

# ANNUAL FINANCIAL REPORT

For the year ending August 31, 2020



**WESTERN**  
— TEXAS COLLEGE —

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# WESTERN TEXAS COLLEGE

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## **BOARD OF TRUSTEES**

### **Officers**

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Eddie Peterson	Vice-President
Drew Bullard	Secretary

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Jason West	Member
Mike McWilliams	Member
Dr. Jay Kidd	Member
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Ralph Ramon	Vice President/Dean of Student Services
Britt Canada	Dean of Institutional Research & Effectiveness
Patricia Claxton	Chief Financial Officer
Emily Powell	Dean of Technology and Information Security
Stephanie Ducheneaux	Dean of Instructional Affairs
Shawn Fonville	Dean of Career and Technical Education
Tammy Davis	Athletic Director
Melanie Schwertner	Assistant to the President
Marjann Morrow	Controller



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December 7, 2020

To the Board of Trustees  
Western Texas College  
Snyder, Texas

INDEPENDENT AUDITORS' REPORT

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Western Texas College which includes the statement of net position as of August 31, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the years ended August 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Western Texas College's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion 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 audits 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. 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Western Texas College, as of August 31, 2020 and 2019, and the respective changes in financial position, and cash flows 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, schedule of the college's share of net pension liability, schedule of the college's contributions for pensions, schedule of the college's proportionate share of net OPEB liability, and schedule of the college's contributions for OPEB 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 College's basic financial statements. The supporting schedules (Schedules A-F), including the schedule of expenditures of federal awards 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 introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules 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 supporting schedules, which includes the schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the 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 7, 2020, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*Condley and Company, L.L.P.*

Certified Public Accountants

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## **Management's Discussion and Analysis**

This section of Western Texas College's Annual Financial Report presents management's discussion and analysis of the College's financial performance during the fiscal year ending August 31, 2020. Please read this in conjunction with the College's financial statements beginning on page 15. A comparative analysis of financial data is presented.

### **Financial Highlights**

- The College experienced an increase in cash and cash equivalents of \$1,099,908.
- The College's net position increased \$1,862,983.
- The College experienced an increase in Ad-valorem taxes receivable of \$852,502. This is due to a Company appealing the values of this tax year.
- The College experienced an increase in Federal Grants Revenue of \$518,394, which includes CARES Act – Student Portion of \$278,058 and Institutional Portion of \$167,107, and a decrease in interest on capital related debt of \$50,106. Operating expenditures remained comparable to previous years as did operating revenue.

### **Using This Annual Report**

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

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

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

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

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

### **Financial Analysis of the College as a Whole**

The Statements of Net Position presents the financial position of the College at the end of the fiscal year and includes all asset and liabilities of the College. Assets and liabilities are generally measured using current values, except for capital assets, which are stated at historical cost less accumulated depreciation.

Current assets consist primarily of cash, short-term investments and receivables. Non-current assets are composed mainly of cash, investments and capital assets. Current liabilities consist mainly of payables, accrued liabilities, unearned revenues and current portions of long-term debt. Non-current liabilities are composed of bonds payable, capital leases payable, net pension liability and net OPEB liability.

This schedule is prepared from the College's Statements of Net Position (page 15).

	August 31, 2020	August 31, 2019	August 31, 2018
<b>Assets:</b>			
Current Assets	\$18,917,677	\$17,512,045	\$15,671,778
Non-Current Assets			
Capital Assets, Net of Depreciation	31,480,922	32,124,084	32,174,506
Restricted Cash and Investments	13,072,670	12,766,425	12,784,559
<b>Total Assets</b>	<b>\$63,471,269</b>	<b>\$62,402,554</b>	<b>\$60,630,843</b>
<b>Deferred Outflows Related to Pensions</b>	<b>\$1,281,435</b>	<b>\$1,476,726</b>	<b>\$585,547</b>
<b>Deferred Outflows Related to OPEB</b>	<b>\$1,683,766</b>	<b>1,590,437</b>	<b>949,465</b>
<b>Liabilities:</b>			
Current Liabilities	\$6,264,122	\$ 6,029,219	\$ 5,898,573
Non-Current Liabilities	30,165,808	30,701,170	31,679,370
<b>Total Liabilities</b>	<b>\$36,429,930</b>	<b>\$36,730,389</b>	<b>\$37,577,943</b>
<b>Deferred Inflows Related to Pensions</b>	<b>\$893,993</b>	<b>\$645,177</b>	<b>\$872,456</b>
<b>Deferred Inflows Related to OPEB</b>	<b>2,857,194</b>	<b>3,701,781</b>	<b>2,260,973</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	\$13,978,181	\$13,042,839	\$11,664,438
Restricted	13,387,361	12,691,017	12,781,978
Unrestricted	(1,110,189)	(1,341,486)	(2,991,993)
<b>Total Net Position</b>	<b>\$26,255,353</b>	<b>\$24,392,370</b>	<b>\$21,454,483</b>

The Statements of Revenues, Expenses and Changes in Net Position present the College's results of operations.

	FY 2020	FY 2019	FY 2018
Beginning Net Position	\$24,392,370	\$21,454,483	\$30,233,737
Prior Period Adjustment (OPEB)	-	-	(11,936,499)
Prior Period Adjustment (Note2)	-	-	2,187
Net Position – As Restated	24,392,370	21,454,483	18,299,425
Increase (Decrease) in Net Position	1,862,983	2,937,887	3,155,058
<b>Ending Net Position</b>	<b>\$26,255,353</b>	<b>\$24,392,370</b>	<b>\$21,454,483</b>



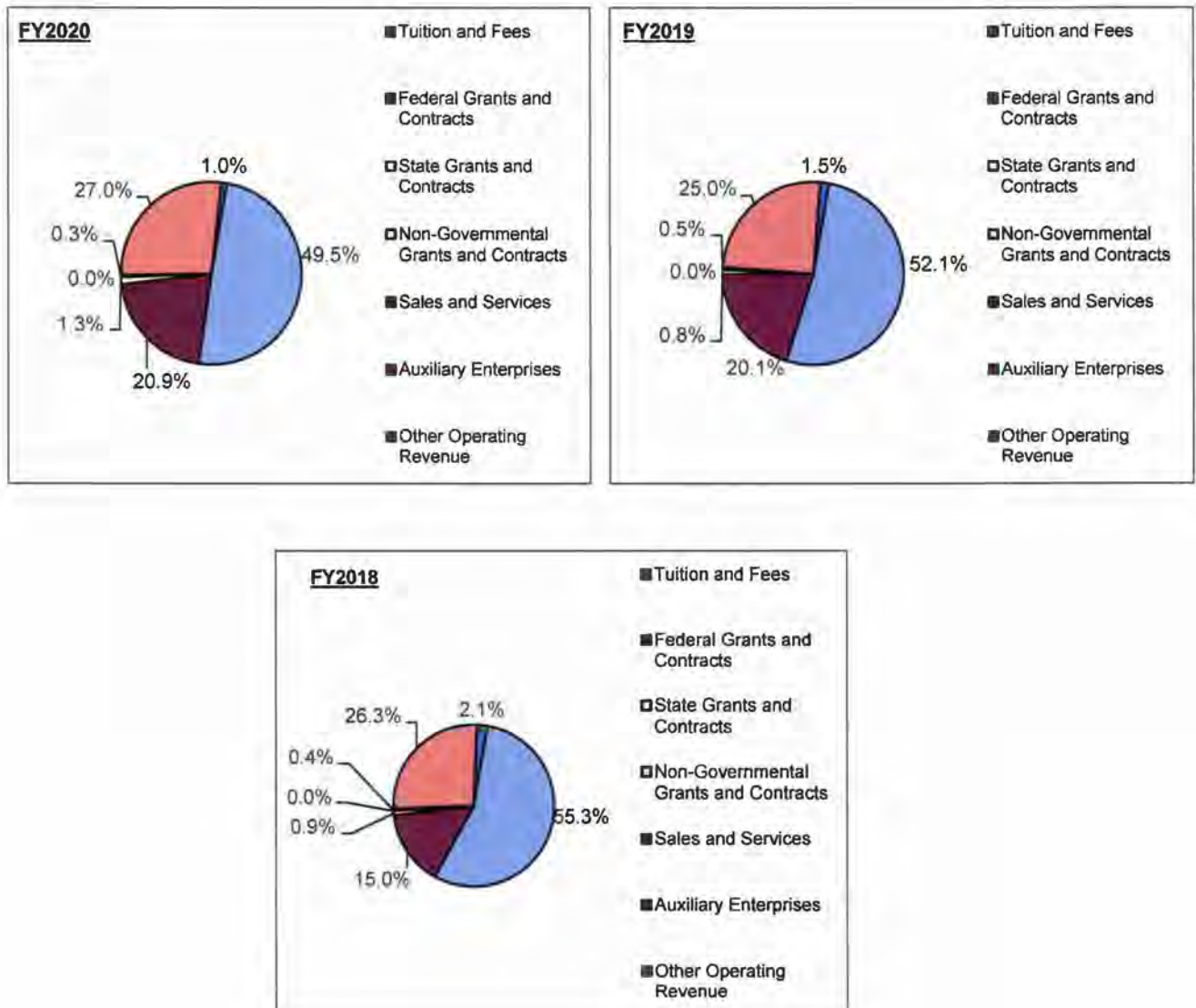
## Revenues

Revenues are categorized as either operating or non-operating. The main sources of operating revenues for the College are federal grants and contracts, and tuition and fees and auxiliary enterprises. Ad valorem taxes, state appropriations and federal revenues are the main sources of non-operating revenues.

<b>Operating Revenue</b>	<b>FY2020</b>	<b>FY2019</b>	<b>FY2018</b>
Tuition and Fees (Net of Discounts)	\$3,460,137	\$3,962,951	\$4,192,686
Federal Grants and Contracts	1,464,018	1,528,301	1,141,431
State Grants and Contracts	91,666	60,361	69,754
Sales and Services of Educational Activities	23,689	39,143	30,989
Auxiliary Enterprises	1,890,040	1,904,933	1,997,663
Other Operating Revenue	66,663	113,342	158,206
<b>Total Operating Revenue</b>	<b>\$6,996,213</b>	<b>\$7,609,031</b>	<b>\$7,590,729</b>

The following is a graphic illustration of current year operating revenue by source with comparison to the previous two years:

### Operating Revenue

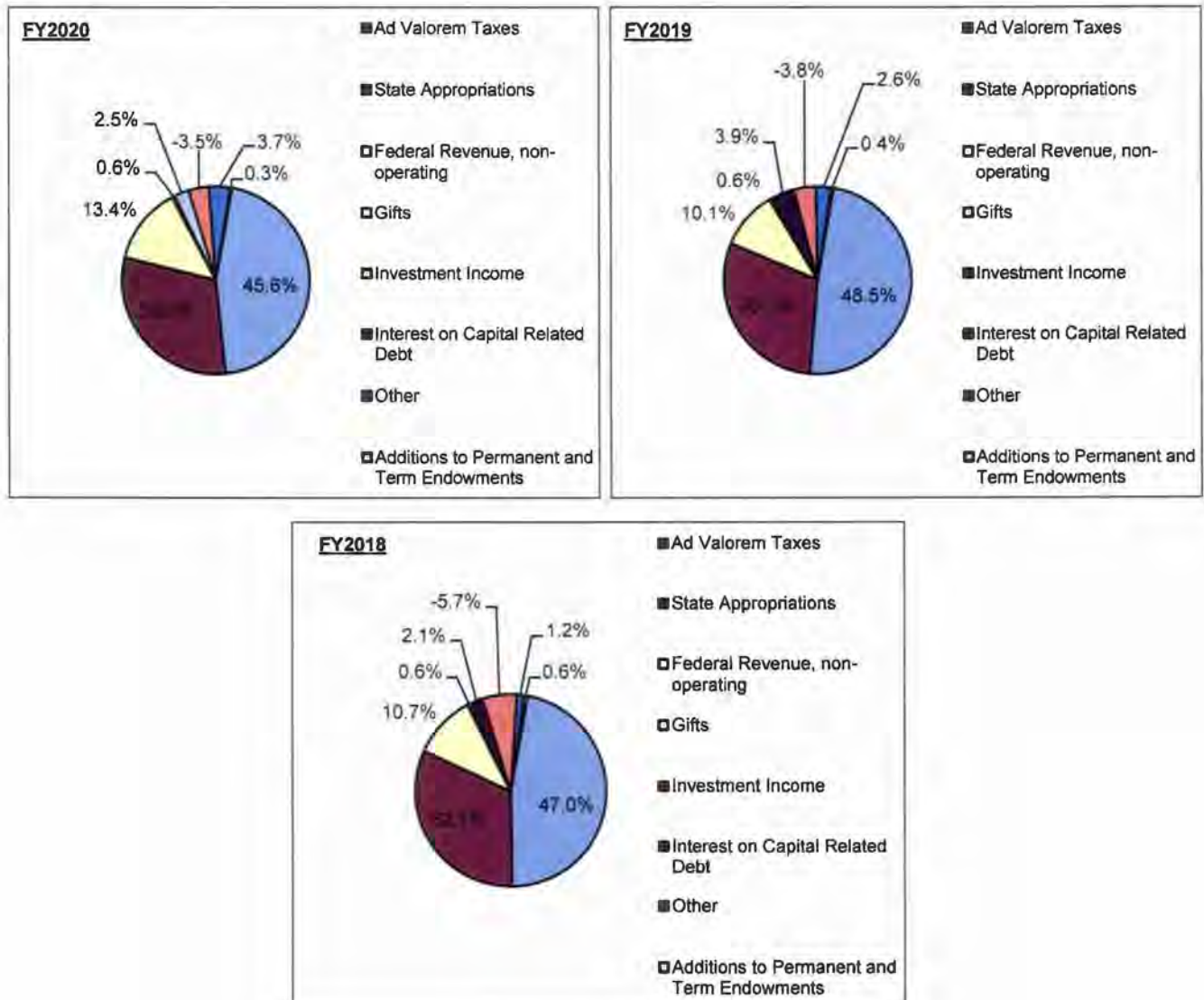


### Non-Operating Revenues (Expenses)

	FY2020	FY2019	FY2018
Ad Valorem Taxes	\$7,593,047	\$7,950,266	\$7,884,219
State Appropriations	5,081,250	4,941,303	5,375,699
Federal Revenue, non-operating	2,231,858	1,649,181	1,786,860
Gifts	93,679	95,845	94,506
Investment Income	424,116	637,975	358,676
Interest on Capital Related Debt	(579,601)	(629,707)	(960,848)
Other	608,699	423,583	205,610
Additions (deletions) to permanent and term endowments	44,020	69,905	95,045
<b>Total Non-Operating Revenues (Expenses)</b>	<b>\$15,497,068</b>	<b>\$15,138,351</b>	<b>\$14,839,767</b>

The following is a graphic illustration of current year non-operating revenue by source with comparison to the previous two years:

### Non-Operating Revenues (Expenses)





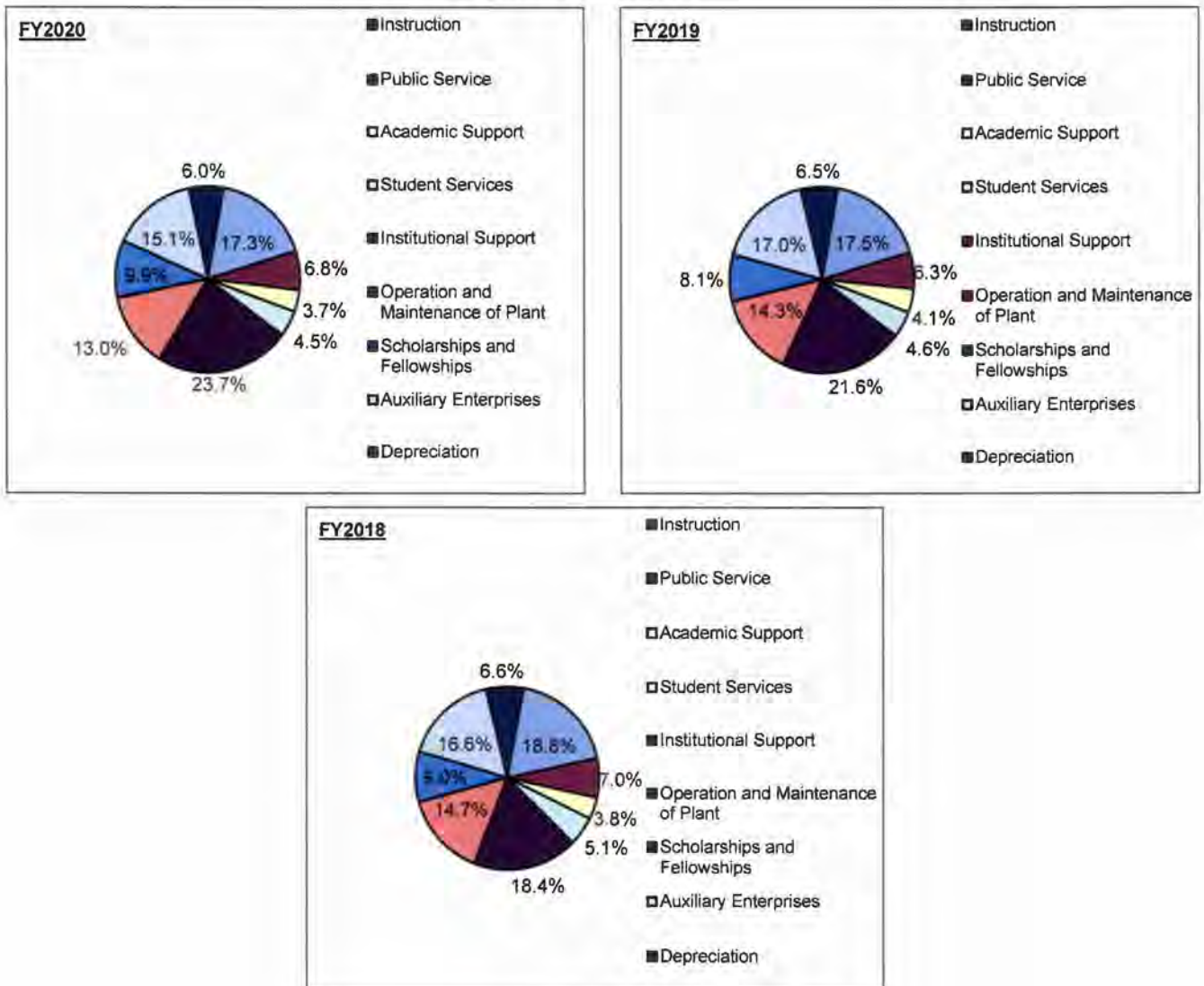
## Expenses

Institutional Support is the largest percent of operating expenses for the College (24%) with Instruction (17%) being second. Auxiliary (15%), Operation and Maintenance of Plant (13%) and Scholarships and Fellowships (10%) make up other large portions of expenses.

