

CENTRAL TEXAS COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

August 31, 2020

CENTRAL TEXAS COLLEGE DISTRICT
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CENTRAL TEXAS COLLEGE DISTRICT

**ORGANIZATIONAL DATA
for the Fiscal Year 2020**

Board of Trustees

<u>Members</u>	<u>City</u>	<u>Term Expires</u>
BG (Ret) Rex Weaver, Chair	Killeen, TX	May, 2023
Jimmy Towers, Vice Chair	Killeen, TX	May, 2025
Bill Beebe, Treasurer	Harker Heights, TX	May, 2021
Brenda Coley, Secretary	Belton, TX	May, 2025
Don Armstrong, Member	Killeen, TX	May, 2023
Charles Hollinger, Member	Killeen, TX	May, 2025
SFC (Ret) James A Pierce, Jr, Member	Copperas Cove, TX	May, 2025

Key Officers

Jim Yeonopolus	Chancellor
Michele Carter, Ed.D.	Deputy Chancellor, Finance & Administration
Tina Ady, Ph.D.	Deputy Chancellor, Instruction & Workforce Initiatives
Robin Garrett, Ph.D.	Deputy Chancellor, Academic & Student Success
Bob Liberty	Associate Deputy Chancellor, Financial Management



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KILLEEN • COPPERAS COVE • TEMPLE

Member of
American Institute & Texas Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Board of Trustees
Central Texas College District
Killeen, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Central Texas College District, (the District) as of and for the years ended August 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District'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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 entity's internal control. Accordingly, we express no such opinion.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION (CONTINUED)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Central Texas College District as of August 31, 2020 and 2019, 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 the management's discussion and analysis, the Schedule of District's Proportionate Share of Net Pension Liability, the Schedule of District's Contributions for Pensions, the Schedule of District's Proportionate Shares of Net OPEB Liability, and the Schedule of District's Contributions for OPEB, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules (schedules A through D) as described in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards (schedule E) and schedule of expenditures of state awards (schedule F) are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State of Texas Single Audit Circular, and is also not a required part of the basic financial statements.

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION (CONTINUED)**

Other Information (continued)

The supplemental schedules, the schedule of expenditures of federal awards and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The additional information (Schedules G, G-1, and G-2 - all marked "unaudited") have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of the 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 District's internal control over financial reporting and compliance.



Temple, Texas
December 11, 2020

**Central Texas College District
Annual Financial Report
Management’s Discussion and Analysis
For the Year Ended August 31, 2020**

This section of the Central Texas College District (the College) annual financial report presents a discussion and analysis of the financial performance of the College during the fiscal year ended August 31, 2020. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with the financial statements and footnotes. This discussion and analysis is designed to focus on current activities, resulting change and current known facts. For management’s discussion and analysis, we have presented the previous year’s financial information in order to provide a comparison. The financial statements, footnotes and this discussion are the responsibility of management.

BASIC FINANCIAL STATEMENTS

The basic financial statements are prepared in accordance with the Governmental Accounting Standards Board (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”. Three primary statements are required: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

Financial statements for the College’s component unit, the Central Texas College Foundation (the Foundation) are issued independent to those of the College but are presented with the College’s basic financial statements.

One of the most important questions asked about the College’s finances is whether or not the College’s financial position has improved as a result of the year’s activities. The key to understanding this question is the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The College’s net position is one indicator of its financial health. Over time, increases or decreases in net position are one indicator of the improvement or erosion of the College’s financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

The Statement of Net Position includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating.

CENTRAL TEXAS COLLEGE DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2020

The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they mature. The Statement of Cash Flows presents the information related to cash inflows and outflows summarized by operating, capital and non-capital financing and investing activities.

Required supplementary audited financial information related to pensions and OPEB is presented as well as Schedules A through F. Each of these schedules presents in detail information from the basic financial statements.

Schedules G, G-1 and G-2 are provided to reflect the campus organizational structure of the College. These schedules are not required by GASB and are not audited.

FINANCIAL AND ENROLLMENT HIGHLIGHTS

- The combination of Cash and Investments remained level during the fiscal year.
- Accounts Payable is down \$3MM due to much stricter controls over expenditures due to decreased revenue related to COVID.
- Tuition and Fees were down approximately \$4.6 million. This is a 12% decrease from the previous fiscal year. Enrollments were down due to COVID from March thru the end of the year.

STATEMENT OF NET POSITION

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. Net position - the difference between assets and liabilities - are one way to measure the financial health of the college.

CENTRAL TEXAS COLLEGE DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2020

(In Millions)

	<u>2020</u>	<u>2019</u>	<u>% Change</u>	<u>2018</u>
Current assets:				
Cash and cash equivalents	\$ 89.1	\$ 83.6	6.6	\$ 86.0
Short-term investments	8.0	2.5	220.0	
Receivables	11.2	14.2	(21.1)	13.4
Inventory, prepaid expenses and other	<u>2.2</u>	<u>1.8</u>	<u>22.3</u>	<u>2.4</u>
Total current assets	<u>110.5</u>	<u>102.1</u>	<u>8.3</u>	<u>101.8</u>
Non-current assets:				
Restricted Cash	.6	.6	-	.5
Long-term investments	16.6	28.0	(40.8)	39.7
Notes Receivable	.1	.1	-	-
Capital assets, net of depreciation	<u>140.0</u>	<u>141.7</u>	<u>(1.2)</u>	<u>132.1</u>
Total non-current assets	<u>157.3</u>	<u>170.4</u>	<u>(7.7)</u>	<u>172.3</u>
Total assets	<u>267.8</u>	<u>272.5</u>	<u>(1.7)</u>	<u>274.1</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	9.0	11.0	(18.2)	4.4
Deferred Outflows Related to OPEB	<u>5.1</u>	<u>.5</u>	<u>920.0</u>	<u>2.2</u>
Total Deferred Outflows of Resources	14.1	11.5	23.5	6.6
Current liabilities:				
Accounts payable and accrued liabilities	17.8	20.8	(14.4)	26.9
Accrued absences	.4	.3	33.3	.3
Unearned Revenues	9.0	11.1	(18.9)	13.3
Net OPEB Liability	<u>1.9</u>	<u>.8</u>	<u>137.5</u>	<u>.4</u>
Total current liabilities	29.1	33.0	(11.8)	40.9
Non-current liabilities:				
Accrued absences	1.7	1.3	30.8	1.2
Net Pension liability	22.3	24.6	(9.3)	16.9
Net OPEB liability	<u>59.0</u>	<u>53.2</u>	<u>10.9</u>	<u>77.5</u>

CENTRAL TEXAS COLLEGE DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2020

Total non-current liabilities	<u>83.0</u>	<u>79.1</u>	<u>4.9</u>	<u>95.6</u>
Total liabilities	112.1	112.1	-	136.5
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions	9.8	8.5	15.3	9.5
Deferred Inflows Related to OPEB	<u>28.8</u>	<u>35.5</u>	<u>(18.9)</u>	<u>17.2</u>
Total Deferred Inflows of Resources	38.6	44.0	(12.3)	26.7
Net position				
Invested in capital assets, net of related debt	140.0	141.7	(1.2)	132.1
Restricted	2.0	2.0	-	1.5
Unrestricted	<u>(10.8)</u>	<u>(15.8)</u>	<u>(31.6)</u>	<u>(16.1)</u>
Total net position	<u>131.2</u>	<u>127.9</u>	<u>2.6</u>	<u>117.5</u>

Federal, state and local statutes require certain net positions be restricted for future use. Other net positions are unrestricted; however, a majority of these net positions have been designated or reserved for specific purposes such as working capital for instructional programs, future construction projects and reserves for insurance and post retirement benefits.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position present the operating results of the college, as well as the non-operating revenues and expenses. Annual ad valorem tax revenues, while budgeted for operations, are considered non-operating revenues in GASB 34-35. Additionally, State appropriations, which previously have been classified as operating revenues, were reclassified as non-operating revenues in accordance with directives from the Texas Higher Education Coordinating Board (THECB). This reclassification is designed to align Texas Community College's financial presentation with that of other States.

		(In Millions)		
	<u>2020</u>	<u>2019</u>	<u>% Change</u>	<u>2018</u>
Operating revenue:				
Net tuition and fees	\$ 34.8	\$ 39.4	(11.7)	\$ 37.2
Federal Funds	6.0	8.7	(31.0)	15.7

CENTRAL TEXAS COLLEGE DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2020

Grants and Contracts	2.3	2.2	4.5	2.1
Auxiliary Funds	3.0	4.6	(34.8)	5.1
Other	<u>.7</u>	<u>1.2</u>	<u>(41.7)</u>	<u>1.0</u>
Total	46.8	56.1	(16.6)	61.1
Operating expenses	<u>99.5</u>	<u>103.3</u>	<u>(3.7)</u>	<u>114.2</u>
Net operating loss	<u>(52.7)</u>	<u>(47.2)</u>	<u>11.7</u>	<u>(53.1)</u>
Non-operating revenues (expenses)				
State Appropriations	22.0	21.6	1.9	22.0
Local ad valorem taxes	13.3	13.3	-	13.3
Federal Revenue, Non Operating	18.7	20.3	(7.9)	19.3
Investment income	<u>2.0</u>	<u>2.4</u>	<u>(16.7)</u>	<u>1.5</u>
Total	<u>56.0</u>	<u>57.6</u>	<u>(2.8)</u>	<u>56.1</u>
Increase in net position	<u>3.3</u>	<u>10.4</u>	<u>(68.3)</u>	<u>3.0</u>
Net position – Beginning of year for	127.9	117.5	8.9	205.4
Cumul Effect of Change in Accounting Principle	<u> </u>	<u>-</u>	<u>-</u>	<u>(90.9)</u>
Net position – Beginning of year	<u>127.9</u>	<u>117.5</u>	<u>8.9</u>	<u>114.4</u>
Net position - End of year	<u>\$ 131.2</u>	<u>\$ 127.9</u>	<u>2.6</u>	<u>\$ 117.5</u>

OPERATING EXPENSES (by functional classification)

