



El Paso  
County Community  
College District  
El Paso, Texas



**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**  
for  
**FISCAL YEARS ENDED  
August 31, 2014 and 2013**



**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**  
*for the*  
**FISCAL YEARS ENDED  
AUGUST 31, 2014 and 2013**

*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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# INTRODUCTORY SECTION



Transmountain Campus





# El Paso Community College

The Best Place to Start

February 28, 2015

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, 2014, 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 (amended by GASB 63) and 35, this presentation of financial reporting combines all fund groups into a single column and includes the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position 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 840,769 as of 2014), 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 19th 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 also ranked #1 Safest U.S. city (population over 500,000) for four consecutive years and #18 as America’s Best Performing Cities for growth in jobs, income and high tech GDP among 200 largest metropolitans.

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. The Borderplex Alliance, a non-profit organization that assists business and industry interested in relocating or expanding in the El Paso region, is focusing on five primary targets for business development:

- 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.



In April 2013, El Paso's former City Hall was demolished by implosion to make way for a new baseball stadium with the goal to revitalize the El Paso Downtown area. Named Southwest University Park, the new \$72 million facility is located downtown and opened in April 2014 with a capacity of 9,500 to accommodate its cheering fans. The home of the El Paso Chihuahuas playing in the Pacific Coast League, the stadium was voted Best New Ballpark in 2014 by Ballpark Digest.

In November 2013, the \$70 million Fountains at Farah Center opened as a 600,000 square-foot shopping center spread over 55 acres of property that was the home of a former clothing factory. Initially, over 30 stores and seven restaurants signed up as tenants and the shopping center is supported by an 8-acre parking garage with more than 1,000 spaces. In addition to trendy boutiques and mid-range department stores, the center features a refreshing open-air atmosphere with numerous cascading water displays, entertainment venues, and patio dining.

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 offered by the Texas Tech University Health Science Center Paul L. Foster School of Medicine campus. As one of the newest four-year medical schools 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 2011, the Texas Higher Education Coordinating Board approved the establishment of the Gayle Greve Hunt School of Nursing in El Paso (GGHSON), followed by the Texas Board of Nursing's approval. In August 2012, the Texas Tech University System Board of Regents approved the formation of a GGHSON's traditional Bachelor of Science Degree and the Second Degree Bachelor of Science in Nursing Programs. In April 2013, the Commission on Collegiate Nursing Education's Board of Commissioners granted accreditation to the Baccalaureate Degree Program in Nursing for five years, extending to June 2018.

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. El Paso Children's Hospital benefits from its 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 which enhance the lives of children through its innovative pediatric research and education, and also 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 in the U.S. Army, currently hosts more than 29,000 active military personnel, 40,000 family members, 2,000 reservists, and employs more than 12,000 civilians with an overall business output of \$5.6 billion in the El Paso community. 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 at a project cost of \$120 million. Also located on Fort Bliss is the Kay Bailey Hutchison Desalination Plant which desalinates the groundwater of the Hueco Bolson for use by El Paso and Fort Bliss. A joint study by Fort Bliss and El Paso area city governments found that desalination was a viable method for increasing El Paso's water supply by 25%. This plant is currently the largest non-seawater desalination plant in the world.

Currently underway and with a major impact on the El Paso economy is the construction of the new William Beaumont Army Medical Center that will replace the existing medical center. The LEED Silver facility will consist of a main hospital, inpatient and outpatient clinics, administrative and research buildings, central utility plant, two access control points and 4,000 parking spaces. It will be comprised of 135 beds, 10 operating rooms, and will have 30 specialty clinics. Additionally, the project supports 15 graduate Medical Education, Nursing and enlisted training programs.

Based on its current partnership in providing educational services to the Fort Bliss soldiers, the District expects that the new Department of Defense'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 William Beaumont 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

Over the last ten years, student enrollment has grown from approximately 24,734 students in fall 2004 to 28,210 in fall 2014 or 14 percent. However, over the last two years, the College has experienced an economy-driven single digit decline in enrollment, largely caused by the oil and gas industry that has contributed to the significant improvement in the Texas economy. High paying jobs have attracted many students to the workforce, which has affected overall enrollment at most Texas community colleges. Although the local unemployment rate declined from 10.3% in 2012 to 8.8% in 2014, demand for educational services at the College should remain strong. To address the drop in enrollment and provide a managed action plan, the College has adopted strategic enrollment management best practices and created the Enrollment Management Task Force who regularly convenes planning sessions to develop outreach and market strategies that can remove any barriers potential students as well as continuing students may be having. With the hope that the declined enrollment trend will reverse itself and with the planned Fort Bliss expansion, the College continues 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 3,842 in fall 2014, and is expected to continue growing as expanding the

program is one of the 84<sup>th</sup> Legislature's top priorities for providing more access to higher education.

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 1,605 students enrolled in fall 2014 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 and the Administrative Service Center. The most recent projects include district-wide improvements such as new faculty offices, roof repairs and parking lot renovation.

Future projects include:

- Construction of a facility on the Valle Verde Campus to house 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.
- Renovation of vacated Student Services Building to accommodate either expansion or relocation of current programs and services.
- Relocation of students services at the Rio Grande Campus to the Stanton Building.
- Relocation of the division of Research and Accountability from the Valle Verde Campus to the Administrative Service Center, which will free up space for instructional purposes.
- District-wide improvements to infrastructure and mechanical systems.
- Information Technology Data Center at the Administrative Service Center.
- District-wide projects identified by the District-wide Master Plan, and prioritized based on available funding.
- Construction of a new Eastside campus on Fort Bliss to accommodate the expected increase in enrollment 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 2017.

All facilities construction and renovations are financed by student tuition and fees, unexpended bond proceeds, Plant Funds, and Auxiliary 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 ninth year of operation, the Mission Early College High School has 353 students, has received Exemplary Status from the Texas Education Agency (TEA) each year and was recognized as a National Blue Ribbon School in 2012. As of December 2014, 622 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 eighth year of operation, has 285 students and also received Exemplary Status from TEA. As of December 2014, 263 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 2014, had 191 and 371 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. 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 351 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 fourth year of operation, has 178 students in fall 2014. As of December 2014, 45 students have graduated. Following this initiative, the Clint Independent School District, another rural Eastside school district, started the first class of the Clint Early College Academy in fall 2012, also with the support of Educate Texas in partnership with the Meadows Foundation and the Greater Texas Foundation, and, in its third year of operations has 227 students.

In August 2014, EPCC celebrated the opening of the seventh Early College High School through a partnership with the El Paso Independent School District. Burges Early College High School is the first "school within a school model" located on the high school campus.

### Technology:

The District utilizes a multi-module management system designed by SunGard Higher Education called SCT Banner as a fully integrated, Oracle-based, Internet-native technology solution. Specifically, SCT Banner: Finance; Financial Aid; General; Human Resources; Student; XtenderSolutions are used by the College to integrate its various processes for managing and delivering services to its many customers. In addition, the College is a member of the Texas Connection Consortium (TCC) whose primary purpose is to use Banner to develop software modules for members to comply with reporting requirements of the Texas Higher Education Coordinating Board. The TCC is an association comprised of 40 state universities, colleges, and community college districts that contract with the TCC to meet their state reporting needs by sharing the cost and effort. TCC works together with Ellucian to provide Texas specific solutions for reporting needs of members. In 2012, Ellucian was formed to combine two education technology leaders, Datatel and SunGard Higher Education.

The Department of Information Technology is committed to implementing and supporting technologies important to the mission of El Paso Community College. The latest initiatives include:

- **Virtual Desktop Infrastructure (VDI)** will assist with increased remote access by students, faculty and staff. End users will connect to a remote desktop, but have a local experience. This will also increase user mobility which means the session moves with the end user. It will ensure for dynamic desktops, high endpoint management, increased layer of security and back-end user profile management. VDI will allow desktops to be refreshed to a pristine image to fix any problems, to change or upgrade applications without impacting other applications, and will allow operating systems to be efficiently changed. Virtualization will ensure for a reduction in operation costs, i.e., simplify support and reduction of images. The College will also experience a reduction in desktop computer purchases. VDI also allows for increased storage solution. The four-phase plan allows for planning for future. Currently, the IT Division is piloting Phase I with 200 computers and will proceed with Phase II of the Desktop Virtualization Project during 2014-2015 academic year.
- **Voice over Internet Protocol (VOIP)** - The IT Division will proceed aggressively with the VOIP Project during the summer 2015. Three campuses (MDP, RG and VV) remain to be upgraded to VOIP with Valle Verde being the largest campus. The cost to complete the remaining campuses and to upgrade existing equipment is estimated at \$1.9 million. Specifications for the new VOIP plan are being developed.
- **Wireless System Upgrade/Expansion Plan** - EPCC has exceeded the current District-wide wireless capabilities. With the increased use of mobile devices, i.e., smart phones, tablets, laptops, and mobile media carts in the classrooms, it is essential to increase the wireless capabilities for all of the users throughout the District. A wireless system upgrade and expansion plan has been developed and will be fully implemented by summer 2015.
- **Website Redesign** - The College's existing website was redesigned and the public image and look changed. The platform will be upgraded to the latest SharePoint version and will provide additional features and functional capabilities for the users. Website

Redesign is a major project and will require all existing layers of the website to be changed and ensure adherence to the new platform and design. The projected timeline for the completion of the entire website is no later than fall 2015. This redesign also includes the development and implementation of MyEpcc, an internal portal for students, faculty and staff.

#### Financial Services:

The District continues to strive towards efforts to deliver financial related information in an electronic form leveraging technology to work in the most economical efficient manner. In addition to direct deposit efforts which are continually promoted, various financial related areas have moved towards imaging records for ease of access and retention. Filing cabinets are becoming a thing of the past and considerable time savings are realized by electronically accessing and forwarding records as needed. Also, with the added awareness of easy electronic access to various college information, annual financial, budget and investments reports, along with procurement processes are available on the College website for review.

#### 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 and instructional support services, administrative organization, facilities and financial responsibility. Accredited through December 2013, the College prepared extensively for the reaffirmation of 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 that was 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 submitted responses along with supporting evidence on April 1, 2013. In June 2013, the College was denied reaffirmation of accreditation and placed on Warning for 12 months for not demonstrating compliance with Core Requirement 2.8 (Faculty), Comprehensive Standard 3.3.1.1 (Institutional Effectiveness: education programs), and Comprehensive Standard 3.3.1.2 (Institutional Effectiveness: administrative support services) of the Principles of Accreditation. The administration has taken steps to insure compliance with the above standards by (1) adding additional full-time faculty to address its policy target of 50% ratio of full-time to part-time faculty and (2) identifying and evaluating outcomes related to learning outcomes and administrative support services with evidence of improvement based on the analysis of results. On April 15, 2014, the College submitted the First Monitoring Report for evaluation by the SACSCOC Board of Trustees and in June 2014, the College was removed from Warning status and reaffirmed.

## 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 an important 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 system 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. Although the audit revealed two findings reported as significant deficiencies in the internal control over major programs section of the Schedule of Federal Findings and Questioned Costs, the overall results of the District's single audit for the fiscal year ended August 31, 2014, provided no instances of material weaknesses in the internal control, and the auditor's report was issued with an unmodified opinion on both financial statements and compliance with major programs. Management has already addressed and resolved the reported deficiencies.



## 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 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 and presents Budget to Actual financial information to the Board of Trustees on a monthly basis. 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, 2014.

## DEBT ADMINISTRATION

As of August 31, 2014, 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, 2014, the District's outstanding bond debt amounts to \$50,660,000 excluding any unamortized discount. Considering the growth of the District and the need for additional facilities as identified during the District's master planning process, issuing additional bonds within the next five years may be considered. With this expectation, the Board of Trustees approved an incremental increase in General Use Fee effective spring 2015 from \$10 per credit hour to \$13 per credit hour, to be increased by \$2 in fall 2015 and \$1 in fall 2017.

## INTERNAL AUDIT SERVICES

As part of its internal audit program, the District contracts with the outside CPA firm of White+Samaniago+Campbell, LLP to perform certain agreed-upon procedures. During fiscal year 2014, the firm conducted a review of Physical Plant operations and provided recommendations aimed at reinforcing the existing internal controls over the procurement of maintenance and construction contracts. 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

During fiscal year 2013/2014, the College was recognized for the following accomplishments:

- The Hispanic Outlook in Higher Education magazine ranked the District again as number one in the nation's top community colleges in the following categories: Highest Hispanic full-time enrollment; highest number of Associates' degrees awarded to Hispanic students; and highest number of full-time and part-time Hispanic faculty. This is the seventh year in a row that the College has been recognized with these honors.
- The Aspen Institute announced in September 2014 that EPCC had been named one of ten nationwide finalists for the Aspen Prize of Community College Excellence. EPCC was selected from a pool of nearly 1,200 community colleges and is one of only two Texas colleges to be selected as finalists. This distinguished acknowledgment of high achievement and performance in community colleges recognizes excellence in four areas: learning, degree completion, employment and earnings and success for minority and low-income students.
- 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.
- El Paso Community College earned the Military Friendly Designation from the Military Advanced Education Magazine. This designation measures best practices in military and veteran education.
- The Higher Education Excellence in Diversity (HEED) award was awarded to the College by Insight Into Diversity magazine, the oldest and largest diversity-focused publication in higher education. The annual HEED award is a national honor recognizing U.S. colleges and universities that demonstrates an outstanding commitment to diversity and inclusion.
- The Intercollegiate Speech and Performance Studies Team was the top winner of the Community College National Champion Sweepstakes Award at the American Forensic Association National Tournament; top winner in the Pi Kappa Delta National Comprehensive Tournament; top winner of the Overall Team National Champion Sweepstakes at the Phi Rho Pi National Tournament; and top winner at the National Forensic Association National Tournament.
- The Intercollegiate Athletic Women Cross Country Team won the NJCAA national championship for Half-Marathon.

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, 2013. This was the eighteenth 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



Government Finance Officers Association

**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, 2013**

Executive Director/CEO

El Paso Community College  
Board of Trustees

President  
William Serrata, Ph.D.

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

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

Vice President  
Student Services  
Linda Gonzalez-Hensgen

Vice President  
Research & Accountability  
Saul Candelas

Vice President  
Instruction  
Steve Smith

Associate Vice President  
Budget & Financial Services  
Josette Shaughnessy, CPA

Associate Vice President  
Employee Relations  
Nancy Nelson

Interim Associate Vice President  
Workforce/Economic  
Development & CE  
Kathleen Lopez

Dean (MDP)  
Instructional Programs  
Mission Del Paso  
Julie Penley, Ph.D.

Dean (NW)  
Instructional Programs  
Northwest  
Lydia Tena, Ph.D.

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

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

Interim Dean (TM/FB)  
Math, Science and Career &  
Technical Education  
Ernest R. Webb

Dean (VV)  
Americana Language Prgm,  
Basic Skills, Communications,  
& Performing Arts  
Claude Mathis

Dean (VV)  
Americana Language Prgm,  
Basic Skills, Communications,  
& Performing Arts  
Claude Mathis

Dean (VV)  
Architecture, Arts, Drafting,  
Math & Science  
Maria A. Badillo

Dean (VV)  
Education and Career &  
Technical Education  
Jaime Farias, Ph.D.

Dean (VV)  
Education and Career &  
Technical Education  
Jaime Farias, Ph.D.

Dean (VV)  
English as a Second Language,  
Reading, & Social Sciences  
Susana Rodarte

Dean (RG)  
Health Career & Technical  
Education, Math & Science  
Paula Mitchell, Ph.D.

Dean (RG)  
Health Career & Technical  
Education, Math & Science  
Paula Mitchell, Ph.D.

Dean (RG)  
Arts, Basic Skills,  
Communications, Career &  
Tech Ad., and Social Sciences  
Eileen Conklin, Ph.D.

Dean (RG)  
Nursing  
P. Gail Meagher

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 2019
Ms. Gracie Quintanilla, Vice Chair	May 2017
Ms. Selena N. Solis, Secretary	May 2019

MEMBERS

Dr. Carmen Olivas Graham	May 2019
Mr. Brian Haggerty	May 2015
Ms. Belen Robles	May 2015
Dr. John E. Uxer	May 2017

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**PRINCIPAL ADMINISTRATIVE OFFICERS**

Dr. William Serrata	President
Mr. Saul Candelas	Vice President, Research and Accountability
Ms. Linda Gonzalez-Hensgen	Vice President, Student Services
Dr. Jenny M. Girón	Vice President, Information Technology/CIO
Dr. Ernst E. Roberts, II	Vice President, Administration and Financial Operations
Mr. Steven Smith	Vice President, Instruction
Ms. Kathleen Lopez	Interim AVP, Workforce/Economic Development and Continuing Education
Ms. Nancy Nelson	Associate Vice President, Employee Relations
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

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

We have audited the accompanying financial statements of the business-type activities of El Paso County Community College District (the College) as of and for the years ended August 31, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



To the Board of Trustees  
El Paso County Community College District

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the El Paso County Community College District as of August 31, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County Community College District's basic financial statements. 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 basic financial statements.

To the Board of Trustees  
El Paso County Community College District

Additionally, the accompanying Schedule of Operating Revenues, Schedule of Operating Expenses by Object, Schedule of Non-Operating Revenues and Expenses, and Schedule of Net Position by Source and Availability also are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, Schedule of Expenditures of State Awards, Schedule of Operating Revenues, Schedule of Operating Expenses by Object, Schedule of Non-Operating Revenues and Expenses, and Schedule of Net Position by Source and Availability are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, Schedule of Expenditures of State Awards, Schedule of Operating Revenues, Schedule of Operating Expenses by Object, Schedule of Non-Operating Revenues and Expenses, and Schedule of Net Position by Source and Availability are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2015 on our consideration of the El Paso County Community College District'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* in considering the El Paso County Community College District's internal control over financial reporting and compliance.

*Mess Adams LLP*

Albuquerque, New Mexico  
January 7, 2015

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

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The following discussion and analysis of El Paso County Community College District's (College's) 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, 2014 and 2013. 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 as amended by GASB 63 are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. Effective fiscal year ending August 31, 2014, GASB 65 was implemented to reflect certain items that were previously reported as assets and liabilities to be now reported as deferred outflows and inflows of resources. In addition, this statement requires that debt issuance costs be expensed in the year they are incurred.