<b>Operating Expenses</b>	<b>FY2020</b>	<b>FY2019</b>	<b>FY2018</b>
Instruction	\$3,577,791	\$3,472,357	\$3,617,763
Public Service	1,397,059	1,242,755	1,355,547
Academic Support	769,504	807,658	729,126
Student Services	930,140	907,688	987,215
Institutional Support	4,876,248	4,295,569	3,550,348
Operation and Maintenance of Plant	2,678,011	2,834,428	2,834,874
Scholarships and Fellowships	2,046,936	1,602,714	1,735,196
Auxiliary Enterprises	3,113,228	3,363,726	3,200,625
Depreciation	1,241,381	1,282,600	1,264,744
<b>Total Operating Expenses</b>	<b>\$20,630,298</b>	<b>\$19,809,495</b>	<b>\$19,275,438</b>

The following is a graphic illustration of current year expenses by function with comparisons to the previous two years:

### **Operating Expenses**



The Statements of Cash Flows provides additional information about the College's financial results. This report states the major sources and uses of cash.

	FY2020	FY2019	FY2018
<b>Cash provided (used) by:</b>			
Operating Activities	(\$11,692,768)	(\$10,550,767)	(\$10,399,103)
Non-Capital Financing Activities	15,462,711	15,191,714	15,528,614
Capital and Related Financing Activities	(2,995,301)	(3,335,470)	(1,523,382)
Investing Activities	325,266	409,176	(175,702)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$1,099,908</b>	<b>\$1,714,653</b>	<b>\$3,430,427</b>
	FY2020	FY2019	FY2018
Cash and Cash Equivalents Beginning of Year	\$21,605,457	\$19,890,804	\$16,460,377
Cash and Cash Equivalents End of Year	22,705,365	21,605,457	19,890,804
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$1,099,908</b>	<b>\$1,714,653</b>	<b>\$3,430,427</b>

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of August 31, 2020, the College had \$48,792,609 invested in capital assets ranging from land, buildings, improvement to facilities, and equipment. The following is a breakdown of the capital assets less accumulated depreciation.

	FY2020	FY2019	FY2018
Land	\$813,261	\$813,261	\$813,261
Collections	105,290	105,290	105,290
Buildings	27,540,669	27,291,275	27,976,721
Improvements	1,663,722	1,669,798	1,789,136
Equipment	1,065,719	1,230,630	1,297,568
Library Books	65,239	69,394	73,212
Right-of-Use Assets	227,022	222,990	165,863
Construction in Progress	-	721,446	6,320
<b>Total</b>	<b>\$31,480,922</b>	<b>\$32,124,084</b>	<b>\$32,174,506</b>

During fiscal year 2020, 2019 and 2018, the capital assets have remained consistent.

#### **Debt**

At year-end, the college had \$16,954,222 in outstanding bonds and maintenance tax notes. The Revenue Bonds, totaling \$6,867,875, were originally issued in 2005 and 2009, for the construction of two new residence halls, a student common, and an on-campus health clinic. The 2005 Bond Series was refunded in 2012. During 2017, the 2009 Bond Series and 2012 Revenue Refunded Bond Series were consolidated and reissued at a lower variable interest rate of 2.0% to 4.0%. The consolidated bond is referred to as the 2017 Revenue Refunded Bond. Maintenance tax notes issued in 2014 carry a current balance of \$10,086,347 for use in repairing the aging infrastructure of the College, which was completed in 2017. In December of 2017, the College obtained a time warrant in the amount of \$931,189 for financing renovations to the Agriculture and Farm complex. The College was awarded a Department of Education Title V Grant that provides the funds to make yearly payments of the time warrant over 4 years. As of August 31, 2020, the outstanding balance on the time warrant is \$475,253.



The College has outstanding capital lease balances for a campus-wide boiler replacement project, a John Deere Gator for the Turf Landscape Technology department, and various pieces of golf and grounds maintenance equipment. The lease balances as of August 31, 2020, total \$253,409, and the equipment and boilers have a remaining depreciable value of \$702,420. In FY2019, Western Texas College elected early implementation of GASB 87 which recognizes right-of-use leases as distinct categories in debt and capital assets, and depreciation expense is recognized over the length of the right-of-use lease. At the end of August 2019, the College had right-of-use leases for copiers, two rental properties, and 12 golf carts. In 2020, the College added a lease for a range-ball-retriever cart and renewed a lease for one of the rental properties. The total outstanding balance for right-of-use leases as of August 31, 2020, is \$239,080, and the remaining depreciable value of the assets associated with the leases is \$227,022.

### **Other Economic Factors**

The College makes every effort to develop and expand programs and services in order to meet the needs of our service area. The College actively pursues federal and state grants as additional funding to help in the development of new programs and services, and/or the improvement of current programs and services to our community.

Western Texas College, like all colleges across the nation, has experienced a difficult 2020 with the COVID-19 pandemic worldwide and the drop of oil and gas prices. On March 16, 2020, the College went online for all classes to finish the Spring semester. The College did open back up for face to face class in the fall, along with online, but has seen a decline in enrollment. Oil and gas production is slowly starting to pick up, but still a decline in comparison with past years.

### **Contacting the College's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer or Controller, Western Texas College, 6200 College Avenue, Snyder, Texas 79549.

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**Western Texas College**  
**Statements of Net Position**  
**August 31, 2020 and 2019**  
**Exhibit 1**

	2020	2019
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$14,654,379	\$13,508,493
Short-term investments	822,967	814,186
Accounts receivable, net	3,229,776	2,902,014
Inventories	53,479	55,250
Prepaid and deferred expenses	157,076	232,102
Total Current Assets	<u>18,917,677</u>	<u>17,512,045</u>
<b>Noncurrent Assets:</b>		
Restricted cash and cash equivalents	8,050,986	8,096,964
Restricted long-term investments	5,021,684	4,669,461
Capital assets, net (Note 5)	31,480,922	32,124,084
Total Noncurrent Assets	<u>44,553,592</u>	<u>44,890,509</u>
<b>TOTAL ASSETS</b>	<u>63,471,269</u>	<u>62,402,554</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pensions	1,281,435	1,476,726
Deferred outflows related to OPEB	1,683,766	1,590,437
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,965,201</u>	<u>3,067,163</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	246,373	422,215
Accrued liabilities	180,781	175,521
Funds held for others	710,359	687,816
Unearned revenues	3,139,126	2,873,513
Accrued compensated absences	220,483	181,234
Notes payable-current portion	234,867	229,474
Capital leases payable - current portion	101,388	97,446
Right-of-use leases-current portion	98,116	64,371
Bonds payable - current portion	1,332,629	1,297,629
Total Current Liabilities	<u>6,264,122</u>	<u>6,029,219</u>
<b>Noncurrent Liabilities:</b>		
Deposits	214,873	212,505
Net pension liability	2,834,453	3,070,745
Net OPEB liability	10,961,518	9,563,745
Notes payable	240,386	475,254
Capital leases payable	152,021	253,409
Right-of-use leases payable	140,964	171,291
Bonds payable	15,621,593	16,954,221
Total Noncurrent Liabilities	<u>30,165,808</u>	<u>30,701,170</u>
<b>TOTAL LIABILITIES</b>	<u>36,429,930</u>	<u>36,730,389</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pensions	893,993	645,177
Deferred inflows related to OPEB	2,857,194	3,701,781
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>3,751,187</u>	<u>4,346,958</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	13,978,181	13,042,839
Restricted:		
Nonexpendable		
Scholarships and fellowships	5,242,535	4,904,796
Expendable		
Employee campaign	47,333	52,997
Student aid	434,316	411,886
Instructional programs	5,005	5,005
Loans	389,747	385,566
Debt service	7,178,764	6,839,929
Unrestricted	<u>(1,020,528)</u>	<u>(1,250,648)</u>
<b>TOTAL NET POSITION (Schedule D)</b>	<u>\$26,255,353</u>	<u>\$24,392,370</u>

See accompanying notes to the financial statements

**Western Texas College**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended August 31, 2020 and 2019**  
**Exhibit 2**

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
<b>Operating Revenues:</b>		
Tuition and fees (Net of discounts of \$1,890,298 in 2020 and \$1,835,020 in 2019)	\$3,460,137	\$3,962,951
Federal grants and contracts	1,464,018	1,528,301
State grants and contracts	91,666	60,361
Sales and services of educational activities	23,689	39,143
Auxiliary enterprises	1,890,040	1,904,933
Other operating revenues	66,663	113,342
Total Operating Revenues (Schedule A)	<u>6,996,213</u>	<u>7,609,031</u>
<b>EXPENSES</b>		
<b>Operating Expenses:</b>		
Instruction	3,577,791	3,472,357
Public service	1,397,059	1,242,755
Academic support	769,504	807,658
Student services	930,140	907,688
Institutional support	4,876,248	4,295,569
Operation and maintenance of plant	2,678,011	2,834,428
Scholarships and fellowships	2,046,936	1,602,714
Auxiliary enterprises	3,113,228	3,363,726
Depreciation	1,241,381	1,282,600
Total Operating Expenses (Schedule B)	<u>20,630,298</u>	<u>19,809,495</u>
Operating Income (Loss)	<u>(13,634,085)</u>	<u>(12,200,464)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State appropriations	5,081,250	4,941,303
Ad-valorem taxes (Net)	7,593,047	7,950,266
Federal revenue, non-operating	2,231,858	1,649,181
Gifts	93,679	95,845
Investment income (net of investment expenses)	424,116	637,975
Gain (loss) on sale of investments, realized	(60,649)	23,203
Gain (loss) on investments, unrealized	262,142	(50,591)
Interest on capital related debt	(579,601)	(629,707)
Gain (loss) on disposal of capital assets	10,637	(11,874)
Additions (deletions) to permanent and term endowments	44,020	69,905
Other non-operating revenues (expenses)	396,569	462,845
Net Non-Operating Revenues (Schedule C)	<u>15,497,068</u>	<u>15,138,351</u>
<b>Increase (Decrease) in Net Position</b>	<b>1,862,983</b>	<b>2,937,887</b>
<b>NET POSITION</b>		
Net Position - beginning of year	24,392,370	21,454,483
Net Position - end of year	<u>\$26,255,353</u>	<u>\$24,392,370</u>

See accompanying notes to the financial statements



**Western Texas College**  
**Statements of Cash Flows**  
**For the Years Ended August 31, 2020 and 2019**  
**Exhibit 3**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from students and other customers	\$5,415,939	\$5,754,073
Receipts from grants and contracts	1,520,493	1,674,690
Payments to or on behalf of employees	(9,835,160)	(9,567,268)
Payments to suppliers for goods and services	(6,823,901)	(6,912,168)
Payments for scholarships	(2,046,936)	(1,602,714)
Other receipts (payments)	76,797	102,620
Net cash used by operating activities	<u>(11,692,768)</u>	<u>(10,550,767)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Receipts from state appropriations	5,081,250	4,941,303
Receipts from ad valorem taxes	7,593,047	7,950,266
Receipts from non-operating federal revenue	2,231,858	1,649,181
Receipts from gifts and grants (other than capital)	534,013	615,881
Student organization and other agency transactions	22,543	35,083
Net cash provided by noncapital financing activities	<u>15,462,711</u>	<u>15,191,714</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from sale of capital assets	10,637	-
Purchases of capital assets	(847,834)	(1,199,558)
Proceeds from debt	92,750	175,455
Payments on capital debt and leases-principal	(1,671,253)	(1,681,660)
Payments on capital debt and leases-interest	(579,601)	(629,707)
Net cash used by capital and related financing activities	<u>(2,995,301)</u>	<u>(3,335,470)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale and maturity of investments	993,879	385,096
Receipts from earnings on investments	424,116	637,975
Purchases of investments	(1,092,729)	(613,895)
Net cash provided by investing activities	<u>325,266</u>	<u>409,176</u>
Increase in cash and cash equivalents	1,099,908	1,714,653
Cash and cash equivalents - September 1	21,605,457	19,890,804
Cash and cash equivalents - August 31	<u>\$22,705,365</u>	<u>\$21,605,457</u>
<b>Reconciliation of net operating loss to net cash provided (used) by operating activities:</b>		
Operating loss	(\$13,634,085)	(\$12,200,464)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation expense	1,241,381	1,282,600
Payments made directly by state for benefits	814,253	300,589
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Receivables, net	(327,762)	(74,331)
Inventories	1,771	(5,681)
Deferred outflows of resources	179,855	(1,532,151)
Deferred expenses and prepaids	75,026	108,301
Accounts payable	(175,842)	125,323
Accrued expenses	5,260	14,880
Unearned revenues	265,613	(114,612)
Funds held for others	2,368	8,675
Accrued compensated absences	39,249	3,953
Net pension liability	(522,000)	1,118,458
Net OPEB liability	937,916	(799,836)
Deferred inflows of resources	(595,771)	1,213,529
Net cash used by operating activities	<u>(\$11,692,768)</u>	<u>(\$10,550,767)</u>

See accompanying notes to the financial statements

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**Western Texas College**  
**Notes to the Basic Financial Statements**  
**August 31, 2020 and 2019**

**1. Reporting Entity**

Western Texas College was established in 1970, in accordance with the laws of the State of Texas, to serve the educational needs of Snyder and the surrounding communities. Western Texas College (WTC) is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

**2. Summary of Significant Accounting Policies**

**Report Guidelines**

The significant accounting policies followed by Western Texas College in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community Colleges*. The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities.

**Tuition Discounting**

**Texas Public Education Grants (TPEG)**

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

**Title IV, Higher Education Act Program Funds**

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

**Other Tuition Discounts**

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

**Basis of Accounting**

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

**Budgetary Data**

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

**Cash and Cash Equivalents**

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

**Western Texas College**  
**Notes to the Basic Financial Statements**  
**August 31, 2020 and 2019**

and cash equivalents are held for federal programs, debt payments and debt reserves, and funds held for others.

**Deferred Outflows**

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

**Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. The governing board has designated public funds investment pools comprised of \$822,967 and \$814,186 at 2020 and 2019, respectively, to be short-term investments. Long-term investments have an original maturity of greater than one year at the time of purchase. Restricted long-term investments consist of funds held for endowment awards.

**Receivables**

Receivables consist of tuition and fees charges to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the Federal government, state and local governments. Receivables are recorded net of estimated uncollectible amounts.