	(In Millions)			
	<u>2020</u>	<u>2019</u>	<u>% Change</u>	<u>2018</u>
Instruction	\$ 32.2	\$ 33.7	(4.5)	\$ 38.3
Public service	.4	.4	-	1.7
Academic support	6.4	7.0	(8.6)	7.1
Student services	8.6	8.6	-	8.8
Institutional support	17.9	15.7	14.0	20.8
Operation and maintenance of plant	6.3	6.9	(8.7)	6.9
Scholarships and related expenses	21.0	23.3	(9.9)	22.0
Auxiliary activities	3.1	4.0	(22.5)	4.8
Depreciation	<u>3.6</u>	<u>3.7</u>	<u>(2.7)</u>	<u>3.8</u>
Total Expenses	<u>\$ 99.5</u>	<u>\$103.3</u>	<u>(3.7)</u>	<u>\$ 114.2</u>

OPERATING EXPENSES (by natural classification)

	(In Millions)			
	<u>2020</u>	<u>2019</u>	<u>% Change</u>	<u>2018</u>

CENTRAL TEXAS COLLEGE DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2020

Salaries and wages	\$ 45.4	\$ 46.5	(2.4)	\$ 46.6
State Benefits	5.6	4.7	19.1	5.3
Local Benefits	9.4	10.6	(11.3)	10.0
Scholarships and related expenses	20.9	23.3	(10.3)	21.9
Supplies and related expenses	14.6	14.5	.7	26.6
Depreciation	<u>3.6</u>	<u>3.7</u>	<u>(2.7)</u>	<u>3.8</u>
	\$ 99.5	\$103.3	(3.7)	\$114.2

Expenditures were down across the institution as a result of COVID. Decreased enrollments and changes in PELL entitlements led to a decrease in approximately \$2.4MM in scholarships and related expenses. Supplies and related expenses show an increase of \$.1MM. This is due to CARES institutional expenditures of \$1.1MM and decreased institutional expenditures of \$1MM. Stricter controls were placed on all expenditures as a result in decreased revenue due to COVID.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also helps users assess the college's ability to generate net cash flows, its ability to meet its obligations as they come due and its need for external financing.

(In Millions)

	<u>2020</u>	<u>2019</u>	<u>% Change</u>	<u>2018</u>
Cash provided by (used in):				
Operating activities	\$(53.9)	\$(52.1)	3.5	\$ (39.9)
Non-capital financing activities	53.4	51.4	3.9	52.5
Capital and related financing activities	(1.9)	(13.3)	(85.7)	(18.6)
Investing activities	<u>7.9</u>	<u>11.7</u>	<u>(32.5)</u>	<u>12.1</u>
Net increase (decrease) in cash	5.5	(2.3)	339.1	6.1
Cash - beginning of year	<u>84.2</u>	<u>86.5</u>	<u>(2.7)</u>	<u>80.4</u>
Cash - end of year	\$ 89.7	\$ 84.2	6.5	\$ 86.5

Cash flows from operating activities represents the difference in the incoming and outgoing cash for all educational operations while cash flows from non-capital financing activities represents the collection from local ad valorem taxes, State appropriations and federal, non-operating revenue. Cash flows from capital and related financing activities represent's the cash paid to contractors during the year for construction projects and for the purchase of other capital assets. The decrease was due to the wind down and completion for the campus wide infrastructure project. Overall cash position remained reasonably consistent.

CENTRAL TEXAS COLLEGE DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2020

THE WAY AHEAD

Central Texas College's top priority during the pandemic is the safety of our students, faculty, and staff. Therefore, we have made significant adjustments in how we deliver instruction and student support services. As with many colleges throughout Texas and across the country, enrollments are down due to the impact of COVID-19 on everyday living for our students.

As we anticipate and prepare for the full reopening of our main campus and college operations worldwide, we are focusing much of our attention on student retention by addressing their educational financial needs, as well as childcare, housing, and food insecurities. In addition to a generous donation from a local citizen, the college continues to secure funding from federal and state agencies targeting students who are not in a financial position to complete their education.

The COVID-19 crisis also provides us an opportunity for continued innovation in helping our students be successful in today's workforce. In coordination with the Texas Workforce Commission and industry, CTC continues to develop programs that provide education and training to fill high demand jobs in our local area. An example of such programs is the recently negotiated partnership with Ford Motor Company for the Technicians of Tomorrow program.

In addition to the above, CTC is supporting the Texas Higher Education Coordinating Board's initiative to help displaced Texas workers reskill or upskill to get back into the workforce. The Texas Reskilling Support Fund Grant Program is designed to help these individuals and those students who have previously stopped out of higher education without completing a postsecondary credential. In consortium with two local colleges, CTC applied for funding and anticipates an award in December. The college continues to seek grant opportunities to help fund tuition for students and support innovations in delivering instruction and academic support during the pandemic.

With the downward trend in enrollments and possible decrease in state appropriations, CTC continues to seek other sources of funding necessary to deliver an accessible and quality education to our students around the world.

FINANCIAL STATEMENTS

**CENTRAL TEXAS COLLEGE DISTRICT
STATEMENTS OF NET POSITION
AUGUST 31, 2020 and AUGUST 31, 2019**

Exhibit 1

	FISCAL YEAR		FISCAL YEAR	
ASSETS	2020		2019	
Current Assets				
Cash and Cash Equivalents	\$	89,133,362	\$	83,621,909
Short-Term Investments		8,000,000		2,500,000
Accounts Receivable (net)		11,145,035		14,215,598
Inventories		1,871,273		1,551,396
Prepaid Expenses		314,644		229,332
Total Current Assets		<u>110,464,314</u>		<u>102,118,235</u>
Noncurrent Assets				
Restricted Cash and Cash Equivalents		618,156		593,496
Other Long-Term Investments		16,636,519		28,004,639
Notes Receivable		50,863		80,524
Capital Assets (net) (See Note 7)		140,002,931		141,711,813
Total Noncurrent Assets		<u>157,308,469</u>		<u>170,390,472</u>
Total Assets		<u>267,772,783</u>		<u>272,508,707</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions		9,054,186		11,022,787
Deferred Outflows Related to OPEB		5,097,514		453,047
Total Deferred Outflows of Resources		<u>14,151,700</u>		<u>11,475,834</u>
LIABILITIES				
Current Liabilities				
Accounts Payable		1,599,826		4,493,875
Accrued Liabilities		15,822,677		15,955,036
Accrued Compensable Absenses-Current Portion		404,376		328,971
Funds Held for Others		373,544		373,903
Unearned Revenues		8,971,137		11,068,647
Net OPEB Liability-Current Portion		1,932,480		793,981
Total Current Liabilities		<u>29,104,040</u>		<u>33,014,413</u>
Noncurrent Liabilities				
Accrued Compensable Absenses		1,617,503		1,315,884
Net Pension Liability		22,304,538		24,601,154
Net OPEB Liability		59,039,819		53,182,285
Total Noncurrent Liabilities		<u>82,961,860</u>		<u>79,099,323</u>
Total Liabilities		<u>112,065,900</u>		<u>112,113,736</u>
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions		9,812,084		8,453,277
Deferred Inflows Related to OPEB		28,822,718		35,501,062
Total Deferred Inflows of Resources		<u>38,634,802</u>		<u>43,954,339</u>
NET POSITION as restated				
Invested in Capital Assets, Net of Related Debt		140,002,931		141,711,813
Restricted for:				
Scholarships and Grants		1,985,511		1,988,266
Unrestricted		(10,764,661)		(15,783,613)
Total Net Position (Schedule D)	\$	<u>131,223,781</u>	\$	<u>127,916,466</u>

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

**CENTRAL TEXAS COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2020 and August 31, 2019**

Exhibit 1 - A

	FISCAL YEAR 2020	FISCAL YEAR 2019
ASSETS		
Current Assets		
Cash	\$ 157,541	\$ 105,570
Total Current Assets	<u>157,541</u>	<u>105,570</u>
Restricted Assets		
Cash	353,948	66,315
Investments	11,391,244	9,192,121
CSV - Life Insurance	<u>111,121</u>	<u>106,337</u>
Total Restricted Assets	<u>11,856,313</u>	<u>9,364,773</u>
Total Assets	<u><u>12,013,854</u></u>	<u><u>9,470,343</u></u>
LIABILITIES		
Accounts Payable	<u>598,152</u>	<u>422,661</u>
Total Liabilities	<u>598,152</u>	<u>422,661</u>
Net Assets		
Without Donor Restrictions	156,648	100,871
With Donor Restrictions	<u>11,259,054</u>	<u>8,946,811</u>
Total Net Assets	<u>11,415,702</u>	<u>9,047,682</u>
Total Liabilities and Net Assets	<u><u>12,013,854</u></u>	<u><u>9,470,343</u></u>

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

CENTRAL TEXAS COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended August 31, 2020 and August 31, 2019

Exhibit 2

	<u>FISCAL YEAR</u> <u>2020</u>	<u>FISCAL YEAR</u> <u>2019</u>
Operating Revenues		
Tuition and Fees (Net)	\$ 34,774,258	\$ 39,425,313
Federal Grants and Contracts	6,047,819	8,737,300
State Grants and Contracts	1,170,163	1,307,392
Non-Governmental Grants and Contracts	1,082,040	852,880
Auxiliary Enterprises (net of discounts)	3,049,896	4,643,296
General Operating Revenues	<u>652,649</u>	<u>1,159,956</u>
Total Operating Revenues (Schedule A)	<u>46,776,825</u>	<u>56,126,137</u>
Operating Expenses		
Instruction	32,204,303	33,731,998
Public Service	412,000	448,418
Academic Support	6,405,119	6,968,476
Student Services	8,551,925	8,607,857
Institutional Support	17,914,909	15,673,404
Operation and Maintenance of Plant	6,322,539	6,913,592
Scholarships and Fellowships	21,011,036	23,305,770
Auxiliary Enterprises	3,060,228	3,990,253
Depreciation	<u>3,626,951</u>	<u>3,700,191</u>
Total Operating Expenses (Schedule B)	<u>99,509,010</u>	<u>103,339,959</u>
Operating Loss	<u>(52,732,185)</u>	<u>(47,213,822)</u>
Non-Operating Revenues (Expenses)		
State Appropriations	21,972,970	21,588,941
Ad Valorem Taxes (Net)	13,371,476	13,352,061
Federal Revenue, Non Operating	18,680,850	20,288,160
Investment Income	2,014,204	2,448,346
Other Non-Operating Revenues (Expenses)	<u>1,804</u>	<u>1,804</u>
Net Non-Operating Revenues (Schedule C)	<u>56,039,500</u>	<u>57,679,312</u>
Increase/(Decrease) in Net Position	<u>3,307,315</u>	<u>10,465,490</u>
Net Position		
Net Position, Beginning of Year	<u>127,916,466</u>	<u>117,450,976</u>
Net Position - End of Year	<u>\$ 131,223,781</u>	<u>\$ 127,916,466</u>

