SOUTH TEXAS COLLEGE

# South Texas College District

# Annual Comprehensive Financial Report

Fiscal Years Ended
August 31, 2022 and 2021

# South Texas College District

## Annual Comprehensive Financial Report

### Fiscal Years Ended August 31, 2022 and 2021

Prepared by the
**Business Office**

Serving Hidalgo and Starr County, Texas
3201 W. Pecan Blvd., McAllen, TX 78501
956-872-8311 • www.SouthTexasCollege.edu

**South Texas College District**
**Annual Comprehensive Financial Report**
**Fiscal Years Ended August 31, 2022 and 2021**

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SOUTH TEXAS COLLEGE

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# Introductory Section

SOUTH TEXAS COLLEGE

# South Texas College District

3201 West Pecan Blvd.
P.O. Box 9701
McAllen, Texas 78502
(956) 872-4646

December 13, 2022

Dr. Ricardo J. Solis, President
Members of the Board of Trustees and
Citizens of the South Texas College District

The Annual Comprehensive Financial Report (ACFR) of South Texas College District ("the District"), for the fiscal years ended August 31, 2022 and 2021, is hereby submitted. The purpose of this report is to provide detailed information about the financial condition and performance of the District. Based upon a comprehensive framework of internal controls, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District. The objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. The concept of reasonable assurance ensures that the costs of the controls do not exceed the benefits derived.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that impartially presents the financial position and results of operations of the District. All disclosures necessary to help the reader gain an understanding of the District's financial activities, in relation to its mission, have been included.

**Annual Comprehensive Financial Report**

The South Texas College District Annual Comprehensive Financial Report for the fiscal years ended August 31, 2022 and 2021, was prepared by the Business Office. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB), and comply with the Annual Financial Reporting Requirements for Texas Public Community Colleges as set forth by the Texas Higher Education Coordinating Board (THECB). This letter of transmittal complements and should be read in conjunction with Management's Discussion and Analysis which immediately follows the independent auditors' report and which provides a narrative introduction, overview, and analysis of the basic financial statements. The Notes to the Financial Statements, included in the financial section, are considered integral to the basic financial statements and should be read in conjunction with them.

State statute requires an annual audit by independent certified public accountants. The purpose of an independent audit is to provide reasonable assurance, based on an independent review and testing, that the basic financial statements and accompanying notes are fairly stated in all material respects.

The District's Board of Trustees selected the accounting firm of Carr, Riggs & Ingram, LLP. In addition to meeting the requirements set forth in State statutes, their audit also was designed to meet the requirements of the Federal Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, Uniform and Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards, and the State of Texas Single Audit Circular. The Independent Auditors Report includes an unmodified opinion on the District's financial statements for the years ended August 31, 2022 and 2021. The independent auditors' report is included in the financial section of this report on page 13.

The District is a special purpose government engaged solely in business type activity (BTA). Adhering to GASB Statements 34 and 35, this presentation of financial reporting combines all fund groups into a single column and resembles the format of corporate financial statements. It also serves to make the financial statements more comparable across organizations.

## Profile of the District

### *Organizational Structure and Service Area*

The District was created on September 1, 1993, by Texas Senate Bill 251 to serve the people of Hidalgo and Starr counties. A confirmation election, held on August 12, 1995, established a taxing district for the district. The District is governed by a seven-member Board of Trustees, who are elected locally to six-year staggered terms by Hidalgo and Starr County voters. The Board is responsible for policy making functions and delegates administrative responsibilities to the President, who serves as the Chief Executive Officer of the District.

The District is a political subdivision of the State of Texas located in Hidalgo and Starr Counties. It offers academic, general occupational, developmental, and continuing adult education programs through a network of locations in Hidalgo and Starr Counties. These locations include:

- Pecan Campus
- Technology Campus
- Dr. Ramiro R. Casso Nursing and Allied Health Campus
- Starr County Campus
- Mid-Valley Campus
- Regional Center for Public Safety Excellence

In addition, the District has an online virtual campus and Continuing Education Workforce Training Centers at the Pecan Plaza, Technology Campus, Mid-Valley Campus, and Starr County Campus as well as Higher Education Centers in La Joya and Pharr.

***Mission, Strategic Goals and Vision***

The mission of the District is to provide educational opportunities though excellence in teaching and learning, workforce development, cultural enrichment, community service, and regional and global collaborations. The District actualizes its mission following a systematic and collaborative process that establishes future direction through the development of its strategic goals:

- Lead Community Engagement
- Promote Academic Integrity and Excellence
- Create Educational Opportunities for Students
- Foster Student Success
- Cultivate Institutional Excellence

It is through the commitment to these strategic goals, that South Texas College District works to fulfill its vision of becoming a global model in educational innovation serving as a catalyst to drive regional prosperity, economic development, and the social mobility of those it serves.

***Programs and Major Initiatives***

The District is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award baccalaureate and associate degrees. It offers 127 degree and certificate options including Associate's degrees in various art, science, technology and allied health fields of study. Additionally, the South Texas College District is the only community college in the State of Texas to offer 5 baccalaureate degrees. These degrees are Bachelor of Applied Technology degrees in Technology Management, Computer and Information Technologies, and Medical and Health Services Management, a Bachelor of Applied Science in Organizational Leadership and a Bachelor of Science in Nursing. Currently 22 associate degrees, 10 certificates and four bachelor programs are available online, making it possible for students to earn their degrees without ever setting foot on campus. For students who wish to transfer and continue to pursue their educational goals, the District has 88 articulation agreements and partnerships with over 60 domestic and international institutions.

The District's Dual Credit Program is one of the largest in the State of Texas, is a national model of collaboration and is accredited by the National Alliance of Concurrent Enrollment Partnerships. The Dual Credit Programs offers 4 options, including dual credit course, career and technical education programs, designated high schools and academy programs. The Program currently collaborates with 21 school districts and 70 high school partners throughout Hidalgo and Starr counties; which allow eligible students to take college courses while attending high school. Approximately 11,242 students were enrolled in dual credit college-level courses during the 2022 spring semester.