### **Statement of Net Position**

The purpose of the Statement of Net Position 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 (EPCCCD). According to GASB 34, the classification of the components of the Statement of Net Position is as follows:

Current Assets:	assets available to satisfy current liabilities.
Long-term Assets:	include capital assets and other assets not classified as current.
Deferred Outflows of Resources:	include consumption of resources applicable to a future period.
Current Liabilities:	include obligations due within one year.
Long-term Liabilities:	include bonds payable and other long-term commitments.
Deferred Inflows of Resources:	include acquisitions of resources applicable to a future period.
Net Position:	difference between assets and liabilities and presented in three categories as follows:

- Invested in Capital Assets - Net of Related Debt represents the College'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 Position is 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).
- Unrestricted Net Position is available for any lawful purpose of the College's and maintained to ensure sufficient reserve funds for long-term viability of the District.

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

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## **Statement of Revenues, Expenses and Changes in Net Position**

The intent of the Statement of Revenues, Expenses and Changes in Net Position 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**

**CONDENSED COMPARATIVE FINANCIAL INFORMATION**

To show the trends for the two years shown in the Statement of Net Position (Exhibit 1), a summary of three years of data for the years ended August 31, 2012 through 2014 is presented below:

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

	<u>August 31</u>			<u>Change</u>	
	<u>2014</u>	<u>As Restated 2013</u>	<u>As restated 2012</u>	<u>2013 to 2014</u>	<u>2012 to 2013</u>
<b>Assets</b>					
Cash and Investments	\$ 94.8	\$ 85.4	\$ 84.2	\$ 9.4	\$ 1.2
Other Assets	15.4	15.3	15.6	0.1	(0.3)
Capital Assets	120.7	123.5	123.9	(2.8)	(0.4)
<b>Total Assets</b>	<b>\$ 230.9</b>	<b>\$ 224.2</b>	<b>\$ 223.7</b>	<b>\$ 6.7</b>	<b>\$ .5</b>
<b>Deferred Outflows</b>	<b>26.7</b>	<b>25.9</b>	<b>24.9</b>	<b>0.8</b>	<b>1.0</b>
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 257.6</b>	<b>\$ 250.1</b>	<b>\$ 248.6</b>	<b>\$ 7.5</b>	<b>\$ 1.5</b>
<b>Liabilities</b>					
Current Liabilities	\$ 13.3	\$ 13.0	\$ 15.0	\$ 0.3	\$ (2.0)
Long-Term Liabilities	54.2	58.3	62.6	(4.1)	(4.3)
<b>Total Liabilities</b>	<b>\$ 67.5</b>	<b>\$ 71.3</b>	<b>\$ 77.6</b>	<b>\$ (3.8)</b>	<b>\$ (6.3)</b>
<b>Deferred Inflows</b>	<b>46.6</b>	<b>47.1</b>	<b>45.9</b>	<b>(0.5)</b>	<b>1.2</b>
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>\$ 114.1</b>	<b>\$ 118.4</b>	<b>\$ 123.5</b>	<b>\$ (4.3)</b>	<b>\$ (5.1)</b>
<b>Net Position</b>					
Invested in Capital Assets, Net of Related Debt	\$ 78.2	\$ 79.9	\$ 76.6	\$ (1.7)	\$ 3.3
Restricted	30.6	23.8	22.2	6.8	1.6
Unrestricted	34.7	27.9	26.3	6.8	1.6
<b>Total Net Position</b>	<b>\$ 143.5</b>	<b>\$ 131.6</b>	<b>\$ 125.1</b>	<b>\$ 11.9</b>	<b>\$ 6.5</b>

Total Assets increased by \$6.7 million from fiscal year 2013 to fiscal year 2014 as compared to \$.5 million in the previous fiscal year. The following analysis describes this increase by asset category.

As a major component of the Statement of Net Position, cash increased from fiscal year 2013 by \$9.4 million. This amount represents the net of the following activities:

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

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Net Cash used by operating activities decreased by \$3.5 million from fiscal year 2013 mostly related to the student enrollment decline experienced during both fall and spring semesters, which is reflected in the \$2.8 million decrease in Receipts from students and other customers and offset by the related decrease of \$3.7 million in Payments of scholarships. Also related to this enrollment decline is the modest decrease in Payments to or on behalf of employees. Although all employees received a 3% salary increase effective September 1, 2013, judicious enrollment management allowed for less sections to be offered, therefore minimizing the cost of adjunct faculty salaries. In addition, the 83<sup>rd</sup> Legislature provided more funding for benefits through the 50-percent cost share agreement with community colleges, which decreased the College's contribution towards health insurance and retirement. Also related to the enrollment decline is the decrease of \$1.7 million in Payments to suppliers for goods and services.

Net Cash provided by noncapital financing activities increased by approximately \$2.4 million due a combination of factors: state appropriations and ad valorem taxes increased by \$1.3 million and \$4.6 million, respectively, due to additional formula funding from the State and the 8% increase to the effective tax rate applied to the growing tax base. This \$5.9 million increase was offset mostly by the decrease of \$3.7 million in non-operating federal revenue related the drop in Pell awards due to the decrease in student enrollment. Finally, the decrease of \$2.2 million in Net Cash used in capital and related financing activities is directly related to the decrease in procurement of capital assets.

Other Assets remained fairly flat with an increase of only \$ .1 million due a combination of factors: Increases in accounts receivables (net of tuition increase and enrollment decline), and prepaid expenses of \$.5 million were offset by a decrease in Notes Receivable of \$ .4 million, which reflects the 3% decrease in student credit hours for fall 2014.

Capital Assets decreased by \$2.8 million due to the completion of capital projects and the purchase of equipment and library books offset by (1) the disposition of capital assets through public sales and (2) depreciation expense of \$4.5 million.

When comparing fiscal years 2013 and 2012, total assets increased by \$.5 million due to a combination of (1) increase in Cash of \$1.2 million, (2) decrease in Other Assets of \$.3 million and (3) decrease of \$.4 million in Capital Assets.

As required by GASB 65, grants and scholarships paid in advance are now reflected as deferred outflows of resources previously reported as deferred charges on the statement of net position. The total amount includes mostly the Pell grant awards disbursed to the students for fall 2014 and is fairly comparable to the amounts reported for prior years with small increases of \$.8 million and \$1.0 million in fiscal years 2013 and 2012 respectively. These increases reflect the additional amount awarded to Pell grant students offset by declining enrollment during the last two fiscal years.

Total liabilities decreased from the prior year by \$3.8 million, the combination of \$.3 million increase and \$4.1 million decrease in Current Liabilities and Long-Term Liabilities, respectively. The increase in Current liabilities is mostly related to the \$ 1.1 million increase in Accounts payable, Accrued liabilities and Funds held for others offset by the \$ .8 million decrease in Worker's compensation reserve and Unearned revenue. The \$4.1 million net 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.

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

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As required by GASB 65, grants and tuition received in advance are reported as deferred inflows of resources. The total amount includes mostly those funds received by the federal government for the disbursement by the College of Pell awards and tuition to the fall 2014 students, and is fairly comparable to the amounts reported for prior years with a small decrease of \$.8 million from fiscal year 2013 and an increase of \$1.0 million from fiscal year 2012 to fiscal year 2013. This increase can be attributed to the increase in the Pell award by the federal government to the students offset by enrollment declines since fiscal year 2012.

The major impact on Net Position 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, 2014 was \$4.5 million or a modest increase of \$55,000 over the 2013 depreciation.

Notwithstanding the impact of depreciation on the increase of Net Position, the College experienced an overall increase in Net Position of \$11.9 million, which represents a healthy increase for the College in light of the fiscal challenges imposed upon the College due to the enrollment decline during the fiscal year. This increase is a combination of the increases and decreases in the various components of net position: the decrease in Net Investment in Capital Assets of \$1.7 million is attributable to the disposition of capital assets; Restricted Net Position increased by \$6.8 million mostly due to additional funding available for student scholarships and capital projects; the increase in the Unrestricted Net Position of \$6.8 million represents the total of the \$6.4 million and the \$.4 million increases in the unrestricted and auxiliary funds respectively. The \$6.4 million increase in the unrestricted fund is a result of prudent budgeting and cost containment measures while experiencing the student enrollment decline, which generated staff and faculty salary savings.

The beginning Net Position for 2013 was restated as the College implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This restatement reflects the prior period adjustment for bond issuance costs from prior years totaling \$786,314, as disclosed in Note 23 of the Notes to the Financial Statements.

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

Increase in Net Position is affected by the revenues generated and the expenses incurred by the College. The following condensed financial information shows total revenues and expenses for fiscal years 2014, 2013 and 2012:

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

	August 31			Change	
	2014	As Restated 2013	As Restated 2012	2013 to 2014	2012 to 2013
<b>Operating Revenues</b>					
Tuition and Fees (net of Discounts)	\$ 20.3	\$ 22.2	\$ 20.4	\$ (1.9)	\$ 1.8
Federal, State & Local Grants & Contracts	9.1	8.5	9.7	0.6	(1.2)
Auxiliary Enterprises	1.8	1.9	2.1	(0.1)	(0.2)
Other	1.8	2.2	2.0	(0.4)	0.2
<b>Total Operating Revenues</b>	<u>\$ 33.0</u>	<u>\$ 34.8</u>	<u>\$ 34.2</u>	<u>\$ (1.8)</u>	<u>\$ 0.6</u>
<b>Operating Expenses</b>					
Instruction	\$ 57.2	\$ 57.1	\$ 56.6	\$ 0.1	\$ 0.5
Research	0.1	0.1	-	0.0	0.1
Public Service	6.4	6.0	5.7	0.4	0.3
Academic Support	18.5	18.0	18.0	0.5	0.0
Student Services	10.0	10.3	9.9	(0.3)	0.4
Institutional Support	20.7	19.9	20.0	0.8	(0.1)
Operation and Maintenance of Plant	10.0	9.2	9.6	0.8	(0.4)
Scholarships and Fellowships	36.3	39.9	44.0	(3.6)	(4.1)
Auxiliary Enterprises	3.4	4.8	3.0	(1.4)	1.8
Depreciation	4.5	4.5	4.8	0.0	(0.3)
<b>Total Operating Expenses</b>	<u>\$ 167.1</u>	<u>\$ 169.8</u>	<u>\$ 171.6</u>	<u>\$ (2.7)</u>	<u>\$ (1.8)</u>
<b>Operating Loss</b>	\$ (134.1)	\$ (135.0)	\$ (137.4)	\$ (0.9)	\$ (2.4)
<b>Non-Operating Revenues (Expenses)</b>					
State Appropriations	\$ 41.3	\$ 38.3	\$ 38.4	\$ 3.0	\$ (0.1)
Maintenance Ad-Valorem Taxes	47.1	42.7	42.1	4.4	0.6
Federal Revenue	59.5	63.1	67.4	(3.6)	(4.3)
Other State Revenue	0.4	0.7	0.3	(0.3)	0.4
Investment Income (Net of Investment Expense)	0.2	0.2	0.1	0.0	0.1
Interest on Capital Related Debt	(2.5)	(2.7)	(2.9)	0.2	0.2
<b>Net Non-Operating Revenues</b>	<u>\$ 146.0</u>	<u>\$ 142.3</u>	<u>\$ 145.4</u>	<u>\$ 3.7</u>	<u>\$ (3.1)</u>
<b>Increase in Net Position</b>	\$ 11.9	\$ 7.3	\$ 8.0	\$ 4.6	\$ (0.7)
Net Position, Beginning of Year (as previously reported)	131.6	125.1	117.1	6.5	(8.0)
<b>Cumulative Effect of Implementing GASB 65</b>	-	(0.8)	-	-	-
Net Position, Beginning of Year (as restated)	<u>131.6</u>	<u>124.3</u>	<u>117.1</u>	<u>7.3</u>	<u>7.2</u>
<b>Net Position, End of Year</b>	<u>\$ 143.5</u>	<u>\$ 131.6</u>	<u>\$ 125.1</u>	<u>\$ 11.9</u>	<u>\$ 6.5</u>



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

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Total operating revenues decreased by \$1.8 million due to the following factors: Tuition and Fees (net of discounts) had a net decrease of \$1.9 million mostly due to the student enrollment decline during the fall 2013 and spring 2014 semesters. Federal, State, and Local grants and contracts increased by \$.6 million mostly due to the increase of \$.9 million in state grants attributable to the Texas Grant program offset by a combined decrease of \$.3 million in Adult Basic Education and Puente grants. Auxiliary revenue decreased by \$.1 million mostly related to the decrease in bookstore commissions due to the enrollment decline. Other Income also had a decrease of \$.4 million over last fiscal year mostly due to the decrease in testing fee revenue attributable to the change in testing rules imposed by the State of Texas.

Total operating expenses decreased by \$2.7 million due to a combination of factors: except for Scholarships and Fellowships that decreased by \$3.6 million due to the enrollment decrease, all elements of costs either remained comparable to last fiscal year or increased slightly due to the 3% salary increase approved by the Board of Trustees for all faculty and staff offset by a decrease in faculty salaries due to prudent enrollment management related to the enrollment decline. Embedded in those modest increases are the salary savings generated by vacant positions in the respective elements of costs. Auxiliary Enterprises decreased by \$1.4 million as compared to the 2013 fiscal year, which reflect a more normal spending pattern for Auxiliary Services. The previous year increase of \$1.8 million was mostly related to the renovation of the athletic fields. It is important to note that the 83<sup>rd</sup> Legislature held in spring 2013 restored effective fiscal year 2014 funding for benefits at a 50% cost share between the State of Texas and the community colleges, for both health insurance and retirement as compared to fiscal year 2013 when all Texas community colleges had to reimburse the State during fiscal year 2013 for retirement benefits not appropriated by the 82<sup>nd</sup> Legislature during the 12-13 biennium. Although the prior period potential liability was reserved in fund balance, the cost containment measures allowed for the 2013 budget to absorb the \$1.7 million reimbursement to the State for fiscal year 2012 in the 2013 fiscal year. The budgeted retirement expense for fiscal year 2013 not funded by the State was \$1.9 million.

Depreciation expense at \$4.5 million remained fairly comparable to the previous fiscal year. Information regarding policies for depreciation is disclosed in the Notes to the Financial Statements.

When comparing fiscal year 2013 to fiscal year 2012, total operating expenses had decreased by \$1.8 million due to a combination of factors: except for Scholarships and Fellowships that decreased \$4.1 million due to the continued decline in student enrollment associated with the economic recovery, all elements of costs either remained comparable to the previous fiscal year or increased slightly due to the 3% salary increase approved by the Board of Trustees for all faculty and staff offset by a decrease in adjunct faculty salaries due to prudent enrollment management. Embedded in those modest increases were the salary savings generated by vacant positions in the respective elements of costs. Auxiliary Enterprises increased by \$1.8 million due to the one-time expense incurred from the renovation of the athletic fields, and increase in bad debt expense associated with student loans and financial aid overpayments.

Non-Operating Revenues and Expenses include State Appropriations, Maintenance Ad-Valorem Taxes, and Federal Revenues that now include Pell Grant receipts as non-operating revenue. Non-Operating Revenues also include Other State Revenue to account for state student aid.

Non-Operating Revenues increased by \$3.7 million from fiscal year 2013 as compared to the decrease of \$3.1 million from 2012 to 2013. These increases were caused in large part by decisions made during the 83<sup>rd</sup> Legislature that affected all Texas community colleges.

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

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Fiscal year ending August 31, 2014 represented the first year of the 14-15 biennium and benefitted from the 83<sup>rd</sup> Legislature that appropriated more funding not only in formula but also in benefits for the 2014-15 biennium. The outcome of the legislative session was a new and historical funding pattern for community colleges that allocated funding to three main areas: (1) core operations, (2) student success points and (3) traditional contact hour formula. In addition, the legislators passed Senate Bill 1812 that codified a cost share agreement of 50% for both health insurance and retirement benefits. Unless amended in future legislative sessions, the bill guarantees that the State will contribute 50% of benefits costs to community colleges. This new funding pattern in concert with an overall increase in funding for community colleges explains the increase of \$3 million in state appropriations over fiscal year 2013.

Fiscal year 2012/13 represented the second year of the 12-13 biennium and normally would not have benefited from any additional funding from the State. However, due to a rider attached to the House Appropriation Bill 1, the College received additional formula funding to the tune of \$1.6 million related to an increase in contact hours during the first year of the Biennium. This additional funding in concert with a 6% and 50% tuition increase for resident and non-resident students respectively allowed for a balanced budget that included a 3% salary increase for all faculty and staff. The \$1.6 million increase in formula funding was offset by a decrease in retirement benefits funding of \$1.7 million as a result of the various funding cuts approved during the 82<sup>nd</sup> Legislature.

Contrasting with the modest increase of \$.6 million in revenue in fiscal year 2013 over the prior year, revenue from Maintenance Ad-Valorem taxes increased by a significant \$4.4 million due to (1) additional revenue generated by the 8% tax rate increase approved by the Board of Trustees and (2) additional revenue from new property added to the 2013 tax roll. Tax revenue for fiscal year 2014 is based on the tax rate of \$.124359 per \$100 valuation, which still represents the lowest tax rate of all major taxing entities in the El Paso County.

Included in the \$3.7 million increase in Non-Operating Revenue is the decrease in Federal Revenue of \$3.6 million, as compared to the decrease of \$4.3 million in 2013, mostly due to the decrease in Pell Grant awards as a result of continuing decline in student enrollment during fiscal year 2014. This enrollment decrease is attributable to (1) a notable improvement in the El Paso economy also experienced throughout the State of Texas, and (2) the change in eligibility criteria for the Pell grant. A strategic enrollment task force has been created to address this unusual enrollment decline and has developed strategies to identify and reach all populations of the serving area. In addition, student success initiatives are focused on identifying at-risk students to promote retention and a college-going culture.

As a reflection of the challenging U.S. economy, the interest rate environment remains low. During fiscal year 2014, the College continued to invest in Repurchase Agreements with J.P. Morgan Chase Bank. Also the College earned an interest rate of 40 basis points on \$20 million set aside towards the Earnings Credit Rate used to offset bank service charges. As a result, interest income exceeded the annual budget by 95% for the year. In addition, with an annual average yield on investments of .1974% for the year, the benchmark (annual average 13-week T-Bill rate .0431%) was exceeded in compliance with the College's Investments Policy. In comparison to the prior year, interest income was higher by 2.86%. Although it is expected that the interest rates will continue to slowly increase as the economy recovers, the college administration continues to budget conservatively for interest income.

