

# **South Plains College**

**Levelland, Texas**

## **Annual Financial Report**

**August 31, 2016**

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



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**SOUTH PLAINS COLLEGE**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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SOUTH PLAINS COLLEGE  
CERTIFICATE OF BOARD OF REGENTS  
FOR THE YEAR ENDED AUGUST 31, 2016

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, 2016, at a meeting of the Board of Regents of South Plains College on the

  17th   day of   November  , 2016

  Mike Box    
Signature Board of Regents President

  Linda Patton    
Signature Board of Regents Secretary

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

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**Board of Regents**

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**Officers**

Mike Box  
Bobby G. Neal  
Linda Patton

Chairman  
Vice-Chairman  
Secretary

**Members**

		<u>Term Expires</u>
Mike Box	Sundown, Texas	2022
William Clements	Levelland, Texas	2018
Ronny Alexander	Levelland, Texas	2022
Ken Williams	Levelland, Texas	2020
Bobby G. Neal	Whiteface, Texas	2020
Linda Patton	Levelland, Texas	2018
Alton C. Pettiet	Ropesville, Texas	2018

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**Executive Administration**

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Dr. Robin Satterwhite  
Teresa Green, CPA  
Dr. Ryan Gibbs  
Stephen John, MBA  
Cathy Mitchell, MED

President  
Vice-President for Business Affairs  
Vice-President for Academic Affairs  
Vice-President for Institutional Advancement  
Vice-President for Student Affairs

**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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**EMAIL: [pdpllp@pdpllp.com](mailto:pdpllp@pdpllp.com)**

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of South Plains College, and the discretely presented component unit of South Plains College ("the College") as of and for the years ended August 31, 2016 and August 31, 2015, and the related notes to the financial statements, which collectively comprise the College's financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

### **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, 2016 and 2015, and the respective changes in financial position and cash flow, for the years then ended in accordance with accounting principles generally accepted in the United States of America.



## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note 2 to the financial statements, in 2016, South Plains College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 72, *Fair Value*. Our opinion is not modified with respect to this matter.

As described in Note 2 to the financial statements, in 2016, South Plains College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Our opinion is not modified with respect to this matter.

As described in Note 2 to the financial statements, in 2016, South Plains College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 76, *Hierarchy of GAAP*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 6 through 13, the schedule of the College's proportionate share of the net pension liability and schedule of College pension contributions identified as Required Supplementary Information in the table of contents 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.

### *Other Information*

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 awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements.

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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



**Other Reporting Required by *Government Auditing Standards*  
and the *State of Texas Single Audit Circular***

In accordance with *Government Auditing Standards and the State of Texas Single Audit Circular*, we have also issued our report dated November 17, 2016 on our consideration of South Plains College's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards and the State of Texas Single Audit Circular* in considering South Plains College's internal control over financial reporting and compliance.

Respectfully submitted,

*Pate, Downs & Pinkerton, LLP*

Pate, Downs & Pinkerton, LLP

Levelland, Texas  
November 17, 2016

**REQUIRED SUPPLEMENTARY INFORMATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the South Plains College Annual Financial Report presents our discussion and analysis of the College's financial performance during the fiscal year ended August 31, 2016. Please read it in conjunction with the College's financial statements, in the table that follows.

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 financial health is critical 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 2014-2016

			% CHANGE			
	2016	2015	2016	2014	2016	2016
<b>REVENUES</b>						
OPERATING REVENUES	\$ 21,953,267	\$ 21,597,123	1.6%	\$ 22,351,074	-1.8%	
NON-OPERATING REVENUES	\$ 48,516,468	\$ 46,445,405	4.5%	\$ 46,535,088	4.3%	
<b>TOTAL</b>	<b>\$ 70,469,735</b>	<b>\$ 68,042,528</b>	<b>3.6%</b>	<b>\$ 68,886,162</b>	<b>2.3%</b>	
<b>EXPENSES</b>						
OPERATING EXPENSES	\$ 64,595,308	\$ 64,569,669	0.0%	\$ 66,770,019	-3.3%	
NON-OPERATING EXPENSES	\$ 573,623	\$ 610,400	-6.0%	\$ 472,713	21.3%	
<b>TOTAL</b>	<b>\$ 65,168,931</b>	<b>\$ 65,180,069</b>	<b>0.0%</b>	<b>\$ 67,242,732</b>	<b>-3.1%</b>	
<b>INCREASE IN NET ASSETS</b>	<b>\$ 5,300,804</b>	<b>\$ 2,862,459</b>	<b>85.2%</b>	<b>\$ 1,643,430</b>	<b>222.5%</b>	
<b>TOTAL NET ASSETS</b>	<b>\$ 58,415,182</b>	<b>\$ 53,114,378</b>	<b>10.0%</b>	<b>\$ 57,209,749</b>	<b>2.1%</b>	
<b>CURRENT ASSETS</b>	<b>\$ 27,607,765</b>	<b>\$ 21,981,773</b>	<b>25.6%</b>	<b>\$ 22,434,157</b>	<b>23.1%</b>	
<b>CURRENT LIABILITIES</b>	<b>\$ 9,371,288</b>	<b>\$ 8,891,732</b>	<b>5.4%</b>	<b>\$ 9,068,019</b>	<b>3.3%</b>	
<b>CURRENT RATIO</b>	<b>2.95</b>	<b>2.47</b>	<b>N/A</b>	<b>2.47</b>	<b>N/A</b>	

### 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 Position (Exhibit 1); Statement of Revenues, Expenses, and Changes in Net Position (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 Position, and the Statement of Revenues, Expenses, and Changes in Net Position, report the College's net position and changes in them. You can think of the College's net position – 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 position 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 position was \$58.4 million at August 31, 2016. See Table A-1

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

			% CHANGE		% CHANGE	
	2016	2015	2016	2014	2016	
<b>ASSETS</b>						
CURRENT AND OTHER ASSETS	\$ 27.6	\$ 21.9	26.0%	\$ 22.4	23.2%	
CAPITAL ASSETS	\$ 63.2	\$ 63.4	-0.3%	\$ 60.9	3.8%	
<b>TOTAL</b>	<b>\$ 90.8</b>	<b>\$ 85.3</b>	<b>6.4%</b>	<b>\$ 83.3</b>	<b>9.0%</b>	
DEFERRED OUTFLOWS	\$ 3.1	\$ 1.2	158.3%	\$ -	N/A	
<b>LIABILITIES</b>						
LONG TERM DEBT OUTSTANDING	\$ 23.6	\$ 22.5	4.9%	\$ 17.1	38.0%	
OTHER LIABILITIES	\$ 9.4	\$ 8.9	5.6%	\$ 9.0	4.4%	
<b>TOTAL</b>	<b>\$ 33.0</b>	<b>\$ 31.4</b>	<b>5.1%</b>	<b>\$ 26.1</b>	<b>26.4%</b>	
DEFERRED INFLOWS	\$ 2.5	\$ 2.0	25.0%	\$ -	N/A	
<b>NET ASSETS</b>						
INVESTED IN CAPITAL ASSETS						
NET OF DEBT	\$ 46.1	\$ 46.2	-0.2%	\$ 42.9	7.5%	
RESTRICTED	\$ 2.7	\$ 2.1	28.6%	\$ 2.0	35.0%	
UNRESTRICTED	\$ 9.6	\$ 4.8	100.0%	\$ 12.3	-22.0%	
<b>TOTAL NET ASSETS</b>	<b>\$ 58.4</b>	<b>\$ 53.1</b>	<b>10.0%</b>	<b>\$ 57.2</b>	<b>2.1%</b>	

Approximately 57% (2016) 71% (2015), and 78% (2014) of the College's **restricted** net position represent amounts restricted for debt service. The \$9.6 million of **unrestricted net position** for 2016 represents resources available to fund the programs of the College next year.

**Changes in net position.** As Table A-1 illustrates, the College's net position for FY2016 increased by 10% as compared to FY2015 and increased by 2.1% compared to the balance reported in FY2014. The primary reason for the increase is an increase in unrestricted net position of 100% or \$4.8 million compared to the unrestricted net position in FY2015. Last year in FY2015, the unrestricted net position decreased \$7.5 million from FY2014 primarily because of the new requirement by the Governmental

Accounting Standards Board (Statement 68) to report the College's proportionate share of the TRS unfunded net pension liability.

**COLLEGE REVENUES**

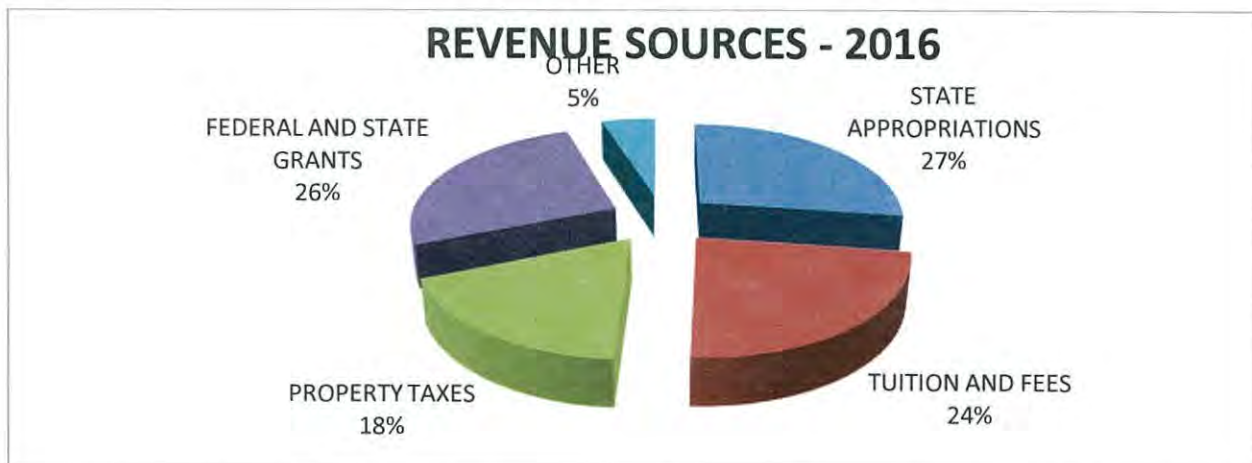
The College's total revenues for FY2016 were \$70.5 million. Approximately 27% comes from State appropriations, 26% from Federal and State grants and contracts, 24% from tuition and fees, 18% from property taxes, and the remaining 5% from other sources. (Table A-2)

The College's total operating expenses were \$64.6 million. Approximately 81% of these expenses are for instruction and other student related expenses.

- Property tax revenues remained stable.
- State appropriations amounts have stabilized over the past two years and increased about 10% during 2016. This increase is due to a 4% increase in general appropriations as well as about a 15% increase in state paid benefits. The increase in state paid benefits is primarily due to an increase in amount of TRS matching for the TRS pension liability required to be reported by South Plains College. A small increase in health insurance appropriations was used for higher premiums.
- An \$8 per semester hour tuition increase was implemented for out of district and non-resident students.
- Federal and state grants decreased (2%) slightly from FY2015 to FY2016.

**TABLE A-2  
SOUTH PLAINS COLLEGE  
SOURCES OF REVENUE  
FY2016**

<u>REVENUE SOURCES(millions)</u>		<u>2016</u>	<u>2015</u>		<u>2014</u>	
STATE APPROPRIATIONS	\$	19.1	27.1%	\$	17.3	25.4%
TUITION AND FEES	\$	16.7	23.7%	\$	16.2	23.8%
PROPERTY TAXES	\$	12.7	18.0%	\$	12.6	18.5%
FEDERAL AND STATE GRANTS	\$	18.5	26.2%	\$	19.3	28.5%
OTHER	\$	3.5	5.0%	\$	2.6	3.8%
<b>TOTAL</b>	<b>\$</b>	<b>70.5</b>	<b>100.0%</b>	<b>\$</b>	<b>68.0</b>	<b>100.0%</b>
					<b>\$</b>	<b>68.9</b>
						<b>100.0%</b>



