$60.8 million. Approximately 83% of these expenses are for instruction and other student related expenses.

- Property tax revenues have remained stable.
- State appropriations amounts were reduced by 16% or \$2.6 million.
- A \$10 per semester hour fee increase was implemented.

**TABLE A-2
SOUTH PLAINS COLLEGE
SOURCES OF REVENUE
FY 2011
(In millions)**

REVENUE SOURCES(millions)	2012		2011		2010	
STATE APPROPRIATIONS	\$ 16.3	26.1%	\$ 18.9	28.9%	\$ 19.1	29.8%
TUITION AND FEES	\$ 13.8	22.1%	\$ 13.4	20.5%	\$ 13.3	20.7%
PROPERTY TAXES	\$ 10.7	17.1%	\$ 10.7	16.4%	\$ 9.6	15.0%
FEDERAL AND STATE GRANTS	\$ 20.0	32.1%	\$ 20.6	31.5%	\$ 20.2	31.4%
OTHER	\$ 1.6	2.6%	\$ 1.8	2.8%	\$ 2.0	3.1%
TOTAL	\$ 62.4	100.0%	\$ 65.4	100.0%	\$ 64.2	100.0%

REVENUE SOURCES-2012



**TABLE A-3
CHANGES IN THE NET ASSETS OF SOUTH PLAINS COLLEGE**

	<i>(EXPRESSED IN MILLION'S)</i>				
<u>OPERATING REVENUES</u>	<u>2012</u>	<u>2011</u>	<u>% CHANGE</u>	<u>2010</u>	<u>% CHG.2012</u>
TUITION AND FEES(NET OF DISCOUNTS)	\$ 13.8	\$ 13.4	3.0%	\$ 13.4	3.0%
FEDERAL GRANTS AND CONTRACTS	\$ 1.7	\$ 2.2	-22.7%	\$ 3.5	-51.4%
STATE GRANTS AND CONTRACTS	\$ 1.0	\$ 1.1	-9.1%	\$ 1.4	-28.6%
NON GOVERNMENTAL GRANTS AND CONTRACTS	\$ 0.09	\$ 0.2	-55.0%	\$ 0.2	-55.0%
SALES AND SERVICES EDUCATIONAL ACTIVITIES	\$ 0.1	\$ 0.2	-50.0%	\$ 0.2	-50.0%
AUXILIARY ENTERPRISES	\$ 1.3	\$ 1.3	0.0%	\$ 1.4	-7.1%
GENERAL OPERATING REVENUES	\$ -	\$ 0.1	-100.0%	\$ 0.06	-100.0%
TOTAL OPERATING REVENUES	\$ 18.0	\$ 18.5	-2.5%	\$ 20.2	-10.8%
<u>OPERATING EXPENSES</u>					
INSTRUCTION	\$ 26.3	\$ 26.6	-1.1%	\$ 26.0	1.2%
PUBLIC SERVICE	\$ 1.3	\$ 1.1	18.2%	\$ 1.1	18.2%
ACADEMIC SUPPORT	\$ 2.5	\$ 2.5	0.0%	\$ 2.3	8.7%
STUDENT SERVICES	\$ 6.3	\$ 6.3	0.0%	\$ 6.6	-4.5%
INSTITUTIONAL SUPPORT	\$ 4.9	\$ 4.8	2.1%	\$ 4.6	6.5%
OPERATING AND MAINTENANCE OF PLANT	\$ 5.6	\$ 5.5	1.8%	\$ 5.5	1.8%
SCHOLARSHIPS AND FELLOWSHIPS	\$ 9.1	\$ 10.1	-9.9%	\$ 9.4	-3.2%
AUXILIARY ENTERPRISES	\$ 2.5	\$ 2.5	0.0%	\$ 2.40	4.2%
DEPRECIATION	\$ 2.3	\$ 1.8	27.8%	\$ 1.8	27.8%
TOTAL OPERATING EXPENSES	\$ 60.8	\$ 61.3	-0.8%	\$ 59.7	1.8%
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
STATE APPROPRIATIONS	\$ 16.3	\$ 18.9	-13.8%	\$ 19.1	-14.7%
TAXES-MAINTENANCE AND OPERATIONS	\$ 10.7	\$ 10.7	0.0%	\$ 9.5	12.6%
FEDERAL REVENUE, NON-OPERATING	\$ 17.4	\$ 17.2	1.2%	\$ 15.3	13.7%
GIFTS	\$ 0.2	\$ -	100.0%	\$ -	0.0%
INVESTMENT INCOME		\$ -	0.0%	\$ -	0.0%
INTEREST ON CAPITAL RELATED DEBT	\$ (0.3)	\$ (0.01)	355.0%	\$ -	0.0%
OTHER	\$ 0.1	\$ 0.01	900.0%	\$ -	0.0%
TOTAL NON-OPERATING REVENUES (EXPENSES)	\$ 44.4	\$ 46.9	-5.4%	\$ 43.9	1.1%
INCREASE(DECREASE) IN NET ASSETS	\$ 1.6	\$ 4.1	-61.0%	\$ 4.4	-63.6%

Capital Assets

At the end of 2012, the College had invested \$93.1 million(excluding accumulated depreciation) in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$7.3 million or 8.5% over last year, The new dormitory, and additional space for Allied Health purchased from Gentry Square Shopping Center were the major projects undertaken. A detail listing of activity in the capital assets is presented in Table A-4.

TABLE A-4

CHANGES IN CAPITAL ASSETS (millions)	2012	2011	% CHANGE	2010	% CHG, 2010
LAND	\$ 1.7	\$ 1.7	0.0%	\$ 1.7	-
LIBRARY BOOKS	\$ 2.6	\$ 2.5	4.0%	\$ 2.4	8.3%
CONSTRUCTION IN PROGRESS	\$ 0.5	\$ 5.5	-90.9%	\$ 1.2	-58.3%
BUILDINGS	\$ 74.9	\$ 63.4	18.1%	\$ 62.1	20.6%
LAND IMPROVEMENTS	\$ 1.3	\$ 1.0	30.0%	\$ 1.0	30.0%
FURNITURE, MACHINERY, VEHICLES, OTHER EQUIP.	\$ 6.8	\$ 6.6	3.0%	\$ 6.3	7.9%
TELECOMMUNICATIONS AND PERIPHERAL EQUIPT.	\$ 5.3	\$ 5.1	3.9%	\$ 4.4	20.5%
TOTALS AT HISTORICAL COST	\$ 93.1	\$ 85.8	8.5%	\$ 79.1	17.7%
LESS ACCUMULATED DEPRECIATION	\$ (43.9)	\$ (41.7)	5.3%	\$ (39.9)	10.0%
NET CAPITAL ASSETS	\$ 49.2	\$ 44.1	11.5%	\$ 39.2	25.5%

Long Term Debt

At year-end the College had \$6.8 million in bonds outstanding as shown in Table A-5. More detailed information about the College's debt is presented in the notes to the financial statements.

Bond Ratings

The College's bonds presently carry "AAA" ratings with underlying ratings as follows:
Moody's Investor Services "A3" and Standard & Poor's "A".

	2012	2011	2010
Tuition Revenue Bonds Payable	\$ 6.8	\$ 3.3	\$ 1.8
Total long term debt	\$ 6.8	\$ 3.3	\$ 1.8

POSSIBLE FUTURE FINANCIAL EFFECTS ON COLLEGE OPERATIONS

Enrollment levels directly affect tuition and fee revenues and auxiliary enterprise sales, services, and fee revenues. Demographics (number of potential students) and the overall area economic condition also effect enrollment. South Plains College continues to experience a relatively stable enrollment. In the fall, 2012 semester, the College experienced an enrollment of 9,500 students a decrease of 8% enrollment from the fall 2011 semester. Enrollment decline was the norm for community colleges across the state this year. A student enrollment of 9,500-10,000 students is adequate for the College to sustain its present level of operations. The partnership with Texas Tech University still exists, and efforts from both parties are underway to hopefully increase enrollment for both institutions. Also, Distance Learning Centers in Denver City, Muleshoe, Crosbyton, and the Dental Regional Medical Center continue to attract students. Dual Credit enrollment continues to grow.

The State of Texas contributes a significant portion of the college's revenues through state appropriations for educational operations and health insurance. The 82nd Session of the Legislature was especially painful for community colleges as the legislative appropriation for the 2012-2013 biennium was cut severely. Educational appropriations were cut 18%, Health Insurance Appropriations were cut 50% and the 6% per employee TRS retirement contribution was cut by 50%. However, the 50% retirement fund cut is being legally challenged by the Texas Association of Community Colleges. There is a State of Texas Constitutional requirement that contributions to TRS by the state be based on overall **compensation** levels for each community college. The 82nd Legislature choose to ignore this requirement and instead funded retirement based on the amount of each colleges' **appropriation** which is less than one-half of the overall compensation amounts. So far there have been no requests for the colleges to fund the shortage which in essence would be against the law. The 9,500 enrollment levels and the judicious use of deferred maintenance funds for normal college operations, raising tuition/fee charges, and the increase in oilfield tax base values are the only reasons that SPC is not laying off employees and cutting back on course offerings. Hopefully the funding shortfall facing the legislature will abate during the next biennium and the funding cuts to community colleges can be restored. Whether that will happen is a matter of conjecture. Revenue estimates for the upcoming 83rd Legislature are expected to be in excess of revenues for the 82nd Legislature. However, some legislators have signed pledges to hold spending to 82nd Legislature levels.

- Investment income is affected by changes in interest rates and the stock market. Given the current state of the economy, markets, and interest rates, the outlook for the college's investment income is uncertain. At present, minimal returns are being earned on SPC's investments but the investment capital amounts are not experiencing any reduction in value. The college will continue with the stated policy of preserving capital first and maximizing investment returns second.
- The volatility of the oil and gas market will continue to affect the mineral tax base of the college.

AFFILIATED UNIT INFORMATION SOUTH PLAINS COLLEGE FOUNDATION

The South Plains College Foundation recorded a 13.3 percent increase in net assets over the prior period with total net assets of \$11,270,685.00. This increase was due in part to an 8.44 percent increase in short-term investments and a prior year adjustment of \$171,915.00 to account for the cash value of planned gifts held by the Foundation in the form of paid-up insurance policies. The Foundation distributed to the College \$538,950.00 in scholarship funds, \$211,850.00 in non-scholarship restricted grants, \$19,984.00 in unrestricted program support and \$35,363.00 in non-cash gift transfers, for total support of \$806,147.00. The Foundation's permanent endowment grew to a value of \$9,318,658.00 with 82 percent of funds permanently restricted. The Foundation's investment policy is twofold: 1) primarily to provide long-term growth in fund assets with preservation of capital and purchasing power; 2) secondarily to provide sufficient current income to support activities of the Foundation. The South Plains College Foundation is governed by a 27-member Board of Directors that is committed to a long-standing tradition of service to the students of South Plains College.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the President, the Vice President for Finance and Administration, or the Vice President for Institutional Advancement.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
AUGUST 31, 2012 AND AUGUST 31, 2011

ASSETS	2012	2011
Current Assets:		
Cash and cash equivalents	\$ 17,348,209	\$ 17,291,806
Accounts receivable (net)	1,900,097	1,829,879
Total Current Assets	<u>19,248,306</u>	<u>19,121,685</u>
Noncurrent Assets:		
Capital assets (net) (See Note 6)	49,208,270	44,159,897
Total Noncurrent Assets	<u>49,208,270</u>	<u>44,159,897</u>
Total Assets	<u><u>68,456,576</u></u>	<u><u>63,281,582</u></u>
LIABILITIES		
Current Liabilities:		
Accounts payable	534,300	743,029
Accrued liabilities	1,523,833	1,428,710
Funds held for others	631,190	597,476
Deferred revenues	4,253,259	4,094,277
Bonds payable - current portion	850,000	850,000
Total Current Liabilities	<u>7,792,582</u>	<u>7,713,492</u>
Noncurrent Liabilities:		
Bonds payable	6,799,143	3,265,332
Total Noncurrent Liabilities	<u>6,799,143</u>	<u>3,265,332</u>
Total Liabilities	<u>14,591,725</u>	<u>10,978,824</u>
NET ASSETS		
Invested in capital assets, net of related debt	41,559,127	40,044,565
Restricted for:		
Expendable		
Student Aid	262,692	218,946
Unexpended Bond Proceeds	-	2
Debt service	1,014,448	1,002,781
Nursing Program	32,905	-
Unrestricted	10,995,679	11,036,464
Total Net Assets (Schedule D)	<u><u>\$ 53,864,851</u></u>	<u><u>\$ 52,302,758</u></u>