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

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## **Description of significant capital asset and long-term debt activity**

As the College continues to grow, the administration is in the process of completing the district-wide master plan to address capital improvement needs for its five main campuses and the upcoming new campus on Fort Bliss military base property. Although there were not major capital projects completed during the year, 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. Construction of the College's sixth campus on Fort Bliss is scheduled to begin after the district master planning has been completed and has identified major projects for prioritization. All facilities construction, 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 were 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 June 17, 2013, 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](http://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](http://www.moody.com).

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

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On October 9, 2013, Moody's affirmed the College's rating of Aa3 but revised its outlook as negative as a result of the College being placed on warning by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). Although the College is still accredited, reaffirmation was denied during the October 2012 decennial review by SACSCOC. According to the SACSCOC Board of Trustees, the College failed to demonstrate compliance with Core Requirement 2.8 (faculty), and Comprehensive Standards 3.3.1.1 and 3.3.1.2 (Institutional Effectiveness: educational programs and administrative support services).

In June 2014, the College was reaffirmed as a result of the review by SACSCOC of the First Monitoring Report submitted by the College in April 2014, which demonstrated that the College addressed all issues. Upon reaffirmation, Moody's revised the Aa3 rating outlook to stable, and confirmed the College's stable market position as education provider for the region, with consistent positive operating performance and favorable revenue diversity.

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.

On March 13, 2014, Standard & Poor's issued a press release affirming its "A+" underlying rating on the same issue as above with a stable outlook. This rating reflected their view of the district's consistently positive operating surpluses, tax base growth, good revenue diversity and the College's essential role as the only community college in the area.

Additional information on both capital assets and long-term debt can be found in Notes 5, 6, 7 and 8 of the Notes to the Financial Statements.

### **Economic Outlook**

The economic outlook for the State of Texas appears more optimistic for the upcoming biennium, and, as community colleges prepare for the 84<sup>th</sup> Legislature, El Paso Community College is focused on increasing not only student enrollment, but more importantly, student success as it is expected that the new funding pattern will continue to evolve at the Legislature.

In spite of tuition and tax rate increases over the last two legislative sessions to offset decreased state funding for student enrollment and employee benefits, 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 continue to be insufficient to fund its operations and innovative programs.

Beginning with fiscal year 2015, El Paso Community College will implement GASB Statement No. 68, Accounting and Financial Reporting for Pensions: an amendment of GASB Statement No. 27. GASB Statement No. 68 will require entities that participate in the Teacher's Retirement System of Texas (TRS) to recognize their proportionate share of the net pension liability. An actuarial valuation as of August 31, 2013, reported that TRS's unfunded pension liability is \$28.9 billion. Based on a ratio of El Paso Community College's TRS contributions to total TRS contributions by all state agencies, EPCC's portion was \$28.2 million for fiscal year 2013 or .097% of the total unfunded liability.

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

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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 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. A new economic impact study is scheduled to be released in spring 2015.

In addition to its current role, the College is facing additional demand from the growth at Fort Bliss, the Army's second largest installation. Fort Bliss currently hosts more than 34,000 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. El Paso Community College is gearing up for the challenges of providing educational services to the Fort Bliss community by addressing its facility needs with the construction of its sixth campus scheduled to open during fiscal year 2016-2017.

In summary, notwithstanding the impact of military growth in the El Paso area, the current recovery in the state and local economy, and the potential for enrollment growth, El Paso Community 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 position 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 POSITION**  
**Years Ended August 31, 2014 and 2013**

Exhibit 1

	<u>2014</u>	<u>As Restated 2013</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 94,809,196	\$ 85,427,311
Accounts receivable (net of allowance for doubtful accounts of \$8,527,588 in 2014 and \$7,114,620 in 2013)	11,581,226	11,373,158
Notes receivable (net of allowance for doubtful accounts of \$3,652,519 in 2014 and \$3,406,298 in 2013)	2,894,715	3,242,436
Other assets	999,201	660,205
Total current assets	<u>110,284,338</u>	<u>100,703,110</u>
Noncurrent Assets		
Capital assets, net	<u>120,694,189</u>	<u>123,447,576</u>
Total noncurrent assets	<u>120,694,189</u>	<u>123,447,576</u>
Total assets	<u>230,978,527</u>	<u>224,150,686</u>
Deferred Outflows of Resources		
Grants and scholarships paid in advance	<u>26,702,210</u>	<u>25,903,639</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 257,680,737</u>	<u>\$ 250,054,325</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 2,997,543	\$ 2,239,629
Accrued liabilities	1,727,832	1,910,459
Accrued compensable balances - current portion	381,541	268,037
Workers' compensation reserve - current portion	319,432	553,000
Funds held for others	3,278,932	3,075,342
Unearned revenue	280,364	831,180
Notes payable - current portion	524,520	510,218
Bonds payable - current portion (including premium of \$177,687 in 2014 and \$177,687 in 2013)	<u>3,742,687</u>	<u>3,607,687</u>
Total current liabilities	<u>13,252,851</u>	<u>12,995,552</u>
Noncurrent Liabilities		
Accrued compensation balances	3,474,908	3,526,890
Workers' compensation reserve	580,568	347,000
Notes payable	1,251,102	1,771,847
Bonds payable (including premium of \$1,850,919 in 2014 and \$2,028,606 in 2013)	<u>48,945,919</u>	<u>52,688,606</u>
Total noncurrent liabilities	<u>54,252,497</u>	<u>58,334,343</u>
Total liabilities	<u>67,505,348</u>	<u>71,329,895</u>
Deferred Inflows of Resources		
Grants received in advance	24,422,670	24,377,470
Tuition received in advance	<u>22,163,988</u>	<u>22,692,560</u>
Total deferred inflows of resources	<u>46,586,658</u>	<u>47,070,030</u>
<b>NET POSITION</b>		
Net investment in capital assets	78,237,413	79,937,511
Restricted for		
Nonexpendable		
Student aid	741,151	737,449
Expendable		
Student aid	4,319,505	3,519,181
Loans	1,557,407	1,342,529
Renewals and replacement	797,240	679,897
Unexpended plant fund	16,813,935	10,512,325
Debt service	6,407,726	7,050,037
Unrestricted	<u>34,714,354</u>	<u>27,875,471</u>
Total net position	<u>143,588,731</u>	<u>131,654,400</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 257,680,737</u>	<u>\$ 250,054,325</u>

See Notes to Financial Statements.

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Years Ended August 31, 2014 and 2013**

Exhibit 2

	<u>2014</u>	<u>As Restated 2013</u>
Revenues		
Operating revenue		
Tuition and fees (net of discounts of \$38,475,354 in 2014 and \$37,254,367 in 2013)	\$ 20,354,706	\$ 22,181,240
Federal grants and contracts	3,988,745	4,015,782
State grants and contracts	4,252,969	3,598,188
Non-governmental grants and contracts	823,643	889,024
Auxiliary enterprises	1,799,345	1,987,554
Other operating revenues	<u>1,811,196</u>	<u>2,156,824</u>
Total operating revenues	<u>33,030,604</u>	<u>34,828,612</u>
Expenses		
Operating expenses		
Instruction	57,157,664	57,143,086
Research	64,399	67,172
Public service	6,369,946	6,007,731
Academic support	18,451,025	18,006,899
Student services	10,023,566	10,275,524
Institutional support	20,701,313	19,932,692
Operation and maintenance of plant	10,025,991	9,163,297
Scholarships and fellowships	36,337,411	39,964,638
Auxiliary enterprises	3,424,490	4,755,196
Depreciation	<u>4,515,734</u>	<u>4,460,995</u>
Total operating expenses	<u>167,071,539</u>	<u>169,777,230</u>
Operating Loss	<u>(134,040,935)</u>	<u>(134,948,618)</u>
Non-operating revenues (expenses)		
State appropriations	41,286,052	38,284,946
Maintenance ad-valorem taxes	47,104,419	42,729,975
Federal revenue, non-operating	59,466,875	63,124,632
Other state revenue, non-operating	446,157	663,584
Investment income (net of investment expenses)	169,841	165,122
Interest on capital related debt	<u>(2,498,078)</u>	<u>(2,665,703)</u>
Total non-operating revenues	<u>145,975,266</u>	<u>142,302,556</u>
Increase in net position	11,934,331	7,353,938
Net position, beginning of year (As previously reported)	131,654,400	125,086,776
Cumulative effect of implementing GASBS 65	-	(786,314)
Net position, beginning of year (As restated)	<u>131,654,400</u>	<u>124,300,462</u>
Net position, end of year	<u>\$ 143,588,731</u>	<u>\$ 131,654,400</u>

*See Notes to Financial Statements.*

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended August 31, 2014 and 2013**

Exhibit 3

	2014	As Restated 2013
Cash Flows From Operating Activities		
Receipts from students and other customers	\$ 18,558,158	\$ 21,333,017
Receipts of grants and contracts	9,346,907	8,992,834
Receipts from collection of loans to students and employees	9,346,191	15,460,485
Other receipts	2,453,059	3,202,972
Payments to or on behalf of employees	(95,168,660)	(96,837,699)
Payments to suppliers for goods or services	(22,835,090)	(24,565,267)
Payments of scholarships	(36,337,411)	(39,964,638)
Payments of loans issued to students and employees	(8,996,720)	(14,741,496)
Net cash used by operating activities	<u>(123,633,566)</u>	<u>(127,119,792)</u>
Cash Flows From Noncapital Financing Activities		
Receipts from state appropriations	33,884,773	32,619,755
Receipts from ad valorem taxes	47,167,536	42,505,921
Receipts from non operating federal revenue	59,466,875	63,124,632
Receipts from non operating state revenue	446,157	663,584
Receipts from student organizations and other agency transactions	496,150	121,959
Payments to student organizations and other agency transactions	(180,733)	(156,115)
Net cash provided by noncapital financing activities	<u>141,280,758</u>	<u>138,879,736</u>
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets	(1,762,347)	(4,007,174)
Payments on capital debt and leases - principal	(4,114,130)	(3,937,091)
Payments on capital debt and leases - interest	(2,558,671)	(2,726,296)
Net cash used in capital and related financing activities	<u>(8,435,148)</u>	<u>(10,670,561)</u>
Cash Flows From Investing Activities		
Investment earnings	<u>169,841</u>	<u>165,122</u>
Increase in cash and cash equivalents	9,381,885	1,254,505
Cash and cash equivalents, beginning of year	<u>85,427,311</u>	<u>84,172,806</u>
Cash and cash equivalents, end of year	<u>\$ 94,809,196</u>	<u>\$ 85,427,311</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (134,040,935)	\$ (134,948,618)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	4,515,734	4,460,995
Payments made directly by state for benefits	7,401,279	5,665,191
Change in assets and liabilities		
Receivables, net	(271,185)	(1,019,821)
Deferred outflows of resources	(798,571)	(804,843)
Prepaid expenses	(52,984)	-
Other assets	(338,996)	(14,278)
Deferred inflows from resources	(1,034,188)	600,622
Compensated absences	61,522	53,352
Notes receivable, net	349,471	718,989
Accounts payable	757,914	(912,478)
Accrued expenses	(182,627)	(918,903)
Net cash used in operating activities	<u>\$ (123,633,566)</u>	<u>\$ (127,119,792)</u>



# EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **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, as amended. 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.

#### **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

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### 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 \$176 and \$156,705, to be cash equivalents at August 31, 2014 and 2013, respectively. Additionally, included in cash and cash equivalents at August 31, 2014 and 2013 are \$70,477,708 and \$80,542,205, respectively, 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, 2014 and 2013, 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, 2014 and 2013, 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

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### 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.

**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

**New Accounting Pronouncements** – In March, 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement provides guidance to the College in defining those transactions which qualify as deferred outflows of resources and deferred inflows of resources, the reporting of which the GASB had previously promulgated in Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement No. 65 is required by the GASB to be applied retroactively to previous reporting periods. In compliance with this Statement, the College wrote off its previously reported deferred bond financing costs which appeared in the assets section of the Statement of Net Position and restated its financial statements and reclassified certain amounts received or paid in advance of the period for which they are intended as either deferred outflows of resources or deferred inflows of resources.

**Deferred Outflows and Inflows of Resources** – In addition to assets and liabilities, the statement of net position reports a separate section for deferred outflows or inflows of resources. These are separate financial statement elements. Deferred outflows of resources, represents a consumption of resources that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represents an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow (revenue) until a future period.

# EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Unearned revenues** – Unearned revenues consist of advance payments for service obligations. The amounts are recognized as revenue in the period when services are performed.

**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, 2014 and 2013.

**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 position** – Net position is classified based on the existence or absence of restrictions. Accordingly, net position of the College is classified and reported as follows:

***Net investment in capital assets*** – Net Investment in capital assets 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

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Restricted net position** – Restricted net position includes expendable and non-expendable net position. Non-expendable net position results from contributions whose use by the College is limited to the earnings thereon. Expendable net position is for amounts whose use is restricted by either granting agencies, debt requirements, or the Board of Trustees.

**Unrestricted net position** – Net position whose use is not restricted.

**Operating and non-operating revenues and expenses policy** – The College distinguishes operating revenues and expenses from non-operating items. The College reports 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.

**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 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**

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**Note 3 – Deposits and Investments**

At August 31, 2014 and 2013, the carrying amount of the College's deposits was \$24,331,312 and \$4,728,401, respectively, and total cash on hand and bank balances equaled \$25,232,987 and \$5,082,710, respectively.

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

	August 31, 2014	August 31, 2013
	<u>                    </u>	<u>                    </u>
Bank deposits	\$ 24,311,462	\$ 4,708,501
Cash and cash equivalents		
Demand deposits	19,850	19,900
Repurchase agreements	70,477,708	80,542,205
TexPool	176	156,705
Total cash and deposits	<u>94,809,196</u>	<u>\$ 85,427,311</u>
	Market Value	As Restated Market Value
	<u>8/31/2014</u>	<u>8/31/2013</u>
Type of security		
Total cash and deposits	<u>\$ 70,477,884</u>	<u>\$ 80,698,910</u>
Total deposits and investments	<u>\$ 70,477,884</u>	<u>\$ 80,698,910</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 invests 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 49 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**

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**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, 2014 and 2013, the College's \$70,477,708 and \$80,542,205 of repurchase agreements and \$25,213,137 and \$5,062,810 of bank deposits, respectively, had collateral of \$71,887,266 and \$82,153,051 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, 2014 and 2013 were as follows:

	August 31, 2014	August 31, 2013
	<u>                    </u>	<u>                    </u>
Student receivables	\$ 14,031,143	\$ 11,904,961
Taxes receivables	3,435,168	3,498,285
Federal receivables	621,327	825,447
Agencies and local vendors receivables	1,602,270	1,778,826
Contract and grants receivable	370,980	448,410
Other receivables	47,926	31,849
Total receivables	<u>20,108,814</u>	<u>18,487,778</u>
Less: Allowance for doubtful accounts	8,527,588	7,114,620
Total receivables, net	<u><u>\$ 11,581,226</u></u>	<u><u>\$ 11,373,158</u></u>

Student receivables are due within three months.

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

	August 31, 2014	August 31, 2013
	<u>                    </u>	<u>                    </u>
Accounts payable		
Vendor payable	\$ 2,883,411	\$ 2,117,690
Student payable	108,611	99,853
Other payable	5,521	22,086
Total accounts payable	<u>2,997,543</u>	<u>2,239,629</u>
Accrued liabilities		
Salaries and benefits	\$ 672,487	\$ 797,599
Accrued interest	1,055,345	1,112,860
Total accrued liabilities	<u>1,727,832</u>	<u>1,910,459</u>
Total payables	<u><u>\$ 4,725,375</u></u>	<u><u>\$ 4,150,088</u></u>

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

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**Note 5 – Capital Assets**

Capital assets activity for the year ended August 31, 2014 was as follows:

	Balance September 1, 2013	Increases	Decreases	Balance August 31, 2014
<b>Not Depreciated</b>				
Land	\$ 7,912,974	\$ -	\$ -	\$ 7,912,974
Construction in progress	380,046	730,235	(15,450)	1,094,831
	<u>8,293,020</u>	<u>730,235</u>	<u>(15,450)</u>	<u>9,007,805</u>
<b>Other Capital Assets</b>				
Buildings	142,411,530	167,388	-	142,578,918
Land improvements	16,539,946	49,340	-	16,589,286
Total building and other real estate improvements	<u>158,951,476</u>	<u>216,728</u>	<u>-</u>	<u>159,168,204</u>
Furniture and equipment	21,816,661	491,067	(1,247,390)	21,060,338
Capital leases – vehicles	533,752	-	-	533,752
Library books	5,024,994	348,332	(175,727)	5,197,599
Total building and other capital assets	<u>194,619,903</u>	<u>1,786,362</u>	<u>(1,438,567)</u>	<u>194,967,698</u>
<b>Accumulated Depreciation</b>				
Buildings	42,211,112	2,843,771	-	45,054,883
Land improvements	5,625,538	719,050	-	6,344,588
Total building and other real estate improvements	<u>47,836,650</u>	<u>3,562,821</u>	<u>-</u>	<u>51,399,471</u>
Furniture and equipment	19,855,254	618,353	(1,238,826)	19,234,781
Capital leases – vehicles	533,752	-	-	533,752
Library books	2,946,671	334,560	(175,726)	3,105,505
Total building and other capital assets	<u>71,172,327</u>	<u>4,515,734</u>	<u>(1,414,552)</u>	<u>74,273,509</u>
Net capital assets	<u>\$ 123,447,576</u>	<u>\$ (2,729,372)</u>	<u>\$ (24,015)</u>	<u>\$ 120,694,189</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, 2013 was as follows:

	Balance September 1, 2012	Increases	Decreases	Balance August 31, 2013
<b>Not Depreciated</b>				
Land	\$ 7,912,974	\$ -	\$ -	\$ 7,912,974
Construction in progress	3,804,958	111,467	(3,536,379)	380,046
	<u>11,717,932</u>	<u>111,467</u>	<u>(3,536,379)</u>	<u>8,293,020</u>
<b>Other Capital Assets</b>				
Buildings	137,631,894	4,871,845	(92,209)	142,411,530
Land improvements	14,641,016	1,898,930	-	16,539,946
Total building and other real estate improvements	<u>152,272,910</u>	<u>6,770,775</u>	<u>(92,209)</u>	<u>158,951,476</u>
Furniture and equipment	22,393,901	471,284	(1,048,524)	21,816,661
Capital leases – vehicles	533,752	-	-	533,752
Library books	5,080,807	294,042	(349,855)	5,024,994
Total building and other capital assets	<u>191,999,302</u>	<u>7,647,568</u>	<u>(5,026,967)</u>	<u>194,619,903</u>
<b>Accumulated Depreciation</b>				
Buildings	39,372,096	2,839,016	-	42,211,112
Land improvements	4,919,389	706,149	-	5,625,538
Total building and other real estate improvements	<u>44,291,485</u>	<u>3,545,165</u>	<u>-</u>	<u>47,836,650</u>
Furniture and equipment	20,245,671	646,301	(1,036,718)	19,855,254
Capital leases – vehicles	533,752	-	-	533,752
Library books	3,026,997	269,529	(349,855)	2,946,671
Total building and other capital assets	<u>68,097,905</u>	<u>4,460,995</u>	<u>(1,386,573)</u>	<u>71,172,327</u>
Net capital assets	<u>\$ 123,901,397</u>	<u>\$ 3,186,573</u>	<u>\$ (3,640,394)</u>	<u>\$ 123,447,576</u>

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

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**Note 6 – Bonds Payable**

General information related to bonds payable is summarized below:

Bond Issue Name	Series	Purpose	Maturity Date	Source of Revenue for Debt Service	Amount Authorized	Amount Outstanding
Revenue	2001	Construction, Improvement, Maintenance, and Acquisition of Property, Building, and Equipment	2023	General Use and Tuition Fee	\$ 9,365,000	\$ 455,000
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	2025	General Use and Tuition Fee	66,280,000	50,205,000

Total bonds principal outstanding \$ 50,660,000

Bonds payable are due in annual installments varying from \$170,000 to \$3,260,000 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 2014 and 2013 was approximately \$2,558,700 and \$2,726,000, 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, 2014 and 2013, the College had established reserves which hold cash sufficient to meet the requirements of the various bond indentures and to satisfy reserve requirements.