**TABLE A-3**  
**CHANGES IN THE NET ASSETS OF SOUTH PLAINS COLLEGE**  
(in millions)

			% CHANGE		% CHANGE	
	2016	2015	2016	2014	2016	
<b><u>OPERATING REVENUES</u></b>						
TUITION AND FEES (NET OF DISCOUNTS )	\$ 16.7	\$ 16.2	3.1%	\$ 17.1	-2.3%	
FEDERAL GRANTS AND CONTRACTS	\$ 1.8	\$ 1.4	28.6%	\$ 2.2	-18.2%	
STATE GRANTS AND CONTRACTS	\$ 1.1	\$ 1.5	-26.7%	\$ 1.1	0.0%	
NON GOVERNMENTAL GRANTS AND CONTRACTS	\$ 0.1	\$ 0.1	0.0%	\$ 0.1	0.0%	
SALES AND SERVICES EDUCATIONAL ACTIVITIES	\$ 0.2	\$ 0.2	0.0%	\$ 0.1	100.0%	
AUXILIARY ENTERPRISES	\$ 2.0	\$ 2.1	-4.8%	\$ 1.6	25.0%	
GENERAL OPERATING REVENUES	\$ 0.1	\$ 0.1	0.0%	\$ 0.1	0.0%	
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 22.0</b>	<b>\$ 21.6</b>	<b>1.9%</b>	<b>\$ 22.3</b>	<b>-1.3%</b>	
<b><u>OPERATING EXPENSES</u></b>						
INSTRUCTION	\$ 29.0	\$ 27.6	5.1%	\$ 27.9	3.9%	
PUBLIC SERVICE	\$ 0.9	\$ 1.2	-25.0%	\$ 1.2	-25.0%	
ACADEMIC SUPPORT	\$ 3.1	\$ 3.2	-3.1%	\$ 2.6	19.2%	
STUDENT SERVICES	\$ 6.5	\$ 6.5	0.0%	\$ 6.9	-5.8%	
INSTITUTIONAL SUPPORT	\$ 7.0	\$ 6.7	4.5%	\$ 5.4	29.6%	
OPERATING AND MAINTENANCE OF PLANT	\$ 6.3	\$ 6.4	-1.6%	\$ 6.5	-3.1%	
SCHOLARSHIPS AND FELLOWSHIPS	\$ 6.2	\$ 7.1	-12.7%	\$ 10.6	-41.5%	
AUXILIARY ENTERPRISES	\$ 3.1	\$ 3.3	-6.1%	\$ 3.3	-6.1%	
DEPRECIATION	\$ 2.5	\$ 2.5	0.0%	\$ 2.3	8.7%	
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 64.6</b>	<b>\$ 64.5</b>	<b>0.2%</b>	<b>\$ 66.7</b>	<b>-3.1%</b>	
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>						
STATE APPROPRIATIONS	\$ 19.1	\$ 17.3	10.4%	\$ 17.2	11.0%	
TAXES-MAINTENANCE AND OPERATIONS	\$ 12.6	\$ 12.6	0.0%	\$ 12.6	0.0%	
FEDERAL REVENUE, NON-OPERATING	\$ 15.7	\$ 16.3	-3.7%	\$ 16.3	-3.7%	
GIFTS	\$ 1.0	\$ 0.1	900.0%	\$ 0.3	233.3%	
INVESTMENT INCOME	\$ 0.1	\$ 0.1	0.0%	\$ 0.1	20.0%	
INTEREST ON CAPITAL RELATED DEBT	\$ (0.6)	\$ (0.6)	-1.6%	\$ (0.5)	27.7%	
OTHER	\$ -	\$ -	0.0%	\$ 0.1	-100.0%	
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>\$ 47.9</b>	<b>\$ 45.8</b>	<b>4.6%</b>	<b>\$ 46.1</b>	<b>3.9%</b>	
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 5.3</b>	<b>\$ 2.9</b>	<b>84.6%</b>	<b>\$ 2.3</b>	<b>128.7%</b>	



## Capital Assets

At the end of 2016, the College had invested \$116.1 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 \$2.2 million or 1.9% over last year. The Lubbock Center facility was purchased for \$2 million in FY2015 and an additional \$1 million was added in FY2016, but will remain as construction in progress until renovation is complete in the summer of 2017. A detail listing of activity in the capital assets is presented in Table A-4.

**TABLE A-4**

CHANGES IN CAPITAL ASSETS (millions)			% CHANGE	
	2016	2015	2016	2014
LAND	\$ 2.0	\$ 2.0	0.0%	\$ 2.0
LIBRARY BOOKS	\$ 2.8	\$ 2.7	3.7%	\$ 2.7
CONSTRUCTION IN PROGRESS	\$ 3.0	\$ 2.0	50.0%	\$ 9.2
BUILDINGS	\$ 90.3	\$ 90.3	0.0%	\$ 79.4
LAND IMPROVEMENTS	\$ 1.7	\$ 1.6	6.2%	\$ 1.6
FURNITURE, MACHINERY, VEHICLES, OTHER EQUIP.	\$ 9.7	\$ 9.1	6.6%	\$ 8.5
TELECOMMUNICATIONS AND PERIPHERAL EQUIPT.	\$ 6.6	\$ 6.2	6.5%	\$ 5.9
TOTALS AT HISTORICAL COST	<u>\$ 116.1</u>	<u>\$ 113.9</u>	1.9%	<u>\$ 109.3</u>
LESS ACCUMULATED DEPRECIATION	\$ (52.9)	\$ (48.3)	9.5%	\$ (46.2)
NET CAPITAL ASSETS	<u>\$ 63.2</u>	<u>\$ 65.6</u>	-3.7%	<u>\$ 63.1</u>

## Long Term Debt

At year-end the College had \$15.9 million in long-term bonds outstanding as shown in Table A-5 below. In addition, there is an increase in net pension liability associated with TRS of \$1.3 million from 2015. This liability is recorded in order to be in compliance with GASB (Governmental Accounting Standards Board) Statement 68. GASB 68 states that beginning in fiscal year 2015, participating employers should report their proportionate share of the unfunded net pension liability on the balance sheet. More detailed information about the College's debt is presented in the notes to the financial statements.

**Table A-5**  
**South Plains College Long Term Debt**  
**(in millions of dollars)**

	2016	2015	2014
Tuition Revenue Bonds Payable	\$ 15.9	\$ 16.1	\$ 17.1
Net Pension Liability	\$ 7.7	\$ 6.4	\$ -
<b>Total long term debt</b>	<u><b>\$ 23.6</b></u>	<u><b>\$ 22.5</b></u>	<u><b>\$ 17.1</b></u>

## 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 affect enrollment. South Plains College continues to experience a relatively stable enrollment. In the fall, 2014 semester, the College experienced an enrollment of 9,661 students, an increase of less than 1% in enrollment from the fall 2013 semester. In the fall 2015 semester the student enrollment was 9,365, a decrease of about 3% and in the fall 2016 semester, the student enrollment was 9,459. This represents an increase of about 1% from the fall 2015 semester. Student enrollment needs to increase or at least stabilize in order 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. South Plains College, in partnership with the Helen Jones Foundation, the CH Foundation, the Lubbock Economic Development Alliance, and Group 1 Auto purchased a 70,000 square foot building in fiscal year 2015 which will be renovated and become a training center in Lubbock. These partners have pledged \$9.9 million in grants to renovate this facility, thereby alleviating future financial obligations to convert the building for instructional purposes. South Plains College has outgrown the instructional capacity of the Byron Martin Advanced Technology Center, which limits SPC's enrollment and the ability to train the workforce. The Lubbock Center will address the business and industry demands for a skilled workforce. This initiative is expected to stabilize enrollment and increase enrollment for the foreseeable future. Renovation began during FY2016 and an additional \$1 million was spent on renovations in FY2016. Lubbock Center is scheduled to open before the fall 2017 semester.

The State of Texas contributes a significant portion of the College's revenues through state appropriations for educational operations and employee benefits. Overall, there was a 10.4% increase in state appropriations in FY2016 as compared to FY2015. There was a small increase of \$306,572 in health insurance appropriations in FY2016 from the previous year and an increase of \$352,994 in retirement support compared to FY2015. The increase in health insurance appropriations were used to offset the increase in insurance premiums. About \$306,000 of the increase in retirement support from the state is due to increase in state contributions by TRS to cover the pension liability reported by the College. There was a 4% increase in general state appropriations. Additionally, South Plains College received an increase of \$718,246 for the professional nursing shortage reduction program. Beginning in FY2015, the college became responsible for paying 50% of the cost of all retired employee insurance premiums in addition to paying 100% of auxiliary and maintenance retired employee insurance premiums that was already required of the College. This change added an additional \$827,770 in FY2015. The increase in retiree insurance expense increased an additional \$140,000 from FY2015 to FY2016. This expense must be funded by additional revenue in the future. The judicious use of deferred maintenance funds for normal College operations, raising tuition/fee charges, and the stability of state appropriations has been successful in maintaining normal operations. The implementation to GASB 68 to record the unfunded TRS liability has decreased the unrestricted fund balance by \$7.2 million dollars. Hopefully the funding shortfall facing the legislature will subside during the next biennium and the funding cuts to community colleges can be restored. Whether that will happen is a matter of speculation.

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, but returns began to increase during FY2016. Investment income increased from \$58,917 in FY2015 to \$125,443 in FY2016, which represents a 113% increase. 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. The taxable assessed value fell from \$4.7 billion in FY2015 to \$3.4 billion in FY2016. The values decreased again for FY2017 to \$2.3 billion. South Plains College reached the cap of .40 per \$100 valuation in FY2017 causing the college to lose approximately \$3 million in FY2017. If the mineral tax base continues to decrease, this will cause an additional revenue challenge for South Plains College.

The GASB 68 requirement to report the proportionate TRS unfunded liability will continue to impact the unrestricted net position in the future. The amount will change annually and could continue to decrease the unrestricted net position. Although the pension liability increased by \$1.3 million in 2016, the net effect to the fund balance in FY2016 was a decrease of \$47,820.

**AFFILIATED UNIT INFORMATION  
SOUTH PLAINS COLLEGE FOUNDATION**

The South Plains College Foundation is governed by a 30-member Board of Directors that is committed to a long-standing tradition of service to the students of South Plains College. The purpose of the Foundation is to advance the College by raising and receiving funds to support the educational mission of the College through scholarships, program enrichment and capital improvements. To this end, the Foundation has traditionally focused its operations on maximizing efforts to grow scholarship endowments to support the educational dreams of SPC students. However, development efforts recently have been directed at securing private and public grants to support capital improvements, such as the Lubbock Center project. The Foundation is scheduled to begin receiving \$7 million toward this project in January 2018.

The South Plains College Foundation recorded a 5.6 percent increase in net assets over the prior period with total net assets of \$18,681,931. This increase was due in large part to an estimated 6.0 percent average return on investment for the fiscal year resulting in a net gain of \$1,086,860 on short-term investments. Return on investment for prior years was -1.4 percent for FY2015 and 15.9 percent for FY2014. The Foundation's investment goal is twofold: 1) provide long-term growth of fund assets with preservation of capital and purchasing power; and 2) provide sufficient current income to support the activities of the Foundation.

<b>FINANCIAL HIGHLIGHTS 2014-2016</b>					
	<b>FY 2016</b>	<b>FY 2015</b>	<b>Percent Change 2016</b>	<b>FY 2014</b>	<b>Percent Change 2016</b>
<b>REVENUES</b>					
Gifts	\$631,487	\$677,418	-6.8%	\$852,592	-25.9%
Fundraising	\$228,292	\$200,902	13.6%	\$233,804	-2.4%
Investments	\$1,086,860	(\$240,681)	551.6%	\$2,552,325	-57.4%
Other	\$11,413	\$15,553	-26.6%	\$21,503	-46.9%
<b>Total</b>	<b>\$1,958,052</b>	<b>\$653,192</b>	<b>199.8%</b>	<b>\$3,660,224</b>	<b>-46.5%</b>
<b>EXPENSES</b>					
Scholarships	\$814,487	\$671,040	21.4%	\$618,299	31.7%
Grants to SPC	\$18,900	\$70,573	-73.2%	\$46,925	-59.7%
Fundraising	\$46,728	\$45,831	2.0%	\$50,668	-7.8%
Operating	\$91,126	\$88,311	3.2%	\$79,409	14.8%
<b>Total</b>	<b>\$971,241</b>	<b>\$875,755</b>	<b>10.9%</b>	<b>\$795,301</b>	<b>22.1%</b>
<b>INCREASE IN NET POSITION</b>	<b>\$986,811</b>	<b>(\$222,563)</b>	<b>543.4%</b>	<b>\$2,864,923</b>	<b>-65.6%</b>
<b>TOTAL NET POSITION</b>	<b>\$18,681,931</b>	<b>\$17,695,120</b>	<b>5.6%</b>	<b>\$17,917,683</b>	<b>4.3%</b>

The regional economy began to soften during the fourth quarter of 2014 brought about by falling oil prices and uncertainty in global financial markets. This trend of low oil prices and market volatility continued through calendar year 2015 and into the first quarter of 2016. This uncertainty continued to affect total contributions, despite a 13.6 percent increase in fundraising that occurred during the fiscal year. The Foundation recorded \$859,779 in gifts and fundraising for the fiscal year, only 2.1 percent less than the prior year.

The Foundation distributed to the College a record \$814,487 in scholarship funds, providing financial assistance to 831 South Plains College students during the academic year. This was a 21.4 percent increase in scholarship spending, a major goal of the Foundation’s Board of Directors. An additional \$18,900 in non-scholarship restricted and unrestricted grants were disbursed for total support of \$833,387 to the College.

The operating expenses of the Foundation grew by a modest 3.2 percent to \$91,126. These expenses were largely investment expense (75 percent), planned gift expense (7 percent), liability insurance (7 percent), donor recognition expense (5 percent) and miscellaneous expense (6 percent). The College, through its partnership with the Foundation, contributes to the operations of the Foundation by providing in-kind support of personnel, office space, computer resources, travel, office supplies and other operational support estimated to be \$236,250 (unaudited).

The Foundation’s permanent endowment increased 5.0 percent during the fiscal year to \$12,339,786 due to the establishment of new endowments and additions to existing funds. Overall, five new scholarship endowments, totaling \$259,000, were established during the fiscal year and five existing scholarship funds reached minimum endowment status. The total endowment increased in value by 6.7 percent to \$16,600,025 with 74.3 percent of funds permanently restricted. For fiscal year 2016, the permanent endowment of the Foundation funded \$503,939 in scholarships, or 61.9 percent of the total scholarship disbursement. The remaining \$310,548 or 39.1 percent of scholarships came from non-permanent funds and impact scholarship contributions from donors.