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

CENTRAL TEXAS COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

Exhibit 2-A-1

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Revenue, Gains & Other Support			
Contributions	\$ 59,753	\$ 1,673,592	\$ 1,733,345
Donated Administrative Support	235,501		235,501
Interest Income		39,865	39,865
Unrealized/Realized Gains(Loss) on Investment		1,018,226	1,018,226
Other Income		224,983	224,983
Total Revenues, Gains and Other Support	<u>295,254</u>	<u>2,956,666</u>	<u>3,251,920</u>
Expenses and Losses			
Program			
Scholarships Awarded		586,999	586,999
Support			
College Support		1,117	1,117
Fund Raising	3,976	56,177	60,153
Donated Administrative Support	235,501		235,501
Other		130	130
Total Expenses and Losses	<u>239,477</u>	<u>644,423</u>	<u>883,900</u>
Change in Net Assets	55,777	2,312,243	2,368,020
Net Assets at Beginning of Period	<u>100,871</u>	<u>8,946,811</u>	<u>9,047,682</u>
Net Assets at End of Period	<u>\$ 156,648</u>	<u>\$ 11,259,054</u>	<u>11,415,702</u>

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

**CENTRAL TEXAS COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019**

Exhibit 2-A-2

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Revenue, Gains & Other Support			
Contributions	\$ 82,596	\$ 830,874	\$ 913,470
Donated Administrative Support	158,202		158,202
Interest Income		111,501	111,501
Unrealized/Realized Gains(Loss) on Investment		201,530	201,530
Other Income		184,105	184,105
Net Assets Released	<u>407,610</u>	<u>(407,610)</u>	
Total Revenues, Gains and Other Support	<u>648,408</u>	<u>920,400</u>	<u>1,568,808</u>
Expenses and Losses			
Program			
Scholarships Awarded	394,705		394,705
Support			
College Support	3,242		3,242
Fund Raising	55,803		55,803
Donated Administrative Support	<u>158,202</u>		<u>158,202</u>
Total Expenses and Losses	<u>611,952</u>		<u>611,952</u>
Change in Net Assets	36,456	920,400	956,856
Net Assets at Beginning of Period	<u>64,415</u>	<u>8,026,411</u>	<u>8,090,826</u>
Net Assets at End of Period	<u>\$ 100,871</u>	<u>\$ 8,946,811</u>	<u>9,047,682</u>

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

CENTRAL TEXAS COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended August 31, 2020 and August 31, 2019

Exhibit 3

	Fiscal Year	Fiscal Year
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 32,075,624	\$ 38,136,711
Receipts from grants and contracts	9,771,638	10,936,270
Payments to suppliers for goods and services	(18,550,332)	(21,759,399)
Payments to or on behalf of employees	(59,899,474)	(61,823,769)
Payments for scholarships and fellowships	(20,876,071)	(23,172,885)
Payments for loans issued to students	(125,498)	(139,841)
Receipts from collection of loans to students	103,772	126,521
Other receipts (payments)	3,599,987	5,625,145
Net cash provided (used) by operating activities	<u>(53,900,354)</u>	<u>(52,071,247)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	19,335,934	19,834,704
Receipts from Ad valorem taxes	13,569,780	13,551,180
Receipts from non operating federal revenue	20,765,160	18,251,192
Payments for collection of taxes	(198,304)	(199,119)
Receipts from student organizations and other agency transactions	14,472,774	11,933,075
Payments to student organizations and other agency transactions	<u>(14,473,132)</u>	<u>(11,992,030)</u>
Net cash provided (used) by non-capital financing activities	53,472,212	51,379,002
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the sale of capital assets	0	7,360
Purchases of capital assets	<u>(1,918,069)</u>	<u>(13,272,590)</u>
Net cash provided (used) by capital and related financing activities	(1,918,069)	(13,265,230)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	30,508,783	23,593,003
Receipts from interest on investments	2,014,204	2,448,346
Purchases of investments	<u>(24,640,663)</u>	<u>(14,409,742)</u>
Net cash provided (used) by investing activities	7,882,324	11,631,607
Increase (decrease) in cash and cash equivalents	<u>5,536,113</u>	<u>(2,325,868)</u>
Cash and cash equivalents-September 1	84,215,405	86,541,273
Cash and cash equivalents-August 31	<u>\$ 89,751,518</u>	<u>\$ 84,215,405</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Loss	\$ (52,732,185)	\$ (47,213,822)
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation expense	3,626,951	3,700,191
Payments made directly by state for benefits	869,505	746,830
Changes in assets and liabilities		
Receivables (net)	986,253	1,158,817
Inventories	(319,878)	(61,393)
Prepaid expenses	(85,313)	686,224
Accounts payable	(2,894,049)	(5,980,352)
Accrued liabilities	(132,359)	(55,938)
Compensated absences	377,024	88,008
Unearned revenues	(2,097,509)	(2,242,581)
Other Assets	29,661	(6,796)
Deferred Inflows and Outflows	<u>(1,528,455)</u>	<u>(2,890,435)</u>
Net cash provided (used) by operating activities	<u>\$ (53,900,354)</u>	<u>\$ (52,071,247)</u>

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

CENTRAL TEXAS COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2020

1. Reporting Entity

The Central Texas College District (CTCD) was established in July, 1965, in accordance with the laws of the State of Texas, to serve the educational needs of the public and the surrounding communities. CTCD is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While CTCD receives funding from local, state and federal sources, and must comply with the spending, reporting and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

2. Summary of Significant Accounting Policies

Reporting Guidelines

The significant accounting policies followed by CTCD 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*. CTCD applies all applicable GASB pronouncements. CTCD is reported as a special purpose government engaged in business-type activities.

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act Program Funds

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

Other Tuition Discounts

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

Basis of Accounting

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

Budgetary Data

Each community college 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 District's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library and Governor's Office of Budget and Planning by December 1.

Cash and Cash Equivalents

CTCD'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.

Deferred Outflows

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

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.

Inventories

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

Capital Assets

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

Buildings	50 years
Facilities and Other Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

Pensions

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

Unearned Revenue

Tuition and fees of \$8,859,001 and \$11,068,647 have been reported as unearned revenues at August 31, 2020 and August 31, 2019 respectively. Federal Grant Revenue of \$112,136 and zero have been reported at August 31, 2020 and August 31, 2019 respectively.

Deferred Inflows

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

Estimates

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

Operating and Non-Operating Revenue and Expense Policy

CTCD distinguishes operating revenues and expenses from non-operating items. CTCD reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with CTCD's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of food service is not performed by CTCD.

3. Authorized Investments

CTCD is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. The Board of Trustees of CTCD has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Chapter 2256, Texas government Code). The investments of CTCD are in compliance with the Trustee's investment policies. In addition, there were no instances of non-compliance with regards to the Public Funds Investment Act.

4. Deposits and Investments

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

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>
Bank Deposits		
Demand Deposits	\$ <u>14,807,693</u>	\$ <u>10,617,361</u>
	14,807,693	10,617,361
Cash and Cash Equivalents		
Petty Cash on Hand	12,020	14,404
Certificates of Deposit	56,038,000	59,387,000
Tex Pool	9,476,462	4,355,937
Tex Star	750,286	742,544
Texas Term	2,257,228	2,767,843
Lone Star	<u>6,409,829</u>	<u>6,330,316</u>
	<u>74,943,825</u>	<u>73,598,044</u>
Total Cash and Deposits	\$ <u>89,751,518</u>	\$ <u>84,215,405</u>

Reconciliation of Deposits and Investments to Exhibit 1

	Market Value <u>August 31, 2020</u>	Market Value <u>August 31, 2019</u>
U.S. Government Securities	\$ 14,547,219	\$ 24,517,000
U.S. State Securities	2,089,300	
Texas Term	8,000,000	2,500,000
Commercial paper		<u>3,487,639</u>
Totals	<u>24,636,519</u>	<u>30,504,639</u>
Total Cash and Deposits	89,751,518	84,215,405
Total Investments	<u>24,636,519</u>	<u>30,504,639</u>
Total Deposits and Investments	\$ <u>114,388,037</u>	\$ <u>114,720,044</u>

Cash and Cash Equivalents (Exhibit 1)	89,133,362	83,621,909
Restricted Cash (Exhibit 1)	618,156	593,496
Short-Term Investments (Exhibit 1)	8,000,000	2,500,000
Investments (Exhibit 1)	<u>16,636,519</u>	<u>28,004,639</u>
Total Deposits and Investments	<u>\$114,388,037</u>	<u>\$ 114,720,044</u>

Reconciliation of Deposits and Investments to Exhibit 1-A

	Market Value <u>August 31, 2020</u>	Market Value <u>August 31, 2019</u>
Common Fund - Bond Fund	\$ 2,362,158	\$ 1,872,699
Common Fund - Equity Fund	8,719,340	6,942,726
Common Fund - Fixed Income	<u>309,746</u>	<u>376,696</u>
Totals	<u>11,391,244</u>	<u>9,192,121</u>
Total Cash and Deposits	511,489	171,885
Total Investments	<u>11,391,244</u>	<u>9,192,121</u>
Total Deposits and Investments	<u>11,902,733</u>	<u>9,364,006</u>
Cash and Cash Equivalents (Exhibit 1-A)	511,489	171,885
Investments (Exhibit 1-A)	<u>11,391,244</u>	<u>9,192,121</u>
Total Deposits and Investments	<u>\$ 11,902,733</u>	<u>\$ 9,364,006</u>

As of August 31, 2020 CTCD had the following investments and maturities:

	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 2	2 to 5
U.S. Government Securities	\$ 14,547,219	\$	\$ 2,554,715	\$ 11,992,504
U.S. State Securities	2,089,300		2,089,300	
Texas Term	8,000,000	8,000,000		
Total Fair Value	<u>\$ 24,636,519</u>	<u>\$ 8,000,000</u>	<u>\$ 4,644,015</u>	<u>\$ 11,992,504</u>

As of August 31, 2019 CTCD had the following investments and maturities:

	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 2	2 to 3
U.S. Government Securities	\$ 24,517,000	\$	\$20,508,232	\$ 4,008,768
Texas Term	2,500,000	2,500,000		
Commercial Paper	3,487,639	3,487,639		
Total Fair Value	\$ 30,504,639	\$ 5,987,639	\$20,508,232	\$ 4,008,768

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

Credit Risk In accordance with state law and CTCD's investment policy investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A.