**Defeased Bonds** – An escrow account holds funds for bonds that have been defeased. The escrow account funds (assets) and the defeased bonds (liabilities) are not reported in the College's financial statements because those obligations have been satisfied in substance. At August 31, 2014, \$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.

# EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 6 – Bonds Payable (continued)

**Current refunding bonds** – The College utilized \$28,150,000 of the 2007 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.

**Advance refunding bonds** – The College utilized \$8,020,000 of 2007 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.

### Note 7 – Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2014 was as follows:

	Balance September 1, 2013	Additions	Reductions	Balance August 31, 2014	Current Portion
Long-term liabilities					
Note payable	\$ 2,282,065	\$ -	\$ 506,443	\$ 1,775,622	\$ 524,520
Revenue bonds	54,090,000	-	3,430,000	50,660,000	3,565,000
Revenue bonds premium	2,206,293	-	177,687	2,028,606	177,687
Compensated absences	3,794,927	195,265	133,743	3,856,449	381,541
Workers' compensation reserve	900,000	277,764	277,764	900,000	319,432
Total long-term liabilities	<u>\$ 63,273,285</u>	<u>\$ 473,029</u>	<u>\$ 4,525,637</u>	<u>\$ 59,220,677</u>	<u>\$ 4,968,180</u>

Long-term liability activity for the year ended August 31, 2013 was as follows:

	Balance September 1, 2012	Additions	Reductions	Balance August 31, 2013	Current Portion
Long-term liabilities					
Leases	\$ 3,310	\$ -	\$ 3,310	\$ -	\$ -
Note payable	2,773,157	-	491,092	2,282,065	510,218
Revenue bonds	57,355,000	-	3,265,000	54,090,000	3,430,000
Revenue bonds premium	2,383,982	-	177,689	2,206,293	177,687
Compensated absences	3,741,575	235,493	182,141	3,794,927	268,037
Workers' compensation reserve	900,000	516,634	516,634	900,000	553,000
Total long-term liabilities	<u>\$ 67,157,024</u>	<u>\$ 752,127</u>	<u>\$ 4,635,866</u>	<u>\$ 63,273,285</u>	<u>\$ 4,938,942</u>

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

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**Note 8 – Debt Obligations**

Debt obligations, consisting of revenue bonds, have minimum future requirements at August 31, 2014 as follows:

Year Ended August 31,	Revenue Bonds	
	Principal	Interest
2015	\$ 3,565,000	\$ 2,532,830
2016	3,745,000	2,354,880
2017	3,930,000	2,167,653
2018	4,130,000	1,963,460
2019	4,335,000	1,764,670
Thereafter	<u>30,955,000</u>	<u>5,645,130</u>
Total debt service obligation	<u>\$ 50,660,000</u>	<u>\$ 16,428,623</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, 2014 and 2013, \$251,937 and \$251,323 are outstanding, respectively. The note has an interest rate of 3%

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, 2014 and 2013, \$1,523,685 and \$1,520,524 are outstanding, respectively.

Notes payable future minimum requirements at August 31, 2014 were as follows:

Year Ended August 31,	Notes Payable	
	Principal	Interest
2015	\$ 524,520	\$ 44,155
2016	485,797	29,273
2017	395,327	17,268
2018	<u>369,978</u>	<u>5,642</u>
Total debt service obligation	<u>\$ 1,775,622</u>	<u>\$ 96,338</u>

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

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**Note 10 – Leases**

The College leases various equipment and facilities under annually renewable agreements. Rent expense under operating leases for the fiscal years ended August 31, 2014 and 2013 was \$293,281 and \$240,634, respectively.

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

Year Ended August 31,	<u>Total</u>
2015	\$ 308,994
2016	170,481
2017	128,123
2018	26,844
2019	<u>3,694</u>
Total debt service obligation	<u>\$ 638,136</u>

**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](http://www.trs.state.tx.us), under the TRS Publications heading.

# EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 11 – Employees’ Retirement Plans (continued)

**Funding policy** – State law provides for fiscal years 2014 and 2013 state contribution rate of 6.80% and 6.00%, 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 2014 and 2013 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 \$140,037, \$126,036 and \$115,280 for fiscal years 2014, 2013, and 2012, respectively. Senate Bill (S.B.) 1812, effective September 1, 2013, limits the amount of the state contribution to 50% of eligible employees in the reporting district. 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.

#### **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 6.60% 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 1.90% of each participant's salary to the Optional Retirement Program under provisions of State law. The retirement expense to the College totaled \$241,286, \$326,364, and \$335,828 for 2014, 2013, and 2012, respectively.

The retirement expense to the State for the College totaled \$2,112,008, \$1,943,926, and \$3,645,727 for the fiscal years ended August 31, 2014, 2013, and 2012, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College which is recorded as revenue and expense in the restricted fund. The total payroll for all College employees was \$83,245,148, \$82,149,872, and \$82,976,927 for fiscal years 2014, 2013, 2012, respectively. The total payroll of employees covered by the Teacher Retirement System was \$50,179,385, \$48,128,885 and \$47,072,170 and the total payroll of employees covered by the Optional Retirement System was \$17,478,788, \$17,492,993, and \$17,870,993 for fiscal years 2014, 2013, and 2012, respectively. Senate Bill (S.B.) 1812, effective September 1, 2013, limits the amount of the state contribution to 50% of eligible employees in the reporting district.

# EL PASO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 11 – Employees’ Retirement Plans (continued)

#### **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 a contribution equal to 3.75% of each 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 \$54,064, \$71,295 and \$82,790 for 2014, 2013 and 2012, respectively. Total payroll of employees covered by the Tax Sheltered Annuity Plan for Part Time Employees was \$1,441,692, \$1,901,189 and \$2,207,682 for fiscal years 2014, 2013 and 2012, respectively.

### 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, 2014 and 2013, the College had 401 and 413 employees participating in the program and \$1,789,856 and \$1,828,920, 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, 2014 and 2013, 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 reported with accrued liabilities on the

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

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**Note 13 – Risk Management (continued)**

Statement of Net Position. 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 2014 and 2013 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>
2013 – 2014	\$ 900,000	\$ 277,764	\$ (277,764)	\$ 900,000
2012 – 2013	\$ 900,000	\$ 516,634	\$ (516,634)	\$ 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 \$2,598,596 and \$2,541,282 for the unpaid annual leave at August 31, 2014 and 2013, 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, 2014 and 2013, the estimated liability under this policy was approximately \$1,257,853 and \$1,253,645, respectively, which is accrued.

**Note 15 – Health Care and Life Insurance Benefits**

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. For the 2014-2015 biennium, the State changed the methodology of benefit funding for community colleges in the State. SB 1812 limited the State's portion to 50% of the total contribution made on behalf of both active and retired employees.



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

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**Note 15 – Health Care and Life Insurance Benefits (continued)**

**State Insurance Contribution per full-time employee**

	<b>2014</b>	<b>2014</b>
<b><u>HealthSelect of Texas Plan</u></b>	<b><u>State/Employer</u></b>	<b><u>Annualized</u></b>
	<b><u>Contribution</u></b>	<b><u>Contribution</u></b>
Member Only	\$ 503.14	\$ 6,037.68
Member & Spouse	791.16	9,493.92
Member & Child(ren)	696.00	8,352.00
Member & Family	984.02	11,808.24

	<b>2013</b>	<b>2013</b>
<b><u>HealthSelect of Texas Plan</u></b>	<b><u>State/Employer</u></b>	<b><u>Annualized</u></b>
	<b><u>Contribution</u></b>	<b><u>Contribution</u></b>
Member Only	\$ 470.38	\$ 5,644.56
Member & Spouse	739.58	8,874.96
Member & Child(ren)	650.62	7,807.44
Member & Family	919.82	11,037.84

<b><u>Cost of Providing health Care Insurance</u></b>	<b>2014</b>	<b>2013</b>
Number of Retirees	329	315
Cost of Health Benefits for Retirees	\$ 2,118,859	\$ 1,913,652
Number of Active Full-Time Employees	1,301	1,237
Health Benefits for Active Full-Time Employees	\$ 10,586,770	\$ 9,329,957
Health State Appropriation Insurance-Retirees	\$ 1,059,430	\$ 1,913,652
Health State Appropriation Insurance-Active	\$ 4,229,841	\$ 2,009,250
Net Cost to District	\$ 7,416,358	\$ 7,320,707

**Note 16 – Post Employment Benefits Other than Pensions**

**Plan description** - El Paso Community College contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit post-employment healthcare plan administered by the Employees Retirement System of Texas (ERS). These medical benefits are provided to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State Law and may be amended by the Texas Legislature. ERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

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

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### **Note 16 – Post Employment Benefits Other than Pensions (continued)**

**Funding policy** - Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution. The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution parameters of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions. 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.

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

The college's contributions to SRHP for the years ended August 31, 2014, 2013, and 2012, were \$1,059,430, \$1,913,652, and \$1,667,348 respectively, which equaled the required contributions each year.

### **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 \$65,355,234 and \$65,290,394 at August 31, 2014 and 2013, respectively. Of this amount, \$62,332,821, and \$62,872,703 were related to Federal Contract and Grant Awards, \$2,455,757 and \$2,417,691 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 nineteen member Board of Directors, independent of the College. At any given time the Foundation Board could have up to 25 members. 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 \$232,688, \$756,573, and \$403,601 to the College during the years ended August 31, 2014, 2013, and 2012, respectively. The College donated certain services, such as office space, utilities, supplies, and staff salaries and benefits to the Foundation with approximate value of \$42,423 for each year.

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

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**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, 2014

Assessed valuation of the College District	\$ 44,171,228,030
Less: exemptions and abatements	<u>(6,331,204,351)</u>
Net assessed valuation of the College District	<u>\$ 37,840,023,679</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	0.124359	-	0.124359

At August 31, 2013

Assessed valuation of the College District	\$ 43,537,669,306
Less: exemptions and abatements	<u>(6,134,901,937)</u>
Net assessed valuation of the College District	<u>\$ 37,402,767,369</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	0.114086	-	0.114086

Taxes levied for the years ended August 31, 2014 and 2013, were \$47,109,505 and \$42,721,143, 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>2014</u>	<u>2013</u>
Current taxes collected	\$ 46,094,167	\$ 41,493,921
Delinquent taxes	504,001	770,529
Penalties and interest collected	<u>506,251</u>	<u>465,525</u>
Total collections	<u>\$ 47,104,419</u>	<u>\$ 42,729,975</u>

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

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**Note 19 – Property Taxes (continued)**

Tax collections for the years ended August 31, 2014, 2013, and 2012 were 98% of the current tax levy. Allowances for uncollectible taxes for the years ended August 31, 2014, 2013, and 2012, respectively, of \$496,020, \$490,002, and \$455,229 are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to local maintenance and operations.

**Note 20 – Pending Lawsuits and Claims**

On August 31, 2014, 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, 2014 and 2013, respectively, that were provided for in the subsequent year's budget aggregated approximately \$2,446,437 and \$1,192,971.

**Note 22 – Fund Balance**

Net position reclassified in fund balance formatted for the internal purposes at August 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>As Restated 2013</u>
Current funds		
Fund balance, unrestricted	\$ 32,178,299	\$ 25,810,989
Fund balance, auxiliary enterprises	2,536,055	2,064,482
Fund balance, restricted	<u>4,319,505</u>	<u>3,519,181</u>
Total current fund balance	39,033,859	31,394,652
Fund balance, loan funds	1,557,407	1,342,529
Fund balance, endowment and similar funds	741,151	737,449
Fund balance, plant funds	<u>102,256,314</u>	<u>98,179,770</u>
Total fund balance (net position)	<u>\$ 143,588,731</u>	<u>\$ 131,654,400</u>

**Note 23 – Prior Period Adjustment to Net Position for Retroactive Application of GASBS No. 65**

Bond issuance costs from prior years totaling \$786,314 were expensed and recorded as a prior period adjustment to comply with the accounting and financial reporting provisions of GASB Statement No. 65.



## **SUPPLEMENTARY INFORMATION**

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF OPERATING REVENUES**  
**Year Ended August 31, 2014**  
**(With Memorandum Totals for the Year Ended August 31, 2013)**

Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2014 Total	As Restated 2013 Total
<b>Tuition:</b>						
State-funded credit courses:						
In-district resident tuition	\$ 40,373,550	\$ -	\$ 40,373,550	\$ -	\$ 40,373,550	\$ 39,528,044
Non-resident tuition	3,841,164	-	3,841,164	-	3,841,164	4,551,890
TPEG - credit (set aside)*	2,148,739	-	2,148,739	-	2,148,739	2,108,373
State-funded continuing education	1,198,602	-	1,198,602	-	1,198,602	1,726,748
Non-state funded educational programs	1,683,999	-	1,683,999	-	1,683,999	1,462,443
<b>Total Tuition</b>	<u>49,246,054</u>	<u>-</u>	<u>49,246,054</u>	<u>-</u>	<u>49,246,054</u>	<u>49,377,498</u>
<b>Fees:</b>						
General use fee	5,687,950	-	5,687,950	-	5,687,950	6,017,187
Student fee	3,193,680	-	3,193,680	18,905	3,212,585	3,301,373
Laboratory fee	636,026	-	636,026	-	636,026	698,959
Other fees	66,350	-	66,350	783,504	849,854	978,792
<b>Total Fees</b>	<u>9,584,006</u>	<u>-</u>	<u>9,584,006</u>	<u>802,409</u>	<u>10,386,415</u>	<u>10,996,311</u>
<b>Scholarships Allowances and Discounts:</b>						
Bad debt allowance	(660,412)	-	(660,412)	-	(660,412)	(599,037)
Remissions and exemptions - local	(345,179)	-	(345,179)	-	(345,179)	(290,248)
Remissions and exemptions - state	(7,390,704)	-	(7,390,704)	-	(7,390,704)	(7,492,492)
Federal grants to students	(25,418,224)	-	(25,418,224)	-	(25,418,224)	(25,581,613)
TPEG awards	(1,162,556)	-	(1,162,556)	-	(1,162,556)	(1,052,698)
State grants to students	(3,498,279)	-	(3,498,279)	-	(3,498,279)	(2,238,279)
<b>Total Scholarship Allowances</b>	<u>(38,475,354)</u>	<u>-</u>	<u>(38,475,354)</u>	<u>-</u>	<u>(38,475,354)</u>	<u>(37,254,367)</u>
<b>Total Net Tuition and Fees</b>	<u>20,354,706</u>	<u>-</u>	<u>20,354,706</u>	<u>802,409</u>	<u>21,157,115</u>	<u>23,119,442</u>
<b>Additional Operating Revenues:</b>						
Federal grants and contracts	117,590	3,871,155	3,988,745	-	3,988,745	4,015,782
State grants and contracts	-	4,252,969	4,252,969	-	4,252,969	3,598,188
Non-governmental grants and contracts	-	823,643	823,643	-	823,643	889,024
General operating revenues	1,461,610	349,586	1,811,196	-	1,811,196	2,156,824
<b>Total Additional Operating Revenues</b>	<u>1,579,200</u>	<u>9,297,353</u>	<u>10,876,553</u>	<u>-</u>	<u>10,876,553</u>	<u>10,659,818</u>
<b>Auxiliary Enterprises:</b>						
Bookstore**	-	-	-	597,936	597,936	654,018
Other	-	-	-	399,000	399,000	395,334
<b>Total Net Auxiliary Enterprises</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>996,936</u>	<u>996,936</u>	<u>1,049,352</u>
<b>Total Operating Revenues</b>	<u>\$ 21,933,906</u>	<u>\$ 9,297,353</u>	<u>\$ 31,231,259</u>	<u>\$ 1,799,345</u>	<u>\$ 33,030,604</u>	<u>\$ 34,828,612</u>
					(Exhibit 2)	(Exhibit 2)

\* In accordance with Education code 56.033, \$2,148,739 and \$2,108,373 for the years August 31, 2014 and 2013, 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, 2014  
 (With Memorandum Totals for the Year Ended August 31, 2013, as restated)