<b>ENDOWMENT GROWTH 2014-2016</b>					
	<b>FY 2016</b>	<b>FY 2015</b>	<b>Percent Change 2016</b>	<b>FY 2014</b>	<b>Percent Change 2016</b>
<b>Permanently Restricted</b>	\$12,339,786	\$11,757,773	5.0%	\$11,224,592	9.9%
<b>Temporarily Restricted</b>	<u>\$4,260,239</u>	<u>\$3,793,892</u>	12.3%	<u>\$4,428,100</u>	-3.8%
<b>Total Endowment Value</b>	<b>\$16,600,025</b>	<b>\$15,551,665</b>	<b>6.7%</b>	<b>\$15,652,692</b>	<b>6.1%</b>
<b>% Permanent Endowment</b>	<b>74.3%</b>	<b>75.6%</b>		<b>71.7%</b>	

## **BASIC FINANCIAL STATEMENTS**

STATEMENT OF NET POSITION  
AUGUST 31, 2016 AND AUGUST 31, 2015

ASSETS	2016	2015
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 25,317,510	\$ 19,953,059
Accounts Receivable (net)	2,290,255	2,028,714
Prepaid Expenses	-	-
<b>Total Current Assets</b>	<u>27,607,765</u>	<u>21,981,773</u>
<b>Noncurrent Assets:</b>		
Capital Assets (net) (See Note 6)	63,233,880	63,387,386
<b>Total Noncurrent Assets</b>	<u>63,233,880</u>	<u>63,387,386</u>
<b>Total Assets</b>	<u>90,841,645</u>	<u>85,369,159</u>
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to TRS	3,015,288	1,170,047
Other Deferred Outflows	50,272	-
<b>Total Deferred Outflows</b>	<u>3,065,560</u>	<u>1,170,047</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	981,089	711,545
Accrued Liabilities	1,531,086	1,635,622
Funds Held for Others	747,725	720,125
Unearned Revenues	4,861,388	4,874,440
Bonds Payable - Current Portion	1,250,000	950,000
<b>Total Current Liabilities</b>	<u>9,371,288</u>	<u>8,891,732</u>
<b>Noncurrent Liabilities:</b>		
Bonds Payable	15,844,578	16,150,000
Net Pension Liability	7,742,242	6,419,386
<b>Total Noncurrent Liabilities</b>	<u>23,586,820</u>	<u>22,569,386</u>
<b>Total Liabilities</b>	<u>32,958,108</u>	<u>31,461,118</u>
<b>Deferred Inflow of Resources:</b>		
Deferred Inflows Related to TRS	<u>2,533,915</u>	<u>1,963,710</u>
<b>NET POSITION</b>		
Invested in Capital Assets, Net of related Debt	46,139,301	46,287,386
Restricted for:		
Expendable		
Student Aid	391,937	364,438
Debt Service	1,494,154	1,491,651
Nursing Program	753,035	203,645
Unrestricted	<u>9,636,755</u>	<u>4,767,258</u>
<b>Total Net Position (Schedule D)</b>	<u>\$ 58,415,182</u>	<u>\$ 53,114,378</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, 2016 AND AUGUST 31, 2015

EXHIBIT 1

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 525,331	\$ 576,673
Accrued Interest Receivable	1,149	1,403
Accounts Receivable	1,000	1,000
Investments	17,907,550	16,879,356
Planned Gift Cash Value	235,601	224,188
Vacation Time Share	12,500	12,500
Fall Semester Deferred Outflow Scholarships	<u>367,661</u>	<u>320,516</u>
<b>Total Assets</b>	<u>19,050,792</u>	<u>18,015,636</u>
<b>Liabilities</b>		
Accounts Payable	1,200	-
Fall 2016 Scholarships to South Plains College	<u>367,661</u>	<u>320,516</u>
<b>Total Liabilities</b>	<u>368,861</u>	<u>320,516</u>
<b>Net Assets</b>		
Unrestricted	230,369	227,163
Temporarily Restricted	6,035,190	5,710,183
Permanently Restricted	<u>12,416,372</u>	<u>11,757,774</u>
<b>Total Net Assets</b>	<u>\$ 18,681,931</u>	<u>\$ 17,695,120</u>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED AUGUST 31, 2016 AND AUGUST 31, 2015**

<b>Operating Revenues</b>	<u>2016</u>	<u>2015</u>
Tuition and Fees (net of discounts of \$12,585,024 and \$12,649,325, respectively)	\$ 16,718,253	\$ 16,193,440
Federal Grants and Contracts	1,753,654	1,368,664
State Grants and Contracts	1,063,724	1,559,144
Non-Governmental Grants and Contracts	62,931	88,575
Sales and Services of Educational Activities	170,867	174,055
Investment Income - Program Restricted	1,134	1,022
Auxiliary Enterprises (net of discounts of \$663,251 & \$666,777)	2,036,408	2,125,905
General Operating Revenues	<u>146,296</u>	<u>86,318</u>
Total Operating Revenues (Schedule A)	<u>21,953,267</u>	<u>21,597,123</u>
 <b>Operating Expenses</b>		
Instruction	28,949,955	27,578,945
Public Service	927,587	1,234,575
Academic Support	3,143,312	3,202,555
Student Services	6,509,580	6,486,691
Institutional Support	6,992,849	6,708,205
Operation and Maintenance of Plant	6,298,295	6,427,605
Scholarships and Fellowships	6,216,223	7,132,637
Auxiliary Enterprises	3,089,926	3,277,861
Depreciation	<u>2,467,581</u>	<u>2,520,595</u>
Total Operating Expenses (Schedule B)	<u>64,595,308</u>	<u>64,569,669</u>
<b>Operating Loss</b>	<u>(42,642,041)</u>	<u>(42,972,546)</u>
 <b>Non-Operating Revenues (Expenses)</b>		
State Appropriations	19,095,962	17,278,563
Maintenance Ad Valorem Taxes	12,657,686	12,607,384
Federal Revenue, Non-Operating	15,669,815	16,383,542
Gifts	955,848	93,660
Gifts in Kind	5,939	23,339
Investment income	125,443	58,917
Interest on Capital Related Debt	(573,623)	(610,400)
Gain/(Loss) on Disposal of Fixed Assets	<u>5,775</u>	<u>-</u>
Net Non-Operating Revenues (Schedule C)	<u>47,942,845</u>	<u>45,835,005</u>

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



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED AUGUST 31, 2016 AND AUGUST 31, 2015

Increase in Net Position	5,300,804	2,862,459
<b>Net Position</b>		
Net Position - Beginning of Year	53,114,378	57,209,749
Prior Period Adjustment (Note 2)	-	(6,957,830)
Net Position - End of Year	<u>\$ 58,415,182</u>	<u>\$ 53,114,378</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, 2016 AND AUGUST 31, 2015

EXHIBIT 2

	<u>2016</u>	<u>2015</u>
<b>Revenue</b>		
Cash Gifts	\$ 578,776	\$ 677,418
Non-Cash Gifts	52,711	-
Fund Raising Revenue	228,292	200,902
Investment Income	356,759	375,416
Realized Capital Gain/(Loss)	(48,591)	72,372
Planned Gift Change in Value	11,413	15,505
Unrealized Market Gain/(Loss)	778,692	(688,469)
Other Income	-	48
<b>Total Revenue</b>	<u>1,958,052</u>	<u>653,192</u>
 <b>Expense</b>		
Scholarships	814,487	671,040
Fund Raising Expenses	46,728	45,831
Planned Gift Expenses	6,711	6,711
Restricted Program Support	10,662	66,573
Unrestricted Program Support	8,238	4,000
Bank/Brokerage Fees	68,430	68,366
Other Expenses	15,985	13,234
<b>Total Expenses</b>	<u>971,241</u>	<u>875,755</u>
 <b>Change in Net Assets</b>	986,811	(222,563)
Net Assets at beginning of year	17,695,120	17,917,683
<b>Net Assets at end of year</b>	<u>\$ 18,681,931</u>	<u>\$ 17,695,120</u>

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

**STATEMENT OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2016 AND AUGUST 31, 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from students and other customers	\$ 18,930,209	\$ 19,012,938
Receipts from grants and contracts	2,847,679	3,585,467
Payments to suppliers for goods and services	(11,810,616)	(13,030,147)
Payments to or on behalf of employees	(39,291,395)	(38,163,887)
Payments for scholarships and fellowships	(6,772,996)	(7,669,738)
Other receipts	147,430	87,340
Net cash used by operating activities	<u>(35,949,689)</u>	<u>(36,178,027)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Receipts from state appropriations	15,002,088	13,856,627
Receipts from ad valorem taxes	12,595,785	12,595,621
Receipts from Non-Operating Federal Revenue	15,669,815	16,383,542
Receipts from Gifts	955,848	93,660
Net cash provided by noncapital financing activities	<u>44,223,536</u>	<u>42,929,450</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Proceeds on issuance of capital debt	741,704	382,871
Purchases of capital assets	(2,111,201)	(5,012,676)
Proceeds from sale of capital assets	5,775	-
Payments on capital debt - principal	(950,000)	(950,000)
Payments on capital debt - interest	(720,324)	(593,141)
Net cash used by capital and related financing activities	<u>(3,034,046)</u>	<u>(6,172,946)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment earnings	124,650	58,739
Net cash provided by investing activities	<u>124,650</u>	<u>58,739</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>5,364,451</u>	<u>637,216</u>
<b>CASH AND CASH EQUIVALENTS—September 1</b>	<u>19,953,059</u>	<u>19,315,843</u>
<b>CASH AND CASH EQUIVALENTS—August 31</b>	<u>\$ 25,317,510</u>	<u>\$ 19,953,059</u>

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

**STATEMENT OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2016 AND AUGUST 31, 2015**

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH**

**PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating loss	\$ (42,642,041)	\$ (42,972,546)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation expense	2,467,581	2,520,595
Bad debt expense	222,257	203,743
Gift in kind expenditure	5,939	3,339
Payments made directly by state for benefits	4,093,874	3,421,936
TRS non-cash items	47,820	(60,142)
Changes in assets and liabilities:		
Receivables (net)	(218,230)	198,173
Deferred outflows not related to TRS	(50,272)	316,754
Accounts payable	66,670	(529,071)
Accrued liabilities	42,165	331,748
Unearned revenue	(13,052)	319,942
Funds held for others	27,600	67,502
Net cash used by operating activities	<u>\$ (35,949,689)</u>	<u>\$ (36,178,027)</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, 2016

### 1. Reporting Entity

South Plains College (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 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 Colleges*. The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities.

#### Tuition Discounting

##### Texas Public Education Grants (TPEG)

Certain tuition amounts must be set aside for use as scholarships by qualifying students. This set aside, called the TPEG, is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code (TEC) § 56.033). When the award is used by the student for tuition and fees, the College records the amount as tuition discount. If the amount is dispersed directly to the student, the College records the amount 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 initially are 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 College records the amount 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 (THECB), Legislative Budget Board (LBB), 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, 2016

#### Cash and Cash Equivalents

The College considers cash and cash equivalents as cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

#### Deferred Outflows

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

#### Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, the College reports investments 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 \$12,483,030 and \$9,524,544 at 2016 and 2015, 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

The College reports capital assets 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. The College capitalizes renovations of \$100,000 to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure. The College charges costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives 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.

#### Pensions

The College participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost sharing defined benefit plan with a special funding situation. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined based on the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

## SOUTH PLAINS COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2016

#### Unearned Revenue

Tuition and fees of \$4,854,054 and \$4,843,308 and federal, state and local grants of \$7,334 and \$31,132 have been reported by the College as unearned revenue at August 31, 2016 and 2015, respectively.

#### Deferred Inflows

In addition to liabilities, the College is aware that the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so is not recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB.

#### 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, the College is aware that 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.

#### Prior Year Restatement

None

#### Change in Accounting Policies

In February, 2015 the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application," which is effective for fiscal years beginning after June 15, 2015. The College has implemented the provisions of this Statement for the year ended August 31, 2016.

The requirements of this statement enhances comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The statement also enhances fair value application guidance and related disclosures to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

In June, 2015 the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial reporting for pensions and related assets that are not within the scope of GASB Statement 68, and amendments to certain provisions of GASB Statements 67 and 68", which is effective for fiscal years beginning after June 15, 2015. The College has implemented the provisions of this Statement for the year ended August 31, 2016.

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The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities.

In June, 2015 the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The hierarchy of Generally Accepted Accounting Principles for State and Local Governments", which is effective for fiscal years beginning after June 15, 2015. The College has implemented the provisions of this Statement for the year ended August 31, 2016.

The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statement when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

This statement supersedes Statement No. 55, The Hierarchy of General Accepted Accounting Principles for State and Local Governments.

**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.

South Plains College is required to adopt, implement and publicize an investment policy. That policy must address the following areas (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits. The Public Funds Investment Act requires an annual audit of investments practices.

We have performed tests designed to verify South Plains College's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2016, no instances of noncompliance were found.

**4. Deposits and Investments**

At August 31, 2016 and 2015, 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.