Concentration of Credit Risk CTCD does not place a limit on the amount that may be invested in any one issuer. More than 5% of CTCD's investments are in Texas Term (32%), FNMA (22%), FHLMC (14%), FFCB (12%), State of Texas Muni (8%) and U.S. Treasury Note (6%).

5. Fair Value of Financial Instruments

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

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

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

The fair value hierarchy of investments at August 31, 2020, follows:

	Level 1	Level 2	Level 3	Total	Total
U.S. Government securities	\$14,547,219				\$14,547,219
U.S State Securities	2,089,300				2,089,300
Texas Term		\$ 8,000,000			8,000,000
Total	\$16,636,519	\$ 8,000,000			\$24,636,519

The fair value hierarchy of investments at August 31, 2019, follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Total</u>
U.S. Government securities	\$24,517,000				\$24,517,000
Texas Term Commercial paper		\$2,500,000			2,500,000
	<u>3,487,639</u>				<u>3,487,639</u>
Total	\$28,004,639	\$2,500,000			\$30,504,639

6. Derivatives

None

7. Capital Assets

Capital assets activity for the year ended August 31, 2020 was as follows:

	<u>Balance as of September 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as of August 31, 2020</u>
<u>Not Depreciated:</u>				
Land	\$ 896,168			896,168
Construction in Progress	<u>36,690,015</u>	<u>428,504</u>	<u>447,664</u>	<u>36,670,855</u>
Subtotal	<u>37,586,183</u>	<u>428,504</u>	<u>447,664</u>	<u>37,567,023</u>
<u>Buildings and Other</u>				
<u>Capital Assets:</u>				
Buildings	144,292,585	617,102		144,909,687
Land Improvements	<u>10,631,777</u>	<u>949,844</u>		<u>11,581,621</u>
Total Buildings and Other Real Estate Improvements	154,924,362	1,566,946		156,491,308
Library Books	2,011,049	28,260	172	2,039,137
Furniture, Machinery, Vehicles, & Other Equipment	12,062,302	139,814	39,973	12,162,143
Telecommunications & Peripheral Equipment	<u>10,384,679</u>	<u>202,209</u>	<u>547,105</u>	<u>10,039,783</u>
Total Buildings and Other Capital Assets	<u>179,382,392</u>	<u>1,937,229</u>	<u>587,250</u>	<u>180,732,371</u>

<u>Accumulated Depreciation:</u>				
Buildings	(48,183,555)	(2,357,673)		(50,541,228)
Land Improvements	(6,876,292)	(334,254)		(7,210,546)
Total Buildings and Other				
Real Estate Improvements	(55,059,847)	(2,691,927)		(57,751,774)
Library Books	(1,862,945)	(22,059)	172	(1,884,832)
Furniture, Machinery, Vehicles & Other				
Equipment	(8,920,344)	(579,564)	39,973	(9,459,935)
Telecommunications & Peripheral Equipment	(9,413,626)	(333,401)	547,105	(9,199,922)
Total Accumulated Depr	<u>(75,256,762)</u>	<u>(3,626,951)</u>	<u>587,250</u>	<u>(78,296,463)</u>
Net Capital Assets	\$ 141,711,813	(1,261,218)	(447,664)	140,002,931

Capital assets activity for the year ended August 31, 2019 was as follows:

	<u>Balance as of</u> <u>September 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as of</u> <u>August 31, 2019</u>
<u>Not Depreciated:</u>				
Land	\$ 896,168			896,168
Construction in Progress	24,207,473	12,601,794	119,252	36,690,015
Subtotal	25,103,641	12,601,794	119,252	37,586,183
<u>Buildings and Other</u>				
<u>Capital Assets:</u>				
Buildings	143,982,001	314,584	4,000	144,292,585
Land Improvements	10,631,777			10,631,777
Total Buildings and Other				
Real Estate Improvements	154,613,778	314,584	4,000	154,924,362
Library Books	2,007,550	14,907	11,408	2,011,049
Furniture, Machinery, Vehicles, & Other Equipment	12,113,484	153,407	204,589	12,062,302
Telecommunications & Peripheral Equipment	10,201,514	311,150	127,985	10,384,679
Total Buildings and Other				
Capital Assets	178,936,326	794,048	347,982	179,382,392
<u>Accumulated Depreciation:</u>				
Buildings	(45,834,771)	(2,348,784)		(48,183,555)
Land Improvements	(6,534,272)	(342,020)		(6,876,292)
Total Buildings and Other				
Real Estate Improvements	(52,369,043)	(2,690,804)		(55,059,847)
Library Books	(1,848,504)	(25,849)	11,408	(1,862,945)
Furniture, Machinery, Vehicles & Other				
Equipment	(8,525,772)	(593,606)	199,034	(8,920,344)

Telecommunications & Peripheral Equipment	(9,151,679)	(389,932)	127,985	(9,413,626)
Total Accumulated Depr	<u>(71,894,998)</u>	<u>(3,700,191)</u>	<u>338,427</u>	<u>(75,256,762)</u>
Net Capital Assets	\$ <u>132,144,969</u>	<u>9,695,651</u>	<u>(128,807)</u>	<u>141,711,813</u>

8. Non- Current Liabilities

Non-Current liability activity for the year ended August 31, 2020 was as follows:

	Balance September 1, 2019	Additions	Reductions	Balance August 31, 2020	Current
Accrued compensable absences	1,644,855	450,699	73,675	2,021,879	404,376
Net Pension Liability	24,601,154		2,296,616	22,304,538	N/A
Net OPEB Liability	<u>53,976,266</u>	<u>12,317,720</u>	<u>5,321,687</u>	<u>60,972,299</u>	<u>1,932,480</u>
Total Non-Current liabilities	<u>\$80,222,275</u>	<u>12,768,419</u>	<u>7,691,978</u>	<u>85,298,716</u>	<u>2,336,856</u>

Non-Current liability activity for the year ended August 31, 2019 was as follows:

	Balance September 1, 2018	Additions	Reductions	Balance August 31, 2019	Current
Accrued compensable absences	1,556,847	141,956	53,948	1,644,855	328,971
Net Pension Liability	16,859,073	9,247,739	1,505,658	24,601,154	N/A
Net OPEB Liability	<u>77,903,520</u>	<u>6,196,653</u>	<u>30,123,907</u>	<u>53,976,266</u>	<u>793,981</u>
Total Non-Current liabilities	<u>\$96,319,440</u>	<u>15,586,348</u>	<u>31,683,513</u>	<u>80,222,275</u>	<u>1,122,952</u>

9. Debt and Lease Obligations

None.

10. Bonds Payable

None.

11. Advance Refunding Bonds

None.

12. Defeased Bonds Outstanding

None.

13. Short - Term Debt

None.

14. Employees' Retirement Plans

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

Defined Benefit Plans

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued comprehensive Annual financial Report that includes financial statements and required supplementary information. That report is available at https://www.trs.texas.gov/TRS%20Documents/actuarial_experience_study_2018.pdf (select About TRS, then Publications, then Financial Reports) or write to TRS at 1000 Red River Street, Austin, TX 78701-2698.

Benefits Provided

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

Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS's 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.

In May 2019, The 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the State, Participating employers and active employees to make the pension fund actuarially sound. Because this action causes the pension fund to be actuarially sound, the Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

Contributions

Contributions requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Contribution Rates

	<u>2020</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	6.8%
Employers	7.5%	6.8%

FY 2019 Member Contributions	\$2,555,572
FY 2019 State of Texas On-behalf Contributions	\$ 741,672
FY 2019 District Contributions	\$1,501,806

CTCD’s contributions to the TRS pension plan in 2020 were \$699,568. Estimated State of Texas on-behalf contributions for 2020 were \$741,672.

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

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

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

Actuarial Assumptions

The total pension liability in the August 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

- | | |
|--------------------------|---|
| • Valuation Date | August 31, 2018 rolled forward to August 31, 2019 |
| • Actuarial Cost Method | Individual Entry Age Normal |
| • Asset Valuation Method | Market Value |
| • Actuarial Assumptions: | |

Single Discount Rate	7.25%
Long-term expected Investment Rate of Return*	7.25%
Municipal Bond Rate*	2.63%
Last year ending August 31 in the 2017 to 2116	
Projection period (100 years)	2116
Inflation	2.3%
Salary increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Post-employment benefit changes	None

** Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Fidelity Index's "20-Year Municipal GOAA Index."*

The actuarial methods and assumptions were selected by the board of trustees based upon analysis and recommendations by the system's actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018.

Discount Rate

The single discount rate used to measure the total pension liability was 7.25 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using building-block method in which best-estimates ranges of expected figure real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the system's target asset allocation as of August 31, 2019, are summarized below:

	FY 2019 Target Allocation¹	New Target Allocation²	Long-Term Expected Geometric Real Rate of Return³
Asset Class			
Global Equity			
U.S.	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%		
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries ⁴	11.0%	16.0%	3.1%
Absolute Return			
Stable Hedge Funds	4.0%	5.0%	4.5%
Real Return			
Global Inflation Linked Bonds	3.0%		
Real Assets	14.0%	15.0%	8.5%
Energy and Natural Resources			
Commodities	5.0%	6.0%	7.3%
Risk parity			
Risk Parity	5.0%	8.0%	5.8%/6.5% ⁵
Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage		(6.0%)	2.7%
Expected Return	100.0%	100.0%	7.23%

¹Target allocations are based on Strategic Asset Allocation as of 10/1/2018

²New allocations are based on the Strategic Asset Allocation to be implemented 10/1/2019

³ 10-year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

⁴ New Target Allocation groups Government bonds within the stable value allocation. This includes global sovereign nominal And inflation-linked bonds

⁵ 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
CTCD's proportionate Share of the net pension Liability:	\$34,285,315	\$22,304,538	\$12,597,796

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

At August 31, 2020 the CTCD reported a liability of \$22,304,538 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the CTCD. The amount recognized by the CTCD as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the CTCD were as follows:

CTCD's Proportionate share of the collective net pension liability	\$22,304,538
State's proportionate share that is associated with CTCD	<u>11,015,631</u>
Total	\$33,320,169

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the CTCD's proportion of the collective net pension liability was 0.0429072653%, which was a decrease of .0017876315% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

- The single discount rate as of August 31, 2018 was a blended rate of 6.907%, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 86th Texas Legislature, 2019, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.

