



El Paso
County Community
College District
El Paso, Texas



**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**
for
**FISCAL YEAR ENDED
August 31, 2012**



**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

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**FISCAL YEAR ENDED
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Prepared By:

Budget and Financial Services
El Paso County Community College District
El Paso, Texas

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
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FISCAL YEAR ENDED AUGUST 31, 2012
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INTRODUCTORY SECTION



Northwest Campus





El Paso Community College

The Best Place to Start

February 25, 2013

To the Citizens of El Paso County Community College District:

The comprehensive annual financial report of the El Paso County Community College District ("the District" or "the College") for the fiscal year ended August 31, 2012, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The District is reporting as a special purpose government engaged solely in business type activity (BTA). Adhering to Governmental Accounting Standards Board (GASB) Statements 34 and 35, this presentation of financial reporting combines all fund groups into a single column and includes the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. The Board of Trustees has no financial accountability over the El Paso Community College Foundation or any governmental unit, and, accordingly only the financial data for El Paso County Community College District are included in this report.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984; the U.S. Office of Management and Budget Circular A-133; and Government Auditing Standards issued by the Comptroller of the United States. Information related to this single audit, including the Schedule of Expenditures of Federal and State Awards and auditor's reports on the internal control and compliance with applicable laws and regulations, is included in the single audit section of this report.

El Paso County Community College District is committed to offering quality educational programs and services for the people of El Paso County at a reasonable cost as stated in the College mission statement. The District provides a wide range of programs, including general academic, technical-vocational, student development services, continuing education, and community service. The College also prides itself in pursuing economic initiatives through workforce and business development, community partnerships and global outreach.

In addition, the faculty, staff and students of El Paso Community College are committed to the philosophy and principles of a learning college. As such they affirm and embrace the core values of communication, competence, integrity, personal growth, respect, student success and trust.

PROFILE OF DISTRICT

El Paso County Community College District was established as a county junior college district in June 1969, when the citizens of El Paso County voted to create the District. The District encompasses all of El Paso County, an area of 1,058 square miles (with an estimated population of 824,994 as of 2012), which includes the City of El Paso and twelve other cities and towns. The District operates as a comprehensive junior college under the State of Texas laws, and is governed by a seven-member Board of Trustees elected to six-year terms from single-member districts. The Board has financial accountability and control over all District activities.

ECONOMIC CONDITION AND OUTLOOK

El Paso County is situated in the western most tip of Texas and, combined with Ciudad Juárez, Chihuahua, Mexico, represents one of the largest international border communities in the world. Outstanding weather, low cost of living, and competitive labor costs make El Paso an attractive location for businesses. El Paso County businesses have access to El Paso International Airport, which is located only 15 minutes from the central business district. The City of El Paso is currently the sixth largest city in the state of Texas and the 22nd largest city in the United States. In June 2010, the City of El Paso was named “All-America City” by the National Civic League for its outstanding civic accomplishments in innovation, civic engagement and special efforts to respond to local challenges. It was the first time in four decades that El Paso had received this honor.

El Paso has become the home of computer manufacturing, telecommunications, and consumer products. Other industries include copper refining, medical equipment processing, electrical component manufacturing, plastic injection molding, southwestern food products, and natural gas pipeline operations. El Paso Regional Economic Development Corporation (REDCo) is focusing on five primary targets for business development and relocation to the El Paso region:

- Defense & Homeland Security
- Life Sciences
- Clean Technologies
- Automotive
- High Tech Electronics

There are significant opportunities within each of those target industries for manufacturing, engineering and research/development. Other target industries include shared services, data & contact centers, and manufacturing/suppliers. El Paso is home to a youthful population whose labor force is diverse, bilingual and ready for an expanding economy. Coupled with a strong work ethic and situated in a right-to-work state with very low unionization, this rapidly growing labor force continues to attract a variety of industries to the region. Educational needs are provided by a variety of institutions to include the University of Texas at El Paso, Texas Tech University and El Paso Community College.

To accommodate El Paso’s growth as a regional healthcare research and education center, the 2003 Texas legislative session approved the addition of the first- and second- year medical studies to the third- and fourth-year medical program currently offered by the Texas Tech University Health Science Center Paul L. Foster School of Medicine campus. The school

received accreditation as the newest four-year medical school in the nation and only the second U.S. medical school to receive accreditation in the last quarter of a century. The school opened its first class in August 2009 and offers significant opportunities for discovery, research and development efforts in healthcare issues associated with the border location and the growth and transformation of Fort Bliss. A Texas Tech study showed the school will have an economic impact of \$1.5 billion and will create more than 500 jobs. In addition, on April 27, 2011, the Texas Higher Education Coordinating Board approved the establishment of the Gayle Greve Hunt School of Nursing in El Paso (GGHSON). A day later, the Texas Board of Nursing also gave its approval. In August 2012, the Texas Tech University System Board of Regents approved construction of a building on the Texas Tech University Health Science Center El Paso Campus to house the GGHSON's traditional Bachelor of Science Degree and the Second Degree Bachelor of Science in Nursing Programs. When fully operational, the two pre-licensure bachelor's degrees will admit up to 160 students in El Paso each year. As of August 2012, the GGHSON has 66 students enrolled and expects to grow to 300 students by 2015.

On February 2012, the first El Paso Children's Hospital opened to the public. A separately licensed, non-taxing, independent, 501 (c) 3 not-for-profit hospital in the El Paso Region, the El Paso Children's Hospital at 225,000 square feet is the largest expansion of pediatric medical services in West Texas in recent history and the only dedicated pediatric hospital with a 200-mile radius of the county. The hospital features 122 private pediatric rooms designed and furnished with the comfort and the state-of-art technology to meet the needs of children and their families. Partnerships with the Medical Center of the Americas, the Paul L. Foster School of Medicine at Texas Tech University Health Sciences Center and University Medical Center of El Paso enhances the lives of children through its innovative pediatric research and education and serves as a teaching institution.

El Paso is also home to Fort Bliss, the Army's Air Defense Artillery Center and School and the integrated field-testing for the Army's Future Combat System (FCS) program. Fort Bliss, second largest Army installation, currently hosts more than 35,000 active military personnel, over 44,800 family members and employs nearly 10,800 civilians with a \$1.7 billion impact on the El Paso community. As a result from the concluded Base Closure and Realignment Commission (BRAC 2005) process and the relocation of the First Armored Division from Germany along with numerous new major units, Fort Bliss gained approximately 22,000 active duty troops with over 27,000 additional family members since 2005, representing a \$3.7 billion annual impact on the El Paso community. This gain represents the largest net gain of active duty troop strength of any military installation in America. In addition, Fort Bliss has been named the Army's Center for Renewable Energy. The goal has been set to produce enough energy from wind, sun and geothermal energy to power the post by 2025.

Based on its current partnership in providing educational services to the Fort Bliss soldiers, the District expects that the BRAC initiative along with the new Defense Department's projects and global repositioning will result in additional enrollment in the years to come, which is the basis for planning the construction of a new campus to be located on Fort Bliss adjacent to the upcoming \$1.5 billion Regional Medical Center. In the midst of the new economy, El Paso Community College is a major leader in providing the training and education necessary to prepare its students to enter the workforce.

GROWTH OF STUDENT POPULATION

In the fall of 1971, 901 students registered for the first classes. Since that humble start, the College district has served over a million people and has experienced a phenomenal growth in student enrollment. Unduplicated head count rose from 14,194 in the fall of 1985 to over 30,000 in the fall of 2012. Although the unemployment rate decreased from 10.6% in 2011 to 10.4% in 2012, demand for educational services at the College should remain strong. With the expectation of the Fort Bliss expansion, this trend is expected to continue while the economy is slowly recovering; the College will continue to serve business and industry with employee training in dozens of areas, from technical training to office skills to Basic English and Math.

Another growth factor has been the implementation of the Dual Credit program enticing students from the local high schools to enroll in college courses at no cost while finishing their secondary education. Under the Dual Credit program, El Paso Community College offers fundamental core courses to qualified high school seniors and juniors in the high school campuses during daytime periods. Students receive both high school credit and college credit for the courses they take in the dual credit program. This program grew from 396 students at inception in fall 2002 to 3,422 in fall 2012, and is expected to continue growing at a modest pace.

Another contributor to student enrollment growth is the very innovative Early College High School Program undertaken by the College in 2005 and that continues to grow with 1,333 students enrolled in fall 2012 at four college campuses and two rural high schools from eight different school districts. This program is further explained as a major initiative of the District.

MAJOR INITIATIVES:

Capital Projects:

To accommodate this increased enrollment and service to the community, the District initiated a financial plan in 1994, and has since then issued \$137,900,000 in combined fee revenue building bonds, part of which refinanced \$5,345,000 of the 1994 bonds, \$1,355,000 of the 1995 bonds, \$4,725,000 of the 1996 bonds, \$3,015,000 of the 1997 bonds and \$8,130,000 of the 2001 bonds. These funds have provided for the completion of various construction and renovation projects at all five campus locations. The most recent projects include:

- Acquisition of vacant lot located downtown in exchange for Mission del Paso Campus land acquired by the County of El Paso.
- Purchase of the Stanton Building close to Rio Grande Campus.
- Construction of a new Student Services facility to centralize critical enrollment services.
- Enclosure of existing space to accommodate a Student Union at the Valle Verde Campus.
- Expansion of Northwest Campus Library with the help of a matching grant from the Department of Housing and Urban Development.
- Valle Verde Math Lab Emporium.
- Valle Verde Advanced Technology Center renovations.
- District-wide improvements such as parking lot renovations.

Future projects include:

- Renovation of existing space to accommodate the Architectural program funded by a five-year grant from the Department of Education and in partnership with the Texas Tech University School of Architecture.
- Information Technology Data Center at the Administrative Service Center.
- Renovation of Stanton Building to accommodate the relocation of services from the crowded Rio Grande Campus.
- Renovation of Softball and Baseball fields at the Valle Verde Campus.
- Construction of a new Eastside campus on Fort Bliss to accommodate the expected increase in enrollment in the next four years as a result of the BRAC and other Department of Defense initiatives. The lease for 70 acres of undeveloped land from the Department of the Army has been approved. Master planning of the District's sixth campus is underway and is expected to take twelve months followed by construction with a projected campus opening of fall 2016.

All facilities construction and renovations are financed by student tuition and fees or Plant Fund reserves, and are not paid for by local taxes.

Academic:

El Paso Community College was one of fifty-eight colleges in nine states participating in the "Achieving the Dream: Community Colleges Count" initiative. This was a multi-year national initiative aimed at helping more community college students, particularly low-income, succeed. Each college is committed to examining data on student achievement; basing decisions on data; confronting and addressing achievement gaps; monitoring progress closely; and sharing findings broadly. The main focus is the four policy areas of accountability and data; developmental education; financial aid; and funding. The start-up funding for Achieving the Dream was provided by Lumina Foundation for Education for the original 27 colleges in five states, which were included in the initiative's initial launch. Additional funding was provided by the Knowledge Works Foundation, the Nellie Mae Education Foundation, Heinz Endowments, Houston Endowment Inc., and College Spark Washington. El Paso Community College was in the first cohort of community colleges to participate in the Achieving the Dream initiative with a proposal of a \$50,000 one-year planning grant and later with a proposal for an implementation grant of \$400,000 over a four-year period. El Paso Community College was recently recertified as a Leader College until the 2014-2015 academic year. This status recognizes the College for its work in enhancing student success through initiatives such as College Readiness, the Prep Program, Early College High Schools, Math Emporiums, and Summer Bridge (Project Dream). As a Leader College and mentor, the District participates on numerous national panels, webinars, presentations and hosts several visiting college teams who wish to know more about the Achieving the Dream initiatives.

As a joint effort by El Paso Community College, the University of Texas at El Paso and the area high schools superintendents, the El Paso area College Readiness Consortium was created to address the State's initiative to "Close the Gaps." The goals of this consortium are for the area schools to ensure that high school students can enter college-level courses after senior year and for EPCC and UTEP to progress freshman students successfully through core courses in their first semester of college. To ensure college readiness, juniors and seniors are tested on the

Accuplacer Placement Test and students not passing one or more areas of Accuplacer receive interventions and are re-tested.

The Start Right Initiative has the potential of having the greatest impact on the lives and experiences of the students. This project is comprised of a Steering Committee and four Work Groups including the Entering New Student, Retention, Instructional Intervention, and Beyond. The goal is to ensure that each and every student enrolling at El Paso Community College is treated professionally and courteously throughout their time at EPCC, from being admitted at the College all the way to the achievement of a certificate or degree and using this achievement by transferring to a university or gaining employment.

El Paso Community College is one of five community colleges participating in the Texas Completes cadre, a state-wide initiative to significantly increase certificate and degree completion. The participating colleges account for two thirds of all students in Texas and are partnering together to make a significant impact on student completion rates. The strategies of the initiative include revising the curriculum to get students into programs of study and facilitate transfer to four-year institutions; creating a comprehensive student advising and management system that ensures students a strong start and consistent feedback along each step of their way through college; and restructuring developmental education to reduce time spent on pre-collegiate coursework.

In August of 2005, El Paso Community College and Socorro Independent School District jointly created the Mission Early College High School. This initiative is aimed at encouraging high school students to do serious college work while still getting their high school diploma. It enables highly motivated students to earn a high school diploma and an Associate's Degree in Teacher Education, Criminal Justice or General Studies upon graduation. The goals of the school are to reduce dropout rates, attract and better prepare more students for higher education, and assure students of the support necessary to be successful in college. This program started in July 2006 with the first 125 students. In its seventh year of operation, the Mission Early College High School has 427 students, has received Exemplary Status from the Texas Education Agency (TEA) each year and was recognized as a National Blue Ribbon School in 2012. So far, 334 early college high school students have been awarded associate's degrees.

During fiscal year 2006, the Ysleta Independent School District (YISD), the Canutillo Independent School District (CISD), and finally the El Paso Independent School District (EPISD) joined in the same initiative to create Early College High Schools at the Valle Verde, Northwest and Transmountain campuses respectively. The Valle Verde Early College High School started its first class in August 2007 and, in its sixth year of operation, has 270 students and also received Exemplary Status from TEA. So far, 132 associate's degrees have been awarded.

The Northwest and Transmountain Early College High Schools opened their doors in August 2008 and January 2009 and, in fall 2012, had 202 and 307 students respectively. Both schools are considered T-STEM (Science, Technology, Engineering and Math) academies, which are part of the Texas High School Project. The Texas High School Project is a \$261 million public-private partnership dedicated to improving graduation and college-readiness rates. Efforts are underway in more than 600 classrooms reaching more than 200,000 students. Partners include the Texas Education Agency, the Governor's Office and the Texas Legislature, the Bill and Melinda Gates Foundation, the Michael and Susan Dell foundation, the Communities Foundation of Texas, the Wallace Foundation, and National Instruments. Both schools have

received TEA Exemplary Status and 106 of their students have already graduated with an Associate's degree.

Funded by the Educate Texas, a public-private initiative of the Communities Foundation of Texas, the Cotton Valley Early College High School located in the rural communities of the Far East side of the El Paso County opened its doors in fall 2010 with 68 students from the Fabens, Tornillo and Fort Hancock schools districts and, in its third year of operation, has 110 students in fall 2012. Following this initiative, the Clint Independent School District, another rural Eastside school district, started the first class of the Clint Early College Academy with 17 students in fall 2012, also with the support of Educate Texas in partnership with the Meadows Foundation and the Greater Texas Foundation.

Technology:

In February 1999, the Board of Trustees approved the purchase of an Administrative Integrated Management Software system to replace its aging system that was not integrated and carried costly maintenance. The new solution has allowed for all software modules to be fully integrated and run in a client-server environment, pushing information to the desktops of decision makers at the College. Implementation of SCT Banner 2000 was phased in over a period of approximately three years with the Finance module being first implemented in December 2000, followed by Student Financial Aid in March 2001, Student Admission and Registration modules in April 2001, and finally Human Resources/Payroll in April 2002. This implementation required a lot of commitment on the part of the staff involved, and a lot of support from the senior administration. In its thirteenth year of operations, the system has undergone several upgrades with the most recent one completed in October 2011, requiring extensive commitment from the staff.

In an effort to improve communication between students and faculty, the Luminis online service provides students and faculty with world-class Intranet and Internet services. Students can acquire an e-mail address and find information about course home pages, calendars, school resources, registration, and class schedules. They can also use Chat for online discussions with their classmates, use Message Boards to manage an online class bulletin board where faculty members and students can post messages and replies to messages. The recent upgrade provides additional flexibility, content and added features, such as the ability to upload class files to a single location instead of emailing to each student individually. The College is planning to move away from Luminis to a Microsoft SharePoint platform called MyEPCC. This system will provide course content management and the student email portion will use Live@Edu hosted services by Microsoft.

During the 2008/09 fiscal year, the Network Systems and Telecommunications area completed Phase I of installing VoIP (Voice over Internet Protocol) telephone equipment as part of its strategy to update the older voice technology currently in place at the College and based on expensive PBX hardware. VoIP is a standards-based technology that uses the College's data network to transmit and receive voice telephone calls. The advantage of this approach is that the infrastructure already exists with the College's data network that can be used to carry voice traffic as well. Maintaining the system is easier because only one cabling/wiring infrastructure is required as opposed to separate cabling/wiring infrastructure to connect each telephone set. The new system has been working in conjunction with the existing telephone system to allow for a seamless transition at each one of the campuses. In March 2010, the implementation was

extended to the Northwest and Transmountain campuses. Over 260 telephones were successfully deployed as part of the VoIP Phase II expansion. Two 19-year old PBX systems were replaced by new technology. Phase III of the expansion plan will continue into the 2012/13 fiscal year to include the Valle Verde, Rio Grande and Mission del Paso campuses.

In February 2009, the Human Resources Department started populating the automated performance evaluation software system purchased from PeopleAdmin, a software company that partners with colleges and universities to provide the latest technology in applicant tracking, position description and management, and performance management. The system was designed and customized by the Human Resources Department to evaluate administrative, professional and classified staff based on the essential functions of each job description and fifteen standard competencies necessary to perform the job. After a considerable amount was spent in testing the design, the evaluation system was activated for use in June 2009 but fully implemented during the 2009/10 fiscal year. It is structured for employees to evaluate themselves on an annual basis and submit their evaluation online to their respective supervisor through the automated system. The system is set up to notify employees and supervisors in the chain of command when the evaluation is completed and need to be submitted to the next supervisory level for review and discussion. The system is set up to track all evaluations during the submission process and serves as an excellent tool to ensure that all evaluations are completed for all staff levels on a timely basis.

As a continued effort to reduce paper consumption, the printing of the College catalog was discontinued after the implementation of the online catalog. Students can now access the new electronic catalog with wonderful features such as pages that turn over 5,000 links to the class schedule and the Banner system, allowing students to check course descriptions and register directly from the catalog three semesters in advance; just hovering over a picture of one of the campuses will take the users to the map of the facility allowing them to locate classrooms; clicking on the title of the program will allow the student to see and print the degree plan; each degree plan published in the catalog has the capability of showing the course descriptions, prerequisites and core requisites for that particular course. The College's 130 programs are featured in videos that are bilingually closed captioned and done in ASL, which allows student to see other students (current and graduates) speak about the program and learn about the career potential, while also hearing from employers throughout the community discuss our programs prepare them adequately for employment and the possibility of continued educational opportunities toward additional degrees. Statistics of local, state, and national employment opportunities are provided at the end of each video.

In preparation for the SACS Compliance Report, Information Technology (IT) developed a comprehensive infrastructure for the SACS accreditation process. The electronic reporting required a SACS website for reviewers to have access to all college information. The infrastructure required extensive IT resources working with the entire district. During this process, IT also developed the faculty credentials infrastructure for the SACS accreditation process and for continued use by Human Resources, Instruction, Workforce Development and Continuing Education. This credentialing system that integrated three systems, i.e., Banner ERP, SharePoint and BDMS, will continue to be used as a best practice in records management.

As the latest initiative, Information Technology developed a complex four-phase plan for desktop virtualization which will provide increased remote access by students, faculty and staff. It will ensure for dynamic desktops, high end point management, increased layers of

security, back end user profile management and increased storage solutions. The four-phase plan allows planning for the future and will be launched as a pilot during summer 2013.

Financial Services:

Starting with fiscal year 2003/2004, the District made a conscious effort to automate its payment delivery services. Issuing over 126,000 checks annually for student financial aid, payroll, accounts payable, student loans, and student refunds, the District saw the opportunity for significant cost savings and efficiencies by moving to electronic funds delivery of payments. This effort began with the direct deposit of financial aid funds to students becoming mandatory fall 2005. Concurrently, the District began an initiative to implement a comprehensive card program to facilitate direct deposit for both students and employees. This card program offered students the choice of selecting a district issued debit card that also functions as a student ID. A partnership with the District's depository bank was contractually negotiated which has facilitated this card program and simultaneously offered all students access to establishing a relationship with a financial institution. Along with the automation of student financial aid payments, employees have also been directed in the same manner to fully automate the payment process of payroll. Currently, direct deposit of financial aid funds and payroll is experiencing 98% participation.

The District is also moving forward in paying its vendors electronically with the employees as the first group being tested during spring 2009 and now receiving any reimbursement by direct deposit. This initiative has reduced costs related to banking and travel time for employees picking up the checks. Also, Financial Services began in January 2011 collecting vendors' direct deposit information and currently has a 60% participation rate by vendors in direct deposit.

Due to stringent security standards mandated by the credit card industry, which were no longer supported by SCT SunGard, the Board of Trustees approved in July 2009 the Payment Application/Cashiering software system supported by TouchNet® Information Systems. The department of Bursar Services spent a considerable amount of time in testing the system to have the Payment Application and Cashiering modules go live in February 2010 and May 2010 respectively. The new functionalities allow students to continue making secure on-line payments to the College without disruption of service; allow students to select and complete on-line the tuition installment plan, which is reducing the lines at the cashiers' office during payment deadlines; and facilitate departmental deposits to the Cashier's offices, which will allow the College to better track and safeguard funds not directly collected by the Cashiers.