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

SOUTH PLAINS COLLEGE
 SOUTH PLAINS COLLEGE FOUNDATION
 AFFILIATED ORGANIZATION
 STATEMENT OF FINANCIAL POSITION
 YEARS ENDED AUGUST 31, 2012 AND AUGUST 31, 2011

EXHIBIT 1

	<u>2012</u>	<u>2011</u>
Assets		
Cash and Cash Equivalents	\$ 845,121	\$ 617,918
Accrued Interest Receivable	1,574	2,782
Investments	10,239,575	9,270,294
Planned Gift Cash Value	171,915	162,211
Vacation Time Share	<u>12,500</u>	<u>12,500</u>
Total Assets	<u>11,270,685</u>	<u>10,065,705</u>
Liabilities		
Donation due to South Plains College	<u>50,000</u>	<u>-</u>
Total Liabilities	<u>50,000</u>	<u>-</u>
Net Assets		
Unrestricted	191,622	190,965
Temporarily Restricted	3,378,727	3,089,552
Permanently Restricted	<u>7,650,336</u>	<u>6,785,188</u>
Total Net Assets	<u>\$ 11,220,685</u>	<u>\$ 10,065,705</u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2012 AND AUGUST 31, 2011

Operating Revenues	<u>2012</u>	<u>2011</u>
Tuition and Fees (net of discounts of \$10,875,375 and \$9,422,827, respectively)	\$ 13,790,746	\$ 13,438,578
Federal Grants and Contracts	1,666,912	2,230,865
State Grants and Contracts	866,794	1,107,111
Non-Governmental Grants and Contracts	96,149	167,388
Sales and Services of Educational Activities	173,948	183,258
Investment Income - Program Restricted	791	932
Auxiliary Enterprises (net of discounts of \$524,128 & \$566,914)	1,338,651	1,329,924
General Operating Revenues	<u>65,482</u>	<u>53,778</u>
Total Operating Revenues (Schedule A)	<u>17,999,473</u>	<u>18,511,834</u>
 Operating Expenses		
Instruction	26,310,916	26,552,727
Public Service	1,158,428	1,126,881
Academic Support	2,545,433	2,512,323
Student Services	6,314,564	6,325,103
Institutional Support	4,900,805	4,808,151
Operation and Maintenance of Plant	5,570,170	5,520,282
Scholarships and Fellowships	9,129,034	10,136,308
Auxiliary Enterprises	2,517,177	2,450,323
Depreciation	<u>2,330,200</u>	<u>1,823,495</u>
Total Operating Expenses (Schedule B)	<u>60,776,727</u>	<u>61,255,593</u>
Operating Loss	<u>(42,777,254)</u>	<u>(42,743,759)</u>
 Non-Operating Revenues (Expenses)		
State Appropriations	16,341,226	18,905,652
Maintenance Ad Valorem Taxes	10,657,240	10,651,591
Federal Revenue, Non Operating	17,419,055	17,241,996
Gifts	212,500	-
Gifts in Kind	40,699	21,865
Investment income	58,384	60,892
Interest on Capital Related Debt	(313,173)	(68,754)
Gain/(Loss) on Disposal of Fixed Assets	4,343	37,874
Realized Gain on Sale of Investment	<u>-</u>	<u>24</u>
Net Non-Operating Revenues (Schedule C)	<u>44,420,274</u>	<u>46,851,140</u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2012 AND AUGUST 31, 2011

Increase in Net Assets	1,643,020	4,107,381
Net Assets		
Net Assets - Beginning of Year	52,302,758	48,195,377
Prior period adjustment (Note 2)	(80,927)	-
Net Assets - End of Year	<u>\$ 53,864,851</u>	<u>\$ 52,302,758</u>

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

SOUTH PLAINS COLLEGE
SOUTH PLAINS COLLEGE FOUNDATION
AFFILIATED ORGANIZATION
STATEMENT OF ACTIVITIES
YEARS ENDED AUGUST 31, 2012 AND AUGUST 31, 2011

EXHIBIT 2

	<u>2012</u>	<u>2011</u>
Revenue		
Cash Gifts	\$ 981,793	\$ 1,162,802
Non-Cash Gifts	35,636	34,365
Fund Raising Revenue	198,492	166,520
Investment Income	221,001	190,520
Realized Capital Gain	54,972	62,218
Planned Gift Change in Value	9,705	14,706
Unrealized Capital Gain	564,059	565,606
Total Revenue	<u>2,065,658</u>	<u>2,196,737</u>
Expense		
Scholarships	538,951	467,823
Fund Raising Expenses	46,341	42,303
Legal Expenses	-	5,653
Planned Gift Expenses	6,711	6,711
Non-Scholarship Restricted Grants	211,850	75,520
Unrestricted Program Support	19,984	5,083
Non-Cash Gift in Kind	35,636	21,865
Other Expenses	51,205	41,926
Total Expenses	<u>910,678</u>	<u>666,884</u>
Change in Net Assets	1,154,980	1,529,853
Net Assets at beginning of year	10,065,705	8,388,349
Prior Period Adjustment (Note2)	<u>-</u>	<u>147,503</u>
Net Assets at end of year	<u>\$ 11,220,685</u>	<u>\$ 10,065,705</u>

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

STATEMENT OF CASH FLOWS
YEARS ENDED AUGUST 31, 2012 AND AUGUST 31, 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	\$ 15,425,264	\$ 14,432,185
Receipts from grants and contracts	2,363,778	3,777,347
Payments to suppliers for goods and services	(11,263,916)	(10,736,199)
Payments to or on behalf of employees	(35,724,602)	(34,128,373)
Payments for scholarships and fellowships	(9,503,828)	(10,456,449)
Other receipts	66,273	54,710
Net cash used by operating activities	<u>(38,637,031)</u>	<u>(37,056,779)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from state appropriations	14,321,014	14,774,002
Receipts from ad valorem taxes	10,739,770	10,609,105
Receipts from Non Operating Federal Revenue	17,419,055	17,241,996
Receipts from Gifts	212,500	-
Net cash provided by noncapital financing activities	<u>42,692,339</u>	<u>42,625,103</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds on issuance of capital debt	4,384,338	4,115,332
Purchases of capital assets	(7,366,010)	(6,849,007)
Proceeds from sale of capital assets	4,343	37,874
Payments on capital debt - principal	(850,527)	(1,980,000)
Payments on capital debt - interest	(238,067)	(41,503)
Net cash used by capital and related financing activities	<u>(4,065,923)</u>	<u>(4,717,304)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment earnings	<u>67,018</u>	<u>52,522</u>
Net cash provided by investing activities	<u>67,018</u>	<u>52,522</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>56,403</u>	<u>903,542</u>
CASH AND CASH EQUIVALENTS—September 1	<u>17,291,806</u>	<u>16,388,264</u>
CASH AND CASH EQUIVALENTS—August 31	<u>\$ 17,348,209</u>	<u>\$ 17,291,806</u>

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

STATEMENT OF CASH FLOWS
YEARS ENDED AUGUST 31, 2012 AND AUGUST 31, 2011

	<u>2012</u>	<u>2011</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (42,777,254)	\$ (42,743,759)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation expense	2,330,200	1,823,495
Bad debt expense	166,728	153,861
Gift in kind expenditure	28,136	11,865
Payments made directly by state for benefits (TRS)	2,020,212	4,131,650
Changes in assets and liabilities:		
Receivables (net)	(328,110)	252,658
Accounts payable	(208,729)	(382,054)
Accrued liabilities	20,017	190,656
Deferred revenue	158,982	(454,024)
Funds held for others	33,714	(41,127)
Prior period adjustment	(80,927)	-
Net cash used by operating activities	<u>\$ (38,637,031)</u>	<u>\$ (37,056,779)</u>

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

SOUTH PLAINS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

1. Reporting Entity

South Plains College District (a Texas Public Community College District) (the College) was established in 1958, in accordance with the laws of the State of Texas, to serve the educational needs of Hockley County and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. While the College 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

Reporting Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements and all applicable Financial Accounting Standards 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 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. 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 Governor's Office of Budget and Planning by December 1.

SOUTH PLAINS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

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. The governing board has designated public funds investment pools comprised of \$8,093,165 and \$8,378,804 at 2012 and 2011, respectively to be short term investments. Long-term investments have an original maturity of greater than one year at time of purchase.

Inventories

Inventories consist of consumable office supplies and physical plant supplies. Inventories are valued at cost and charged to expense when purchased, except for miscellaneous items purchased at year end which are more appropriately charged to the subsequent year.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College'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 and 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 expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, 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 five years for telecommunications and peripheral equipment.

Deferred Revenues

Tuition and fees of \$4,174,580 and \$3,967,413 and federal, state and local grants of \$78,679 and \$126,864 have been reported as deferred revenues at August 31, 2012 and 2011.

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 state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of the bookstore and the cafeteria are not performed by the College.

SOUTH PLAINS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Prior Year Restatement

Prior year restatements, in accordance with APB 20 that occurred in the current year consist of:

Refund of unearned funds in the Nursing Shortage Reduction Program – Under 70 program for FY 10-11 \$80,927

South Plains College Foundation:

Prior year accumulated cash value of life insurance \$147,503

3. Authorized Investments

South Plains 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

At August 31, 2012 and 2011, South Plains College’s deposits were covered by federal depository insurance or by collateral pledged in South Plains College’s name. The collateral was held by the College’s agent.

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

	Cash and Deposits			
	Primary Institution		Component Unit	
	2012	2011	2012	2011
Bank Deposits				
Demand Deposits	\$ 3,296,494	\$ 3,067,582	\$ 353,457	\$ 264,670
Savings and Money Market Accounts	4,205,057	4,117,980	468,467	181,260
Certificates of Deposit	1,748,036	1,723,110	23,197	171,988
Total Bank Deposits	\$ 9,249,587	\$ 8,908,672	\$ 845,121	\$ 617,918
Cash and Cash Equivalents				
Petty Cash on Hand	5,457	4,330	-	-
Investment Pool	8,093,165	8,378,804	-	-
Total (Exhibit 1)	\$ 17,348,209	\$ 17,291,806	\$ 845,121	\$ 617,918

SOUTH PLAINS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Reconciliation of Deposits and Investments to Exhibit 1

<u>Type of Security</u>	<u>Primary Institution</u>		<u>Component Unit</u>	
	<u>Market Value August 31, 2012</u>	<u>Market Value August 31, 2011</u>	<u>Market Value August 31, 2012</u>	<u>Market Value August 31, 2011</u>
Preferred Securities	\$ -	\$ -	\$ -	\$ -
Corporate Equities	-	-	498,026	508,018
U.S. Government Agencies	-	-	90,087	128,529
Corporate Bonds and Notes	-	-	-	-
Mutual Funds	-	-	9,496,695	8,633,747
Other	-	-	339,182	174,711
Totals	\$ -	\$ -	\$ 10,423,990	\$ 9,445,005
Total Cash and Deposits	\$ 17,348,209	\$ 17,291,806	\$ 845,121	\$ 617,918
Total Investments	-	-	10,423,990	9,445,005
Total Deposits and Investments	\$ 17,348,209	\$ 17,291,806	\$ 11,269,111	\$ 10,062,923
Cash and Cash Equivalents (Exhibit 1)	\$ 17,348,209	\$ 17,291,806	\$ 845,121	\$ 617,918
Investments (Exhibit 1)	-	-	10,423,990	9,445,005
Total Deposits and Investments	\$ 17,348,209	\$ 17,291,806	\$ 11,269,111	\$ 10,062,923

As of August 31, 2012, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weight Average Maturity (Years)</u>
Certificate of Deposit	\$ 1,748,036	.50
<u>Component Unit</u>		
Certificate of Deposit	23,197	.92

Portfolio Weighted Average Maturity .71

Interest Rate Risk - In accordance with state law and College policy, the College does not purchase any investments with maturities greater than 10 years.

Credit Risk - In accordance with state law and the College's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The College's credit ratings for its investments are as follows

<u>Type of Investment</u>	<u>Rating</u>
Money Market Accounts	Unrated
U.S. Government Securities	AAA
Corporate Equities	Unrated
U.S. Government Agencies	AAA
Corporate Bonds and Notes	AAA
Mutual Funds	Unrated

Concentration of Credit Risk - The College does not place a limit on the amount the College may invest in any one issuer. More than 5% of the Component Unit's investments are in Inst Multi-Strategy Equity Fund (54.25%) and Inst Multi-Strategy Bond Fund (31.5%).