**SOUTH PLAINS COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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

	Cash and Deposits			
	Primary Institution		Component Unit	
	2016	2015	2016	2015
Bank Deposits				
Demand Deposits	\$ 6,510,179	\$ 4,127,180	\$ 389,418	\$ 313,625
Savings and Money Market Accounts	4,515,572	4,508,917	126,099	253,294
Certificates of Deposit	1,803,244	1,781,721	9,814	9,754
Total Bank Deposits	\$ 12,828,995	\$ 10,417,818	\$ 525,331	\$ 576,673
Cash and Cash Equivalents				
Petty Cash on Hand	5,485	10,697	-	-
Investment Pool	12,483,030	9,524,544	-	-
Total (Exhibit 1)	\$ 25,317,510	\$ 19,953,059	\$ 525,331	\$ 576,673

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	Primary Institution		Component Unit	
	Market Value August 31, 2016	Market Value August 31, 2015	Market Value August 31, 2016	Market Value August 31, 2015
Preferred Securities	\$ -	\$ -	\$ -	\$ -
Corporate Equities	-	-	1,915,906	1,750,005
U.S. Government Agencies	-	-	126,357	113,138
Corporate Bonds and Notes	-	-	-	-
Mutual Funds	-	-	15,020,001	14,139,614
Other	-	-	1,093,388	1,113,287
Totals	\$ -	\$ -	\$ 18,155,652	\$ 17,116,044
Total Cash and Deposits	\$ 25,317,510	\$ 19,953,059	\$ 525,331	\$ 576,673
Total Investments	-	-	18,155,652	17,116,044
Total Deposits and Investments	\$ 25,317,510	\$ 19,953,059	\$ 18,680,983	\$ 17,692,717
Cash and Cash Equivalents (Exhibit 1)	\$ 25,317,510	\$ 19,953,059	\$ 525,331	\$ 576,673
Investments (Exhibit 1)	-	-	18,155,652	17,116,044
Total Deposits and Investments	\$ 25,317,510	\$ 19,953,059	\$ 18,680,983	\$ 17,692,717

**SOUTH PLAINS COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
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As of August 31, 2016, the College had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weight Average Maturity (Years)</u>
Certificate of Deposit	\$ 1,803,244	1.12
<u>Component Unit</u>	<u>Fair Value</u>	<u>Weight Average Maturity (Years)</u>
Certificate of Deposit	9,814	0.92

Portfolio Weighted Average Maturity 1.02

**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 as well. The College’s credit ratings for its investments are as follows:

<u>Type of Investment</u>	<u>Rating</u>
Money Market Accounts	Unrated
Investment Pools	AAA

**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 (48.67%), Inst Multi-Strategy Bond Fund (15.92%), and Global Multi-Asset Fund LLC (9.08%).

**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. Fair Value of Financial Instruments**

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to their fair value measurement of the instrument.

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

**SOUTH PLAINS COLLEGE**

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The fair value hierarchy of investments for the component unit at August 31, 2016 follows:

	2016				2015
	Level 1	Level 2	Level 3	Total	Total
Fixed income securities	\$ -	\$ -	\$ -	\$ -	\$ -
Mutual Funds	15,020,000	-	-	15,020,000	14,139,614
Marketable Securities	1,915,906	-	-	1,915,906	1,750,005
U.S. government securities	126,357	-	-	126,357	113,138
Municipal bonds	-	-	-	-	-
Other Investments	845,287	-	248,102	1,093,389	1,113,287
<b>Total</b>	<b>\$17,907,550</b>	<b>\$ -</b>	<b>\$ 248,102</b>	<b>\$18,155,652</b>	<b>\$17,116,044</b>

**6. Derivatives**

South Plains College did not investment in derivatives during the years ended August 31, 2016 and 2015.

**7. Capital Assets**

Capital assets activity for the year ended August 31, 2016, was as follows:

	Balance September 1, 2015	Increases	Decreases	Balance August 31, 2016
<u>Not Depreciated:</u>				
Land	\$ 2,013,473	\$ -	\$ -	\$ 2,013,473
Construction in Process	1,980,888	1,100,034	-	3,080,922
Subtotal	3,994,361	1,100,034	-	5,094,395
<u>Buildings and Other Capital Assets:</u>				
Buildings and Improvements	90,318,466	-	-	90,318,466
Other Real Estate Improvements	1,649,596	17,400	-	1,666,996
Furniture, Machinery, Vehicles, and Other Equipment	9,068,969	628,737	41,733	9,655,973
Telecommunications and Peripheral Equipment	6,175,249	427,330	-	6,602,579
Library Books	2,731,693	99,598	-	2,831,291
<b>Total Buildings and Other Capital Assets</b>	<b>109,943,973</b>	<b>1,173,065</b>	<b>41,733</b>	<b>111,075,305</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

Accumulated Depreciation:

Buildings and Improvements	35,879,777	1,291,076	-	37,170,853
Other Real Estate Improvements	508,295	83,277	-	591,572
Furniture, Machinery, Vehicles, and Other Equipment	6,112,137	530,162	41,733	6,600,566
Telecommunications and Peripheral Equipment	5,377,418	374,313	-	5,751,731
Library Books	2,673,321	188,753	40,975	2,821,099
<b>Total Accumulated Depreciation</b>	<b>50,550,948</b>	<b>2,467,581</b>	<b>82,708</b>	<b>52,935,821</b>
Net Buildings and Other Capital Assets	59,393,025	(1,294,516)	(40,975)	58,139,484
Net Capital Assets	\$ 63,387,386	\$ (194,482)	\$ (40,975)	\$ 63,233,879

Capital Assets Comparative

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

	Balance September 1, 2014	Increases	Decreases	Balance August 31, 2015
<u>Not Depreciated:</u>				
Land	\$ 2,013,473	\$ -	\$ -	\$ 2,013,473
Construction in Process	9,232,243	1,980,888	9,232,243	1,980,888
Subtotal	11,245,716	1,980,888	9,232,243	3,994,361
<u>Buildings and Other Capital Assets:</u>				
Buildings and Improvements	79,375,213	10,943,253	-	90,318,466
Other Real Estate Improvements	1,606,424	43,172	-	1,649,596
Furniture, Machinery, Vehicles, and Other Equipment	8,496,018	572,951	-	9,068,969
Telecommunications and Peripheral Equipment	5,946,056	229,193	-	6,175,249
Library Books	2,659,795	111,795	39,897	2,731,693
<b>Total Buildings and Other Capital Assets</b>	<b>98,083,506</b>	<b>11,900,364</b>	<b>39,897</b>	<b>109,943,973</b>
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	34,576,059	1,303,718	-	35,879,777
Other Real Estate Improvements	427,794	80,501	-	508,295

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**NOTES TO THE FINANCIAL STATEMENTS  
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Furniture, Machinery, Vehicles, and Other Equipment	5,579,863	532,274	-	6,112,137
Telecommunications and Peripheral Equipment	4,955,429	421,989	-	5,377,418
Library Books	2,846,466	182,113	355,258	2,673,321
Total Accumulated Depreciation	48,385,611	2,520,595	355,258	50,550,948
Net Buildings and Other Capital Assets	49,697,895	9,379,769	315,361	59,393,025
Net Capital Assets	\$ 60,943,611	\$ 11,360,657	\$ 8,916,882	\$ 63,387,386

**8. Non-Current Liabilities**

Non- Current liability activity for the year ended August 31, 2016, was as follows:

	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016	Current Portion
<u>Leases, Bonds and Notes</u>					
Revenue Bonds	\$17,100,000	\$17,094,578	\$17,100,000	\$17,094,578	\$1,250,000
Net Pension Liability	6,419,386	1,845,241	522,385	7,742,242	N/A
Total Long-term Liabilities	\$23,519,386	\$18,939,819	\$17,622,385	\$24,836,820	\$1,250,000

Non-Current liability activity for the year ended August 31, 2015, was as follows:

	Balance September 1, 2014	Additions	Reductions	Balance August 31, 2015	Current Portion
<u>Leases, Bonds and Notes</u>					
Revenue Bonds	\$18,050,000	\$ -	\$ 950,000	\$17,100,000	\$ 950,000
Net Pension Liability	7,880,432	1,515,790	2,976,836	6,419,386	N/A
Total Long-term Liabilities	\$18,050,000	\$ 1,515,790	\$ 3,926,836	\$23,519,386	\$ 950,000

**9. Debt and Lease Obligations**

Debt service requirements at August 31, 2016, were as follows:

For the Year Ended August 31,	Revenue Bonds		
	Principal	Interest	Total
2017	\$ 1,250,000	\$ 395,115	\$ 1,249,844
2018	1,250,000	473,385	1,328,114
2019	1,250,000	447,796	1,302,525

**SOUTH PLAINS COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
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2020	1,250,000	422,208	1,276,937
2021	1,250,000	396,620	1,251,349
2022-2026	4,273,645	7,228,710	11,502,355
2027-2031	4,273,645	4,797,816	9,071,461
2032-2036	2,297,288	1,599,272	5,872,915
<b>TOTAL</b>	<b>\$ 17,094,578</b>	<b>\$ 15,760,922</b>	<b>\$ 32,855,500</b>

**10. Bonds Payable**

South Plains Junior College District Revenue Financing System Refunding and Improvement Bonds, Series 2012.

Issued for the purpose of providing funds to (i) 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, (ii) refund of the Refunded Bonds, and (iii) pay the costs related thereto. Authorized 12/01/2012 and maturing 10/15/2032 in the original amount of \$19,000,000. 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 8/31/15 is \$17,100,000. The Interest rate is 3.50% through 10/15/15 and not to exceed 4.75% (max rate) thereafter. This bond was redeemed in full on June 9, 2016 by the Series 2016 issue.

South Plains Junior College District Revenue Financing System Refunding and Improvement Bonds, Series 2016.

Issued for the purpose of providing funds to (i) 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, (ii) refund of the Refunded Bonds, and (iii) pay the costs related thereto. Authorized 6/09/2016 and maturing 10/15/2035 in the original amount of \$25,000,000. 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. The bond has been issued as a private placement. The amount of the bond that has been issued at 8/31/16 is \$17,094,578. The interest rate is 3.00% through 10/15/21 and not to exceed 15% (max rate) thereafter.

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

**11. Advance Refunding Bonds**

The Refunding and Improvement Bonds, Series 2012, were defeased in full by the Refunding and Improvement Bonds, Series 2016. Both bond series were private placement bonds with the same Lender. The reasons for the 2016 series was to consolidate the debt of the 2012 series with the needed financing of a new capital project that the College was undertaking. The 2016 series reduces the interest rate from 3.50% to 3.00% for the next five years, however, the 2016 series also increases the maximum rate on the bonds from 4.75% on the 2012 series to 15% on the 2016 series. Any savings generated by the reduced ½ percent reduction in the interest rate will easily be negated by any increase in interest rates for the balance of the bonds outstanding after 10/15/21, thereby resulting in limited savings, if at all.

**SOUTH PLAINS COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Defeased Bonds Outstanding**

None

**13. Short-term Debt**

The College had no short-term debt at August 31, 2016.

**14. Employees Retirement Plan**

**Teacher Retirement System of Texas – Defined Benefit Pension Plan**

**Plan Description**

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

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

**Pension Plan Fiduciary Net Position**

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

**Benefits Provided**

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

**Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution, which requires the Texas legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government

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Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	Contribution Rates	2015	2016
Member		6.7%	7.2%
Non-Employer Contributing Entity (NECE - State)		6.8%	6.8%
Employers		6.8%	6.8%
FY2016 Member Contributions		\$ 1,239,133	
FY2015 State of Texas On-Behalf Contributions		\$ 486,054	
FY2016 College Contributions		\$ 1,170,292	

The College's contributions to the TRS pension plan in 2016 were \$679,003 as reported in the Schedule of College Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2016 were \$468,842.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

Public junior colleges are required to pay the employer contribution rate in the following instances:

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

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



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Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal

Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Rate of Return*	8.00%
Inflation	2.50%
Salary Increases including inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

\* Includes inflation of 2.5%

Actuarial methods and assumptions were updated based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015 by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan. The most significant changes were related to the update of the post-retirement mortality rates based on the most recent TRS member experience and the decrease in the assumption for general wage inflation from 3.0% to 2.50%. Other changes to overall assumptions and methods had a minor impact on the results of the actuarial valuation and the related pension liability.

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

Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by

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adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

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

\* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns. Source: Teacher Retirement System of Texas Comprehensive Annual Financial Report.

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percent less and 1 percent greater than the discount rate that was used (8%) in measuring the 2015 net pension liability.

	1% Decrease in Discount Rate (7.0%)	Current Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
College's proportionate share of the net pension liability	\$ 12,130,634	\$ 7,742,242	\$ 4,086,984
Plan net pension liability (in millions from TRS CAFR)	\$ 55,385	\$ 35,349	\$ 18,660

**SOUTH PLAINS COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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

At August 31, 2016, the College reported a liability of \$7,742,242 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	\$ 7,742,242
State's proportionate share of the net pension liability associated with the College	<u>5,595,333</u>
Total	<u>\$ 13,337,575</u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 through August 31, 2015.

At the measure date of August 31, 2015, the employer's proportion of the collective net pension liability was 0.0219025% which was a decrease of 0.0021299% from its proportion measured as of August 31, 2014.

For the year ended August 31, 2016, the College recognized pension expense of \$797,245 and revenue of \$797,245 for support provided by the State. Refer to the 2016 Schedule of On-Behalf Contributions for this information posted on the TRS website under GASB statements 67 and 68.