The District's Continuing, Professional and Workforce Education (CPWE) program provides opportunities for lifelong learners to upgrade their skills, change careers, or seek personal enrichment through education on various topics. The District's Industry Training and Economic Development Program (ITED) is committed to fostering long-term sustained economic growth by serving the advanced manufacturing and related industries. Through the Institute for Advanced Manufacturing, ITED provides customized training to new and incumbent workers in these sectors which include suppliers to end producers and supporting services. The District is also approved for

veteran's educational training in Certificate and Associate of Applied Science degree programs by the Texas Education Agency.

The following tables illustrate the District's enrollment data over the last five fiscal years.

| Annual Enrollment – Academic and Vocational | | | | | |
|---|---|---|---|---|---|
| | **FY 2022** | **FY 2021** | **FY 2020** | **FY 2019** | **FY 2018** |
| Total credit hours | 552,755 | 543,493 | 651,153 | 617,703 | 641,823 |
| Total contact hours | 11,187,936 | 10,939,952 | 13,009,248 | 12,364,880 | 12,966,960 |
| Unduplicated full-time student equivalent | 18,425 | 18,116 | 21,705 | 20,590 | 21,394 |
| Unduplicated headcount | 39,325 | 38,161 | 43,524 | 42,590 | 43,251 |

| Annual Enrollment – Continuing Education | | | | | |
|---|---|---|---|---|---|
| | **FY 2022** | **FY 2021** | **FY 2020** | **FY 2019** | **FY 2018** |
| Total contact hours | 197,689 | 179,154 | 180,160 | 223,642 | 204,448 |
| Unduplicated full-time student equivalent | 1,647 | 1,493 | 1,501 | 1,864 | 1,704 |
| Unduplicated headcount | 3,884 | 3,526 | 3,715 | 4,388 | 3,681 |

**Economic Condition and Outlook**

Nestled in the Rio Grande Valley (RGV), near the Texas-Mexico border, the District serves Hidalgo and Starr Counties. Hidalgo County, of which McAllen is its largest city, was founded in 1852 and named for Don Miguel Hidalgo y Costilla. As of 2022, its population is 1,057,211. Starr County was founded in 1848 and named after James Harper Starr. It has a population of 73,255 as of 2022 and its largest city is Rio Grande City. The combined population is 1,130,466.

Unemployment rates and per capita income for Hidalgo and Starr Counties are as follows:

- The unemployment rate for Hidalgo County decreased from 8.90% in 2021 to 7.70% in 2022.
- The unemployment rate for Starr County decreased from 15.30% in 2021 to 13.00% in 2022.
- Per capita income in Hidalgo County increased from $27,415 in 2021 to $31,153 in 2022.
- Per capita income in Starr County increased from $27,713 in 2021 to $32,146 in 2022.

The McAllen-Edinburg-Mission Metropolitan Statistical Area (MSA), comprised of numerous connected cities (McAllen, Mission, Edinburg, Pharr, San Juan, Alamo, Weslaco, and Mercedes, among others) in Hidalgo County, is a key economic player in South Texas. Transportation, trade, manufacturing, health services and research, food and beverage production, and retail are among the area's top industries. Companies such as Panasonic, General Electric Aviation, Stanley Black and Decker, Frito-Lay, Inc., Texas Citrus Exchange and more operate in the area for its access to key markets, a solid multimodal transportation network and a talent pool that is continually deepened by area colleges and universities (source: Texas Economic Development Corporation).

The District plays a vital role in providing educational opportunities for its citizens and preparing a strong workforce in the region. Enthusiastic support of the area's private, business, corporate, and

industrial communities has earned the District a popular reputation. Due to the rapid expansion of its technical/vocational and academic programs, and its strong commitment to meeting the need for a trained and skilled workforce, the District's students are graduating in record numbers, transferring to four-year colleges and universities, or finding employment.

The District's financial outlook for the future continues to be positive. In 29 years, South Texas College District has grown from a student headcount of over 1,000 in Fall 1993 to over 29,774 in Spring 2022. The District's unrestricted fund budget increased from $2,325,212 in 1993 to $194,234,348 in 2022.

**Long-Term Financial Planning**

The District has a five-year Comprehensive Plan which identifies major initiatives to be undertaken. The objectives and initiatives identified in the Comprehensive Plan form the basis for budget allocations.

Other than federal grants used for scholarships, the District's three main sources of revenue are:

- Net Tuition and Fees – decreased by $4,147,475 due to an increase in scholarship allowance and discounts.
- State Appropriations – decreased by $9,371,866 due to a one-time supplemental appropriation received in fiscal year 2021, reduction in non-employer contribution related to pension activity allocated by TRS, and decreased student success points and contact hours.
- Ad Valorem Taxes – the Taxable Assessed Value increased by $3,098,487,163, or 7.36% from $42,115,920,553 for Levy 2021 to $45,214,407,716 for Levy 2022 due to an increase in property value assessments.

The District has levied taxes since fiscal year 1997. The following table illustrates the District's property tax levy rates and tax collections over the last ten years.

| **Tax Levy Rates (Per $100 of assessed valuation)** | | | | |
|---|---|---|---|---|
| Fiscal Year | Current Operations | Debt Service | Taxable Assessed Value (TAV) | Total Tax Collections |
| 2013 | $0.11000 | $0.04070 | $29,645,534,071 | $44,193,705 |
| 2014 | 0.11000 | 0.04000 | 30,246,199,691 | 45,108,905 |
| 2015 | 0.14000 | 0.04500 | 30,965,159,425 | 56,344,301 |
| 2016 | 0.14000 | 0.04500 | 33,304,492,691 | 59,726,169 |
| 2017 | 0.14000 | 0.04500 | 34,902,217,340 | 62,418,265 |
| 2018 | 0.14000 | 0.04500 | 36,596,147,819 | 66,710,260 |
| 2019 | 0.14000 | 0.03800 | 38,381,832,847 | 66,934,297 |
| 2020 | 0.14000 | 0.03330 | 40,256,755,406 | 67,929,064 |
| 2021 | 0.14000 | 0.03180 | 42,115,920,553 | 71,952,164 |
| 2022 | 0.14000 | 0.03150 | 45,214,407,716 | 77,314,037 |

Each community/junior college in Texas must file a copy of an annual operating budget which includes departmental operating budgets by function, and subsequent amendments thereto, approved by the community/junior college governing board. It must be filed by December 1 of each fiscal year directly with the Governor, Legislative Budget Board, the Legislative Reference Library, and the THECB.