SOUTH PLAINS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College did not invest in repurchase agreements.

5. Derivatives

South Plains College did not investment in derivatives during the year ended August 31, 2012.

6. Capital Assets

Capital assets activity for the year ended August 31, 2012, was as follows:

	Balance September 1, 2011	Increases	Decreases	Balance August 31, 2012
<u>Not Depreciated:</u>				
Land	\$ 1,735,342	\$ -	\$ -	\$ 1,735,342
Construction in Process	5,526,087	554,180	5,526,087	554,180
Subtotal	7,261,429	554,180	5,526,087	2,289,522
<u>Other Capital Assets:</u>				
Buildings	63,364,896	11,527,112	-	74,892,008
Land Improvements	1,025,471	263,510	-	1,288,981
Furniture, Machinery, Vehicles, and Other Equipment	6,617,070	246,693	18,525	6,845,238
Telecommunications and Peripheral Equipment	5,076,134	233,296	30,510	5,278,920
Library Books	2,476,988	118,531	37,155	2,558,364
Subtotal	78,560,559	12,389,142	86,190	90,863,511
<u>Accumulated Depreciation:</u>				
Buildings	31,101,823	1,201,298	-	32,303,121
Land Improvements	223,397	61,725	-	285,122
Furniture, Machinery, Vehicles, and Other Equipment	4,296,261	442,518	18,525	4,720,254
Telecommunications and Peripheral Equipment	3,714,835	454,102	29,003	4,139,934
Library Books	2,325,775	170,557	-	2,496,332
Subtotal	41,662,091	2,330,200	47,528	43,944,763
Net Other Capital Assets	36,898,468	10,058,942	38,662	46,918,748
Net Capital Assets	\$ 44,159,897	\$ 10,613,122	\$ 5,564,749	\$ 49,208,270

SOUTH PLAINS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Capital Assets Comparative

Capital assets activity for the year ended August 31, 2011, was as follows:

	Balance September 1, 2010	Increases	Decreases	Balance August 31, 2011
<u>Not Depreciated:</u>				
Land	\$ 1,735,342	\$ -	\$ -	\$1,735,342
Construction in Process	1,233,523	5,184,789	892,225	5,526,087
Subtotal	2,968,865	5,184,789	892,225	7,261,429
<u>Other Capital Assets:</u>				
Buildings	62,066,575	1,298,321	-	63,364,896
Land Improvements	983,864	41,607	-	1,025,471
Furniture, Machinery, Vehicles, and Other Equipment	6,252,754	364,316	-	6,617,070
Telecommunications and Peripheral Equipment	4,370,708	721,373	15,947	5,076,134
Library Books	2,422,766	90,563	36,341	2,476,988
Subtotal	76,096,667	2,516,180	52,288	78,560,559
<u>Accumulated Depreciation:</u>				
Buildings	30,367,260	734,563	-	31,101,823
Land Improvements	173,163	50,234	-	223,397
Furniture, Machinery, Vehicles, and Other Equipment	3,868,205	428,056	-	4,296,261
Telecommunications and Peripheral Equipment	3,283,146	445,510	13,821	3,714,835
Library Books	2,160,643	165,132	-	2,325,775
Subtotal	39,852,417	1,823,495	13,821	41,662,091
Net Other Capital Assets	36,244,250	692,685	38,467	36,898,468
Net Capital Assets	\$ 39,213,115	\$ 5,877,474	\$ 930,692	\$ 44,159,897

SOUTH PLAINS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

7. Long-term Liabilities

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

	Balance September 1, 2011	Additions	Reductions	Balance August 31, 2012	Current Portion
<u>Leases, Bonds and Notes</u>					
Revenue Bonds and Notes	\$ 4,115,332	\$ 4,384,338	\$ 850,527	\$ 7,649,143	\$ 850,000
Total Long-term Liabilities	\$ 4,115,332	\$ 4,384,338	\$ 850,527	\$ 7,649,143	\$ 850,000

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

	Balance September 1, 2010	Additions	Reductions	Balance August 31, 2011	Current Portion
<u>Leases, Bonds and Notes</u>					
Revenue Bonds and Notes	\$ 1,980,000	\$ 4,115,332	\$ 1,980,000	\$ 4,115,332	\$ 850,000
Total Long-term Liabilities	\$ 1,980,000	\$ 4,115,332	\$ 1,980,000	\$ 4,115,332	\$ 850,000

8. Debt and Lease Obligations

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

For the Year Ended August 31,	Revenue Bonds		
	Principal	Interest	Total
2013	850,000	345,732	1,195,732
2014	850,000	302,827	1,152,827
2015	850,000	262,452	1,112,452
2016	850,000	222,077	1,072,077
2017	850,000	181,702	1,031,702
2018	850,000	141,327	991,327
2019	850,000	100,952	950,952
2020	850,000	60,577	910,577
2021	849,143	20,222	869,365
TOTAL	\$ 7,649,143	1,637,868	9,287,011

SOUTH PLAINS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

9. Bonds Payable

Board of Regents of South Plains Junior College District Revenue Financing System Bonds, Series 2010.

Issued for the purpose of providing funds to acquire, purchase, construct, improve, renovate, enlarge, equip, operate, and/or maintain any property, buildings, structures, activities, operations, of any nature, for and on behalf of the Junior College owned and operated by the College, and paying the costs related thereto. Issued 12/09/2010 and maturing 10/15/2020 in the total amount of \$8,500,000. The source of revenues shall be no less than an amount equal to \$3.00 per semester hour for each enrolled student in both regular and summer semesters. If the College does need additional revenue, tuition will be pledged not to exceed 25% of the tuition charges collected from each enrolled student. Outstanding Balance at 8/31/12 is \$7,649,143. The Interest rate is 4.75%.

See note 7 for changes in long-term liabilities and note 8 for debt service requirements.

10. Advance Refunding Bonds

Not applicable.

11. Defeased Bonds Outstanding

Not applicable.

12. Short-term Debt

The College had no short-term debt at August 31, 2012.

13. Employees Retirement Plan

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

Teacher Retirement System of Texas

Plan Description. South Plains College 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 provision of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us, under the TRS Publications heading.

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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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 a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4 percent for Fiscal Years 2012 and 2011 and a state contribution rate of 6.0 percent and 6.644 percent for Fiscal Years 2012 and 2011. In certain instances the reporting district is required to make all or a portion of the state's 6.0 percent and 6.644 percent contribution for Fiscal Years 2012 and 2011.

SOUTH PLAINS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

Optional Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.40% and 6.65%, respectively. The college contributes 1.31 percent 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 \$738,602 and \$1,490,102 for the fiscal years ended August 31, 2012 and 2011 respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all College employees was \$27,350,218 and \$27,928,056 for fiscal years 2012 and 2011 respectively. The total payroll of employees covered by the Teacher Retirement System was \$14,185,779 and \$14,147,794, and the total payroll of employees covered by the Optional Retirement System was \$11,481,461 and \$12,027,154 for fiscal years 2012 and 2011, respectively.

14. 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.

As of August 31, 2012 the College had 365 employees participating in the program. 187 employees were vested as of August 31, 2012. A total of \$109,500 in contributions were invested in the plan during the fiscal year, bringing the total of deferred salaries and accumulated earnings of current employees to \$1,761,622 and creating a payable to the vested employee of \$1,519,780.

As of August 31, 2011, the College has 382 employees participating in the program. 189 employees were vested as of August 31, 2011. A total of \$114,900 in contributions were invested in the plan during the fiscal year, bringing the total of deferred salaries and accumulated earnings of current employees to \$1,636,941 and creating a payable to the vested employee of \$1,427,610.

15. Compensated Absences

The College has adopted a "Use it, or lose it" policy, and does not compensate for unused vacation or sick leave.

16. Pending Lawsuits and Claims

On August 31, 2012, the College has one lawsuit filed by a former employee for a breach of contract suit alleging the employee was terminated without proper cause. Settlement discussions are ongoing and because of insurance coverage the deductible on the policy of \$10,000 would be the maximum potential loss.

SOUTH PLAINS COLLEGE**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012****17. Disaggregation of Receivables and Payables Balances****Receivables**

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

	2012		2011
Student Receivables (Net of Allowance 1,835,628 and 1,596,753)	\$ 484,188	\$	502,265
Taxes Receivable (Net of Allowance 46,682 and 44,848)	210,715		293,245
Federal Receivable	548,414		506,910
State Receivable	271,111		131,918
Interest Receivable	86		8,734
Other Receivable	385,583		386,807
Total	\$ 1,900,097	\$	1,829,879

Payables

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

	2012		2011
Vendors Payable	\$ 534,300	\$	741,124
Salaries & Benefits Payable	1,384,555		1,364,538
Students Payable	631,190		597,476
Accrued Interest	139,278		64,172
Other Payable	-		1,905
Total	\$ 2,689,323	\$	2,769,215

18. Funds Held in Trust by Others

Not applicable.

19. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2012 and 2011 for which monies have not been received nor funds expended totaled \$4,230,009 and \$3,559,696. Of these amounts, \$3,832,617 and \$3,429,900 were from Federal Contract and Grant Awards; \$321,378 and \$55,282 were from State Contract and Grant Awards; \$76,014 and \$74,514 from Local Contract and Grant Awards; and \$0.00 and \$0.00 were from Private Contract and Grant Awards for the fiscal years ended 2012 and 2011 respectively.

SOUTH PLAINS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

20. Self-Insured Plans

The College has no self-insurance arrangements. The College has various commercial insurance policies to cover the various risks of loss.

21. 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 monthly contribution per full-time employee varied depending on coverage for the years ended August 31, 2012 and 2011. Total contributions for August 31, 2012 and 2011 were \$1,943,920 and \$3,369,836 (as adjusted) respectively. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees.

22. Ad Valorem Tax

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

At August 31:

	2012		2011	
Assessed Valuation of the College	\$	4,616,431,299	\$	4,671,020,222
Less: Exemptions		(337,293,977)		(328,202,796)
Add: Values Under Review		-		-
Net Assessed Valuation of the College	\$	4,279,137,322	\$	4,342,817,426

	2012			2011		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized Tax Rate per \$100 Valuation	0.400000	0.100000	0.500000	0.400000	0.100000	0.500000
Maximum per enabling legislation						
Assessed Tax Rate per \$100 valuation	0.247950	0.000000	0.247950	0.244230	0.000000	0.244230

SOUTH PLAINS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Taxes levied for the years ended August 31, 2012 and 2011, amounted to \$10,610,121 and \$10,606,463 respectively including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

	2012			2011		
	Current	Debt	Total	Current	Debt	Total
	<u>Operations</u>	<u>Service</u>		<u>Operations</u>	<u>Service</u>	
Current Taxes Collected	\$ 10,496,884	\$ -	\$ 10,496,884	\$ 10,493,719	\$ -	\$ 10,493,719
Delinquent Taxes Collected	145,135	-	145,135	83,414	-	83,414
Penalties and Interest Collected	87,642	-	87,642	74,458	-	74,458
Total Collections	\$ 10,729,661	\$ -	\$ 10,729,661	\$ 10,651,591	\$ -	\$ 10,651,591

Tax collections for the years ended August 31, 2012 and 2011, were 98.8% and 98.9% respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service.

23. Branch Campus Maintenance Tax

Not applicable.

24. Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the years ended August 31, 2012 and 2011.

25. Component Unit

South Plains College Foundation - Discrete Component Unit

South Plains College Foundation (the Foundation) was established as a separate nonprofit organization in 1979, to raise funds to provide student scholarships and assistance in the development and growth of the College. Under Governmental Standards Board Statement No 39, Determining Whether Certain Organizations are Component Units, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit.

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

26. Related Parties

Not applicable.

SOUTH PLAINS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

27. Subsequent Events

None

28. Post employment Benefits Other than Pensions

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

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

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

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

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

The college's contributions to SRHP for the years ended August 31, 2012, 2011, and 2010, were \$54,168, \$125,663, and \$28,474, respectively, which equaled the required contribution each year.

29. Contingent Liability

As previously discussed in Note 13, the College contributes to the Teacher Retirement System of Texas (TRS). The state constitution requires the legislature to establish a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation of all members of the system. In the 2011 legislative session the Texas Legislature appropriated retirement funding to TRS at 6 percent of each district's unrestricted General Revenue appropriation for the current biennium. Because the College's unrestricted General Revenue appropriation is significantly less than the College's compensation paid employee's, the state appropriation is less than what is required by the state constitution.