- The Texas Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

For the year ended August 31, 2020 the CTCD recognized pension expense of \$1,730,400 and revenue of \$1,730,400 for support provided by the state.

At August 31, 2020 the CTCD reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$93,699	\$774,449
Changes in actuarial assumptions	\$6,919,963	\$2,859,656
Difference between projected and actual investment earnings	\$1,340,956	\$1,116,992
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions		\$5,060,987
Contributions paid to TRS subsequent to the measurement date	\$699,568	
Total	\$9,054,186	\$9,812,084

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

Year ended August 31:	Pension Expense Amount
2021	\$(776,991)
2022	\$(952,434)
2023	\$ 138,597
2024	\$ 393,796
2025	\$ (16,459)
Thereafter	\$(243,977)

Optional Retirement Plan-Defined Contribution Plan

Plan Description. Participation in the ORP is in lieu of participation in the TRS. The ORP provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentage of participant salaries currently contributed by the state and each participant are 6.6% and 6.65%, respectively. CTCD contributes 1.9% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Senate Bill (SB) 1812 83rd Texas Legislature, Regular Session, effective September 1,

2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the State for the CTCD was \$2,819,279 and \$1,936,958 for the fiscal years ended August 31, 2020 and August 31, 2019 respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of CTCD.

The total payroll for all CTCD employees was \$45,440,263 and \$46,588,996 for fiscal years 2020 and 2019, respectively. The total payroll of employees covered by the Teacher Retirement System was \$32,518,222 and \$33,189,244 and the total payroll of employees covered by the Optional Retirement System was \$5,716,809 and \$5,730,531 for fiscal years 2020 and 2019, respectively.

Additionally, substantially all employees of CTCD participate in a defined contribution pension program which is subject to the provisions of the Employment Retirement Income Security Act of 1974, as amended. Participating employees are required to contribute 6% of covered compensation, while CTCD contributes 7%. Total employer contributions made by CTCD during the years ending August 31, 2020 and 2019 were \$2,310,687 and \$2,292,293 respectively. In July 1991, CTCD implemented a supplemental retirement program to comply with the Omnibus Budget Reconciliation Act of 1990. All part-time employees are required to contribute 3.75% of covered compensation while CTCD contributes 3.75%. Total employer contributions made by CTCD during the year ending August 31, 2020 and 2019, were \$173,581 and \$230,787 respectively.

15. Deferred Compensation Program

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government code 609.001. As of August 31, 2020, the CTCD had no employees participating in the program and no payroll deductions had been invested in approved plans.

16. Compensable Absences

Full-time employees earn annual leave from .83 to 2.08 days per month depending on the number of years employed with the CTCD. CTCD's policy is that an employee may carry their accrued leave forward from one fiscal year to another fiscal year with a maximum number of days up to 50 for those employees with 20 or more years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. CTCD recognized the accrued liability for the unpaid annual leave in the amounts of \$2,021,879 (\$404,376 current portion) and \$1,644,855 (\$328,971 current portion) for fiscal year 2020 and fiscal year 2019. Sick leave, which can be accumulated up to 480 hours, is earned at the rate of 8 hours per month. It is paid to an employee who misses work from illness. Employees are not entitled to payment for accumulated sick leave upon termination. CTCD's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave is minimal.

17. Health Care and Life Insurance Benefits

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time active was \$621.98 per month for the year ended August 31, 2020 (\$624.82 per month for Fiscal Year 2019) and totaled \$2,770,488 for Fiscal Year 2020 (\$2,809,979 for the year ended 2019). The cost to the state of providing those benefits for 234 retirees in the year ended August 31, 2020 was \$976,726 (retiree benefits for 234 retirees cost \$1,023,362 in Fiscal Year 2019). For 415 active employees, the cost of providing benefits was \$1,794,397 for the Year ended August 31, 2020 (active employee benefits for 418 employees cost \$1,786,617 for the Year ended August 31, 2019). S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

18. Other Post-Employment Benefits (OPEB)

(In accordance with GASB Statement 75)

Plan Description. The College participates in a cost-sharing, multiple-employer, other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position. Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained by visiting <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management/2019-CAFR.pdf>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

Benefits Provided. Retiree health benefits offered through the GBP are available to most state of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions. 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. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs when the revenue expected to be generated by the appropriate funds. There are no long-term contracts for contributions to the plan.

The following table summarizes the maximum monthly employer contribution toward eligible retiree’s health and basic life premium, which is based on a blended rate. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution and the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2019

Retiree only	\$ 624.82
Retiree & Spouse	1,340.82
Retiree & Children	1,104.22
Retiree & Family	1,820.22

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table.

Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2018 and 2019

	FY 2019	FY 2018
Employers	\$401,284,833	\$307,028,461
Members (Employees) (Note A)	209,836,664	203,123,120
Non-employer Contribution Entity (State of Texas)	20,182,872	16,585,270

Source: ERS FY 2019 Comprehensive Annual Financial Report

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions
ERS Group Benefits Program Plan

Valuation date	August 31, 2019
Actuarial cost method	Entry age
Amortization method	Level percent of Payroll, Open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	2.97%
Projected annual salary increase (includes inflation)	2.5% to 9.5%
Annual healthcare trend rate	<u>Health Select</u> 7.3% for FY 2021, 7.4% for FY 2022, 7.0% for FY 2023, decreasing 0.5% per year to an ultimate rate of 4.5% for FY 2028 and later years
	<u>Health Select Medicare Advantage</u> 10.80% for FY 2021, 7.4% for FY 2022, 7.0% for FY 2023, decreasing 0.5% per year to an ultimate rate of 4.5% for FY 2028 and later years
Inflation assumption rate	2.5%
Ad hoc post-employment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on Teachers Retirement System of Texas experience with Ultimate MP Projection Scale from the year 2018.
Disability retirees	Tables based on Teachers Retirement System of Texas experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014

Source: FY 2019 ERS CAFR except for mortality assumptions obtained from ERS FY1 GASB 74 Actuarial Valuation

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period (ex. September 1, 2010 to August 31, 2017) for higher education members.

Investment Policy. The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System’s Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.96%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.97%, which amounted to an increase of .99%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp’s AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis. The following schedule shows the impact on CTCD’s proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that as used (2.97%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (1.97)	Discount Rate (2.97%)	1% Increase in Discount Rate (3.97%)
CTCD’s proportionate Share of the net OPEB Liability:	\$72,758,916	\$60,972,299	\$51,902,923

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 7.3% for HealthSelect and 10.8% for HealthSelect Medicare Advantage and the ultimate rate is 4.5% for both. The following schedule shows the impact on the College’s proportionate share of the

collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (7.3%) in measuring the net OPEB Liability.

	1% Decrease in Healthcare Cost Trend Rates (6.3% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (7.3% decreasing to 4.5%)	1% Increase in Healthcare Cost Trend Rates (8.3% decreasing to 5.5%)
CTCD's proportionate Share of the net OPEB Liability:	\$51,197,899	\$60,972,299	\$73,745,199

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2020, the College reported a liability of \$60,972,299 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

Colleges Proportionate share of the collective net OPEB liability	\$ 60,972,299
State's proportionate share that is associated with the College	<u>32,775,132</u>
Total	<u>\$ 93,747,431</u>

The net OPEB liability was measured as of August 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 thru August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was .17641082% which was less than the proportion measured as of August 31, 2018 of .18212002%, a decrease of .0057092%.

For the year ended August 31, 2020 the College recognized OPEB expense of \$37,131 and revenue of \$37,131 for support provided by the State.

Changes Since the Prior Actuarial Valuation – Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.96% to 2.97% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Changes of Benefit terms Since Prior Measurement Date – The following benefit revisions have been adopted since the prior valuation:

- An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

These minor benefit changes have been reflected in the fiscal year 2020 assumed per capita health benefit costs.

At August 31, 2020 the College reported its proportionate share of the ERS plan’s collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience		\$1,586,554
Changes in actuarial assumptions	\$4,339,074	\$13,624,997
Difference between projected and actual investment earnings	\$25,067	
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions		\$13,611,167
Contributions paid to ERS after the measurement date	\$733,373	
Total	\$5,097,514	\$28,822,718

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year ended August 31:	OPEB Expense Amount
2021	\$(7,869,227)
2022	\$(7,869,227)
2023	\$(6,197,426)
2024	\$(2,748,518)
2025	\$ 225,823
Thereafter	0

19. Certain Asset Retirement Obligations (AROs)

None.

20. Pending Lawsuits and Claims

On August 31, 2020, various claims involving CTCD were pending. While the ultimate liability with respect to litigation and other claims asserted against the CTCD cannot be reasonably estimated at this time, this liability, to the extent not provided by insurance or otherwise, is not likely to have a material effect on the CTCD.

CTCD's contracts with the U.S. Government are subject to examination by the Defense Contract Auditing Agency. Management believes that adjustments, if any, resulting from such examination will have no significant impact on the financial condition or results of operations.

21. Disaggregation of Receivables, Payables and Other Operating Revenues Balances

Receivables

Receivables at August 31, 2020 and August 31, 2019 were as follows:

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>
Student Receivables	\$ 8,321,410	\$ 8,808,549
Taxes Receivable	341,261	339,843
Federal Receivables	6,031,840	8,556,596
Accounts Receivable	782,693	762,107

Interest Receivable	<u>1,202,715</u>	<u>1,407,616</u>
Subtotal	<u>16,679,919</u>	<u>19,874,711</u>
Allowance for Doubtful Accounts	<u>(5,534,884)</u>	<u>(5,659,113)</u>
TOTAL RECEIVABLES	\$ <u>11,145,035</u>	\$ <u>14,215,598</u>

Payables

Payables at August 31, 2020 and August 31, 2019, were as follows:

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>
Vendors Payable	\$ 1,599,826	\$ 4,493,875
Salaries & Benefits Payable	<u>15,822,677</u>	<u>15,955,036</u>
TOTAL PAYABLES	\$ <u>17,422,503</u>	\$ <u>20,448,911</u>

22. Funds Held in Trust by Others

There are no balances or transactions of funds held in trust by others on behalf of CTCD.

23. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA audit and accounting guide, *State and Local Governments*, 8.99). For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended but not collected are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2020 and 2019 for which monies have not been received nor funds expended total \$23,740,125 and \$16,956,302. Of these amounts, \$23,085,215 and \$16,298,450 were from Federal Contract and Grant Awards, and \$654,910 and \$657,852 were from State Contract and Grant Awards.

24. Self Insured Plans

CTCD does not currently maintain self-insured arrangements. First dollar worker's compensation insurance coverage is carried for all CTCD operations. Employee health and medical malpractice plans are funded. Coverage for unemployment compensation is maintained

through the State of Texas as well as numerous other states in which CTCD contracts education. Accrued liabilities are generally based on actuarial valuation, and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current operations.

25. Ad Valorem Taxes

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

At August 31:

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>
Assessed Valuation of the District:	\$13,281,609,650	\$12,072,218,178
Less: Exemptions	<u>(2,635,249,212)</u>	<u>(2,261,544,296)</u>
Net Assessed Valuation of the District	\$10,646,360,438	\$9,810,673,882

	FY 2020			FY 2019		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized Tax Rate per \$100 valuation (Maximum per enabling legislation)	.25	.25	.50	.25	.25	.50
Assessed Tax Rate per \$100 valuation	.1279	-0-	.1279	.1386	-0-	.1386

Taxes levied for the year ended August 31, 2020 and 2019 are \$13,616,695 and \$13,597,594 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 of the year following the year in which imposed.

	FY 2020			FY 2019		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Taxes Collected						
Current Taxes Collected	\$13,406,046		\$13,406,747	\$13,379,747		\$13,379,747

Delinquent Taxes Collected	69,226		69,226	83,174		83,174
Penalties and Interest Collected	94,508		94,508	88,259		88,259
Total Gross Collections	13,569,780		13,569,780	13,551,180		13,551,180
Tax Appraisal & Collection Fees	(198,304)		(198,304)	(199,119)		(199,119)
Bad Debt Expense						
Total Net Collections	\$13,371,476		\$13,371,476	\$13,352,061		\$13,352,061

Tax collections for the year ended August 31, 2020 and 2019 were 98.5% and 98.4%, respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or general obligation debt service.

CTCD participates in a tax increment financing district (TIF). The following table summarizes the obligations of CTCD's involvement in the TIF.

	Percentage of Incremental Tax Committed	Taxes Forgone in 2020	Taxes Forgone in 2019
Killeen Tax Increment Reinvestment Zone number Two	100%	\$33,121	\$25,496

26. Tax Abatements

None

27. Branch Campus Maintenance Tax

None

28. Income Taxes

CTCD is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under

Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. CTCD had no unrelated business income tax liability for the year ended August 31, 2020 and 2019.

29. Component Units

Central Texas College Foundation - Discrete Component Unit

Central Texas College Foundation was established as a separate nonprofit organization in 1992, to raise funds to provide student scholarships and assistance in the development and growth of the CTCD. Under Governmental Standards Board Statement No 39, Determining Whether Certain Organizations are Component Units, the Foundation is a component unit of CTCD because CTCD provides financial support to the Foundation and the economic resources received or held by the Foundation are entirely or almost entirely for the benefit of CTCD.

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

30. Related Parties (Not a Component Unit)

The CTC Employee's Pension Plan and Trust provided certain services on behalf of the CTCD during the year ended August 31, 2020. The Employee's Pension Plan and Trust serves as fiduciary for the CTCD's defined contribution pension programs. The members of Trust are employees of CTCD who do not receive any additional compensation or incur any expenses.

31. Subsequent Events

None.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES (RSI)**

CENTRAL TEXAS COLLEGE DISTRICT
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Last Six Fiscal Years**

Fiscal year ending August 31, *	2020**	2019**	2018**	2017**	2016**	2015**
CTCD's proportion of collective net pension liability	0.042907%	0.044695%	0.052726%	0.058171%	0.063147%	0.071666%
CTCD's proportionate share of collective net pension liability	\$ 22,304,538	24,601,154	16,859,073	21,981,885	22,321,695	19,142,979
State's proportionate share of net pension liability associated with CTCD	11,015,631	11,832,909	7,306,922	8,670,256	8,786,179	6,961,584
Total	33,320,169	36,434,063	24,165,995	30,652,141	31,107,874	26,104,563
CTCD's covered payroll	\$ 33,189,244	33,120,338	36,392,653	37,349,400	38,257,762	36,315,879
CTCD's proportionate share of collective net pension liability as a percentage of covered payroll	67.20%	74.28%	46.33%	58.85%	58.35%	52.71%
Plan Fiduciary net position as a percentage of total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

* The amounts presented above are as of the measurement date of the collective net pension liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CENTRAL TEXAS COLLEGE DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
 Last Six Fiscal Years

Fiscal year ending August 31,*	2020**	2019**	2018**	2017**	2016**	2015**
Legally required contributions	\$ 699,568	721,037	768,690	961,748	1,098,769	1,137,973
Actual contributions	699,568	721,037	768,690	961,748	1,098,769	1,137,973
Contributions deficiency						
CTCD's covered employee payroll amount	\$ 32,518,222	33,189,244	33,120,338	36,392,653	37,739,400	38,257,762
Contributions as a percentage of covered payroll	2.15%	2.17%	2.32%	2.64%	2.91%	2.97%

* The amounts presented above are as of the District's most recent fiscal year.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CENTRAL TEXAS COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES FOR
PENSIONS
Year Ended August 31, 2020

1. Changes of Benefit Terms:

The Board of Trustees approved a 2.5% pay increase for Faculty, Exempt and Non-Exempt staff effective September 1, 2019.

2. Changes of Assumptions

Assumptions, methods, and plan changes were selected by the TRS Board of Trustees based upon analysis and recommendations by the systems actuary. The Net Pension Liability decreased since the prior measurement period based on the following assumptions:

- The total pension liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018 valuation
- The discount rate increased to 7.25% from 6.907% as of August 31, 2019
- The Municipal Bond Rate decreased to 2.63% from 3.69% as of August 31, 2019

**CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
Last Three Fiscal Years****

Fiscal year ending August 31,*	2020**	2019**	2018**
CTCD's proportion of collective net OPEB liability	0.176410%	0.182120%	0.228637%
CTCD's proportionate share of collective net OPEB liability	\$ 60,972,299	53,976,266	\$ 77,903,520
State's proportionate share of net OPEB liability associated with CTCD	32,775,132	27,543,653	35,415,650
Total	93,747,431	81,519,919	113,319,170
CTCD's covered payroll	\$ 38,919,775	38,983,872	\$ 42,667,055
CTCD's proportionate share of collective net OPEB liability as a percentage of covered payroll	156.66%	138.46%	182.58%
Plan Fiduciary net position as a percentage of total OPEB liability	1.30%	1.30%	2.00%

* The amounts presented above are as of the measurement date of the collective net OPEB liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OPEB
For the Last Three Years****

Fiscal year ending August 31,*		2020**	2019**	2018**
Legally required contributions	\$	733,373	427,486	2,154,259
Actual contributions		<u>733,373</u>	<u>427,486</u>	<u>2,154,259</u>
Contributions deficiency				
CTCD's covered employee payroll amount	\$	38,235,031	38,919,775	38,983,872
Contributions as a percentage of covered payroll		1.92%	1.10%	5.53%

* The amounts presented above are of the District's most recent fiscal year end.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CENTRAL TEXAS COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES FOR
OPEB
Year Ended August 31, 2020

1. Changes of Benefit Terms:

Benefit revisions have been adopted since the prior valuation. The only benefit change for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service Maximums. The minor benefit change is provided for in the FY2020 Assumed Per Capital Health Benefit Costs. There are no benefit changes for HealthSelet retirees and dependents for who Medicare is Primary.

2. Changes of Assumptions

The following assumptions have been updated since the previous valuation period to reflect recent plan experience and expected trends:

- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future male retirees assumed to be married and electing coverage for their spouses have been updated to reflect plan experience and expected trends.
- The percentage of future retirees and future retiree spouses assumed to use tobacco.

Economic Assumptions

Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect health plan experience and its effects on our short-term expectations.

The discount rate was changed from 3.96% to 2.97% as a result of requirements by GASB No. 75 to reflect the yield or index rate for 20-year tax-expmpt general obligation bonds rated AA/Aa or higher in effect on the measurement date.

SUPPLEMENTAL SCHEDULES

CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE OF OPERATING REVENUES

For the Year Ended August 31, 2020 (With Memorandum Totals for the Year Ended August 31, 2019)