**Inventories**

Inventories consist of consumable office supplies, pro shop merchandise and livestock. Inventories are reported at the lower of cost or market using 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, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovations of \$100,000 to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged to operating expenses 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 applying the half-year convention. 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

**Noncurrent Long-Term Liabilities**

Noncurrent long-term liabilities include bonds payable, capital lease and any premiums or discounts associated with these debts that will not be paid within the next fiscal year.



**Western Texas College**  
**Notes to the Basic Financial Statements**  
**August 31, 2020 and 2019**

**Unearned Revenues**

Tuition and fees of \$1,408,112 and \$1,826,642, room and board and other auxiliary charges of \$642,640 and \$810,999, and delinquent ad valorem taxes of \$1,088,374 and \$235,872 have been reported as unearned revenues at August 31, 2020 and 2019 respectively.

**Deferred Inflows**

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

**Net Position**

The College's Net Position includes the following:

**Net Investment in Capital Assets** - This represents the College's total investment in capital assets, net of outstanding debt obligations related to those assets.

**Restricted - Nonexpendable** - Nonexpendable restricted includes endowments and similar type assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.

**Restricted - Expendable** - Expendable restricted includes resources in which the College is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

**Unrestricted** - Unrestricted includes resources derived from student tuition and fees, sales and services, and interest income.

The College's policy is to apply restricted resources prior to any unrestricted resources when an expense is incurred for which both restricted and unrestricted net position are available.

**Estimates**

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

**Operating and Non-Operating Revenue and Expense Policy**

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

**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.

**Western Texas College**  
**Notes to the Basic Financial Statements**  
**August 31, 2020 and 2019**

**Pensions**

Western Texas College 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 the benefit terms. Investments are reported at fair value.

**Governmental Accounting Standards Board (GASB) Statement No. 87**

**Leases**

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The College has elected early implementation of GASB Statement No. 87 for the year ended August 31, 2019.

**3. Authorized Investments**

Western Texas College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than "A" by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

**4. Deposits and Investments**

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

**Cash and Deposits**

	2020	2019
Bank Deposits		
Demand Deposits	\$22,701,965	\$21,602,057
Cash and Cash Equivalents		
Petty Cash on Hand	3,400	3,400
Total Cash and Deposits	<u>\$22,705,365</u>	<u>\$21,605,457</u>

**Western Texas College**  
**Notes to the Basic Financial Statements**  
**August 31, 2020 and 2019**

**Reconciliation of Deposits and Investments between Note 4 and Exhibit 1:**

	2020	2019
Per Note 4:		
Total Cash and Deposits	\$22,705,365	\$21,605,457
Total Investments	5,844,651	5,483,647
Total	<u>\$28,550,016</u>	<u>\$27,089,104</u>
Per Exhibit 1:		
Unrestricted:		
Cash and Cash Equivalents	\$14,654,379	\$13,508,493
Short-Term Investments	822,967	814,186
Restricted:		
Cash and Cash Equivalents	8,050,986	8,096,964
Long-Term Investments	5,021,684	4,669,461
Total	<u>\$28,550,016</u>	<u>\$27,089,104</u>

As of August 31, 2020, Western Texas College had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 2	2 to 3
Investment Pool	\$822,967	\$822,967	-	-
Mutual Funds	5,021,684	-	-	-
Total Fair Value	<u>\$5,844,651</u>	<u>\$822,967</u>	-	-

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

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

Investment Pool (TexPool) - Standard & Poor's rating as of August 31, 2020 equaled AAA  
Mutual Funds - Not Rated

**Concentration of Credit Risk** - The College does not place a limit on the amount the College may invest in any one issuer. Investments in any one issuer (other than investments issued or guaranteed by the U.S. government, mutual funds, and external investment pools) that represent 5% or more of are as follows:

None

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

As of August 31, 2020, the carrying amount of the College's bank balances was \$22,701,964. Bank balances of \$250,000 were covered by Federal Depository Insurance. Bank balances in the amount of \$22,451,964 were covered by securities held by the bank but not in the Colleges' name.

**Fair Value of Financial Instruments** - The three levels of the fair value of hierarchy are as follows:

**Western Texas College**  
**Notes to the Basic Financial Statements**  
**August 31, 2020 and 2019**

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

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

	2020				2019
	Level 1	Level 2	Level 3	Total	Total
Mutual Funds	\$5,021,684	-	-	\$5,021,684	\$4,669,461
Investment Pool	822,967	-	-	822,967	814,186
Total	\$5,844,651	-	-	\$5,844,651	\$5,483,647

**5. Capital Assets**

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

	Balance 9/1/2019	Increases	Decreases	Balance 8/31/2020
<b><u>Not Depreciated:</u></b>				
Land	\$813,261	-	-	\$813,261
Collections	105,290	-	-	105,290
Construction in Progress	721,446	\$177,111	\$898,557	-
Subtotal	1,639,997	177,111	898,557	918,551
<b><u>Other Capital Assets:</u></b>				
Buildings	38,080,311	946,908	12,711	39,014,508
Improvements	3,380,435	135,810	-	3,516,245
Library Books	1,119,150	6,597	2,176	1,123,571
Right-of-Use Assets	372,536	92,750	45,597	419,689
Furniture, Machinery, Vehicles and Other Equipment	3,291,219	70,869	160,714	3,201,374
Telecommunications and Peripheral Equipment	1,851,331	107,797	441,906	1,517,222
Subtotal	48,094,982	1,360,731	663,104	48,792,609
<b><u>Accumulated Depreciation:</u></b>				
Buildings	10,789,036	693,739	8,936	11,473,839
Improvements	1,710,637	141,886	-	1,852,523
Library Books	1,049,756	10,752	2,176	1,058,332
Right-of-Use Assets	149,546	88,718	45,597	192,667
Furniture, Machinery, Vehicles and Other Equipment	2,394,187	195,037	129,652	2,459,572
Telecommunications and Peripheral Equipment	1,517,733	111,249	435,677	1,193,305
Subtotal	17,610,895	1,241,381	622,038	18,230,238
Net Other Capital Assets	30,484,087	119,350	41,066	30,562,371
Net Capital Assets	\$32,124,084	\$296,461	\$939,623	\$31,480,922



**Western Texas College**  
**Notes to the Basic Financial Statements**  
**August 31, 2020 and 2019**

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

	Balance 9/1/2018	Increases	Decreases	Balance 8/31/2019
<b><u>Not Depreciated:</u></b>				
Land	\$813,261	-	-	\$813,261
Collections	105,290	-	-	105,290
Construction in Progress	6,320	\$721,446	\$6,320	721,446
Subtotal	924,871	721,446	6,320	1,639,997
<b><u>Other Capital Assets:</u></b>				
Buildings	38,080,311	-	-	38,080,311
Improvements	3,359,935	20,500	-	3,380,435
Library Books	1,123,283	7,125	11,258	1,119,150
Right-of-Use Assets*	165,863	206,673	-	372,536
Furniture, Machinery, Vehicles and Other Equipment	3,194,093	113,315	16,189	3,291,219
Telecommunications and Peripheral Equipment	2,003,577	197,160	349,406	1,851,331
Subtotal	47,927,062	544,773	376,853	48,094,982
<b><u>Accumulated Depreciation:</u></b>				
Buildings	10,103,590	685,446	-	10,789,036
Improvements	1,570,799	139,838	-	1,710,637
Library Books	1,050,071	10,943	11,258	1,049,756
Right-of-Use Assets*	52,865	96,681	-	149,546
Furniture, Machinery, Vehicles and Other Equipment	2,183,009	223,808	12,630	2,394,187
Telecommunications and Peripheral Equipment	1,717,093	125,884	325,244	1,517,733
Subtotal	16,677,427	1,282,600	349,132	17,610,895
Net Other Capital Assets	31,249,635	(737,827)	27,721	30,484,087
Net Capital Assets	\$32,174,506	\$(16,381)	\$34,041	\$32,124,084

**6. Noncurrent Liabilities**

Noncurrent liability activity for the year ended August 31, 2020 was as follows:

	Balance 9/1/2019	Additions	Reductions	Balance 8/31/2020	Current Portion
Capital Leases	\$350,855	-	\$97,446	\$253,409	\$101,388
Right of Use Lease	235,662	\$92,750	89,332	239,080	98,116
Notes Payable	704,728	-	229,475	475,253	234,867
Bonds Payable	18,251,850	-	1,297,628	16,954,222	1,332,629
Net Pension Liability	3,070,745	-	236,292	2,834,453	N/A
Net OPEB Liability	9,563,745	2,212,503	814,730	10,961,518	N/A
Total Noncurrent Liabilities	\$32,177,585	\$2,305,253	\$2,764,903	\$31,717,935	\$1,767,000



**Western Texas College**  
**Notes to the Basic Financial Statements**  
**August 31, 2020 and 2019**

Noncurrent liability activity for the year ended August 31, 2019 was as follows:

	Balance 9/1/2018	Additions	Reductions	Balance 8/31/2019	Current Portion
Capital Leases	\$438,067	\$8,198	\$95,410	\$350,855	\$97,446
Right of Use Lease	110,811	206,673	81,822	235,662	64,371
Notes Payable	931,189	-	226,461	704,728	229,474
Bonds Payable	19,534,479	-	1,282,629	18,251,850	1,297,629
Net Pension Liability	1,858,097	1,400,586	187,938	3,070,745	N/A
Net OPEB Liability	10,225,798	1,848,951	2,511,004	9,563,745	N/A
Total Noncurrent Liabilities	<u>\$33,098,441</u>	<u>\$3,464,408</u>	<u>\$4,385,264</u>	<u>\$32,177,585</u>	<u>\$1,688,920</u>

**7. Debt and Lease Obligations**

Debt service requirements for the 2014 Maintenance Tax Notes at August 31, 2020 are as follows:

For the Years Ended August 31,	Principal	Interest	Total
2021	\$ 930,000	\$ 336,881	\$1,266,881
2022	970,000	298,881	1,268,881
2023	1,010,000	259,281	1,269,281
2024	1,050,000	218,081	1,268,081
2025	1,090,000	180,050	1,270,050
2026-2029	4,735,000	340,403	5,075,403
Total	<u>\$9,785,000</u>	<u>\$1,633,577</u>	<u>\$11,418,577</u>

Debt service requirements for the 2017 Revenue Refunding Bonds at August 31, 2020 are as follows:

For the Years Ended August 31,	Principal	Interest	Total
2021	\$ 360,000	\$ 209,469	569,469
2022	370,000	200,319	570,319
2023	385,000	188,994	573,994
2024	395,000	177,294	572,294
2025	405,000	165,294	570,294
2026-2030	2,225,000	633,119	2,858,119
2031-2035	2,610,000	250,847	2,860,847
Total	<u>\$6,750,000</u>	<u>\$1,825,336</u>	<u>\$8,575,336</u>

Capital leases used for a campus-wide boiler replacement project, the purchase of a John Deere Gator and grounds maintenance equipment are included in the lease liability amount and have a combined depreciable value of \$702,420. With the implementation of GASB 87 in 2019, the College added Right-of-Use leases for copiers and printing equipment, two rental properties, grounds equipment and golf carts with a combined depreciable value of \$227,021. In 2020, the College added a range ball picker cart lease and renewed a property lease. Obligations under these leases as of August 31, 2020, are as follows:

2021	\$217,568
2022	156,237
2023	142,258

**Western Texas College**  
**Notes to the Basic Financial Statements**  
**August 31, 2020 and 2019**

	2024	5,388
	2025	2,903
Total Minimum Lease Payments		524,354
Less: Amount representing interest costs		(31,847)
Present Value of Minimum Lease Payments		<u>\$492,507</u>

**8. Bonds Payable**

General Information related to bonds payable is summarized below:

- Scurry County Junior College District Maintenance Tax Notes, Series 2014.
- Issued March 18, 2014.
- To maintain, repair, rehabilitation or replacement of building systems on campus.
- \$14,815,000; all authorized debt has been issued.
- \$336,118 bond premium; being amortized over the life of the bond.
- Sources of revenue for debt service – ad valorem tax revenue.
- Principal payments ranging from \$785,000 to \$1,245,000; variable interest rate ranging from 2.00% to 4.00%.
- Outstanding balance at August 31, 2020 is \$9,785,000, with the final payment due 02/15/29.

Maintenance Tax Notes payable are due in annual installments varying from \$1,266,406 to \$1,271,456 with a variable interest rate. The final installment is due February 15, 2029.

- Scurry County Junior College District Consolidated Fund Revenue Refunding Bonds, Series 2017.
- To refund Series 2009 and Series 2012 bonds.
- Issued September 12, 2017.
- To construct new residence hall located on the campus.
- \$7,595,000; all authorized bonds have been issued.
- \$125,732 bond premium; being amortized over the life of the bond.
- Sources of revenue for debt service - general student fees, student tuition, and gross revenue of the housing system.
- Principal payments ranging from \$240,000 to \$560,000; variable interest rate ranging from 2.00% to 4.00%.
- Outstanding balance at August 31, 2020 is \$6,750,000, with the final payment due 02/15/35.

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Bonds payable are due in annual installments varying from \$450,321 to \$574,106 with a variable interest rate. The final installment is due February 15, 2035.

**9. Notes Payable**

The College obtained financing in December 2017 from Government Capital in the amount of \$931,189 for Ag/Farm Renovation. The term of the time warrant is 4 years. Funds being received by a Department of Education Title V Grant will meet the principal payment requirements for the time warrant for the fiscal years ending 2021-2022 in the amount \$234,867, and \$240,387 respectively.

Notes payable activity for fiscal year 2020 was as follows:

	Balance 09/01/2019	Additions	Reductions	Balance 08/31/20	Current Portion
Notes Payable (Gov. Cap.)	\$704,728	-	\$229,474	\$ 475,253	\$ 234,867
Total Notes Payable	\$704,728	-	\$229,474	\$ 475,253	\$ 234,867

Notes payable activity for fiscal year 2019 was as follows:

	Balance 09/01/2018	Additions	Reductions	Balance 08/31/19	Current Portion
Notes Payable (Gov. Cap.)	\$931,189	-	\$226,461	\$ 704,728	\$ 229,474
Total Notes Payable	\$931,189	-	\$226,461	\$ 704,728	\$ 229,474

**10. Employee's Retirement Plan**

The State of Texas has joint contributory retirement plans for almost all its employees. TRS issues suggested footnote disclosures for pension plans resulting from the implementation of GASB Statement No. 68. The TRS sample footnotes are displayed below and can also be obtained from the TRS website. Certain revisions, including additions and deletions, have been made to the TRS suggested footnote disclosures below to achieve appropriate disclosure for community colleges.

**Teacher Retirement System of Texas**

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

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



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*Pension Plan Fiduciary Net Pension.* Detailed information about the TRS's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2019.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2019.pdf) (select *About TRS*, then *Publications*, then *Financial Reports*) or by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

*Benefits Provided.* TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using a 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 cost of living adjustments (COLAs). Ad hoc post-employment benefits changes, including ad hoc COLAs, can be granted by the Texas Legislature, as noted in the plan description above.

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

In May 2019, the 86<sup>th</sup> Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for the 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 the 13<sup>th</sup> 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.* Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution, which requires the Texas legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

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

	<u>Contribution Rates</u>	<u>2019</u>	<u>2020</u>
Member		7.7%	7.7%
Non-Employer Contributing Entity (State)		6.8%	7.5%
Employers		6.8%	7.5%
FY2019 District or Member Contributions		\$356,789	
FY2019 State of Texas On-Behalf Contributions		\$120,559	



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FY2019 District or College Contributions

\$190,849

Western Texas College contributions to the TRS pension plan in 2020 were \$219,733 as reported in the Schedule of District Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2020 were \$134,806.

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

Public junior colleges or junior college districts are required to pay the employer contributions rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum 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, 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 2016 to 2116	
Projection period (100 years)	2116
Inflation	2.3%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	3.00%
Benefit changes during the year	None
Ad hoc 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 Fidelity Index's "20-Year Municipal GO AA Index."*

The actuarial methods and assumptions were selected by the TRS 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, 2019.