Various state agencies responsible for the administration of TRS funds appear to have taken the position that the shortfall should be made up by the College. The College disagrees with this position. At present there is no known pending litigation or attempt to collect any shortfall from any community college district. However, if at some future time it is determined that the College is responsible for their shortfall, they could incur a liability of \$543,627. This amount has not been accrued or recorded in any amount in the financial statements.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF OPERATING REVENUES

YEAR ENDED AUGUST 31, 2012 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2011)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2012 Total	2011 Total
Tuition:						
State funded credit courses:						
In-district resident tuition	\$ 392,457	\$ -	\$ 392,457	\$ -	\$ 392,457	\$ 419,569
Out-of-district resident tuition	9,034,445	-	9,034,445	-	9,034,445	9,092,096
Non-resident tuition	391,012	-	391,012	-	391,012	479,586
TPEG - credit (set aside) *	313,910	-	313,910	-	313,910	315,447
State-funded continuing education	174,254	-	174,254	-	174,254	189,535
Non-state funded educational programs	288,627	-	288,627	-	288,627	259,751
Total Tuition	10,594,705	-	10,594,705	-	10,594,705	10,755,984
Fees:						
General	12,090,060	-	12,090,060	-	12,090,060	10,128,437
Student service fee	698,760	-	698,760	-	698,760	720,168
Laboratory fees	781,003	-	781,003	-	781,003	730,283
Installment plan fees	15,295	-	15,295	-	15,295	14,520
Continuing education fees	284,265	-	284,265	-	284,265	339,032
Three peat fee	199,233	-	199,233	-	199,233	190,181
Reinstatement fee	2,800	-	2,800	-	2,800	2,800
Total Fees	14,071,416	-	14,071,416	-	14,071,416	12,125,421
Scholarship allowances and discounts:						
Bad debt allowances	(80,327)	-	(80,327)	-	(80,327)	-
Remissions and exemptions - state	(664,181)	-	(664,181)	-	(664,181)	(433,491)
Remissions and exemptions - local	(1,014,826)	-	(1,014,826)	-	(1,014,826)	(961,986)
Title IV federal grants	(8,590,146)	-	(8,590,146)	-	(8,590,146)	(7,539,284)
TPEG awards	(149,511)	-	(149,511)	-	(149,511)	(143,562)
Scholarship allowances	(376,384)	-	(376,384)	-	(376,384)	(364,504)
Total Scholarship Allowances	(10,875,375)	-	(10,875,375)	-	(10,875,375)	(9,442,827)
Total net tuition and fees	13,790,746	-	13,790,746	-	13,790,746	13,438,578
Additional operating revenues:						
Federal grants and contracts	81,995	1,584,917	1,666,912	-	1,666,912	2,230,865
State grants and contracts	71,445	795,349	866,794	-	866,794	1,107,111
Non-governmental grants and contracts	-	96,149	96,149	-	96,149	167,388
Sales and services of educational activities	173,948	-	173,948	-	173,948	183,258
Investment income (program restricted)	-	791	791	-	791	932
General operating revenues	65,482	-	65,482	-	65,482	53,778
Total additional operating revenues	392,870	2,477,206	2,870,076	-	2,870,076	3,743,332
Auxiliary Enterprises:						
Residential life	-	-	-	1,862,779	1,862,779	1,896,838
Scholarship allowances	-	-	-	(114,312)	(114,312)	(91,074)
TPEG awards	-	-	-	(5,205)	(5,205)	(4,339)
Title IV federal grants	-	-	-	(404,611)	(404,611)	(471,501)
Total net auxiliary enterprises	-	-	-	1,338,651	1,338,651	1,329,924
Total Operating Revenues	\$ 14,183,616	\$ 2,477,206	\$ 16,660,822	\$ 1,338,651	\$ 17,999,473	\$ 18,511,834
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$313,910 and \$315,447 for years August 31, 2012 and 2011, respectively, of tuition was set aside for Texas Public Education grants (TPEG)

SCHEDULE OF OPERATING EXPENSES BY OBJECT
 YEAR ENDED AUGUST 31, 2012 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2011)

	Operating Expenses				2012 Total	2011 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 17,293,114	\$ -	\$ 4,136,749	\$ 2,327,421	\$ 23,757,284	\$ 22,083,871
Public Service	490,995	-	106,645	506,597	1,104,237	1,029,309
Academic Support	1,389,017	-	551,622	463,122	2,403,761	2,245,555
Student Services	2,808,282	-	1,013,984	1,410,507	5,232,773	4,704,343
Institutional Support	2,224,327	-	822,099	1,575,013	4,621,439	4,316,715
Operation and Maintenance of Plant	1,765,643	-	969,154	2,835,373	5,570,170	5,520,282
Scholarships and Fellowships	-	-	-	98,895	98,895	107,786
Total Unrestricted Educational Activities	25,971,378	-	7,600,253	9,216,928	42,788,559	40,007,861
Restricted - Educational Activities						
Instruction	\$ 327,405	\$ 1,931,515	\$ 75,636	\$ 219,076	\$ 2,553,632	\$ 4,468,856
Public Service	-	54,191	-	-	54,191	97,572
Academic Support	-	141,672	-	-	141,672	266,768
Student Services	428,932	307,506	147,958	197,395	1,081,791	1,620,760
Institutional Support	20,010	247,638	4,405	7,313	279,366	491,436
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	-	-	-	9,030,139	9,030,139	10,028,522
Total Restricted Educational Activities	776,347	2,682,522	227,999	9,453,923	13,140,791	16,973,914
Total Educational Activities	26,747,725	2,682,522	7,828,252	18,670,851	55,929,350	56,981,775
Auxiliary Enterprises	329,575	-	176,757	2,010,845	2,517,177	2,450,323
Depreciation Expense - Buildings and other real estate improvements	-	-	-	1,201,298	1,201,298	784,797
Depreciation Expense - Equipment and furniture	-	-	-	958,345	958,345	873,566
Depreciation Expense - Library books	-	-	-	170,557	170,557	165,132
Total Operating Expenses	\$ 27,077,300	\$ 2,682,522	\$ 8,005,009	\$ 23,011,896	\$ 60,776,727	\$ 61,255,593
					(Exhibit 2)	(Exhibit 2)

SCHEDULE OF NON- OPERATING REVENUES AND EXPENSES

YEAR ENDED AUGUST 31, 2012 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2011)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2012 Total</u>	<u>2011 Total</u>
NON-OPERATING REVENUES:					
State appropriations:					
Education and general state support	\$ 13,591,786	\$ -	\$ -	\$ 13,591,786	\$ 13,983,002
State group insurance	-	1,943,920	-	1,943,920	3,369,836
State retirement matching	-	738,602	-	738,602	1,490,102
Enrollment Growth	-	-	-	-	6,661
Professional nursing shortage reduction	-	66,918	-	66,918	56,051
Total state appropriations	<u>13,591,786</u>	<u>2,749,440</u>	<u>-</u>	<u>16,341,226</u>	<u>18,905,652</u>
Maintenance ad valorem taxes	10,657,240	-	-	10,657,240	10,651,591
Federal Revenue, Non Operating	-	17,419,055	-	17,419,055	17,241,996
Gifts	212,500	-	-	212,500	-
Gifts in Kind	40,699	-	-	40,699	21,865
Gain on disposal of capital assets	4,343	-	-	4,343	37,874
Realized gain on sale of investment	-	-	-	-	24
Investment income	<u>43,181</u>	<u>-</u>	<u>15,203</u>	<u>58,384</u>	<u>60,892</u>
Total non-operating revenues	<u>10,957,963</u>	<u>17,419,055</u>	<u>15,203</u>	<u>28,392,221</u>	<u>28,014,242</u>
NON-OPERATING EXPENSES:					
Interest on capital related debt	(313,173)	-	-	(313,173)	(68,754)
Loss on disposal of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating expenses	<u>(313,173)</u>	<u>-</u>	<u>-</u>	<u>(313,173)</u>	<u>(68,754)</u>
Net non-operating revenues	<u><u>\$24,236,576</u></u>	<u><u>\$20,168,495</u></u>	<u><u>\$ 15,203</u></u>	<u><u>\$44,420,274</u></u> (Exhibit 2)	<u><u>\$ 46,851,140</u></u> (Exhibit 2)

SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY

YEAR ENDED AUGUST 31, 2012 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2011)

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ 8,686,367	\$ -	\$ -	\$ -	\$ 8,686,367	\$ 8,686,367	-
Restricted	-	295,597	-	-	295,597	-	295,597
Auxiliary enterprises	2,309,312	-	-	-	2,309,312	2,309,312	-
Plant:							
Unexpended	-	-	-	1,014,448	1,014,448	-	-
Debt Service	-	-	-	41,559,127	41,559,127	-	1,014,448
Investment in Plant	-	-	-	-	-	-	41,559,127
Total Net Assets, August 31, 2012	\$ 10,995,679	\$ 295,597	\$ -	\$ 42,573,575	\$ 53,864,851	\$ 10,995,679	\$ 42,869,172
					(Exhibit 1)		
Total Net Assets, August 31, 2011	11,036,464	218,946	-	41,047,348	52,302,758	11,036,464	41,266,294
					(Exhibit 1)		
Prior Period Adjustment	80,927	-	-	-	80,927	80,927	-
Net Increase (Decrease) in Net Assets	\$ 40,142	\$ 76,651	\$ -	\$ 1,526,227	\$ 1,643,020	\$ 40,142	\$ 1,602,878
					(Exhibit 2)		

SOUTH PLAINS COLLEGE

SCHEDULE E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Pass-Through Disbursements and Expenditures</u>
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
Federal SEOG	84.007 *		\$ 152,338
Federal Work Study	84.033 *		178,153
Federal Pell Grant (BEOG)	84.063 *		17,292,604
Direct Loans	84.268 *		<u>13,615,474</u>
Sub-Total Student Financial Aid Cluster			<u>31,238,569</u>
TRIO Cluster			
TRIO - Student Support Services	84.042 *		242,493
TRIO-Upward Bound program	84.047 *		<u>271,939</u>
Sub-Total TRIO Cluster			<u>514,432</u>
Strengthening High-Demand Technical/Health Occupations	84.031S		489,297
Pass-Through From:			
Texas Higher Education Coordinating Board			
Carl Perkins, Vocational Education - Basic Grant	84.048	104238	<u>409,445</u>
Total U.S. Department of Education			<u>32,651,743</u>
U.S. Department of Health and Human Services			
Passed-Through From:			
Texas Tech University			
Plains Bridges to the Baccalaureate: Increasing Minorities in Science	93.859	21F036-01	7,218
Higher Education for People with Developmental Disabilities	93.630	211556-01	<u>34,169</u>
Total U.S. Department of Health and Human Services			<u>41,387</u>
U.S. Department of Labor			
Passed-Through From:			
Texas Workforce Commission			
Workforce Investment Act-Dislocated Workers	17.260	0212ATP000	<u>8,311</u>
Total U.S. Department of Labor			<u>8,311</u>
Total Federal Financial Assistance			<u>\$ 32,701,441</u>

* Cluster Program

Notes to Schedule on Page 37.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012**

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Federal Assistance Reconciliation

Federal Revenues - per Schedule A	\$ 1,666,912
Add: Non Operating Federal Revenue from Schedule C	<u>17,419,055</u>
Total Federal Financial Assistance-per Schedule A and C	19,085,967
Reconciling Item:	
Add: Direct Loans	<u>13,615,474</u>
Total Federal Revenues - per Schedule of Expenditures of Federal Awards	<u>\$ 32,701,441</u>

Note 2. Significant Accounting Policies Used in Preparing the Schedule

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

Note 3. Student Loans Processed and Administrative Costs Recovered

Federal Grantor CFDA Number/Program Name	Total Loans Processed
U.S. Department of Education	
84.268 Direct Loans	\$ 13,615,474
Total U.S. Department of Education	<u>\$ 13,615,474</u>

(Administrative cost recovered and included in above amount - \$ 0)

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

<u>Grantor Agency/ Program Title</u>	<u>Grantor Contract Number</u>	<u>Expenditures</u>
Texas Higher Education Coordinating Board		
Texas College Work Study	003611	\$ 26,814
Texas Grant Program	003611	569,926
Texas Educational Opportunity Grant	003611	85,880
Top 10 Percent Scholarships	003611	64,000
Nursing Shortage Reduction Program	003611	34,013
Nursing Innovation Grant Program	5687	37,556
Total Texas Higher Education Coordinating Board		<u>818,189</u>
Texas Workforce Commission		
Apprenticeship	0212ATP000	13,144
Total Texas Workforce Commission		<u>13,144</u>
		<u>\$ 831,333</u>

Notes to the Schedule of Expenditures of State Awards

Note 1. State Assistance Reconciliation

State Revenues - per Schedule A	\$ 866,794
Total State Financial Assistance - per Schedule of Expenditures of State Awards	<u>831,333</u>
Difference (Contract Revenues through LCCCF \$69,474, Nursing Shortage Reduction Program Expenditures \$34,013)	<u>\$ 35,461</u>

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 the College's significant accounting policies. These expenditures are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

KEITH DOWNS, C.P.A.
RUSS PINKERTON, C.P.A.