The budget is developed in collaboration with personnel from all divisions of the District. Available resources are allocated based on division's requirements and as approved by the Board of Trustees. The budget process ensures that demands are integrated with the District's mission statement. Monthly budget reports reflecting budgeted and actual revenue and expenses are prepared and provided to management and the Board of Trustees to assist in decision-making and to monitor compliance and performance.

The District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District's Board of Trustees.

**Relevant Financial Policies**

Board Policy 5350, Unrestricted Fund Balance, requires the District to maintain an unrestricted fund balance sufficient to cover no less than four months of budgeted expenditures, unless the Board of Trustees approves the use, transfer, or designation of fund balance, and a plan to restore the fund balance to the minimum amount.

The District has complied with Board Policy 5350 as follows:

| Unrestricted Fund Balance Reserve | | | |
|---|---|---|---|
| | **August 31, 2022*** | **August 31, 2021** | **August 31, 2020** |
| Unrestricted Fund Balance Reserve | $122,750,195 | $66,932,951 | $58,763,688 |
| Next Fiscal Year Budgeted Unrestricted Fund Expenses (including transfers and contingencies) | 186,693,736 | 182,717,923 | 168,394,087 |
| Fund Balance as a % of Total Expenses | 65.7% | 37.0% | 34.9% |
| Number of Months Expenses in Reserve | 7.9 months | 4.4 months | 4.2 months |

*Per the May 26, 2022 Board meeting, the metric used to determine the minimum Unrestricted Fund Balance changed to reflect the Total Unrestricted Fund Balance, which includes the Unrestricted Undesignated Fund Balance and the Unrestricted Fund Balance Designations.

During the fiscal year, the District may designate a portion of the unrestricted fund balance. The unrestricted fund balance designation represents the District's intended use of available resources for specific initiatives.

As of August 31, 2022, the District's Board of Trustees has designated a total of $37,399,942 of the unrestricted net position for the purpose of:

- Future employee health insurance costs - $7,500,000
- Infrastructure maintenance and renewal of the District's Enterprise Resource Planning system - $20,000,000
- Deferred maintenance of facilities - $3,899,942
- Reserve for the District's business continuity and disaster plan - $6,000,000

**Achievements and Awards**

The District's innovative endeavors and dedication to excellence have paved the way to praise and acclaim. The District has received numerous awards from national, state, and local bodies that recognize its leadership among the community colleges in the state of Texas and the nation. Some of the accomplishments and achievements include:

- The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report for the fiscal year ended August 31, 2021. This is the nineteenth consecutive year that the District has achieved this prestigious award. To be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of only one year. The District's current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for another certificate.

- The Government Treasurers' Organization of Texas presented the Certificate of Distinction to the District for its Investment Policy for the seventh straight time. The certificate was issued for the District's success in developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing established by the Government Treasurers' Organization of Texas. The Certificate of Distinction is effective for a two-year period ending August 31, 2024.

- The District has earned the three Texas Comptroller of Public Accounts' Transparency Stars Program Awards. These awards recognize local governments that have achieved excellence in transparency for different areas including:

    - Traditional Finance Transparency Star
    - Economic Development Transparency Star
    - Debt Obligation Transparency Star

- South Texas College District was awarded the Certificate for Outstanding Achievement in Popular Annual Financial Reporting by the Government Finance Officers Association, for fiscal year end 2020.

- The District was ranked number 1 in Texas as the 2021 Best Online Community College by Premium Schools.

- South Texas College District was ranked 1st in the nation as the most affordable Associate Degree in Nursing program for 2021 by NursingSchoolHub.

- In 2022, the District was the recipient of a Military Friendly School Gold Award by VIQTORY for its sixth consecutive year and was awarded a Military Friendly Spouse School recognition for the first time.

- In 2021, Hispanic Outlook's Top 100 list ranked the South Texas College District:

- 4th in nation for enrolling the most Hispanics among the nation's 4-year institutions
- 2nd in nation for awarding Associate Degrees to Hispanics
- 4th in nation for awarding Law Enforcement Degrees to Hispanics

- The District was ranked 5th for Safest College Campus in Texas and 16th for Best Value Colleges in Texas by NICHE in 2022.

**Acknowledgments**

The dedication of the District's Business Office staff is what made the timely preparation of the Annual Comprehensive Financial Report possible. Each member is invaluable and wholly appreciated for their contributions to this report. Gratitude is unequivocally given to the District's Board of Trustees and President for their continued support to maintaining ethical and professional standards of professionalism in the management of the District's finances and operations.

Respectfully submitted,

*Mary G. Elizondo*

Maria G. Elizondo, MBA, CFE, CGMA, CPA
Vice President for Finance and Administrative Services

*Myriam Lopez*

Myriam Lopez, MBA
Comptroller

**South Texas College**
**Board of Trustees and President**
**For the Fiscal Year Ending August 31, 2022**

## Chair

**Rose Benavidez**
*President of Starr County Industrial Foundation*

**District 1**
Term Expires: May 2024

## Vice Chair

**Dr. Alejo Salinas, Jr.**
*Retired Superintendent, Superintendent Emeritus, Hidalgo ISD*

**District 5**
Term Expires: May 2026

## Secretary

**Victoria Cantú**
*CEO, Children's Education Station, LLC*

**District 2**
Term Expires: May 2024

## Member

**Paul R. Rodriguez**
*CEO, Valley Land Title Co.*

**District 3**
Term Expires: May 2028

## Member

**Dalinda Gonzalez-Alcantar**
*CEO, Boys & Girls Club of McAllen*

**District 4**
Term Expires: May 2028

## Member

**Rene Guajardo**
*Education Consultant*

**District 6**
Term Expires: May 2024

## Member

**Danny Guzman**
*Right-of-Way Agent, Hidalgo County Precinct #1*

**District 7**
Term Expires: May 2026

## College President

**Dr. Ricardo J. Solis**
*July 2021 - Present*

**South Texas College**
**Administrative Officials**
**For the Fiscal Year Ending August 31, 2022**

| Name | Position |
|---|---|
| Dr. Ricardo J. Solis | President |
| Maria G. Elizondo, MBA, CFE, CGMA, CPA | Vice President for Finance and Administrative Services |
| Myriam Lopez, MBA | Comptroller |