The District took advantage of TouchNet® functionality by testing and implementing TouchNet® Marketplace™ which is a comprehensive framework of support of e-commerce throughout the College. It offers a campus wide capability for students, parents, alumni and patrons who want to purchase goods and services, register for events, or make donations online, at any time, as well as secure compliant payment processing.

As an ongoing effort towards a paperless environment, the Accounts Payable, Data Control, Payroll and Purchasing departments completed the imaging of documents utilizing Banner Extender after training, testing, and developing an indexing methodology. This scanning will reduce the dependence on paper, save file storage and provide a safe accurate storage medium while still complying with state retention rules. The initiative is being extended to other departments of the Budget and Financial Services division.

SACS ACCREDITATION

El Paso County Community College District is accredited through the Commission on Colleges (COC) of the Southern Association of Colleges and Schools (SACS), which sets standards for admissions, instruction, faculty credentials, student services, student and instructional support services, administrative organization, facilities and financial responsibility. Currently accredited through December 2013, the College prepared extensively for the accreditation visit that took place on October 29 through November 1, 2012. In order to be accredited under the SACS standards, the College was required to conduct a comprehensive compliance audit prior to the filing of the Compliance Certification. The comprehensive compliance audit includes an assessment of all programs and courses offered by the institution. In preparation for the compliance audit, a Compliance Certification Officer was appointed and a team assembled to respond to all principles included in the Compliance Certification Report submitted on March 15, 2012 to the off-site SACSCOC reviewers. As a result of the review of the Compliance Certification report, a Focused Report was generated with recommendations to which the College submitted responses by September 2012. In addition to the Compliance Certification Report, the other requirement for SACS reaffirmation was to prepare the Quality Enhancement Plan (QEP), a five-year plan designed to enhance the quality of student learning by focusing on a theme and specific student outcomes. The approved theme for the QEP is "learning about the Community as a Community." As a result of the on-site visit by the SACSCOC, the College received recommendations for which it is preparing responses with supporting evidence to be submitted by April 1, 2013. SACSCOC is expected to rule on the College's reaffirmation by June 2013.

INSTITUTIONAL EFFECTIVENESS

Beginning as an effort to ensure an avenue was available for the discussion and resolution of problems and concerns, the Institutional Effectiveness process has become the major vehicle for assessing the performance of instructional and support service operations at the College. Through the guidance of the District-Wide Institutional Effectiveness Committee and the six executive area IE teams, the comprehensive system ensures the effectiveness, including cost, of these operations. While Institutional Effectiveness is mandated for accreditation purposes, it has also become a tool for change management. By incorporating IE into a participatory management process, the District has been noted for having one of the best Institutional Effectiveness models in the state. Every year, the College planning process is linked to the Budget Development process with the use of the Effectiveness planning guide. During this process, institutional budgets are linked with the District's strategic goals by the use of Area Effectiveness Plans, which consist of written objectives for improvement and focus on the District mission.

FINANCIAL INFORMATION

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute assurance that these objectives are

met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Refer to the Management's Discussion and Analysis for more information on the District's financial activity and position.

SINGLE AUDIT

As a recipient of federal, state, and local financial assistance, the District also is responsible for providing adequate internal control to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management, the independent auditors of the District, and during agencies' monitoring visits.

As a part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended August 31, 2012, provided no instances of material weaknesses in the internal control or significant violations of applicable laws and regulations.

BUDGETING CONTROLS

In addition, the District maintains budgetary controls through its automated system and procedures. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District's Board of Trustees. Activities of the Unrestricted and Restricted Funds, Auxiliary Enterprises Fund, and Plant Funds are included in the annual appropriated budget. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances are re-appropriated as part of the next year's budget.

DISTRICT FUNCTIONS

The financial results of the District's operations are reported in the Management's Discussion and Analysis report included in the Financial Section of this report. In compliance with GASB No. 35 standards, the Management's Discussion and Analysis is a component of the District's financial statements and provides an overview of the College's financial operations for the fiscal year ended August 31, 2012.

DEBT ADMINISTRATION

As of August 31, 2012, the District did not have any outstanding General Obligation Bonds. In order to finance building construction and renovation, the District has issued since December 1994, a total of \$137,900,000 in Combined Building Fee Revenue Bonds. As required by the various bond issue covenants, the retirement of these bonds is financed by general use fees and tuition charged to the students on a semester basis. As of August 31, 2012 the District's

outstanding bond debt amounts to \$57,355,000 excluding any unamortized discount. Considering the growth of the District and the need for additional facilities, issuing additional bonds within the next five years may be considered.

INTERNAL AUDIT SERVICES

As part of its internal audit program, the District contracted with the outside CPA firm of White+Samaniago+Campbell, LLP to perform certain agreed-upon procedures. In preparation for the SACS (Southern Association of Colleges and Schools) upcoming re-affirmation visit, the firm performed between January and March 2012 an internal audit of faculty and staff credentials during which issues were identified and resolved in time to submit the Compliance Certification Report. In August 2012, the firm was engaged to evaluate the processes used by the district libraries in procuring its book collections and databases. This audit is in the process of being concluded.

As a mechanism to ensure that the administration is implementing auditors' recommendations, periodic meetings are held with the President of the College and the appropriate staff to review the status of recommendations on all previous audits. This practice emphasizes the importance of internal audits as a tool for the College to tighten its internal controls and a way to improve its processes.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The public accounting firm of Moss Adams LLP was selected by the District's Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133. The auditor's reports related specifically to the single audit are included in the Single Audit Section.

AWARDS AND RECOGNITIONS

On February 2012, El Paso Community College was honored and recognized at the U.S. Capitol by Excelencia in Education with the "Samples of Excellence" award for the Early College High School program as among America's top programs that increase degree completion among Latinos at the associate, Bachelor and graduate level. The Early College High School initiative was selected from among 195 competitors as one of 16 national finalists for the 2011 Examples of Excelencia recognition.

In September 2012, Victory Media, the premier media entity for military personnel transitioning into civilian life, named El Paso Community College to the coveted Military Friendly Schools® list which honors the top 15 percent of colleges, universities and trade schools that are doing the most to embrace America's military service members, veterans, and spouses as students and ensure their success on campus.

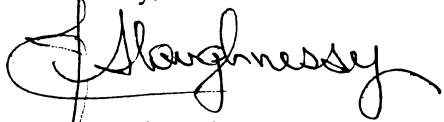
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to El Paso County Community College District for its comprehensive annual financial report for the fiscal year ended August 31, 2011. This was the sixteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report was made possible by the hard work and diligence of the Budget and Financial Services staff, to include the Rio Grande Campus Instructional Service Center for the timely printing of this document. We would also like to thank the accounting firm of Moss Adams LLP, for their assistance in the completion of the audit. Each individual who contributed to this report has our genuine appreciation.

Sincerely,



Josette Shaughnessy, CPA
Associate Vice President, Budget and Financial Services



Fernando Flores, CPA
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

El Paso County
Community College District
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moirrell

President

Jeffrey R. Enner

Executive Director

El Paso Community College
Board of Trustees

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William Serrata, Ph.D.

Vice President
Administration &
Financial Operations
Dr. Ernst E. Roberts II

Associate Vice President
Budget & Financial Services
Josette Shaughnessy, CPA

Vice President
Information Technology/
Chief Information Officer
Jenny Girón, Ph.D.

Vice President
Student Services
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Vice President
Workforce/Economic
Development & CE
Yolanda Chávez Ahner

Interim Vice President
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Steve Smith

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Northwest
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Vice President
Research & Accountability
Saul Candelas

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Mission Del Paso
Julie Penley, Ph.D.

Interim Dean (TM/FB)
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Technical Education
Ernest R. Webb

Dean (TM/FB)
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Communications, & Social
Sciences
Jan Eveler

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Math, & Science
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Basic Skills, Communications,
& Performing Arts
Claude Mathis

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Reading, & Social Sciences
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Communications, Career &
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Dean (RG)
Nursing
P. Gail Meagher

El Paso County Community College District
Leadership Organizational Chart



**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
PRINCIPAL OFFICIALS**

BOARD OF TRUSTEES

OFFICERS

TERM EXPIRES

Mr. Art Fierro, Chair	May 2013
Ms. Gracie Quintanilla, Vice Chair	May 2017
Dr. John E. Uxer, Secretary	May 2017

MEMBERS

Mr. Nicolás Domínguez	May 2013
Dr. Carmen Olivas Graham	May 2013
Mr. Brian Haggerty	May 2015
Ms. Belen Robles	May 2015

PRINCIPAL ADMINISTRATIVE OFFICERS

Dr. William Serrata	President
Dr. Ernst E. Roberts, II	Vice President, Administration and Financial Operations
Mr. Steve Smith	Interim Vice President, Instruction
Mr. Saul Candelas	Vice President, Research and Accountability
Ms. Linda Gonzalez-Hensgen	Vice President, Student Services
Dr. Jenny M. Girón	Vice President, Information Technology
Ms. Yolanda Ahner	Vice President, Workforce/Economic Development and Continuing Education
Ms. Josette Shaughnessy, CPA	Associate Vice President, Budget and Financial Services
Mr. Fernando Flores, CPA	Comptroller

FINANCIAL SECTION



Valle Verde Campus



REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
El Paso County Community College District

We have audited the accompanying financial statements of the El Paso County Community College District (the College) as of and for the year ended August 31, 2012 as listed in the table of contents. These financial statements are the responsibility of El Paso County Community College District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of and for the year ending August 31, 2011, were audited by other auditors whose report dated December 14, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the El Paso County Community College District as of August 31, 2012, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Trustees
El Paso County Community College District

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2012 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, Non-Profit Organizations (Circular A-133) and the State of Texas Single Audit Circular are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of operating revenues, schedule of operating expenses, schedule of non-operating revenues and expenses, and schedule of net assets by source and availability also are presented for purposes of additional analysis as required by the Texas Higher Education Coordinating Board and also are not a required part of the financial statements. Such information is the responsibility of management and was derived from and

To the Board of Trustees
El Paso County Community College District

relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Mess Adams LLP

Albuquerque, New Mexico
December 27, 2012

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of El Paso County Community College District's (District or College) annual financial statements, prepared by the financial managers of the College, provides an overview of the College's financial operations for the years ended August 31, 2012 and 2011. The external audit firm of Moss Adams LLP has worked closely with management of the College to prepare the financial statements and the related footnote disclosures. This section is designed to assist the reader in the interpretation of the financial statements and should be read in conjunction with the disclosure notes that accompany the basic financial statements. Responsibility for the completeness and fairness of the information rests with the management of the College.

Overview of Financial Statements

The financial statements are prepared in accordance with the GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments and Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities." The College is reported as a special-purpose government engaged in business-type activities and uses the accrual method of accounting, which means that revenue is recognized when earned, and expenses are recorded when incurred regardless of when cash is received or paid. The core financial statements required by GASB 34 are the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

Statement of Net Assets

The purpose of the Statement of Net Assets is to report at a point in time the total net assets available to finance future services, and to give the reader a snapshot of the financial condition of El Paso County Community College District. According to GASB 34, the classification of the components of the Statement of Net Assets is as follows:

Current Assets: assets available to satisfy current liabilities.

Non-current Assets: include capital assets and other assets not classified as current.

Current Liabilities: include obligations due within one year.

Non-current Liabilities: include bonds payable and other long-term commitments.

Net Assets: difference between assets and liabilities and presented in three categories

- Invested in Capital Assets - Net of Related Debt represents the District's net investment in property, plant and equipment net of accumulated depreciation and amortization on the assets and the related outstanding debt used to construct, purchase or renovate them.
- Restricted Net Assets are classified as expendable (available for expenditure in accordance with the restrictions of donors and other external entities) and nonexpendable (permanent endowment corpus only available for investment purposes).

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- Unrestricted Net Assets are available for any lawful purpose of the District and maintained to ensure sufficient reserve funds for long-term viability of the District.

Statement of Revenues, Expenses and Changes in Net Assets

The intent of the Statement of Revenues, Expenses and Changes in Net Assets is to report the burden of the government's functions on non-operating (general) revenues, defined as the amount of the functions that are not supported by charges to users (GASB 34, Par. 38). The statement is divided into Operating Revenues and Expenses, and Non-Operating Revenues and Expenses. Operating revenues are generated from the services provided to students and other customers of the District and represent an exchange for services. Operating expenses are incurred in the production of goods and services that result in operating revenues. Property taxes, state appropriations and Title IV funds represent non-exchange transactions and thus classified under Non-Operating Revenues, which means that Texas community colleges will generally report an operating deficit before taking into account other support. Therefore, revenue and expenses should be considered in total when assessing the change in the College's financial position.

Statement of Cash Flows

The primary purpose of the Statement of Cash Flows is to provide relevant information about the cash receipts and cash payments of the College during the fiscal period. This statement is intended to complement the accrual-basis financial statements by providing functional information about financing, capital and investing activities and reports the effects of the College's operations, capital and non-capital financing transactions, and investing transactions on the College's financial position. This statement also helps users to determine the entity's ability to meet its obligations as they come due and the potential need for external financing. The final portion of the statement reconciles the net income or loss from operations to be provided or used by operations. The statement is structured as follows:

- Cash flows from operating activities
- Cash flows from noncapital financing activities
- Cash flows from capital financing activities
- Cash flows from investing activities

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

CONDENSED COMPARATIVE FINANCIAL INFORMATION

To show the trends for the two years shown in the statement of Net Assets (Exhibit 1), a summary of three years of data for the years ended August 31, 2010 thru 2012 is presented below:

**Condensed Statement of Net Assets
(In Millions)**

	August 31			Change	
	2012	2011	2010	2011 to 2012	2010 to 2011
Assets					
Cash and Investments	\$ 84.2	\$ 82.0	\$ 84.8	\$ 2.2	\$ (2.8)
Other Assets	40.5	43.9	38.3	(3.4)	5.6
Capital Assets	123.9	119.8	115.4	4.1	4.4
Total Assets	\$248.6	\$245.7	\$238.5	\$ 2.9	\$ 7.2
Liabilities					
Current Liabilities	\$ 60.9	\$ 61.7	\$ 56.6	\$ (0.8)	\$ 5.1
Long-Term Liabilities	62.6	66.9	70.4	(4.3)	(3.5)
Total Liabilities	\$123.5	\$128.6	\$127.0	\$ (5.1)	\$ 1.6
Net Assets					
Invested in Capital Assets, Net of Related Debt	\$ 76.6	\$ 68.9	\$ 61.6	\$ 7.7	\$ 7.3
Restricted	22.2	27.6	31.1	(5.4)	(3.5)
Unrestricted	26.3	20.6	18.8	5.7	1.8
Total Net Assets	\$125.1	\$117.1	\$111.5	\$ 8.0	\$ 5.6

Total Assets increased by \$2.9 million due to a combination of factors:

As a major component of the Statement of Net Assets, cash increased from fiscal year 2011 by \$2.2 million. This amount represents the net of the following activities: cash used in operating activities decreased by \$5.7 million from fiscal year 2011 mostly due to the large decrease in scholarships of \$6.6 million offset by an increase in loans to students as a result of the discontinuance of a separate Pell award for the summer semesters. While payments to employees and suppliers stayed fairly stable due to cost reduction measures implemented during the fiscal year in review, receipts from students increased due to the tuition increase implemented in fall 2011. Net cash provided by noncapital financing activities decreased by approximately \$150,000 due a combination of factors: state appropriations, ad valorem

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

taxes and receipts from student organizations increased by \$6.1 million offset by (1) the decrease of \$6 million in non-operating federal revenue related to the decrease in Pell grant awarding during the summer semesters and (2) the decrease in non-operating state revenue. Finally, the increase of \$341,000 in the net cash used in capital and related financing activities was directly related to the increase in purchases for capital assets offset by the proceeds from the sale of capital assets disposed of during periodic public sales.

Other Assets decreased by \$3.4 million from last year mostly due to a combination of the following factors: due to the 3% decrease in fall enrollment, (1) deferred charges related to the early disbursement of Pell grant funds for fall 2012 decreased by \$2.8 million, and (2) accounts receivables decreased by \$1.9 million. These decreases were offset by an increase of \$1.6 million in Notes Receivable related to the awarding of direct loans to students in August 2012.

Capital Assets increased by \$4.1 million mostly related to the completion of the new Student Enrollment Services building and the Student Union facility located on the Valle Verde Campus. Other completed projects include the Valle Verde Math Lab and the Northwest Campus Library extension. The increase in Capital Assets is offset by the depreciation expense of \$4.7 million.

Total liabilities decreased from the prior year by \$5.1 million, the combination of \$800,000 and \$4.3 million decreases in Current Liabilities and Long-Term Liabilities, respectively. The decrease in Current Liabilities is mostly related to the \$1.5 million increase in Funds Held for Others related to the awarding of fall 2012 direct loans offset by the \$2.9 million decrease in Deferred Revenue related to the Pell Grant disbursements in the respective fall semester. While there was a sharp increase in Deferred Revenue in 2011 over the 2010 fiscal year due to the enrollment increase during 2011, the enrollment decrease in fall 2012 resulted into less Pell awards disbursed in fall 2012, thereby causing the variance between 2011 and 2012.

The \$4.3 million decrease in Long-Term Liabilities is mostly related to the following factors: (1) the payment of revenue bonds offset by the amortization of bond premium and (2) the decrease in the Notes Payable for the annual payment on the note to the State Comptroller's office for the energy efficiency project completed in fiscal year 2009.

The major impact on the net assets as a result of the implementation of GASB 34 is that capitalized expenses with a threshold of \$5,000 are now depreciated. Depreciation for the year ended August 31, 2012 was \$4.8 million or an increase of \$754,000 over the 2011 depreciation. This increase is mostly attributable to the correction of retroactive depreciation on capital assets accounted for by the fixed assets module but not calculated correctly.

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Notwithstanding the impact of depreciation on the increase of Net Assets, the College experienced an overall increase in Net Assets of \$8 million, which represents a healthy increase for the District in light of the fiscal challenges imposed upon by the State Legislature. This increase is directly related to the increase in Net Assets invested in Capital Assets, Net of Related Debt of \$7.7 million due to the completion of capital projects funded by Plant Fund reserves. Restricted Net Assets decreased by \$5.4 million due to the completion of Capital Projects. The increase in the Unrestricted Net Assets of \$5.7 million is directly related to the increase in the Unrestricted Fund balance as a result of implementing cost containment measures to face reductions in state funding. Budget savings were generated from the hiring freeze of vacant positions and the set aside of funds in anticipation of the state funding reduction in retirement benefits.

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Increase in Net Assets is affected by the revenues generated and the expenses incurred by the District. The following condensed financial information shows total revenues and expenses for fiscal years 2012, 2011 and 2010:

Condensed Statement of Revenue, Expenses, and Changes in Net Assets
(In Millions)

	August 31			Change	
	2012	2011	2010	2011 to 2012	2010 to 2011
Operating Revenues					
Tuition and Fees (net of Discounts)	\$ 20.4	\$ 19.9	\$ 19.1	\$.5	\$.8
Federal, State & Local Grants & Contracts	9.7	12.2	11.6	(2.5)	.6
Auxiliary Enterprises	2.1	2.0	1.5	.1	.5
Other	2.0	.8	.9	1.2	(.1)
Total Operating Revenues	\$ 34.2	\$ 34.9	\$ 33.1	\$ (.7)	\$ 1.8
Operating Expenses					
Instruction	\$ 56.6	\$ 57.8	\$ 54.3	\$ (1.2)	\$ 3.5
Research	-	-	-	-	-
Public Service	5.7	5.6	6.2	.1	(.6)
Academic Support	18.0	18.7	18.4	(.7)	.3
Student Services	9.9	10.4	10.6	(.5)	(.2)
Institutional Support	20.0	20.2	20.0	(.2)	.2
Operation and Maintenance of Plant	9.6	8.9	9.5	.7	(.6)
Scholarships and Fellowships	44.0	50.7	45.7	(6.7)	5.0
Auxiliary Enterprises	3.0	2.2	1.8	.8	.4
Depreciation	4.8	4.0	4.1	.8	(.1)
Total Operating Expenses	\$ 171.6	\$ 178.5	\$ 170.6	\$ (6.9)	\$ 7.9
Operating Loss	\$(137.4)	\$(143.6)	\$(137.5)	\$ (6.2)	\$ 6.1
Non-Operating Revenues (Expenses)					
State Appropriations	\$ 38.4	\$ 41.2	\$ 41.6	\$ (2.8)	\$ (.4)
Maintenance Ad-Valorem Taxes	42.1	37.7	36.9	4.4	.8
Federal Revenue - Non-Operating	67.4	72.6	65.8	(5.2)	6.8
Other State Revenue - Non-Operating	.3	.4	.5	(.1)	(.1)
Investment Income (Net of Investment Expense)	.1	.4	.8	(.3)	(.4)
Interest on Capital Related Debt	(2.9)	(3.1)	(3.1)	.2	-
Net Non-Operating Revenues	\$ 145.4	\$ 149.2	\$ 142.5	\$ (3.8)	\$ 6.7
Income Before Other Revenues, (Expenses), Gains (Losses)	\$ 8.0	\$ 5.6	\$ 5.0	\$ 2.4	\$.6
Increase in Net Assets	\$ 8.0	\$ 5.6	\$ 5.0	\$ 2.4	\$.6
Net Assets, Beginning of Year	117.1	111.5	106.5	5.6	5.0
Net Assets, End of Year	\$ 125.1	\$ 117.1	\$ 111.5	\$ 8.0	\$ 5.6

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Total operating revenues decreased by \$700,000 due to the following factors: Tuition and Fees (net of discounts) had a net increase of \$500,000 consisting of the tuition rate increase effective summer 2011 and other student fees increases offset by a decrease in summer tuition revenue due to the discontinuance of the separate summer Pell award which resulted in a decrease in summer enrollment. Federal, State, and Local Grants and Contracts decreased by \$2.5 million mostly due to decreases in existing federal and state grants such as the Strengthening Institutions/Hispanic Serving Institutions, the Minority Science and Engineering Improvement, the Biomedical Research grants, the Texas Grant, and TEOG grants. Auxiliary revenue increased by \$100,000 related to an increase in bookstore commissions. Other Income had an increase of \$1.2 million over last fiscal year due to additional rental income from instructional facilities, an increase in public sales for disposal of capital assets, and the absence of the loss amortization on the 2007 Bonds refunding, which in the past three years had decreased Other Income by \$345,000 per year.