Schedule B

	Operating Expenses				2014 Total	As Restated 2013 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 41,384,577	\$ -	\$ 5,661,075	\$ 2,188,110	\$ 49,233,762	\$ 49,693,634
Research	35,189	-	4,813	24,397	64,399	67,172
Public Service	3,552,856	-	513,188	1,530,936	5,596,980	5,259,041
Academic Support	12,358,278	-	1,690,226	1,945,361	15,993,865	15,705,718
Student Services	6,777,269	-	926,918	914,984	8,619,171	8,999,847
Institutional Support	12,447,565	-	1,702,438	5,371,546	19,521,549	19,029,661
Operation and Maintenance of Plant	2,367,886	-	598,750	7,059,355	10,025,991	9,163,297
Scholarships and Fellowships	-	-	-	2,117,956	2,117,956	2,062,737
Total Unrestricted Educational Activities	<u>78,923,620</u>	<u>-</u>	<u>11,097,408</u>	<u>21,152,645</u>	<u>111,173,673</u>	<u>109,981,107</u>
Restricted - Educational Activities						
Instruction	\$ 2,325,436	\$ 4,014,454	\$ 388,094	\$ 1,195,918	\$ 7,923,902	\$ 7,449,452
Public Service	262,549	331,577	43,817	135,023	772,966	748,690
Academic Support	750,141	1,196,047	125,192	385,780	2,457,160	2,301,181
Student Services	412,577	679,437	68,855	243,526	1,404,395	1,275,677
Institutional Support	-	1,179,764	-	-	1,179,764	903,031
Scholarships and Fellowships	-	-	-	34,219,455	34,219,455	37,901,901
Total Restricted Educational Activities	<u>3,750,703</u>	<u>7,401,279</u>	<u>625,958</u>	<u>36,179,702</u>	<u>47,957,642</u>	<u>50,579,932</u>
Total Educational Activities	82,674,323	7,401,279	11,723,366	57,332,347	159,131,315	160,561,039
Auxiliary Enterprises	570,825	-	79,041	2,774,624	3,424,490	4,755,196
Depreciation Expense - Buildings and other real estate improvements	-	-	-	3,562,821	3,562,821	3,545,166
Depreciation Expense - Equipment, furniture, and library books	-	-	-	952,913	952,913	915,829
Total Operating Expenses	<u>\$ 83,245,148</u>	<u>\$ 7,401,279</u>	<u>\$ 11,802,407</u>	<u>\$ 64,622,705</u>	<u>\$ 167,071,539</u> (Exhibit 2)	<u>\$ 169,777,230</u> (Exhibit 2)



**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**

Schedule C

**Year Ended August 31, 2014**

**(With Memorandum Totals for the Year Ended August 31, 2013, as restated)**

	Unrestricted	Restricted	Auxiliary Enterprises	2014 Total	As Restated 2013 Total
<b>NON-OPERATING REVENUES:</b>					
State Appropriations:					
Education and general state support	\$ 33,884,773	\$ -	\$ -	\$ 33,884,773	\$ 32,619,755
State group insurance	-	5,289,271	-	5,289,271	3,721,265
State retirement matching	-	2,112,008	-	2,112,008	1,943,926
Total State Appropriations	<u>33,884,773</u>	<u>7,401,279</u>	<u>-</u>	<u>41,286,052</u>	<u>38,284,946</u>
Maintenance ad valorem taxes	47,104,419	-	-	47,104,419	42,729,975
Federal Revenue, Non Operating	203,982	59,262,893	-	59,466,875	63,124,632
Other State Revenue, Non Operating	648	445,509	-	446,157	663,584
Investment income	158,055	9,264	2,522	169,841	165,122
Total Non-Operating Revenues	<u>81,351,877</u>	<u>67,118,945</u>	<u>2,522</u>	<u>148,473,344</u>	<u>144,968,259</u>
<b>NON-OPERATING EXPENSES:</b>					
Interest on capital related debt	<u>2,498,078</u>	<u>-</u>	<u>-</u>	<u>2,498,078</u>	<u>2,665,703</u>
Total Non-Operating Expenses	<u>2,498,078</u>	<u>-</u>	<u>-</u>	<u>2,498,078</u>	<u>2,665,703</u>
Net Non-Operating Revenues	<u>\$ 78,853,799</u>	<u>\$ 67,118,945</u>	<u>\$ 2,522</u>	<u>\$ 145,975,266</u> (Exhibit 2)	<u>\$ 142,302,556</u> (Exhibit 2)

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY  
 Year Ended August 31, 2014

Schedule D

(With Memorandum Totals for the Year Ended August 31, 2013, as restated)

	Detail by Source					Available for Current Operations	
	Restricted			Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
	Unrestricted	Expendable	Non- Expendable				
Current:							
Unrestricted	\$ 32,178,299	\$ -	\$ -	\$ -	\$ 32,178,299	\$ 32,178,299	\$ -
Restricted	-	4,319,505	-	-	4,319,505	4,319,505	-
Auxiliary Enterprises	2,536,055	-	-	-	2,536,055	2,536,055	-
Loan	-	1,557,407	-	-	1,557,407	-	1,557,407
Endowment:							
Quasi:							
Restricted	-	-	741,151	-	741,151	-	741,151
Plant:							
Unexpended	-	16,813,935	-	-	16,813,935	-	16,813,935
Renewals	-	797,240	-	-	797,240	797,240	-
Debt Service	-	6,407,726	-	-	6,407,726	-	6,407,726
Investment in Plant	-	-	-	78,237,413	78,237,413	-	78,237,413
Total Net Position, August 31, 2014	34,714,354	29,895,813	741,151	78,237,413	143,588,731 (Exhibit 1)	39,831,099	103,757,632
Total Net Position, 8/31/2013 - as restated	27,875,471	23,103,969	737,449	79,937,511	131,654,400 (Exhibit 1)	32,074,549	99,579,851
Net Increase (Decrease) in Net Position	\$ 6,838,883	\$ 6,791,844	\$ 3,702	\$ (1,700,098)	\$ 11,934,331 (Exhibit 2)	\$ 7,756,550	\$ 4,177,781



# STATISTICAL SECTION



Northwest 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 Position by Component and Changes in Net Position**  
**Last Ten Fiscal Years**  
(unaudited)

**Net Position by Component**

	For the Year Ended August 31,			
	<u>2014</u>	<u>2013 as restated</u>	<u>2012</u>	<u>2011</u>
Invested in capital assets, net of related debt	\$ 78,237,413	\$ 79,937,511	\$ 76,631,932	\$ 68,925,159
Restricted - expendable	29,895,813	23,103,969	21,450,792	26,857,747
Restricted - nonexpendable	741,151	737,449	740,985	738,681
Unrestricted	34,714,354	27,875,471	26,263,067	20,628,820
<b>Total primary government net position</b>	<b>\$ 143,588,731</b>	<b>\$ 131,654,400</b>	<b>\$ 125,086,776</b>	<b>\$ 117,150,407</b>

**Changes in Net Position**

	For the Year Ended August 31,			
	<u>2014</u>	<u>2013 as restated</u>	<u>2012</u>	<u>2011</u>
<b>Net position at beginning of year</b>	\$ 131,654,400	\$ 125,086,776	\$ 117,150,407	\$ 111,512,628
Total revenues - page 48	181,503,948	179,796,871	182,493,532	187,197,068
Total expenses - page 50	(169,569,617)	(172,442,933)	(174,557,163)	(181,559,289)
Change in accounting principle - GASB 65		(786,314)		
<b>Change in net position</b>	<b>11,934,331</b>	<b>6,567,624</b>	<b>7,936,369</b>	<b>5,637,779</b>
<b>Net position at end of year</b>	<b>\$ 143,588,731</b>	<b>\$ 131,654,400</b>	<b>\$ 125,086,776</b>	<b>\$ 117,150,407</b>

For the Year Ended August 31,

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 61,606,183	\$ 55,023,820	\$ 51,700,504	\$ 49,438,653	\$ 44,280,868	\$ 40,677,566
30,331,430	32,767,631	32,232,699	30,504,859	28,334,228	26,887,278
736,950	669,942	590,395	483,119	381,197	285,270
18,838,065	18,081,481	18,326,504	17,503,082	17,031,343	15,260,160
<u>\$ 111,512,628</u>	<u>\$ 106,542,874</u>	<u>\$ 102,850,102</u>	<u>\$ 97,929,713</u>	<u>\$ 90,027,636</u>	<u>\$ 83,110,274</u>

For the Year Ended August 31,

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 106,542,874	\$ 102,850,102	\$ 97,929,713	\$ 90,027,636	\$ 83,110,274	\$ 75,928,858
175,032,116	150,822,825	146,763,963	145,641,249	141,311,359	140,433,912
(170,062,362)	(147,130,053)	(141,843,574)	(137,739,172)	(134,393,997)	(133,252,496)
<u>4,969,754</u>	<u>3,692,772</u>	<u>4,920,389</u>	<u>7,902,077</u>	<u>6,917,362</u>	<u>7,181,416</u>
<u>\$ 111,512,628</u>	<u>\$ 106,542,874</u>	<u>\$ 102,850,102</u>	<u>\$ 97,929,713</u>	<u>\$ 90,027,636</u>	<u>\$ 83,110,274</u>

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT**

**Revenues by Source**

**Last Ten Fiscal Years**

(unaudited)

	For the Year Ended August 31,			
	<u>2014</u>	<u>2013 as restated</u>	<u>2012</u>	<u>2011</u>
Tuition and Fees (Net of Discounts)	\$ 20,354,706	\$ 22,181,240	\$ 20,414,460	\$ 19,907,092
Federal Grants and Contracts	3,988,745	4,015,782	4,979,369	6,405,026
State Grants and Contracts	4,252,969	3,598,188	4,034,558	5,417,936
Non-Governmental Grants and Contracts	823,643	889,024	637,984	359,296
Auxiliary enterprises	1,799,345	1,987,554	2,149,564	2,004,136
Other Operating Revenues	1,811,196	2,156,824	1,956,063	822,643
<b>Total Operating Revenues</b>	<u>33,030,604</u>	<u>34,828,612</u>	<u>34,171,998</u>	<u>34,916,129</u>
State Appropriations	41,286,052	38,284,946	38,364,441	41,206,833
Ad Valorem Taxes	47,104,419	42,729,975	42,055,081	37,689,872
Federal Grants, Non Operating	59,466,875	63,124,632	67,420,731	72,591,478
Other State Grants, Non Operating	446,157	663,584	339,489	431,302
Investment income	169,841	165,122	141,792	361,454
<b>Total Non-Operating Revenues</b>	<u>148,473,344</u>	<u>144,968,259</u>	<u>148,321,534</u>	<u>152,280,939</u>
<b>Total Revenues</b>	<u>\$ 181,503,948</u>	<u>\$ 179,796,871</u>	<u>\$ 182,493,532</u>	<u>\$ 187,197,068</u>

	For the Year Ended August 31,			
	<u>2014</u>	<u>2013 as restated</u>	<u>2012</u>	<u>2011</u>
	11.21%	12.34%	11.19%	10.63%
Federal Grants and Contracts	2.20%	2.23%	2.73%	3.42%
State Grants and Contracts	2.34%	2.00%	2.21%	2.89%
Non-Governmental Grants and Contracts	0.45%	0.49%	0.35%	0.19%
Auxiliary enterprises	0.99%	1.11%	1.18%	1.07%
Other Operating Revenues	1.00%	1.20%	1.07%	0.44%
<b>Total Operating Revenues</b>	<u>18.20%</u>	<u>19.37%</u>	<u>18.73%</u>	<u>18.65%</u>
State Appropriations	22.75%	21.29%	21.02%	22.01%
Ad Valorem Taxes	25.95%	23.77%	23.04%	20.13%
Federal Grants, Non Operating	32.76%	35.11%	36.94%	38.78%
Other State Grants, Non Operating	0.25%	0.37%	0.19%	0.23%
Investment income	0.09%	0.09%	0.08%	0.19%
<b>Total Non-Operating Revenues</b>	<u>81.80%</u>	<u>80.63%</u>	<u>81.27%</u>	<u>81.35%</u>
<b>Total Revenues</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>



For the Year Ended August 31,

2010	2009	2008	2007	2006	2005
\$ 15,418,488	\$ 13,822,341	\$ 14,338,875	\$ 17,118,772	\$ 16,324,468	\$ 15,146,645
6,033,833	4,726,771	4,706,659	6,457,049	5,189,490	6,762,681
4,855,728	4,998,735	4,695,813	3,959,783	3,969,766	3,173,756
659,293	1,130,573	1,429,620	826,044	245,295	943,120
1,498,348	1,436,108	1,374,179	1,210,024	1,332,378	1,221,403
922,665	1,006,828	923,500	1,211,511	780,103	1,253,261
29,388,355	27,121,356	27,468,646	30,783,183	27,841,500	28,500,866
41,592,662	43,234,190	43,380,018	41,211,968	40,770,870	36,879,349
36,967,294	36,182,641	34,817,839	33,209,749	31,670,769	30,499,159
65,793,408	42,661,948	37,727,176	36,616,080	38,473,626	43,214,021
508,434	39,944				
781,963	1,582,746	3,370,284	3,820,269	2,554,594	1,340,517
145,643,761	123,701,469	119,295,317	114,858,066	113,469,859	111,933,046
<u>\$ 175,032,116</u>	<u>\$ 150,822,825</u>	<u>\$ 146,763,963</u>	<u>\$ 145,641,249</u>	<u>\$ 141,311,359</u>	<u>\$ 140,433,912</u>

For the Year Ended August 31,

2010	2009	2008	2007	2006	2005
8.81%	9.16%	9.77%	11.75%	11.55%	10.79%
3.45%	3.13%	3.21%	4.43%	3.67%	4.82%
2.77%	3.31%	3.20%	2.72%	2.81%	2.26%
0.38%	0.75%	0.97%	0.57%	0.17%	0.67%
0.86%	0.95%	0.94%	0.83%	0.94%	0.87%
0.53%	0.67%	0.63%	0.83%	0.55%	0.89%
16.80%	17.97%	18.72%	21.14%	19.70%	20.29%
23.76%	28.67%	29.56%	28.30%	28.85%	26.26%
21.12%	23.99%	23.72%	22.80%	22.41%	21.72%
37.59%	28.29%	25.71%	25.14%	27.23%	30.77%
0.28%	0.03%	0.00%	0.00%	0.00%	0.00%
0.45%	1.05%	2.30%	2.62%	1.81%	0.95%
83.20%	82.03%	81.28%	78.86%	80.30%	79.71%
<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  
**Program Expenses by Function**  
**Last Ten Fiscal Years**  
(unaudited)

	For the Year Ended August 31,			
	<u>2014</u>	<u>2013 as restated</u>	<u>2012</u>	<u>2011</u>
Instruction	\$ 57,157,664	\$ 57,143,086	\$ 56,569,373	\$ 57,782,436
Research	64,399	67,172	46,990	46,835
Public service	6,369,946	6,007,731	5,741,054	5,623,512
Academic support	18,451,025	18,006,899	18,022,725	18,684,484
Student services	10,023,566	10,275,524	9,899,398	10,409,484
Institutional support	20,701,313	19,932,692	20,028,102	20,167,121
Operation and maintenance of plant	10,025,991	9,163,297	9,554,646	8,907,338
Scholarships and fellowships	36,337,411	39,964,638	44,001,068	50,636,516
Auxiliary enterprises	3,424,490	4,755,196	3,008,770	2,180,466
Depreciation	4,515,734	4,460,995	4,787,773	4,033,896
<b>Total Operating Expenses</b>	<u>167,071,539</u>	<u>169,777,230</u>	<u>171,659,899</u>	<u>178,472,088</u>
Interest on capital related debt	2,498,078	2,665,703	2,897,264	3,087,201
Loss on disposal of capital assets	-	-	-	-
<b>Total Non-Operating Expenses</b>	<u>2,498,078</u>	<u>2,665,703</u>	<u>2,897,264</u>	<u>3,087,201</u>
<b>Total Expenses</b>	<u>\$ 169,569,617</u>	<u>\$ 172,442,933</u>	<u>\$ 174,557,163</u>	<u>\$ 181,559,289</u>

	For the Year Ended August 31,			
	<u>2014</u>	<u>2013 as restated</u>	<u>2012</u>	<u>2011</u>
Instruction	33.71%	33.14%	32.41%	31.83%
Research	0.04%	0.04%	0.03%	0.03%
Public service	3.76%	3.48%	3.29%	3.10%
Academic support	10.88%	10.44%	10.32%	10.29%
Student services	5.91%	5.96%	5.67%	5.73%
Institutional support	12.21%	11.56%	11.47%	11.11%
Operation and maintenance of plant	5.91%	5.31%	5.47%	4.91%
Scholarships and fellowships	21.43%	23.18%	25.21%	27.89%
Auxiliary enterprises	2.02%	2.76%	1.72%	1.20%
Depreciation	2.66%	2.59%	2.74%	2.22%
<b>Total Operating Expenses</b>	<u>98.53%</u>	<u>98.45%</u>	<u>98.34%</u>	<u>98.30%</u>
Interest on capital related debt	1.47%	1.55%	1.66%	1.70%
Loss on disposal of capital assets	0.00%	0.00%	0.00%	0.00%
<b>Total Non-Operating Expenses</b>	<u>1.47%</u>	<u>1.55%</u>	<u>1.66%</u>	<u>1.70%</u>
<b>Total Expenses</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

For the Year Ended August 31,

2010	2009	2008	2007	2006	2005
\$ 54,335,517	\$ 49,992,432	\$ 48,394,133	\$ 48,799,237	\$ 47,099,097	\$ 44,666,792
41,360	47,745	15,247	14,593	20,938	22,257
6,243,089	5,616,027	6,395,334	5,235,682	3,930,285	4,466,088
18,410,143	17,503,474	16,744,629	14,383,334	15,940,956	14,830,152
10,562,151	10,218,770	10,199,098	10,040,659	10,210,118	8,806,432
20,029,700	19,142,647	19,922,834	18,676,469	18,119,480	17,167,489
9,487,154	9,597,425	8,953,714	8,171,961	7,754,674	8,487,256
41,962,679	26,276,049	22,123,458	21,189,381	23,906,774	27,229,139
1,753,830	1,462,846	1,773,241	2,748,508	1,367,399	1,130,926
4,121,401	4,056,430	3,986,591	4,125,838	3,327,339	3,563,410
166,947,024	143,913,845	138,508,279	133,385,662	131,677,060	130,369,941
3,115,338	3,216,208	3,335,295	4,341,880	2,457,840	2,538,765
-	-	-	11,630	259,097	343,790
3,115,338	3,216,208	3,335,295	4,353,510	2,716,937	2,882,555
\$ 170,062,362	\$ 147,130,053	\$ 141,843,574	\$ 137,739,172	\$ 134,393,997	\$ 133,252,496