# South Texas College
## 2021 - 2022
## Administrative - Executive Organization Chart

**Board of Trustees**

**Internal Auditor**
*Khalil Abdullah*

**College President**
*Dr. Ricardo J. Solis*

**Board Liaison**
*Andrew Fish*

**Chief Assistant to the President**
*Gardenia Perez*

**Executive Director of Public Relations and Marketing**
*Lynda Lopez*

**Director of Creative Art**
*Adam McGrath*

**Executive Vice President for Educational Programming and Student Achievement**
*Dr. David Plummer, Interim*

**Vice President for Academic Affairs**
*Dr. Anahid Petrosian, Interim*

- **Dean for Business, Public Safety, and Technology** — *Sara M. Lozano*
- **Dean for Liberal Arts** — *Dr. Christopher Nelson*
- **Dean for Math, Science, Information Technology and Bachelor Programs** — *Dr. Ali Esmaeili*
  - **Director of University Relations, Transfer and Articulation Center** — *Dr. Kelli Anne Davis*
- **Dean for Nursing and Allied Health** — *Dr. Jayson Valerio*
- **Dean for Social and Behavioral Sciences** — *Dr. Eric Reittinger*
- **Dean of Continuing Education, Workforce Training, and Economic Development** — *712590 Vacant*
  - **Director of Professional and Workforce Education** — *Olivia De La Rosa*
  - **Special Assistant to the President for Continuing Education** — *Juancarlos Aguirre*

**Campus Administrators**
**Mid Valley:** Daniel Montez
**Technology:** Sara Lozano
**Starr County:** Dr. Arturo Montiel
**Dr. Ramiro R. Casso Nursing & Allied Health:** Dr. Jayson Valerio

- **Assistant Vice President for Academic Advancement** — *Dr. Anahid Petrosian*
  - **Dean of Distance Learning** — *Dr. Rachel Sale*
    - **Director of Distance Learning** — *Ana Pena*
  - **Dean for Dual Credit Programs and School District Partnerships** — *Dr. Rebecca De Leon*
    - **Director of Dual Credit Pathways** — *Antonio De La Cruz III*
    - **Director of Academies and High School Projects** — *Leonardo Castaneda*
  - **Associate Dean of Professional and Organizational Development** — *Jessica Galloso*
  - **Director of Curriculum** — *Christina Y. Cavazos*
  - **Director of Learning Outcomes** — *Yolonda Jaramillo*
  - **Academic Excellence Programs**
  - **Starfish Administrator** — *Shannon M. Perales*

**Vice President for Student Affairs and Enrollment Management**
*Matthew Hebbard*

- **Dean of Enrollment Services** — *704612 Vacant*
  - **Director of Student Records and Registrar** — *Cynthia A Blanco*
  - **Director of College Connections and Admissions for Traditional Students** — *Dr. Larry Barroso*
  - **Director of Enrollment Services for Dual Credit** — *Tony Matamoros*
  - **Associate Dean of Student Financial Services, Testing and Veteran Affairs** — *700146 Vacant*
    - **Director of Testing Services** — *Adrian Lozano*
    - **Director of Student Financial Services** — *Juan Miguel Galvan*
- **Dean for Student Affairs** — *Paul Hernandez*
  - **Director of Comprehensive Advisement and Mentoring Services** — *Dr. Nancy Garcia*
  - **Director of Counseling and Student Accessibility Services** — *Santa Elisa Pena*
  - **Director of Career and Employer Services** — *Celinda E. Salinas*
  - **Director of Student Activities and Wellness** — *Eli Nguma*
  - **Director of Student Rights and Responsibilities** — *Karey Barnes*

**Vice President for Finance and Administrative Services**
*Mary Elizondo*

- **Director of Facilities Planning and Construction** — *Ricardo De La Garza*
  - **Assistant Director of Facilities Planning and Construction** — *Robert Cuellar*
- **Director of Facilities Operations and Maintenance** — *George McCaleb*
  - **Assistant Director of Facilities Maintenance Services** — *Luis De La Garza*
  - **Assistant Director of Custodial Support Services** — *Luis Alonzo Silva*
- **Director of Purchasing** — *Rebecca Cavazos*
  - **Associate Director of Purchasing** — *704580 Vacant*
- **Director of Accountability, Risk, and Compliance** — *Frank Jason Gutierrez*
- **Director of Institutional Equity/Title IX and 504 Coordinator** — *Lauren Starnes, Interim*
- **Comptroller** — *Myriam Lopez*
  - **Associate Comptroller** — *Katarina Bugariu*
  - **Director of Student Accounts and Bursar** — *Norma Jimenez*
- **Chief of Police** — *Ruben Suarez*
- **Director of Human Resources** — *Laura Requena*
  - **Assistant Director of Human Resources** — *Alicia Correa*
  - **Employee Relations Officer** — *703240 Vacant*
  - **Employee Relations Officer** — *Jaime Navarro*
- **Director of Food Services** — *622515 Vacant*
- **FAS Administrative Officer** — *Artemio Romero Jr E.*

**Vice President for Information Services, Planning, Performance and Strategic Initiatives**
*Dr. David Plummer*

- **Dean of Library and Learning Support Services** — *Dr. Jesús H. Campos*
  - **Associate Dean of Library Services** — *Lisa Bea Walters*
  - **Director of Educational Technologies** — *Dr. Maria L. Evans*
    - **Assistant Director of Education Technology** — *Yolanda Martinez T.*
  - **Director of Learning Commons and Open Labs** — *Arturo Solano*
  - **Director of Centers for Learning Excellence** — *Lynell Williams*
- **Dean of Institutional Research, Effectiveness and Strategic Planning** — *Dr. Fernando Chapa*
  - **Director of Research and Analytical Services** — *Serkan Celtek*
  - **Director of Institutional Effectiveness, Assessment and Accreditation** — *Dr. Bradley Warren Davis*
- **Chief Information Officer** — *Alicia Gomez*
  - **Asst CIO for Information Technology Services** — *700396 Vacant*
  - **Asst CIO for Infrastructure and Software Development** — *Lucio Gonzalez*
  - **Chief Information Security Officer** — *Jose Luis Gonzalez*

**Vice President for Institutional Advancement and Economic Development,**
*Dr. Rodney H. Rodriguez*

- **Director of Regional Center for Public Safety Excellence** — *Jose Moroles*
- **Dean of Industry Training and Economic Development** — *Dr. Carlos Margo*
- **Executive Director for Resource Development, Management, and Compliance** — *Dr. Virginia Champion*
  - **Associate Director of Grant Management and Compliance** — *Samantha Uriegas*
- **Foundation**