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*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 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and 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 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by 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:

<b>Asset Class</b>	<b>2019 Target Allocation<sup>1</sup> %</b>	<b>New Target Allocation<sup>2</sup> %</b>	<b>Long-Term Expected Geometric Real Rate of Return<sup>3</sup></b>
<b>Global Equity</b>			
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%
<b>Stable Value</b>			
U.S. Treasuries <sup>4</sup>	11.0%	16.0%	3.1%
Absolute Return	-	-	-
Stable Value Hedge Funds	4.0%	5.0%	4.5%
<b>Real Return</b>			
Global Inflation Linked Bonds	3.0%	-	-
Real Assets	14.0%	15.0%	8.5%
Energy and Natural Resources And Infrastructure	5.0%	6.0%	7.3%
Commodities	-	-	-
<b>Risk Parity</b>			
Risk Parity	5.0%	8.0%	5.8%/6.5% <sup>5</sup>
<b>Leverage</b>			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	-	(6.0%)	2.7%
<b>Expected Return</b>	<b>100%</b>	<b>100%</b>	<b>7.23%</b>

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1 Target allocations are based on the Strategic Asset Allocation as of 2019.

2 New allocations are based on the Strategic Asset Allocation to be implemented in 2020.

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%)
College's proportionate share the net pension liability:	\$4,356,966	\$2,834,453	\$1,600,924

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At August 31, 2020, the College reported a liability of \$2,834,453 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's Proportionate share of the collective net pension liability	\$2,834,453
State's proportionate share that is associated with the College	1,790,591
Total	<u>\$4,625,044</u>

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 thru August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net pension liability was .0054526408%, which was a decrease of .000126% from its proportion measured of 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 86<sup>th</sup> 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 13<sup>th</sup> check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment of \$2,000, whichever was less.

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For the year ended August 31, 2020, the College recognized pension expense of \$281,277 and revenue of \$281,277 for support provided by the State.

At August 31, 2020, the College reported its proportion 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
Difference between expected and actual economic experience	\$11,907	\$98,417
Changes in actuarial assumptions	879,387	363,404
Difference between projected and actual investment earnings	170,408	141,947
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	-	290,225
Contributions paid to TRS after the measurement date	219,733	-
<b>Total</b>	<b>\$1,281,435</b>	<b>\$893,993</b>

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
2020	\$229,425
2021	(16,212)
2022	81,493
2023	90,517
2024	31,049
Thereafter	(\$28,830)

**Optional Retirement Plan – Defined Contribution Plan**

*Plan Description.* Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The Optional Retirement Program provides for the purchase of annuity contracts and operates under the 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 Legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.60% and 6.60% for 2020 and 2019. The College contributes 7.31% 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, 83<sup>rd</sup> 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 College was \$344,404 and 255,258 for the fiscal years ended August 31, 2020 and 2019, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

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The total payroll for all College employees was \$7,324,639 and \$7,162,130 for fiscal years 2020 and 2019, respectively. The total payroll for employees covered by the Teacher Retirement System was \$4,727,178 and \$4,633,633, and the total payroll for employees covered by the Optional Retirement Program was \$1,998,998 and \$1,926,191 for fiscal years 2020 and 2019, respectively.

**11. Deferred Compensation Program**

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The College currently has no employees participating.

**12. Compensated Absences**

Full-time employees earn annual leave from eight to twelve hours per month depending on the number of years employed with the College. The College'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 hours up to 240 for those employees with 16 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. The College recognized the accrued liability for the unpaid annual leave in the amounts of \$220,483 and \$181,234 for 2020 and 2019. Sick leave, which can accumulate up to 60 days, is earned at the rate of 8 hours per month per full time employee. The College'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 to be minimal.

**13. Healthcare and Life Benefits for Active Employees and Retirees**

Certain healthcare and life insurance benefits for active full-time 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 employee and retiree was \$624.82 per month for the year ended August 31, 2020 (\$624.82 per month for the year ended August 31, 2019) and totaled \$794,269 for 2020 (\$513,732 for active full-time employees and \$280,537 for retirees). The total state contribution for fiscal year 2019 was \$849,306 (\$551,746 for active full-time employees and \$297,560 for retirees). The College's cost of providing those benefits for 69 retirees in fiscal year 2020 was \$288,034 (benefits for 69 retirees cost \$305,058 for fiscal year 2018). For 151 active full-time employees, the cost of providing benefits was \$705,285 for fiscal year 2020 (active full-time employee benefits for 143 employees cost \$634,728 for fiscal year 2019). S.B 1812, effective September 01, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

**14. Other Post-Employment Benefits (OPEB)**

*Plan Description.* Western Texas College participates in a cost-sharing, multiple-employer defined benefit other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employee 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.



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*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 on the internet at <https://www.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 18<sup>th</sup> Street, Austin, Texas 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 benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the 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 with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' 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. As 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, 2019 and 2018

	2019	2018
Employers	\$401,284,833	\$307,028,461



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Members (Employees)	\$209,836,664	\$203,123,120
Nonemployer Contributing Entity (State of Texas)	\$20,182,872	\$16,585,270
<i>Source: ERS 2019 Comprehensive Annual Financial Report</i>		

*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)	2.50% to 9.50%
Annual healthcare trend rate	7.30% for 2021, 7.40% for 2022, 7.00% for 2023, decreasing 50 basis points per year to an ultimate rate of 4.50% for 2028 and later years
Inflation assumption rate	2.50%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from year 2018.
Disability retirees	Tables based on TRS 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: 2019 ERS CAFR except for mortality assumptions obtained from ERS 2017 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 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% see 2019 ERS CAFR, OPEB footnote.

*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

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measure the total OPEB liability as of the end of the measurement year was 2.97%, which amounted to a decrease of 0.99%. 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 (PAYGO) 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 Western Texas College's proportionate share of the collection net OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was 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%
College's proportionate Share of the net OPEB liability:	\$13,080,500	\$10,961,518	\$9,331,038

*Healthcare Trend Rate Sensitivity Analysis.* The initial healthcare trend rate is 7.3% and the ultimate rate is 4.5%. The following schedule shows the impact of the college's proportionate share of the collective net OPEB liability if the healthcare cost trend rate used was 1 percent less than 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 6.30% 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%
College's proportionate Share of the net OPEB liability:	\$9,204,289	\$10,961,518	\$13,257,813

*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 \$10,961,518 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:

College's Proportionate share of the collective net OPEB liability	\$10,961,518
State's proportionate share that is associated with the college	<u>\$9,906,165</u>
Total	<u>\$20,867,683</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 College's proportion of the collective net OPEB liability was .03171490%, which is a decrease of .00554% from its proportion measured as of August 31, 2018.

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For the year ended August 31, 2020, the College recognized a decrease in OPEB expense of (\$11,223) and a decrease in revenue of (\$11,223) for the 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 decreased 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 cost 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 2019 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	-	\$ 291,243
Changes in actuarial assumptions	\$780,071	2,507,012
Difference between projected and actual investment earnings	4,584	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	687,514	58,939
Contributions paid to ERS subsequent to the measurement date August 31, 2019	211,597	-
<b>Total</b>	<b>\$1,683,766</b>	<b>\$2,857,194</b>

**Western Texas College**  
**Notes to the Basic Financial Statements**  
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The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31:	OPEB Expense Amount
2021	\$444,886
2022	289,631
2023	289,631
2024	162,889
2025	(13,609)
Thereafter	-

**15. Pending Lawsuits and Claims**

The College could be a party to litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. College management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the College.

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

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

	2020	2019
Accounts Receivable	\$1,512,087	\$1,797,010
Student Receivables	540,125	948,379
Allowance for Doubtful Accounts	(80,000)	(80,000)
Cares Act Receivable	167,107	-
Taxes Receivable	1,088,374	235,872
Other Receivables	2,083	753
Total	<u>\$3,229,776</u>	<u>\$2,902,014</u>

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

	2020	2019
Vendor Payables	\$246,373	\$422,215
Accrued Payroll	148,981	131,351
Accrued Other	31,800	44,170
Total	<u>\$427,154</u>	<u>\$597,736</u>

**17. 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. Revenues are recognized on Exhibit 2, Schedule A, and Schedule C. 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 year 2020 and 2019 for which monies have



**Western Texas College**  
**Notes to the Basic Financial Statements**  
**August 31, 2020 and 2019**

not been received nor funds expended totaled \$3,630,040 and \$3,403,988. Of these amounts, \$3,522,128 and \$3,335,088 were from Federal Contract and Grant Awards in 2020 and 2019 respectively; \$107,912 and \$68,900 was from State Contract and Grant Awards in 2020 and 2019 respectively.

**18. Risk Management**

The College is exposed to various risks of loss related to liability, property, and errors and omissions. These exposures to loss are handled by commercial insurance. The College has self-insured arrangements for coverage in the areas of unemployment compensation and workers' compensation.

Unemployment compensation is on a pay-as-you-go basis and workers' compensation is handled by a risk management fund which specializes in handling colleges and school district workers' compensation claims. Accrued liabilities are generally based on actuarial valuation and represent the present value of unpaid expected claims. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage.

**19. Ad Valorem Tax**

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, 2020 and 2019:

	2020	2019
Assessed Valuation of the District	\$3,264,217,787	\$2,642,717,123
Less: Exemptions	69,340,869	77,983,050
Net Assessed Valuation of the District	\$3,194,876,918	\$2,564,734,073

	2020			2019		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized Tax Rate per \$100 valuation (Maximum per enabling legislation)	\$0.3500	-	\$0.3500	\$0.3500	-	\$0.3500
Assessed Tax Rate per \$100 valuation	\$0.2655	-	\$0.2655	\$0.3112	-	\$0.3112

Taxes levied for the year ended August 31, 2020 and 2019 was \$8,502,500 and \$7,992,232 (which includes any penalty and interest assessed, if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.



**Western Texas College**  
**Notes to the Basic Financial Statements**  
**August 31, 2020 and 2019**

	2020			2019		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current Taxes Collected	\$7,426,776	-	\$7,426,776	\$7,790,244	-	\$7,790,244
Delinquent Taxes Collected	94,574	-	94,574	92,488	-	92,488
Penalties and Interest Collected	71,697	-	71,697	67,534	-	67,534
Total Collections	\$7,593,047	-	\$7,593,047	\$7,950,266	-	\$7,950,266

Tax collections for the year ended August 31, 2020 and 2019 were 89.30% and 99.47% of the actual 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.

**20. Tax Abatements**

Western Texas College negotiates property tax abatement agreements with local businesses on an individual basis. All agreements are negotiated under state law (Chapter 312 of the Texas Tax Code, "Property Redevelopment and Tax Abatement Act"), which allows the College to abate property taxes to any business located inside or outside the City of Snyder or Scurry County to promote the development/redevelopment of certain contiguous geographic areas within its jurisdiction. Western Texas College may grant abatements of up to 100 percent of annual property tax values.

Western Texas College has four maintenance and operation tax abatement agreements. They are as follows:

- Midwest Solar Power, LLC, 100% of taxes abated over 10 years, beginning January 1, 2017 and ending December 31, 2026. The abatement amounted to \$1,032 of reduced taxes for fiscal year 2018. Western Texas College did not receive any compensation for the tax abatement agreement. The purpose of the abatement is for the construction of a solar power project.
- Lincoln Clean Energy – Dermott Wind, 100% of taxes abated over 10 years, beginning October 2018 and ending October 2027. The abatement amounted to \$674,373 of reduced taxes for fiscal year 2019. Western Texas College receives \$258,060 per year in consideration for the tax abatement agreement. The purpose of the abatement is for the construction and employment of a wind power project.
- Fluvanna Wind Energy, LLC, 100% of taxes abated over 10 years, beginning October 2018 and ending October 2027. The abatement amounted to \$441,716 of reduced taxes for fiscal year 2019. Western Texas College receives \$71,484 per year for the first 5 years and \$108,000 in the last 5 years in consideration for the tax abatement agreement. The purpose of the abatement is for the construction and employment of a wind power project.

**Western Texas College**  
**Notes to the Basic Financial Statements**  
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**21. Income Taxes**

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2020 and 2019.

**22. Component Unit**

Western Texas College Foundation was established as a separate nonprofit organization in 1977, to raise funds to provide student scholarships and assistance in the development and growth of the College. Under Governmental Standards Board, an organization should be reported as a blended component unit when the government unit appoints a majority of the board members and imposes its will on the activities of the organization.

Accordingly, the Foundation financial statements are included in the College's annual report as a blended component unit. Complete financial statements of Western Texas College Foundation can be obtained from the administrative office of Western Texas College.

**23. Donor Restricted Endowments**

The College retains in perpetuity: (a) the original value of initial and subsequent gift amounts donated to the Endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure.

The College considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund,
2. The purposes of the College and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and appreciation of the investments,
6. Other resources of the College, and
7. The investment policies of the College

Changes in endowments consist of the following at August 31:

	2020	2019
Endowments, beginning of the year	\$4,904,796	\$4,758,129
Contributions	48,038	74,912
Investment Earnings	364,628	182,817
Scholarships	(74,927)	(111,062)
Endowments, end of year	<u>\$5,242,535</u>	<u>\$4,904,796</u>

There were no endowments considered to be underwater as of August 31, 2020 and 2019.

**Western Texas College**  
**Notes to the Basic Financial Statements**  
**August 31, 2020 and 2019**

**24. Subsequent Events**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area of the College. While it is unknown how long these conditions will last and what the complete financial effect will be to the College, to date, the College could experience a decline in tuition, fees, and auxiliary revenue.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including possible losses on receivable.

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Western Texas College  
Schedule of the College's Proportionate Share of Net Pension Liability  
For the Year Ended August 31, 2020

Fiscal Year Ending August 31, *	2020**	2019**	2018**	2017**	2016**	2015**
College's proportionate share of collective net pension liability (%)	0.000054528408	0.000055788895	0.000058111827	0.000068814002	0.000067654	0.000088931
College's proportionate share of collective net pension liability (\$)	\$2,634,453	\$3,070,745	\$1,858,097	\$2,524,802	\$2,391,479	\$1,841,242
State's proportional share of net pension liability associated with College	\$1,790,501	\$1,960,873	\$1,089,130	\$1,420,365	\$1,468,133	\$1,221,088
Total	\$4,525,044	\$5,031,618	\$2,947,227	\$3,945,167	\$3,859,612	\$3,062,330
College's covered payroll	\$4,633,633	\$4,562,057	\$4,438,528	\$4,853,350	\$4,743,951	\$4,253,217
College's proportionate share of collective net pension liability as a percentage of covered payroll	81.17%	87.31%	41.88%	52.02%	50.41%	43.29%
Plan fiduciary net position as 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 for the respective fiscal year.

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

**Western Texas College**  
**Schedule of the College's Contributions for Pensions**  
**Last Six Fiscal Years**

<b>Fiscal Year Ending August 31, *</b>	<b>2020**</b>	<b>2019**</b>	<b>2018**</b>	<b>2017**</b>	<b>2016**</b>	<b>2015**</b>
Legally required contributions	\$219,733	\$190,849	\$187,969	\$190,421	\$212,285	\$200,325
Actual contributions	219,733	190,849	187,969	190,421	212,285	200,325
Contributions deficiency (excess)						
College's covered payroll amount	\$4,727,178	\$4,633,633	\$4,562,057	\$4,436,526	\$4,853,350	\$4,743,951
Contributions as a percentage of covered payroll	4.65%	4.12%	4.12%	4.29%	4.37%	4.22%

\*The amounts presented above are as of the College's respective fiscal year-end.

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

Western Texas College  
Schedule of the College's Proportionate Share of Net OPEB Liability  
Employee Retirement System of Texas  
State Retiree Health Plan  
For the Year Ended August 31, 2020

Fiscal Year Ending August 31, *	2020**	2019**	2018**
College's proportionate share of collective net OPEB liability (%)	0.000317149	0.000326880	0.00030011430
College's proportionate share of collective net OPEB liability (\$)	\$10,981,518	\$9,563,745	\$10,225,798
State's proportional share of net OPEB liability associated with College	\$9,908,185	\$8,379,821	\$9,956,497
Total	\$20,887,683	\$17,943,566	\$20,182,295
College's covered payroll	\$5,654,894	\$5,490,105	\$5,786,069
College's proportionate share of collective net OPEB liability as a percentage of covered payroll	193.84%	174.20%	176.73%
Plan fiduciary net position as percentage of total OPEB liability	0.17%	1.30%	2.00%

\*The amounts presented above are as of the measurement date of the collective net OPEB liability for the respective fiscal year.

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

**Western Texas College**  
**Schedule of the College's Contributions for OPEB**  
**State Retiree Health Plan**  
**For the Year Ended August 31, 2020**

<b>Fiscal Year Ending August 31, *</b>	<b>2020**</b>	<b>2019**</b>	<b>2018**</b>
Legally required contributions	\$993,319	\$939,787	\$946,437
Actual contributions	993,319	939,787	946,437
Contributions deficiency (excess)	-	-	-
College's covered payroll amount	\$5,908,243	\$5,654,894	\$5,490,105
Contributions as a percentage of covered payroll	16.81%	16.62%	17.24%

\*The amounts presented above are as of the College's respective fiscal year-end.