At August 31, 2016, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual economic experience	\$ 82,566	\$ 297,541
Changes in actuarial assumptions	347,027	276,209
Difference between projected and actual investment earnings	1,906,742	1,471,520
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	-4	488,645
District contributions paid to TRS subsequent to the measurement date	<u>678,957</u>	<u>-</u>
Total	<u>\$ 3,015,288</u>	<u>\$ 2,533,915</u>

**SOUTH PLAINS COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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

Year Ended August 31		
2017	\$	106,597
2018	\$	106,597
2019	\$	106,597
2020	\$	760,606
2021	\$	278,051
Thereafter	\$	162,260

**Optional Retirement Plan – Defined Contribution Plan**

*Plan Description.* Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the 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 6.60% 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. Senate Bill (SB) 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the State for the College was \$1,131,984 and \$778,990 for the fiscal years ended August 31, 2016 and 2015 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 \$28,035,060 and \$28,939,862 for fiscal years 2016 and 2015 respectively. The total payroll of employees covered by the Teacher Retirement System was \$17,207,261 and \$16,361,175, and the total payroll of employees covered by the Optional Retirement System was \$10,411,134 and \$10,728,177 for fiscal years 2016 and 2015, respectively.

**15. 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.

As of August 31, 2016 the College had 354 employees participating in the program. 202 employees were vested as of August 31, 2016. A total of \$110,560 in contributions were invested in the plan during the fiscal year, bringing the total of deferred salaries and accumulated earnings of current employees to \$1,725,598 and creating a payable to the vested employee of \$1,529,681.

As of August 31, 2015, the College had 354 employees participating in the program. 225 employees were vested as of August 31, 2015. A total of \$111,900 in contributions were invested in the plan during the fiscal year, bringing the total of deferred salaries and accumulated earnings of current employees to \$1,715,225 and creating a payable to the vested employee of \$1,508,673.

**16. Compensated Absences**

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

**SOUTH PLAINS COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's monthly contribution per full-time employee varied depending on coverage for the years ended August 31, 2016 and 2015. Total contributions for August 31, 2016 and 2015 were \$3,296,630 and \$2,990,058 respectively. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees. SB 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

**18. Post Employment Benefits Other than Pensions**

*Plan Description.* In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. South 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.

The 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 and 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.

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

The college's contributions to SRHP for the years ended August 31, 2016, 2015, and 2014, were \$1,121,047, \$981,439, and \$140,373, respectively, which equaled the required contribution each year.

**19. Pending Lawsuits and Claims**

None

**SOUTH PLAINS COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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

**Receivables**

Receivables at August 31, 2016 and 2015 were as follows:

	2016	2015
Student Receivables (Net of Allowance 3,020,089 and 2,724,200)	\$ 781,392	\$ 679,342
Taxes Receivable (Net of Allowance 47,783 and 44,673)	278,302	217,223
Bond Issue Receivable	167,199	-
Federal Receivable	225,894	182,757
State Receivable	188,344	333,670
Interest Receivable	6,926	6,132
Other Receivable	642,198	609,590
Total	\$ 2,290,255	\$ 2,028,714

**Payables**

Payables at August 31, 2016 and 2015 are as follows:

	2016	2015
Vendors Payable	\$ 976,403	\$ 709,860
Salaries & Benefits Payable	1,448,362	1,406,197
Students Payable	747,725	720,125
Accrued Interest	82,724	229,425
Other Payable	4,686	1,685
Total	\$ 3,259,900	\$ 3,067,292

**21. Funds Held in Trust by Others**

Not applicable.

**22. Contract and Grant Awards**

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA audit and accounting guide, *State and Local Governments*, 8.99). 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 2016 and 2015

**SOUTH PLAINS COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

for which monies have not been received nor funds expended totaled \$3,981,643 and \$4,978,673. Of these amounts, \$3,901,038 and \$4,924,873 were from Federal Contract and Grant Awards; \$80,605 and \$20,000 were from State Contract and Grant Awards; \$0.00 and \$33,800 from Local Contract and Grant Awards; and \$0.00 and \$0.00 were from Private Contract and Grant Awards for the fiscal years ended 2016 and 2015 respectively.

**23. Self-Insured Plans**

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

**24. 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:

	<u>2016</u>		<u>2015</u>	
Assessed Valuation of the College	\$	3,818,995,790	\$	5,088,039,428
Less: Exemptions		-383,310,436		-364,023,523
Add: Values Under Review		-		-
Net Assessed Valuation of the College	\$	<u>3,435,685,354</u>	\$	<u>4,724,015,905</u>

	<u>2016</u>			<u>2015</u>		
	<u>Current</u>	<u>Debt</u>	<u>Total</u>	<u>Current</u>	<u>Debt</u>	<u>Total</u>
Authorized Tax Rate per \$100 Valuation Maximum per enabling legislation	0.400000	0.100000	0.500000	0.400000	0.100000	0.500000
Assessed Tax Rate per \$100 valuation	0.366350	0.000000	0.366350	0.265320	0.000000	0.265320

Taxes levied for the years ended August 31, 2016 and 2015, amounted to \$12,588,820 and \$12,533,759 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.

**SOUTH PLAINS COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

	2016			2015		
	Current	Debt	Total	Current	Debt	Total
	Operations	Service		Operations	Service	
Current Taxes Collected	\$ 12,508,121	\$ -	\$ 12,508,121	\$12,444,894	\$ -	\$12,444,894
Delinquent Taxes Collected	74,896	-	74,896	86,722	-	86,722
Penalties and Interest Collected	77,215	-	77,215	76,590	-	76,590
Total Gross Collections	\$ 12,660,232	-	\$ 12,660,232	\$12,608,206	-	\$12,608,206
Tax Appraisal & Collection Fees	-184,514	-	-184,514	-163,368	-	-163,368
Bad Debt Expense	-2,546	-	-2,546	-822	-	-822
Total Net Collections	\$ 12,473,172	\$ -	\$ 12,473,172	\$12,444,016	\$ -	\$12,444,016

Tax collections for the years ended August 31, 2016 and 2015, were 99.4% and 99.2% 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.

**25. Branch Campus Maintenance Tax**

Not applicable.

**26. 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, 2016 and 2015.

**27. Component Unit**

South Plains College Foundation - Discrete Component Unit

South Plains College Foundation (the Foundation) was established as a separate nonprofit organization in 1979 for the purpose of providing 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, the Foundation is a component unit of the college because:

- The College provides financial support to the Foundation and the economic resources received or held by the Foundation are entirely or almost entirely for the direct benefit of the College;



## SOUTH PLAINS COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2016

- The College is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the Foundation; and
- The economic resources held by the Foundation that the College is entitled or has the ability to otherwise access, are significant to the College.

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.

#### 28. Related Parties

Not applicable.

#### 29. Subsequent Events

None

#### 30. Perkins Loan Program Liquidation

During the current year end South Plains College determined to end its participation in the Perkins Loan Program. In doing so, the College was required to perform various end of participation procedures as follows: a) notify the U.S. Department of Education (the Department) of the intent to stop participating in the loan program, b) inform the Department of how the College will provide for the collection of any outstanding loans, c) purchase any outstanding loans left in its Perkins portfolio's or assign them to the Department and d) maintain program and fiscal records of all Perkins funds since the most recent Fiscal Operations Report (FISAP) was submitted.

We have performed the procedures designed to verify South Plains College's compliance with the requirements for liquidation of the Perkins Loan Program. No instances of noncompliance were found.

**REQUIRED SUPPLEMENTARY INFORMATION**

# SOUTH PLAINS COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
LAST TEN FISCAL YEARS \*

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
College's proportion of the net pension liability (asset)	0.022%	0.024%	--	--	--	--	--	--	--	--
College's proportionate share of the net pension liability (asset)	\$ 7,742,242	\$ 6,419,386	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the College	5,595,333	4,671,566	--	--	--	--	--	--	--	--
<b>Total</b>	<b>\$ 13,337,575</b>	<b>\$ 11,090,952</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
College's covered-employee payroll	\$ 17,207,261	\$ 16,361,175	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
College's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.99%	39.24%	--	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	78.43%	83.25%	--	--	--	--	--	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**SOUTH PLAINS COLLEGE**  
*SCHEDULE OF COLLEGE CONTRIBUTIONS*  
*TEACHER RETIREMENT SYSTEM OF TEXAS*  
*LAST TEN FISCAL YEARS \**

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 679,003	\$ 653,502	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(679,003)	(653,502)	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
College's covered-employee payroll	\$ 17,207,261	\$ 16,361,175	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	3.95%	3.99%	--	--	--	--	--	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

**SOUTH PLAINS COLLEGE**

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2016*

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

**OTHER SUPPLEMENTARY INFORMATION**

## SCHEDULE OF OPERATING REVENUES

YEAR ENDED AUGUST 31, 2016 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2016 Total	2015 Total
<b>Tuition:</b>						
State funded credit courses:						
In-district resident tuition	\$ 391,065	\$ -	\$ 391,065	\$ -	\$ 391,065	\$ 394,242
Out-of-district resident tuition	11,141,102	-	11,141,102	-	11,141,102	10,200,296
Non-resident tuition	1,028,702	-	1,028,702	-	1,028,702	931,601
TPEG - credit (set aside) *	313,814	-	313,814	-	313,814	321,481
State-funded continuing education	281,987	-	281,987	-	281,987	271,361
Non-state funded educational programs	189,535	-	189,535	-	189,535	193,342
<b>Total Tuition</b>	<b>13,346,205</b>	<b>-</b>	<b>13,346,205</b>	<b>-</b>	<b>13,346,205</b>	<b>12,312,323</b>
<b>Fees:</b>						
General	13,020,185	-	13,020,185	-	13,020,185	13,507,592
Student service fees	1,423,371	-	1,423,371	-	1,423,371	1,220,145
Special course fees	805,980	-	805,980	-	805,980	816,170
Installment plan fees	32,195	-	32,195	-	32,195	20,755
Continuing education fees	412,723	-	412,723	-	412,723	743,292
Three peat fees	165,964	-	165,964	-	165,964	163,518
Testing fees	93,854	-	93,854	-	93,854	54,660
Reinstatement fees	2,800	-	2,800	-	2,800	4,310
<b>Total Fees</b>	<b>15,957,072</b>	<b>-</b>	<b>15,957,072</b>	<b>-</b>	<b>15,957,072</b>	<b>16,530,442</b>
<b>Scholarship allowances and discounts:</b>						
Bad debt allowances	(129,243)	-	(129,243)	-	(129,243)	(45,954)
Remissions and exemptions - state	(2,128,645)	-	(2,128,645)	-	(2,128,645)	(2,178,678)
Remissions and exemptions - local	(1,373)	-	(1,373)	-	(1,373)	(1,957)
Title IV federal grants	(9,629,981)	-	(9,629,981)	-	(9,629,981)	(9,690,328)
TPEG awards	(146,156)	-	(146,156)	-	(146,156)	(194,543)
Scholarship allowances	(549,626)	-	(549,626)	-	(549,626)	(537,865)
<b>Total Scholarship Allowances</b>	<b>(12,585,024)</b>	<b>-</b>	<b>(12,585,024)</b>	<b>-</b>	<b>(12,585,024)</b>	<b>(12,649,325)</b>
<b>Total net tuition and fees</b>	<b>16,718,253</b>	<b>-</b>	<b>16,718,253</b>	<b>-</b>	<b>16,718,253</b>	<b>16,193,440</b>
<b>Additional operating revenues:</b>						
Federal grants and contracts	60,568	1,693,086	1,753,654	-	1,753,654	1,368,664
State grants and contracts	4,375	1,059,349	1,063,724	-	1,063,724	1,559,144
Non-governmental grants and contracts	-	62,931	62,931	-	62,931	88,575
Sales and services of educational activities	170,867	-	170,867	-	170,867	174,055
Investment income (program restricted)	-	1,134	1,134	-	1,134	1,022
General operating revenues	146,296	-	146,296	-	146,296	86,318
<b>Total additional operating revenues</b>	<b>382,106</b>	<b>2,816,500</b>	<b>3,198,606</b>	<b>-</b>	<b>3,198,606</b>	<b>3,277,778</b>
<b>Auxiliary Enterprises:</b>						
Residential life	-	-	-	1,976,808	1,976,808	1,927,870
Scholarship allowances	-	-	-	(202,095)	(202,095)	(176,173)
TPEG awards	-	-	-	(3,317)	(3,317)	(1,651)
Title IV federal grants	-	-	-	(457,839)	(457,839)	(489,952)
Commissions	-	-	-	415,058	415,058	455,345
Student Programs	-	-	-	307,793	307,793	410,466
<b>Total net auxiliary enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,036,408</b>	<b>2,036,408</b>	<b>2,125,905</b>
<b>Total Operating Revenues</b>	<b>\$ 17,100,359</b>	<b>\$ 2,816,500</b>	<b>\$ 19,916,859</b>	<b>\$ 2,036,408</b>	<b>\$ 21,953,267</b>	<b>\$ 21,597,123</b>
					(Exhibit 2)	(Exhibit 2)

\* In accordance with Education Code 56.033, \$313,814 and \$321,481 for years August 31, 2016 and 2015, respectively, of tuition was set aside for Texas Public Education grants (TPEG)