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## South Texas College

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2021

Christopher P. Morrill

Executive Director/CEO

# Financial Section

CRI CARR RIGGS & INGRAM
CPAs and Advisors

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**INDEPENDENT AUDITORS' REPORT**

To the President and Board of Trustees
South Texas College
McAllen, Texas

**Report on the Audits of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of South Texas College (the College) as of and for the years ended August 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Texas College as of August 31, 2022 and 2021, and the respective changes in financial position, and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***

*Change in Accounting Principle*

As described in Note 2 to the financial statements, in 2022 the College adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of District's Proportionate Share of Net Pension Liability, Schedule of District's Proportionate Share of Net OPEB Liability, Schedule of District's Contributions for Pensions, and Schedule of District's Contributions for OPEB as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited

procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise South Texas College's basic financial statements. The accompanying supplementary schedules (schedules A-D, as listed in the table of contents), schedule of expenditures of federal awards (schedule E) as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and schedule of expenditures of state awards (schedule F), as required by the Texas Comptroller of Public Accounts, *State of Texas Single Audit*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary schedules (schedules A-D), the schedule of expenditures of federal awards (schedule E), and the schedule of expenditures of state awards (schedule F) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, 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 solely 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 the effectiveness of the College's 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.

Carr, Riggs & Ingram, L.L.C.

McAllen, Texas
December 13, 2022

## Introduction

Management's discussion and analysis (MD&A) of the District's financial statements is designed to help readers understand the conditions and events impacting the financial statements, furthermore pointing out trends and changes affecting our operations for the fiscal years ending August 31, 2022 and 2021. This discussion is prepared by management and should be read in conjunction with the transmittal letter, the District's basic financial statements, and notes to the financial statements. Responsibility for the completeness and fairness of this information in this section rests with the District's management.

The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with the reporting requirements as set by the Texas Higher Education Coordinating Board (THECB).

The financial statements of this annual report consist of three parts: The Statements of Net Position provide a summary of assets, liabilities, and net position; the Statements of Revenues, Expenses, and Changes in Net Position provide a summary of operations; and the Statements of Cash Flows provide categorized information about cash inflows and outflows for the last two fiscal years.

These statements are prepared in accordance with the Governmental Accounting Standards Board Statements No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments;* and Statement No. 35 (GASB 35), *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.*

These three statements will assist the reader in determining whether the District, as a whole, is performing financially better this year as compared to last year. The financial statements are presented using the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

This discussion and analysis of the District's financial statements provides an overview of its financial activities for the fiscal year. The financial focal points of fiscal year 2022 are as follows:

- Total assets increased $31.0 million and total liabilities decreased $37.3 million.
- The net position increased by $24.3 million to $415.9 million.
- Cash and cash equivalents decreased by $6.5 million, and investments increased by $43.7 million.
- Capital assets, net of accumulated depreciation, decreased by $6.8 million to $322.8 million.
- The bond rating for the District's general obligation bonds is AA by Standards & Poor's and Aa2 by Moody's Investors Service.

- Tuition and fees were discounted by $80.9 million, which consisted of federal, state, local and private grants that were provided as financial aid to students and other remissions and exemptions.

- Scholarships and fellowships in operating expenses increased by $37.9 million to $75.7 million, and federal revenue, non-operating increased from $78.4 million to $138.4 million.

## Analysis of Overall Financial Position and Results of Operations and Condensed Financial Information

### *The Statements of Net Position*

The Statements of Net Position is a 'point in time' financial statement and provides the reader with a snapshot of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources at the end of the fiscal year. Net position is the difference between (a) assets and deferred outflows and (b) liabilities and deferred inflows, and is divided into three major categories. Net investment in capital assets provides the District's equity in property, plant and equipment. Restricted net position are assets, which have external limitations in the way they may be used, and are not accessible for general use. Assets categorized as unrestricted net positions are available to be used for any lawful purpose of the District at the direction of the District's management.

Changes in net position that occur over time can indicate the improvement or weakening of the District's financial condition when considered with non-financial facts, such as enrollment levels and the condition of the facilities. From the data presented, readers of the financial statements are able to determine the assets available to continue operations of the District, and the amount the District owes vendors, investors, and lending institutions. Current liabilities are generally liabilities, due within one year, and current assets are those assets available in the short term, which is considered one year or less. Deferred inflows and outflows are transactions occurring in the current or prior periods although they are related to future periods and are not assets or liabilities. The District's deferred outflows of resources include deferred charges on debt refunding and deferred outflows related to pensions and other post-employment benefits (OPEB). The District's deferred inflows of resources are related to pensions, OPEB and leases. The focus is to report the total net resources available to finance future services. Assets and liabilities are presented in the order of liquidity.

The following is prepared from the District's Statements of Net Position and provides a summary of its assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the change in net position for the years ended August 31:

## Condensed Statements of Net Position

(in millions)

| | 2022 | Restated 2021 | 2020 | 2021-2022 Change | Restated 2020-2021 Change |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets | $ 105.8 | $ 126.7 | $ 163.9 | $ (20.9) | $ (37.2) |
| Capital assets, net | 322.8 | 329.6 | 337.3 | (6.8) | (7.7) |
| Noncurrent assets | 270.5 | 211.8 | 137.4 | 58.7 | 74.4 |
| **Total Assets** | **699.1** | **668.1** | **638.6** | **31.0** | **29.5** |
| **Deferred Outflows of Resources** | | | | | |
| Deferred outflows of resources | 80.2 | 110.9 | 112.7 | (30.7) | (1.8) |
| **Total Deferred Outflows of Resources** | **80.2** | **110.9** | **112.7** | **(30.7)** | **(1.8)** |
| **Liabilities** | | | | | |
| Current liabilities | 33.6 | 38.1 | 40.9 | (4.5) | (2.8) |
| Noncurrent liabilities | 271.2 | 304.0 | 296.0 | (32.8) | 8.0 |
| **Total Liabilities** | **304.8** | **342.1** | **336.9** | **(37.3)** | **5.2** |
| **Deferred Inflows of Resources** | | | | | |
| Deferred inflows of resources | 58.6 | 45.3 | 37.1 | 13.3 | 8.2 |
| **Total Deferred Inflows of Resources** | **58.6** | **45.3** | **37.1** | **13.3** | **8.2** |
| Net investment in capital assets | 206.6 | 205.2 | 205.2 | 1.4 | - |
| Restricted expendable | 22.5 | 21.8 | 20.9 | 0.7 | 0.9 |
| Restricted non-expendable | 0.3 | 0.3 | 0.3 | - | - |
| Unrestricted | 186.5 | 164.3 | 150.9 | 22 | 13.4 |
| **Total Net Position** | **$ 415.9** | **$ 391.6** | **$ 377.3** | **$ 24.3** | **$ 14.3** |