PATE, DOWNS & PINKERTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
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November 15, 2012

Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards and the
State of Texas Single Audit Circular

Board of Regents
South Plains College
1401 South College Avenue
Levelland, Texas 79336

Members of the Board:

We have audited the financial statements of South Plains College and the discretely presented component unit, as of and for the years ended August 31, 2012 and 2011, which collectively comprise South Plains College's financial statements and have issued our report thereon dated November 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State of Texas Single Audit Circular.

Internal Control Over Financial Reporting

Management of South Plains College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered South Plains 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 South Plains College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of South Plains 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Plains 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* or the *State of Texas Single Audit Circular*.

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

Respectfully submitted,

Pate, Downs & Pinkerton, LLP

Pate, Downs & Pinkerton, LLP

KEITH DOWNS, C.P.A.
RUSS PINKERTON, C.P.A.

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November 15, 2012

Independent Auditor's Report on Compliance with Requirements that could have a direct and material effect on each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the State of Texas Single Audit Circular

Board of Regents
South Plains College
1401 S. College Avenue
Levelland, Texas 79336

Members of the Board:

Compliance

We have audited South Plains 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 South Plains College's major federal programs and the State of Texas Single Audit Circular that could have a direct and material effect on each of South Plains College's major state programs for the years ended August 31, 2012 and 2011. South Plains College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of South Plains College's management. Our responsibility is to express an opinion on South Plains 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, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of Texas Single Audit Circular. Those standards, OMB Circular A-133 and State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about South Plains 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 of South Plains College's compliance with those requirements.

In our opinion, South Plains College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the years ended August 31, 2012 and 2011.

Internal Control Over Compliance

Management of South Plains College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered South Plains College's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Plains 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 a 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 was not designed to 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 solely for the information and use of management, the Board of Regents, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Pate, Downs & Pinkerton, LLP

Pate, Downs & Pinkerton, LLP

SOUTH PLAINS COLLEGE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012**

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency (ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

2. Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency (ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported	
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 or section 510(a) of Uniform Grant Management Standards?	<u> </u> Yes	<u> X </u> No	

Identification of major programs:

<u>Federal Programs</u>	<u>Federal CFDA Number</u>	<u>State Programs</u>
Federal SEOG	84.007*	Texas Grant Program
Federal Work Study	84.033*	Nursing Innovation Grant Program
Federal Pell Grant	84.063*	
Direct Loans	84.268*	

Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000	\$ 300,000
--	------------	------------

Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
--	------------------	------------------

B. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Auditing Standards

None

C. Findings and Questioned Cost for Major Federal and State Award Programs

<u>Program</u>	<u>Finding/noncompliance</u>	<u>Questioned Costs</u>
None		

* Cluster Program

SOUTH PLAINS COLLEGE

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2012**

Findings - Financial Statement Audit

NONE

Findings - Federal Award Programs Audits

NONE

SOUTH PLAINS COLLEGE

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2012**

NONE

**STATISTICAL SUPPLEMENTS
(UNAUDITED)**

SOUTH PLAINS COLLEGE

STATISTICAL SUPPLEMENT 1

NET ASSETS BY COMPONENT

FISCAL YEARS 2003-2012

(Unaudited)

(Amounts expressed in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Invested in capital assets, net of related debt	\$41,559,127	\$40,044,565	\$37,233,115	\$35,840,926	\$30,333,141	\$29,745,406	\$26,708,314	\$24,529,909	\$21,154,334	\$17,751,386
Restricted-expendable	\$ 1,310,045	\$ 1,221,729	\$ 2,280,938	\$ 2,341,904	\$ 4,306,748	\$ 1,107,769	\$ 1,836,157	\$ 2,195,619	\$ 2,125,962	\$ 2,393,164
Restricted-nonexpendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$10,995,679	\$11,036,464	\$ 8,681,324	\$ 5,558,897	\$ 3,948,077	\$ 4,289,621	\$ 2,571,031	\$ 2,968,404	\$ 3,121,442	\$ 2,184,450
Total primary government net assets	\$53,864,851	\$52,302,758	\$48,195,377	\$43,741,727	\$38,587,966	\$35,142,796	\$31,115,502	\$29,693,932	\$26,401,738	\$22,329,000

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2012 are available.

STATISTICAL SUPPLEMENT 2

SOUTH PLAINS COLLEGE

REVENUES BY SOURCE
FISCAL YEARS 2003-2012

(Unaudited)
(Amount expressed in thousands)

	FOR THE YEAR ENDED AUGUST 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
OPERATING REVENUES										
Tuition and Fees(net of discounts)	\$ 13,790,746	\$ 12,438,578	\$ 13,354,233	\$ 12,983,700	\$ 12,656,404	\$ 12,228,172	\$ 12,586,702	\$ 13,005,514	\$ 11,482,006	\$ 8,516,566
Federal Grants and Contracts-(1)	\$ 1,666,912	\$ 2,230,865	\$ 3,545,445	\$ 11,919,094	\$ 11,960,691	\$ 11,257,465	\$ 11,031,689	\$ 10,760,375	\$ 11,228,569	\$ 10,098,350
State Grants and Contracts	\$ 866,794	\$ 1,107,111	\$ 1,443,071	\$ 998,759	\$ 1,029,856	\$ 771,894	\$ 678,190	\$ 604,212	\$ 862,212	\$ 1,004,636
Non-governmental grants and contracts	\$ 96,149	\$ 167,388	\$ 173,665	\$ 398,750	\$ 280,061	\$ 251,514	\$ 301,568	\$ 246,728	\$ 246,541	\$ 201,450
Sales and Services of Educational Activities	\$ 173,948	\$ 183,258	\$ 203,381	\$ 153,802	\$ 155,012	\$ 161,938	\$ 173,176	\$ 193,108	\$ 192,165	\$ 105,553
Investment income(program restricted)	\$ 791	\$ 932	\$ 786	\$ 874	\$ 2,511	\$ 4,157	\$ 2,826	\$ 4,236	\$ 2,832	\$ -
Auxiliary Enterprises(net of discounts)	\$ 1,338,651	\$ 1,329,924	\$ 1,428,871	\$ 1,440,256	\$ 1,439,402	\$ 1,328,978	\$ 1,400,343	\$ 1,309,920	\$ 1,296,990	\$ 1,220,292
General Operating Revenues	\$ 65,482	\$ 53,778	\$ 60,537	\$ 59,222	\$ 60,383	\$ 74,189	\$ 64,299	\$ 83,137	\$ 75,369	\$ 67,640
TOTAL OPERATING REVENUES	\$ 17,999,473	\$ 18,511,834	\$ 20,209,989	\$ 19,754,457	\$ 21,584,410	\$ 26,078,307	\$ 26,238,793	\$ 26,209,230	\$ 25,386,684	\$ 21,214,507
NON-OPERATING REVENUES										
State Appropriations	\$ 16,341,226	\$ 18,905,652	\$ 19,133,494	\$ 19,232,886	\$ 19,462,632	\$ 18,736,294	\$ 18,027,367	\$ 16,573,863	\$ 16,392,789	\$ 16,517,271
Maintenance Ad Valorem Taxes	\$ 10,657,240	\$ 10,651,591	\$ 9,551,046	\$ 9,543,114	\$ 7,309,236	\$ 7,366,200	\$ 6,232,049	\$ 5,176,009	\$ 5,071,284	\$ 5,069,433
Gifts- In Kind & Other	\$ 253,189	\$ 21,865	\$ 1,200	\$ 181,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income(net of investment expenses)	\$ 58,384	\$ 60,892	\$ 55,850	\$ 126,417	\$ 388,977	\$ 488,045	\$ 328,874	\$ 197,316	\$ 103,019	\$ 111,497
Federal Revenue, non-operating (1)	\$ 17,419,055	\$ 17,241,996	\$ 15,256,451	\$ 9,480,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other non-operating revenues	\$ 4,343	\$ 37,898	\$ -	\$ 665,184	\$ 595,855	\$ 101,423	\$ 132,380	\$ 5,424	\$ -	\$ -
TOTAL NON-OPERATING REVENUES	\$ 44,733,447	\$ 46,919,894	\$ 43,998,041	\$ 39,229,411	\$ 27,756,700	\$ 26,691,962	\$ 24,720,670	\$ 21,952,612	\$ 21,567,092	\$ 21,698,201
TOTAL REVENUES	\$ 62,732,920	\$ 65,431,728	\$ 64,208,030	\$ 58,983,868	\$ 55,341,110	\$ 52,770,269	\$ 50,959,463	\$ 48,161,842	\$ 46,953,776	\$ 42,912,708

	FOR THE YEAR ENDED AUGUST 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
OPERATING REVENUES										
Tuition and Fees(net of discounts)	21.98%	20.54%	20.80%	22.01%	22.87%	23.17%	24.70%	27.00%	24.45%	19.65%
Federal Grants and Contracts	2.66%	3.41%	5.52%	6.31%	21.61%	21.33%	21.65%	22.34%	23.91%	23.53%
State Grants and Contracts	1.38%	1.69%	2.25%	1.69%	1.86%	1.46%	1.33%	1.25%	1.84%	2.34%
Non-governmental grants and contracts	0.15%	0.26%	0.27%	0.26%	0.51%	0.48%	0.59%	0.52%	0.53%	0.47%
Sales and Services of Educational Activities	0.28%	0.28%	0.32%	0.26%	0.28%	0.31%	0.34%	0.40%	0.41%	0.25%
Investment income(program restricted)	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%	0.00%
Auxiliary Enterprises(net of discounts)	2.13%	2.03%	2.23%	2.44%	2.60%	2.52%	2.75%	2.72%	2.76%	2.84%
General Operating Revenues	0.10%	0.08%	0.09%	0.10%	0.11%	0.14%	0.13%	0.17%	0.16%	0.16%
TOTAL OPERATING REVENUES	28.69%	28.29%	31.48%	33.49%	49.84%	49.42%	51.49%	54.42%	54.07%	49.44%
NON-OPERATING REVENUES										
State Appropriations	26.05%	28.89%	29.80%	32.61%	35.17%	35.51%	35.38%	34.41%	34.91%	38.49%
Maintenance Ad Valorem Taxes	16.99%	16.28%	14.88%	16.18%	13.21%	13.96%	12.23%	10.75%	10.80%	11.81%
Gifts	0.40%	0.03%	0.00%	0.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investment income(net of investment expenses)	0.09%	0.09%	0.09%	0.21%	0.70%	0.92%	0.65%	0.41%	0.22%	0.26%
Federal Revenue, non-operating	27.77%	26.35%	23.76%	16.07%	1.08%	0.19%	0.26%	0.01%	0.00%	0.00%
Other non-operating revenues	0.01%	0.06%	0.00%	1.13%	50.16%	50.58%	48.51%	45.58%	45.93%	50.56%
TOTAL NON-OPERATING REVENUES	71.31%	71.71%	68.52%	66.51%	50.16%	50.58%	48.51%	45.58%	45.93%	50.56%
TOTAL REVENUES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(1) Accounting change per GASB pronouncements

STATISTICAL SUPPLEMENT 3

SOUTH PLAINS COLLEGE

PROGRAM EXPENSES BY FUNCTION
FISCAL YEARS 2003-2012

(Unaudited)