Total operating expenses decreased by \$6.9 million over the previous fiscal year, mostly attributable to the decrease in Scholarships and Fellowships of \$6.7 million. This sharp decrease is directly related to decreased student enrollment for the summer 2012 as a result of the elimination of the summer Pell award. As a result of drastic reductions in state appropriations for formula and benefits funding, the College budget was adopted without any salary increases to faculty and staff in addition to a hiring freeze of all vacant positions except for faculty. So, with salaries and benefits representing over seventy-seven percent (77%) of the operating budget and with an enrollment decrease in summer 2012 due to the elimination of a separate summer Pell award for students, all expenses remained comparable to or lower than the previous fiscal year.

Expenses for Instruction decreased by \$1.2 million related to (1) the decrease in summer enrollment and (2) the decrease in federal grants and contracts. Expenses for the remaining elements of costs were either slightly higher or lower as compared to the previous fiscal year in response to the cost containment measures implemented to balance the operating budget. The increase in Auxiliary Enterprises expenses was related to the increase in bad debt expense associated with financial aid overpayments, cafeteria maintenance, administration of vehicle registration on campus, and intercollegiate athletics operations. Depreciation Expense increased by \$800,000 due to recording additional depreciation for capital assets not included in the calculation of depreciation in the fixed assets module. Information regarding policies for depreciation is disclosed on page 21 of the Notes to the Financial Statements.

Non-Operating Revenues and Expenses include State Appropriations, Maintenance Ad-Valorem taxes, and now Federal Revenues as directed by the most recent GASB implementation guide to report Pell Grant receipts as non-operating revenue. Non-Operating Revenues also include under Other State Revenue to account for state student aid.

Non-Operating Revenues decreased by \$3.8 million due to the following factors that affected all Texas Community Colleges. Fiscal year 2011/12 marked the first year of the biennium with many challenges facing Texas community colleges with no additional formula funding from the State while student enrollment increased at record levels.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

While the College experienced a 17% increase in contact hours over the previous biennium, the 82nd Legislature responded to the state fiscal crisis by reducing formula, health insurance and retirement funding by 8%, 41% and 52%, respectively. In response to the unprecedented challenge of covering an \$8 million budget deficit in spite of the 12.6% and 14% tuition increases for resident and non-resident students, respectively, the College implemented a combination of strategies to fund the 2011/12 budget. First, cost containment measures were evaluated and included freezing \$1.8 million in vacant positions, except for faculty; and postponing \$3.8 million in technology and instructional equipment purchases. The remaining deficit of \$3.1 million was covered by a tax rate increase of 8%, the first in six years, which generated the needed revenue to balance the budget.

As a result of the tax rate increase, revenue from Maintenance Ad-Valorem taxes increased by \$4.4 million that also included tax revenue on new property added to the 2011 tax base. The College property tax revenue is based on the tax rate of \$.115442 per \$100 valuation, which represents the lowest tax rate of all major taxing entities in the El Paso County.

State appropriations decreased by \$2.8 million, mostly due to a sharp reduction in appropriations for health insurance benefits. The College has recorded the funding for employee retirement as provided by state constitution and disclosed in the Notes to the Financial Statements the amount of state contribution shortfall included in the operating budget but not paid to the Texas Retirement System.

Both non-operating federal and state revenues decreased by a combined total of \$5.3 million, most due to the elimination of the summer separate Pell award for eligible students, which resulted in a decrease in summer enrollment. State financial aid also decreased due to a reduction in Texas grants that were also part of state budget cuts.

As a reflection of the U.S. ailing economy, interest rates continue to be low. However, due to a new bank depository contract, the College moved its available cash balances from TexPool, the local governmental investment pool administered and monitored by the State Comptroller's Office to higher yield Repurchase Agreements with J.P. Morgan Chase Bank. As a result, Investment Income increased in average interest rate from 0.1378% to 0.1643% by the end of the fiscal year or a change of 0.0265%. Overall investment income decreased from the previous year due to a decrease in investable balances. Although it is expected that the interest rates will slowly increase as the economy recovers, the college administration has taken a conservative approach in budgeting interest income for the coming fiscal year.

Description of significant capital asset and long-term debt activity

As the College continues to grow, the administration is in the process of developing a master plan to address capital improvement needs for its five campuses and the upcoming new campus on Fort Bliss military base property. Major completed projects include the new Student Enrollment Services Building ready for occupancy in March 2013, the new Student Union, and the Math Emporium all located on the Valle Verde Campus; the completed projects also include the expansion of the Northwest Campus library. Upcoming projects include the renovation of facilities to either relocate services or accommodate instructional programs such as the joint architectural program with Texas Tech University. Beginning construction of the College's sixth campus on Fort Bliss is planned for 2014. All facilities construction,

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

renovation and improvements will be financed by a combination of funds coming from revenue bond proceeds, grant funds and plant fund reserves.

To accommodate increased enrollment since 1994, the District initiated a financial plan and has since then issued \$137,900,000 in Revenue Bonds, part of which refinanced the 1994, 1995, 1996, 1997, 1997B, 1998, 1999 and 2001 bond issues. This debt is currently covered by the general use fee of \$10 per credit hour and the state-mandated minimum tuition transfer of \$15 per student in the fall and spring semesters and \$7.50 per student for the summer sessions. The defeasance of the Building Use Fee and Tuition Refunding Revenue Bonds, Series 1993 outstanding balance of \$1,750,000 in October 2003 will result in saving the College approximately \$220,000 in interest payments.

In January 2007, the District issued the Fee Revenue Building and Refunding Bonds in the amount of \$66,280,000 that accomplished (1) the refunding of \$37 million of current debt with expected present value savings of \$1.9 million and (2) generating additional funds of \$31.6 million for renovation and new construction. The refunding of some of the current debt created additional debt capacity for the District to issue additional revenue bonds at no additional cost to the student or the taxpayer.

On August 13, 2003, Fitch Ratings issued a press release announcing the upgrade of El Paso Community College credit rating from "A-" to "A". The rating revision upwards reflected the College's positive financial performance, growing enrollment, and favorable area demographics and market position. Also considered in the rating are the operational and financial pressures stemming from increasing enrollment and reductions in state funding and above average, although manageable, debt load. On December 18, 2006 and more recently July 8, 2011, this "A" rating was reaffirmed as an "A+" rating with a stable outlook supported by sound financial management practices and operating results, and an increasingly diverse revenue base. Fitch subscribers can see the complete report at www.fitchresearch.com.

On December 21, 2006, Moody's Investors Service issued a press release announcing the upgrade of the College's rating from "A2" to "A1" with a stable outlook. The upgrade was based on the College's rapidly growing tax base caused by healthy growth in the local economy, increasing enrollment, strong operating performance and a manageable debt profile. On August 6, 2009, Moody's reaffirmed the College District's "A1" long-term rating of \$69.2 million with a stable outlook that reflects Moody's expectation that the District will continue to generate positive operating margins, maintain or modestly increase enrollment, and generate sufficient coverage of debt service from pledged revenues.

On November 15, 2012, Moody's affirmed the College's rating as Aa3 with a stable outlook. Moody's outlook reflects that the College will maintain a stable and growing enrollment along with stable to moderate revenue growth from tax revenues and tuition increases, as state appropriations are likely to decrease. Although the construction of a new campus will create additional debt, Moody's expects that the debt burden will be manageable given the current levels of operations and financial resources. The updated report can be found at www.moody.com.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

On March 15, 2011, Standard & Poor's issued a press release upgrading its underlying rating of "A" to "A+" on the College's Series 2001 Combined Fee Revenue Building and Refunding Bonds with a stable outlook. This outlook reflected the College's essential role as the only community college in the El Paso area; good revenue diversity from tuition, property taxes and state appropriations; and history of consistently positive financial operations. The rating also cited significant growth pressures, limited revenue flexibility, moderate debt burden, and recent instability in state appropriations as challenges for the College. However, Standard & Poor's expectation is that the District will continue to sustain balanced operating results with stable enrollment and overall district financial resources as long as it can manage the potential significant cuts in state appropriations and issue additional revenue debt with the commensurate increase in financial resources or revenue.

Additional information on both capital assets and long-term debt can be found in Notes 5 and 6 of the Notes to the Financial Statements.

Economic Outlook

During fiscal year 2008/09, the Texas economy was largely insulated from the nation's housing-induced slowdown with Texas average housing prices still rising, and the City of El Paso was no exception in benefiting from this strong economy. However, starting with the 2009/2010 fiscal year, the State has been experiencing a fiscal crisis with a large revenue deficit that affected the 2012/13 biennium. In response to this economic crisis, Governor Perry mandated a 5% reduction in funding for state agencies, including institutions of higher education at the end of fiscal year 2009/10 for both years of the biennium. In anticipation of the challenging upcoming biennium, the Board of Trustees approved a tuition increase of 12.6% and 14% for resident and non-residents students respectively, which was effective summer 2011. The 82nd Legislature confirmed the reduction in funding for the 2012/13 biennium with an additional decrease of 2.8% in formula funding and a significant decrease in funding for health insurance and retirement benefits to the tune of 41% and 52% respectively over the previous biennium. As many Texas community colleges, El Paso Community College faced an unprecedented challenge in balancing its 2011/2012 budget that started with a deficit of \$8 million. The College responded to this challenge by implementing budget reduction strategies to include freezing vacant positions, postponing new technology and equipment purchases in concert with a tax rate increase, the first tax increase in six years. However, in spite of the tuition and tax rate increases, the College has the lowest tuition rate in the region and the lowest tax rate of all major taxing entities of the El Paso County while still maintaining quantity and quality of service to its student population. This demonstrates the College's ability and flexibility for generating additional revenue, should state funding be insufficient to fund its operations and innovative programs. With the adoption of another conservative budget for the 2012/13 fiscal year, the College is preparing for the next state legislative session that will appropriate funding for the 2014-15 biennium. Although the State of Texas is experiencing some economic recovery, the 83rd Legislature scheduled to meet in early spring 2013 will be facing continued challenges in funding public education and Medicaid that had been drastically cut during the 82nd legislative session.

In November 2010, the firm of EMSI issued a report summarizing the results of a study documented in "the Economic Contributions of El Paso Community College" detailing the role that the College plays in promoting economic development, enhancing students' careers, and improving quality of life. The main

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

highlights of this study for the College are as follows:

- Due to EPCC operations and capital spending, the local economy receives roughly \$131.6 million in annual regional income.
- EPCC activities encourage new business, assist existing business and create long-term economic growth. The College enhances worker skills and provides customized training to local business and industry. Past and present skills acquired by EPCC students increase regional income by \$615.3 million.
- Related to students earning potential, studies demonstrate that education increases lifetime earnings. The average annual income of a student with an Associate Degree at the midpoint of his or her career is \$39,300 or 35% more than someone with a high school diploma. Over the course of a working lifetime, associate's degree graduates in the College service area earn \$395,600 more than someone with a high school diploma. As a result of their attending EPCC, students enjoy an attractive 16.9% annual rate of return on their EPCC educational investment with a payback period of 9 years.
- The estimated 95% of EPCC students remaining in Texas and entering the workforce enhance the economic growth and expand the tax base. Higher student earnings and associated increases in property income generate about \$10.3 million in added tax revenue per year.
- EPCC generates a return on public investment, as taxpayers will see a return of \$2.30 for every dollar appropriated by state and local governments to support the College, and state and local governments will receive a rate of return of 8% on their investments in EPCC.
- Most importantly, the state and local community will see \$8.2 million worth of social savings associated with improved health, reduced crime, and less welfare and unemployment claims as long as students stay in the workforce.

The above study demonstrates that El Paso Community College plays a critical role in its service area by stimulating the state and local economy, leveraging taxpayer dollars, generating a return on government investment and increasing students' earning potential. In addition to its current role, the College is facing additional demand from the growth at Fort Bliss, the Army's #1 ranked installation. Fort Bliss is expected to realize a net gain of approximately 24,000 troops by 2013, which will bring total Fort Bliss personnel to about 34,000. It is estimated that 27,350 additional family members will contribute to the economy with 60% of the families living off post. El Paso Community College is gearing up for the challenges of providing educational services to the incoming soldiers and their dependents by addressing its facility needs with the construction of its sixth campus.

In summary, notwithstanding the future impact of military growth in the El Paso area, the potential reductions in state funding and the expected enrollment growth, the College is not aware of any currently known facts, decisions, or conditions that would have a significant effect on the financial position or results of operations during this fiscal year. The College's overall financial position is stable and demonstrated by its ability to generate consistent increases in net assets through the efficient and effective use of its resources. The College will continue to monitor those resources to maintain its ability to react to changes from internal and external forces.

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET ASSETS
Years Ended August 31, 2012 and 2011**

Exhibit 1

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 84,172,806	\$ 81,991,767
Account receivable (net of allowance for doubtful accounts of \$6,268,268 in 2012 and \$5,561,089 in 2011)	10,353,337	12,249,447
Inventories	-	16,525
Deferred Charges	24,814,149	27,586,653
Notes receivable (net of allowance for doubtful accounts of \$3,245,809 in 2012 and \$1,938,968 in 2011)	3,961,425	2,350,030
Other assets	645,927	874,550
Total current assets	<u>123,947,644</u>	<u>125,068,972</u>
Noncurrent Assets		
Deferred charges	786,314	858,769
Capital assets, net	123,901,397	119,814,724
Total noncurrent assets	<u>124,687,711</u>	<u>120,673,493</u>
Total assets	<u>\$ 248,635,355</u>	<u>\$ 245,742,465</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts payable	\$ 3,152,107	\$ 3,563,641
Accrued liabilities	2,829,362	2,167,395
Accrued compensable balances - current portion	192,020	182,186
Workers' compensation reserve - current portion	526,913	399,732
Funds held for others	3,109,498	1,583,474
Deferred revenue	47,300,588	50,170,619
Notes payable - current portion	496,350	477,225
Bonds payable - current portion	3,265,000	3,135,000
Capital lease payable - current portion	3,310	32,654
Total current liabilities	<u>60,875,148</u>	<u>61,711,926</u>
Noncurrent Liabilities		
Accrued compensation balances	3,549,555	3,690,902
Workers' compensation reserve	373,087	500,268
Notes payable	2,276,807	2,772,293
Bonds payable (including premium of \$2,383,982 in 2012 and \$2,561,669 in 2011)	56,473,982	59,916,669
Total noncurrent liabilities	<u>62,673,431</u>	<u>66,880,132</u>
Total liabilities	<u>123,548,579</u>	<u>128,592,058</u>
Net Assets		
Invested in capital assets, net of related debt and liabilities	76,631,932	68,925,159
Restricted for		
Nonexpendable		
Student aid	740,985	738,681
Expendable		
Student aid	2,601,659	1,504,018
Loans	1,116,047	908,600
Renewals and replacement	336,941	310,216
Unexpended plant fund	9,831,418	16,871,172
Debt service	7,564,727	7,263,741
Unrestricted	26,263,067	20,628,820
Total net assets	<u>125,086,776</u>	<u>117,150,407</u>
Total liabilities and net assets	<u>\$ 248,635,355</u>	<u>\$ 245,742,465</u>

See Notes to Financial Statements.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended August 31, 2012 and 2011

Exhibit 2

	<u>2012</u>	<u>2011</u>
Revenues		
Operating revenue		
Tuition and fees (net of discounts of \$35,444,745 in 2012 and \$33,347,663 in 2011)	\$ 20,414,460	\$ 19,907,092
Federal grants and contracts	4,979,369	6,405,026
State grants and contracts	4,034,558	5,417,936
Non-governmental grants and contracts	637,984	359,296
Auxiliary enterprises	2,149,564	2,004,136
Other operating revenues	<u>1,956,063</u>	<u>822,643</u>
Total operating revenues	<u>34,171,998</u>	<u>34,916,129</u>
Expenses		
Operating expenses		
Instruction	56,569,373	57,782,436
Research	46,990	46,835
Public service	5,741,054	5,623,512
Academic support	18,022,725	18,684,484
Student services	9,899,398	10,409,484
Institutional support	20,028,102	20,167,121
Operation and maintenance of plant	9,554,646	8,907,338
Scholarships and fellowships	44,001,068	50,636,516
Auxiliary enterprises	3,008,770	2,180,466
Depreciation	<u>4,787,773</u>	<u>4,033,896</u>
Total operating expenses	<u>171,659,899</u>	<u>178,472,088</u>
Operating Loss	<u>(137,487,901)</u>	<u>(143,555,959)</u>
Non-operating revenues (expenses)		
State appropriations	38,364,441	41,206,833
Maintenance ad-valorem taxes	42,055,081	37,689,872
Federal revenue, non-operating	67,420,731	72,591,478
Other state revenue, non-operating	339,489	431,302
Investment income (net of investment expenses)	141,792	361,454
Interest on capital related debt	<u>(2,897,264)</u>	<u>(3,087,201)</u>
Total non-operating revenues	<u>145,424,270</u>	<u>149,193,738</u>
Increase in net assets	7,936,369	5,637,779
Net assets, beginning of year	<u>117,150,407</u>	<u>111,512,628</u>
Net assets, end of year	<u>\$ 125,086,776</u>	<u>\$ 117,150,407</u>

See Notes to Financial Statements.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended August 31, 2012 and 2011

Exhibit 3

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Receipts from students and other customers	\$ 23,083,723	\$ 19,981,927
Receipts of grants and contracts	10,394,662	12,790,351
Other receipts	4,355,467	3,617,462
Payments to or on behalf of employees	(90,503,081)	(89,816,381)
Payments to suppliers for goods or services	(25,217,446)	(25,865,981)
Payments of scholarships	(44,001,068)	(50,636,513)
Loans to students and employees, net other cash payments	(1,611,397)	685,981
Net cash used by operating activities	<u>(123,499,140)</u>	<u>(129,243,154)</u>
Cash Flows From Noncapital Finance Activities		
Receipts from state appropriations	30,997,449	31,155,773
Receipts from ad valorem taxes	41,810,977	37,593,097
Receipts from non operating federal revenue	66,566,381	72,591,478
Receipts from non operating state revenue	227,654	431,302
Receipts from student organizations and other agency transactions	1,526,024	(493,582)
Net cash provided by noncapital financing activities	<u>141,128,485</u>	<u>141,278,068</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from sale of capital assets	75,081	-
Purchase of capital assets	(8,949,525)	(8,533,835)
Payments on capital debt and leases - principal	(3,818,392)	(3,514,317)
Payments on capital debt and leases - interest	(2,897,264)	(3,200,758)
Net cash used in capital and related financing activities	<u>(15,590,100)</u>	<u>(15,248,910)</u>
Cash Flows From Investing Activities		
Investment earnings	<u>141,794</u>	<u>361,454</u>
Increase (decrease) in cash and cash equivalents	2,181,039	(2,852,542)
Cash and cash equivalents, beginning of year	<u>81,991,767</u>	<u>84,844,309</u>
Cash and cash equivalents, end of year	<u>\$ 84,172,806</u>	<u>\$ 81,991,767</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (137,487,901)	\$ (143,555,959)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	4,787,773	4,033,896
Payments made directly by state for benefits	7,366,992	10,051,060
Change in assets and liabilities		
Receivables, net	1,896,110	(1,852,133)
Deferred charges	1,563,037	(4,201,018)
Inventories	16,525	3,792
Other assets	228,623	(190,397)
Deferred revenue	(1,903,848)	6,760,821
Deposits held for others	1,526,024	(493,582)
Compensated absences	(131,513)	70,969
Loans to students and employees, net	(1,611,397)	685,981
Accounts payable	(411,532)	(925,133)
Accrued expenses	661,967	368,549
Net cash used in operating activities	<u>\$ (123,499,140)</u>	<u>\$ (129,243,154)</u>

See Notes to Financial Statements.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Reporting Entity

El Paso County Community College District (the “College”), was established in 1969, in accordance with the laws of the State of Texas, to serve the educational needs of El Paso and the surrounding communities. The College is an unincorporated taxing entity governed by an elected seven-member board of trustees. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (“GASB”) Statement No. 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

Note 2 – Summary of Significant Accounting Policies

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

Tuition Discounting

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

Title IV HEA Program Funds – Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as revenue. When the student is awarded and uses these funds for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

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 amounts are recorded as tuition and fee revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

Budgetary data – Each community college district 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 must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

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

The College pools most of its cash into one bank account. Pooled investments consist of cash in interest bearing accounts and repurchase agreements. The College considers cash equivalents to be all highly liquid deposits with original maturities of three months or less. The governing board has designated public funds investment pools, comprised of \$3,052,824 and \$81,597,747, to be cash equivalents at August 31, 2012 and 2011, respectively. Additionally, included in cash and cash equivalents at August 31, 2012 are \$73,573,574 in repurchase agreements.

Investments - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. The College had no short-term investments at August 31, 2012 and 2011, respectively.

Authorized investments - The Board of Trustees of the College has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (Section 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. The College's investments are carried at fair value.