## Condensed Statement of Net Position Comparison - August 31, 2022, 2021, and 2020

(in millions)

In fiscal year 2022, total assets increased by $31.0 million or 4.6% from $668.1 million at August 31, 2021 to $699.1 million at August 31, 2022. The primary source of the increase was an increase of $37.2 million in net cash, cash equivalents and investments, due to the District receiving reimbursement from the Higher Education Emergency Relief Fund (HEERF), an increase in property tax revenue and a reduction in unrestricted expenditures compared to fiscal year 2021, attributed to supply chain issues. Investments increased by $43.7 million which was offset by a decrease in cash and cash equivalents of $6.5 million. In addition, the increase in investments was offset by a decrease in capital assets, net of accumulated depreciation at August 31, 2021, of $6.8 million. The increase in long-term investments is directly related to the District's strategic decision to place funds in long-term investments and securities instead of cash and short-term investment, in order to maximize the return on investment.

In fiscal year 2021, total assets increased by $29.5 million or 4.6% from $638.6 million at August 31, 2020 to $668.1 million at August 31, 2021. The primary source of the increase was an increase of $37.5 million in net cash, cash equivalents and investments, due to the District receiving additional Higher Education Emergency Relief Fund (HEERF) funding, state appropriation, property tax revenue and a reduction in unrestricted expenditures compared to fiscal year 2020. Investments increased by $76.5 million which was offset by a decrease in cash and cash equivalents of $39.1 million. In addition, the increase in investments was offset by a decrease in capital assets, net of accumulated depreciation at August 31, 2021 of $7.7 million. The increase in investments is directly related the District's strategic decision to place funds in short-term and long-term investments instead of cash, due to the low interest rates caused by the COVID-19 pandemic. In fiscal year 2021 the District was no longer required to maintain $20 million in a non-interest-bearing account with the Depository bank and, as a result invested the money in certificate of deposits.

In fiscal year 2022, deferred outflows of resources decreased by $30.7 million mainly due to a decrease of deferred outflows related to OPEB of $25.1million and pension of $6.1 million. The decrease in OPEB is primarily due to the decrease in the proportionate share in fiscal year 2022 compared to 2021, which created a deferred inflow instead of deferred outflow for fiscal year 2022. In addition, the District amortized prior year deferred outflow for the net effect of change in proportion and contribution of $26.7 million. The decrease in deferred outflow related to pension is due to the decrease in the TRS deferred outflows (predominantly the changes in assumption and the difference between the projected and actual investment earnings), and the decrease in the District's proportionate share, resulting in less deferred outflows allocated to the District.

Deferred inflows of resources increased by $13.3 million in fiscal year 2022, due to an increase in deferred inflows related to pension of $18.4 million since the TRS deferred outflows increased (predominantly the difference between the projected and actual investment earnings). These increases were offset by a decrease in OPEB activities of $5.2 million primarily due to a decrease in the effect of changes in assumptions and differences between expected and actual economic experiences of $15.7 million. These decreases were offset by the decrease in proportionate share in the effect of change in proportion and contribution differences which generated a $10.6 million deferred inflow for the District.

In fiscal year 2021, deferred outflows of resources decreased by $1.8 million due to a decrease of deferred outflows related to pension of $6.2 million, primarily due to changes in assumptions and changes in proportion and differences between the employer's contributions and proportionate share of contributions, and a decrease of deferred charges on debt refunding of $0.6 million.

These decreases were offset by an increase in deferred outflows related to OPEB activity by $5.0 million, due to changes in proportion and difference between the employer's contributions and the proportionate share of contributions. Deferred inflows of resources increased by $8.2 million primarily due to an increase in deferred inflows related to OPEB activity of $6.5 million attributed to changes in actuarial assumptions and differences between expected and actual economic experience, and an increase of $1.1 million related to pension activity.

During fiscal year 2022, current liabilities decreased $4.5 million or 11.8%. The primary reason for the decrease is due to a decline in unearned revenue of $4.4 million caused by the decrease in enrollment in Fall 2022 compared to Fall 2021 since the District offered less HEERF financial aid assistance funds to students. During the Fall 2022 semester, $800 was offered in assistance to students, compared to $1,700 during the Fall 2021 semester. The OPEB liability decreased by $1.7 million, as a result of the decrease in proportionate share of 0.026% compared to fiscal year 2021. These decreases were offset by an increase in bonds payable of $1.1 million due to scheduled debt payments, and accounts payable of $0.7 million due to additional $0.5 million in vendor payable.

Noncurrent liabilities decreased by $32.8 million or 10.8% during fiscal year 2022, primarily due to a decrease in the net pension liability of $27.8 million since the District's proportionate share decreased by 0.010%, and a decrease of $9.0 million in bonds payable attributed the debt service payments. These decreases were offset by an increase in net OPEB liability of $4.0 million primarily due to an increase in deferred outflow related to changes of assumption allocated by ERS.

During fiscal year 2021, current liabilities decreased $2.8 million or 7.1%. The primary reason for the decrease is due to a decrease in accounts payable by $7.0 million as a result of a payable of $6.8 million at the end of the fiscal year. The District had obtained approval to use the funds from the CARES Act grant to transition from face-to-face instruction to online instruction for the last part of the spring semester due to the COVID-19 pandemic, and drew down funds from the Department of Education. However, due to the change of guidance from the Department of Education, some expenses were no longer allowed to be reimbursed by the grant, and the District reversed the revenue and recorded a payable to the Department of Education. This decrease was offset by an increase in unearned revenue of $3.1 million attributed to an increase in fall 2021 enrollment. The increase in enrollment is primarily due to the District offering students HEERF financial aid assistance. The District's OPEB liability increased by $1.0 million due to the District's proportionate share related to the ERS OPEB liability increased 0.085% compared to fiscal year 2020.