	FOR YEAR ENDED AUGUST 31,										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	
OPERATING EXPENSES											
Instruction	\$ 26,310,916	\$ 26,552,727	\$ 25,952,226	\$ 24,818,708	\$ 23,778,286	\$ 22,658,989	\$ 21,645,759	\$ 20,200,180	\$ 18,626,628	\$ 16,851,367	
Public Service	\$ 1,158,428	\$ 1,126,881	\$ 1,140,785	\$ 962,308	\$ 1,072,523	\$ 1,120,874	\$ 1,087,048	\$ 828,910	\$ 502,271	\$ 632,298	
Academic Support	\$ 2,545,433	\$ 2,512,323	\$ 2,347,173	\$ 2,375,170	\$ 2,155,363	\$ 1,879,671	\$ 1,748,439	\$ 1,469,724	\$ 1,973,931	\$ 1,775,925	
Student Services	\$ 6,314,564	\$ 6,325,103	\$ 6,536,026	\$ 6,441,868	\$ 6,545,389	\$ 6,574,837	\$ 6,447,712	\$ 6,479,422	\$ 5,494,593	\$ 4,768,360	
Institutional Support	\$ 4,900,805	\$ 4,808,151	\$ 4,340,270	\$ 4,368,155	\$ 4,368,155	\$ 4,095,541	\$ 4,210,508	\$ 3,960,021	\$ 3,535,048	\$ 3,296,052	
Operating and Maintenance of plant	\$ 5,570,170	\$ 5,520,282	\$ 5,517,385	\$ 5,323,144	\$ 5,537,993	\$ 5,311,927	\$ 5,366,714	\$ 4,486,132	\$ 4,195,479	\$ 4,125,367	
Scholarships and Fellowships	\$ 9,129,034	\$ 10,136,308	\$ 9,394,532	\$ 5,117,489	\$ 4,363,849	\$ 3,980,029	\$ 4,044,222	\$ 5,199,245	\$ 5,199,245	\$ 5,519,163	
Auxiliary Enterprises	\$ 2,517,177	\$ 2,450,323	\$ 2,418,243	\$ 2,335,247	\$ 2,326,394	\$ 2,052,237	\$ 2,023,178	\$ 1,928,014	\$ 1,963,221	\$ 1,779,219	
Depreciation	\$ 2,330,200	\$ 1,823,495	\$ 1,771,515	\$ 1,940,338	\$ 1,490,564	\$ 1,618,922	\$ 1,560,018	\$ 1,213,544	\$ 1,103,956	\$ 1,116,670	
TOTAL OPERATING EXPENSES	\$ 60,776,727	\$ 61,255,593	\$ 59,654,665	\$ 53,654,542	\$ 51,638,519	\$ 49,293,027	\$ 47,931,899	\$ 44,630,169	\$ 42,594,372	\$ 41,864,421	
NON-OPERATING EXPENSES											
Interest on Capital Related Debt	\$ 313,173	\$ 68,754	\$ 99,715	\$ 175,565	\$ 241,320	\$ 162,330	\$ 196,864	\$ 236,622	\$ 303,176	\$ 373,736	
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	-	\$ 1,831
Other non-operating expenses	-	-	-	-	13,868	-	-	-	-	-	\$ 27,884
TOTAL NON-OPERATING EXPENSES	\$ 313,173	\$ 68,754	\$ 99,715	\$ 175,565	\$ 255,188	\$ 162,330	\$ 196,864	\$ 236,622	\$ 303,176	\$ 403,451	
TOTAL EXPENSES	\$ 61,089,900	\$ 61,324,347	\$ 59,754,380	\$ 53,830,107	\$ 51,893,704	\$ 49,455,357	\$ 48,128,763	\$ 44,866,791	\$ 42,897,548	\$ 42,267,872	

STATISTICAL SUPPLEMENT 3-Continued
PROGRAM EXPENSES BY FUNCTION
FISCAL YEARS 2003-2012

(Unaudited)

	FOR YEAR ENDED AUGUST 31,										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	
OPERATING EXPENSES											
Instruction	43.07%	43.30%	43.43%	46.11%	45.82%	45.62%	44.97%	45.02%	43.42%	44.60%	
Public Service	1.90%	1.84%	1.91%	1.79%	2.07%	2.27%	2.26%	1.85%	1.17%	1.50%	
Academic Support	4.17%	4.10%	3.93%	4.41%	4.15%	3.80%	3.63%	3.32%	4.60%	4.20%	
Student Services	10.34%	10.31%	10.94%	11.97%	12.61%	13.29%	13.40%	14.44%	12.81%	11.28%	
Institutional Support	8.02%	7.84%	7.66%	8.06%	8.42%	8.28%	8.75%	8.83%	8.24%	7.80%	
Operating and Maintenance of plant	9.12%	9.00%	9.23%	9.89%	10.67%	10.74%	11.15%	10.00%	9.78%	9.76%	
Scholarships and Fellowships	14.94%	16.53%	15.72%	9.51%	8.41%	8.05%	7.98%	9.01%	12.12%	13.06%	
Auxiliary Enterprises	4.12%	4.00%	4.05%	4.34%	4.48%	4.15%	4.20%	4.30%	4.58%	4.21%	
Depreciation	3.81%	2.97%	2.96%	3.60%	2.87%	3.27%	3.24%	2.70%	2.57%	2.64%	
TOTAL OPERATING EXPENSES	99.49%	99.89%	99.83%	99.67%	99.51%	99.67%	99.59%	99.47%	99.29%	99.05%	
NON-OPERATING EXPENSES											
Interest on Capital Related Debt	0.51%	0.11%	0.17%	0.33%	0.47%	0.33%	0.41%	0.53%	0.71%	0.88%	
Loss on disposal of capital assets	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	
Other non-operating expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.07%	
TOTAL NON-OPERATING EXPENSES	0.51%	0.11%	0.17%	0.33%	0.49%	0.33%	0.41%	0.53%	0.71%	0.95%	
TOTAL EXPENSES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

TUITION AND FEES
LAST TEN ACADEMIC YEARS
(UNAUDITED)

RESIDENT
FEES PER SEMESTER CREDIT HOURS (SCH)

Academic Year	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Out-of-District Fee	Activity Fee, General Property Fee, Parking Permit, Student ID Card	Instructional Support Fee	Student Accident Insurance and Health Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase From Prior Year In-District	Increase From Prior Year Out-of-District
2012		\$26	\$48			\$83	\$25	\$937	\$1,201	\$120	\$120
2011		\$26	\$48			\$73	\$25	\$817	\$1,081	\$0	\$0
2010		\$26	\$48			\$73	\$25	\$817	\$1,081	\$120	\$120
2009		\$26	\$48			\$63	\$25	\$697	\$961	\$0	\$0
2008		\$26	\$48			\$63	\$25	\$697	\$961	\$0	\$0
2007		\$26	\$48			\$63	\$25	\$697	\$961	\$0	\$0
2006		\$26	\$48			\$63	\$25	\$697	\$961	\$0	\$0
2005		\$26	\$48			\$63	\$25	\$697	\$961	\$36	\$132
2004		\$26	\$42	\$14		\$60	\$25	\$661	\$829	\$240	\$264
2003		\$16	\$32	\$10		\$50	\$25	\$421	\$565	\$0	\$24

NON-RESIDENT
FEES PER SEMESTER CREDIT HOURS (SCH)

Academic Year	Registration Fee (per student)	Non-Resident Out-of-State Tuition	Non-Resident International Tuition	Out-of-District Fee	Activity Fee, General Property Fee, Parking Permit, Student ID Card	Instructional Support Fee	Student Accident Insurance and Health Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase From Prior Year International
2012		\$64	\$64			\$83	\$25	\$1,393	\$1,393	\$120	\$120
2011		\$64	\$64			\$73	\$25	\$1,273	\$1,273	\$0	\$0
2010		\$64	\$64			\$73	\$25	\$1,273	\$1,273	\$120	\$120
2009		\$64	\$64			\$63	\$25	\$1,153	\$1,153	\$0	\$0
2008		\$64	\$64			\$63	\$25	\$1,153	\$1,153	\$0	\$0
2007		\$64	\$64			\$63	\$25	\$1,153	\$1,153	\$0	\$0
2006		\$64	\$64			\$63	\$25	\$1,153	\$1,153	\$0	\$0
2005		\$64	\$64			\$63	\$25	\$1,153	\$1,153	\$132	\$132
2004		\$42	\$42	\$14		\$60	\$25	\$1,021	\$1,021	\$264	\$264
2003		\$32	\$32	\$10		\$50	\$25	\$757	\$757	\$24	\$24

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

ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)

FISCAL YEAR	ASSESSED		TAXABLE	RATIO OF TAXABLE ASSESSED VALUE TO ASSESSED VALUE	DIRECT TAX RATE		
	VALUE OF PROPERTY	LESS EXEMPTIONS	ASSESSED VALUE(TAV)		MAINTENANCE & OPERATIONS	DEBT SERVICE	TOTAL
2011-12	\$ 4,617,302,973	\$ 338,104,776	\$ 4,279,198,197	92.68%	\$ 0.2480	\$ -	\$ 0.2480
2010-11	\$ 4,671,127,172	\$ 326,298,049	\$ 4,344,829,123	93.01%	\$ 0.2442	\$ -	\$ 0.2442
2009-10	\$ 4,220,142,410	\$ 320,531,831	\$ 3,899,610,579	92.40%	\$ 0.2442	\$ -	\$ 0.2442
2008-09	\$ 4,872,162,561	\$ 473,765,701	\$ 4,398,396,880	90.28%	\$ 0.2161	\$ -	\$ 0.2161
2007-08	\$ 3,817,138,722	\$ 301,356,056	\$ 3,348,313,956	87.72%	\$ 0.2161	\$ -	\$ 0.2161
2006-07	\$ 3,652,347,410	\$ 352,912,557	\$ 3,299,434,853	90.34%	\$ 0.2218	\$ -	\$ 0.2218
2005-06	\$ 2,886,293,253	\$ 367,928,962	\$ 2,518,364,291	87.25%	\$ 0.2465	\$ -	\$ 0.2465
2004-05	\$ 2,312,129,501	\$ 370,817,309	\$ 1,941,312,192	83.96%	\$ 0.2651	\$ -	\$ 0.2651
2003-04	\$ 2,154,872,674	\$ 368,127,054	\$ 1,786,745,620	82.92%	\$ 0.2817	\$ -	\$ 0.2817
2002-03	\$ 2,156,372,463	\$ 366,547,509	\$ 1,789,824,954	83.00%	\$ 0.2817	\$ -	\$ 0.2817

STATE APPROPRIATION PER FTSE AND CONTACT HOUR
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	APPROPRIATION PER FTSE			APPROPRIATION PER CONTACT HOUR			
	State Appropriation	FTSE	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2011-12	\$13,989,663	10,613	\$1,318	3,210,176	1,291,312	4,501,488	\$3.11
2010-11	\$14,112,108	10,993	\$1,284	3,308,496	1,366,400	4,674,896	\$3.02
2009-10	\$14,512,859	10,892	\$1,332	3,208,224	1,293,936	4,502,160	\$3.22
2008-09	\$14,512,858	10,132	\$1,432	2,993,096	1,210,784	4,203,880	\$3.45
2007-08	\$14,388,242	9,833	\$1,463	2,932,424	1,164,864	4,097,288	\$3.51
2006-07	\$14,388,242	9,727	\$1,479	2,915,792	1,137,836	4,053,628	\$3.55
2005-06	\$16,573,863	10,238	\$1,619	2,914,704	1,243,712	4,158,416	\$3.99
2004-05	\$16,392,789	10,270	\$1,596	3,066,768	1,226,746	4,293,514	\$3.82
2003-04	\$16,517,271	10,527	\$1,569	3,029,032	1,402,706	4,431,738	\$3.73
2002-03	\$17,573,657	10,282	\$1,709	2,871,504	1,307,005	4,178,509	\$4.21
2001-02	\$15,268,494	9,537	\$1,601	2,394,816	1,142,597	3,537,413	\$4.32
2000-01	\$13,026,063	8,615	\$1,512	2,169,672	1,102,739	3,272,411	\$3.98
1999-00	\$12,583,674	7,947	\$1,583	2,009,907	1,195,695	3,205,602	\$3.93
1998-99	\$12,237,736	7,586	\$1,613	1,968,406	1,235,640	3,204,046	\$3.82
1997-98	\$11,721,849	7,920	\$1,480	1,892,936	1,233,799	3,126,735	\$3.75
1996-97	\$11,916,089	7,021	\$1,697	1,697,056	1,256,683	2,953,739	\$4.03

Notes:

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

a) Source: THECB Report CBM001

b) Source: THECB Report CBM00A

SOUTH PLAINS COLLEGE
 PRINCIPAL TAXPAYERS
 LAST TEN YEARS
 (UNAUDITED)