For the years ended August 31, 2012 and 2011, management of the College believes that they have substantially complied with the provisions of the Public Funds Investment Act and the College's investment policy.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (continued)

Allowances for doubtful accounts and loans - Allowances for doubtful accounts and loans are established through charges to current year expenditures. Receivables and loans are reduced by the allowances for doubtful accounts or loans when management believes that the collectability of the receivables or loans is unlikely.

Inventories - Inventories are stated at the lower of cost or fair value. Cost is determined on a first-in, first-out basis. Fair value is based on net realizable value. Inventories consist primarily of prepaid postage.

Notes receivable - Notes receivable are for amounts advanced to students to pay for tuition, fees, and books. The notes are all due within one year.

Capital assets - Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. The College's capitalization policy includes real or personal property with a value equal or greater than \$5,000 and has an estimated life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

The College reports depreciation under a single-line item as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following lives are used:

Buildings	50 years
Land and improvements	20 years
Furniture, equipment and vehicles	5-10 years
Library books	15 years

Deferred charges - Deferred charges consist of expenses paid in advance that pertain to the subsequent fiscal year and for bond issuance costs and original issue discounts related to various bond issues. The College amortizes these bond issuance costs and original issue discounts charges using the straight line method over the respective lives of the related bonds which is not materially different than the effective interest method. For the years ended August 31, 2012 and 2011, approximately \$72,456 and \$84,475, for each year, in related interest expense has been recognized.

For the years ended August 31, 2012 and 2011, \$23,297,720 and \$26,090,000 was for PELL awarded in August 2012 and August 2011, respectively, for the fall classes.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Deferred revenues - Revenues, consisting primarily of advance payments of tuition and fees, related to academic terms in the next fiscal year, are recorded as deferred revenues and recognized as revenue in the period when earned.

Compensable absences - The College accrues an estimated liability for compensable absences that vest in the period earned.

Tax exempt status - The College is a political subdivision of the State of Texas and exempt from federal income taxes under the purview of Section 115(1), Income of States, Municipalities, Etc., of the Internal Revenue Code ("IRC"), although unrelated business income may be subject to income taxes under Section 511(a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations, of the IRC. The College has no unrelated business income tax liability for the years ended August 31, 2012 and 2011.

Student property deposits - Students are required to pay the College a \$10 property deposit. The amount is refundable upon request when the student graduates or leaves the College. Unclaimed amounts are recognized as revenue after four years. Effective September 1, 1993, state law requires unclaimed student property deposits are for scholarship use only.

Funds held for others - Funds held for others represent refundable student property deposits and funds held by the College for various campus and community organizations.

Property taxes - Revenue from property taxes, including related penalties and interest, is recognized in the current year, net of allowances for taxes not collected. The College's ad valorem property tax is assessed each October 1 based upon the assessed value of the College as of January 1 of the same year for all real and business personal property located within the College's district. Taxes are due upon receipt of the tax bill and are delinquent if not paid by January 31 of the year following the year in which imposed. Tax liens on real property are executed generally within one month of receipt of notification of delinquency of tax payments.

The use of tax proceeds is restricted to maintenance and operations. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes.

Net assets - Net assets are classified based on the existence or absence of restrictions. Accordingly, net assets of the College are classified and reported as follows:

Invested in capital assets, net - Invested In Capital Assets, Net is used to accumulate the net investment in property and equipment. The purchase (sale) of property and equipment, accumulated depreciation, and (increase) decrease in related debt and liabilities is recognized as an (addition) reduction of available net assets and is recorded as capital assets and as an addition (reduction) in net assets.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Restricted net assets - Restricted net assets include expendable and non-expendable net assets. Non-expendable net assets result from contributions whose use by the College is limited to the earnings thereon. Expendable net assets are for amounts whose use is restricted by either granting agencies, debt requirements, or the Board of Trustees.

Unexpended plant fund - The purpose of the unexpended plant funds subgroup is to account for the unexpended resources derived from various sources to finance the acquisition of long-lived assets and the associated liabilities.

Unrestricted net assets - Net assets whose use is not restricted.

Operating and non-operating revenues 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, property tax collections and federal Title IV grant programs. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The major nonoperating expense is interest expense on capital related debt. The operation of the Bookstore is not performed by the College.

Concentration of credit risk - Financial instruments which potentially subject the College to a concentration of credit risk consist primarily of cash, repurchase agreements, TexPool, and accounts and taxes receivable. The College places its cash and investments in federally insured financial institutions which collateralize the College's deposits with securities issued by the United States Government and in United States Government Treasury notes. Concentration of credit risk with respect to the accounts receivable is limited due to the large number of accounts which are primarily government related.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Characterization of Title IV grant revenue - In response to guidance provided by the Government Accounting Standards Board (GASB) as question/answer 7.72.10 in the Implementation Guide, revenue received for federal Title IV grant programs (i.e., Pell grants) is now characterized as non operating revenue as opposed to operating revenue.

Reclassifications - Certain amounts in the prior-year statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 3 – Deposits and Investments

At August 31, 2012 and 2011, the carrying amount of the College's deposits was \$7,546,408 and \$394,020, respectively, and total cash on hand and bank balances equaled \$8,245,801 and \$3,607,187, respectively.

Cash and deposits – Cash and deposits as reported on Exhibit 1, Statement of Net Assets, consist of the items reported below:

	<u>2012</u>	<u>2011</u>
Bank deposits	\$ 7,528,008	\$ 375,620
Cash and cash equivalents		
Demand deposits	18,400	18,400
Repurchase agreements	73,573,574	-
TexPool	<u>3,052,824</u>	<u>81,597,747</u>
Total cash and deposits	<u>\$ 84,172,806</u>	<u>\$ 81,991,767</u>
	<u>Market Value</u>	<u>Market Value</u>
	<u>8/31/12</u>	<u>8/31/11</u>
Type of Security		
Total cash and deposits	\$ 76,626,398	\$ 81,991,767
Total investments	<u>-</u>	<u>-</u>
Total deposits and investments	<u>\$ 76,626,398</u>	<u>\$ 81,991,767</u>

TexPool (the Pool) was established for local governments in Texas under the provisions of the Texas Interlocal Cooperation Act and is designed to comply with all of the Texas statutes, including the Public Funds Investment Act and other regulations for the allowable investments of public funds. The Pool is overseen by the Texas State Comptroller of Public Accounts. TexPool seeks to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA rated no load money market mutual funds.

Interest rate risk - In accordance with state law and the College's investment policy, the College purchases investments with maturities less than two years or invest bond proceeds for a period of time that coincides with the amount of time it takes to use bond proceeds. TexPool average weighted maturity was 43 days.

Credit risk - In accordance with state law and the College's investment policy, investments in investment pools must be rated at least AAA by at least one nationally recognized rating service.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 3 - Deposits and Investments (continued)

Custodial credit risk - For a deposit or investment, custodial 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 investment or collateral securities that are in the possession of an outside party. The College's policy requires deposits to be at least 100 percent secured by collateral valued at market value of the principal and accrued interest reduced by the amount of Federal Deposit Insurance Corporation insurance. As of August 31, 2012 and 2011, the College's \$73,573,574 and \$0 of repurchase agreements and \$8,227,401 and \$3,588,787 of bank deposits, respectively, had collateral of \$75,045,050 and \$24,221,149 of underlying securities which were held by the pledging financial institutions' trust departments or agent in the College's name.

Note 4 - Disaggregation of Receivables and Payables Balances

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

	<u>2012</u>	<u>2011</u>
Student receivables	\$ 9,700,459	\$ 10,741,982
Taxes receivable	3,274,231	3,030,127
Federal receivables	1,154,176	1,928,457
Accounts receivable, agencies and local vendors	1,840,295	1,484,365
Contract and grant receivables	609,521	577,991
Other receivables	<u>42,923</u>	<u>47,614</u>
Total	16,621,605	17,810,536
Less: Allowance for doubtful accounts	<u>6,268,268</u>	
<u>5,561,089</u>		
Total receivables, net	<u>\$ 10,353,337</u>	<u>\$ 12,249,447</u>

Student receivables are due within three months.

	<u>2012</u>	<u>2011</u>
Accounts payable		
Vendor payable	\$ 2,924,928	\$ 3,441,273
Student payable	205,333	113,661
Other payable	<u>21,846</u>	<u>8,707</u>
Total accounts payable	<u>3,152,107</u>	<u>3,563,641</u>
Accrued liabilities		
Salaries and benefits	1,648,617	932,086
Accrued interest	<u>1,180,745</u>	<u>1,235,309</u>
Total accrued liabilities	<u>2,829,362</u>	<u>2,167,395</u>
Total payables	<u>\$ 5,981,469</u>	<u>\$ 5,731,036</u>

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 5 – Capital Assets

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

	Balance September 1, <u>2011</u>	Increases	Decreases	Balance August 31, <u>2012</u>
Not Depreciated				
Land	\$ 7,912,974	\$ -	\$ -	\$ 7,912,974
Construction in progress	<u>1,829,453</u>	<u>3,189,594</u>	<u>(1,214,089)</u>	<u>3,804,958</u>
	<u>9,742,427</u>	<u>3,189,594</u>	<u>(1,214,089)</u>	<u>11,717,932</u>
Other Capital Assets				
Buildings	132,259,483	5,538,376	(165,965)	137,631,894
Land improvements	<u>13,994,374</u>	<u>646,642</u>	<u> </u>	<u>14,641,016</u>
Total building and other real estate improvements	146,253,857	6,185,018	(165,965)	152,272,910
Furniture and equipment	24,448,966	722,393	(2,777,458)	22,393,901
Capital leases – vehicles	533,752	-	-	533,752
Library books	<u>4,994,556</u>	<u>260,774</u>	<u>(174,523)</u>	<u>5,080,807</u>
Total buildings and other capital assets	<u>176,231,131</u>	<u>7,168,185</u>	<u>(3,117,946)</u>	<u>191,999,302</u>
Accumulated Depreciation				
Buildings	36,597,180	2,774,916	-	39,372,096
Land improvements	<u>4,290,561</u>	<u>628,828</u>	<u> </u>	<u>4,919,389</u>
Total building and other real estate improvements	40,887,741	3,403,744	-	44,291,485
Furniture and equipment	21,833,948	1,085,902	(2,674,179)	20,245,671
Capital leases – vehicles	533,752	-	-	533,752
Library books	<u>2,903,393</u>	<u>298,127</u>	<u>(174,523)</u>	<u>3,026,997</u>
Total buildings and other capital assets	<u>66,158,834</u>	<u>4,787,773</u>	<u>(2,848,702)</u>	<u>68,097,905</u>
Net capital assets	<u>\$119,814,724</u>	<u>\$ 5,570,006</u>	<u>\$ (1,483,333)</u>	<u>\$123,901,397</u>

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 5 – Capital Assets (continued)

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

	Balance September 1, <u>2010</u>	Increases	Decreases	Balance August 31, <u>2011</u>
Not Depreciated				
Land	\$ 7,912,974	\$ -	\$ -	\$ 7,912,974
Construction in progress	<u>5,644,769</u>	<u>1,304,217</u>	<u>(5,119,533)</u>	<u>1,829,453</u>
	<u>13,557,743</u>	<u>1,304,217</u>	<u>(5,119,533)</u>	<u>9,742,427</u>
Other Capital Assets				
Buildings	122,138,857	10,120,626	-	132,259,483
Land improvements	<u>12,928,787</u>	<u>1,065,587</u>	<u>-</u>	<u>13,994,374</u>
Total building and other real estate improvements	135,067,644	11,186,213	-	146,253,857
Furniture and equipment	25,069,727	892,852	(1,513,613)	24,448,966
Capital leases – vehicles	533,752	-	-	533,752
Library books	<u>4,932,155</u>	<u>270,086</u>	<u>(207,685)</u>	<u>4,994,556</u>
Total buildings and other Capital assets	<u>165,603,278</u>	<u>12,349,151</u>	<u>(1,721,298)</u>	<u>176,231,131</u>
Accumulated Depreciation				
Buildings	33,961,219	2,635,961	-	36,597,180
Land improvements	<u>3,690,834</u>	<u>599,727</u>	<u>-</u>	<u>4,290,561</u>
Total building and other real estate improvements	37,652,053	3,235,688	-	40,887,741
Furniture and equipment	22,925,504	383,070	(1,474,626)	21,833,948
Capital leases – vehicles	444,062	89,690	-	533,752
Library books	<u>2,785,629</u>	<u>325,448</u>	<u>(207,684)</u>	<u>2,903,393</u>
Total buildings and other Capital assets	<u>63,807,248</u>	<u>4,033,896</u>	<u>(1,682,310)</u>	<u>66,158,834</u>
Net capital assets	<u>\$115,353,773</u>	<u>\$ 9,619,472</u>	<u>\$ (5,158,521)</u>	<u>\$119,814,724</u>

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 6 - Bonds Payable

General information related to bonds payable is summarized below:

Bond Issue Name	Series	Purpose	Issue Date	Source of Revenue for Debt Service	Amount Authorized	Amount Outstanding
Revenue	1998	Defeasance and Refunding of 1995, 1996, and 1997 Bonds	12/98	General Use and Tuition Fee	\$ 9,390,000	\$ -
Revenue	2001	Construction, Improvement, Maintenance, and Acquisition of Property, Building, and Equipment	02/01	General Use and Tuition Fee	9,365,000	725,000
Revenue	2007	Construction, Improvement, Maintenance, and Acquisition of Property, Building, and Equipment And Refunding of 1995, 1997, 1997-B bonds and Partial refunding of 1998, And 2001 bonds	02/07	General Use and Tuition Fee	66,280,000	56,630,000
Total bonds principal outstanding						<u>\$ 57,355,000</u>

Bonds payable are due in annual installments varying from \$15,000 to \$5,810,000 with interest rates from 3.75% to 5.10% with the final installment due in 2025. Interest expense related to bonds recorded during fiscal year 2012 and 2011 was approximately \$2,900,800 and \$3,037,212, respectively. The principal for all bonds is paid annually on April 1 with semi-annual interest payable on April 1 and October 1.

At August 31, 2012 and 2011, the College had established reserves which hold cash sufficient to meet the requirements of the various bond indentures and to satisfy reserve requirements.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 6 - Bonds Payable (continued)

The escrow account assets and liability for the defeased bonds are not included in the College's financial statements. At August 31, 2012, \$2,235,000 of the Series 1991, \$1,750,000 of the Series 1993, \$5,345,000 of the Series 1994, \$1,355,000 of the Series 1995, \$4,725,000 of the Series 1996, \$3,015,000 of the Series 1997 and \$8,130,000 of the Series 2001 bonds were considered defeased, respectively.

Current refunding bonds - On February 8, 2007, the College issued \$28,150,000 of Revenue Bonds with an average interest rate of 4.785% to refund \$340,000 of Series 1995, \$9,985,000 of Series 1997, \$9,655,000 of Series 1997B, \$4,455,000 of Series 1998, and \$4,475,000 of Series 1999 bonds with an average interest rate of 5.0532%. Net proceeds from the Series 2007 Current Refunding were \$29,432,615; after payment of \$621,146 in underwriting fees, insurance and other issuance cost, these proceeds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments of the Current Refunding. Although the current refunding resulted in the recognition of an accounting loss of \$1,232,200 for the year ended August 31, 2007, the College in effect reduced its aggregate debt service payments over the next twelve years by approximately \$2,138,400 and obtained an economic gain (difference between the present value of the old and new debt service payments) of approximately \$1,655,400.

Advance refunding bonds - On February 8, 2007, the College issued \$8,020,000 of Revenue Bonds with an average interest of 5.00% to Advance refund \$8,130,000 of Series 2001 bonds with an average interest rate of 5.044%. Net proceeds from the Series 2007 Advance Refunding were \$8,581,209, after payment of \$185,619 in underwriting fees, insurance and other issuance cost. These proceeds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments of the Advance Refunding of \$8,130,000 of Series 2001. Although the advance refunding resulted in the recognition of an accounting loss of \$349,600 for the year ended August 31, 2007, the College in effect reduced its aggregate debt service payments over the next thirteen years by approximately \$362,800 and obtained an economic gain (difference between the present value of the old and new debt service payments) of approximately \$250,000.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 7 - Long-Term Liabilities

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

	Balance September 1, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance August 31, <u>2012</u>	Current <u>Portion</u>
Long-term liabilities					
Leases	\$ 32,654	\$ -	\$ 29,344	\$ 3,310	\$ 3,310
Note payable	3,249,518	-	476,361	2,773,157	496,350
Revenue bonds	60,490,000	-	3,135,000	57,355,000	3,265,000
Compensated absences	3,873,088	134,706	266,219	3,741,575	192,020
Workers' compensation Reserve	<u>900,000</u>	<u>480,410</u>	<u>480,410</u>	<u>900,000</u>	<u>526,913</u>
 Total long-term liabilities	 <u>\$ 68,545,260</u>	 <u>\$ 615,116</u>	 <u>\$ 4,387,334</u>	 <u>\$ 64,773,042</u>	 <u>\$ 4,483,593</u>

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

	Balance September 1, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance August 31, <u>2011</u>	Current <u>Portion</u>
Long-term liabilities					
Leases	\$ 89,862	\$ -	\$ 57,208	\$ 32,654	\$ 32,654
Note payable	3,696,627	-	447,109	3,249,518	477,225
Revenue bonds	63,500,000	-	3,010,000	60,490,000	3,135,000
Compensated absences	3,802,119	244,479	173,510	3,873,088	182,186
Workers' compensation Reserve	<u>900,000</u>	<u>380,697</u>	<u>380,697</u>	<u>900,000</u>	<u>399,732</u>
 Total long-term liabilities	 <u>\$ 71,988,608</u>	 <u>\$ 625,176</u>	 <u>\$ 4,068,524</u>	 <u>\$ 68,545,260</u>	 <u>\$ 4,226,797</u>

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 8 - Debt and Lease Obligations

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

<u>Year Ended</u> <u>August 31,</u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 3,265,000	\$ 2,833,800
2014	3,430,000	2,671,050
2015	3,565,000	2,532,830
2016	3,745,000	2,354,880
2017	3,930,000	2,167,653
2018-2022	22,810,000	7,685,260
2023-2025	<u>16,610,000</u>	<u>1,688,000</u>
Total	<u>\$ 57,355,000</u>	<u>\$ 21,933,473</u>

Obligations under capital lease at August 31, 2012 were as follows:

<u>August 31,</u>	<u>Total</u>
2013	\$ 3,348
Less: Amount representing interest costs	<u>(38)</u>
Present value of minimum lease payments	<u>\$ 3,310</u>

Note 9 - Notes Payable

The College has expended \$1,284,361 under the Revolving Loan Program of the Texas State Energy Conservation Office (the "Program") for the purpose of renovating and updating the College's energy conservation retrofit measure systems. Prior to funding under the Program, all expenditures and related project work were subject to review by the State. As of August 31, 2012 and 2011, \$539,329 and \$676,622 are outstanding, respectively.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 9 - Notes Payable (continued)

The College has expended \$2,967,275 under another LoanSTAR Revolving Loan from the Texas State Energy Conservation Office (the "Program") for the purpose of energy conservation, such as window film, high efficiency lighting and control valves. Prior to funding under the Program, all expenditures and related project work were subject to review by the State. As of August 31, 2012 and 2011, \$2,233,828 and \$2,572,896 are outstanding, respectively.

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

<u>Year Ended</u> <u>August 31,</u>	<u>Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 496,350	\$ 72,325
2014	510,367	58,308
2015	524,779	43,896
2016	484,352	29,030
2017	395,553	17,042
2018	<u>361,756</u>	<u>5,468</u>
Total	<u>\$ 2,773,157</u>	<u>\$ 226,069</u>

Note 10 - Leases

The College leases vehicles under long-term capital leases. Vehicles include approximately \$3,310 and \$32,654, for lease obligations that have been capitalized as of August 31, 2012 and 2011, respectively. Interest paid for capital lease obligations was approximately \$1,642 and \$4,731 during the fiscal years ended August 31, 2012 and 2011, respectively. The College also leases various equipment and facilities under annually renewable agreements.

Rent expense under operating leases for the fiscal years ended August 31, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Total	<u>\$ 22,130</u>	<u>\$ 345,358</u>

Future minimum payments for each of the five subsequent fiscal years for noncancellable operating leases is as follows:

<u>Year Ended</u> <u>August 31,</u>	<u>Total</u>
2013	\$ 29,846
2014	29,846
2015	27,695
2016	23,145
2017	<u>7,309</u>
Total	<u>\$ 117,841</u>

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11 - Employees' Retirement Plans

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

Teacher Retirement System of Texas

Plan description - The College contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. The Teacher Retirement System does not separately account for each of its component government agencies because it bears sole responsibility for retirement commitments beyond contributions fixed by the Legislature. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefits provisions of the pension plan. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding policy - State law provides for fiscal years 2012 and 2011 state contribution rate of 6.00% and 6.644%, respectively, and a member contribution rate of 6.400%. In certain instances the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state's 2012 and 2011 contribution. The College makes the 100% required contribution which represents the employer's contribution. The State is the administrator and thereby funds the employer matching requirement. The College's contribution for these employees was \$115,280, \$133,382 and \$136,893 for fiscal years 2012, 2011 and 2010, respectively. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state contribution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11 – Employees’ Retirement Plans (continued)

Optional Retirement Plan

Plan description - The State of Texas has also established a defined contribution plan, the Optional Retirement Program, for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The Optional Retirement Program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution Articles, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding policy - Contributions requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participants' salaries currently contributed by the State and each participant are 6.00% and 6.65%, respectively. The College makes the 100% required contribution which represents the employer's contribution. Benefits fully vest after one year plus one day of employment. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program. Currently the College contributes up to 1.92% of each participant's salary to the Optional Retirement Program under provisions of State law. The retirement expense to the College totaled \$335,828, \$300,158 and \$296,028 for 2012, 2011 and 2010, respectively. The State, through appropriations, reimbursed the College 1.31% of the 2.5% it contributed on behalf of certain employees.