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



Western Texas College  
Schedule of Operating Revenues  
For the Year Ended August 31, 2020  
(With Memorandum Totals for the Year Ended August 31, 2019)  
Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2020 Total	2019 Total
<b>Tuition</b>						
State funded credit courses:						
In-district resident tuition	\$1,083,225	-	\$1,083,225	-	\$1,083,225	\$1,132,030
Out-of-district resident tuition	1,904,672	-	1,904,672	-	1,904,672	2,050,582
TPEG - credit (set aside)*	136,220	-	136,220	-	136,220	137,483
Non-resident tuition	451,715	-	451,715	-	451,715	488,530
Non-state funded educational programs	28,315	-	28,315	-	28,315	46,738
Total Tuition	3,604,147	-	3,604,147	-	3,604,147	3,855,363
<b>Fees</b>						
Building use fee	56,456	-	56,456	-	56,456	67,784
Student service fee	45,506	-	45,506	161,395	206,901	204,764
Laboratory fee	137,028	-	137,028	-	137,028	141,801
VCT fee	67,610	-	67,610	-	67,610	53,480
Installment fee	-	-	-	-	-	-
General Use Fee	771,826	-	771,826	-	771,826	877,221
Adult vocational fee	8,714	-	8,714	-	8,714	14,812
Other fees	497,753	-	497,753	-	497,753	582,946
Total Fees	1,584,893	-	1,584,893	161,395	1,746,288	1,942,608
<b>Allowances and Discounts</b>						
Scholarship allowances	(541,980)	-	(541,980)	-	(541,980)	(575,966)
Remissions and exemptions	(545,622)	-	(545,622)	-	(545,622)	(536,403)
TPEG awards	(128,075)	-	(128,075)	-	(128,075)	(58,697)
Federal grants to students	(649,586)	-	(649,586)	-	(649,586)	(632,849)
State grants to students	(25,035)	-	(25,035)	-	(25,035)	(31,105)
Total Allowances and Discounts	(1,890,298)	-	(1,890,298)	-	(1,890,298)	(1,835,020)
Total Net Tuition and Fees	3,298,742	-	3,298,742	161,395	3,460,137	3,962,951
<b>Additional Operating Revenues</b>						
Federal grants and contracts	-	1,464,018	1,464,018	-	1,464,018	1,528,301
State grants and contracts	-	91,666	91,666	-	91,666	60,361
Sales and services of educational activities	23,689	-	23,689	-	23,689	39,143
Investment income (program restricted)	-	15,895	15,895	-	15,895	33,584
Other operating revenues	6,064	44,704	50,768	-	50,768	79,758
Total Additional Operating Revenues	29,753	1,616,283	1,646,036	-	1,646,036	1,741,147
<b>Auxiliary Enterprises</b>						
Residential life	-	-	-	820,080	820,080	813,568
Bookstore	-	-	-	27,898	27,898	22,872
Golf course	-	-	-	194,874	194,874	227,381
Food service	-	-	-	630,102	630,102	565,606
Athletics	-	-	-	-	0	15,170
Apartments	-	-	-	5,961	5,961	13,747
Coliseum	-	-	-	211,125	211,125	246,589
Total Net Auxiliary Enterprises	-	-	-	1,890,040	1,890,040	1,904,933
Total Operating Revenues	\$3,328,495	\$1,616,283	\$4,944,778	\$2,051,435	\$6,996,213	\$7,609,031
					(Exhibit 2)	(Exhibit 2)

\* In accordance with Education Code 56.033, \$136,220 and \$137,483 for years August 31, 2020 and 2019, respectively, of tuition was set aside for Texas Public Education Grants (TPEG)

See accompanying notes to the financial statements

**Western Texas College**  
**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					
	Salaries and Wages	Benefits		Other Expenses	2020 Total	2019 Total
		State	Local			
<b><u>Unrestricted - Educational Activities</u></b>						
Instruction	\$2,768,755	-	\$83,025	\$140,504	\$2,992,284	\$2,918,684
Public Service	-	-	19,789	17,050	36,839	34,154
Academic Support	488,855	-	14,465	147,671	650,991	682,989
Student Services	661,643	-	22,446	44,004	728,093	725,801
Institutional Support	1,492,654	-	48,530	2,341,812	3,882,996	3,389,363
Operation and Maintenance of Plant	125,414	-	36,876	2,515,721	2,678,011	2,834,428
Scholarships and Fellowships	-	-	-	579,685	579,685	567,338
<b>Total Unrestricted Educational Activities</b>	<b>5,537,321</b>	<b>-</b>	<b>225,131</b>	<b>5,786,447</b>	<b>11,548,899</b>	<b>11,152,757</b>
<b><u>Restricted - Educational Activities</u></b>						
Instruction	21,132	564,375	-	-	585,507	553,673
Public Service	603,436	-	137,290	619,494	1,360,220	1,208,601
Academic Support	12,926	105,587	-	-	118,513	124,669
Student Services	4,461	197,586	-	-	202,047	181,887
Institutional Support	2,231	991,021	-	-	993,252	906,206
Scholarships and Fellowships	-	-	-	1,467,251	1,467,251	1,035,376
<b>Total Restricted Educational Activities</b>	<b>644,186</b>	<b>1,858,569</b>	<b>137,290</b>	<b>2,086,745</b>	<b>4,726,790</b>	<b>4,010,412</b>
<b>Total Educational Activities</b>	<b>6,181,507</b>	<b>1,858,569</b>	<b>362,421</b>	<b>7,873,192</b>	<b>16,275,689</b>	<b>15,163,169</b>
<b>Auxiliary Enterprises</b>	<b>1,143,132</b>	<b>-</b>	<b>341,727</b>	<b>1,628,369</b>	<b>3,113,228</b>	<b>3,363,726</b>
Depreciation Expense-Buildings and Improvements	-	-	-	835,625	835,625	825,284
Depreciation Expense-Equipment and Furniture	-	-	-	405,756	405,756	457,316
<b>Total Operating Expenses</b>	<b>\$7,324,639</b>	<b>\$1,858,569</b>	<b>\$704,148</b>	<b>\$10,742,942</b>	<b>\$20,630,298</b>	<b>\$19,809,495</b>
					(Exhibit 2)	(Exhibit 2)

See accompanying notes to the financial statements

**Western Texas College**  
**Schedule of Non-Operating Revenues and Expenses**  
**For the Year Ended August 31, 2020 (with Memorandum Totals for the Year Ended August 31, 2019)**  
**Schedule C**

	Unrestricted	Restricted	Auxiliary Enterprises	2020 Total	2019 Total
<b>Non-Operating Revenues:</b>					
State Appropriations:					
Education and general state support	\$3,930,885	-	-	\$3,930,885	\$3,886,096
State group insurance	-	\$805,961	-	805,961	799,949
State retirement matching	-	344,404	-	344,404	255,258
Total state appropriations	3,930,885	1,150,365	-	5,081,250	4,941,303
<b>Other Non-Operating Revenues:</b>					
Ad valorem taxes	7,593,047	-	-	7,593,047	7,950,266
Federal Revenue, Non-Operating	-	2,231,858	-	2,231,858	1,849,181
Gifts	93,679	-	-	93,679	95,845
Investment Income	150,730	273,386	-	424,116	637,975
Gain (loss) on sale of investments, realized	-	(60,649)	-	(60,649)	23,203
Gain (loss) on investments, unrealized	-	262,142	-	262,142	(50,591)
Gain (loss) on disposal of capital assets	10,637	-	-	10,637	-
Additions (deletions) to permanent and term endowments	-	44,020	-	44,020	89,905
Contributions in aid of construction	-	255	-	255	840
Other Non-Operating revenue	396,314	-	-	396,314	462,005
Total Other Non-Operating Revenues	8,244,407	2,751,012	-	10,995,419	10,838,629
Total Non-Operating Revenues	12,175,292	3,901,377	-	16,076,669	15,779,932
<b>Non-Operating Expenses:</b>					
Interest on capital related debt	(579,601)	-	-	(579,601)	(629,707)
Gain (loss) on disposal of capital assets	-	-	-	-	(11,874)
Total Non-Operating Expenses	(579,601)	-	-	(579,601)	(841,581)
<b>Net Non-Operating Revenues</b>	<b>\$11,595,691</b>	<b>\$3,901,377</b>	<b>-</b>	<b>\$15,497,088</b>	<b>\$15,138,351</b>
				(Exhibit 2)	(Exhibit 2)

See accompanying notes to the financial statements

Western Texas College  
Schedule of Net Position by Source and Availability  
For the 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 Expendable	Non-Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:							
Unrestricted	(\$2,506,294)	-	-	-	(\$2,506,294)	(\$2,506,294)	-
Board Designated	-	-	-	-	-	-	-
Restricted	-	439,321	-	-	439,321	439,321	-
Auxiliary enterprises	1,485,766	-	-	-	1,485,766	1,485,766	-
Loan	-	389,747	-	-	389,747	-	389,747
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	47,333	-	-	47,333	-	47,333
Endowment							
True	-	-	5,242,535	-	5,242,535	-	5,242,535
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Unexpended	-	-	-	-	-	-	-
Renewals	-	-	-	-	-	-	-
Debt Service	-	7,178,764	-	-	7,178,764	-	7,178,764
Investment in Plant	-	-	-	13,978,181	13,978,181	-	13,978,181
<b>Total Net Position, August 31, 2020</b>	(1,020,528)	8,055,165	5,242,535	13,978,181	26,255,353 (Exhibit 1)	(581,207)	26,836,560
<b>Total Net Position, August 31, 2019</b>	(1,250,648)	7,695,383	4,904,796	13,042,839	24,392,370 (Exhibit 1)	(833,757)	25,226,127
<b>Net Increase (Decrease) in Net Position</b>	<b>\$230,120</b>	<b>\$359,782</b>	<b>\$337,739</b>	<b>\$935,342</b>	<b>\$1,862,983</b> (Exhibit 2)	<b>\$252,550</b>	<b>\$1,610,433</b>



**Western Texas College**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2020**  
**Schedule E**

Federal Grantor/Cluster/ Program Title/Pass-Through Grantor Pass-Through Grantor's Award Number	CFDA Number	Expenditures		
		Direct Awards	Pass-Through Awards	Total
<b><u>U.S. General Services Administration</u></b>				
Pass Through From:				
Texas Facilities Commission				
Donation of Federal Surplus Personal Property	39.003	-	\$0	\$0
<b>Total U.S. General Services Administration</b>			<b>\$0</b>	<b>\$0</b>
<b><u>U.S. Department of Education</u></b>				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007	\$21,698	-	21,698
Federal Work-Study Program	84.033	39,882	-	39,882
Federal Pell Grant Program	84.063	1,239,617	-	1,239,617
Federal Direct Student Loans	84.268	485,496	-	485,496
Total Student Financial Assistance Cluster		1,786,693	-	1,786,693
TRIO Cluster				
TRIO-Student Support Services	84.042	247,844	-	247,844
TRIO-Talent Search	84.044	294,703	-	294,703
TRIO-Upward Bound	84.047	242,271	-	242,271
Total TRIO Cluster		784,818	-	784,818
Higher Education Institutional Aid - STEM	84.031C	624,826	-	624,826
Education Stabilization Fund - CARES Act - Student	84.425E	278,058	-	278,058
Education Stabilization Fund - CARES Act - Institutional	84.425F	167,107	-	167,107
Pass-Through From:				
Texas Higher Education Coordinating Board				
Career and Technical Education - Basic Grants to States	84.048	-	54,375	54,375
184256				
<b>Total U.S. Department of Education</b>		<b>3,641,501</b>	<b>54,375</b>	<b>3,695,876</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$3,641,501</b>	<b>\$54,375</b>	<b>\$3,695,876</b>

**Note 1: Federal Assistance Reconciliation**

Other Operating Revenues - Federal Grants and Contracts - per Schedule A	\$1,464,018
Non-Operating Revenues - Federal Revenue, Non-Operating - per Schedule C	2,231,858
Total Federal Revenues per Schedule A and C	<u>\$3,695,876</u>

**Note 2: Significant Accounting Policies used in Preparing 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 that have been expended by the College for the purpose 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 a Department of Health and Human Services approved Indirect Recovery Rate it has elected not to use the 10% de minimis cost rate as permitted in the UG, section 200.414.

**Western Texas College**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended August 31, 2020**  
**Schedule F**

<b>Grantor Agency/Program Title</b>	<b>Grant Contract Number</b>	<b>Expenditures</b>
<b><u>Texas Comptroller of Public Accounts</u></b>		
Direct Programs:		
Hazlewood Exemption Legacy -		
Military and Veterans Exemption 2020		\$12,844
<b>Total Texas Comptroller of Public Accounts</b>		<u>12,844</u>
<b><u>Texas Higher Education Coordinating Board</u></b>		
Direct Programs:		
Texas Grants		60,334
<b>Total Texas Higher Education Coordinating Board</b>		<u>60,334</u>
<b><u>Texas Workforce Commission</u></b>		
Pass Through From:		
Skills Development Fund 2019		
Skills for Small Business	0919SSD001	2,150
Skills Development Fund COVID-19		
Special Initiative	0920COS003	16,338
<b>Total Texas Workforce Commission</b>		<u>18,488</u>
<b>Total State Financial Assistance</b>		<u>\$91,666</u>
<b><u>Note 1: State Assistance Reconciliation</u></b>		
State Revenues - per Schedule A		\$91,666
Reconciling Items:		
<b>Total State Revenues per Schedule A</b>		<u>91,666</u>

**Note 2: Significant Accounting Policies used in Preparing Schedule**

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

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December 7, 2020

To the Board of Trustees  
Western Texas College  
Snyder, Texas

**INDEPENDENT AUDITORS' 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**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Western Texas College, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Western Texas College's basic financial statements, and have issued our report thereon dated December 7, 2020.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Cordly and Company, L.L.P.*

Certified Public Accountants



December 7, 2020

To the Board of Trustees  
Western Texas College  
Snyder, Texas

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

We have audited Western Texas College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Western Texas College's major federal programs for the year ended August 31, 2020. Western Texas College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Western Texas College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Western Texas College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Western Texas College's compliance.

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

In our opinion, Western Texas College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

**Report on Internal Control Over Compliance**

Management of Western Texas College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Western Texas College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Western Texas College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

Western Texas College's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Western Texas College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. Accordingly, this report is not suitable for any other purpose.

*Condley and Company, L.L.P.*

Certified Public Accountants



**WESTERN TEXAS COLLEGE**  
**Snyder, Texas**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended August 31, 2020

**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements? No

*Federal Awards*

Internal controls over major program:

- Material weakness identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major program:

<u>CFDA Number (s)</u>	<u>Name of Federal/State Program or Cluster</u>
------------------------	---

84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
--------------------------------	--------------------------------------

84.425E, 84.425F	CARES Act
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Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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**SECTION II – FINANCIAL STATEMENT FINDINGS**

The results of our audit procedures disclosed no findings to be reported for the year ended August 31, 2020.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

#### A. Compliance Findings

2020-001

Cluster name:	Student Financial Assistance Cluster
CFDA numbers and names:	84.007 – Federal Supplemental Educational Opportunity Grants 84.033 – Federal Work-Study Program 84.063 – Federal Pell Grant Program
Federal agency:	84.268 – Federal Direct Student Loans
Compliance requirement:	Special Tests and Provisions – Enrollment Reporting
Questioned Costs:	None

Criteria: In accordance with CFR sections 674.19(f), " Unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that a loan under Title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a halftime basis for the period for which the loan was intended."

Condition: We reviewed a sample of 50 students who withdrew or had other enrollment status changes during the fiscal year. Of the 50 students tested, 14 students were not reported to the NSLDS or were reported either inaccurately or untimely. Of the fourteen (14) students, two (2) students were never reported as enrolled. Three (3) students were incorrectly reported to the NSLDS as withdrawn when they had actually graduated. 10 students were reported using an accurate withdrawal date but were not reported to the NSLDS within the required timeframe. The changes were reported from 7 to 130 days after the student status changes had occurred.

Cause: The process for tracking and processing a change in enrollment is the responsibility of the College. The Central Registrar's office maintains the existing policy and procedure to report every 30 days to NSLDS, but is reliant on the information tracked and input by the administrators at each school. Three (3) students were never reported to the NSLDS due to the students having errors on their account initially. When the errors were corrected by the financial aid office, the corrections were never fixed in the enrollment reporting system. When the reports were run, they were programmed to be excluded due to the error not being removed. Three (3) students were incorrectly reported as withdrawn in the system when they actually graduated. This is due to an error in the report being run from the College's IT system. The exact cause of this error is not yet known. Ten (10) students were not reported to the NSLDS within the required 60 day time limit due to the students not being enrolled in summer courses. The College did not continuously report enrollment data for all students during the summer months, they only reported students who were enrolled in classes currently. This led to enrollment status changes not being reported for four months.