TAXPAYER	TAXABLE ASSESSED VALUE (TAV) BY TAX YEAR										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
BUSINESS											
OCCIDENTAL PERMIAN LTD	\$ 700,771,220	\$ 592,382,740	\$ 644,682,500	\$ 587,458,990	\$ 854,484,420	\$ 717,177,470	\$ 736,661,368	\$ 576,868,730	\$ 409,502,210	\$ 446,522,710	\$ 457,723,230
CHEVRON USA, INC.	\$ 475,847,800	\$ 380,723,970	\$ 382,964,790	\$ 320,020,390	\$ 430,970,420	\$ 324,946,060	\$ 305,030,937	\$ 238,865,260	\$ 142,781,400	\$ -	\$ -
AFACHE CORPORATION	\$ 310,280,230	\$ 231,384,410	\$ 240,307,610	\$ 173,505,210	\$ 223,287,230	\$ 263,133,340	\$ 219,441,634	\$ 171,841,530	\$ 21,270,170	\$ 17,831,840	\$ 18,136,360
OCCIDENTAL PERMIAN LTD(P/LTS)	\$ 256,585,230	\$ 228,926,280	\$ 208,467,560	\$ 251,227,130	\$ 113,451,280	\$ 85,931,570	\$ 93,201,577	\$ 72,984,790	\$ 72,003,830	\$ -	\$ -
POST-MONTGOMERY ESTATE	\$ 161,106,210	\$ 125,178,530	\$ 135,306,030	\$ 124,775,250	\$ 127,915,730	\$ 83,973,790	\$ 81,071,188	\$ 63,485,660	\$ 47,392,570	\$ 42,894,150	\$ 43,625,700
OXY USA WTP LP	\$ 74,768,800	\$ 74,925,230	\$ -	\$ -	\$ -	\$ 32,165,560	\$ 27,946,238	\$ 21,864,290	\$ -	\$ -	\$ -
SK ROGERS OIL CO	\$ 66,709,290	\$ 50,046,410	\$ 50,531,020	\$ 39,523,830	\$ 55,243,130	\$ 43,089,340	\$ 39,444,142	\$ 30,888,130	\$ -	\$ -	\$ -
GREAT WESTERN DRILLING CO	\$ 45,012,800	\$ 34,763,080	\$ 38,462,330	\$ 34,007,850	\$ 39,533,820	\$ 31,100,820	\$ -	\$ -	\$ -	\$ -	\$ -
BROWNING ROYALTY LP	\$ 43,341,900	\$ 37,052,690	\$ 38,520,690	\$ 34,621,990	\$ 43,073,050	\$ -	\$ 29,720,502	\$ 23,273,690	\$ 21,318,610	\$ 21,031,380	\$ 17,913,750
ABERNATHY-BANK OF RAYMORE	\$ 40,351,780	\$ 32,545,130	\$ 34,401,690	\$ -	\$ 34,067,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,437,590
BOPCO LP	\$ -	\$ -	\$ 92,532,670	\$ 74,386,290	\$ 100,894,070	\$ 79,622,360	\$ 80,675,062	\$ 63,175,460	\$ 40,984,530	\$ 39,538,470	\$ 42,904,930
LEVELL AND HOCKLEY CITY ETHANO	\$ -	\$ -	\$ -	\$ 37,401,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IMERT ENERGY COMPANY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,640,440	\$ 30,330,219	\$ 23,751,150	\$ -	\$ -	\$ -
EXXON MOBIL CORP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,519,070	\$ 29,284,960	\$ 28,533,670
MOBIL PRODUCING-MALLET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,919,160	\$ 20,245,980	\$ 26,732,950
MOBIL PRODUCING-NCL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,874,180	\$ 26,353,160	\$ 32,691,090
TEXACO EXPLORATION & PRODUCT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,307,980
SOUTHWESTERN PUBLIC SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,731,810
DEVON ENERGY PROD. CO. LP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,268,580
MOBIL PRODUCING(MINERALS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,036,420
CH FOUNDATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,381,200
OCCIDENTAL PERMIAN LTD(PP)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,265,500
TEXAS SCOTTISH RITE HOSPITAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,950,300
BP P/L NORTH AMERICA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,687,860
WHITTENBURG ESTATE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,773,240
DOROTHY SECRET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,537,150
ANADARKO PETROLEUM CO.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,966,610
WHEELER OPERATING CORPORATI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ALTURA ENERGY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXXON USA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BOATMEN'S TRUST COMPANY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTALS	\$ 2,174,795,260	\$ 1,787,928,470	\$ 1,866,176,890	\$ 1,656,927,820	\$ 2,022,920,950	\$ 1,697,760,770	\$ 1,643,522,867	\$ 1,287,018,690	\$ 854,565,730	\$ 643,703,650	\$ 930,817,920
TOTAL TAXABLE ASSESSED VALUE	\$ 4,279,198,197	\$ 4,344,829,110	\$ 3,899,610,579	\$ 4,220,142,410	\$ 4,409,260,237	\$ 3,348,313,956	\$ 3,299,434,853	\$ 2,518,364,291	\$ 1,954,893,794	\$ 1,787,088,222	\$ 1,787,910,399

SOUTH PLAINS COLLEGE
 PRINCIPAL TAXPAYERS
 LAST TEN YEARS
 (UNAUDITED)

TAXPAYER	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
BUSINESS											
OCCIDENTAL PERMIAN LTD	16.38%	13.63%	16.53%	13.45%	19.38%	21.42%	22.33%	22.91%	20.95%	24.95%	25.60%
CHEVRON USA, INC.	11.12%	8.76%	9.82%	7.58%	9.77%	9.70%	9.24%	9.48%	7.30%	0.00%	0.00%
APACHE CORPORATION	7.25%	5.33%	6.16%	4.11%	5.06%	7.86%	6.65%	6.82%	1.09%	0.00%	1.01%
OCCIDENTAL PERMIAN LTD(DPLTS)	6.00%	5.27%	5.35%	5.95%	2.57%	2.57%	2.78%	2.18%	2.15%	0.00%	0.00%
POST-MONTGOMERY ESTATE	3.76%	2.88%	3.47%	2.96%	2.90%	2.51%	2.42%	1.90%	1.42%	1.28%	1.30%
OXY USA WTP LP	1.75%	1.72%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SK ROGERS OIL CO	1.56%	1.15%	1.30%	0.94%	1.25%	1.29%	1.20%	1.23%	0.00%	0.00%	0.00%
BROWNING ROYALTY LP	1.05%	0.85%	0.99%	0.00%	0.98%	1.09%	0.92	0.94%	0.00%	0.00%	0.00%
GREAT WESTERN DRILLING CO	1.01%	0.85%	0.99%	0.00%	0.77%	0.93%	0.00%	0.00%	0.00%	0.00%	0.00%
ABERNATHY-BANK OF RAYMORE	0.94%	0.75%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BOPCO LP	0.00%	0.00%	2.37%	2.29%	0.77%	2.38%	2.45%	2.51%	0.00%	0.00%	0.00%
LEVELLAND/HOCKLEY CITY ETHANO	0.00%	0.00%	0.88%	0.81%	0.00%	0.00%	0.00%	0.00%	0.00%	2.21%	2.40%
MOBIL PRODUCING-MALLET	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.40%
MOBIL PRODUCING-NCL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.13%	1.50%
TEXACO EXPLORATION & PRODUCT	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.58%	1.47%	1.83%
SOUTHWESTERN PUBLIC SERVICE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.40%
DEVON ENERGY PROD CO LP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.99%
MOBIL PRODUCING(MINERALS)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.91%
ABERNATHY-BANK OF RAYMORE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.84%
CH FOUNDATION	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.45%
OCCIDENTAL PERMIAN LTD(PP)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.58%
TEXAS SCOTTISH RITE HOSPITAL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.57%
BP P/L NORTH AMERICA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.56%
WHITTENBURG ESTATE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.55%
DOROTHY SECRET	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.55%
ANADARKO PETROLEUM CO.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.48%
WHEELER OPERATING CORPORATI	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.45%
ALTURA ENERGY	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EXXON USA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BOATMEN'S TRUST COMPANY	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTALS	50.82%	41.15%	47.85%	39.26%	45.88%	50.71%	49.81%	51.11%	43.71%	36.02%	52.06%

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN TAX YEARS(2003-2012)
(UNAUDITED)

FISCAL YEAR ENDED AUGUST 31	LEVY	CUMULATIVE LEVY ADJUSTMENTS	ADJUSTED TAX LEVY (b)	COLLECTIONS- YEAR OF LEVY (c)	PERCENTAGE	CURRENT COLLECTIONS OF PRIOR LEVIES (e)	TOTAL COLLECTIONS (E+H)	CUMULATIVE COLLECTIONS OF ADJUSTED LEVY
2012	\$ 10,610,120	\$ (36,112)	\$ 10,574,008	\$ 10,496,776	99.27%	\$ 148,586	\$ 10,645,363	100.67%
2011	\$ 10,611,179	\$ (7,086)	\$ 10,604,093	\$ 10,480,927	98.84%	\$ 120,185	\$ 10,601,113	99.97%
2010	\$ 9,524,050	\$ (12,807)	\$ 9,511,243	\$ 9,441,875	99.27%	\$ 83,984	\$ 9,525,860	100.15%
2009	\$ 9,532,367	\$ (23,390)	\$ 9,508,977	\$ 9,440,032	99.27%	\$ 38,963	\$ 9,478,996	99.68%
2008	\$ 7,333,924	\$ (18,726)	\$ 7,315,199	\$ 7,260,427	99.25%	\$ 25,481	\$ 7,285,909	99.60%
2007	\$ 7,319,692	\$ (3,607)	\$ 7,316,085	\$ 7,243,705	99.01%	\$ 60,711	\$ 7,304,417	99.84%
2006	\$ 6,209,023	\$ (10,685)	\$ 6,198,338	\$ 6,140,219	99.06%	\$ 69,869	\$ 6,210,089	100.19%
2005	\$ 5,184,090	\$ (39,689)	\$ 5,144,401	\$ 5,070,472	98.56%	\$ 56,537	\$ 5,127,009	99.66%
2004	\$ 5,031,698	\$ (686)	\$ 5,031,012	\$ 4,954,959	98.49%	\$ 71,766	\$ 5,026,725	99.91%
2003	\$ 5,035,601	\$ 43,653	\$ 5,079,254	\$ 4,950,431	97.46%	\$ 53,478	\$ 5,003,909	98.52%

Source: Local Tax Assessor/Collector and District records.

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

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

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

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

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

RATIO OF OUTSTANDING DEBT
LAST TEN YEARS
(UNAUDITED)

FOR THE YEAR ENDED (all amounts expressed in thousands)											
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
GENERAL BONDED DEBT											
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less funds restricted for debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net General Bonded Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER DEBT											
(The amounts for Other Debt are not from Exhibit 1. They are for illustration only.)											
Revenue Bonds	\$ 7,650	\$ 8,500	\$ 2,200	\$ 2,200	\$ 5,780	\$ 3,049	\$ 3,260	\$ 5,590	\$ 6,100	\$ 5,800	\$ 6,600
Notes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Lease Obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Outstanding Debt	\$ 7,650	\$ 8,500	\$ 2,200	\$ 2,200	\$ 5,780	\$ 3,049	\$ 3,260	\$ 5,590	\$ 6,100	\$ 5,800	\$ 6,600
General Bonded Debt Ratios											
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per FTSE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
As a % of Taxable Assessed Value	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Outstanding Debt Ratios											
Per Capita	\$ 294.22	\$ 326.15	\$ 88.00	\$ 88.00	\$ 240.83	\$ 127.04	\$ 141.74	\$ 243.04	\$ 265.22	\$ 252.17	\$ 286.96
Per FTSE	720.81	773.22	201.98	217.13	776.36	409.54	326.00	559.00	580.95	568.63	694.74
As a % of Taxable Assessed Value	0.18%	0.20%	0.06%	0.05%	0.18%	0.09%	0.13%	0.29%	0.34%	0.32%	0.33%

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

SOUTH PLAINS COLLEGE

STATISTICAL SUPPLEMENT 10

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

FOR THE YEAR ENDED AUGUST 31st (amount expressed in thousands)											
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
TAXABLE ASSESSED VALUE	\$ 4,279,198	\$ 4,344,829	\$ 3,899,610	\$ 4,398,396	\$ 3,348,313	\$ 3,299,435	\$ 2,518,364	\$ 1,941,312	\$ 1,786,745	\$ 1,789,924	\$ 2,010,135