For the Year Ended August 31,

2010	2009	2008	2007	2006	2005
31.95%	33.98%	34.12%	35.43%	35.05%	33.52%
0.02%	0.03%	0.01%	0.01%	0.02%	0.02%
3.67%	3.82%	4.51%	3.80%	2.92%	3.35%
10.83%	11.90%	11.80%	10.44%	11.86%	11.13%
6.21%	6.95%	7.19%	7.29%	7.60%	6.61%
11.78%	13.01%	14.05%	13.56%	13.48%	12.88%
5.58%	6.52%	6.31%	5.93%	5.77%	6.37%
24.68%	17.86%	15.60%	15.38%	17.79%	20.43%
1.03%	0.99%	1.25%	2.00%	1.02%	0.85%
2.42%	2.76%	2.81%	3.00%	2.48%	2.67%
98.17%	97.81%	97.65%	96.84%	97.98%	97.84%
1.83%	2.19%	2.35%	3.15%	1.83%	1.91%
0.00%	0.00%	0.00%	0.01%	0.19%	0.26%
1.83%	2.19%	2.35%	3.16%	2.02%	2.16%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT**  
**Tuition and Fees**  
**Last Ten Academic Years**  
(unaudited)

**Resident**

Fees per Semester Credit Hour (SCH)

<u>Academic Year (Fall)</u>	<u>In-District Tuition</u>	<u>General Use Fees</u>	<u>Cost for 12 SCH In- District</u>	<u>Increase from Prior Year In-District</u>
2013-14	\$ 76.00	\$ 10.00	\$ 1,032.00	6.17%
2012-13	71.00	10.00	972.00	5.19%
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%

**Non - Resident**

Fees per Semester Credit Hour (SCH)

<u>Academic Year (Fall)</u>	<u>Non-Resident Tuition Out of State</u>	<u>General Use Fees</u>	<u>Cost for 12 SCH Out of State</u>	<u>Increase from Prior Year Out of State</u>
2013-14	\$ 141.00	\$ 10.00	\$ 1,812.00	0.00%
2012-13	141.00	10.00	1,812.00	45.19%
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%

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)

<b>Fiscal Year</b>	<b>Assessed Valuation of Real Property</b>	<b>Assessed Valuation of Personal Property</b>	<b>Assessed Valuation of Property</b>	<b>Less: Exemptions</b>
2013-14	\$ 38,527,163,556	\$ 5,644,064,474	\$ 44,171,228,030	\$ 6,331,204,351
2012-13	37,861,722,951	5,675,946,355	43,537,669,306	6,134,901,937
2011-12	36,401,060,000	5,227,036,177	41,628,096,177	5,592,871,383
2010-11	35,118,376,418	4,685,813,189	39,804,189,607	4,884,780,918
2009-10	34,295,699,719	5,336,529,677	39,632,229,396	5,027,414,797
2008-09	32,270,602,283	3,359,949,875	35,630,552,158	2,007,078,657
2007-08	29,510,740,820	3,114,201,621	32,624,942,441	1,870,233,510
2006-07	25,800,260,183	3,011,829,020	28,812,089,203	1,760,436,222
2005-06	22,432,434,258	2,911,679,293	25,344,113,551	1,756,306,687
2004-05	20,847,931,350	2,879,856,855	23,727,788,205	1,671,213,052

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

		<u>Direct Rate</u>		
<u>Taxable Assessed Value (TAV)</u>	<u>Ratio of Taxable Assessed Value to Assessed Value</u>	<u>Maintenance &amp; Operations (a)</u>	<u>Debt Service (a)</u>	<u>Total (a)</u>
\$ 37,840,023,679	85.67%	\$ 0.124359		\$ 0.124359
37,402,767,369	85.91%	0.114086		0.114086
36,035,224,794	86.56%	0.115442		0.115442
34,919,408,689	87.73%	0.107329		0.107329
34,604,814,599	87.31%	0.105670		0.105670
33,623,473,501	94.37%	0.106841		0.106841
30,754,708,931	94.27%	0.111967		0.111967
27,051,652,981	93.89%	0.120998		0.120998
23,587,806,864	93.07%	0.132844		0.132844
22,056,575,153	92.96%	0.136637		0.136637

**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	
2013-14	\$ 32,884,773	18,936	\$ 1,737	8,378,864	2,342,228	10,721,092	3.07
2012-13	32,619,755	19,793	1,648	8,755,212	2,408,232	11,163,444	2.92
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

**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)		
		2014	2013	2012
Western Refining Company LP	Refining	\$ 488,902	\$ 474,080	\$ 910,434
El Paso Electric Company	Utility	328,530	286,055	264,012
Walmart	Retail	264,534	87,331	77,495
Tenet Hospitals	Hospital	223,489	218,264	231,585
Simon Property Group	Properties	177,170	195,509	195,371
River Oaks Properties LTD	Properties	163,812	169,519	159,706
Hawkins & I-10 Acquisition Company	Properties	101,325		
Texas Gas Service	Utility	93,750	84,076	75,576
Union Pacific Railroad	Railroad	89,551		
Southwestern Bell Telephone	Utility	81,141	84,111	92,762
El Paso Outlet Center Holding Co	Properties		89,948	92,013
Cardinal Health 5 LLC	Hospital		79,833	81,411
Freeport-McMoRan	Refining			
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			
	<b>Totals</b>	<u>\$ 2,012,204</u>	<u>\$ 1,768,726</u>	<u>\$ 2,180,365</u>
	<b>Total Taxable Assessed Value</b>	<u>\$ 37,840,024</u>	<u>\$ 37,402,767</u>	<u>\$ 36,035,225</u>

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year		
		2014	2013	2012
Western Refining Company LP	Refining	1.31%	1.27%	2.53%
El Paso Electric Company	Utility	0.88%	0.76%	0.73%
Walmart	Retail	0.71%	0.23%	0.22%
Tenet Hospitals	Hospital	0.60%	0.58%	0.64%
Simon Property Group	Properties	0.47%	0.52%	0.54%
River Oaks Properties LTD	Properties	0.44%	0.45%	0.44%
Hawkins & I-10 Acquisition Company	Properties	0.27%		
Texas Gas Service	Utility	0.25%	0.22%	0.21%
Union Pacific Railroad	Railroad	0.24%		
Southwestern Bell Telephone	Utility	0.22%	0.22%	0.26%
El Paso Outlet Center Holding Co	Properties		0.24%	0.26%
Cardinal Health 5 LLC	Hospital		0.21%	0.23%
Freeport-McMoRan	Refining			
E I Du Pont Nemours & Co	Manufacturing			
El Paso Natural Gas Co	Utility			
Ranchos Real IV LTD	Properties			
Hoover Company	Manufacturing			
Texas & Kansas City Cable Partners LP	Utility			
	<b>Totals</b>	<u>5.38%</u>	<u>4.73%</u>	<u>6.05%</u>

Source: Local County Appraisal District

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

2011	2010	2009	2008	2007	2006	2005
\$ 422,701	\$ 365,474	\$ 437,864	\$ 551,898	\$ 484,121	\$ 316,643	\$ 143,958
257,067	229,477	209,436	190,725	182,205	170,657	177,996
86,063						
236,237	235,065	77,542	145,766	90,943	70,640	65,084
195,470	182,874	181,907	183,991	183,343	164,602	89,539
162,192	189,984	200,917	166,102	144,938	95,677	66,616
73,393	65,351	58,937	56,089	54,424	48,837	49,719
103,544	118,810	127,810	139,570	160,329	148,508	144,808
82,502	50,922	54,640				
70,601	53,890	71,978				
	52,294	54,871	50,394	64,418	61,055	65,627
			47,086			
			44,163	44,217		
				48,564		
					59,999	67,815
					50,512	47,587
<u>\$ 1,689,770</u>	<u>\$ 1,544,141</u>	<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>\$ 34,919,409</u>	<u>\$ 34,604,815</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>

**% of Taxable Assessed Value (TAV) by Tax Year**

2011	2010	2009	2008	2007	2006	2005
1.21%	1.06%	1.30%	1.79%	1.79%	1.34%	0.65%
0.74%	0.66%	0.62%	0.62%	0.67%	0.72%	0.81%
0.25%						
0.68%	0.68%	0.23%	0.47%	0.34%	0.30%	0.30%
0.56%	0.53%	0.54%	0.60%	0.68%	0.70%	0.41%
0.46%	0.55%	0.60%	0.54%	0.54%	0.41%	0.30%
0.21%	0.19%	0.18%	0.18%	0.20%	0.21%	0.23%
0.30%	0.34%	0.38%	0.45%	0.59%	0.63%	0.66%
0.24%	0.15%	0.16%				
0.20%	0.16%	0.21%				
	0.15%	0.16%	0.16%	0.24%	0.26%	0.30%
			0.15%			
			0.14%	0.16%		
				0.18%		
					0.25%	0.31%
					0.21%	0.22%
<u>4.84%</u>	<u>4.46%</u>	<u>4.39%</u>	<u>5.12%</u>	<u>5.39%</u>	<u>5.03%</u>	<u>4.17%</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
2013-14	\$ 0.124359	-	\$ 0.124359	\$ 0.433125	\$ 0.678378	\$ 1.291044	\$ 0.214393	\$ 2.741299
2012-13	0.114086	-	0.114086	0.408870	0.658404	1.277033	0.192363	2.650756
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

**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
2013-14	\$ 47,455,189	\$ (345,684)	\$ 47,109,505	\$ 46,062,532	97.78%	-	-	\$ 46,062,532	97.78%
2012-13	42,884,204	(370,479)	42,513,725	41,705,331	98.10%	-	294,910	42,000,241	98.79%
2011-12	41,810,318	(329,030)	41,481,288	40,618,634	97.92%	16,210	436,820	41,071,664	99.01%
2010-11	37,798,762	(353,196)	37,445,566	36,538,292	97.58%	459,324	136,545	37,134,161	99.17%
2009-10	37,047,109	(504,458)	36,542,651	35,677,909	97.63%	553,416	66,315	36,297,640	99.33%
2008-09	36,092,639	(264,203)	35,828,436	34,800,092	97.13%	798,994	42,560	35,641,646	99.48%
2007-08	34,603,395	(231,870)	34,371,525	33,562,299	97.65%	632,002	24,226	34,218,527	99.55%
2006-07	32,692,682	(74,357)	32,618,325	31,820,331	97.55%	655,333	15,716	32,491,380	99.61%
2005-06	31,387,627	(72,387)	31,315,240	30,481,027	97.34%	690,380	12,522	31,183,929	99.58%
2004-05	30,227,391	(144,412)	30,082,979	29,203,806	97.08%	722,973	8,051	29,934,830	99.51%

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,			
	2014	2013	2012	2011
<b>General Bonded Debt</b>				
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%
<b>Other Debt</b>				
Revenue Bonds - See Note 6	\$ 50,660,000	\$ 54,090,000	\$ 57,355,000	\$ 60,490,000
Notes - See Note 6	1,775,622	2,282,065	2,773,157	3,249,518
Capital Lease Obligations	-	-	3,310	32,654
Total Outstanding Debt	\$ 52,435,622	\$ 56,372,065	\$ 60,131,467	\$ 63,772,172
<b>Total Outstanding Debt Ratios</b>				
Per Capita	\$ 62.37	\$ 66.62	\$ 72.89	\$ 77.73
Per Student	2	2,848	2,977	3,113
As a percentage of Taxable Assessed Value	0.14%	0.15%	0.17%	0.18%

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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</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%
\$ 63,500,000	\$ 66,390,000	\$ 69,165,000	\$ 71,835,000	\$ 46,480,000	\$ 48,425,000
3,696,627	1,480,129	1,037,700	1,150,023	1,258,018	1,284,361
89,863	157,619	228,497	240,037	279,461	154,221
<u>\$ 67,286,490</u>	<u>\$ 68,027,748</u>	<u>\$ 70,431,197</u>	<u>\$ 73,225,060</u>	<u>\$ 48,017,479</u>	<u>\$ 49,863,582</u>
\$ 83.62	\$ 85.91	\$ 90.41	\$ 95.36	\$ 63.59	\$ 67.16
3,411	3,894	4,192	4,177	2,638	2,774
0.19%	0.20%	0.23%	0.27%	0.20%	0.23%

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

(unaudited)

	For the Year Ended August 31,			
	2014	2013	2012	2011
Taxable Assessed Value	\$ 37,840,023,679	\$ 37,402,767,369	\$ 36,035,224,794	\$ 34,919,408,689
<b>General Obligation Bonds</b>				
Statutory Tax Levy Limit for Debt Service	189,200,118	187,013,837	180,176,124	174,597,043
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-
Net Statutory Tax Levy Limit for Debt Service	189,200,118	187,013,837	180,176,124	174,597,043
Current Year Debt Service Requirements	-	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 189,200,118	\$ 187,013,837	\$ 180,176,124	\$ 174,597,043
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,					
2010	2009	2008	2007	2006	2005
\$ 34,604,814,599	\$ 33,623,473,501	\$ 30,754,708,931	\$ 27,051,652,981	\$ 23,587,806,864	\$ 22,056,575,153
173,024,073	168,117,368	153,773,545	135,258,265	117,939,034	110,282,876
-	-	-	-	-	-
173,024,073	168,117,368	153,773,545	135,258,265	117,939,034	110,282,876
-	-	-	-	-	-
\$ 173,024,073	\$ 168,117,368	\$ 153,773,545	\$ 135,258,265	\$ 117,939,034	\$ 110,282,876
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	
2013-14	\$ 12,311,513	\$ 5,687,950	\$ 124,482	18,123,945	\$ 3,565,000	\$ 2,532,830	\$ 6,097,830	2.97
2012-13	12,344,375	6,017,187	122,109	18,483,671	3,430,000	2,671,050	6,101,050	3.03
2011-12	11,657,934	6,151,759	95,371	17,905,064	3,265,000	2,833,800	6,098,800	2.94
2010-11	9,654,356	6,288,519	98,245	16,041,120	3,135,000	2,964,745	6,099,745	2.63
2009-10	9,368,777	5,905,681	129,087	15,403,545	3,010,000	3,088,967	6,098,967	2.53
2008-09	7,491,999	5,162,768	302,837	12,957,604	2,890,000	3,208,188	6,098,188	2.12
2007-08	7,424,058	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 <sup>(1)</sup>	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

<sup>(1)</sup> Effective February 2007, pledged coverage ratio includes 25% of gross tuition.

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

(unaudited)

<b>Calendar Year</b>	<b>(1) District Population</b>	<b>(3) District Personal Income (thousands of dollars)</b>	<b>(3) District Personal Income Per Capita</b>	<b>(2) District Unemployment Rate</b>
2014	840,769	\$ 25,891,399	\$ 31,156	7.00%
2013	846,175	25,076,766	30,186	8.80%
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%

- Sources:**
- (1) City of El Paso Economic & International Development (estimate)
  - (2) Texas Workforce Commission
  - (3) Bureau of Economic Analysis (estimate)

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT**  
**Principal Employers**  
**Fiscal Years 2006-2014**  
(unaudited)

Employer	2014		2013		2012		2011	
	Number of	Percentage	Number of	Percentage	Number of	Percentage	Number of	Percentage
	Employees	of Total Employment	Employees	of Total Employment	Employees	of Total Employment	Employees	of Total Employment
Fort Bliss Civilian Employees	12,000	3.98%	10,720	3.64%	10,804	3.60%	8,000	2.51%
El Paso Independent School District	9,000	2.99%	9,000	3.06%	9,000	3.00%	9,000	2.83%
Ysleta Independent School District	7,851	2.60%	8,000	2.72%	8,000	2.67%	7,155	2.25%
City of El Paso	6,570	2.18%	5,545	1.88%	6,390	2.13%	6,500	2.04%
Socorro Independent School District	6,299	2.09%	5,805	1.97%	7,000	2.33%	7,000	2.20%
T & T Staff Management LP	5,020	1.67%	5,020	1.71%	5,020	1.67%	4,687	1.47%
University of Texas at El Paso	3,700	1.23%	2,718	0.92%	3,770	1.26%	2,867	0.90%
El Paso County Community College District	3,121	1.04%	3,192	1.08%	3,194	1.06%	3,252	1.02%
Wal-Mart	3,065	1.02%	2,948	1.00%	2,095	0.70%	3,078	0.97%
Tenet Hospital Ltd	3,053	1.01%	3,053	1.04%	3,053	1.02%	3,053	0.96%
County of El Paso	2,800	0.93%	2,771	0.94%	2,771	0.92%		
University Medical Center	2,455	0.81%	2,455	0.83%	2,455	0.82%		
AT&T	2,444	0.81%						
Clint Independent School District	2,150	0.71%	2,150	0.73%	2,150	0.72%		
<b>Total</b>	<b>69,528</b>	<b>23.07%</b>	<b>63,377</b>	<b>21.53%</b>	<b>65,702</b>	<b>21.90%</b>	<b>54,592</b>	<b>17.15%</b>

**Sources:** City of El Paso Economic & International Development  
The Borderplex Alliance  
Texas Workforce Commission  
Fort Bliss Public Information Office

**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.

2010		2009		2008		2007		2006	
Number of	Percentage	Number of	Percentage	Number of	Percentage	Number of	Percentage	Number of	Percentage
Employees	of Total	Employees	of Total	Employees	of Total	Employees	of Total	Employees	of Total
	Employment		Employment		Employment		Employment		Employment
14,750	4.75%	10,200	3.71%	10,000	3.64%	6,500	2.34%	6,500	2.34%
9,000	2.90%	8,505	3.10%	8,505	3.10%	8,500	3.06%	8,500	3.06%
7,155	2.31%	6,066	2.21%	6,066	2.21%	8,241	2.97%	8,241	2.97%
6,500	2.10%	6,400	2.33%	6,400	2.33%	5,409	1.95%	5,409	1.95%
7,000	2.26%	4,488	1.63%	4,488	1.63%	2,800	1.01%	2,800	1.01%
5,587	1.80%	6,100	2.22%	6,100	2.22%				
2,681	0.86%	4,000	1.46%	4,000	1.46%	3,686	1.33%	3,686	1.33%
3,152	1.02%	2,971	1.08%	2,897	1.05%	2,967	1.04%	2,990	1.04%
3,205	1.03%	4,050	1.47%	4,050	1.47%	3,000	1.08%	3,000	1.08%
3,053	0.98%	6,587	2.40%	6,587	2.40%	4,000	1.44%	4,000	1.44%
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	
62,083	20.01%	59,367	21.61%	59,093	21.51%	49,703	17.88%	49,726	17.88%