The retirement expense to the State for the College totaled \$3,645,727 and \$4,048,600 for the fiscal years ended August 31, 2012 and 2011, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College which is recorded as revenue and expense in the restricted fund. The total payroll for all College employees was \$82,976,927 and \$82,572,068 for fiscal years 2012 and 2011, respectively. The total payroll of employees covered by the Teacher Retirement System was \$47,072,170 and \$47,397,348 and the total payroll of employees covered by the Optional Retirement System was \$17,870,903 and \$18,832,655 for fiscal years 2012 and 2011, respectively.

Tax Sheltered Annuity Plan for Part Time Employees

Plan description - The College has established a tax sheltered annuity plan for part time employees. An eligible employee is a part time employee who is not eligible for participation in the Teacher Retirement System of Texas or any other public or private retirement system within the meaning of section 3121(b)(7)(F) of the Internal Revenue Code. The Tax Sheltered Annuity Plan provides for the purchase of annuity contracts. These annuity contracts are administered by Metropolitan Life Insurance for the participants. Certificates are issued to the participants evidencing their annuity contracts. A participant is 100% vested in the accumulated value of his annuity contract at all times.

Funding policy - A participant can elect to make salary reduction contributions equal to a percentage of 3.75% of his monthly compensation. The College makes contribution equal to 3.75% of participant's monthly compensation. Since these are individual annuity contracts, the College has no additional or unfunded liability for this program. The retirement expense to the College totaled \$82,790, \$98,106 and \$95,332 for 2012, 2011 and 2010, respectively. Total payroll of employees covered by the Tax Sheltered Annuity Plan for Part Time Employees was \$2,207,682, \$2,616,118 and \$2,542,153 for fiscal years 2012, 2011 and 2010, respectively.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 12 – 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, 2012 and 2011, the College had 471 and 440 employees participating in the program and \$1,978,473 and \$1,953,403, respectively, of payroll deductions had been invested in approved plans.

Note 13 – Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1990, the College established a Workers' compensation claim program to account for and finance its uninsured risks of loss related to employee injuries. Under this program, the College retains all risk of loss. The College purchases commercial insurance for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The claims liability of \$900,000 reported at August 31, 2012, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is subject to change based on actual claim development. Estimated future payments for incurred claims are charged to current funds expenditures. Changes in the College's claims liability amount in fiscal 2012 and 2011 were:

	Beginning-of- Fiscal Year <u>Liability</u>	Current-year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal <u>Year-End</u>
2011 – 2012	\$ 900,000	\$ 480,410	\$ (480,410)	\$ 900,000
2010 – 2011	900,000	380,697	(380,697)	900,000

Note 14 – Compensated Absences

Annual leave - Full-time employees earn annual leave from 1 to 1.67 days per month depending on the number of years employed with the College and the employee's classification. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of days up to 40 for those employees who accrue 20 days leave per year. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated unused annual leave up to the maximum allowed. The College recognized an accrual for compensated absences of approximately \$2,519,898 and \$2,633,102 for the unpaid annual leave at August 31, 2012 and 2011, respectively.

Sick leave - The Board of Trustees has adopted a policy providing that ten percent (10%) of accrued unused sick leave (not to exceed 960 hours) shall be paid to an employee who has at least five years of continuous eligible full-time service, upon separation from employment for any reason other than by death. At August 31, 2012 and 2011, the estimated liability under this policy was approximately \$1,221,677 and \$1,239,986, respectively, which is accrued.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT NOTES TO FINANCIAL STATEMENTS

Note 15 – Post Retirement Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State of Texas 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 early or normal retirement age while working for the State. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per full-time active and retired employee was 100% of the premium cost plus 50% of their dependents premium cost for the years ended August 31, 2012 and 2011, and totaled \$3,721,265 and \$6,002,388 for the years. The cost of providing these benefits for 301 and 281 retirees was \$1,667,348 and \$1,345,660 and for 1,243 and 1,275 active employees was \$2,053,917 and \$4,656,728 at August 31, 2012 and 2011, respectively. The College's contribution for healthcare and life insurance benefits for its employees totaled \$6,858,979 and \$3,835,702 for 2012 and 2011, respectively.

Note 16 – Post Employment Benefits Other than Pensions

Plan description - The College participates in 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. Benefits and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature.

ERS issues a publicly available financial report that includes financial statements are 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 the retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB statement 45.

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

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT NOTES TO FINANCIAL STATEMENTS

Note 16 - Post Employment Benefits Other than Pensions (continued)

The contributions to SRHP for the years ended August 31, 2012, 2011 and 2010 totaled \$1,667,348, \$1,345,660 and \$1,350,129 are paid by the State; no College contributions were required for the years. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College which is recorded as revenue and expense in the restricted fund.

Note 17 - Contract and Grant Awards

Grant funds are considered to be earned when all eligibility requirements have been met and to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received in advance, they are recorded as deferred revenue until earned. Contract and grant awards that are not yet funded and for which the College has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed under multi-year awards or for fiscal periods that differ from the College's fiscal year for which monies have not been received nor funds expended totaled \$68,569,831 and \$72,947,864 at August 31, 2012 and 2011, respectively. Of this amount, \$67,473,404 and \$71,161,839 were related to Federal Contract and Grant Awards, \$1,096,427 and \$1,786,025 were from State and Other Contract and Grant Awards.

Note 18 - Related Party

The El Paso Community College Foundation (the Foundation) is governed by a twenty-five-member Board of Directors, independent of the College. Although the Foundation is not financially accountable to the College, the Foundation has received from the College both in-kind assistance in the form of donated services and use of facilities and equipment. The Foundation solicits donations for the benefit of the College. It remitted gifts of \$403,601 and \$180,030 to the College during the years ended August 31, 2012 and 2011, respectively. The College donated certain services, such as office space, utilities, supplies, and staff salaries and benefits to the Foundation with approximate value of \$60,000 for each year.

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS**

Note 19 – Property Taxes

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 property located in the District.

At August 31, 2012

Assessed valuation of the College	\$ 41,628,096,177
Less: exemptions and abatements	<u>(5,592,871,383)</u>
Net assessed valuation of the College	<u>\$ 36,035,224,794</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized (maximum per enabling legislation)	\$ 0.15	\$ 0.50	\$ 0.65
Tax rate per \$100 valuation for assessed	0.115442	-	0.115442

At August 31, 2011

Assessed valuation of the College	\$ 39,804,189,607
Less: exemptions and abatements	<u>(4,884,780,918)</u>
Net assessed valuation of the College	<u>\$ 34,919,408,689</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized (maximum per enabling legislation)	\$ 0.15	\$ 0.50	\$ 0.65
Tax rate per \$100 valuation for assessed	0.107329	-	0.107329

Taxes levied for the years ended August 31, 2012 and 2011, were \$41,649,974 and \$37,532,886, respectively (which includes any penalty and interest assessed, if applicable). 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.

<u>Tax Collected</u>	<u>Current Operations</u>	
	<u>2012</u>	<u>2011</u>
Current taxes collected	\$40,875,908	\$ 36,538,292
Delinquent taxes	724,944	688,649
Penalties and interest collected	<u>454,229</u>	<u>462,931</u>
Total collections	<u>\$ 42,055,081</u>	<u>\$ 37,689,872</u>

Tax collections for the years ended August 31, 2012 and 2011, were 98% of the current tax levy. Allowances for uncollectible taxes for the years ended August 31, 2012 and 2011, respectively, of \$455,229 and \$417,657, are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to local maintenance and operations.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 20 - Pending Lawsuits and Claims

On August 31, 2012, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, management believes that this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

Note 21 - Commitments

Encumbrances, primarily construction and technology related, outstanding at August 31, 2012 and 2011, respectively, that were provided for in the subsequent year's budget aggregated approximately \$1,863,656 and \$1,164,718.

Note 22 - Contingencies

Texas Constitution article 16, section 67(b)(3) provides that the State of Texas must contribute "not less than six percent nor more than ten percent of the aggregate compensation paid to individuals participating in the system," referring to the State's Teacher Retirement System (TRS) including the related faculty Optional Retirement Program (ORP).

During the 2011 legislative session, the Texas Legislature appropriated retirement funds for various types of educational institutions other than community and junior colleges in satisfaction of this requirement, but the community college appropriations restricted the State's contribution to TRS/ORP on behalf of community colleges to only six percent of each district's unrestricted general revenue appropriation for each year of the biennium state budget.

There is no pending litigation concerning this issue to construe the constitutional funding requirements; or to hold that the State biennium appropriations satisfy those requirements; or to attempt to collect any shortfall contributions from any community college district.

The college has calculated that as of August 31, 2012 the contribution that has not been paid to TRS on behalf of college employees is \$1,784,521.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 23 - Fund Balance

Net assets reclassified in fund balance formatted for the internal purposes at August 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Current funds		
Fund balance, unrestricted	\$ 23,139,056	\$ 18,109,933
Fund balance, auxiliary enterprises	3,124,011	2,518,887
Fund balance, restricted	<u>2,601,659</u>	<u>1,504,018</u>
Total current fund balance	28,864,726	22,132,838
Fund balance, loan funds	1,116,047	908,600
Fund balance, endowment and similar funds	740,985	738,681
Fund balance, plant funds	<u>94,365,018</u>	<u>93,370,288</u>
Total fund balance	<u>\$125,086,776</u>	<u>\$117,150,407</u>



SUPPLEMENTARY INFORMATION

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPERATING REVENUES
Year Ended August 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2012 Total	2011 Total
Tuition:						
State-funded credit courses:						
In-district resident tuition	\$ 37,505,058	\$ -	\$ 37,505,058	\$ -	\$ 37,505,058	\$ 35,035,728
Non-resident tuition	3,989,465	-	3,989,465	-	3,989,465	3,478,821
TPEG - credit (set aside)*	2,074,478	-	2,074,478	-	2,074,478	1,944,791
State-funded continuing education	1,596,894	-	1,596,894	-	1,596,894	1,604,431
Non-state funded educational programs	1,465,844	-	1,465,844	-	1,465,844	1,957,673
Total Tuition	46,631,739	-	46,631,739	-	46,631,739	44,021,444
Fees:						
General use fee	6,151,760	-	6,151,760	-	6,151,760	6,288,519
Student fee	2,612,112	-	2,612,112	17,945	2,630,057	2,499,866
Laboratory fee	400,154	-	400,154	-	400,154	399,186
Other fees	63,440	-	63,440	952,924	1,016,364	1,054,903
Total Fees	9,227,466	-	9,227,466	970,869	10,198,335	10,242,474
Scholarships Allowances and Discounts:						
Bad debt allowance	(504,923)	-	(504,923)	-	(504,923)	-
Remissions and exemptions - local	(270,393)	-	(270,393)	-	(270,393)	(249,645)
Remissions and exemptions - state	(6,311,720)	-	(6,311,720)	-	(6,311,720)	(5,154,377)
Federal grants to students	(25,333,549)	-	(25,333,549)	-	(25,333,549)	(24,011,524)
TPEG awards	(730,549)	-	(730,549)	-	(730,549)	(1,064,293)
State grants to students	(2,293,611)	-	(2,293,611)	-	(2,293,611)	(2,867,824)
Total Scholarship Allowances	(35,444,745)	-	(35,444,745)	-	(35,444,745)	(33,347,663)
Total Net Tuition and Fees	20,414,460	-	20,414,460	970,869	21,385,329	20,916,255
Additional Operating Revenues:						
Federal grants and contracts	370,736	4,608,633	4,979,369	-	4,979,369	6,405,026
State grants and contracts	-	4,034,558	4,034,558	-	4,034,558	5,417,936
Non-governmental grants and contracts	-	637,984	637,984	-	637,984	359,296
General operating revenues	1,696,413	259,650	1,956,063	-	1,956,063	822,643
Total Additional Operating Revenues	2,067,149	9,540,825	11,607,974	-	11,607,974	13,004,901
Auxiliary Enterprises:						
Bookstore**	-	-	-	795,721	795,721	610,210
Other	-	-	-	382,974	382,974	384,763
Total Net Auxiliary Enterprises	-	-	-	1,178,695	1,178,695	994,973
Total Operating Revenues	\$ 22,481,609	\$ 9,540,825	\$ 32,022,434	\$ 2,149,564	\$ 34,171,998	\$ 34,916,129
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education code 56.033, \$2,074,478 and \$1,944,791 for the years August 31, 2012 and 2011, respectively, of tuition was set aside for Texas Public Education grants (TPEG).

** The College bookstore is outsourced to an independent third-party.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPERATING EXPENSES BY OBJECT
Year Ended August 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

Schedule B

	Operating Expenses			Other Expenses	2012 Total	2011 Total
	Salaries and Wages	Benefits State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 40,364,544	\$ -	\$ 4,579,608	\$ 2,636,660	\$ 47,580,812	\$ 46,219,120
Research	29,208	-	3,301	14,481	46,990	46,835
Public Service	3,312,712	-	379,923	1,193,585	4,886,220	4,587,777
Academic Support	11,962,271	-	1,351,997	1,951,550	15,265,818	15,124,534
Student Support	6,792,355	-	767,684	779,702	8,339,741	8,343,051
Institutional Support	11,800,746	-	1,333,741	5,719,316	18,853,803	18,555,826
Operation and Maintenance of Plant	2,167,710	-	446,538	6,940,398	9,554,646	8,907,338
Scholarships and Fellowships	-	-	-	2,023,145	2,023,145	1,899,985
Total Unrestricted Educational Activities	76,429,546	-	8,862,792	21,258,837	106,551,175	103,684,466
Restricted - Educational Activities						
Instruction	\$ 2,860,133	\$ 3,995,856	\$ 411,822	\$ 1,720,750	\$ 8,988,561	\$ 11,563,316
Research	-	-	-	-	-	-
Public Service	300,634	330,041	43,288	180,871	854,834	1,035,735
Academic Support	897,332	1,190,506	129,204	539,865	2,756,907	3,559,950
Student Support	510,803	676,290	73,549	299,015	1,559,657	2,066,433
Institutional Support	-	1,174,299	-	-	1,174,299	1,611,295
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	-	-	-	41,977,923	41,977,923	48,736,531
Total Restricted Educational Activities	4,568,902	7,366,992	657,863	44,718,424	57,312,181	68,573,260
Total Educational Activities	80,998,448	7,366,992	9,520,655	65,977,261	163,863,356	172,257,726
Auxiliary Enterprises	437,801	-	76,631	2,494,338	3,008,770	2,180,466
Depreciation Expense - Buildings and other real estate improvements	-	-	-	3,701,595	3,701,595	3,235,688
Depreciation Expense - Equipment, furniture, and library books	-	-	-	1,086,178	1,086,178	798,208
Total Operating Expenses	\$ 81,436,249	\$ 7,366,992	\$ 9,597,286	\$ 73,259,372	\$ 171,659,899 (Exhibit 2)	\$ 178,472,088 (Exhibit 2)

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
Year Ended August 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	2012 Total	2011 Total
NON-OPERATING REVENUES:					
State Appropriations:					
Education and general state support	\$ 30,997,449	\$ -	\$ -	\$ 30,997,449	\$ 31,155,773
State group insurance	-	3,721,265	-	3,721,265	6,002,460
State retirement matching	-	3,645,727	-	3,645,727	4,048,600
Total State Appropriations	<u>30,997,449</u>	<u>7,366,992</u>	<u>-</u>	<u>38,364,441</u>	<u>41,206,833</u>
Maintenance ad valorem taxes	42,055,081	-	-	42,055,081	37,689,872
Federal Revenue, Non Operating	233,397	67,187,334	-	67,420,731	72,591,478
Other State Revenue, Non Operating	-	339,489	-	339,489	431,302
Investment income	<u>135,526</u>	<u>4,703</u>	<u>1,563</u>	<u>141,792</u>	<u>361,454</u>
Total Non-Operating Revenues	<u>73,421,453</u>	<u>74,898,518</u>	<u>1,563</u>	<u>148,321,534</u>	<u>152,280,939</u>
NON-OPERATING EXPENSES:					
Interest on capital related debt	2,897,264	-	-	2,897,264	3,087,201
Loss on disposal of capital assets	-	-	-	-	-
Total Non-Operating Expenses	<u>2,897,264</u>	<u>-</u>	<u>-</u>	<u>2,897,264</u>	<u>3,087,201</u>
Net Non-Operating Revenues	<u>\$ 70,524,189</u>	<u>\$ 74,898,518</u>	<u>\$ 1,563</u>	<u>\$ 145,424,270</u> (Exhibit 2)	<u>\$ 149,193,738</u> (Exhibit 2)

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
Year Ended August 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

Schedule D

	Detail by Source					Available for Current Operations	
	Restricted			Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
	Unrestricted	Expendable	Non- Expendable				
Current:							
Unrestricted	\$ 23,139,056	\$ -	\$ -	\$ -	\$ 23,139,056	\$ 23,139,056	\$ -
Restricted	-	2,601,659	-	-	2,601,659	2,601,659	-
Auxiliary Enterprises	3,124,011	-	-	-	3,124,011	3,124,011	-
Loan	-	1,116,047	-	-	1,116,047	-	1,116,047
Endowment:							
Quasi:							
Restricted	-	-	740,985	-	740,985	-	740,985
Plant:							
Unexpended	-	9,831,418	-	-	9,831,418	-	9,831,418
Renewals	-	336,941	-	-	336,941	336,941	-
Debt Service	-	7,564,727	-	-	7,564,727	-	7,564,727
Investment in Plant	-	-	-	76,631,932	76,631,932	-	76,631,932
Total Net Assets, August 31, 2012	26,263,067	21,450,792	740,985	76,631,932	125,086,776 (Exhibit 1)	29,201,667	95,885,109
Total Net Assets, August 31, 2011	20,628,820	26,857,747	738,681	68,925,159	117,150,407 (Exhibit 1)	22,743,054	94,407,353
Net Increase (Decrease) in Net Assets	\$ 5,634,247	\$ (5,406,955)	\$ 2,304	\$ 7,706,773	\$ 7,936,369 (Exhibit 2)	\$ 6,458,613	\$ 1,477,756



STATISTICAL SECTION



Rio Grande Campus



STATISTICAL SECTION

This part of the El Paso County Community College District's Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue sources - tuition and fees, state appropriations and ad valorem taxes.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports for the relevant years.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
Net Assets by Component and Changes in Net Assets
Last Ten Fiscal Years
(unaudited)

Net Assets by Component

	<u>For the Year Ended August 31,</u>			
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Invested in capital assets, net of related debt	\$ 76,631,932	\$ 68,925,159	\$ 61,606,183	\$ 55,023,820
Restricted - expendable	21,450,792	26,857,747	30,331,430	32,767,631
Restricted - nonexpendable	740,985	738,681	736,950	669,942
Unrestricted	26,263,067	20,628,820	18,838,065	18,081,481
Total primary government net assets	\$ 125,086,776	\$ 117,150,407	\$ 111,512,628	\$ 106,542,874

Changes in Net Assets

	<u>For the Year Ended August 31,</u>			
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net assets at beginning of year	\$ 117,150,407	\$ 111,512,628	\$ 106,542,874	\$ 102,850,102
Total revenues - page 48	182,493,532	187,197,068	175,032,116	150,822,825
Total expenses - page 50	(174,557,163)	(181,559,289)	(170,062,362)	(147,130,053)
Change in accounting principle - library books				
Change in net assets	7,936,369	5,637,779	4,969,754	3,692,772
Net assets at end of year	\$ 125,086,776	\$ 117,150,407	\$ 111,512,628	\$ 106,542,874

For the Year Ended August 31,

2008	2007	2006	2005	2004	2003
\$ 51,700,504	\$ 49,438,653	\$ 44,280,868	\$ 40,677,566	\$ 39,263,263	\$ 38,116,966
32,232,699	30,504,859	28,334,228	26,887,278	23,341,049	21,987,078
590,395	483,119	381,197	285,270	198,682	120,044
18,326,504	17,503,082	17,031,343	15,260,160	13,125,864	11,412,765
<u>\$ 102,850,102</u>	<u>\$ 97,929,713</u>	<u>\$ 90,027,636</u>	<u>\$ 83,110,274</u>	<u>\$ 75,928,858</u>	<u>\$ 71,636,853</u>

For the Year Ended August 31,

2008	2007	2006	2005	2004	2003
\$ 97,929,713	\$ 90,027,636	\$ 83,110,274	\$ 75,928,858	\$ 71,636,853	\$ 68,354,968
146,763,963 (141,843,574)	145,641,249 (137,739,172)	141,311,359 (134,393,997)	140,433,912 (133,252,496)	134,024,877 (127,918,223) (1,814,649)	127,938,186 (124,656,301)
<u>4,920,389</u>	<u>7,902,077</u>	<u>6,917,362</u>	<u>7,181,416</u>	<u>4,292,005</u>	<u>3,281,885</u>
<u>\$ 102,850,102</u>	<u>\$ 97,929,713</u>	<u>\$ 90,027,636</u>	<u>\$ 83,110,274</u>	<u>\$ 75,928,858</u>	<u>\$ 71,636,853</u>

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

Revenues by Source

Last Ten Fiscal Years

(unaudited)