GENERAL OBLIGATION BONDS

Statutory Levy for Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Funds Restricted for Repayment of General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net General Obligation Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Year Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess of Statutory Limit for Debt Service over Current Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Current Requirements as a % of Statutory Limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

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

**PLEGGED REVENUE COVERAGE FOR REVENUE BONDS DEBT SERVICE
LAST TEN YEARS
(UNAUDITED)**

YEAR ENDED AUGUST 31	TUITION AND FEES	NET REVENUE FROM AUXILIARY ENTERPRISES	TOTAL	DEBT SERVICE REQUIREMENTS	COVERAGE RATIO
2012	\$ 2,402,114	\$ -	\$ 2,402,114	\$ 1,163,173	2.07
2011	\$ 2,434,036	\$ -	\$ 2,434,036	\$ -	N/A (2)
2010	\$ 2,386,197	\$ -	\$ 2,386,197	\$ -	N/A (1)
2009	\$ 2,178,000	\$ -	\$ 2,178,000	\$ 726,559	3.00
2008	\$ 2,163,601	\$ -	\$ 2,163,601	\$ 763,642	2.83
2007	\$ 2,118,402	\$ -	\$ 2,118,402	\$ 504,504	4.20
2006	\$ 2,697,675	\$ -	\$ 2,697,675	\$ 801,981	3.36
2005	\$ 2,780,559	\$ -	\$ 2,780,559	\$ 1,013,992	2.74
2004	\$ 2,701,635	\$ -	\$ 2,701,635	\$ 1,145,937	2.36
2003	\$ 2,045,144	\$ -	\$ 2,045,144	\$ 1,196,084	1.71
2002	\$ 1,449,262	\$ 1,024,430	\$ 2,473,692	\$ 505,625	4.89

(1) At the beginning of FY 2010, sufficient funds were on hand to fund the payoff of the 2008 Bond Issue the only outstanding debt owed by the college. No additional debt service funding was necessary during FY 2010.

(2) There were no debt service funding requirements for FY 2010-2011.

DEMOGRAPHIC AND ECONOMIC STATISTICS-TAXING DISTRICT
 LAST TEN FISCAL YEARS
 (UNAUDITED)

YEAR ENDED AUGUST 31	DISTRICT POPULATION	DISTRICT PERSONAL INCOME	PER CAPITA DISTRICT PERSONAL INCOME	DISTRICT UNEMPLOYMENT RATE	
2011	26001	\$ 895,564,950	\$ 34,444	6.1%	(1)
2010	26,062	\$ 890,319,150	\$ 34,162	6.4%	
2009	25,199	\$ 847,923,000	\$ 33,575	6.9%	
2008	25,182	\$ 838,047,100	\$ 33,280	6.1%	
2007	25,314	\$ 772,554,932	\$ 30,519	4.0%	
2006	24,166	\$ 694,703,883	\$ 28,747	4.7%	
2005	23,809	\$ 601,000,000	\$ 25,243	4.6%	
2004	23,249	\$ 561,000,000	\$ 24,625	4.9%	
2003	23,288	\$ 518,000,000	\$ 22,687	5.3%	
2002	23,173	\$ 496,000,000	\$ 21,838	5.1%	

(1) Latest year for which data was available.

PRINCIPAL EMPLOYERS
 CURRENT FISCAL YEAR-2011-2012
 (UNAUDITED)

<u>EMPLOYER</u>	<u>NUMBER OF EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
SOUTH PLAINS COLLEGE	592	25.1%
LEVELLAND ISD	485	20.6%
WALMART	250	10.6%
COVENANT HOSPITAL	226	9.6%
UNITED SUPERMARKETS	164	7.0%
SPCAA	163	6.9%
HOCKLEY COUNTY	135	5.7%
WORLEY WELDING	127	5.4%
OCCIDENTAL PETROLEUM	120	5.1%
CITY OF LEVELLAND	92	3.9%
TOTAL	<u>2,354</u>	<u>100.0%</u>

SOUTH PLAINS COLLEGE

STATISTICAL SUPPLEMENT 14

FACULTY, STAFF, AND ADMINISTRATORS STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Faculty										
Full-time	289	279	265	265	275	271	274	295	260	252
Part-time	122	170	158	132	170	179	158	154	151	148
Total	415	449	423	397	445	450	432	449	411	400
Percent										
Full-time	70%	62%	63%	67%	62%	60%	63%	66%	63%	63%
Part-time	29%	38%	37%	33%	38%	40%	37%	34%	37%	37%
Staff and Administrators										
Full-time	310	311	300	307	278	281	310	280	260	246
Part-time										
Total	310	311	300	307	278	281	310	280	260	246
Percent										
Full-time	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Part-time										
FTSE per Full-time Faculty	38.04	39.40	41.10	38.23	35.76	35.89	37.36	34.81	40.49	40.80
FTSE per Full-time Staff member	35.46	35.35	36.31	33.00	35.37	34.62	33.03	36.68	40.49	41.80
Average Faculty Salary	\$37,775	\$38,369	\$37,701	\$36,670	\$35,602	\$33,907	\$32,603	\$30,162	\$30,637	\$31,308

ENROLLMENT DETAILS
LAST FIVE 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 hrs	8,250	78%	8,101	80%	8,073	80%	6393	69%	6,317	68%
31-60 hrs	1,686	16%	1,496	15%	1,456	15%	2131	23%	2,201	24%
>60 hrs	601	6%	587	6%	507	5%	741	8%	779	8%
Total	10,537	100%	10,184	100%	10,036	100%	9265	100%	9,297	100%

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	385	4%	101	1%	102	1%	269	3%	272	3%
3-5 credit hours	2,191	21%	1,918	19%	1,902	19%	1,528	16%	1,892	20%
6-8 credit hours	1,888	18%	1,906	19%	1,953	19%	1,853	20%	1,783	19%
9-11 credit hours	1,766	17%	1,378	14%	1,375	14%	1,229	13%	1,306	14%
12-14 credit hours	3,335	32%	3,869	38%	3,505	35%	3,168	34%	3,001	32%
15-17 credit hours	750	7%	884	9%	875	9%	870	9%	781	8%
18 & over	222	2%	128	1%	324	3%	348	4%	262	3%
Total	10,537	100%	10,184	100%	10,036	100%	9,265	100%	9,297	100%

Average Course Load

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)	645	6%	762	7%	672	7%	788	9%	790	8%
Texas Resident (Out-of-Dist)	9,627	91%	9,198	90%	9095	91%	8301	90%	8,330	90%
Non-Resident Tuition	265	3%	224	2%	269	3%	176	2%	177	2%
Total	10,537	100%	10,184	100%	10036	100%	9265	100%	9,297	100%

STUDENT PROFILE
 LAST FIVE YEARS
 (UNAUDITED)

Gender	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	5,775	54.81%	5520	54.22%	5438		4953	53%	4,899	53%
Male	4,762	45.19%	4661	45.78%	4598		4312	47%	4,398	47%
Total	10,537	100.00%	10181	100.00%	10036		9265	100%	9,297	100%

Ethnic Origin	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	6,608	62.71%	6497	63.81%	6141		5855	63.19%	6,027	64.83%
Hispanic	2,773	26.32%	2976	29.23%	3134		2722	29.38%	2,583	27.78%
African America	583	5.53%	473	4.65%	501		452	4.88%	457	4.92%
Asian	129	1.22%	104	1.02%	125		107	1.15%	108	1.16%
Foreign	59	0.56%	69	0.68%	67		77	0.83%	59	0.63%
Native American	179	1.70%	62	0.61%	62		52	0.56%	63	0.68%
Other	206	1.96%		0.00%	6		0	0.00%	0	0.00%
Total	10,537	100.00%	10181	100.00%	10036		9265	100%	9,297	100.00%

Age	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	2,068	19.63%	1560	15.32%	2163	22%	1078	12%	1,082	12%
18-21	4,673	44.35%	4767	46.82%	5345	53%	4776	52%	4,792	52%
22-24	1,270	12.05%	1404	13.79%	802	8%	1298	14%	1,302	14%
25-35	1,817	17.24%	1733	17.02%	1184	12%	1472	16%	1,477	16%
36-50	588	5.58%	596	5.85%	469	5%	517	6%	519	6%
51 & Over	121	1.15%	122	1.20%	73	1%	124	1%	124	1%
Total	10,537	100.00%	10181	100.00%	10036	100%	9265	100%	9,297	100%

TRANSFER TO SENIOR INSTITUTIONS
(UNAUDITED)

2006-2007 Graduates, Completers, Non-Returners

Senior Institutions Attended, Fall 2007	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all SPC Transfer Students	% of All SPC Transfer Students
Angelo State University	30	22	1	53	2.31%
Lamar University		0		0	0.00%
Midwestern State University	6	3	1	10	0.44%
Prairie View A&M University	1	1		2	0.09%
Sam Houston State University	3	0		3	0.13%
Stephen F. Austin State University	1	1		2	0.09%
Sul Ross State University	3	2		5	0.22%
Tarleton State University	9	16		25	1.09%
Texas A&M University	10	26	1	37	1.61%
Texas A&M Commerce	4	0		4	0.17%
Texas A&M Corpus Christi	2	1		3	0.13%
Texas A&M Galveston	1	0		1	0.04%
Texas State University	15	14	1	30	1.31%
Texas Tech University	1,066	764	45	1,875	81.66%
Texas Woman's University	4	1		5	0.22%
The University of Texas at Arlington	9	8	1	18	0.78%
UT Austin	19	27		46	2.00%
UT Dallas	1	1	0	2	0.09%
UT El Paso	0	3		3	0.13%
UT San Antonio	4	0	1	5	0.22%
UT Tyler	3			3	0.13%
UT Permian Basin	6	2	0	8	0.35%
University of Houston	1	6		7	0.30%
University of Houston Downtown	0	2		2	0.09%
University of North Texas	15	20		35	1.52%
West Texas A&M University	55	44	1	100	4.36%
Baylor College of Medicine		0		0	0.00%
TTU Health Sciences Center	0	12		12	0.52%
UT Medical at Galveston		0		0	0.00%
University of North Texas Health Science Center at Fort Worth		0		0	0.00%
Totals	1,268	976	52	2,296	100.00%

**CAPITAL ASSET INFORMATION
FISCAL YEARS 2003-2012**

	FISCAL YEAR ENDING AUGUST 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Academic Buildings</u>	29	27	27	27	27	27	27	27	25	25
Square Footage	712525	619643	619643	619643	619643	614643	607954	534888	459661	459661
<u>Libraries</u>	1	1	1	1	1	1	1	1	1	1
Square Footage	50992	50992	50992	50992	50992	50992	50992	50992	50992	50992
Number of Volumes	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
<u>Administrative & Support</u>	3	3	3	3	3	3	3	3	3	3
Square Footage	61561	61561	61561	61561	61561	61561	61561	61561	61561	61561
<u>Dormitories</u>	10	9	9	9	9	9	9	9	9	9
Square Footage	120420	90688	90688	90688	90688	90688	90688	90688	90688	90688
Number of Beds	574	470	470	470	470	470	470	470	470	470
<u>Apartments</u>	6	6	6	6	6	6	6	6	6	6
Square Footage	24211	24211	24211	24211	24211	24211	24211	24211	24211	24211
Number of Beds	96	96	96	96	96	96	96	96	96	96
<u>Dining Facilities</u>	1	1	1	1	1	1	1	1	1	1
Square Footage	9692	9692	9692	9692	9692	9692	9692	9692	9692	9692
Average Daily Customers	580	580	580	580	580	580	580	580	580	580
<u>Athletic Facilities</u>	6	6	6	6	6	6	6	6	6	6
Square Footage	172801	172801	172801	172801	172801	171701	171701	171701	167455	167455
Stadiums	1	1	1	1	1	1	1	1	1	1
Gymnasiums	3	3	3	3	3	3	3	3	3	3
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Tennis Court	12	12	12	12	12	12	12	12	12	12
<u>Plant Facilities</u>	6	6	6	6	6	6	6	6	5	5
Square Footage	54730	54730	54730	54730	54730	54730	54730	54730	48705	48705
<u>Transportation:</u>										
Cars	6	6	6	5	5	5	6	6	6	6
Light trucks/Vans	48	48	48	47	47	46	43	38	38	38
Buses	4	4	4	4	4	4	3	4	4	4
Heavy Trucks	4	4	4	4	4	4	4	4	4	4