SCHEDULE OF OPERATING EXPENSES BY OBJECT  
 YEAR ENDED AUGUST 31, 2016 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	Operating Expenses				2016 Total	2015 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 18,522,515	\$ -	\$ 4,714,215	\$ 1,909,221	\$ 25,145,951	\$ 24,525,316
Public Service	315,725	-	68,734	488,905	873,364	1,178,343
Academic Support	1,721,479	-	628,173	525,100	2,874,752	2,971,734
Student Services	2,867,493	-	981,954	1,373,228	5,222,675	5,261,556
Institutional Support	2,526,767	-	1,959,261	2,063,299	6,549,327	6,341,198
Operation and Maintenance of Plant	1,994,641	-	1,283,359	3,020,295	6,298,295	6,427,605
Scholarships and Fellowships	-	-	-	75,957	75,957	67,974
<b>Total Unrestricted Educational Activities</b>	<b>27,948,620</b>	<b>-</b>	<b>9,635,696</b>	<b>9,456,005</b>	<b>47,040,321</b>	<b>46,773,726</b>
Restricted - Educational Activities						
Instruction	318,675	3,181,088	51,925	252,316	3,804,004	3,053,629
Public Service	-	54,223	-	-	54,223	56,232
Academic Support	-	268,560	-	-	268,560	230,821
Student Services	439,075	492,468	190,278	165,084	1,286,905	1,225,135
Institutional Support	-	432,275	-	11,247	443,522	367,007
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	-	-	-	6,140,266	6,140,266	7,064,663
<b>Total Restricted Educational Activities</b>	<b>757,750</b>	<b>4,428,614</b>	<b>242,203</b>	<b>6,568,913</b>	<b>11,997,480</b>	<b>11,997,487</b>
<b>Total Educational Activities</b>	<b>28,706,370</b>	<b>4,428,614</b>	<b>9,877,899</b>	<b>16,024,918</b>	<b>59,037,801</b>	<b>58,771,213</b>
<b>Auxiliary Enterprises</b>	<b>317,903</b>	<b>-</b>	<b>144,468</b>	<b>2,627,555</b>	<b>3,089,926</b>	<b>3,277,861</b>
<b>Depreciation Expense - Buildings and other real estate improvements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,374,353</b>	<b>1,374,353</b>	<b>1,384,219</b>
<b>Depreciation Expense - Equipment and furniture</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>904,475</b>	<b>904,475</b>	<b>954,263</b>
<b>Depreciation Expense - Library books</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>188,753</b>	<b>188,753</b>	<b>182,113</b>
<b>Total Operating Expenses</b>	<b>\$ 29,024,273</b>	<b>\$ 4,428,614</b>	<b>\$ 10,022,367</b>	<b>\$ 21,120,054</b>	<b>\$ 64,595,308</b>	<b>\$ 64,569,669</b>
					(Exhibit 2)	(Exhibit 2)



## SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

YEAR ENDED AUGUST 31, 2016 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2016 Total</u>	<u>2015 Total</u>
NON-OPERATING REVENUES:					
State appropriations:					
Education and general state support	\$ 13,949,102	\$ -	\$ -	\$ 13,949,102	\$ 13,398,638
State group insurance	-	3,296,630	-	3,296,630	2,990,058
State retirement matching	-	1,131,984	-	1,131,984	778,990
Hazlewood appropriation	-	-	-	-	-
Professional nursing shortage reduction	-	718,246	-	718,246	110,877
Total state appropriations	<u>13,949,102</u>	<u>5,146,860</u>	<u>-</u>	<u>19,095,962</u>	<u>17,278,563</u>
Maintenance ad valorem taxes	12,657,686	-	-	12,657,686	12,607,384
Federal Revenue, Non-Operating	-	15,669,815	-	15,669,815	16,383,542
Gifts	955,848	-	-	955,848	93,660
Gifts in Kind	5,939	-	-	5,939	23,339
Gain on disposal of capital assets	5,775	-	-	5,775	-
Investment income	<u>109,724</u>	<u>-</u>	<u>15,719</u>	<u>125,443</u>	<u>58,917</u>
Total non-operating revenues	<u>27,684,074</u>	<u>20,816,675</u>	<u>15,719</u>	<u>48,516,468</u>	<u>46,445,405</u>
NON-OPERATING EXPENSES:					
Interest on capital related debt	<u>(573,623)</u>	<u>-</u>	<u>-</u>	<u>(573,623)</u>	<u>(610,400)</u>
Total non-operating expenses	<u>(573,623)</u>	<u>-</u>	<u>-</u>	<u>(573,623)</u>	<u>(610,400)</u>
Net non-operating revenues	<u>\$ 27,110,451</u>	<u>\$ 20,816,675</u>	<u>\$ 15,719</u>	<u>\$ 47,942,845</u>	<u>\$ 45,835,005</u>
				(Exhibit 2)	(Exhibit 2)

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY  
 YEAR ENDED AUGUST 31, 2016 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2015)

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ 7,055,046	\$ -	\$ -	\$ -	\$ 7,055,046	\$ 7,055,046	\$ -
Restricted	-	1,144,972	-	-	1,144,972	-	1,144,972
Auxiliary enterprises	2,581,709	-	-	-	2,581,709	2,581,709	-
Plant:							
Unexpended	-	-	-	-	-	-	-
Debt Service	-	-	-	1,494,154	1,494,154	-	1,494,154
Investment in Plant	-	-	-	46,139,301	46,139,301	-	46,139,301
<b>Total Net Position, August 31, 2016</b>	<b>\$ 9,636,755</b>	<b>\$ 1,144,972</b>	<b>\$ -</b>	<b>\$ 47,633,455</b>	<b>\$ 58,415,182</b>	<b>\$ 9,636,755</b>	<b>\$ 48,778,427</b>
<b>Total Net Position, August 31, 2015</b>	<b>4,767,258</b>	<b>568,083</b>	<b>-</b>	<b>47,779,037</b>	<b>53,114,378</b>	<b>4,767,258</b>	<b>48,347,120</b>
<b>Net Increase (Decrease) in Net Position</b>	<b>\$ 4,869,497</b>	<b>\$ 576,889</b>	<b>\$ -</b>	<b>\$ (145,582)</b>	<b>\$ 5,300,804</b>	<b>\$ 4,869,497</b>	<b>\$ 431,307</b>
					(Exhibit 2)		

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2016

<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 *		\$ 206,051
Federal Work Study	84.033 *		155,975
Federal Pell Grant (BEOG)	84.063 *		15,506,686
Direct Loans	84.268 *		<u>13,720,701</u>
Sub-Total Student Financial Aid Cluster			<u>29,589,413</u>
TRIO Cluster			
TRIO-Student Support Services	84.042 *		238,266
TRIO-Upward Bound program	84.047 *		<u>279,960</u>
Sub-Total TRIO Cluster			<u>518,226</u>
Strengthening High-Demand Technical/Health Occupations	84.031S		428,405
Pass-Through From:			
Texas Higher Education Coordinating Board Career & Technical Education-Basic Grants	84.048	154257	<u>595,233</u>
Total U.S. Department of Education			31,131,277
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	21F085-01	12,893
Total U.S. Department of Health and Human Services			<u>12,893</u>
Total Federal Financial Assistance			<u>\$ 31,144,170</u>

\* Cluster Program

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Federal Assistance Reconciliation

Federal Revenues - per Schedule A	\$ 1,753,654
Add: Non Operating Federal Revenue from Schedule C	15,669,815
Total Federal Financial Assistance-per Schedule A and C	<u>17,423,469</u>
Reconciling Item:	
Add: Direct Loans	<u>13,720,701</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2016

<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>
Total Federal Revenues - per Schedule of Expenditures of Federal Awards			<u>\$ 31,144,170</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

<u>Federal Grantor CFDA Number/Program Name</u>	<u>Total Loans Processed</u>
U.S. Department of Education	
84.268 Direct Loans	<u>\$ 13,720,701</u>
Total U.S. Department of Education	<u>\$ 13,720,701</u>

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

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2016

Grantor Agency/ Program Title	Grantor Contract Number	Expenditures
Texas Higher Education Coordinating Board		
Texas College Work Study	22339	\$ 52,490
Texas Grant Program	13099	37,620
Texas Educational Opportunity Grant	13399	900,108
Top 10 Percent Scholarships	20356	4,800
Nursing Shortage Reduction Program	13129	168,856
Total Texas Higher Education Coordinating Board		<u>1,163,874</u>
Texas Workforce Commission		
Skills Development Fund	0216SDF000	68,706
Total Texas Workforce Commission		<u>68,706</u>
Total State Financial Assistance		<u>\$ 1,232,580</u>

## Notes to the Schedule of Expenditures of State Awards

Note 1. State Assistance Reconciliation

State Revenues - per Schedule A	\$ 1,063,724
Total State Financial Assistance - per Schedule of Expenditures of State Awards	<u>1,232,580</u>
Difference ( Nursing Shortage Reduction Program Expenditures) Program Expenditures \$168,856)	<u>\$ (168,856)</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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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance 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 of Regents:

**Report on Compliance for Each Major Federal and State Program**

We have audited the South Plains College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the State of Texas Single Audit Circular* that could have a direct and material effect on each of the South Plains College's major federal and state programs for the years ended August 31, 2016 and 2015. 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.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of South Plains College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Single Audit Circular*. Those standards, the Uniform Guidance and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the South Plains College's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the South Plains College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2016 and 2015.



## Report on Internal Control Over Compliance

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

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

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

Respectfully submitted,

*Pate, Downs & Pinkerton, LLP*

Pate, Downs & Pinkerton, LLP

Levelland, Texas  
November 17, 2016



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



**PATE, DOWNS & PINKERTON, L.L.P.**  
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Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With *Government Auditing Standards* 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 of Regents:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the State of Texas Single Audit Circular, the financial statements of South Plains College and the discretely presented component unit, as of and for the years ended August 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise South Plains College's financial statements, and have issued our report thereon dated November 17, 2016.

#### **Internal Control Over Financial Reporting**

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

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

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

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the South Plains College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance



with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the *State of Texas Single Audit Circular*.

**Purpose of this Report**

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

Respectfully submitted,

*Pate, Downs & Pinkerton, LLP*

Pate, Downs & Pinkerton, LLP

Levelland, Texas  
November 17, 2016

SOUTH PLAINS COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2016

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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	No

2. Federal Awards

Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>		
Internal control over major programs:			
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	None Reported
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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	No

Identification of major programs:

<u>Federal Programs</u>	<u>Federal CFDA Number</u>	<u>State Programs</u>
Federal SEOG	84.007*	Texas Educational Opportunity Grant
Federal Work Study	84.033*	
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?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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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, 2016**

**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, 2016**

NONE

**STATISTICAL SUPPLEMENTS  
(UNAUDITED)**

SOUTH PLAINS COLLEGE

NET POSITION BY COMPONENT  
 STATISTICAL SUPPLEMENT 1  
 FISCAL YEARS 2012-2016  
 (Unaudited)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Invested in capital assets, net of related debt	\$46,139,301	\$ 46,287,386	\$ 42,893,611	\$ 41,844,652	\$ 41,559,127
Restricted-expendable	\$ 2,639,126	\$ 2,059,734	\$ 2,024,513	\$ 1,537,128	\$ 1,310,045
Restricted-nonexpendable		\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 9,636,755	\$ 4,767,258	\$ 12,291,625	\$ 12,184,539	\$ 10,995,679
<b>Total Net Position</b>	<b><u>\$ 58,415,182</u></b>	<b><u>\$ 53,114,378</u></b>	<b><u>\$ 57,209,749</u></b>	<b><u>\$ 55,566,319</u></b>	<b><u>\$ 53,864,851</u></b>

SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 2  
 REVENUES BY SOURCE  
 FISCAL YEARS 2012-2016  
 (Unaudited)

	For the Year Ended August 31,				
	2016	2015	2014	2013	2012
<b>OPERATING REVENUES</b>					
Tuition and Fees(net of discounts)	\$ 16,718,253	\$ 16,193,440	\$ 17,060,485	\$ 15,807,862	\$ 13,790,746
Federal Grants and Contracts	\$ 1,753,654	\$ 1,368,664	\$ 2,247,111	\$ 1,883,256	\$ 1,666,912
State Grants and Contracts	\$ 1,063,724	\$ 1,559,144	\$ 1,083,487	\$ 1,118,791	\$ 866,794
Non-governmental grants and contracts	\$ 62,931	\$ 88,575	\$ 149,637	\$ 182,716	\$ 96,149
Sales and Services of Educational Activities	\$ 170,867	\$ 174,055	\$ 148,577	\$ 143,188	\$ 173,948
Investment income(program restricted)	\$ 1,134	\$ 1,022	\$ 977	\$ 837	\$ 791
Auxiliary Enterprises(net of discounts)	\$ 2,036,408	\$ 2,125,905	\$ 1,598,882	\$ 1,569,488	\$ 1,338,651
General Operating Revenues	\$ 146,296	\$ 86,318	\$ 61,918	\$ 96,689	\$ 65,482
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 21,953,267</b>	<b>\$ 21,597,123</b>	<b>\$ 22,351,074</b>	<b>\$ 20,802,827</b>	<b>\$ 17,999,473</b>
<b>NON-OPERATING REVENUES</b>					
State Appropriations	\$ 19,095,962	\$ 17,278,563	\$ 17,159,727	\$ 16,363,701	\$ 16,341,226
Maintenance Ad Valorem Taxes	\$ 12,657,686	\$ 12,607,384	\$ 12,638,839	\$ 12,632,259	\$ 10,657,240
Gifts	\$ 961,787	\$ 116,999	\$ 355,902	\$ 139,395	\$ 253,199
Investment income	\$ 125,443	\$ 58,917	\$ 51,307	\$ 60,574	\$ 58,384
Federal Revenue, non-operating	\$ 15,669,815	\$ 16,383,542	\$ 16,317,253	\$ 16,569,076	\$ 17,419,055
Gain (loss) on Disposal of Fixed Assets	\$ 5,775	\$ -	\$ 12,060	\$ -	\$ 4,343
<b>TOTAL NON-OPERATING REVENUES</b>	<b>\$ 48,516,468</b>	<b>\$ 46,445,405</b>	<b>\$ 46,535,088</b>	<b>\$ 45,765,005</b>	<b>\$ 44,733,447</b>
<b>TOTAL REVENUES</b>	<b>\$ 70,469,735</b>	<b>\$ 68,042,528</b>	<b>\$ 68,886,162</b>	<b>\$ 66,567,832</b>	<b>\$ 62,732,920</b>