	For the Year Ended August 31,			
	2012	2011	2010	2009
Tuition and Fees (Net of Discounts)	\$ 20,414,460	\$ 19,907,092	\$ 15,418,488	\$ 13,822,341
Federal Grants and Contracts	4,979,369	6,405,026	6,033,833	4,726,771
State Grants and Contracts	4,034,558	5,417,936	4,855,728	4,998,735
Non-Governmental Grants and Contracts	637,984	359,296	659,293	1,130,573
Auxiliary enterprises	2,149,564	2,004,136	1,498,348	1,436,108
Other Operating Revenues	1,956,063	822,643	922,665	1,006,828
Total Operating Revenues	34,171,998	34,916,129	29,388,355	27,121,356
State Appropriations	38,364,441	41,206,833	41,592,662	43,234,190
Ad Valorem Taxes	42,055,081	37,689,872	36,967,294	36,182,641
Federal Grants, Non Operating	67,420,731	72,591,478	65,793,408	42,661,948
Other State Grants, Non Operating	339,489	431,302	508,434	39,944
Investment income	141,792	361,454	781,963	1,582,746
Total Non-Operating Revenues	148,321,534	152,280,939	145,643,761	123,701,469
Total Revenues	\$ 182,493,532	\$ 187,197,068	\$ 175,032,116	\$ 150,822,825

	For the Year Ended August 31,			
	2012	2011	2010	2009
Tuition and Fees (Net of Discounts)	11.19%	10.63%	8.81%	9.16%
Federal Grants and Contracts	2.73%	3.42%	3.45%	3.13%
State Grants and Contracts	2.21%	2.89%	2.77%	3.31%
Non-Governmental Grants and Contracts	0.35%	0.19%	0.38%	0.75%
Auxiliary enterprises	1.18%	1.07%	0.86%	0.95%
Other Operating Revenues	1.07%	0.44%	0.53%	0.67%
Total Operating Revenues	18.73%	18.65%	16.80%	17.97%
State Appropriations	21.02%	22.01%	23.76%	28.67%
Ad Valorem Taxes	23.04%	20.13%	21.12%	23.99%
Federal Grants, Non Operating	36.94%	38.78%	37.59%	28.29%
Other State Grants, Non Operating	0.19%	0.23%	0.28%	0.03%
Investment income	0.08%	0.19%	0.45%	1.05%
Total Non-Operating Revenues	81.27%	81.35%	83.20%	82.03%
Total Revenues	100.00%	100.00%	100.00%	100.00%

For the Year Ended August 31,

2008	2007	2006	2005	2004	2003
\$ 14,338,875	\$ 17,118,772	\$ 16,324,468	\$ 15,146,645	\$ 13,569,330	\$ 12,964,477
4,706,659	6,457,049	5,189,490	6,762,681	6,946,258	6,554,735
4,695,813	3,959,783	3,969,766	3,173,756	3,679,429	4,550,110
1,429,620	826,044	245,295	943,120	415,981	369,160
1,374,179	1,210,024	1,332,378	1,221,403	1,217,417	1,147,265
923,500	1,211,511	780,103	1,253,261	1,093,240	1,017,864
27,468,646	30,783,183	27,841,500	28,500,866	26,921,655	26,603,611
43,380,018	41,211,968	40,770,870	36,879,349	36,551,753	38,683,675
34,817,839	33,209,749	31,670,769	30,499,159	28,044,498	26,316,015
37,727,176	36,616,080	38,473,626	43,214,021	42,019,761	35,729,863
3,370,284	3,820,269	2,554,594	1,340,517	487,210	605,022
119,295,317	114,858,066	113,469,859	111,933,046	107,103,222	101,334,575
\$ 146,763,963	\$ 145,641,249	\$ 141,311,359	\$ 140,433,912	\$ 134,024,877	\$ 127,938,186

For the Year Ended August 31,

2008	2007	2006	2005	2004	2003
9.77%	11.75%	11.55%	10.79%	10.12%	10.13%
3.21%	4.43%	3.67%	4.82%	5.18%	5.12%
3.20%	2.72%	2.81%	2.26%	2.75%	3.56%
0.97%	0.57%	0.17%	0.67%	0.31%	0.29%
0.94%	0.83%	0.94%	0.87%	0.91%	0.90%
0.63%	0.83%	0.55%	0.89%	0.82%	0.80%
18.72%	21.14%	19.70%	20.29%	20.09%	20.79%
29.56%	28.30%	28.85%	26.26%	27.27%	30.24%
23.72%	22.80%	22.41%	21.72%	20.92%	20.57%
25.71%	25.14%	27.23%	30.77%	31.35%	27.93%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2.30%	2.62%	1.81%	0.95%	0.36%	0.47%
81.28%	78.86%	80.30%	79.71%	79.91%	79.21%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
Program Expenses by Function
Last Ten Fiscal Years
(unaudited)

	For the Year Ended August 31,			
	2012	2011	2010	2009
Instruction	\$ 56,569,373	\$ 57,782,436	\$ 54,335,517	\$ 49,992,432
Research	46,990	46,835	41,360	47,745
Public service	5,741,054	5,623,512	6,243,089	5,616,027
Academic support	18,022,725	18,684,484	18,410,143	17,503,474
Student services	9,899,398	10,409,484	10,562,151	10,218,770
Institutional support	20,028,102	20,167,121	20,029,700	19,142,647
Operation and maintenance of plant	9,554,646	8,907,338	9,487,154	9,597,425
Scholarships and fellowships	44,001,068	50,636,516	41,962,679	26,276,049
Auxiliary enterprises	3,008,770	2,180,466	1,753,830	1,462,846
Depreciation	4,787,773	4,033,896	4,121,401	4,056,430
Total Operating Expenses	171,659,899	178,472,088	166,947,024	143,913,845
Interest on capital related debt	2,897,264	3,087,201	3,115,338	3,216,208
Loss on disposal of capital assets	-	-	-	-
Total Non-Operating Expenses	2,897,264	3,087,201	3,115,338	3,216,208
Total Expenses	\$ 174,557,163	\$ 181,559,289	\$ 170,062,362	\$ 147,130,053

	For the Year Ended August 31,			
	2012	2011	2010	2009
Instruction	32.41%	31.83%	31.95%	33.98%
Research	0.03%	0.03%	0.02%	0.03%
Public service	3.29%	3.10%	3.67%	3.82%
Academic support	10.32%	10.29%	10.83%	11.90%
Student services	5.67%	5.73%	6.21%	6.95%
Institutional support	11.47%	11.11%	11.78%	13.01%
Operation and maintenance of plant	5.47%	4.91%	5.58%	6.52%
Scholarships and fellowships	25.21%	27.89%	24.68%	17.86%
Auxiliary enterprises	1.72%	1.20%	1.03%	0.99%
Depreciation	2.74%	2.22%	2.42%	2.76%
Total Operating Expenses	98.34%	98.30%	98.17%	97.81%
Interest on capital related debt	1.66%	1.70%	1.83%	2.19%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Expenses	1.66%	1.70%	1.83%	2.19%
Total Expenses	100.00%	100.00%	100.00%	100.00%

For the Year Ended August 31,

2008	2007	2006	2005	2004	2003
\$ 48,394,133	\$ 48,799,237	\$ 47,099,097	\$ 44,666,792	\$ 43,345,737	\$ 36,983,086
15,247	14,593	20,938	22,257	17,219	13,160
6,395,334	5,235,682	3,930,285	4,466,088	3,995,905	7,952,388
16,744,629	14,383,334	15,940,956	14,830,152	12,562,184	12,030,390
10,199,098	10,040,659	10,210,118	8,806,432	8,298,219	7,955,152
19,922,834	18,676,469	18,119,480	17,167,489	16,239,200	19,204,979
8,953,714	8,171,961	7,754,674	8,487,256	6,928,409	8,564,175
22,123,458	21,189,381	23,906,774	27,229,139	28,926,384	23,903,096
1,773,241	2,748,508	1,367,399	1,130,926	1,070,970	1,051,668
3,986,591	4,125,838	3,327,339	3,563,410	3,870,706	4,335,283
138,508,279	133,385,662	131,677,060	130,369,941	125,254,933	121,993,377
3,335,295	4,341,880	2,457,840	2,538,765	2,663,290	2,662,924
-	11,630	259,097	343,790	-	-
3,335,295	4,353,510	2,716,937	2,882,555	2,663,290	2,662,924
<u>\$ 141,843,574</u>	<u>\$ 137,739,172</u>	<u>\$ 134,393,997</u>	<u>\$ 133,252,496</u>	<u>\$ 127,918,223</u>	<u>\$ 124,656,301</u>

For the Year Ended August 31,

2008	2007	2006	2005	2004	2003
34.12%	35.43%	35.05%	33.52%	33.89%	29.67%
0.01%	0.01%	0.02%	0.02%	0.01%	0.01%
4.51%	3.80%	2.92%	3.35%	3.12%	6.38%
11.80%	10.44%	11.86%	11.13%	9.82%	9.65%
7.19%	7.29%	7.60%	6.61%	6.49%	6.38%
14.05%	13.56%	13.48%	12.88%	12.69%	15.41%
6.31%	5.93%	5.77%	6.37%	5.42%	6.87%
15.60%	15.38%	17.79%	20.43%	22.61%	19.18%
1.25%	2.00%	1.02%	0.85%	0.84%	0.84%
2.81%	3.00%	2.48%	2.67%	3.03%	3.48%
97.65%	96.84%	97.98%	97.84%	97.92%	97.86%
2.35%	3.15%	1.83%	1.91%	2.08%	2.14%
0.00%	0.01%	0.19%	0.26%	0.00%	0.00%
2.35%	3.16%	2.02%	2.16%	2.08%	2.14%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

Tuition and Fees

Last Ten Academic Years

(unaudited)

Resident

Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	In-District Tuition	General Use Fees	Technology Fees	Student Activity Fees	Athletic Fees	Cost for 12 SCH In-District	Increase from Prior Year In-District
2011-12	\$ 67.00	\$ 10.00	\$ -	\$ -	\$ -	924.00	10.79%
2010-11	59.50	10.00	-	-	-	834.00	0.00%
2009-10	59.50	10.00	-	-	-	834.00	17.46%
2008-09	49.17	10.00	-	-	-	710.00	0.00%
2007-08	49.17	10.00	-	-	-	710.00	0.00%
2006-07	49.17	10.00	-	-	-	710.00	6.61%
2005-06	45.50	10.00	-	-	-	666.00	0.00%
2004-05	45.50	10.00	-	-	-	666.00	7.42%
2003-04	41.67	10.00	-	-	-	620.00	5.26%
2002-03 (1)	39.08	10.00	-	-	-	589.00	9.28%

Non - Resident

Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Non-Resident Tuition Out of State	General Use Fees	Technology Fees	Student Activity Fees	Athletic Fees	Cost for 12 SCH Out of State	Increase from Prior Year Out of State
2011-12	\$ 94.00	\$ 10.00	\$ -	\$ -	\$ -	\$ 1,248.00	12.43%
2010-11	82.50	10.00	-	-	-	1,110.00	0.00%
2009-10	82.50	10.00	-	-	-	1,110.00	12.92%
2008-09	71.88	10.00	-	-	-	983.00	0.00%
2007-08	71.88	10.00	-	-	-	983.00	0.00%
2006-07	71.88	10.00	-	-	-	983.00	8.86%
2005-06	65.25	10.00	-	-	-	903.00	5.99%
2004-05	61.00	10.00	-	-	-	852.00	1.43%
2003-04	60.00	10.00	-	-	-	840.00	5.00%
2002-03	56.67	10.00	-	-	-	800.00	8.40%

(1) Effective Fall 2002, fees, except for General Use Fee, were rolled into Tuition.

Note: In addition students may incur course related fees such as laboratory fees, testing fees and certification fees.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
					Maintenance & Operations (a)	Debt Service (a)	Total (a)
2011-12	\$ 41,628,096,177	\$ 5,592,871,383	\$ 36,035,224,794	86.56%	\$ 0.115442		0.115442
2010-11	39,804,189,607	4,884,780,918	34,919,408,689	87.73%	0.107329		0.107329
2009-10	39,632,229,396	5,027,414,797	34,604,814,599	87.31%	0.105670		0.105670
2008-09	35,630,552,158	2,007,078,657	33,623,473,501	94.37%	0.106841		0.106841
2007-08	32,624,942,441	1,870,233,510	30,754,708,931	94.27%	0.111967		0.111967
2006-07	28,812,089,203	1,760,436,222	27,051,652,981	93.89%	0.120998		0.120998
2005-06	25,344,113,551	1,756,306,687	23,587,806,864	93.07%	0.132844		0.132844
2004-05	23,727,788,205	1,671,213,052	22,056,575,153	92.96%	0.136637		0.136637
2003-04	22,064,903,682	1,666,280,236	20,398,623,446	92.45%	0.136357		0.136357
2002-03	21,492,080,544	1,714,692,007	19,777,388,537	92.02%	0.131389		0.131389

Source: Local Appraisal District

Notes: Property is assessed at full market value.
(a) per \$100 Taxable Assessed Valuation

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years

(unaudited)

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			State Appropriation per Contact Hour
		FTSE	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tec Contact Hours (b)	Total Contact Hours	
2011-12	\$ 30,977,449	20,199	\$ 1,534	8,925,088	2,477,978	11,403,066	\$ 2.72
2010-11	31,155,773	20,483	1,521	8,944,096	2,575,676	11,519,772	2.70
2009-10	31,479,078	19,724	1,596	8,782,224	2,274,155	11,056,379	2.85
2008-09	33,356,208	17,471	1,909	7,780,464	2,063,535	9,843,999	3.39
2007-08	33,356,211	16,800	1,985	7,418,400	2,000,018	9,418,418	3.54
2006-07	31,677,300	17,324	1,829	7,612,480	2,051,690	9,664,170	3.28
2005-06	31,786,315	18,202	1,746	7,920,912	2,165,121	10,086,033	3.15
2004-05	29,319,940	17,973	1,631	7,906,384	2,067,372	9,973,756	2.94
2003-04	29,083,108	17,360	1,675	7,378,272	2,267,425	9,645,697	3.02
2002-03	30,053,120	16,037	1,874	6,380,656	2,538,346	8,919,002	3.37

Notes:

FTSE is calculated by the number of funded SCH for Fall, Spring & Summer divided by 30 plus the funded non-credit contact hours for all 4 qtrs divided by 480.

(a) Source CBM004

(b) Source CBM00C



EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

Principal Taxpayers

Last Ten Tax Years

(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)		
		2012	2011	2010
Western Refining Company LP	Refining	\$ 910,434	\$ 422,701	\$ 365,474
El Paso Electric Company	Utility	264,012	257,067	229,477
Tenet Hospitals	Hospital	231,585	236,237	235,065
Simon Property Group	Properties	195,371	195,470	182,874
River Oaks Properties LTD	Properties	159,706	162,192	189,984
Southwestern Bell Telephone	Utility	92,762	103,544	118,810
El Paso Outlet Center Holding Co	Properties	92,013	82,502	50,922
Cardinal Health 5 LLC	Hospital	81,411	70,601	53,890
Walmart	Retail	77,495	86,063	
Texas Gas Service	Utility	75,576	73,393	65,351
Freeport-McMoRan	Refining			52,294
E I Du Pont De Nemours & Co	Manufacturing			
El Paso Natural Gas Co	Utility			
Ranchos Real IV LTD	Properties			
Hoover Company	Manufacturing			
Texas & Kansas City Cable Partners LP	Utility			
Chevron USA Inc.	Refining			
Refining Holding Co LP	Refining			
Southern Union Gas Co	Utility			
Totals		\$ 2,180,365	\$ 1,689,770	\$ 1,544,141
Total Taxable Assessed Value		\$ 36,035,225	\$ 34,919,409	\$ 34,604,815

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year		
		2012	2011	2010
Western Refining Company LP	Refining	2.53%	1.21%	1.06%
El Paso Electric Company	Utility	0.73%	0.74%	0.66%
Tenet Hospitals	Hospital	0.64%	0.68%	0.68%
Simon Property Group	Properties	0.54%	0.56%	0.53%
River Oaks Properties LTD	Properties	0.44%	0.46%	0.55%
Southwestern Bell Telephone	Utility	0.26%	0.30%	0.34%
El Paso Outlet Center Holding Co	Properties	0.26%	0.24%	0.15%
Cardinal Health 5 LLC	Hospital	0.23%	0.20%	0.16%
Walmart	Retail	0.22%	0.25%	
Texas Gas Service	Utility	0.21%	0.21%	0.19%
Freeport-McMoRan	Refining	0.00%	0.00%	0.15%
E I Du Pont Nemours & Co	Manufacturing	0.00%	0.00%	0.00%
El Paso Natural Gas Co	Utility	0.00%	0.00%	0.00%
Ranchos Real IV LTD	Properties	0.00%	0.00%	0.00%
Hoover Company	Manufacturing	0.00%	0.00%	0.00%
Texas & Kansas City Cable Partners LP	Utility	0.00%	0.00%	0.00%
Chevron USA Inc.	Refining	0.00%	0.00%	0.00%
Refining Holding Co LP	Refining	0.00%	0.00%	0.00%
Southern Union Gas Co	Utility	0.00%	0.00%	0.00%
Totals		6.05%	4.84%	4.46%

Source: Local County Appraisal District

Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)

2009	2008	2007	2006	2005	2004	2003
\$ 437,864	\$ 551,898	\$ 484,121	\$ 316,643	\$ 143,958	\$ -	\$ -
209,436	190,725	182,205	170,657	177,996	199,850	216,205
77,542	145,766	90,943	70,640	65,084	59,867	54,759
181,907	183,991	183,343	164,602	89,539	84,318	85,677
200,917	166,102	144,938	95,677	66,616	58,266	58,484
127,810	139,570	160,329	148,508	144,808	172,497	192,652
54,640						
71,978						
58,937	56,089	54,424	48,837	49,719		
54,871	50,394	64,418	61,055	65,627	67,174	71,200
	47,086					
	44,163	44,217				
		48,564				
			59,999	67,815	63,090	58,950
			50,512	47,587		
					91,275	91,744
					53,358	57,219
					51,172	45,530
<u>\$ 1,475,902</u>	<u>\$ 1,575,784</u>	<u>\$ 1,457,502</u>	<u>\$ 1,187,130</u>	<u>\$ 918,749</u>	<u>\$ 900,867</u>	<u>\$ 932,420</u>
<u>\$ 33,623,474</u>	<u>\$ 30,754,709</u>	<u>\$ 27,051,653</u>	<u>\$ 23,587,807</u>	<u>\$ 22,056,575</u>	<u>\$ 20,398,623</u>	<u>\$ 19,777,389</u>

% of Taxable Assessed Value (TAV) by Tax Year

2009	2008	2007	2006	2005	2004	2003
1.30%	1.79%	1.79%	1.34%	0.65%		
0.62%	0.62%	0.67%	0.72%	0.81%	0.98%	1.09%
0.23%	0.47%	0.34%	0.30%	0.30%	0.29%	0.28%
0.54%	0.60%	0.68%	0.70%	0.41%	0.41%	0.43%
0.60%	0.54%	0.54%	0.41%	0.30%	0.29%	0.30%
0.38%	0.45%	0.59%	0.63%	0.66%	0.85%	0.97%
0.16%						
0.21%						
0.18%	0.18%	0.20%	0.21%	0.23%		
0.16%	0.16%	0.24%	0.26%	0.30%	0.33%	0.36%
	0.15%					
	0.14%	0.16%				
		0.18%				
			0.25%	0.31%	0.31%	0.30%
			0.21%	0.22%		
					0.45%	0.46%
					0.26%	0.29%
					0.25%	0.23%
<u>4.39%</u>	<u>5.12%</u>	<u>5.39%</u>	<u>5.03%</u>	<u>4.17%</u>	<u>4.42%</u>	<u>4.71%</u>

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
Property Tax Rates per \$100 of Assessed Value
Direct and Overlapping
Last Ten Fiscal Years
(unaudited)

Fiscal Year	College District			Other El Paso County Taxable Entities				
	Current Operations	(1) Debt Service	Total	El Paso County	City of El Paso	(2) ISD's Average	University Medical Center	Totals
2011-12	\$ 0.115442	-	\$ 0.115442	\$ 0.361196	\$ 0.658404	\$ 1.269678	\$ 0.192363	\$ 2.597083
2010-11	0.107329	-	0.107329	0.363403	0.653700	1.256527	0.182124	2.563083
2009-10	0.105670	-	0.105670	0.338258	0.633000	1.258298	0.179405	2.514631
2008-09	0.106841	-	0.106841	0.342437	0.633000	1.252089	0.181504	2.515871
2007-08	0.111967	-	0.111967	0.360267	0.671097	1.244282	0.020133	2.407746
2006-07	0.120998	-	0.120998	0.391390	0.672326	1.560854	0.186000	2.931568
2005-06	0.132844	-	0.132844	0.432259	0.696677	1.670035	0.187128	3.118943
2004-05	0.136637	-	0.136637	0.432259	0.696677	1.675405	0.187128	3.128106
2003-04	0.136357	-	0.136357	0.410817	0.719833	1.615674	0.187128	3.069809
2002-03	0.131389	-	0.131389	0.396610	0.719833	1.645895	0.185468	3.079195

Source: City of El Paso - Consolidated Tax Office - Property Tax History

Notes: (1) 1975 General Obligation Bonds were paid off in 1995. Therefore, the Debt Service portion was allocated to Current Operations.
(2) Independent School Districts (ISD's)

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

Property Tax Levies and Collections

Last Ten Tax Years

(unaudited)

(amounts expressed in thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections-Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2011-12	\$ 41,810,318	\$ (160,344)	\$ 41,649,974	\$ 40,618,634	97.52%	\$ -	\$ 724,660	\$ 41,343,294	99.26%
2010-11	37,798,762	(265,896)	37,532,866	36,538,292	97.35%	-	-	36,538,292	97.35%
2009-10	37,047,109	(409,155)	36,637,954	35,677,909	97.38%	-	-	35,677,909	97.38%
2008-09	36,092,639	(252,412)	35,840,227	34,800,092	97.10%	-	555,780	35,355,872	98.65%
2007-08	34,603,395	(221,089)	34,382,306	33,562,299	97.62%	421,198	104,278	34,087,775	99.14%
2006-07	32,692,682	(61,433)	32,631,249	31,820,331	97.51%	565,840	33,004	32,419,175	99.35%
2005-06	31,387,627	(70,283)	31,317,344	30,481,027	97.33%	609,950	29,052	31,120,029	99.37%
2004-05	30,227,391	(138,841)	30,088,550	29,203,806	97.06%	676,317	14,843	29,894,966	99.36%
2003-04	27,817,738	(228,921)	27,588,817	26,854,279	97.34%	572,439	10,485	27,437,203	99.45%
2002-03	26,464,511	(328,770)	26,135,741	25,019,871	95.73%	974,286	8,063	26,002,220	99.49%

Source: Local Tax Assessor/Collector's and District records.