	UNRESTRICTED	RESTRICTED	TOTAL EDUCATIONAL ACTIVITIES	AUXILIARY ENTERPRISES	FY 2020 TOTAL	FY 2019 TOTAL
Tuition						
State Funded Courses :						
In-District Resident Tuition	\$ 12,506,713	\$	\$ 12,506,713	\$	\$ 12,506,713	\$ 13,298,277
Out-of-District Tuition	3,474,087		3,474,087		3,474,087	4,302,384
Non-resident Tuition	18,760,070		18,760,070		18,760,070	21,511,920
TPEG (set aside) *	1,210,256		1,210,256		1,210,256	1,306,912
Continuing Education	35,619		35,619		35,619	77,543
Non-State Funded :						
Continuing Education	218,746		218,746		218,746	44,688
C & I and API Operations	4,244,745		4,244,745		4,244,745	5,882,498
Total Tuition	<u>40,450,236</u>		<u>40,450,236</u>		<u>40,450,236</u>	<u>46,424,222</u>
Fees						
Other Fees	1,848,178		1,848,178		1,848,178	1,852,632
Total Fees	<u>1,848,178</u>		<u>1,848,178</u>		<u>1,848,178</u>	<u>1,852,632</u>
Allowances and Discounts						
Remissions and Exemptions-State	(957,259)		(957,259)		(957,259)	(1,132,382)
Title IV Federal Grants	(6,113,474)		(6,113,474)		(6,113,474)	(7,138,063)
TPEG awards	(381,285)		(381,285)		(381,285)	(327,237)
Other State Grants	(72,138)		(72,138)		(72,138)	(253,859)
Total Allowances and Discounts	<u>(7,524,156)</u>		<u>(7,524,156)</u>		<u>(7,524,156)</u>	<u>(8,851,541)</u>
Total Net Tuition and Fees	<u>34,774,258</u>		<u>34,774,258</u>		<u>34,774,258</u>	<u>39,425,313</u>
Additional Operating Revenues						
Federal Grants and Contracts	5,079,424	968,395	6,047,819		6,047,819	8,737,300
State Grants and Contracts	101,671	1,068,492	1,170,163		1,170,163	1,307,392
Nongovernmental grants and contracts	217,284	864,756	1,082,040		1,082,040	852,880
General operating revenues	652,649		652,649		652,649	1,159,956
Total Additional Operating Revenue	<u>6,051,028</u>	<u>2,901,643</u>	<u>8,952,671</u>		<u>8,952,671</u>	<u>12,057,528</u>
Auxiliary Enterprises						
Bookstore				3,496,170	3,496,170	5,600,271
Less Discounts				(841,662)	(841,662)	(1,479,823)
Student Housing				378,804	378,804	517,100
Less Discounts				(30,204)	(30,204)	(111,466)
Planetarium				46,788	46,788	117,214
Total Net Auxiliary Enterprises				<u>3,049,896</u>	<u>3,049,896</u>	<u>4,643,296</u>
Total Operating Revenues	<u>\$ 40,825,286</u>	<u>\$ 2,901,643</u>	<u>\$ 43,726,929</u>	<u>\$ 3,049,896</u>	<u>\$ 46,776,825</u>	<u>\$ 56,126,137</u>
				(Exhibit 2)	(Exhibit 2)	

* In accordance with Education Code 56.033, \$1,210,256 and \$1,306,912 for years August 31, 2020 and 2019, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

CENTRAL TEXAS COLLEGE DISTRICT
 SCHEDULE OF OPERATING EXPENSES BY OBJECT
 Year Ended August 31, 2020 (with Memorandum Totals for the Year Ended August 31, 2019)

Schedule B

	Operating Expenses			Fiscal Year 2020	Fiscal Year 2019	
	Salaries and Wages	Benefits				Other Expenses
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 23,764,297	\$	\$ 2,977,910	\$ 2,962,401	\$ 29,704,608	\$ 31,303,557
Public Service	220,403		74,192	117,405	412,000	448,418
Academic Support	4,119,709		876,439	1,073,585	6,069,733	6,683,659
Student Services	5,624,377		887,584	1,010,392	7,522,353	7,638,815
Institutional Support	8,430,590		3,455,692	3,457,334	15,343,616	13,442,344
Operation and Maintenance of Plant	2,238,718		870,506	3,213,315	6,322,539	6,913,592
Total Unrestricted Educational Activities	44,398,094		9,142,323	11,834,432	65,374,849	66,430,385
Restricted-Educational Activities						
Instruction	356,005	1,900,521	91,720	151,449	2,499,695	2,428,441
Public Service						
Academic Support		335,386			335,386	284,817
Student Services	90,205	782,567	30,071	126,729	1,029,572	969,042
Institutional Support		2,571,293			2,571,293	2,231,060
Operation and Maintenance of Plant						
Scholarships and Fellowships	133,926		1,039	20,876,071	21,011,036	23,305,770
Total Restricted Educational Activities	580,136	5,589,767	122,830	21,154,249	27,446,982	29,219,130
Total Educational Activities	44,978,230	5,589,767	9,265,153	32,988,681	92,821,831	95,649,515
Auxiliary Enterprises	462,033		142,311	2,455,884	3,060,228	3,990,253
Depreciation Expense-Buildings and other real estate improvements				2,713,986	2,713,986	2,716,653
Depreciation Expense-Equipment and furniture				912,965	912,965	983,538
Total Operating Expenses	\$ 45,440,263	\$ 5,589,767	\$ 9,407,464	\$ 39,071,516	\$ 99,509,010	\$ 103,339,959
				(Exhibit 2)	(Exhibit 2)	

CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
Year Ended August 31, 2020 (with Memorandum Totals for the Year Ended August 31, 2019)

Schedule C

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>FY 2020 Total</u>	<u>FY 2019 Total</u>
NON-OPERATING REVENUES					
State Appropriations					
Education and general state support	\$ 16,356,555	\$	\$	\$ 16,356,555	\$ 16,807,693
Dramatic enrollment growth					
State group insurance		2,770,488		2,770,488	2,809,979
State retirement matching		2,819,279		2,819,279	1,936,958
Hazlewood Legacy		26,648		26,648	34,311
Total state appropriations	<u>16,356,555</u>	<u>5,616,415</u>		<u>21,972,970</u>	<u>21,588,941</u>
Maintenance ad valorem taxes	13,371,476			13,371,476	13,352,061
Federal revenue, non operating		18,680,850		18,680,850	20,288,160
Gain on disposal of capital assets					7,360
Investment income	2,014,204			2,014,204	2,448,346
Other					
Total non-operating revenues	31,742,235	24,297,265		56,039,500	57,684,868
NON-OPERATING EXPENSES					
Loss on disposal of capital assets					5,556
Other					
Total non-operating expenses					5,556
Net non-operating revenues	\$ <u>31,742,235</u>	\$ <u>24,297,265</u>	\$ <u> </u>	\$ <u>56,039,500</u> (Exhibit 2)	\$ <u>57,679,312</u> (Exhibit 2)

CENTRAL TEXAS COLLEGE DISTRICT
 SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
 Year Ended August 31, 2020 (with Memorandum Totals for the Year Ended August 31, 2019)

Schedule D

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current							
Unrestricted	\$ (39,997,029)	\$	\$	\$	\$ (39,997,029)	\$	\$
Board Designated	29,232,368				29,232,368	29,232,368	
Restricted		1,985,511			1,985,511	1,985,511	
Plant							
Investment in Plant				140,002,931	140,002,931		140,002,931
Total Net Position, August 31, 2020	(10,764,661)	1,985,511		140,002,931	131,223,781 (Exhibit 1)	(8,779,150)	140,002,931
Total Net Position, August 31, 2019 as restated	(15,783,613)	1,988,266		141,711,813	127,916,466 (Exhibit 2)	(13,795,347)	141,711,813
Net Increase (Decrease) in Net Position	\$ 5,018,952	\$ (2,755)	\$	\$ (1,708,882)	\$ 3,307,315 (Exhibit 2)	\$ 5,016,197	\$ (1,708,882)

CENTRAL TEXAS COLLEGE DISTRICT

Schedule E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2020

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
U.S. DEPARTMENT OF EDUCATION:			
Direct Programs:			
Student Financial Aid Cluster			
Supplemental Educational Opportunity Grant Program	84.007		136,593
Federal College Work-study Program	84.033		66,831
Federal Pell Grant Program	84.063		16,852,693
Direct Loans	84.268		11,014,795
Subtotal Student Financial Aid Cluster			<u>28,070,912</u>
Cares ACT: HEERF	84.425E		574,500
Cares ACT: HEERF	84.425F		1,050,232
Subtotal CFDA			<u>1,624,732</u>
Pass-Through From:			
Texas Workforce Commission			
Adult Education	84.002A	2618ALAC00	6,363
Adult Education	84.002A	2618ALAB00	176,202
Adult Education	84.002A	2618ALA000	24,879
Adult Education Workforce Integration Initiative	84.002A	2620AEL001	216
Temple College			
Adult Education Correctional	84.002A	2618ALAB01	22,803
Adult Education	84.002A	2618ALAC01	20,065
Adult Education	84.002A	2618ALAB01	183,965
Subtotal CFDA			<u>434,493</u>
Texas Higher Education Coordinating Board:			
Carl D. Perkins Funds-Basic	84.048		380,441
Total U.S. Department of Education			<u>30,510,578</u>
U.S. DEPARTMENT OF LABOR:			
Pass-Through From:			
Texas Workforce Commission			
Educational Accelerated Gateway to Leadership & Employability	17.207	2620WPB001	35,520
Total U.S. Department of Labor			<u>35,520</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass-Through From:			
Texas Workforce Commission			
Temporary Assistance to Needy Families	93.558	2618ALAC00	155
Temporary Assistance to Needy Families	93.558	2618ALAB00	23,246
Temporary Assistance to Needy Families	93.558	2618ALA000	1,285
Temple College			
Temporary Assistance to Needy Families	93.558	2618ALAC01	1,600
Temporary Assistance to Needy Families	93.558	2618ALAB01	23,188
Total U. S. Department of Health and Human Services			<u>49,474</u>
Total Federal Financial Assistance			<u>\$ 30,595,572</u>

Notes to Schedule on Following Page

CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE E (Continued)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2020

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts revenue-per Schedule A	6,047,819
Add Non Operating Federal Revenue from Schedule C	<u>18,680,850</u>
 Total Federal Revenues per Schedule A and C	 <u>24,728,669</u>
 Reconciling Items:	
Add Direct Student Loans	11,014,795
Less Expenditures not Subject to Federal Single Audit	(5,147,892)
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	30,595,572

Note 2: Significant accounting policies used in preparing the schedule.

The expenditures included in the schedule are reported for the college's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the college for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The college has followed all applicable guidelines issued by various entities in the preparation of the schedule. Since the college has agency approved Indirect Recovery Rate it has elected not to use the 10 percent de minimis cost rate as permitted in the UG, section 200.414.

Note 3: Expenditures not subject to federal single audit.

CTCD receives amounts under contractual agreements with various U.S. military and other organizations for training programs and other services provided that are not subject to The Uniform Guidance audits and therefore are not included in the above Federal schedule.