SOUTH PLAINS COLLEGE  
STATISTICAL SUPPLEMENT 3  
PROGRAM EXPENSES BY FUNCTION  
FISCAL YEARS 2012-2016  
(Unaudited)

	For the Year Ended August 31,				
<u>OPERATING EXPENSES</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Instruction	\$ 28,949,955	\$ 27,578,945	\$ 27,923,359	\$ 27,235,735	\$ 26,310,916
Public Service	\$ 927,587	\$ 1,234,575	\$ 1,247,980	\$ 1,240,608	\$ 1,158,428
Academic Support	\$ 3,143,312	\$ 3,202,555	\$ 2,639,711	\$ 2,631,589	\$ 2,545,433
Student Services	\$ 6,509,580	\$ 6,486,691	\$ 6,865,463	\$ 6,567,948	\$ 6,314,564
Institutional Support	\$ 6,992,849	\$ 6,708,205	\$ 5,368,065	\$ 5,132,940	\$ 4,900,805
Operating and Maintenance of plant	\$ 6,298,295	\$ 6,427,605	\$ 6,532,506	\$ 6,334,791	\$ 5,570,170
Scholarships and Fellowships	\$ 6,216,223	\$ 7,132,637	\$ 10,568,962	\$ 9,801,629	\$ 9,129,034
Auxiliary Enterprises	\$ 3,089,926	\$ 3,277,861	\$ 3,299,578	\$ 2,807,235	\$ 2,517,177
Depreciation	\$ 2,467,581	\$ 2,520,595	\$ 2,324,395	\$ 2,263,163	\$ 2,330,200
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 64,595,308</b>	<b>\$ 64,569,669</b>	<b>\$ 66,770,019</b>	<b>\$ 64,015,638</b>	<b>\$ 60,776,727</b>
<b>NON-OPERATING EXPENSES</b>					
Interest on Capital Related Debt	\$ 573,623	\$ 610,400	\$ 472,713	\$ 301,898	\$ 313,173
Loss on disposal of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Other non-operating expenses	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL NON- OPERATING EXPENSES</b>	<b>\$ 573,623</b>	<b>\$ 610,400</b>	<b>\$ 472,713</b>	<b>\$ 301,898</b>	<b>\$ 313,173</b>
<b>TOTAL EXPENSES</b>	<b>\$ 65,168,931</b>	<b>\$ 65,180,069</b>	<b>\$ 67,242,732</b>	<b>\$ 64,317,536</b>	<b>\$ 61,089,900</b>



SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 4  
 TUITION AND FEES  
 LAST TEN ACADEMIC YEARS  
 (Unaudited)

Resident  
 Fees per Semester Credit Hour

Academic Year	In-District Tuition	Out-of-District Tuition	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
2016	\$29	\$68	\$94	\$40	\$1,120	\$1,588	0.00%	6.43%
2015	\$29	\$60	\$94	\$40	\$1,120	\$1,492	4.77%	11.93%
2014	\$26	\$48	\$94	\$25	\$1,069	\$1,333	7.22%	5.71%
2013	\$26	\$48	\$88	\$25	\$997	\$1,261	6.40%	5.00%
2012	\$26	\$48	\$83	\$25	\$937	\$1,201	14.69%	11.10%
2011	\$26	\$48	\$73	\$25	\$817	\$1,081	6.24%	4.65%
2010	\$26	\$48	\$69	\$25	\$769	\$1,033	0.00%	0.00%
2009	\$26	\$48	\$69	\$25	\$769	\$1,033	0.00%	0.00%
2008	\$26	\$48	\$63	\$25	\$769	\$1,033	10.33%	7.49%
2007	\$26	\$48	\$63	\$25	\$697	\$961	0.00%	0.00%

SOUTH PLANS COLLEGE  
 STATISTICAL SUPPLEMENT 5  
 ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

<u>FISCAL YEAR</u>	<u>ASSESSED</u>		<u>TAXABLE</u>	<u>RATIO OF TAXABLE</u> <u>ASSESSED VALUE</u>	<u>DIRECT TAX RATE</u>		
	<u>VALUE OF</u> <u>PROPERTY</u>	<u>LESS</u> <u>EXEMPTIONS</u>			<u>ASSESSED</u> <u>VALUE(TAV)</u>	<u>TO ASSESSED</u> <u>VALUE</u>	<u>MAINTENANCE</u> <u>&amp; OPERATIONS</u>
2015-16	\$ 3,818,995,790	\$ 383,310,436	\$ 3,435,685,354	89.96%	\$ 0.3664	\$ -	\$ 0.3664
2014-15	\$ 5,088,039,428	\$ 364,023,523	\$ 4,724,015,905	92.85%	\$ 0.2653	\$ -	\$ 0.2653
2013-14	\$ 5,101,539,423	\$ 382,749,302	\$ 4,718,790,121	92.50%	\$ 0.2661	\$ -	\$ 0.2661
2012-13	\$ 5,431,132,853	\$ 351,994,698	\$ 5,079,138,155	93.52%	\$ 0.2480	\$ -	\$ 0.2480
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

SOUTH PLANS COLLEGE  
 STATISTICAL SUPPLEMENT 6  
 STATE APPROPRIATION PER FTSE AND CONTACT HOUR  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriation	FTSE	State Appropriation per FTSE	Academic Contact Hours	Voc/Tech Contact Hours	Total Contact Hours	State Appropriation per Contact Hour
2015-16	\$13,949,102	6,431	\$2,169	2,943,552	1,626,877	4,570,429	\$3.05
2014-15	\$13,398,638	7,329	\$1,828	2,984,740	1,572,541	4,557,281	\$2.94
2013-14	\$13,398,638	10,258	\$1,306	2,924,854	1,285,600	4,210,454	\$3.18
2012-13	\$13,434,783	10,502	\$1,279	3,247,120	1,307,872	4,554,992	\$2.95
2011-12	\$13,591,786	10,613	\$1,281	3,210,176	1,291,312	4,501,488	\$3.02
2010-11	\$13,983,002	10,993	\$1,272	3,308,496	1,366,400	4,674,896	\$2.99
2009-10	\$14,112,108	10,892	\$1,296	3,208,224	1,293,936	4,502,160	\$3.13
2008-09	\$14,512,858	10,132	\$1,432	2,993,096	1,210,784	4,203,880	\$3.45
2007-08	\$14,512,858	9,833	\$1,476	2,932,424	1,164,864	4,097,288	\$3.54
2006-07	\$14,388,242	9,727	\$1,479	2,915,792	1,137,836	4,053,628	\$3.55

SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 7  
 PRINCIPAL TAXPAYERS  
 LAST TEN YEARS  
 (UNAUDITED)

TAXABLE ASSESSED VALUE (TAV) BY TAX YEAR

TAXPAYER	BUSINESS	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
OCCIDENTAL PERMIAN LTD	OIL & GAS	\$ 277,719,620	\$ 394,983,710	\$ 622,579,700	\$ 649,985,740	\$ 700,771,220	\$ 592,382,740	\$ 644,682,500	\$ 567,458,990	\$ 854,494,420	\$ 717,177,470
OCCIDENTAL PERMIAN LTD(PLTS)	OIL & GAS	\$ 153,272,680	\$ 295,226,100	\$ 281,332,660	\$ 265,724,480	\$ 256,585,230	\$ 228,926,280	\$ 208,467,560	\$ 251,227,130	\$ 113,451,280	\$ 85,931,570
CHEVRON USA, INC.	OIL & GAS	\$ 53,355,560	\$ 164,948,750	\$ 326,823,830	\$ 368,238,270	\$ 475,847,800	\$ 380,723,970	\$ 382,964,790	\$ 320,020,390	\$ 430,970,420	\$ 324,946,060
APACHE CORPORATION	OIL & GAS	\$ 50,096,040	\$ 134,070,910	\$ 250,204,480	\$ 278,495,140	\$ 310,280,230	\$ 231,384,410	\$ 240,307,610	\$ 173,505,210	\$ 223,287,230	\$ 263,133,340
POST-MONTGOMERY ESTATE	OIL & GAS	\$ 49,774,020	\$ 94,211,580	\$ 159,518,800	\$ 152,061,420	\$ 161,106,210	\$ 125,178,530	\$ 135,306,030	\$ 124,775,250	\$ 127,915,730	\$ 83,973,790
SOUTHWESTERN PUBLIC SERVICE	UTILITY	\$ 19,780,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OXY USA, INC.	OIL & GAS	\$ 17,077,860	\$ 42,029,140	\$ 75,649,030	\$ 74,929,620	\$ 74,788,800	\$ 74,925,230	\$ -	\$ -	\$ -	\$ 32,165,580
DIAMOND ETHANOL, LLC	ETHANOL	\$ 15,672,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ROCKER S OPERATING CO	OIL & GAS	\$ 15,584,310	\$ 31,070,830	\$ 45,050,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SK ROGERS OIL CO.	OIL & GAS	\$ 15,054,670	\$ 32,725,920	\$ 54,155,690	\$ 54,128,060	\$ 66,709,290	\$ 50,046,410	\$ 50,531,020	\$ 39,523,830	\$ 55,243,130	\$ 43,089,340
GREAT WESTERN DRILLING CO.	OIL & GAS	\$ -	\$ 27,290,940	\$ 42,060,020	\$ 39,150,520	\$ 45,012,800	\$ 34,763,080	\$ 38,462,330	\$ 34,007,850	\$ 39,533,820	\$ 31,100,820
BROWNING ROYALTY LP	OIL & GAS	\$ -	\$ 23,755,050	\$ 44,546,570	\$ 44,879,320	\$ 43,341,900	\$ 37,052,690	\$ 38,520,690	\$ 34,621,090	\$ 43,073,050	\$ -
ABERNATHY-BANK OF RAYMORE	OIL & GAS	\$ -	\$ -	\$ -	\$ 38,399,950	\$ 40,351,780	\$ 32,545,130	\$ 34,401,690	\$ -	\$ 34,057,800	\$ -
BOPCO LP	OIL & GAS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,532,670	\$ 74,386,290	\$ 100,894,070	\$ 79,622,360
LEVELLAND/HOCKLEY CTY ETHANOL	ETHANOL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,401,790	\$ -	\$ -
MERIT ENERGY COMPANY	OIL & GAS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,640,440
<b>TOTALS</b>		<b>\$ 667,388,590</b>	<b>\$ 1,240,312,930</b>	<b>\$ 1,901,921,240</b>	<b>\$ 1,965,992,520</b>	<b>\$ 2,174,795,260</b>	<b>\$ 1,787,928,470</b>	<b>\$ 1,866,176,890</b>	<b>\$ 1,656,927,820</b>	<b>\$ 2,022,920,950</b>	<b>\$ 1,697,780,770</b>
<b>TOTAL TAXABLE ASSESSED VALUE</b>		<b>\$ 3,435,685,354</b>	<b>\$ 4,724,015,905</b>	<b>\$ 4,718,790,121</b>	<b>\$ 5,079,138,155</b>	<b>\$ 4,279,198,197</b>	<b>\$ 4,344,829,110</b>	<b>\$ 3,899,610,579</b>	<b>\$ 4,220,142,410</b>	<b>\$ 4,409,260,237</b>	<b>\$ 3,348,313,956</b>

SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 8  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN TAX YEARS  
 (UNAUDITED)

FISCAL YEAR	LEVY	CUMULATIVE LEVY ADJUSTMENTS	ADJUSTED TAX LEVY	COLLECTIONS- YEAR OF LEVY	PERCENTAGE	CURRENT COLLECTIONS OF PRIOR LEVIES	TOTAL COLLECTIONS	CUMULATIVE COLLECTIONS OF ADJUSTED LEVY
2016	\$ 12,600,659	\$ (11,839)	\$ 12,588,820	\$ 12,429,780	98.73%	\$ 74,896	\$ 12,504,677	99.33%
2015	\$ 12,547,718	\$ (13,959)	\$ 12,533,759	\$ 12,444,894	99.29%	\$ 86,722	\$ 12,531,617	99.98%
2014	\$ 12,591,532	\$ (32,992)	\$ 12,558,540	\$ 12,472,444	99.31%	\$ 86,677	\$ 12,559,122	100.00%
2013	\$ 12,593,563	\$ (11,751)	\$ 12,581,812	\$ 12,487,227	99.25%	\$ 70,266	\$ 12,557,494	99.81%
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%

SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 9  
 RATIO OF OUTSTANDING DEBT  
 LAST TEN YEARS  
 (UNAUDITED)