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

	For the Year Ended August 31,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Faculty</b>										
Full-Time	471	470	419	417	405	400	372	391	350	313
Part-Time	916	988	1,043	1,113	1,045	976	851	1,002	1,563	1,274
Total	<u>1,387</u>	<u>1,458</u>	<u>1,462</u>	<u>1,530</u>	<u>1,450</u>	<u>1,376</u>	<u>1,223</u>	<u>1,393</u>	<u>1,913</u>	<u>1,587</u>
<b>Percent</b>										
Full-Time	34.0%	32.2%	28.7%	27.3%	27.9%	29.1%	30.4%	28.1%	18.3%	19.7%
Part-Time	66.0%	67.8%	71.3%	72.7%	72.1%	70.9%	69.6%	71.9%	81.7%	80.3%
<b>Staff and Administrators</b>										
Full-Time	774	748	761	799	804	793	791	786	837	765
Part-Time	960	986	971	923	898	802	889	978	1,349	1,101
Total	<u>1,734</u>	<u>1,734</u>	<u>1,732</u>	<u>1,722</u>	<u>1,702</u>	<u>1,595</u>	<u>1,680</u>	<u>1,764</u>	<u>2,186</u>	<u>1,866</u>
<b>Percent</b>										
Full-Time	44.6%	43.1%	43.9%	46.4%	47.2%	49.7%	47.1%	44.6%	38.3%	41.0%
Part-Time	55.4%	56.9%	56.1%	53.6%	52.8%	50.3%	52.9%	55.4%	61.7%	59.0%
FTSE per Full-Time Faculty										
	40.20	42.11	48.21	49.12	48.70	43.68	45.16	44.31	52.01	57.42
FTSE per Full-Time Staff Member										
	24.47	26.46	26.54	25.64	24.53	22.03	21.24	22.04	21.75	23.49
Average Annual Full-Time Faculty Salary										
	\$55,176	\$56,660	\$55,660	\$54,275	\$54,564	\$53,829	\$52,977	\$51,163	\$50,558	\$49,039



**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT**

**Enrollment Details**

**Last Ten Fiscal Years**

(unaudited)

<b>Student Classification</b>	<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>		<b>Fall 2010</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
00-30 hours	17,085	56.08%	18,585	57.85%	16,792	54.66%	16,627	55.59%
31-60 hours	9,813	32.21%	9,900	30.82%	10,173	33.11%	9,728	32.53%
>60 hours	3,570	11.72%	3,642	11.34%	3,758	12.23%	3,554	11.88%
<b>Total</b>	<b>30,468</b>	<b>100.00%</b>	<b>32,127</b>	<b>100.00%</b>	<b>30,723</b>	<b>100.00%</b>	<b>29,909</b>	<b>100.00%</b>

<b>Semester Hour Load</b>	<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>		<b>Fall 2010</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 3	186	0.61%	231	0.72%	276	0.90%	218	0.73%
3-5 semester hours	6,301	20.68%	6,422	19.99%	5,738	18.68%	5,507	18.41%
6-8 Semester hours	8,063	26.46%	8,741	27.21%	7,504	24.42%	7,299	24.40%
9-11 semester hours	6,210	20.38%	6,290	19.58%	5,319	17.31%	5,226	17.47%
12-14 semester hours	7,120	23.37%	7,779	24.21%	8,667	28.21%	8,464	28.30%
15-17 semester hours	1,636	5.37%	1,717	5.34%	1,853	6.03%	1,874	6.27%
18 & over	952	3.12%	947	2.95%	1,366	4.45%	1,321	4.42%
<b>Total</b>	<b>30,468</b>	<b>100.00%</b>	<b>32,127</b>	<b>100.00%</b>	<b>30,723</b>	<b>100.00%</b>	<b>29,909</b>	<b>100.00%</b>

Average course load	8.6	8.6	9.1	9.1
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<b>Tuition Status</b>	<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>		<b>Fall 2010</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Texas Resident	29,037	95.30%	30,723	100.84%	28,982	94.33%	28,287	94.58%
Non-Resident Tuition	1,431	4.70%	1,404	4.61%	1,741	5.67%	1,622	5.42%
<b>Total</b>	<b>30,468</b>	<b>100.00%</b>	<b>32,127</b>	<b>105.45%</b>	<b>30,723</b>	<b>100.00%</b>	<b>29,909</b>	<b>100.00%</b>



Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
16,128	57.26%	14,383	55.70%	13,186	52.70%	14,070	53.90%	14,619	54.82%	14,924	57.23%
8,690	30.85%	8,226	31.86%	8,496	33.95%	8,653	33.15%	8,749	32.81%	7,891	30.26%
3,350	11.89%	3,214	12.45%	3,341	13.35%	3,382	12.96%	3,299	12.37%	3,263	12.51%
28,168	100.00%	25,823	100.00%	25,023	100.00%	26,105	100.00%	26,667	100.00%	26,078	100.00%

Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
198	0.70%	230	0.89%	120	0.48%	108	0.41%	133	0.50%	109	0.42%
5,275	18.73%	4,828	18.70%	4,561	18.23%	5,074	19.44%	4,575	17.16%	4,401	16.88%
6,848	24.31%	6,418	24.85%	6,463	25.83%	6,448	24.70%	6,388	23.95%	6,065	23.26%
4,904	17.41%	4,530	17.54%	4,321	17.27%	4,448	17.04%	4,813	18.05%	4,714	18.08%
8,371	29.72%	7,342	28.43%	7,169	28.65%	7,510	28.77%	8,081	30.30%	8,159	31.28%
1,611	5.72%	1,580	6.12%	1,509	6.03%	1,561	5.98%	1,623	6.09%	1,581	6.06%
961	3.41%	895	3.47%	880	3.52%	956	3.66%	1,054	3.95%	1,049	4.02%
28,168	100.00%	25,823	100.00%	25,023	100.00%	26,105	100.00%	26,667	100.00%	26,078	100.00%

9.0

8.9

8.9

8.6

9.8

9.9

Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
26,626	94.53%	24,558	95.10%	23,818	95.18%	24,977	95.68%	25,119	94.20%	24,574	94.23%
1,542	5.47%	1,265	4.90%	1,205	4.82%	1,128	4.32%	1,548	5.80%	1,504	5.77%
28,168	100.00%	25,823	100.00%	25,023	100.00%	26,105	100.00%	26,667	100.00%	26,078	100.00%

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT**

**Student Profile**

**Last Ten Fiscal Years**

(unaudited)

<b>Gender</b>	<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>		<b>Fall 2010</b>		<b>Fall 2009</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Female	17,400	57.11%	18,407	57.29%	17,645	57.43%	17,177	57.43%	16,325	57.96%
Male	13,068	42.89%	13,720	42.71%	13,078	42.57%	12,732	42.57%	11,843	42.04%
<b>Total</b>	<b>30,468</b>	<b>100.00%</b>	<b>32,127</b>	<b>100.00%</b>	<b>30,723</b>	<b>100.00%</b>	<b>29,909</b>	<b>100.00%</b>	<b>28,168</b>	<b>100.00%</b>

<b>Ethnic Origin</b>	<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>		<b>Fall 2010</b>		<b>Fall 2009</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
White	2,462	8.08%	2,619	8.15%	2,560	8.33%	2,648	8.85%	2,167	7.69%
Hispanic	25,857	84.88%	27,571	85.83%	26,253	85.46%	25,444	85.08%	24,196	85.90%
African American	727	2.39%	727	2.26%	684	2.23%	701	2.34%	645	2.29%
Asian	280	0.92%	298	0.93%	291	0.95%	271	0.91%	257	0.91%
Native American	109	0.36%	115	0.36%	115	0.37%	102	0.34%	88	0.31%
Other	1,033	3.39%	797	2.48%	820	2.67%	743	2.48%	815	2.89%
<b>Total</b>	<b>30,468</b>	<b>100.00%</b>	<b>32,127</b>	<b>100.00%</b>	<b>30,723</b>	<b>100.00%</b>	<b>29,909</b>	<b>100.00%</b>	<b>28,168</b>	<b>100.00%</b>

<b>Age</b>	<b>Fall 2013</b>		<b>Fall 2012</b>		<b>Fall 2011</b>		<b>Fall 2010</b>		<b>Fall 2009</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Under 18	4,318	14.17%	4,585	14.27%	2,656	8.64%	2,474	8.27%	2,433	8.64%
18 - 21	13,008	42.69%	13,743	42.78%	13,570	44.17%	13,174	44.05%	12,506	44.40%
22 - 24	4,543	14.91%	4,610	14.35%	4,630	15.07%	4,549	15.21%	4,280	15.19%
25 - 35	5,626	18.47%	5,857	18.23%	6,203	20.19%	5,974	19.97%	5,530	19.63%
36 - 50	2,355	7.73%	2,688	8.37%	2,935	9.55%	3,001	10.03%	2,778	9.86%
51 & over	618	2.03%	644	2.00%	729	2.37%	737	2.46%	641	2.28%
<b>Total</b>	<b>30,468</b>	<b>100.00%</b>	<b>32,127</b>	<b>100.00%</b>	<b>30,723</b>	<b>100.00%</b>	<b>29,909</b>	<b>100.00%</b>	<b>28,168</b>	<b>100.00%</b>

Average Age	23.7	23.8	24.5	24.7	24.5
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Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
15,371	59.52%	15,141	60.51%	15,813	60.57%	16,300	61.12%	16,064	61.60%
10,452	40.48%	9,882	39.49%	10,292	39.43%	10,367	38.88%	10,014	38.40%
25,823	100.00%	25,023	100.00%	26,105	100.00%	26,667	100.00%	26,078	100.00%

Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
2,094	8.11%	2,028	8.10%	2,212	8.47%	2,253	8.45%	2,285	8.76%
22,095	85.56%	21,383	85.45%	22,246	85.22%	22,690	85.09%	22,246	85.30%
544	2.11%	555	2.22%	565	2.16%	670	2.51%	591	2.27%
222	0.86%	227	0.91%	222	0.85%	230	0.86%	216	0.83%
66	0.26%	65	0.26%	66	0.25%	67	0.25%	73	0.28%
802	3.11%	765	3.06%	794	3.04%	757	2.84%	667	2.56%
25,823	100.00%	25,023	100.00%	26,105	100.00%	26,667	100.00%	26,078	100.00%

Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
2,030	7.86%	690	2.76%	1,106	4.24%	701	2.63%	878	3.37%
11,478	44.45%	11,289	45.11%	11,259	43.13%	11,242	42.17%	10,558	40.49%
4,028	15.60%	4,223	16.88%	4,229	16.20%	4,457	16.71%	4,374	16.77%
5,148	19.94%	5,370	21.46%	5,765	22.08%	6,244	23.41%	6,150	23.58%
2,594	10.05%	2,906	11.61%	3,167	12.13%	3,428	12.85%	3,485	13.36%
545	2.11%	545	2.18%	579	2.22%	595	2.23%	633	2.43%
25,823	100.00%	25,023	100.00%	26,105	100.00%	26,667	100.00%	26,078	100.00%

24.6

25.3

25.5

25.9

26.1

**Transfers to Senior Institutions  
(Includes only public senior colleges in Texas)**

**2011 Fall Students as of Fall 2013**

**2010 Fall Students as of Fall 2012**

	2011 Fall Students as of Fall 2013					2010 Fall Students as of Fall 2012				
	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		
1 Angelo State University	12			12	0.23%	14	1	4	19	0.37%
2 Lamar University	4		1	5	0.10%	3			3	0.06%
3 Midwestern State University	4			4	0.08%	3			3	0.06%
4 Prairie View A&M University	0		1	1	0.02%	2			2	0.04%
5 Sam Houston State University	6		1	7	0.14%	8			8	0.16%
6 Stephen F. Austin State University	0			0	0.00%	1			1	0.02%
7 Sul Ross State University	30			30	0.58%	33	1		34	0.66%
8 Sul Ross State University - Rio Grande College	1			1	0.02%	1			1	0.02%
9 Tarleton State University	1			1	0.02%	3			3	0.06%
10 Texas A&M International University	4	4	3	11	0.21%	2			2	0.04%
11 Texas A&M University - College Station	54			54	1.05%	40		1	43	0.83%
12 Texas A&M University - Central Texas	0			0	0.00%	0	1		1	0.02%
13 Texas A&M University - Commerce	2			2	0.04%	3			3	0.06%
14 Texas A&M University - Corpus Christi	8	1		9	0.17%	7			7	0.14%
15 Texas A&M University - Galveston	2			2	0.04%	2			2	0.04%
16 Texas A&M University - Kingsville	2			2	0.04%	2			2	0.04%
17 Texas A&M University - San Antonio	3			3	0.06%	4			4	0.08%
18 Texas A&M University - Texarkana	0			0	0.00%	0			0	0.00%
19 Texas A&M University - Health Science Center	0			0	0.00%	1			1	0.02%
20 Texas Southern University	4			4	0.08%	1			1	0.02%
21 Texas State University - San Marcos	66	9	10	85	1.65%	75	5	3	83	1.61%
22 Texas Tech University	140	4	9	153	2.97%	145	4	6	155	3.01%
23 Texas Tech University - Health Science Center	10			10	0.19%	69		2	71	1.38%
24 Texas Tech University - Health Science Center - El Paso	49			49	0.95%					
25 Texas Women's University	11			11	0.21%	10			10	0.19%
26 University of Houston	4	1		5	0.10%	11			11	0.21%
27 University of Houston - Downtown	0			0	0.00%	1			1	0.02%
28 University of Houston - Clear Lake	0			0	0.00%	0			0	0.00%
29 University of Houston - Victoria	1			1	0.02%	0			0	0.00%
30 University of North Texas	36	2	1	39	0.76%	30	2	2	34	0.66%
31 University of North Texas at Dallas	2			2						
32 University of North Texas Health Science Center	2			2	0.04%	2			2	0.04%
33 University of Texas - Arlington	22	2		24	0.47%	30		2	32	0.62%
34 University of Texas - Austin	144	8	8	160	3.10%	162	8	1	171	3.32%
35 University of Texas - Brownsville	1			1	0.02%	4			4	0.08%
36 University of Texas - Dallas	9			9	0.17%	6			6	0.12%
37 University of Texas - El Paso	4,134	104	106	4344	84.25%	4,125	87	131	4343	84.23%
38 University of Texas - Pan American	0			0	0.00%	2			2	0.04%
39 University of Texas - Permian Basin	20		1	21	0.41%	12			12	0.23%
40 University of Texas - San Antonio	63	3	2	68	1.32%	64	2	1	67	1.30%
41 University of Texas - Tyler	2		1	3	0.06%	1	1		2	0.04%
42 University of Texas Health Science Center - Houston	0			0	0.00%	1			1	0.02%
43 University of Texas Health Science Center - San Antonio	0			0	0.00%	5			5	0.10%
44 University of Texas Medical Branch - Galveston	2			2	0.04%	0			0	0.00%
45 University of Texas M.D. Anderson Cancer Center	1			1	0.02%	0			0	0.00%
46 University of Texas Southwestern Medical Center - Dallas	0			0	0.00%	3			3	0.06%
47 West Texas A&M University	18			18	0.35%	8		1	9	0.17%
<b>Totals</b>	<b>4,874</b>	<b>138</b>	<b>144</b>	<b>5,156</b>	<b>100.00%</b>	<b>4,896</b>	<b>114</b>	<b>154</b>	<b>5,164</b>	<b>100.16%</b>

2009 Fall Students as of Fall 2011					2008 Fall Students as of Fall 2010					2007 Fall Students as of Fall 2009				
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		
14		1	15	0.29%	17		2	19	0.35%	7			7	0.16%
2			2	0.04%	1			1	0.02%				0	0.00%
2			2	0.04%	4			4	0.07%	2		1	3	0.07%
1			1	0.02%	3			3	0.06%	1			1	0.02%
3		1	4	0.08%	3			3	0.06%	3			3	0.07%
0		3	3	0.06%	1			1	0.02%				0	0.00%
49	1		50	0.97%	34	1	1	36	0.67%	30		2	32	0.75%
3			3	0.06%	1			1	0.02%	3			3	0.07%
3			3	0.06%	1			1	0.02%				0	0.00%
40	1		41	0.80%	42		1	43	0.80%	35			35	0.82%
1			1	0.02%	1			1	0.02%					
4			4	0.08%	1			1	0.02%	1			1	0.02%
4			4	0.08%	6		1	7	0.13%	1	1		2	0.05%
3			3	0.06%	6			6	0.11%	1			1	0.02%
0			0	0.00%	1			1	0.02%	2			2	0.05%
2			2	0.04%	1			1	0.02%	1			1	0.02%
0			0	0.00%	1			1	0.02%	0			0	0.00%
2			2	0.04%	1			1	0.02%	1			1	0.02%
4			4	0.08%	3			3	0.06%	2			2	0.05%
61	2	2	65	1.27%	55	1	1	57	1.06%	39		1	40	0.93%
145	4	2	151	2.94%	140	3		143	2.67%	101	4	1	106	2.47%
53		3	56	1.09%	43			43	0.80%	14			14	0.33%
18			18	0.35%	12			12	0.22%	4			4	0.09%
17			17	0.33%	10			10	0.19%	7		1	8	0.19%
1			1	0.02%	1		1	2	0.04%	1			1	0.02%
1			1	0.02%	2			2	0.04%	2			2	0.05%
1			1	0.02%				0	0.00%	1			1	0.02%
24	1	1	26	0.51%	28	3		31	0.58%	18			18	0.42%
0			0	0.00%	1			1	0.02%				0	0.00%
24		1	25	0.49%	20	1	1	22	0.41%	10		1	11	0.26%
157	4	3	164	3.20%	154	1	1	156	2.91%	130	3		133	3.10%
2			2	0.04%				0	0.00%				0	0.00%
6	1		7	0.14%	12	1		13	0.24%	7			7	0.16%
4,200	69	76	4345	84.65%	4,496	55	78	4,629	86.41%	3,623	50	102	3,775	88.06%
2			2	0.04%	6		2	8	0.15%	7	1		8	0.19%
24		2	26	0.51%	14	1	1	16	0.30%	12			12	0.28%
60		1	61	1.19%	60		3	63	1.18%	40		1	41	0.96%
0			0	0.00%	1			1	0.02%	1			1	0.02%
3			3	0.06%	3			3	0.06%				0	0.00%
2			2	0.04%	1			1	0.02%	2			2	0.05%
3			3	0.06%	1			1	0.02%	3			3	0.07%
1			1	0.02%										
0			0	0.00%	3			3	0.06%				0	0.00%
12			12	0.23%	6			6	0.11%	6			6	0.14%
<b>4,954</b>	<b>83</b>	<b>96</b>	<b>5,133</b>	<b>100.00%</b>	<b>5,197</b>	<b>67</b>	<b>93</b>	<b>5,357</b>	<b>100.00%</b>	<b>4,118</b>	<b>59</b>	<b>110</b>	<b>4,287</b>	<b>100.00%</b>