Note 4: Student Loans Processed and Administrative Costs Recovered

None

Note 5: Nonmonetary federal assistance received

None

Note 6: Amounts passed through by the College

None

CENTRAL TEXAS COLLEGE DISTRICT

Schedule F

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2020**

Grantor Agency Program Title	Grant Contract Number	Expenditures
Texas Workforce Commission		
Adult Education		
Basic Program	2618ALAC00	255
Basic Program	2618ALAB00	31,950
Basic Program	2618ALA000	1,767
Skills for Transition III	2620SDF001	36,818
Skills for Transition II	2619SDF001	464,577
Temple College		
Adult Education		
Basic Program	2618ALAC01	2,624
Basic Program	2618ALAB01	31,870
Texas Higher Education Coordinating Board		
College Work-Study Program		47,192
Texas Grant Program		0
Texas Equal Opportunity Grant		519,905
Total State Financial Assistance		\$ <u>1,136,958</u>

Note 1: State Assistance Reconciliation

State Revenues -		
State Financial Assistance		
Per Schedule of expenditures of state awards		\$ 1,136,958
State Financial Assistance		
Tuition and fees		33,205
Total State Revenues per Schedule A		\$ <u>1,170,163</u>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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

**AUDITORS' REPORTS ON
CONTROL AND COMPLIANCE**



LOTT, VERNON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Central Texas College District
Killeen, Texas

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 Central Texas College District (The "District"), as of and for the years ended August 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2020.

Internal Control Over Financial Reporting

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

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)**

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Public Funds Investment Act (Chapter 2256, Texas Government Code).

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’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 District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Temple, Texas
December 11, 2020



LOTT, VERNON & COMPANY, P.C.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

Board of Trustees
Central Texas College District
Killeen, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Central Texas College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and The State of Texas Single Audit Circular that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2020. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and the State of Texas Single Audit Circular.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR (CONTINUED)**

Those standards, the Uniform Guidance and The State of Texas Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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 and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Central Texas 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 and state programs for the year ended August 31, 2020.

Report on Internal Control Over Compliance


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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR (CONTINUED)**

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

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


Temple, Texas

December 11, 2020

CENTRAL TEXAS COLLEGE DISTRICT

**Schedule of Findings and Questioned Costs
August 31, 2020**

I. Summary of Auditors' Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting:
Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal and State Awards

- | | |
|--|---------------|
| 4. Internal control over major programs:
Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| 5. Type of auditor's report issued on compliance for major programs | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with section 200.516a of the Uniform Guidance or the State of Texas Single Audit Circular and Uniform Grant Management Standards? | None |
| 7. Identification of major programs: | |

Federal Programs

State Programs

U.S. Department of Education

- Student Financial Assistance Cluster:
- Federal Supplemental Educational Opportunity Grants 84.007
 - Federal Work-study Program 84.033
 - Federal Pell Grant Program 84.063
 - Federal Direct Student Loans 84.268

- TWC: Skills for Transition
- TWC: Adult Education Basic Program
- Temple College: Adult Education Basic Program

CARES Act: HEERF
(Emergency Aid to Students) 84.425E

CENTRAL TEXAS COLLEGE DISTRICT

**Schedule of Findings and Questioned Costs (Continued)
August 31, 2020**

CARES Act: HEERF
(Institutions of Higher Education) 84.425F

Adult Education
(Basic Grants to States) 84.002A

- | | |
|---|-----------|
| 8. Dollar threshold used to distinguish between type A and type B federal programs: | \$917,867 |
| 9. Dollar threshold considered between Type A and Type B state programs: | \$300,000 |
| 10. Auditee qualified as low-risk auditee for federal single audit? | Yes |
| 11. Auditee qualified as a low-risk auditee for state single audit? | Yes |

II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

III. Findings and Questioned Costs for Federal and State Awards

None

**ADDITIONAL INFORMATION
(UNAUDITED)**

CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE G
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (UNAUDITED)
For the Period Ended August 31, 2020

	TEXAS CAMPUSES	CONTINENTAL & INTERNATIONAL CAMPUSES	TOTAL
REVENUES			
Operating Revenues			
Tuition and Fees	\$ 30,509,422	4,264,836	34,774,258
Federal Grants and Contracts	3,071,788	2,976,031	6,047,819
State Grants and Contracts	1,170,163		1,170,163
Non-Governmental and Contracts	1,082,040		1,082,040
Sales & Services of Auxiliary Enterprises	3,009,516	40,380	3,049,896
Miscellaneous Income	616,720	35,929	652,649
Total Operating Revenues	39,459,649	7,317,176	46,776,825
EXPENSES			
Operating Expenses			
Instruction	28,409,284	3,795,019	32,204,303
Public Services	412,000		412,000
Academic Support	3,809,882	2,595,237	6,405,119
Student Services	7,323,678	1,228,247	8,551,925
Institutional Support	16,974,244	940,665	17,914,909
Operation and Maintenance of Plant	6,129,921	192,618	6,322,539
Scholarships and Fellowships	20,778,832	232,204	21,011,036
Auxiliary Enterprises	2,997,992	62,236	3,060,228
Depreciation	3,620,737	6,214	3,626,951
Total Operating Expenses	90,456,570	9,052,440	99,509,010
Operating Income(Loss)	(50,996,921)	(1,735,264)	(52,732,185)
Non-Operating Revenues (Expenses)			
State Appropriations-General Revenue	21,972,970		21,972,970
Taxes for Maintenance and Operations	13,371,476		13,371,476
Federal Revenue, Non Operating	18,680,850		18,680,850
Investment Income	2,014,204		2,014,204
Other Non-Operating			
Net Non-Operating Revenue	56,039,500		56,039,500
Other Revenues, Expenses, Gains (Losses)			
Allocation of Distance Learning	(1,485,445)	1,485,445	
Allocation of Systems	3,632,755	(3,632,755)	
Increase (Decrease) in Net Position	\$ 7,189,889	(3,882,574)	3,307,315

CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE G-1
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
TEXAS CAMPUSES (UNAUDITED)
For the Period Ended August 31, 2020

	CENTRAL	FT.HOOD/SAC	DIST ED	SYSTEMS	KNCT	AUXILIARY	TOTAL
REVENUES							
Operating Revenues							
Tuition and Fees	\$ 10,174,872	2,294,155	18,037,759	1,683		953	30,509,422
Federal Grants and Contracts	415,961	2,571,259			84,568		3,071,788
State Grants and Contracts	1,170,163						1,170,163
Non-Governmental and Contracts	1,048,400	25,240		8,400			1,082,040
Sales & Services of Auxiliary Enterprises			15,686	2,995		2,990,835	3,009,516
Miscellaneous Income	42,762	8,003		207,665	357,930	360	616,720
Total Operating Revenues	12,852,158	4,898,657	18,053,445	220,743	442,498	2,992,148	39,459,649
EXPENSES							
Operating Expenses							
Instruction	17,829,224	4,390,184	6,189,876				28,409,284
Public Services					412,000		412,000
Academic Support	1,689,923	971,145	421,140	727,674			3,809,882
Student Services	2,221,783	504,509	1,352,257	3,245,129			7,323,678
Institutional Support	6,163,509	319,241	2,963,608	7,430,262	16,774	80,850	16,974,244
Operation and Maintenance of Plant	6,025,982	103,939					6,129,921
Scholarships and Fellowships	19,957,199	29,359		792,274			20,778,832
Auxiliary Enterprises	4,351					2,993,641	2,997,992
Depreciation	2,378,600	136,924		469,835	46,279	589,099	3,620,737
Total Operating Expenses	56,270,571	6,455,301	10,926,881	12,665,174	475,053	3,663,590	90,456,570
Operating Income(Loss)	(43,418,413)	(1,556,644)	7,126,564	(12,444,431)	(32,555)	(671,442)	(50,996,921)
Non-Operating Revenues (Expenses)							
State Appropriations-General Revenue	16,439,075	2,466,709	521,858	2,545,328			21,972,970
Taxes for Maintenance and Operations	13,371,476						13,371,476
Federal Revenue, Non Operating	17,056,118			1,624,732			18,680,850
Investment Income				2,014,204			2,014,204
Other Non-Operating							
Net Non-Operating Revenue	46,866,669	2,466,709	521,858	6,184,264			56,039,500
Other Revenues, Expenses, Gains (Losses)							
Allocation of Distance Education	3,589,825	1,114,084	(6,189,354)				(1,485,445)
Allocation of Systems	(3,307,456)	(770,963)	(1,459,068)	9,336,773	(40,889)	(125,642)	3,632,755
Increase (Decrease) in Net Position	\$ 3,730,625	1,253,186		3,076,606	(73,444)	(797,084)	7,189,889

CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE G-2
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
CONTINENTAL & INTERNATIONAL CAMPUSES (UNAUDITED)
For the Period Ended August 31, 2020

	<u>EUROPE CAMPUS</u>	<u>CONTINENTAL CAMPUS</u>	<u>NAVY CAMPUS</u>	<u>TOTAL CONTINENTAL & INTERNATIONAL</u>
REVENUES				
Operating Revenues				
Tuition and Fees	\$ 933,248	2,890,898	440,690	4,264,836
Federal Grants and Contracts	2,687,829		288,202	2,976,031
Sales & Services of Auxiliary Enterpris	15,867	11,416	13,097	40,380
Miscellaneous Income	954	31,279	3,696	35,929
Total Operating Revenues	<u>3,637,898</u>	<u>2,933,593</u>	<u>745,685</u>	<u>7,317,176</u>
EXPENSES				
Operating Expenses				
Instruction	2,745,812	898,605	150,602	3,795,019
Academic Support	578,938	1,704,489	311,810	2,595,237
Student Services	832,716	395,531		1,228,247
Institutional Support	607,702	141,857	191,106	940,665
Operation and Maintenance of Plant	189,588		3,030	192,618
Scholarships and Fellowships	50,812	157,398	23,994	232,204
Auxiliary Enterprises	55,189	7,035	12	62,236
Depreciation	2,374	1,186	2,654	6,214
Total Operating Expenses	<u>5,063,131</u>	<u>3,306,101</u>	<u>683,208</u>	<u>9,052,440</u>
Operating Income(Loss)	<u>(1,425,233)</u>	<u>(372,508)</u>	<u>62,477</u>	<u>(1,735,264)</u>
Non-Operating Revenues (Expenses)				
Investment Income				
Other Non-Operating				
Net Non-Operating Revenue				
Other Revenues, Expenses, Gains (Losses)				
Allocation of Distance Education	433,255	1,052,190		1,485,445
Allocation of Systems	(1,440,506)	(1,966,264)	(225,985)	(3,632,755)
Increase (Decrease) in Net Position	<u>\$ (2,432,484)</u>	<u>(1,286,582)</u>	<u>(163,508)</u>	<u>(3,882,574)</u>