Effect: A student's enrollment status determines eligibility for in-school status, deferment, and grace periods, as well as for the payment of interest subsidies all of which are negatively impacted by inaccurate and late reporting.

Recommendation: We recommend the College implement a secondary review process of enrollment reporting as well as reinforce its policies and procedures by continuing to provide training to individuals involved in the process, specifically those responsible for inputting enrollment changes into the system, to ensure the NSLDS records are updated timely and accurately.

Views of responsible official and planned corrective actions:

Western Texas College will implement a process where the Systems Analyst will extract enrollment data from our Student Information System monthly listing students' enrollment status for the current semester. Errors will be corrected in the National Student Loan Data System (NSLDS) by the Registrar after the National Student Clearinghouse has processed each month's data, and errors have been returned to WTC.

Because the exact cause of the error resulting in incorrect enrollment status is not yet known, Western Texas College is investigating and will implement procedures to correct the cause of erroneous enrollment reporting. We are also working with the Vendor that provides our Student Information System to find a solution to report enrollment status for students who are not enrolled in the current term but are expected to return the following term.

2020-002

Cluster name:	Student Financial Assistance Cluster
CFDA numbers and names:	84.007 – Federal Supplemental Educational Opportunity Grants 84.033 – Federal Work-Study Program 84.063 – Federal Pell Grant Program
Federal agency:	84.268 – Federal Direct Student Loans
Compliance requirement:	Special Tests and Provisions – Return of Title IV Funds
Questioned Costs:	\$22,559

Criteria: In accordance with CFR sections 668.22(a)(2)(i): "Except as provided in paragraphs (a)(2)(ii) and (a)(2)(iii) of this section, a student is considered to have withdrawn from a payment period or period of enrollment if:

(A) In the case of a program that is measured in credit hours, the student does not complete all the days in the payment period or period of enrollment that the student was scheduled to complete;

(B) In the case of a program that is measured in clock hours, the student does not complete all of the clock hours and weeks of instructional time in the payment period or period of enrollment that the student was scheduled to complete; or

(C) For a student in a non-term or nonstandard-term program, the student is not scheduled to begin another course within a payment period or period of enrollment for more than 45 calendar days after the end of the module the student ceased attending, unless the student is on an approved leave of absence, as defined in paragraph (d) of this section."

Condition: To test Return to Title IV (R2T4) calculations, we obtained a listing of students for whom the College ran an R2T4 calculation. To test the completeness of this listing, we obtained a listing of students who withdrew as well as a listing of students who failed (F), withdrew (W), or received an incomplete (I) grade in every class during a semester. 2 Students were identified that received all F's or I's that were not included in the R2T4 listing.

Cause: The College will identify all students who formally withdraw for a calculation of R2T4 funds. For students who do not formally withdraw, the College runs a report at the end of the semester to identify students who did not maintain Satisfactory Academic Progress (SAP) during the semester. The financial Aid office will pull the transcripts of each student not maintaining SAP standards to identify students that received all F grades. The College generally assumes the students who receive F grades are earned F's rather than unearned F's from a withdrawal.

Effect: A student who withdraws from the institution without giving notice of their withdrawal would receive all F's or I's for the semester. These students are not being properly identified. Aid that should be returned is not being returned due to the listing used not being complete.

Recommendation: We recommend the College develop a report in their IT system to list only those students that receive all F's or I's each semester for ease in identifying possible R2T4s. We also recommend the College require professors to keep attendance to identify students who have withdrawn from the class.

Views of responsible official and planned corrective actions:

Western Texas College's Financial Aid Director will create a report showing students who are receiving grades of "F" or "I" after the 10<sup>th</sup> week of Instruction. Western Texas College Instructors will submit a list of students who received grades of "F" or "I" and stopped participating in the course to the Director of Counseling and Admissions. The Financial Aid Director will compare students on the 10-week grade report receiving grades of "F" or "I" with the instructor's list of students receiving grades of "F" or "I" and not participating to identify possible R2T4's. These two reports will also be created and compared at the end of each term to identify possible R2T4's.

**WESTERN TEXAS COLLEGE**  
**Snyder, Texas**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Year Ended August 31, 2020

Identifying number: 2019-001

**Audit Finding:**

**Criteria:** In accordance with 34 Code of Federal Regulations (CFR 646.3, 645.3, and 644.3), participants in the SSS program must be a United States Citizen or national or meet one of several other residency requirements. Also, the College is required by 2 CFR 200.303 to maintain effective internal control over the TRIO Cluster to provide reasonable assurance that it is managing the award in compliance with federal statutes, regulations, and the award terms.

**Condition:** The District did not maintain effective internal control to ensure that all TRIO Cluster Student Support Services (SSS) program participants were eligible. Specifically, for 2 of 14 SSS participants tested, we noted that the District did not obtain or review sufficient documentation to ensure the participant met eligibility requirements. For those students without sufficient eligibility documentation, we could not determine whether the program participants were eligible.

**Effect:** Without sufficient internal controls to determine eligibility including maintaining evidence to provide reasonable assurance that the College sufficiently determined eligibility, there is an increased risk of program benefits being provided to ineligible participants.

**Cause:** The College did not have sufficient internal control policies and procedures in place to ensure and provide evidence that all program participants were eligible.

**Recommendation:** The College should implement internal control policies and procedures to ensure that it adequately reviews and maintains sufficient eligibility documentation for all TRIO cluster program participants.

**Corrective Action Taken**

Western Texas College began requiring every student that wishes to participate in the Student Support Service Program to apply for Financial Aid, FASFA. The student signs a FERPA, granting the SSS program to access their ISIR. Financial Aid is notified and the ISIR is printed and maintained in the student files for SSS. Western Texas College is also testing the internal control procedure periodically for the TRIO cluster.





### **Corrective Action Plan**

December 7, 2020

Western Texas College respectfully submits the following corrective action plan for the year ending on August 31, 2020

Name and address of the independent public accounting firm: Condley & Company, LLP  
993 North Third Street  
P.O. Box 2993  
Abilene, Texas 79604-2993

Audit Period: For the year ending August 31, 2020

The finding from the 2020 schedule of findings and questioned cost are discussed below.

The finding is numbered consistently with the number assigned in the schedule.

### **Finding – Federal Award Findings and Questioned Costs**

Compliance

2020-001

Cluster name:	Student Financial Assistance Cluster
CFDA numbers and names:	84.007 – Federal Supplemental Educational Opportunity Grants 84.033 – Federal Work-Study Program 84.063 – Federal Pell Grant Program
Federal Agency:	84.268 – Federal Direct Student Loans
Compliance requirement:	Special Tests and Provisions – Return of Title IV Funds
Questioned Costs:	None

Recommendation: We recommend the College implement a secondary review process of enrollment reporting as well as reinforce its policies and procedures by continuing to provide training to individuals involved in the process, specifically those responsible for inputting enrollment changes into the system, to ensure the NSLDS records are updated timely and accurately.

Action Taken: Western Texas College's Financial Aid Director will create a report showing students who are receiving grades of "F" or "I" after the 10<sup>th</sup> week of Instruction. WTC instructors will submit a list of students who received grades of "F" or "I" and stopped participating in the course to the Director of Counseling and Admissions. The Financial Aid Director will compare students on the 10-week grade report receiving grades of "F" or "I" with the instructor's list of the students receiving grades of "F" or "I"

and not participating to identify possible R2T4's. These two reports will also be created and compared at the end of each term to identify possible R2T4's.

Implemented: December 7, 2020

### **Finding – Federal Award Findings and Questioned Costs**

#### Compliance

2020-002

Cluster name:	Student Financial Assistance Cluster
CFDA numbers and names:	84.007 – Federal Supplemental Educational Opportunity Grants 84.033 – Federal Work-Study Program 84.063 – Federal Pell Grant Program
Federal agency:	84.268 – Federal Direct Student Loans
Compliance requirement:	Special Tests and Provisions – Return of Title IV Funds
Questioned Costs:	\$22,559

Recommendation: We recommend the College implement a secondary review process of enrollment reporting as well as reinforce its policies and procedures by continuing to provide training to individuals involved in the process, specifically those responsible for inputting enrollment changes into the system, to ensure the NSLDS records are updated timely and accurately.

Action Taken: Western Texas College will implement a process where the Systems Analyst will extract enrollment data from our Student Information System monthly listing students' enrollment status for the current semester. Errors will be corrected in the National Student Loan Data System (NSLDS) by the Registrar after the National Student Clearinghouse has processed each month's data, and errors have been returned to Western Texas College.

Because the exact cause of the error resulting in incorrect enrollment status is not yet know, Western Texas College is investigating and will implement procedures to correct the cause of erroneous enrollment reporting. We are also working with the Vendor that provides our Student Information System to find a solution to report enrollment status for students who are not enrolled in the current term but are expected to return the following term.

Implemented: December 7, 2020

If any questions arise regarding this plan, please call Patricia Claxton, 325-574-7607.

Sincerely,



Patricia Claxton  
Chief Financial Officer

Western Texas College  
Statistical Supplement 1  
Net Position by Component  
Fiscal Years 2011 to 2020  
(unaudited)

	For the Fiscal Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net Investment in Capital Assets	\$13,978,181	\$13,042,839	\$11,664,438	\$12,831,501	\$14,750,975	\$12,783,035	\$11,230,170	\$10,784,094	\$10,565,927	\$10,263,912
Restricted - expendable	8,055,165	7,733,224	7,970,852	8,489,564	8,462,424	5,294,599	4,286,927	2,266,539	2,116,665	1,864,173
Restricted - nonexpendable	5,242,535	4,957,793	4,811,126	4,539,868	4,017,089	4,058,944	4,132,074	3,748,870	3,088,828	2,832,864
Unrestricted	(1,020,526)	(1,341,486)	(2,991,933)	5,393,004	2,802,919	2,212,752	1,126,549	2,418,292	1,218,328	(261,116)
<b>Total Primary Government Net Position</b>	<b>\$26,255,353</b>	<b>\$24,392,370</b>	<b>\$21,454,483</b>	<b>\$30,233,737</b>	<b>\$28,034,307</b>	<b>\$24,329,330</b>	<b>\$20,777,720</b>	<b>\$19,237,795</b>	<b>\$16,987,748</b>	<b>\$14,699,633</b>

Western Texas College  
Statistical Supplement 2  
Revenues by Source  
Fiscal Years 2011 to 2020  
(unaudited)

	For the Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition and Fees (Net of Discounts)	\$3,460,137	\$3,962,951	\$4,192,686	\$3,672,916	\$3,474,216	\$3,135,282	\$2,858,004	\$3,268,729	\$2,951,458	\$2,643,162
Governmental Grants and Contracts										
Federal Grants and Contracts	1,464,018	1,528,301	1,141,431	945,432	1,739,723	2,082,035	2,088,745	2,750,086	2,622,140	2,031,708
State Grants and Contracts	91,666	60,361	69,754	138,717	94,629	254,507	196,907	42,867	74,611	121,735
Non-Governmental Grants and Contracts	-	-	-	-	-	-	-	-	-	67,291
Sales and services of educational activities	23,689	39,143	30,989	25,253	16,081	21,908	18,265	11,018	18,025	19,409
Auxiliary enterprises	1,890,040	1,904,933	1,997,663	1,899,859	1,948,008	2,049,941	2,032,605	1,954,674	2,269,415	2,303,751
Other Operating Revenues	66,663	113,342	158,206	20,908	324,831	48,879	59,588	48,514	136,202	118,956
<b>Total Operating Revenues</b>	<b>6,996,213</b>	<b>7,609,031</b>	<b>7,590,729</b>	<b>6,703,085</b>	<b>7,597,488</b>	<b>7,592,552</b>	<b>7,254,114</b>	<b>8,075,888</b>	<b>8,071,851</b>	<b>7,306,012</b>
State Appropriations	5,081,250	4,941,303	5,375,699	4,420,575	4,443,471	4,753,461	4,725,902	4,219,625	4,412,712	4,847,314
Ad Valorem Taxes	7,593,047	7,950,266	7,884,219	7,964,268	9,602,774	8,973,730	8,452,066	6,194,971	5,686,282	4,066,974
Federal Revenues	2,231,858	1,649,181	1,786,860	1,846,056	1,855,770	2,196,868	2,406,214	2,751,122	3,084,048	2,884,637
Gifts	93,679	95,845	94,506	92,027	96,410	97,745	85,902	80,614	570,821	117,230
Investment income	363,467	561,178	437,832	177,538	208,847	361,244	119,108	88,488	49,273	40,384
Gain on insurance claims	-	-	-	81,320	-	-	-	-	-	-
Other non-operating revenues	713,368	482,159	449,122	525,188	491,660	46,689	781,239	1,110,159	294,242	1,396,648
<b>Total Non-Operating Revenues</b>	<b>16,076,669</b>	<b>15,779,932</b>	<b>16,028,238</b>	<b>15,216,972</b>	<b>16,698,932</b>	<b>16,429,537</b>	<b>16,570,431</b>	<b>14,444,979</b>	<b>14,097,378</b>	<b>13,353,187</b>
<b>Total Revenues</b>	<b>\$23,072,882</b>	<b>\$23,388,963</b>	<b>\$23,618,967</b>	<b>\$21,920,057</b>	<b>\$24,296,420</b>	<b>\$24,022,089</b>	<b>\$23,824,545</b>	<b>\$22,520,867</b>	<b>\$22,169,229</b>	<b>\$20,659,199</b>

	For the Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition and Fees (Net of Discounts)	15.00%	16.94%	17.75%	16.76%	14.30%	13.05%	12.00%	14.51%	13.31%	12.79%
Governmental Grants and Contracts										
Federal Grants and Contracts	6.35%	6.53%	4.83%	4.31%	7.16%	8.67%	8.77%	12.21%	11.83%	8.83%
State Grants and Contracts	0.40%	0.26%	0.30%	0.63%	0.39%	1.06%	0.83%	0.19%	0.34%	0.56%
Non-Governmental Grants and Contracts	-	-	-	-	-	-	-	-	-	0.33%
Sales and services of educational activities	0.10%	0.17%	0.13%	0.12%	0.07%	0.09%	0.08%	0.05%	0.08%	0.09%
Auxiliary enterprises	8.19%	8.14%	8.46%	8.67%	8.02%	8.53%	8.53%	8.68%	10.24%	11.15%
Other Operating Revenues	0.29%	0.48%	0.67%	0.10%	1.34%	0.20%	0.25%	0.22%	0.61%	0.58%
<b>Total Operating Revenues</b>	<b>30.32%</b>	<b>32.53%</b>	<b>32.14%</b>	<b>30.58%</b>	<b>31.27%</b>	<b>31.61%</b>	<b>30.45%</b>	<b>35.86%</b>	<b>36.41%</b>	<b>35.36%</b>
State Appropriations	22.02%	21.13%	22.76%	20.17%	18.29%	19.79%	19.84%	18.74%	19.90%	23.46%
Ad Valorem Taxes	32.91%	33.99%	33.38%	36.33%	39.52%	37.36%	35.48%	27.51%	25.65%	19.69%
Federal Revenues	9.67%	7.05%	7.57%	8.88%	7.64%	9.14%	10.10%	12.22%	13.91%	13.96%
Gifts	0.41%	0.41%	0.40%	0.42%	0.40%	0.41%	0.36%	0.36%	2.57%	0.57%
Investment income	1.58%	2.83%	1.85%	0.81%	0.86%	1.50%	0.50%	0.39%	0.22%	0.20%
Gain on insurance claims	-	-	-	0.42%	-	-	-	-	-	-
Other non-operating revenues	3.09%	2.06%	1.90%	2.40%	2.02%	0.19%	3.28%	4.93%	1.33%	6.76%
<b>Total Non-Operating Revenues</b>	<b>69.68%</b>	<b>67.47%</b>	<b>67.86%</b>	<b>69.42%</b>	<b>68.73%</b>	<b>68.39%</b>	<b>69.55%</b>	<b>64.14%</b>	<b>63.59%</b>	<b>64.64%</b>
<b>Total Revenues</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



Western Texas College  
Statistical Supplement 3  
Program Expenses by Function  
Fiscal Years 2011 to 2020  
(unaudited)