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT**  
**Capital Asset Information**  
**Last Ten Fiscal Years**  
(unaudited)

	For the Year Ended August 31,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Academic buildings	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>23</b>	<b>23</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>
Square footage	994,344	994,344	985,927	985,927	899,857	893,069	862,709	828,218	796,051	796,051
Libraries	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Square footage	93,801	93,801	93,801	93,801	88,501	58,704	58,704	58,704	58,704	58,704
Number of Volumes <i>(in thousands)</i>	189,068	180,748	179,432	177,750	176,955	173,437	169,963	167,941	161,719	155,014
Admin/support buildings	<b>9</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Square footage	625,401	625,401	596,034	596,034	584,627	378,494	378,494	378,494	378,497	378,494
Athletic Facilities	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Square footage	296,906	296,906	296,906	296,906	296,906	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	204,059	204,059
Gymnasiums	33,807	33,807	33,807	33,807	33,807	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	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Square footage	19,609	19,609	19,609	19,609	19,609	19,609	19,609	19,609	19,609	19,609
Transportation										
Cars	53	53	54	52	60	60	63	51	49	45
Light Trucks/Vans	66	68	74	78	84	84	88	83	82	70
Buses	3	3	3	1	2	3	3	3	3	3

# SINGLE AUDIT SECTION



Rio Grande 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, 2014

Schedule E

	Federal CFDA Number	Pass-through Grantor's Numbers	Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>			
Direct Programs:			
Student Financial Assistance Cluster			
Supplemental Education Opportunity Grants	84.007		\$ 896,512
Federal College Work study Program	84.033		791,836
Federal Pell Grant Program	84.063		57,215,251
Federal Direct Student Loans	84.268		8,905,324
Total Student Financial Assistance Cluster			<u>67,808,923</u>
TRIO Cluster:			
TRIO Student Support Services	84.042A		563,275
Total TRIO Cluster			<u>563,275</u>
Higher Education Institutional Aid			
Migrant Education-High School Equivalency Program	84.031		628,511
	84.141		451,184
Pass Through From:			
Texas Higher Education Coord. Board			
Career and Technical Education -- Basic Grants to States			
Formula Allocation	84.048	142036	595,158
Texasgenuine CTE Strategic Plan 14	84.048	141109	47,099
Statewide Data Systems (B)	84.372	R372A090010	5,374
Total Career and Technical Education - Basic Grants to States			<u>647,631</u>
Total U.S. Department of Education:			<u><b>70,099,524</b></u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>			
Direct Programs:			
National Institute of Food and Agriculture			
Hispanic Serving Institutions Education Grants	10.223		\$ 28,361
Pass Through From:			
Upper Rio Grande Workforce Development Board			
Supplemental Nutrition Assistance Program, Outreach			
Participation Program - Accelerated ESL/GED	10.580	PY12-206-100-1-01	24,478
Total U.S. Department of Agriculture			<u><b>52,839</b></u>
<b><u>U.S. DEPARTMENT OF DEFENSE:</u></b>			
Direct Program:			
Procurement Technical Assistance for Business Firms	12.002		326,754
Total U.S. Department of Defense:			<u><b>326,754</b></u>
<b><u>U.S. DEPT. OF HOUSING &amp; URBAN DEVELOPMENT:</u></b>			
Pass Through From:			
City of El Paso			
Community Development Block Grants/Entitlement Grants	14.218	N/A	28,808
Total U.S. Dept. of Housing & Urban Development:			<u><b>\$ 28,808</b></u>

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 Year Ended August 31, 2014

Schedule E (continued)

	Federal CFDA Number	Pass-through Grantor's Numbers	Federal Expenditures
<b><u>U.S. DEPARTMENT OF LABOR:</u></b>			
Direct Program:			
Youthbuild	17.274		\$ 367,554
Pass Through From:			
Upper Rio Grande Workforce Development Board			
WIA Dislocated Workers			
Accelerated ESL/GED Occupancy Training	17.260	PY12-206-100-1-01	24,479
WIA Cluster:			
Pass Through From:			
Texas Workforce Commission			
WIA Dislocated Worker Formula Grants			
Apprenticeship Program FY 14 (23.62%)	17.278	1014ATP000	27,428
Upper Rio Grande Workforce Development Board			
WIA Adult Program			
Accelerated ESL/GED Occupancy Training	17.258	PY12-206-100-1-01	24,479
WIA Youth Activities			
Accelerated ESL/GED Occupancy Training	17.259	PY12-206-100-1-01	24,479
Total WIA Cluster:			76,386
Total U.S. Department of Labor:			<b>468,419</b>
<b><u>NATIONAL SCIENCE FOUNDATION:</u></b>			
Direct Program:			
Geosciences	47.050		61,353
Education and Human Resources	47.076		149,885
Total Direct Program:			211,238
Pass Through From:			
University of Texas at El Paso			
Education and Human Resources			
UTEP/LSAMP 2013	47.076	26-1008-4161	4,865
UTEP/LSAMP 2014	47.076	26-1008-4161	16,681
Total pass through from University of El Paso:			21,546
Total Education and Human Resources:			232,784
Total National Science Foundation:			<b>232,784</b>
<b><u>U.S. SMALL BUSINESS ADMINISTRATION:</u></b>			
Pass Through From:			
University of Texas at San Antonio			
Small Business Development Centers			
UTSA SBDC JOBS ACT 2011	59.037	1-603001-Z-0155-EPCC	(378)
UTSA SBDC SBA 2013	59.037	3-603001-Z-0049-27-EPCC	36,052
UTSA SBDC SBA 2014	59.037	4-603001-Z-0049-28-EPCC	174,393
Total Small Business Development Centers			210,067
Total U.S. Small Business Administration:			<b>210,067</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>			
Direct Programs:			
Research and Development Cluster:			
National Institutes of Health			
Biomedical Research and Research Training	93.859		556,640
Research and Development Cluster:			
Pass Through From:			
National Institutes of Health			
University of Texas at El Paso			
UTEP Bridges to the Future 2014	93.859	5R25GM049011-14	48,176
Total Research and Development Cluster			\$ 604,816

EL PASO COUNTY COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 Year Ended August 31, 2014

Schedule E (continued)

	<b>Federal CFDA Number</b>	<b>Pass-through Grantor's Numbers</b>	<b>Federal Expenditures</b>
Pass Through From:			
Texas Workforce Commission			
Temporary Assistance for Needy Families Cluster:			
Apprenticeship Program FY 2014 (26.49%)	93.558	1014ATP000	\$ 30,757
TWC Summer Merit Program 2014	93.558	1014TAN002	74,599
Total Temporary Assistance for Needy Families Cluster:			<u>105,356</u>
Total U.S. Dept. of Health and Human Services:			<u>710,172</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>			
Direct Programs:			
Scientific Leadership Awards	97.062		<u>89,379</u>
Total U.S. Dept. of Homeland Security:			<u>89,379</u>
<b><u>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT:</u></b>			
Pass Through From:			
Georgetown University			
USAID Foreign Assistance for Programs Overseas			
SEED Cycle 2012	98.001	EP-RX2050-705-12-E	(440)
SEED I 2013	98.001	EP-RX2050-705-13-D	95,420
SEED I 2014	98.001	EP-RX2050-705-13-N	154,726
SEED I 2013 Cohort 2	98.001	ELCC-RX2050-705-14-E	27,603
Total USAID Foreign Assistance for Programs Overseas			<u>277,309</u>
<b>Total Federal Financial Assistance:</b>			<u><u>\$ 72,496,055</u></u>

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**August 31, 2014**

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**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of El Paso County Community College District under programs of the federal government for the year ended August 31, 2014. 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*. Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This schedule has been prepared on the accrual basis of accounting. Revenues are recorded for financial reporting purposes when the College has met the qualifications for the respective program. Expenditures reported on the Schedule also are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, *Cost Principles for Education Institutions*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 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>\$8,905,324</u>	<u>\$ -</u>	<u>\$8,905,324</u>

**NOTE 4. AMOUNTS PASSED THROUGH BY THE COLLEGE**

Of the federal expenditures presented in the schedule, the College provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Primary Award</u>	<u>Recipient</u>	<u>Amount Provided to</u> <u>Subrecipients</u>
84.031	CE104948	Texas Techn University	\$ 116,567
47.050	CE004946	Universit of Texas-El Paso	<u>18,544</u>
			<u>\$ 135,111</u>

**NOTE 5. FEDERAL ASSISTANCE RECONCILIATION**

Federal Revenue - Per Schedule E	
Per Schedule of Expenditures of Federal Awards	\$ 72,496,055
Direct Student Loans	(8,905,324)
Funds passed through to others	(135,111)
Non Operating Federal Revenue from Schedule C	<u>(59,466,875)</u>
Total Federal Revenue per Schedule A	<u>\$ 3,988,745</u>

**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**

To the Board of Trustees  
El Paso County Community College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of El Paso County Community College District as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise El Paso County Community College District's basic financial statements, and have issued our report thereon dated January 7, 2015.

**Internal Control Over Financial Reporting**

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

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

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

To the Board of Trustees  
El Paso County Community College District

### **Compliance and Other Matters**

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

### **Texas Public Funds Investment Act**

We also performed tests of the College's compliance with the requirements of the Texas Public Funds Investment Act (the "Act"). The results of our tests disclosed no instances of non-compliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit and, accordingly, we do not express such an opinion.

### **Purpose of this Report**

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

*Mess Adams LLP*

Albuquerque, New Mexico  
January 7, 2015

## REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees  
El Paso County Community College District

### **Report on Compliance for Each Major Federal Program**

We have audited the El Paso County Community College District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the El Paso County Community College District's major federal programs for the year ended August 31, 2014. The El Paso County Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the El Paso County Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 El Paso County Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the El Paso County Community College District's compliance.

To the Board of Trustees  
El Paso County Community College District

### ***Opinion on Each Major Federal Program***

In our opinion, El Paso County Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

The El Paso County Community College District's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The El Paso County Community College District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the El Paso County Community College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the El Paso County Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 El Paso County Community College District'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 a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



To the Board of Trustees  
El Paso County Community College District

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

The El Paso County Community College District's response to the internal control over compliance findings identified in our audit also are described in the accompanying Schedule of Findings and Questioned Costs. The El Paso County Community College District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mess Adams LLP*

Albuquerque, New Mexico  
January 7, 2015

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended August 31, 2014**

2013-001 Student Financial Assistance – Return of Title IV  
Funds (Significant Deficiency, Non-Compliance)

Resolved

**EL PASO COMMUNITY COLLEGE  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2014**

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

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 Federal Programs**

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued</i>
Various	Student Financial Assistance Cluster	<i>Unmodified</i>
17.274	Youthbuild	<i>Unmodified</i>
84.031	Higher Education Institutional Aid	<i>Unmodified</i>
84.042	TRIO Cluster	<i>Unmodified</i>
84.048	Career and Technical Education – Basic Grants to States	<i>Unmodified</i>
84.141	Migrant Education – High School Equivalency Program	<i>Unmodified</i>
93.859	Research and Development Cluster	<i>Unmodified</i>

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

Auditee qualified as low-risk auditee?  Yes  No

**Section II - Financial Statement Findings**

None reported

**EL PASO COMMUNITY COLLEGE  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2014**

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**Section III - Federal Award Findings and Questioned Costs**

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**FINDING 2014-001 – Student Financial Assistance- Student Status reported to National Student Loan Data System (NSLDS) Timely- (Significant Deficiency, Noncompliance)**

*Federal Program Information:*

Funding agency: U.S. Department of Education  
Title: Student Financial Assistance Cluster  
CFDA Numbers: 84.007, 84.003, 84.063, 84.268  
Questioned Costs: None

**Criteria:** Per 34 CFR section 690.83, 682.610, 685.309, enrollment information must be reported within 30 days whenever attendance changes for students, unless a roster will be submitted within 60 days. These changes include reductions or increases in attendance levels, withdrawals, graduation, or approved leaves-of-absences.

**Condition:** During testing, it was noted that the College did not notify NSLDS of a change in attendance within the required timeframe for 1 of the 25 students tested.

**Effect:** Failure to ensure the timely reporting of a student's change in enrollment resulted in non-compliance with the Department of Education CFR.

**Cause:** The College did not have adequate internal controls in place to monitor the manual upload of student enrollment status to the NSLDS.

**Recommendation:** The College should implement a review procedure to ensure that all students requiring a manual upload to the NSLDS website are accurately uploaded in a timely manner so as to comply with the requirements of 34 CFR section 690.83, 682.610, 685.309

**Management Response:** We agree with the finding that a student's graduation was not reported during the time limit required. This student's graduation report was immediately updated and an internal report was generated to verify if any other students during this report period were also omitted. The manual process used during the report period that resulted in this student's degree completion being omitted from the original report has been replaced with an automated report which will eliminate this from recurring in the future.

**EL PASO COMMUNITY COLLEGE  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2014**

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**Section III - Federal Award Findings and Questioned Costs**

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**FINDING 2014-002 – Youthbuild- Grant officer approval for significant change to Statement of Work - (Significant Deficiency, Noncompliance)**

*Federal Program Information:*

Funding agency: U.S. Department of Labor  
Title: Youthbuild  
CFDA Number: 17.274  
Questioned Costs: None

**Criteria:** Per 29 CFR, Part 95.25, grant recipients shall request prior written approvals from the grant officer for any change in the approved objectives or scope of the project.

**Condition:** Through inquiry it was determined that the College changed its worksite construction partners and worksite location(s) without prior grant officer approval. The original statement of work included letters of commitment from two organizations; however, neither was used and a third partner was instead engaged to complete the work with no notification given.

**Effect:** Without proper grant officer approval, the College cannot ensure compliance with Federal regulations and the official grant Statement of Work.

**Cause:** There are no procedures in place to ensure that significant changes to the Statement of Work are communicated to grant officers for approval.

**Recommendation:** The College should implement appropriate procedures to verify that all significant changes to the Statements of Work Modifications have obtained the appropriate levels of approval from grant officers.

**Management Response:** In the future, Statements of Work Modifications will be requested prior to any such changes.

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
Year Ended August 31, 2014**

Schedule F

	<u>State Grantor's Number</u>	<u>State Expenditures</u>
<b>TEXAS WORKFORCE COMMISSION:</b>		
TWC-Skills for Small Business Program	1012SSD000	\$ 1,000
Apprenticeship Program FY 14 (49.89%)	1014ATP000	57,937
TWC-Skills for Small Business Program 2014	1014SSD000	546
Total Texas Workforce Commission:		<u>59,483</u>
<b>TEXAS HIGHER EDUCATION COORDINATING BOARD:</b>		
Adult Basic Education		
ABE-IG Adult Basic Education Year 3	06752	59,548
ABE-IG Adult Basic Education Year 4	11547	29,836
Total Adult Basic Education:		<u>89,384</u>
Pathway Project 2014		
Puente	11710 02776/08820/10809	10,942 662
Texas Grant		
Texas Grant Initial (DC429)	N/A	1,907,832
Texas Grant Renewal (DC324)	N/A	775,968
Total Texas Grant:		<u>2,683,800</u>
TEOG Grant		
TEOG Init'l (DC354)-Formerly TXGrt2	N/A	590,289
TEOG Renw'l (DC457)-Formerly TXGrt2	N/A	224,190
Total TEOG Grants		<u>814,479</u>
State Workstudy 2013-2014	N/A	143,757
TOP 10		
Top 10 Percent Scholarship	N/A	87,709
TOP 10 RENEWAL SCHOLARSHIP	N/A	30,000
Total Top 10		<u>117,709</u>
Comm College Development Ed Initiative Prg.	CMS 2431	1,264
T-STEM Scholarships		
T-STEM 2012 Scholarships	9259	649
T-STEM 2013 Scholarships	11272	184,043
Total T-STEM Scholarships:		<u>184,692</u>
SGPD	N/A	66,152
Tuition Assistance - Military Forces	N/A	581,115
Total Texas Higher Education Coordinating Board:		<u>4,693,956</u>
<b>TEXAS DEPT. OF ASSISTIVE &amp; REHABILITATIVE SERVICES:</b>		
DARS Interpretative Services 2014	538-14-001-000000000102	<u>11,238</u>
<b>TEXAS ASSOCIATION OF PUBLIC SCHOOLS:</b>		
TAPS-Risk Management Grant	N/A	600
Total Texas Comptroller of Public Accounts:		<u>600</u>
Total State Financial Assistance:		<u>\$ 4,765,277</u>

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**August 31, 2014**

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**NOTE 1. 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.

**NOTE 2. AMOUNTS PASSED THROUGH THE COLLEGE**

None

**NOTE 3. STATE ASSISTANCE RECONCILIATION**

State Revenue – Per Schedule F	
Per Schedule of Expenditures of State Awards	\$ 4,765,277
SGPD Awards from prior period set-asides	(66,151)
Nonoperating State Revenue from Schedule C	<u>(446,157)</u>
Total State Revenue per Schedule A	<u>\$ 4,252,969</u>

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR  
EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE STATE OF TEXAS  
SINGLE AUDIT CIRCULAR**

To the Board of Trustees  
El Paso County Community College District

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

We have audited the El Paso County Community College District's 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 El Paso County Community College District's major state programs for the year ended August 31, 2014. The El Paso County Community College District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of State Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of El Paso County Community College District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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 El Paso County Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



To the Board of Trustees  
El Paso County Community College District

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of El Paso County Community College District's compliance.

***Opinion on Each Major State Program***

In our opinion, the El Paso County Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of each major state program for the year ended August 31, 2014.

**Report on Internal Control Over Compliance**

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

To the Board of Trustees  
El Paso County Community College District

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 state compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over state compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Mess Adams LLP*

Albuquerque, New Mexico  
January 7, 2015

**EL PASO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2014**

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**Section I - Summary of Auditor's Results**

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*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

**State Awards**

Internal control over major State programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

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

Yes  No

**Identification of Major State Programs**

<i>Grant Numbers</i>	<i>Name of State Program or Cluster</i>	<i>Type of Auditor's Report Issued</i>
None	Texas Educational Opportunity Grant (TEOG)	<i>Unmodified</i>
None	Tuition Assistance-Military Forces	<i>Unmodified</i>

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

\$ 300,000

Auditee qualified as low-risk auditee?

Yes  No

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**Section II - Financial Statement Findings**

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None reported

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**Section III - State Award Findings and Questioned Costs**

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None reported