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

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

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

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

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

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

Ratios of Outstanding Debt

Last Ten Fiscal Years

(unaudited)

	For the Year Ended August 31,			
	2012	2011	2010	2009
<u>General Bonded Debt</u>				
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -
Less: Funds Restricted for Debt Service				
Net General Bonded Debt	\$ -	\$ -	\$ -	\$ -
Per Capita	\$ -	\$ -	\$ -	\$ -
Per Student				-
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.00%
<u>Other Debt</u>				
Revenue Bonds	\$ 57,355,000	\$ 60,490,000	\$ 63,500,000	\$ 66,390,000
Contractual Obligations Bonds				
Notes	2,773,157	3,249,518	3,696,627	1,480,129
Capital Lease Obligations	3,310	32,654	89,863	157,619
Total Outstanding Debt	<u>\$ 60,131,467</u>	<u>\$ 63,772,172</u>	<u>\$ 67,286,490</u>	<u>\$ 68,027,748</u>
<u>Total Outstanding Debt Ratios</u>				
Per Capita	\$ 72.89	\$ 77.73	\$ 83.62	\$ 85.91
Per Student	2,977	3,113	3,411	3,894
As a percentage of Taxable Assessed Value	0.17%	0.18%	0.19%	0.20%

Notes: Ratios calculated using population and TAV from current year.

Debt per student calculated using full-time-equivalent enrollment.

For the Year Ended August 31,

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 69,165,000	\$ 71,835,000	\$ 46,480,000	\$ 48,425,000	\$ 50,240,000	\$ 53,800,000
1,037,700	1,150,023	1,258,018	1,284,361	452,484	
228,497	240,037	279,461	154,221	77,025	208,604
<u>\$ 70,431,197</u>	<u>\$ 73,225,060</u>	<u>\$ 48,017,479</u>	<u>\$ 49,863,582</u>	<u>\$ 50,769,509</u>	<u>\$ 54,008,604</u>
\$ 90.41	\$ 95.36	\$ 63.59	\$ 67.16	\$ 70.79	\$ 76.64
4,192	4,177	2,638	2,774	2,925	3,368
0.23%	0.27%	0.20%	0.23%	0.25%	0.27%

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

Legal Debt Margin Information

Last Ten Fiscal Years

(unaudited)

	For the Year Ended August 31,			
	2012	2011	2010	2009
Taxable Assessed Value	\$ 36,035,224,794	\$ 34,919,408,689	\$ 34,604,814,599	\$ 33,623,473,501
General Obligation Bonds				
Statutory Tax Levy Limit for Debt Service	180,176,124	174,597,043	173,024,073	168,117,368
Less: Funds Restricted for Repayment of General Obligation Bonds				
Net Statutory Tax Levy Limit for Debt Service	180,176,124	174,597,043	173,024,073	168,117,368
Current Year Debt Service Requirements	-	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 180,176,124	\$ 174,597,043	\$ 173,024,073	\$ 168,117,368
Net Current Requirements as a % of Statutory Limit	0.00%	0.00%	0.00%	0.00%

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

For the Year Ended August 31,

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>\$ 30,754,708,931</u>	<u>\$ 27,051,652,981</u>	<u>\$ 23,587,806,864</u>	<u>\$ 22,056,575,153</u>	<u>\$ 20,398,623,446</u>	<u>\$ 19,777,388,537</u>
153,773,545	135,258,265	117,939,034	110,282,876	101,993,117	98,886,943
<u>153,773,545</u>	<u>135,258,265</u>	<u>117,939,034</u>	<u>110,282,876</u>	<u>101,993,117</u>	<u>98,886,943</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 153,773,545</u>	<u>\$ 135,258,265</u>	<u>\$ 117,939,034</u>	<u>\$ 110,282,876</u>	<u>\$ 101,993,117</u>	<u>\$ 98,886,943</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Revenue Bonds

Fiscal Year	Pledged Revenues				Debt Service Requirements			Coverage Ratio
	(a) Tuition	General Use Fee	Interest Income	Total	Principal	Interest	Total	
2011-12	\$ 11,657,934 ⁽¹⁾	\$ 6,151,759	\$ 95,371	\$ 17,905,064	\$ 3,265,000	\$ 2,833,800	\$ 6,098,800	2.94
2010-11	9,654,356 ⁽¹⁾	6,288,519	98,245	16,041,120	3,135,000	2,964,745	6,099,745	2.63
2009-10	9,368,777 ⁽¹⁾	5,905,681	129,087	15,403,545	3,010,000	3,088,967	6,098,967	2.53
2008-09	7,491,999 ⁽¹⁾	5,162,768	302,837	12,957,604	2,890,000	3,208,188	6,098,188	2.12
2007-08	7,424,058 ⁽¹⁾	4,994,683	1,526,546	13,945,287	2,775,000	3,321,825	6,096,825	2.29
2006-07	7,715,701 ⁽¹⁾	5,101,453	2,367,736	15,184,890	2,670,000	3,429,690	6,099,690	2.49
2005-06	831,855	5,270,972	1,894,409	7,997,236	2,065,000	2,283,636	4,348,636	1.84
2004-05	820,133	5,291,746	953,831	7,065,710	1,945,000	2,378,753	4,323,753	1.63
2003-04	766,013	5,031,126	339,558	6,136,697	1,815,000	2,471,263	4,286,263	1.43
2002-03	669,068	4,454,606	326,828	5,450,502	1,810,000	2,562,024	4,372,024	1.25

⁽¹⁾ Effective February 2007, pledge coverage ratio includes 25% of gross tuition

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years

(unaudited)

Calendar Year	(1) District Population	District Personal Income (thousands of dollars)	(3) District Personal Income Per Capita	(2) District Unemployment Rate
2012	824,994	24,695,912	\$ 30,088	10.30%
2011	820,425	24,104,907	29,381	10.60%
2010	804,655	22,587,471	28,071	10.20%
2009	791,854	22,127,568	27,944	9.60%
2008	779,052	20,688,505	26,556	6.70%
2007	767,886	18,751,776	24,420	5.80%
2006	755,085	17,884,943	23,686	7.10%
2005	742,416	16,908,524	22,775	6.00%
2004	717,211	15,655,999	21,829	7.80%
2003	704,671	14,686,048	20,841	8.40%

Sources:

- (1) City of El Paso Department of Planning, Research and Development (estimate)
- (2) Texas Workforce Commission
- (3) Bureau of Economic Analysis (estimate)

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
Principal Employers
Fiscal Years 2006-2012
(unaudited)

Employer	2012		2011		2010	
	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
Fort Bliss Civilian Employees	10,804	3.60%	8,000	2.51%	14,750	4.75%
El Paso Independent School District	9,000	3.00%	9,000	2.83%	9,000	2.90%
Ysleta Independent School District	8,000	2.67%	7,155	2.25%	7,155	2.31%
Socorro Independent School District	7,000	2.33%	7,000	2.20%	7,000	2.26%
City of El Paso	6,390	2.13%	6,500	2.04%	6,500	2.10%
T & T Staff Management LP	5,020	1.67%	4,687	1.47%	5,587	1.80%
University of Texas at El Paso	3,770	1.26%	2,867	0.90%	2,681	0.86%
El Paso County Community College District	3,194	1.06%	3,252	1.02%	3,152	1.02%
Tenet Hospital Ltd	3,053	1.02%	3,053	0.96%	3,053	0.98%
County of El Paso	2,771	0.92%				
University Medical Center	2,455	0.82%				
Clint Independent School District	2,150	0.72%				
Wal-Mart	2,095	0.70%	3,078	0.97%	3,205	1.03%
VF JeansWear						
Total	65,702	21.90%	54,592	17.15%	62,083	20.01%

Sources: The Greater El Paso Chamber of Commerce
Texas Workforce Commission

Notes: Percentages are calculated using total employment figures from the Texas Workforce Commission.
The College previously did not present this schedule and chose to implement prospectively.

2009		2008		2007		2006	
Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
10,200	3.71%	10,000	3.64%	6,500	2.34%	6,500	2.34%
8,505	3.10%	8,505	3.10%	8,500	3.06%	8,500	3.06%
6,066	2.21%	6,066	2.21%	8,241	2.97%	8,241	2.97%
4,488	1.63%	4,488	1.63%	2,800	1.01%	2,800	1.01%
6,400	2.33%	6,400	2.33%	5,409	1.95%	5,409	1.95%
6,100	2.22%	6,100	2.22%				
4,000	1.46%	4,000	1.46%	3,686	1.33%	3,686	1.33%
2,971	1.08%	2,897	1.05%	2,967	1.04%	2,990	1.04%
6,587	2.40%	6,587	2.40%	4,000	1.44%	4,000	1.44%
4,050	1.47%	4,050	1.47%	3,000	1.08%	3,000	1.08%
				4,600	1.66%	4,600	1.66%
<u>59,367</u>	<u>21.61%</u>	<u>59,093</u>	<u>21.51%</u>	<u>49,703</u>	<u>17.88%</u>	<u>49,726</u>	<u>17.88%</u>

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years

(unaudited)

	For the Year Ended August 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Faculty										
Full-Time	419	417	405	400	372	391	350	313	290	288
Part-Time	1,043	1,113	1,045	976	851	1,002	1,563	1,274	1,984	1,984
Total	1,462	1,530	1,450	1,376	1,223	1,393	1,913	1,587	2,274	2,272
Percent										
Full-Time	28.7%	27.3%	27.9%	29.1%	30.4%	28.1%	18.3%	19.7%	12.8%	12.7%
Part-Time	71.3%	72.7%	72.1%	70.9%	69.6%	71.9%	81.7%	80.3%	87.2%	87.3%
Staff and Administrators										
Full-Time	761	799	804	793	791	786	837	765	740	710
Part-Time	971	923	898	802	889	978	1,349	1,101	1,110	1,021
Total	1,732	1,722	1,702	1,595	1,680	1,764	2,186	1,866	1,850	1,731
Percent										
Full-Time	43.9%	46.4%	47.2%	49.7%	47.1%	44.6%	38.3%	41.0%	40.0%	41.0%
Part-Time	56.1%	53.6%	52.8%	50.3%	52.9%	55.4%	61.7%	59.0%	60.0%	59.0%
FTSE per Full-Time Faculty										
	48.21	49.12	48.70	43.68	45.16	44.31	52.01	57.42	59.86	55.68
FTSE per Full-Time Staff Member										
	26.54	25.64	24.53	22.03	21.24	22.04	21.75	23.49	23.46	22.59
Average Annual Full-Time Faculty Salary										
	\$55,660	\$54,275	\$54,564	\$53,829	\$52,977	\$51,163	\$50,558	\$49,039	\$46,875	\$45,745



EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
Enrollment Details
Last Ten Fiscal Years
(unaudited)

Student Classification	Fall 2011		Fall 2010		Fall 2009		Fall 2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	16,792	54.66%	16,627	55.59%	16,128	57.26%	14,383	55.70%
31-60 hours	10,173	33.11%	9,728	32.53%	8,690	30.85%	8,226	31.86%
>60 hours	3,758	12.23%	3,554	11.88%	3,350	11.89%	3,214	12.45%
Total	30,723	100.00%	29,909	100.00%	28,168	100.00%	25,823	100.00%

Semester Hour Load	Fall 2011		Fall 2010		Fall 2009		Fall 2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	276	0.90%	218	0.73%	198	0.70%	230	0.89%
3-5 semester hours	5,738	18.68%	5,507	18.41%	5,275	18.73%	4,828	18.70%
6-8 Semester hours	7,504	24.42%	7,299	24.40%	6,848	24.31%	6,418	24.85%
9-11 semester hours	5,319	17.31%	5,226	17.47%	4,904	17.41%	4,530	17.54%
12-14 semester hours	8,667	28.21%	8,464	28.30%	8,371	29.72%	7,342	28.43%
15-17 semester hours	1,853	6.03%	1,874	6.27%	1,611	5.72%	1,580	6.12%
18 & over	1,366	4.45%	1,321	4.42%	961	3.41%	895	3.47%
Total	30,723	100.00%	29,909	100.00%	28,168	100.00%	25,823	100.00%

Average course load	9.1	9.1	9.0	8.9
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Tuition Status	Fall 2011		Fall 2010		Fall 2009		Fall 2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident	28,982	94.33%	28,287	94.58%	26,626	94.53%	24,558	95.10%
Non-Resident Tuition	1,741	5.67%	1,622	5.42%	1,542	5.47%	1,265	4.90%
Total	30,723	100.00%	29,909	100.00%	28,168	100.00%	25,823	100.00%

Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
13,186	52.70%	14,070	53.90%	14,619	54.82%	14,924	57.23%	14,985	60.99%	12,234	57.40%
8,496	33.95%	8,653	33.15%	8,749	32.81%	7,891	30.26%	6,401	26.05%	6,071	28.48%
3,341	13.35%	3,382	12.96%	3,299	12.37%	3,263	12.51%	3,183	12.96%	3,009	14.12%
25,023	100.00%	26,105	100.00%	26,667	100.00%	26,078	100.00%	24,569	100.00%	21,314	100.00%

Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
120	0.48%	108	0.41%	133	0.50%	109	0.42%	108	0.44%	86	0.40%
4,561	18.23%	5,074	19.44%	4,575	17.16%	4,401	16.88%	4,272	17.39%	3,452	16.20%
6,463	25.83%	6,448	24.70%	6,388	23.95%	6,065	23.26%	5,600	22.79%	4,826	22.64%
4,321	17.27%	4,448	17.04%	4,813	18.05%	4,714	18.08%	3,984	16.22%	3,538	16.60%
7,169	28.65%	7,510	28.77%	8,081	30.30%	8,159	31.28%	8,120	33.04%	7,241	33.98%
1,509	6.03%	1,561	5.98%	1,623	6.09%	1,581	6.06%	1,444	5.88%	1,314	6.16%
880	3.52%	956	3.66%	1,054	3.95%	1,049	4.02%	1,041	4.24%	857	4.02%
25,023	100.00%	26,105	100.00%	26,667	100.00%	26,078	100.00%	24,569	100.00%	21,314	100.00%

8.9

8.6

9.8

9.9

10.0

10.1

Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
23,818	95.18%	24,977	95.68%	25,119	94.20%	24,574	94.23%	23,033	93.75%	19,890	93.32%
1,205	4.82%	1,128	4.32%	1,548	5.80%	1,504	5.77%	1,536	6.25%	1,424	6.68%
25,023	100.00%	26,105	100.00%	26,667	100.00%	26,078	100.00%	24,569	100.00%	21,314	100.00%

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

Student Profile

Last Ten Fiscal Years

(unaudited)

Gender	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	17,645	57.43%	17,177	57.43%	16,325	57.96%	15,371	59.52%	15,141	60.51%
Male	13,078	42.57%	12,732	42.57%	11,843	42.04%	10,452	40.48%	9,882	39.49%
Total	30,723	100.00%	29,909	100.00%	28,168	100.00%	25,823	100.00%	25,023	100.00%

Ethnic Origin	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	2,560	8.33%	2,648	8.85%	2,167	7.69%	2,094	8.11%	2,028	8.10%
Hispanic	26,253	85.46%	25,444	85.08%	24,196	85.90%	22,095	85.56%	21,383	85.45%
African American	684	2.23%	701	2.34%	645	2.29%	544	2.11%	555	2.22%
Asian	291	0.95%	271	0.91%	257	0.91%	222	0.86%	227	0.91%
Native American	115	0.37%	102	0.34%	88	0.31%	66	0.26%	65	0.26%
Other	820	2.67%	743	2.48%	815	2.89%	802	3.11%	765	3.06%
Total	30,723	100.00%	29,909	100.00%	28,168	100.00%	25,823	100.00%	25,023	100.00%

Age	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	2,656	8.64%	2,474	8.27%	2,433	8.64%	2,030	7.86%	690	2.76%
18 - 21	13,570	44.17%	13,174	44.05%	12,506	44.40%	11,478	44.45%	11,289	45.11%
22 - 24	4,630	15.07%	4,549	15.21%	4,280	15.19%	4,028	15.60%	4,223	16.88%
25 - 35	6,203	20.19%	5,974	19.97%	5,530	19.63%	5,148	19.94%	5,370	21.46%
36 - 50	2,935	9.55%	3,001	10.03%	2,778	9.86%	2,594	10.05%	2,906	11.61%
51 & over	729	2.37%	737	2.46%	641	2.28%	545	2.11%	545	2.18%
Total	30,723	100.00%	29,909	100.00%	28,168	100.00%	25,823	100.00%	25,023	100.00%

Average Age	24.5	24.7	24.5	24.6	25.3
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Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
15,813	60.57%	16,300	61.12%	16,064	61.60%	15,218	61.94%	13,166	61.77%
10,292	39.43%	10,367	38.88%	10,014	38.40%	9,351	38.06%	8,148	38.23%
26,105	100.00%	26,667	100.00%	26,078	100.00%	24,569	100.00%	21,314	100.00%

Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
2,212	8.47%	2,253	8.45%	2,285	8.76%	2,368	9.64%	2,003	9.40%
22,246	85.22%	22,690	85.09%	22,246	85.30%	20,744	84.43%	18,119	85.01%
565	2.16%	670	2.51%	591	2.27%	628	2.56%	501	2.35%
222	0.85%	230	0.86%	216	0.83%	205	0.83%	183	0.86%
66	0.25%	67	0.25%	73	0.28%	94	0.38%	85	0.40%
794	3.04%	757	2.84%	667	2.56%	530	2.16%	423	1.98%
26,105	100.00%	26,667	100.00%	26,078	100.00%	24,569	100.00%	21,314	100.00%

Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1,106	4.24%	701	2.63%	878	3.37%	959	3.90%	582	2.73%
11,259	43.13%	11,242	42.17%	10,558	40.49%	9,413	38.32%	8,021	37.63%
4,229	16.20%	4,457	16.71%	4,374	16.77%	4,004	16.30%	3,394	15.92%
5,765	22.08%	6,244	23.41%	6,150	23.58%	6,040	24.58%	5,520	25.90%
3,167	12.13%	3,428	12.85%	3,485	13.36%	3,528	14.36%	3,235	15.18%
579	2.22%	595	2.23%	633	2.43%	625	2.54%	562	2.64%
26,105	100.00%	26,667	100.00%	26,078	100.00%	24,569	100.00%	21,314	100.00%

25.5

25.9

26.1

26.4

26.8

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

Transfers to Senior Institutions

(Includes only public senior colleges in Texas)

2009 Fall Students as of Fall 2011					
	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Angelo State University	14		1	15	0.29%
2 Lamar University	2			2	0.04%
3 Midwestern State University	2			2	0.04%
4 Prairie View A&M University	1			1	0.02%
5 Sam Houston State University	3		1	4	0.08%
6 Stephen F. Austin State University	0		3	3	0.06%
7 Sul Ross State University	49	1		50	0.97%
8 Tarleton State University	3			3	0.06%
9 Texas A&M International University	3			3	0.06%
10 Texas A&M University - College Station	40	1		41	0.80%
11 Texas A&M University - Central Texas	1			1	0.02%
12 Texas A&M University - Commerce	4			4	0.08%
13 Texas A&M University - Corpus Christi	4			4	0.08%
14 Texas A&M University - Galveston	3			3	0.06%
15 Texas A&M University - Kingsville	0			0	0.00%
16 Texas A&M University - San Antonio	2			2	0.04%
17 Texas A&M University - Texarkana	0			0	0.00%
18 Texas A&M University - Health Science Center	2			2	0.04%
19 Texas Southern University	4			4	0.08%
20 Texas State University - San Marcos	61	2	2	65	1.27%
21 Texas Tech University	145	4	2	151	2.94%
22 Texas Tech University - Health Science Center	53		3	56	1.09%
23 Texas Women's University	18			18	0.35%
24 University of Houston	17			17	0.33%
25 University of Houston - Downtown	1			1	0.02%
26 University of Houston - Clear Lake	1			1	0.02%
27 University of Houston - Victoria	1			1	0.02%
28 University of North Texas	24	1	1	26	0.51%
29 University of North Texas Health Science Center - Ft Worth	0			0	0.00%
30 University of Texas - Arlington	24		1	25	0.49%
31 University of Texas - Austin	157	4	3	164	3.20%
32 University of Texas - Brownsville	2			2	0.04%
33 University of Texas - Dallas	6	1		7	0.14%
34 University of Texas - El Paso	4,200	69	76	4345	84.65%
35 University of Texas - Pan American	2			2	0.04%
36 University of Texas - Permian Basin	24		2	26	0.51%
37 University of Texas - San Antonio	60		1	61	1.19%
38 University of Texas - Tyler	0			0	0.00%
39 University of Texas Health Science Center - Houston	3			3	0.06%
40 University of Texas Health Science Center - San Antonio	2			2	0.04%
41 University of Texas Medical Branch - Galveston	3			3	0.06%
42 University of Texas M.D. Anderson Cancer Center	1			1	0.02%
43 University of Texas Southwestern Medical Center - Dallas	0			0	0.00%
44 West Texas A&M University	12			12	0.23%
Totals	4,954	83	96	5,133	100.00%