	For the Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	\$3,577,791	\$3,472,357	\$3,617,763	\$3,854,632	\$3,968,299	\$3,770,475	\$3,755,390	\$3,765,744	\$3,658,884	\$3,659,404
Research	-	-	-	-	-	-	-	-	-	-
Public service	1,397,059	1,242,755	1,355,547	1,042,136	1,487,628	1,647,656	1,662,361	1,776,719	2,146,940	2,279,847
Academic support	769,504	807,658	729,126	770,056	988,969	799,436	596,851	706,820	682,048	702,446
Student services	930,140	907,688	987,215	937,233	999,597	868,638	789,165	805,075	717,843	652,898
Institutional support	4,876,248	4,295,569	3,550,348	3,534,053	3,618,044	3,555,518	5,653,592	3,238,108	3,174,204	2,987,584
Operation and maintenance of plant	2,678,011	2,834,428	2,834,874	2,618,081	2,566,068	2,701,334	2,640,521	3,147,185	2,849,410	2,586,507
Scholarships and fellowships	2,046,936	1,602,714	1,735,196	1,712,696	1,888,951	2,159,531	2,272,603	2,525,044	2,624,492	2,616,780
Auxiliary enterprises	3,113,228	3,363,726	3,200,625	3,045,831	3,156,491	3,064,637	2,870,236	2,646,286	2,624,959	2,759,735
Depreciation	1,241,381	1,282,600	1,264,744	1,191,894	1,063,767	1,022,802	984,486	919,984	852,729	736,083
<b>Total Operating Expenses</b>	<b>20,630,298</b>	<b>19,809,495</b>	<b>19,275,438</b>	<b>18,706,612</b>	<b>19,737,814</b>	<b>19,590,027</b>	<b>21,225,205</b>	<b>19,530,965</b>	<b>19,331,509</b>	<b>18,981,284</b>
Interest on capital related debt	579,601	629,707	960,848	820,589	843,811	888,678	635,574	451,198	518,876	538,568
Debt issuance cost	-	-	227,623	-	-	-	335,684	-	-	-
Loss on disposal of fixed assets	-	11,874	(878)	(6,574)	9,818	(8,226)	88,157	22,367	30,729	-
<b>Total Non-Operating Expenses</b>	<b>579,601</b>	<b>641,581</b>	<b>1,187,593</b>	<b>814,015</b>	<b>853,629</b>	<b>880,452</b>	<b>1,059,415</b>	<b>473,565</b>	<b>549,605</b>	<b>538,568</b>
<b>Total Expenses</b>	<b>\$21,209,899</b>	<b>\$20,451,076</b>	<b>\$20,463,031</b>	<b>\$19,520,627</b>	<b>\$20,591,443</b>	<b>\$20,470,479</b>	<b>\$22,284,620</b>	<b>\$20,004,530</b>	<b>\$19,881,114</b>	<b>\$19,519,852</b>

	For the Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	15.87%	16.98%	17.68%	19.75%	19.27%	18.42%	16.85%	18.82%	18.40%	18.75%
Research	-	-	-	-	-	-	-	-	-	-
Public service	6.59%	6.08%	6.62%	5.34%	7.22%	8.05%	7.46%	8.88%	10.80%	11.68%
Academic support	3.63%	3.95%	3.56%	3.94%	4.80%	3.91%	2.68%	3.53%	3.43%	3.60%
Student services	4.39%	4.44%	4.82%	4.80%	4.85%	4.24%	3.54%	4.02%	3.61%	3.34%
Institutional support	22.99%	21.00%	17.35%	18.10%	17.57%	17.37%	25.37%	16.19%	15.97%	15.31%
Operation and maintenance of plant	12.63%	13.86%	13.85%	13.41%	12.46%	13.20%	11.85%	15.73%	14.33%	13.25%
Scholarships and fellowships	9.65%	7.84%	8.48%	8.77%	9.17%	10.55%	10.20%	12.62%	13.20%	13.41%
Auxiliary enterprises	14.68%	16.45%	15.64%	15.60%	15.33%	14.97%	12.88%	13.23%	13.20%	14.14%
Depreciation	5.85%	6.27%	6.18%	6.11%	5.17%	5.00%	4.42%	4.60%	4.29%	3.77%
<b>Total Operating Expenses</b>	<b>97.27%</b>	<b>96.86%</b>	<b>94.20%</b>	<b>95.83%</b>	<b>95.85%</b>	<b>95.70%</b>	<b>95.25%</b>	<b>97.63%</b>	<b>97.24%</b>	<b>97.24%</b>
Interest on capital related debt	2.73%	3.08%	4.70%	4.20%	4.10%	4.34%	2.85%	2.26%	2.61%	2.76%
Debt issuance cost	-	-	1.11%	-	-	-	1.51%	-	-	-
Loss on disposal of fixed assets	-	0.06%	0.00%	-0.03%	0.05%	-0.04%	0.40%	0.11%	0.15%	-
<b>Total Non-Operating Expenses</b>	<b>2.73%</b>	<b>3.14%</b>	<b>5.80%</b>	<b>4.17%</b>	<b>4.15%</b>	<b>4.30%</b>	<b>4.75%</b>	<b>2.37%</b>	<b>2.76%</b>	<b>2.76%</b>
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Western Texas College  
Statistical Supplement 4  
Tuition and Fees  
Last Ten Academic Years  
(unaudited)

**Resident**  
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per hour) In District	Registration Fee (per hour) out district	In-District Tuition	Out-of-District Tuition	Building Use Fee	Student Activity Fee	Technology Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2019	30	33	81	105	2	-	-	1,116	1,860	0.00%	4.50%
2018	30	33	61	99	2	-	-	1,116	1,608	3.33%	3.08%
2017	30	33	58	95	2	-	-	1,080	1,580	0.00%	6.56%
2016	30	33	52	87	2	-	-	1,008	1,464	6.33%	4.27%
2015	25	28	52	87	2	-	-	948	1,404	0.00%	8.33%
2014	25	25	52	81	2	-	-	948	1,296	0.00%	0.00%
2013	25	25	52	81	2	-	-	948	1,296	0.00%	3.85%
2012	25	25	52	77	2	-	-	948	1,248	0.00%	4.00%
2011	25	25	52	73	2	-	-	948	1,200	8.22%	11.11%
2010	20	20	51	68	2	-	-	876	1,080	5.80%	8.43%

**Non-Resident**  
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per hour)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Building Use Fee	Student Activity Fee	Technology Fee	Cost for 12 SCH Out-of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2019	33	137	137	2	-	-	2,064	2,064	0.00%	0.00%
2018	33	137	137	2	-	-	2,064	2,064	2.99%	2.99%
2017	33	132	132	2	-	-	2,004	2,004	5.03%	5.02%
2016	33	124	124	2	-	-	1,908	1,908	3.25%	3.25%
2015	28	124	124	2	-	-	1,848	1,848	6.21%	6.21%
2014	25	118	118	2	-	-	1,740	1,740	0.00%	0.00%
2013	25	118	118	2	-	-	1,740	1,740	7.41%	7.41%
2012	25	108	108	2	-	-	1,620	1,620	8.00%	8.00%
2011	25	98	98	2	-	-	1,500	1,500	8.70%	8.70%
2010	20	93	93	2	-	-	1,380	1,380	6.46%	6.48%

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

Western Texas College  
Statistical Supplement 5  
Assessed Value and Taxable Assessed Value of Property  
Last Ten Fiscal Years  
(unaudited)

Direct Rate							
Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2019-20	\$3,264,217,787	\$69,340,869	\$3,194,876,918	97.88%	0.2655	0.0000	0.2655
2018-19	2,642,717,123	77,983,050	2,564,734,073	97.05%	0.3112	0.0000	0.3112
2017-18	2,494,687,351	82,132,751	2,412,554,600	96.71%	0.3300	0.0000	0.3300
2016-17	2,512,857,666	86,683,398	2,426,174,268	96.55%	0.3300	0.0000	0.3300
2015-16	3,087,266,764	68,273,245	3,018,993,519	97.79%	0.3275	0.0000	0.3275
2014-15	3,766,387,586	66,372,678	3,700,014,908	98.24%	0.2457	0.0000	0.2457
2013-14	3,518,250,453	39,996,633	3,478,253,820	98.87%	0.2500	0.0000	0.2500
2012-13	3,401,434,277	49,905,229	3,351,529,048	98.53%	0.1858	0.0000	0.1858
2011-12	2,742,070,859	22,352,585	2,719,718,274	99.18%	0.2114	0.0000	0.2114
2010-11	2,730,522,636	18,648,843	2,711,873,793	99.32%	0.1523	0.0000	0.1523

Source: Scurry County Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation.

**Western Texas College**  
**Statistical Supplement 6**  
**State Appropriation per FTSE and Contact Hour**  
**Last Ten Fiscal Years**  
(unaudited)

Appropriation per FTSE				Appropriation per Contact Hour			
Fiscal Year	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2019-20	\$3,930,885	1,301	\$3,021	718,416	250,817	969,233	\$4.06
2018-19	3,886,096	1,360	2,857	810,949	268,657	1,079,606	3.60
2017-18	3,886,164	1,456	2,669	880,688	232,933	1,113,621	3.49
2016-17	3,549,362	1,387	2,559	848,624	251,919	1,100,543	3.23
2015-16	3,544,863	1,391	2,548	824,896	271,809	1,096,705	3.23
2014-15	3,920,992	1,372	2,858	793,328	245,321	1,038,649	3.78
2013-14	3,938,521	1,381	2,852	740,592	311,801	1,052,393	3.74
2012-13	3,525,806	1,504	2,344	832,048	378,850	1,210,898	2.91
2011-12	3,619,276	1,630	2,220	857,872	358,342	1,216,214	2.98
2010-11	3,717,725	1,612	2,306	828,144	373,821	1,201,965	3.09

**Notes:**

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

(a) Source CBM001

(b) Source CBM001 and CBM00A



Western Texas College  
Statistical Supplement 7  
Principal Taxpayers  
Last Ten Tax Years  
(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Kinder Morgan Production LP-Leases	Oil & Gas Producers	\$443,921,833	\$662,675,846	\$341,982,420	\$361,496,463	\$295,487,922	\$541,011,039	\$914,608,072	\$805,510,153	\$776,077,445	\$552,245,746
Patterson Drilling UTI Co	Oil Well Drilling	151,720,700	189,579,680	137,923,400	95,211,140	196,772,720	322,387,460	316,234,150	343,841,120	296,487,240	208,021,360
Oncor Electric Delivery	Utility	106,456,970	103,402,300	88,462,660	94,366,570	96,853,850	92,604,320	87,008,480	88,068,750	82,127,970	28,686,850
Occidental Permian, LTD	Oil & Gas Producers	75,970,452	97,818,805	78,904,938	73,207,527	145,730,945	128,756,938	201,284,564	208,318,773	182,040,671	152,927,315
Kinder Morgan Production	Oil & Gas Producers	53,608,040	55,740,410	61,630,790	62,964,300	65,475,100	77,092,020	86,106,650	89,604,990	94,349,990	77,822,040
E ON-Pyron Wind Farm	Industrial - Wind	41,736,340	54,341,620	-	-	-	-	-	-	-	-
Burlington North / Santa Fe	Railroad	36,172,140	33,254,120	-	-	27,444,790	-	-	-	-	20,468,940
Invenenergy - Camp Springs I & II	Industrial - Wind	34,112,980	39,497,690	74,669,320	-	-	-	-	-	-	-
Bridgetex Pipeline	Industrial - Oil & Gas	32,687,510	33,887,110	33,221,120	33,845,590	-	-	-	-	-	-
Sunrise Pipeline, LLC	Oil & Gas Producers	32,502,360	-	-	-	-	-	-	-	-	-
Electric Transmission TX, LLC	Utility	-	32,200,770	34,185,710	36,446,780	37,750,940	36,498,800	-	-	-	-
Kinder Morgan Production Co. LP	Oil & Gas Producers	-	-	33,699,010	34,383,280	35,493,540	36,321,400	45,427,740	46,175,190	47,347,780	46,045,580
Wind Energy Transmission Tx	Utility	-	-	32,857,690	32,185,810	31,948,650	36,393,310	46,368,000	-	-	-
Diamond WTG Engineering	Industrial - Wind	-	-	-	30,806,160	-	-	-	-	-	-
Kinder Morgan Production Co. LP	Oil & Gas Producers	-	-	-	-	24,323,413	-	-	-	27,505,277	-
Apache Corporation	Oil & Gas Producers	-	-	-	-	-	41,516,165	81,316,166	84,337,044	97,366,325	80,468,245
Baker Hughes-Pressure Pumping	Oil & Gas Producers	-	-	-	-	-	26,666,090	30,721,580	-	-	-
Parallel Petroleum LLC	Oil & Gas Producers	-	-	-	-	-	-	47,167,264	36,689,930	-	20,571,585
BJ Services Co. USA	Oil & Gas Producers	-	-	-	-	-	-	-	31,214,670	-	-
Fuller, Gillian Account	Mineral Interest Owner	-	-	-	-	-	-	-	28,556,682	25,893,498	-
Kinder Morgan Power Company	Oil & Gas Producers	-	-	-	-	-	-	-	-	30,512,580	30,552,120
<b>Totals</b>		<b>\$1,006,689,325</b>	<b>\$1,302,397,951</b>	<b>\$916,547,056</b>	<b>\$854,915,640</b>	<b>\$957,281,670</b>	<b>\$1,341,447,542</b>	<b>\$1,856,242,678</b>	<b>\$1,762,317,302</b>	<b>\$1,659,706,787</b>	<b>\$1,217,809,783</b>
<b>Total Taxable Assessed Value</b>		<b>\$1,194,676,616</b>	<b>\$2,564,734,073</b>	<b>\$2,412,554,800</b>	<b>\$2,426,174,268</b>	<b>\$3,016,993,519</b>	<b>\$3,700,014,908</b>	<b>\$3,476,253,820</b>	<b>\$3,351,529,048</b>	<b>\$2,719,716,274</b>	<b>\$2,711,873,793</b>

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Kinder Morgan Production LP-Leases	Oil & Gas Producers	13.89%	25.84%	14.18%	14.90%	9.79%	14.62%	26.30%	24.03%	28.54%	20.36%
Patterson Drilling UTI Co	Oil Well Drilling	4.75%	7.39%	5.72%	3.92%	6.52%	8.71%	9.09%	10.26%	10.90%	7.67%
Oncor Electric Delivery	Utility	3.33%	4.03%	3.67%	3.89%	3.21%	2.51%	2.50%	2.63%	3.02%	1.06%
Occidental Permian, LTD	Oil & Gas Producers	2.38%	3.81%	3.31%	3.02%	4.83%	3.48%	5.78%	6.22%	6.69%	5.64%
Kinder Morgan Production	Oil & Gas Producers	1.68%	2.17%	2.55%	2.60%	2.17%	2.08%	2.48%	2.67%	3.47%	2.87%
E ON-Pyron Wind Farm	Industrial - Wind	1.31%	2.12%	-	-	-	-	-	-	-	-
Burlington North / Santa Fe	Railroad	1.13%	1.30%	-	-	0.91%	-	-	-	-	0.75%
Invenenergy - Camp Springs I & II	Industrial - Wind	1.07%	1.54%	3.10%	-	-	-	-	-	-	-
Bridgetex Pipeline	Industrial - Oil & Gas	1.02%	1.32%	1.38%	1.40%	-	-	-	-	-	-
Sunrise Pipeline, LLC	Oil & Gas Producers	1.02%	-	-	-	-	-	-	-	-	-
Electric Transmission TX, LLC	Utility	-	1.26%	1.42%	1.51%	1.25%	0.99%	-	-	-	-
Kinder Morgan Production Co. LP	Oil & Gas Producers	-	-	1.40%	1.43%	1.18%	0.98%	1.31%	1.38%	1.74%	1.70%
Wind Energy Transmission Tx	Utility	-	-	1.36%	1.33%	1.06%	1.04%	1.33%	-	-	-
Diamond WTG Engineering	Industrial - Wind	-	-	-	1.28%	-	-	-	-	-	-
Kinder Morgan Production Co. LP	Oil & Gas Producers	-	-	-	-	0.81%	-	-	-	1.01%	-
Apache Corporation	Oil & Gas Producers	-	-	-	-	-	1.12%	2.34%	2.52%	3.58%	2.97%
Baker Hughes-Pressure Pumping	Oil & Gas Producers	-	-	-	-	-	0.72%	0.88%	-	-	-
Parallel Petroleum	Oil & Gas Producers	-	-	-	-	-	-	1.36%	1.09%	-	0.76%
BJ Services Co. USA	Oil & Gas Producers	-	-	-	-	-	-	-	0.93%	-	-
Fuller, Gillian Account	Mineral Interest Owner	-	-	-	-	-	-	-	0.85%	0.95%	-
Kinder Morgan Power Company	Oil & Gas Producers	-	-	-	-	-	-	-	-	1.12%	1.15%
Sharp Image Energy, Inc.	Oil & Gas Producers	-	-	-	-	-	-	-	-	-	-
French Capital Partners, LTD	Mineral Interest Owner	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>		<b>31.58%</b>	<b>60.78%</b>	<b>38.07%</b>	<b>35.27%</b>	<b>31.71%</b>	<b>38.26%</b>	<b>53.37%</b>	<b>52.58%</b>	<b>61.03%</b>	<b>44.81%</b>

Source: Scurry County Appraisal District

**Western Texas College**  
**Statistical Supplement 8**  
**Property Tax Levies and Collections**  
**Last Ten Tax Years**  
(unaudited)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (C+D+E)	Cumulative Collections of Adjusted Levy
2020	\$ 8,502,500	\$ (7,131)	\$ 8,495,369	\$ 7,548,068	88.85%	-	\$94,574	\$ 7,642,642	89.96%
2019	7,992,232	36,414	8,028,646	7,937,761	98.87%	-	92,488	8,030,249	100.02%
2018	7,958,846	\$9,769	7,968,615	7,875,197	98.83%	-	83,201	7,958,398	99.87%
2017	7,710,553	65,058	7,775,611	7,655,457	98.45%	-	104,233	7,759,690	99.80%
2016	9,825,289	(10)	9,825,279	9,482,993	96.52%	-	58,629	9,541,622	97.11%
2015	9,118,036	1,062	9,119,098	8,858,827	97.15%	-	64,880	8,923,707	97.86%
2014	8,621,889	2,717	8,624,606	8,565,120	99.31%	-	51,342	8,616,462	99.91%
2013	6,261,521	3,757	6,265,278	5,714,890	91.22%	-	38,553	5,753,443	91.83%
2012	5,760,035	5,429	5,765,464	5,714,890	99.12%	-	38,553	5,753,443	99.79%
2011	4,133,783	101	4,133,884	4,096,420	99.09%	-	52,415	4,148,835	100.36%
2010	3,853,553	(13,852)	3,839,701	3,807,216	99.15%	-	31,502	3,838,718	99.97%

Source: Local Tax Assessor/Collector and District records.