Noncurrent liabilities increased by $8.0 million or 2.7%, primarily due to an increase in the net OPEB liability of $22.2 million since the District's proportionate share increased by 0.085%. The increase was offset by a $9.5 million decrease in bonds payable attributed the debt service payments, and a $4.0 million decrease in net pension liability mostly due to the District's contributions and changes in proportion and differences between employer's contributions and the proportionate share.

The District's net position at August 31, 2022 was $415.9 million compared to $391.6 million at August 31, 2021. The increase of $24.3 million is primarily due to reimbursements from HEERF funding from the Department of Education for lost revenue and student debt discharge, a reduction in unrestricted expenses impacted by the supply chain delays, and an increase in property tax revenue.

The District's net position at August 31, 2021 was $391.6 million compared to $377.3 million at August 31, 2020. The increase of $14.3 million is primarily due to HEERF funding from the Department of Education for lost revenue and student debt discharge, additional Higher Education Employee Group Insurance appropriation (HEGI) from the state, and additional property tax revenue.

Almost half of the net position, $206.6 million in fiscal year 2022 and $205.2 million in fiscal year 2021, reflects the District's substantial net investment in capital assets, net of outstanding debt obligations and accumulated depreciation related to those capital assets. Restricted net position such as endowment gifts with specific restrictions, grants from third-party agencies with expenditure restrictions, student loan funds, and assets designated for debt service represent an additional 5.4% of the net position in fiscal year 2022 and 5.6% of the net position in fiscal year 2021. The remaining unrestricted net position may be used for educational or general operations of the District, which were $186.5 million and $164.3 million as of August 31, 2022 and 2021.

**Net Position**
**Comparison - August 31, 2022, 2021, and 2020**
(in millions)

**Statements of Revenues, Expenses, and Changes in Net Position**

The Statements of Revenues, Expenses, and Changes in Net Position present the District's results of operations for the fiscal year. Activities are reported as either operating or non-operating. Operating revenues are received for providing goods and services to the various customers and constituencies of the District. Operating revenues are primarily those that result from instruction, the operation of the District's auxiliary services, and federal and state grants. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the District. Depreciation on capital assets is included in operating expenses. Non-operating revenues are revenues received for which goods and services are not provided. State appropriations and ad valorem taxes are considered to be non-operating revenue. Since state appropriations and ad valorem taxes are a significant portion of general operations and maintenance funding, classification of these revenues as non-operating will usually result in an operating deficit, as it does for fiscal years 2022 and 2021.

Changes in total net position as presented on the Statements in Net Position are based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present revenues earned by the District, both operating and non-operating, expenses incurred by the District, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the District during the year.

The following summary is prepared from the District's Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended August 31:

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**
(in millions)

| | 2022 | Restated 2021 | 2020 | 2021-2022 Change | Restated 2020-2021 Change |
|---|---|---|---|---|---|
| Operating revenues | $ 37.3 | $ 41.6 | $ 44.6 | $ (4.3) | $ (3.0) |
| Operating expenses | 269.4 | 230.7 | 231.2 | 38.7 | (0.5) |
| **Operating loss** | **(232.1)** | **(189.1)** | **(186.6)** | **(43.0)** | **(2.5)** |
| Non-operating revenues and expenses | 256.4 | 203.3 | 185.9 | 53.1 | 17.4 |
| **Income before contributions** | **24.3** | **14.2** | **(0.7)** | **10.1** | **14.9** |
| Capital contributions | - | 0.1 | - | (0.1) | 0.1 |
| **Increase in net position** | **24.3** | **14.3** | **(0.7)** | **10.0** | **15.0** |
| **Net position - beginning of year** | **391.6** | **377.3** | **378.0** | **14.3** | **(0.7)** |
| **Net position - end of year** | **$ 415.9** | **$ 391.6** | **$ 377.3** | **$ 24.3** | **$ 14.3** |

The District's operating revenue decreased $4.3 million during fiscal year 2022 from $41.6 million at August 31, 2021 to $37.3 million at August 31, 2022. Net tuition and fees decreased by $4.1 million, attributable to an increase in scholarship allowance and discounts of $9.5 million, mainly in federal grants to students due to the HEERF financial aid assistance, which was attributed to the enrollment increase. These allowances and discounts were offset by an increase of $1.3 million in gross tuition of in-district and non-resident tuition, and an increase of $4.1 million in gross fees primarily in student registration fees and incidental fees due to an increase in enrollment.

The District's operating revenue decreased $3.0 million during fiscal year 2021 from $44.6 million at August 31, 2020 to $41.6 million at August 31, 2021. Net tuition and fees decreased by $2.6 million, attributable to a decrease of $9.1 million in gross tuition of in-district and non-resident tuition, and a decrease of $5.7 million in gross fees primarily in student registration fees and incidental fees due to a decrease in enrollment. These decreases in revenue were offset by a decrease in scholarship allowance and discounts of $12.3 million, mainly in dual credit exemptions and federal grants to students, directly related to the decrease in enrollment. Due to the COVID-19 pandemic, the cafeteria operations ceased which caused a $0.5 million decrease in auxiliary enterprises.

Grants and contracts include restricted revenues made available by government agencies as well as private agencies. Grant funding is recognized as revenue at the point when all eligibility

requirements imposed by the provider have been met. This source of revenue was 51.5% of operating revenues in fiscal year 2022 and 46.4% of operating revenues in fiscal year 2021. Operating expenses increased by $38.8 million or 16.8% during fiscal year 2022 to $269.4 million, and decreased $0.5 million during fiscal year 2021 to $230.7 million from $231.2 million at August 31, 2020. The primary reasons for the increase in operating expenses during fiscal year 2022 is an increase in scholarships and fellowships of $37.9 million, and institutional support of $11.1 million attributed to additional faculty and staff payments to ensure safety and retention during the great resignation, a pandemic-era labor trend which did have an impact on the District. This increase was offset by a decrease in instruction expenditures of $7.1 million, academic support of $1.8 million, and student services of $1.5 million due to a decrease in non-employer contribution expenses allocated from ERS and TRS, and a decrease in salaries and benefits, partly attributed to the great resignation trend.