2008 Fall Students as of Fall 2010					2007 Fall Students as of Fall 2009					2006 Fall Students as of Fall 2008				
Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
Academic	Technical	Tech-Prep			Academic	Technical	Tech-Prep			Academic	Technical	Tech-Prep		
17		2	19	0.35%	7			7	0.16%	6		1	7	0.18%
1			1	0.02%				0	0.00%	1			1	0.03%
4			4	0.07%	2		1	3	0.07%	1	1		2	0.05%
3			3	0.06%	1			1	0.02%	0			0	0.00%
3			3	0.06%	3			3	0.07%	1			1	0.03%
1			1	0.02%				0	0.00%	2			2	0.05%
34	1	1	36	0.67%	30		2	32	0.75%	16		4	20	0.52%
1			1	0.02%	3			3	0.07%	3			3	0.08%
1			1	0.02%				0	0.00%	0			0	0.00%
42		1	43	0.80%	35			35	0.82%	23			23	0.59%
1			1	0.02%										
1			1	0.02%	1			1	0.02%	1	1		2	0.05%
6		1	7	0.13%	1	1		2	0.05%	3			3	0.08%
6			6	0.11%	1			1	0.02%	2			2	0.05%
1			1	0.02%	2			2	0.05%	1			1	0.03%
1			1	0.02%	1			1	0.02%					
1			1	0.02%	0			0	0.00%	2			2	0.05%
1			1	0.02%	1			1	0.02%	1			1	0.03%
3			3	0.06%	2			2	0.05%	0			0	0.00%
55	1	1	57	1.06%	39		1	40	0.93%	29			29	0.75%
140	3		143	2.67%	101	4	1	106	2.47%	82		5	87	2.25%
43			43	0.80%	14			14	0.33%	3			3	0.08%
12			12	0.22%	4			4	0.09%	1	1	1	3	0.08%
10			10	0.19%	7		1	8	0.19%					
1		1	2	0.04%	1			1	0.02%	1			1	0.03%
2			2	0.04%	2			2	0.05%	1			1	0.03%
			0	0.00%	1			1	0.02%	9			9	0.23%
28	3		31	0.58%	18			18	0.42%	16			16	0.41%
1			1	0.02%				0	0.00%	0			0	0.00%
20	1	1	22	0.41%	10		1	11	0.26%	9		1	10	0.26%
154	1	1	156	2.91%	130	3		133	3.10%	100	1	2	103	2.66%
			0	0.00%				0	0.00%	0			0	0.00%
12	1		13	0.24%	7			7	0.16%	6			6	0.16%
4,496	55	78	4,629	86.41%	3,623	50	102	3,775	88.06%	3,305	49	131	3,485	90.12%
6		2	8	0.15%	7	1		8	0.19%	2			2	0.05%
14	1	1	16	0.30%	12			12	0.28%	4			4	0.10%
60		3	63	1.18%	40		1	41	0.96%	32			32	0.83%
1			1	0.02%	1			1	0.02%			1	1	0.03%
3			3	0.06%				0	0.00%	2			2	0.05%
1			1	0.02%	2			2	0.05%	2			2	0.05%
1			1	0.02%	3			3	0.07%	0			0	0.00%
3			3	0.06%				0	0.00%	0			0	0.00%
6			6	0.11%	6			6	0.14%	1			1	0.03%
5,197	67	93	5,357	100.00%	4,118	59	110	4,287	100.00%	3,668	53	146	3,867	100.00%

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

Capital Asset Information

Fiscal Years 2003 to 2012

(unaudited)

	For the Year Ended August 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Academic buildings	25	25	23	23	21	21	21	21	21	21
Square footage	985,927	985,927	899,857	893,069	862,709	828,218	796,051	796,051	777,367	727,440
Libraries		5	5	5	5	5	5	5	5	5
Square footage	93,801	93,801	88,501	58,704	58,704	58,704	58,704	58,704	58,704	48,138
Number of Volumes <i>(in thousands)</i>	179,432	177,750	176,955	173,437	169,963	167,941	161,719	155,014	148,111	142,949
Admin/support buildings	8	8	7	7	7	7	7	7	7	7
Square footage	596,034	596,034	584,627	378,494	378,494	378,494	378,497	378,494	428,946	384,624
Athletic Facilities	7	7	7	7	7	7	7	7	7	7
Square footage	296,906	296,906	296,906	295,800	295,800	295,800	295,800	295,800	295,800	295,800
Baseball/softball fields	204,059	204,059	204,059	204,059	204,059	204,059	204,059	204,059	205,059	205,059
Gymnasiums	33,807	33,807	33,807	32,701	32,701	32,701	32,701	32,701	32,701	32,701
Tennis Court	59,040	59,040	59,040	59,040	59,040	59,040	59,040	59,040	59,040	59,040
Plant facilities	6	6	6	6	6	6	6	6	6	6
Square footage	19,609	19,609	19,609	19,609	19,609	19,609	19,609	19,609	19,609	41,172
Transportation										
Cars	54	52	60	60	63	51	49	45	40	40
Light Trucks/Vans	74	78	84	84	88	83	82	70	66	59
Buses	3	1	2	3	3	3	3	3	3	3

SINGLE AUDIT SECTION



Transmountain Campus



INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULES OF EXPENDITURES OF
FEDERAL AND STATE AWARDS

See page 1 of the Financial Section

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2012**

Schedule E

	Federal CFDA Number	Pass-through Grantor's Numbers	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Direct Programs:			
Student Financial Assistance Cluster			
Supplemental Education Opportunity Grants	84.007		\$ 1,187,159
Federal College Work study Program	84.033		923,735
Federal Pell Grant Program	84.063		64,431,531
Federal Direct Student Loans	84.268		11,313,097
Academic Competitiveness Grants	84.375		23,957
Total Student Financial Assistance Cluster			<u>77,879,479</u>
TRIO Cluster			
TRIO Student Support Services	84.042A		614,649
TRIO Upward Bound - Office of Postsecondary Education	84.047A		239,700
Total TRIO Cluster			<u>854,349</u>
Higher Education Institutional Aid	84.031		252,961
Minority Science and Engineering Improvement	84.120A		7,696
Migrant Education-High School Equivalency Program	84.141A		531,517
Gaining Early Awareness and Readiness for Undergraduate Prog.	84.334A		777,060
Pass Through From:			
Texas Higher Education Coord. Board			
Career and Technical Education -- Basic Grants to States			
Formula Allocation	84.048	124241	649,811
CTE Marketing Project FY 11	84.048	P11105	(749)
Texasgenuine CTE Strategic Plan 12	84.048	121105	294,404
Total Career and Technical Education - Basic Grants to States			<u>943,466</u>
University of Texas at El Paso			
Minority Science and Engineering Improvement			
Office of Postsecondary Education UTEP			
Transform Engineering Education	84.120A	P120A070032-08	7,816
Total U.S. Department of Education:			<u>81,254,344</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Pass Through From:			
Texas Workforce Commission			
State Administrative Matching Grants for the Supplemental Nutrition			
Apprenticeship Program FY 11 9.54%	10.561	1011ATP000	366
Apprenticeship Program FY 12 12.59%	10.561	1012ATP000	25,595
Total State Administrative Matching Grants			<u>25,961</u>
Total U.S. Department of Agriculture			<u>25,961</u>
<u>U.S. DEPARTMENT OF DEFENSE:</u>			
Direct Program:			
Procurement Technical Assistance for Business Firms	12.002		303,835
Total U.S. Department of Defense:			<u>303,835</u>
<u>U.S. DEPT. OF HOUSING & URBAN DEVELOPMENT:</u>			
Direct Program:			
Hispanic-Serving Institutions Assisting Communities	14.514		312,079
Pass Through From:			
City of El Paso			
Community Development Block Grants/Entitlement Grants	14.218	N/A	27,765
TVP Non-Profit Corporation			
Community Development Block Grants/Entitlement Grants	14.218	N/A	18,999
Project Vida Community Development Corporation			
Community Development Block Grants/Entitlement Grants	14.218	N/A	18,996
Total Community Development Block Grants/Entitlement Grants			<u>65,760</u>
Housing Authority of the City of El Paso			
Public Housing Neighborhood Networks Grants	14.875	N/A	8,959
Total U.S. Dept. of Housing & Urban Development:			<u>\$ 386,798</u>

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended August 31, 2012**

Schedule E (continued)

	Federal CFDA Number	Pass-through Grantor's Numbers	Federal Expenditures
<u>U.S. DEPARTMENT OF LABOR:</u>			
Direct Program:			
Community Based Job Training Grants	17.269		289,689
Pass Through From:			
Texas Workforce Commission			
WIA Dislocated Workers			
Apprenticeship Program FY 11 (35.05%)	17.260	1011ATP000	1,346
WIA Dislocated Worker Formula Grants			
Apprenticeship Program FY 12 (33.86%)	17.278	1012ATP000	<u>68,836</u>
Total U.S. Department of Labor:			<u>359,871</u>
<u>INSTITUTE OF MUSEUMS AND LIBRARY SERVICES:</u>			
Pass Through From:			
Texas State Library and Archives Commission			
Grants to States			
Texas State Library Special Project	45.310	478-12003	<u>49,478</u>
Total Institute of Museums and Library Services:			<u>49,478</u>
<u>NATIONAL SCIENCE FOUNDATION:</u>			
Direct Program:			
Geosciences	47.050		67,282
Education and Human Resources	47.076		107,349
Pass Through From:			
Arizona State University			
Education and Human Resources			
WAESO F10UR19	47.076	HRD0602425	736
WAESO F11UR003	47.076	HRD0602425	117
WAESO F11UR005	47.076	HRD0602425	756
WAESO F11UR049	47.076	HRD0602425	<u>662</u>
Total Education and Human Resources			<u>109,620</u>
University of Texas at El Paso			
Mathematical and Physical Sciences			
UTEP/LSAMP 2011	47.049	HRD0703584	<u>16,407</u>
Total National Science Foundation:			<u>193,309</u>
<u>U.S. SMALL BUSINESS ADMINISTRATION:</u>			
Pass Through From:			
University of Texas at San Antonio			
Small Business Development Centers			
UTSA SBDC SBA 2011	59.037	11-603001-Z-0049-25-EPCC	35,821
UTSA SBDC JOBS ACT 2011	59.037	1-603001-Z-0155-EPCC	500
UTSA SBDC SBA 2012	59.037	2-603001-Z-0049-26-EPCC	<u>186,447</u>
Total Small Business Development Centers			<u>222,768</u>
Total U.S. Small Business Administration:			<u>222,768</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
Direct Programs:			
National Institutes of Health			
Biomedical Research and Research Training	93.859		383,463
Pass Through From:			
National Institutes of Health			
Biomedical Research and Research Training			
UTEP Bridges to the Future 2012	93.859	5R25GM049011-12	57,111
UTEP Bridges to the Future 2013	93.859	2R25GM049011-13	<u>20,116</u>
Total Biomedical Research and Research Training			<u>460,690</u>

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended August 31, 2012**

Schedule E (continued)

	Federal CFDA Number	Pass-through Grantor's Numbers	Federal Expenditures
The University of Texas at El Paso			
Minority Health and Health Disparities Research			
UTEP Community Health Worker Prog. Yr, 5	93.307	2-R24-MD001785-04	2,678
Trans-NIH Recovery Act Research Support (B)	93.701	1R21HL091820-01A2	<u>50</u>
Total U.S. Dept. of Health and Human Services:			<u>463,418</u>
 <u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:</u>			
Direct Programs:			
Learn and Serve America Higher Education	94.005		<u>75,854</u>
Total Corporation for National and Community Service:			<u>75,854</u>
 <u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>			
Direct Programs:			
Scientific Leadership Awards	97.062		<u>62,897</u>
Total U.S. Department of Homeland Security			<u>62,897</u>
 <u>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT:</u>			
Pass Through From:			
Georgetown University			
USAID Foreign Assistance for Programs Overseas			
GU SEED Cycle 2011	98.001	EP-RX2050-705-10-M-1	107,529
SEED Cycle 2011-2012	98.001	EP-RX2050-705-11-M-12	237,712
CASS 2012	98.001	EP-RX2050-852-11-A1	182,888
SEED Cycle 2012	98.001	EP-RX2050-705-12-E	<u>45,119</u>
Total USAID Foreign Assistance for Programs Overseas			<u>573,248</u>
Total Federal Financial Assistance:			<u>\$ 83,971,781</u>

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2012**

1. FEDERAL ASSISTANCE RECONCILIATION

Federal Revenue - Per Schedule E	
Per Schedule of Expenditures of Federal Awards	\$ 83,971,781
Direct Student Loans	(11,313,097)
Funds passed through to others	(258,584)
Non Operating Federal Revenue from Schedule C	<u>(67,420,731)</u>
Total Federal Revenue per Schedule A	<u><u>\$ 4,979,369</u></u>

2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of El Paso County Community College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. STUDENT LOANS PROCESSED AND ADMINISTRATIVE COST RECOVERED

<u>Federal Grantor</u> <u>CFDA Number/Program Name</u>	<u>New Loans</u> <u>Processed</u>	<u>Administrative</u> <u>Cost</u> <u>Recovered</u>	<u>Total Loans</u> <u>Processed and</u> <u>Administrative</u> <u>Cost Recovered</u>
U. S. Department of Education			
84.268 Federal Direct Student Loans	<u>\$11,313,097</u>	<u>\$</u>	<u>\$11,313,097</u>

4. AMOUNTS PASSED THROUGH BY THE COLLEGE

The Hispanic Serving Institutions Science Technology Engineering and Mathematics grant (CFDA 84.031) from the U.S. Department of Education passed through \$103,545 to the Texas Tech University.

The University of Texas of El Paso returned funds of \$8,054 to the Minority Science and Engineering Improvement grant (CFDA 84.120) funded by the U.S. Department of Education. Last fiscal year \$319,705 was passed through.

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
August 31, 2012

The Gain Early Awareness and Readiness for Undergraduate Program (CFDA 84.334) passed through from the U.S. Department of Education to the following:

Anthony Independent School District	\$	7,066
Canutillo Independent School District		38,857
Fabens Independent School District		24,201
Tornillo Independent School District		7,271
Clint Independent School District		26,798
	\$	<u>104,193</u>

The Career and Technical Education Leadership Grants (CFDA 84.048) passed through from the Texas Higher Education Coordinating Board from the U.S. Department of Education to the following:

ESC Region One	\$	3,000
Region 3 Education Service Center		3,000
Region 4 Education Service Center		3,000
Region 5 Education Service Center		3,000
Region 7 Education Service Center		3,000
Region 8 Education Service Center		3,000
Region 9 Education Service Center		3,000
Region 10 Education Service Center		3,000
Region 11 Education Service Center		3,000
Region 12 Education Service Center		3,000
Region 13 Education Service Center		3,000
Region 14 Education Service Center		3,000
Region 15 Education Service Center		3,000
Region 16 Education Service Center		3,000
Region 17 Education Service Center		3,000
Region 18 Education Service Center		3,000
Region 19 Education Service Center		3,000
Region 20 Education Service Center		1,900
	\$	<u>52,900</u>

The Opportunities for Enhancing Diversity in the Geosciences program (CFDA 47.050) from the National Science Foundation passed through \$6,000 to the University of Texas at El Paso.



**REPORT OF INDEPENDENT AUDITORS 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**

Board of Trustees
El Paso County Community College District
El Paso, Texas

We have audited the financial statements of the El Paso Community College District (College) as of and for the year ended August 31, 2012, and have issued our report thereon dated December 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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

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

Board of Trustees
El Paso County Community College District
El Paso, Texas

Compliance and Other Matters

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

We noted other matters that we have reported to management of the College in a separate letter dated December 27, 2012.

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

Mess Adams LLP

Albuquerque, New Mexico
December 27, 2012

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

Board of Trustees
El Paso County Community College District
El Paso, Texas

Compliance

We have audited the El Paso Community College District (the College), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2012. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

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

Board of Trustees
El Paso County Community College District
El Paso, Texas

Internal Control Over Compliance

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

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

The purpose of this report is solely to 1) describe the scope of our testing of internal control over compliance and the results of that testing; and 2) express an opinion on compliance based on our audit. This report is an integral part of an audit performed in accordance with OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mass Adams LLP

Albuquerque, New Mexico
December 27, 2012

**EL PASO COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
 Year Ended August 31, 2012**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

• Material weakness (es) identified?

Yes No

• Significant deficiency(ies) identified?

Yes None Reported

Non-compliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

• Material weakness (es) identified?

Yes No

• Significant deficiency (ies) identified?

Yes None Reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Yes No

Identification of Major Programs:

CFDA Number Name of Federal Program or Cluster

Various	Student Financial Assistance Cluster
12.002	Procurement Technical Assistance for Business
14.514	Hispanic Serving Institutions Assisting Communities

Dollar threshold used to distinguish between type A and type B programs

\$ 300,000

Auditee qualified as low-risk auditee?

Yes No

**EL PASO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended August 31, 2012**

B. FINDINGS - FINANCIAL STATEMENTS

NONE

C. FINDINGS - FEDERAL AWARD

NONE

D. PRIOR YEAR FINDINGS

NONE

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended August 31, 2012**

Schedule F

	<u>State Grantor's Number</u>	<u>State Expenditures</u>
TEXAS WORKFORCE COMMISSION:		
Apprenticeship Program FY 11 (55.41%)	1011ATP000	\$ 2,127
Apprenticeship Program FY 12 (53.55%)	1012ATP000	108,865
TWC - CETT	1010SDF000	68,774
TWC-Skills for Small Business Dev	1012SSD000	1,785
Total Texas Workforce Commission:		<u>181,551</u>
TEXAS HIGHER EDUCATION COORDINATING BOARD:		
P-16 Initiative - Developmental and Adult Education		
ABE-IG Adult Basic ED Innovation Grant	02776	135,671
THECB - Complete College America	02776	6,616
THECB Puente	08820	22,898
DEDP - (DE Demonstration Project)	02776	456,274
Total P-16 Initiative:		<u>621,459</u>
Texas Grant Initial (DC429)	N/A	776,898
Texas Grant Renewal (DC324)	N/A	1,007,435
TEOG Init'l (DC354)-Formerly TXGrt2	N/A	176,807
TEOG Renw'l (DC457)-Formerly TXGrt2	N/A	332,471
State Workstudy 2011-2012	N/A	115,254
Top 10 Percent Scholarship	N/A	175,328
Comm College Development Ed Initiative Prg.	CMS 2431	16,952
El Paso Pathways	2639	61,251
NSRP Under 70 Program FY 2010	6887	40,625
TOP 10 RENEWAL SCHOLARSHIP	N/A	20,000
NSRP Under 70 Program FY 2011	6887	(737)
THECB Nursing Innovations	5690	50,005
SIDE M	8000001440.3 / 02641	5,120
Starr Study	6394	3,200
SGPD	N/A	26,013
Early High School Graduation (HB 1479)	N/A	28,907
Tuition Assistance - Military Forces	N/A	743,910
Total Texas Higher Education Coordinating Board:		<u>4,200,898</u>
TEXAS EDUCATION AGENCY:		
Mission Rural Early college H/S	91045567110002	-
Cotton Valley ECHS Implementation	SAS # A823-11	195,486
Total Texas Education Agency:		<u>195,486</u>
TEXAS DEPT. OF ASSISTIVE & REHABILITATIVE SERVICES:		
DARS Interpretative Services	538-08-001-000000000540	16,774
Total Texas Dept. of Assistive & Rehabilitative Services:		<u>16,774</u>
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS:		
Pass Through		
Jobs and Education for Texans	N/A	836
Total Texas Comptroller of Public Accounts:		<u>836</u>
Total State Financial Assistance:		<u>\$ 4,595,545</u>

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
August 31, 2012**

1. STATE ASSISTANCE RECONCILIATION

State Revenue - Per Schedule F	
Per Schedule of Expenditures of State Awards	\$ 4,595,545
SGPD Awards from prior period set-asides	(26,012)
Funds passed through to others	(195,486)
Non Operating State Revenue from Schedule C	(339,489)
Total State Revenue per Schedule A	<u>\$ 4,034,558</u>

2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards includes the state grant activity of El Paso County Community College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the State of Texas Single Audit. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. AMOUNTS PASSED THROUGH THE COLLEGE

The Early College High School Small and Rural District Implementation Grant from the Texas Education Agency passed-through \$195,486 to the Fabens Independent School District.

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

Board of Trustees
El Paso County Community College District
El Paso, Texas

Compliance

We have audited the El Paso Community College District (the College), compliance with the types of compliance requirements described in the State of Texas Single Audit Circular that could have a direct and material effect on each of the College's major state programs for the year ended August 31, 2012. The College's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

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

Board of Trustees
El Paso County Community College District
El Paso, Texas

Internal Control Over Compliance

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

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The purpose of this report is solely to 1) describe the scope of our testing of internal control over compliance and the results of that testing; and 2) express an opinion on compliance based on our audit. This report is an integral part of an audit performed in accordance with the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Mess Adams LLP

Albuquerque, New Mexico
December 27, 2012

**EL PASO COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
 Year Ended August 31, 2012**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

• Material weakness (es) identified?

Yes No

• Significant deficiency(ies) identified?

Yes None Reported

Non-compliance material to financial statements noted?

Yes No

State Awards

Internal control over major programs:

• Material weakness (es) identified?

Yes No

• Significant deficiency (ies) identified?

Yes None Reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular?

Yes No

Identification of Major Programs:

Grant Number Name of State Program or Cluster

None TEXAS GRANTS

Dollar threshold used to distinguish between type A and type B programs

\$ 300,000

Auditee qualified as low-risk auditee?

Yes No

EL PASO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended August 31, 2012

B. FINDINGS - FINANCIAL STATEMENTS

NONE

C. FINDINGS - STATE AWARD

NONE

D. PRIOR YEAR FINDINGS

NONE