	<u>FOR THE YEAR ENDED AUGUST 31 (amounts expressed in thousands)</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b><u>GENERAL BONDED DEBT</u></b>										
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less funds restricted for debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net General Bonded Debt</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>OTHER DEBT</u></b>										
Revenue Bonds	\$ 17,095	\$ 17,100	\$ 18,050	\$ 10,556	\$ 7,650	\$ 8,500	\$ 2,200	\$ 2,200	\$ 5,780	\$ 3,049
Notes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Lease Obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Outstanding Debt</b>	<b>\$ 17,095</b>	<b>\$ 17,100</b>	<b>\$ 18,050</b>	<b>\$ 10,556</b>	<b>\$ 7,650</b>	<b>\$ 8,500</b>	<b>\$ 2,200</b>	<b>\$ 2,200</b>	<b>\$ 5,780</b>	<b>\$ 3,049</b>
<b><u>General Bonded Debt Ratios</u></b>										
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Per FTSE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
As a % of Taxable Assesed Value	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b><u>Total Outstanding Debt Ratios</u></b>										
Per Capita	\$ 657.50	\$ 633.33	\$ 668.52	\$ 406.00	\$ 294.22	\$ 326.15	\$ 88.00	\$ 88.00	\$ 240.83	\$ 127.04
Per FTSE	\$ 2,658.22	\$ 2,333.20	\$ 1,759.60	\$ 1,005.14	\$ 720.81	\$ 773.22	\$ 201.98	\$ 217.13	\$ 776.36	\$ 409.54
As a % of Taxable Assesed Value	0.50%	0.36%	0.38%	0.20%	0.18%	0.20%	0.06%	0.05%	0.18%	0.09%

SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 10  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31 (amounts expressed in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
TAXABLE ASSESSED VALUE	\$ 3,435,685	\$ 4,724,016	\$ 4,718,790	\$ 5,079,138	\$ 4,279,198	\$ 4,344,829	\$ 3,899,610	\$ 4,398,396	\$ 3,348,313	\$ 3,299,435
<b><u>GENERAL OBLIGATION BONDS</u></b>										
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%

SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 11  
 PLEDGED REVENUE COVERAGE FOR REVENUE BONDS DEBT SERVICE  
 LAST TEN YEARS  
 (UNAUDITED)

YEAR ENDED ENDED AUGUST 31,	TUITION AND FEES	NET REVENUE FROM AUXILIARY ENTERPRISES	TOTAL	DEBT SERVICE REQUIREMENTS	COVERAGE RATIO
2016	\$ 2,122,241	\$ -	\$ 2,122,241	\$ 1,523,623	1.39
2015	\$ 2,397,340	\$ -	\$ 2,397,340	\$ 1,560,400	1.54
2014	\$ 2,368,380	\$ -	\$ 2,368,380	\$ 1,422,713	1.66
2013	\$ 2,089,050	\$ -	\$ 2,089,050	\$ 1,151,898	1.81
2012	\$ 2,402,114	\$ -	\$ 2,402,114	\$ 1,163,173	2.07
2011	\$ 2,434,036	\$ -	\$ 2,434,036	\$ 2,048,754	1.19
2010	\$ 2,386,197	\$ -	\$ 2,386,197	\$ 319,715	7.46
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



SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 12  
 DEMOGRAPHIC AND ECONOMIC STATISTICS-TAXING DISTRICT  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

<u>FISCAL</u> <u>YEAR</u>	<u>DISTRICT</u> <u>POPULATION</u>	<u>DISTRICT</u> <u>PERSONAL</u> <u>INCOME</u>	<u>PER CAPITA</u> <u>DISTRICT</u> <u>PERSONAL</u> <u>INCOME</u>	<u>DISTRICT</u> <u>UNEMPLOYMENT</u> <u>RATE</u>
*2015	26,386	\$ 1,128,029,000	\$ 42,751	4.2%
2014	26,512	\$ 1,312,799,000	\$ 49,517	3.9%
2013	26,546	\$ 1,148,592,000	\$ 43,268	5.0%
2012	26,118	\$ 963,577,000	\$ 36,893	5.0%
2011	26,001	\$ 895,564,950	\$ 34,444	6.1%
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%

\*Last year for which data was available

SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 13  
 PRINCIPAL EMPLOYERS  
 CURRENT FISCAL YEAR-2015-2016  
 (UNAUDITED)

<u>EMPLOYER</u>	<u>NUMBER OF EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
SOUTH PLAINS COLLEGE	593	4.56%
LEVELLAND ISD	535	4.12%
COVENANT HOSPITAL	220	1.69%
TITAN TRANSLOADING	180	1.39%
UNITED SUPERMARKET	175	1.35%
WORLEY WELDING	125	0.96%
HOCKLEY COUNTY	119	0.92%
OCCIDENTAL PERMIAN LTD	115	0.88%
CITY OF LEVELLAND	102	0.78%
GLOBE ENERGY	100	0.77%
TOTAL	<u>2,264</u>	<u>20.40%</u>

**SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 14  
 FACULTY STAFF AND ADMINISTRATORS STATISTICS  
 LAST TEN YEARS  
 (UNAUDITED)**

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Faculty										
Fulltime	285	317	273	284	289	279	265	265	275	271
Parttime	169	200	129	145	122	170	158	132	170	179
Total	454	517	402	429	415	449	423	397	445	450
Percent										
Fulltime	63%	61%	68%	66%	70%	62%	63%	67%	62%	60%
Parttime	37%	39%	32%	34%	29%	38%	37%	33%	38%	40%
Staff and Administrators										
Fulltime	239	342	314	325	310	311	300	307	278	281
Parttime	69									
Total	308	342	314	325	310	311	300	307	278	281
Percent										
Fulltime	78%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Parttime	22%									
FTSE per Fulltime Faculty	22.56	23.12	37.58	36.98	36.72	39.40	41.10	38.23	35.76	35.89
FTSE per Fulltime Staff member	26.91	21.43	32.67	32.31	34.24	35.35	36.31	33.00	35.37	34.62
Average Faculty Salary	\$51,568	\$43,671	\$40,464	\$38,908	\$37,775	\$38,369	\$37,701	\$36,670	\$35,602	\$33,907

SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 15  
 ENROLLMENT DETAILS  
 LAST FIVE YEARS  
 (UNAUDITED)

Student Classification	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hrs	5,895	63%	6,621	69%	7,375	77%	6,272	65%	8,250	78%
31-60 hrs	2,451	26%	2,222	23%	1,610	17%	2,446	25%	1,686	16%
>60 hrs	1,019	11%	818	8%	615	6%	960	10%	601	6%
<b>Total</b>	<b>9,365</b>	<b>100%</b>	<b>9,661</b>	<b>100%</b>	<b>9,600</b>	<b>100%</b>	<b>9,678</b>	<b>100%</b>	<b>10,537</b>	<b>100%</b>

Semester Hour Load	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	41	0%	274	3%	114	1%	129	1%	385	4%
3-5 credit hours	1,660	18%	1,396	14%	1,741	18%	1,734	18%	2,191	21%
6-8 credit hours	1,685	18%	1,749	18%	1,730	18%	1,848	19%	1,888	18%
9-11 credit hours	1,338	14%	1,460	15%	1,398	15%	1,388	14%	1,766	17%
12-14 credit hours	3,596	38%	3,688	38%	3,641	38%	3,468	36%	3,335	32%
15-17 credit hours	889	9%	918	10%	813	8%	845	9%	750	7%
18 & over	156	2%	176	2%	163	2%	266	3%	222	2%
<b>Total</b>	<b>9,365</b>	<b>100%</b>	<b>9,661</b>	<b>100%</b>	<b>9,600</b>	<b>100%</b>	<b>9,678</b>	<b>100%</b>	<b>10,537</b>	<b>100%</b>

Average Course Load

Tuition Status	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	506	5%	536	6%	673	7%	528	5%	645	6%
Texas Resident (Out-of-District)	8,599	92%	8,883	92%	8,739	91%	8,874	92%	9,627	91%
Non-Resident Tuition	260	3%	242	2%	188	2%	276	3%	265	3%
<b>Total</b>	<b>9,365</b>	<b>100%</b>	<b>9,661</b>	<b>100%</b>	<b>9,600</b>	<b>100%</b>	<b>9,678</b>	<b>100%</b>	<b>10,537</b>	<b>100%</b>

SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 16  
 STUDENT PROFILE  
 LAST FIVE YEARS  
 (UNAUDITED)

Gender	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	5,130	55%	5,378	56%	5,287	55%	5,281	55%	5,775	55%
Male	4,235	45%	4,283	44%	4,313	45%	4,397	45%	4,762	45%
Total	9,365	100%	9,661	100%	9,600	100%	9,678	100%	10,537	100%

Ethnic Origin	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	4,384	47%	4,472	46%	4,977	52%	5,141	49%	6,608	63%
Hispanic	3,997	43%	3,900	40%	3,760	39%	3,597	34%	2,773	26%
African American	552	6%	636	7%	526	5%	495	5%	583	6%
Asian	130	1%	156	2%	142	1%	123	1%	129	1%
Foreign	80	1%	64	1%	63	1%	79	1%	59	1%
Native American	39	0%	212	2%	39	0%	42	0%	179	2%
Other	183	2%	221	2%	93	1%	201	2%	206	2%
Total	9,365	100%	9,661	100%	9,600	100%	9,678	92%	10,537	100%

Age	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	1,462	16%	1,706	18%	1,822	19%	1,859	19%	2,068	20%
18-21	4,578	49%	4,438	46%	4,335	45%	4,361	45%	4,673	44%
22-24	1,164	12%	1,193	12%	1,168	12%	1,188	12%	1,270	12%
25-35	1,521	16%	1,595	17%	1,603	17%	1,601	17%	1,817	17%
36-50	515	5%	608	6%	557	6%	555	6%	588	6%
51 & Over	125	1%	121	1%	115	1%	114	1%	121	1%
Total	9,365	100%	9,661	100%	9,600	100%	9,678	100%	10,537	100%

SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 17  
 TRANSFER TO SENIOR INSTITUTIONS  
 ACADEMIC YEAR 2015-16 - STUDENTS AS OF FALL 2015

Senior Institutions Attended, Fall 2014	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of All SPC Transfer Students	Percent
Texas Tech University	1,726	68	28	1,822	75.01%
Angelo State University	147	4	3	154	6.34%
West Texas A&M University	122	11	4	137	5.64%
Texas A&M University	52	1		53	2.18%
Texas Tech University Health Sciences Center	51	7	4	62	2.55%
Texas State University - San Marcos	42	1	4	47	1.93%
The University of Texas at Austin	30			30	1.24%
Tarleton State University	25			25	1.03%
University of North Texas	16	2		18	0.74%
The University of Texas of the Permian Basin	11	3		14	0.58%
The University of Texas at Arlington	9			9	0.37%
Midwestern State University	9	1	2	12	0.49%
The University of Texas at San Antonio	4		1	5	0.21%
Sul Ross State University	4	1		5	0.21%
Texas Woman's University	3			3	0.12%
The University of Texas at Tyler	3	1		4	0.16%
The University of Texas at Dallas	3			3	0.12%
The University of Texas at El Paso	3			3	0.12%
Lamar University	3			3	0.12%
Sam Houston State University	2	1		3	0.12%
Texas A&M University - Corpus Christi	2			2	0.08%
Texas A&M University at Galveston	2			2	0.08%
University of Houston	2	1		3	0.12%
University of Houston-Downtown	2			2	0.08%
Stephen F Austin University	2			2	0.08%
Texas A&M University - Commerce	1	1		2	0.08%
Prairie View A & M University	1			1	0.04%
Sul Ross State University - Rio Grande College	1			1	0.04%
The University of North Texas - Dallas	1			1	0.04%
The University of Texas Health Science Center at Houston	0	1		1	0.04%
	2,279	104	46	2,429	100.00%

SOUTH PLAINS COLLEGE  
 STATISTICAL SUPPLEMENT 18  
 CAPITAL ASSET INFORMATION  
 FISCAL YEARS 2007-2016

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b><u>Academic Buildings</u></b>	30	30	29	29	29	27	27	27	27	27
Square Footage	772,525	772,525	712,525	712,525	712,525	619,643	619,643	619,643	619,643	614,643
<b><u>Libraries</u></b>	1	1	1	1	1	1	1	1	1	1
Square Footage	50,992	50,992	50,992	50,992	50,992	50,992	50,992	50,992	50,992	50,992
Number of Volumes	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
<b><u>Administrative &amp; Support</u></b>	3	3	3	3	3	3	3	3	3	3
Square Footage	61,561	61,561	61,561	61,561	61,561	61,561	61,561	61,561	61,561	61,561
<b><u>Dormitories</u></b>	11	11	10	10	10	9	9	9	9	9
Square Footage	150,142	150,142	120,420	120,420	120,420	90,688	90,688	90,688	90,688	90,688
Number of Beds	678	678	574	574	574	470	470	470	470	470
<b><u>Apartments</u></b>	6	6	6	6	6	6	6	6	6	6
Square Footage	24,211	24,211	24,211	24,211	24,211	24,211	24,211	24,211	24,211	24,211
Number of Beds	96	96	96	96	96	96	96	96	96	96
<b><u>Dining Facilities</u></b>	1	1	1	1	1	1	1	1	1	1
Square Footage	9,692	9,692	9,692	9,692	9,692	9,692	9,692	9,692	9,692	9,692
Average Daily Customers	580	580	580	580	580	580	580	580	580	580
<b><u>Athletic Facilities</u></b>	6	6	6	6	6	6	6	6	6	6
Square Footage	172,801	172,801	172,801	172,801	172,801	172,801	172,801	172,801	172,801	171,701
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
Plant Facilities	6	6	6	6	6	6	6	6	6	6
Square Footage	54,730	54,730	54,730	54,730	54,730	54,730	54,730	54,730	54,730	54,730
<b><u>Transportation:</u></b>										
Cars	7	6	6	6	6	6	6	5	5	5
Light trucks/Vans	48	48	48	48	48	48	48	47	47	46
Buses	4	4	4	4	4	4	4	4	4	4
Heavy Trucks	4	4	4	4	4	4	4	4	4	4