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

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

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

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

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

Total Collections = C + D + E

Western Texas College  
Statistical Supplement 9  
Ratio of Outstanding Debt  
Last Ten Fiscal Years  
(unaudited)

	For the Year Ended August 31									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Bonds	\$16,954,222	\$18,251,850	\$19,534,479	\$20,213,659	\$21,314,430	\$22,382,201	\$23,424,872	\$8,309,000	\$8,470,000	\$8,595,000
Notes	475,253	704,727	931,190	-	-	630,877	1,149,792	1,853,847	508,852	599,088
Capital lease obligations	253,409	350,855	438,067	452,820	551,025	846,377	738,649	720,119	731,227	801,524
Right-of Use lease obligations	239,080	235,862	110,811	-	-	-	-	-	-	-
Less: Funds restricted for debt service	(7,178,784)	(8,839,929)	(6,252,356)	(5,702,401)	(5,392,670)	(4,539,950)	(3,556,071)	(1,582,790)	(1,347,087)	(1,084,234)
Total Outstanding Debt	\$10,743,200	\$12,703,165	\$14,762,191	\$14,963,878	\$16,472,785	\$19,119,505	\$21,757,342	\$9,100,176	\$8,361,012	\$8,911,376

Bonded Debt Ratios

Per Capita	\$1,015	\$1,082	\$1,148	\$1,188	\$1,230	\$1,271	\$1,352	\$480	\$495	\$508
Per FTSE	13,032	13,420	13,417	14,574	15,323	16,314	16,982	5,525	5,198	5,332
As a percentage of Taxable Assessed Value	0.53%	0.72%	0.81%	0.83%	0.71%	0.60%	0.67%	0.25%	0.31%	0.32%

Total Outstanding Debt Ratio

Per Capita	\$843	\$753	\$888	\$983	\$950	\$1,085	\$1,256	\$526	\$488	\$527
Per FTSE	8,258	9,341	10,139	10,789	11,842	13,935	15,755	6,061	5,129	5,528
As a percentage of Taxable Assessed Value	0.34%	0.50%	0.81%	0.62%	0.55%	0.52%	0.63%	0.27%	0.31%	0.33%

**Western Texas College**  
**Statistical Supplement 10**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(unaudited)

**NOT APPLICABLE**



**Western Texas College**  
**Statistical Supplement 11**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
(unaudited)

**Revenue Bonds**

Fiscal Year Ended August 31	Pledged Revenues			Debt Service Requirements			Coverage Ratio
	Building Use Fee	Dormitory Income	Total	Principle	Interest	Total	
2020	\$56,456	\$820,080	\$876,536	\$355,000	\$216,619	\$571,619	1.53
2019	67,784	813,568	881,352	365,000	225,794	590,794	1.49
2018	75,698	860,309	936,007	355,000	213,196	568,196	1.65
2017	70,745	840,772	911,517	241,000	373,172	614,172	1.48
2016	66,865	870,468	937,333	233,000	382,550	615,550	1.52
2015	63,523	911,396	974,919	223,000	391,179	614,179	1.59
2014	60,119	886,359	946,478	209,000	569,416	778,416	1.22
2013	67,399	863,796	931,195	216,000	383,053	599,053	1.55
2012	68,611	886,561	955,172	125,000	454,579	579,579	1.65
2011	64,417	919,576	983,993	170,000	464,695	634,695	1.55

**Western Texas College**  
**Statistical Supplement 12**  
**Demographic and Economic Statistics - Taxing District**  
**Last Ten Fiscal Years**  
 (unaudited)

<b>Calendar Year</b>	<b>District Population</b>	<b>District Personal Income</b>	<b>District Personal Income Per Capita</b>	<b>District Unemployment Rate</b>
2019	16,703	N/A	N/A	3.2%
2018	16,866	\$709,975,000	\$42,095	3.4%
2017	17,050	640,096,000	37,542	4.4%
2016	17,333	783,768,000	45,218	5.9%
2015	17,615	889,361,000	50,489	4.1%
2014	17,328	901,023,000	51,998	3.3%
2013	17,302	980,034,000	56,643	3.6%
2012	17,126	816,750,000	47,691	4.1%
2011	16,919	642,420,000	37,970	5.6%
2010	16,921	562,088,000	33,162	6.4%

Sources: Texas Workforce Commission  
 US Census Bureau

Western Texas College  
Statistical Supplement 14  
Faculty, Staff and Administrators Statistics  
Last Ten Fiscal Years  
(unaudited)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Faculty</b>										
Full-time	47	43	47	48	51	62	61	60	46	44
Part-time	45	45	46	49	49	43	48	51	66	59
Total	92	88	93	97	100	105	109	111	112	103
<b>Percent</b>										
Full-time	51.09%	48.86%	50.54%	49.48%	51.00%	59.05%	55.96%	54.05%	41.07%	42.72%
Part-time	48.91%	51.14%	49.46%	50.52%	49.00%	40.95%	44.04%	45.95%	58.93%	57.28%
<b>Staff and Administrators</b>										
Full-time	101	100	90	96	91	91	82	83	86	86
Part-time	48	40	59	58	39	36	22	15	27	14
Total	149	140	149	154	130	127	104	98	113	100
<b>Percent</b>										
Full-time	67.79%	71.43%	60.40%	62.34%	70.00%	71.65%	78.85%	84.69%	76.11%	86.00%
Part-time	32.21%	28.57%	39.60%	37.66%	30.00%	28.35%	21.15%	15.31%	23.89%	14.00%
<b>Total</b>										
Full-time	148	143	137	144	142	153	143	143	132	130
Part-time	93	85	105	107	88	79	70	66	93	73
Total	241	228	242	251	230	232	213	209	225	203
<b>Percent</b>										
Full-time	61.41%	62.72%	56.61%	57.37%	61.74%	65.95%	67.14%	68.42%	58.67%	64.04%
Part-time	38.59%	37.28%	43.39%	42.63%	38.26%	34.05%	32.86%	31.58%	41.33%	35.96%
<b>FTSE per Full-time Faculty</b>	27.68	31.63	30.98	28.90	27.27	22.13	22.64	25.07	35.43	36.64
<b>FTSE per Full-time Staff Member</b>	12.88	13.60	16.18	14.45	15.29	15.08	16.84	18.12	18.95	18.74
<b>Average Annual Faculty Salary</b>	\$52,803	\$51,595	\$51,608	\$50,595	\$50,276	\$52,435	\$53,343	\$46,067	\$45,776	\$46,176

Western Texas College  
Statistical Supplement 15  
Enrollment Details  
Last Five Fiscal Years  
(unaudited)

Student Classification	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	1,192	82.86%	1,440	71.68%	1,592	73.06%	1,642	72.98%	1,743	79.70%
31-60 hours	164	11.37%	367	18.27%	395	18.13%	401	17.82%	299	13.67%
> 60 hours	86	5.96%	202	10.05%	192	8.81%	207	9.20%	145	6.63%
Total	1,442	100.00%	2,009	100.00%	2,179	100.00%	2,250	100.00%	2,187	100.00%

Semester Hour Load	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	1	0.07%	48	2.39%	3	0.14%	14	0.62%	35	1.61%
3-5 semester hours	623	43.20%	934	46.49%	1,071	49.15%	1,055	46.89%	900	41.32%
6-8 semester hours	205	14.22%	320	15.93%	390	17.90%	412	18.31%	475	21.81%
9-11 semester hours	149	10.33%	162	8.06%	170	7.80%	156	6.93%	277	12.72%
12-14 semester hours	216	14.98%	241	12.00%	254	11.66%	188	8.36%	143	6.57%
15-17 semester hours	241	16.71%	292	14.53%	281	12.90%	362	16.09%	322	14.78%
18 & over	7	0.49%	12	0.60%	10	0.46%	83	2.80%	26	1.19%
Total	1,442	100.00%	2,009	100.00%	2,179	100.00%	2,250	100.00%	2,178	100.00%

Average course load	8.2	7.6	7.3	7.5	7.6
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Tuition Status	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-district)	379	26.28%	481	23.94%	472	21.66%	476	21.16%	519	23.83%
Texas Resident (out-of-district)	982	68.10%	1,407	70.03%	1,587	72.83%	1,661	73.82%	1,523	69.93%
Non-Resident Tuition	81	5.62%	121	6.02%	120	5.51%	113	5.02%	136	6.24%
Total	1,442	100.00%	2,009	100.00%	2,179	100.00%	2,250	100.00%	2,178	100.00%

Western Texas College  
Statistical Supplement 16  
Student Profile  
Last Five Fiscal Years  
(unaudited)

Gender	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	784	54.37%	982	48.88%	1,105	50.71%	1,105	49.11%	1,018	46.74%
Male	658	45.63%	1,027	51.12%	1,074	49.29%	1,145	50.89%	1,160	53.26%
Total	1,442	100.00%	2,009	100.00%	2,179	100.00%	2,250	100.00%	2,178	100.00%

Ethnic Origin	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	723	50.14%	1,053	52.41%	1,198	54.98%	1,223	54.36%	1,248	57.30%
Hispanic	560	38.83%	673	33.50%	681	31.25%	708	31.47%	672	30.85%
African American	61	4.23%	114	5.67%	103	4.73%	116	5.16%	132	6.08%
Asian	24	1.66%	68	3.38%	84	3.85%	77	3.42%	42	1.93%
Foreign	40	2.77%	52	2.59%	59	2.71%	58	2.58%	44	2.02%
Native American	3	0.21%	3	0.15%	10	0.46%	14	0.62%	8	0.37%
Other	31	2.15%	46	2.29%	44	2.02%	54	2.40%	32	1.47%
Total	1,442	100.00%	2,009	100.00%	2,179	100.00%	2,250	100.00%	2,178	100.00%

Age	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	738	51.18%	762	37.93%	798	36.62%	770	34.22%	742	34.07%
18-21	522	36.20%	898	44.70%	1,020	46.81%	1,057	46.98%	975	44.77%
22-24	76	5.27%	145	7.22%	145	6.65%	155	6.89%	149	6.84%
25-35	64	4.44%	113	5.62%	137	6.29%	169	7.51%	180	8.26%
36-50	36	2.50%	77	3.83%	70	3.21%	46	2.04%	114	5.23%
51 & over	6	0.42%	14	0.70%	9	0.41%	53	2.36%	18	0.83%
Total	1,442	100.00%	2,009	100.00%	2,179	100.00%	2,250	100.00%	2,178	100.00%

Average Age	19.1	20.0	19.8	20.1	21.0
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**Western Texas College**  
**Statistical Supplement 17**  
**Transfers to Senior Institutions**  
**2019 Fall Students as of Fall 2020**  
(Includes only public senior colleges in Texas)  
(unaudited)

	Transfer Student Count Academic	Transfer Student Count Technical	Total of all Sample Transfer Students	% of all Sample Transfer Students
Texas A&M University	1,446	22	1,468	63.17%
The University of Texas at Austin	433	6	439	18.89%
Texas Tech University	88	4	92	3.96%
Angelo State University	82	8	90	3.87%
Tarleton State University	37	1	38	1.64%
West Texas A & M University	27	1	28	1.20%
Texas State University - San Marcos	18	2	20	0.86%
Texas A&M University Health Science Center	17	-	17	0.73%
Midwestern State University	14	-	14	0.60%
Texas A&M University - Galveston	10	3	13	0.56%
University of North Texas	11	-	11	0.47%
The University of Texas at Arlington	9	-	9	0.39%
Sam Houston State University	8	-	8	0.34%
The University of Texas at San Antonio	7	1	8	0.34%
University of Houston	5	2	7	0.30%
Texas Woman's University	6	1	7	0.30%
Texas A&M University - Corpus Christi	6	-	6	0.26%
The University of Texas Medical Branch at Galveston	5	-	5	0.22%
The University of Texas Health Science Center at Houston	5	-	5	0.22%
The University of Texas of the Permian Basin	3	1	4	0.17%
Texas Tech University Health Sciences Center	4	-	4	0.17%
The University of Texas at Dallas	3	1	4	0.17%
Sul Ross State University	4	-	4	0.17%
The University of Texas Health Science Center at San Antonio	4	-	4	0.17%
University of North Texas Health Science Center	3	-	3	0.13%
The University of Texas at El Paso	3	-	3	0.13%
Texas A&M University - Kingsville	2	-	2	0.09%
Stephen F. Austin State University	2	-	2	0.09%
The University of Texas at Tyler	2	-	2	0.09%
Lamar University	1	-	1	0.04%
Texas A&M International University	1	-	1	0.04%
University of Houston - Victoria	1	-	1	0.04%
The University of Texas - Rio Grande Valley	1	-	1	0.04%
Sul Ross State University - Rio Grande College	1	-	1	0.04%
Texas Southern University	1	-	1	0.04%
Texas A&M University - Commerce	1	-	1	0.04%
<b>Totals</b>	<b>2,271</b>	<b>53</b>	<b>2,324</b>	<b>100.00%</b>

**Western Texas College**  
**Statistical Supplement 18**  
**Capital Asset Information**  
**Fiscal Years 2016 to 2020**  
(unaudited)

	Fiscal Year				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Academic Buildings	11	11	11	11	11
Square footage	90,411	90,411	90,411	90,411	90,411
Libraries	1	1	1	1	1
Square footage	24,420	24,420	24,420	24,420	24,420
Number of volumes	31,825	31,589	35,012	35,012	35,012
Administrative and support buildings	9	9	9	9	9
Square footage	76,008	76,008	76,008	76,008	76,008
Dormitories	3	3	3	3	3
Square footage	117,755	117,755	117,755	117,755	117,755
Number of beds	496	496	496	496	496
Apartments	5	5	5	5	5
Square footage	11,792	11,792	11,792	11,792	11,792
Number of beds	44	44	44	44	44
Dining Facilities	1	1	1	1	1
Square footage	13,254	13,254	13,254	13,254	13,254
Average daily customers	279	276	292	283	277
Athletic Facilities	2	2	2	2	2
Square footage	40,056	40,056	40,056	40,056	40,056
Fields	3	3	3	3	3
Gymnasiums	1	1	1	1	1
Golf Course	1	1	1	1	1
Racquetball courts	3	3	3	3	4
Plant Facilities	3	3	3	3	3
Square footage	15,333	15,333	15,333	15,333	15,333
Coliseum	1	1	1	1	1
Square footage	111,644	111,644	111,644	111,644	111,644
Transportation					
Cars	10	13	12	10	13
Light Trucks/Vans	14	15	14	14	16
Buses/Truck	3	3	5	5	7