The primary reasons for the decrease in operating expenses during fiscal year 2021 is an increase in scholarships and fellowships of $8.7 million. This increase was offset by a decrease in instruction expenditures of $7.1 million, primarily in salaries and benefits due to reduced enrollment in fiscal year 2021 as a result of the COVID-19 pandemic compared to fiscal year 2020, and a reduction in non-employer contribution expenses allocated from ERS and TRS. Part of the reduction in salaries and benefits expenditures in fiscal year 2021 is directly related to the District's decision to continue to limit hiring and position freezes.

Operating revenues, used to fund operating expenses, consisted of the following percentages of the total for the fiscal years ended August 31:

**Condensed Operating Revenues**
(in millions)

| | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| | Amount | Percentage of Total | Amount | Percentage of Total | Amount | Percentage of Total |
| Net tuition and fees | $ 17.0 | 45.6% | $ 21.1 | 50.7% | $ 23.7 | 53.1% |
| Grants and contracts | 19.2 | 51.5% | 19.3 | 46.4% | 19.0 | 42.6% |
| Auxiliary enterprises | 0.8 | 2.1% | 0.7 | 1.7% | 1.3 | 2.9% |
| General operating revenues | 0.3 | 0.8% | 0.5 | 1.2% | 0.6 | 1.4% |
| **Total** | **$ 37.3** | **100.0%** | **$ 41.6** | **100.0%** | **$ 44.6** | **100.0%** |

**Condensed Operating Revenues**
**Comparison - August 31, 2022, 2021, and 2020**
(in millions)

Operating expenses, including depreciation, may be viewed by their function or by natural (object) classification as illustrated below. Operating expenses consisted of the following percentages of the total for the fiscal years ended August 31

**Operating Expenses by Function**
(in millions)

| | 2022 | | Restated 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| | Amount | Percentage of Total | Amount | Percentage of Total | Amount | Percentage of Total |
| Instruction | $ 80.5 | 29.9% | $ 87.6 | 38.0% | $ 94.8 | 41.1% |
| Research | - | - | - | - | - | - |
| Public service | 1.6 | 0.6% | 1.6 | 0.7% | 1.3 | 0.6% |
| Academic support | 20.6 | 7.6% | 22.4 | 9.7% | 21.5 | 9.3% |
| Student services | 12.2 | 4.5% | 13.7 | 5.9% | 14.4 | 6.2% |
| Institutional support | 44.1 | 16.4% | 33.1 | 14.3% | 35.0 | 15.1% |
| Operations and maintenance of plant | 20.5 | 7.6% | 20.8 | 9.0% | 20.4 | 8.8% |
| Scholarships and fellowships | 75.6 | 28.1% | 37.8 | 16.4% | 29.1 | 12.6% |
| Auxiliary enterprises | 2.2 | 0.8% | 1.7 | 0.7% | 2.6 | 1.1% |
| Depreciation | 12.1 | 4.5% | 12.0 | 5.2% | 12.1 | 5.2% |
| **Total** | **$ 269.4** | **100.0%** | **$ 230.7** | **100.0%** | **$ 231.2** | **100.0%** |

**Operating Expenses by Function**
**Comparison - August 31, 2022, 2021, and 2020**
(in millions)

**Operating Expenses by Classification**
(in millions)

| | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| | Amount | Percentage of Total | Amount | Percentage of Total | Amount | Percentage of Total |
| Salaries and wages | $ 101.3 | 37.6% | $ 94.9 | 41.1% | $ 101.8 | 44.0% |
| State benefits | 5.8 | 2.2% | 7.5 | 3.3% | 8.4 | 3.8% |
| Local benefits | 39.9 | 14.8% | 50.5 | 21.9% | 52.3 | 22.5% |
| Other (travel, operating and depreciation) | 46.7 | 17.3% | 40.0 | 17.3% | 39.6 | 17.1% |
| Scholarships and fellowships | 75.7 | 28.1% | 37.8 | 16.4% | 29.1 | 12.6% |
| **Total** | **$ 269.4** | **100.0%** | **$ 230.7** | **100.0%** | **$ 231.2** | **100.0%** |

Net non-operating revenues and expenses increased by $53.1 million or 26.2% to $256.4 million in fiscal year 2022 and $17.3 million or 9.3% to $203.3 million in fiscal year 2021. The primary reasons for the increase in fiscal year 2022 is an increase of $60.0 million increase in federal revenue, as a result of the HEERF funding received by the District to assist students with emergency aid and to help offset institutional costs related to the pandemic, and a $4.9 million increase in ad-valorem maintenance and operation tax revenue. The increases were offset by a decrease in state appropriations of $9.4 million primarily due to a supplemental appropriation received in fiscal year 2021 in the amount of $5.7 million as payment for funds that had not been adequately allocated to the District for fiscal years 2021 and 2020. In addition, the decrease was attributed to a reduction in non-employer contribution related to pension activities resulting from the decreased proportionate share allocated to the District. Additionally, state appropriation decreased by $2.1 million as a result of a decrease in student success points and contact hours, caused by the decreased enrollment due to the COVID-19 pandemic.

Net non-operating revenues and expenses increased by $17.3 million or 9.3% to $203.3 million in fiscal year 2021 and $10.2 million or 5.8% to $185.9 million in fiscal year 2020. The primary reason for the increase in fiscal year 2021 is due to a $10.5 million increase in federal revenue due to an increase of $22.8 million in HEERF funding received by the District to assist students with emergency aid and to help offset institutional costs incurred as a result of the pandemic. The increase in HEERF funding was offset by a decrease in Pell awards of $12.3 million due to a decrease in enrollment. In addition, there was a net increase in state appropriations of $4.4 million due to an increase in state group insurance resulting from additional funding from a supplemental appropriation for funds that had not been adequately allocated to the District for fiscal years 2021 and 2020. Net non-operating revenues increased by $3.5 million in ad valorem tax revenue resulting from an increase in property valuation in the District, and decreased $2.7 million in investment income due to a decline in return on investments as a result of the COVID-19 pandemic.

Non-operating revenues consisted of the following for the fiscal years ended August 31:

**Non-Operating Revenues**
(in millions)

| | 2022 | | Restated 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| | Amount | Percentage of Total | Amount | Percentage of Total | Amount | Percentage of Total |
| State allocations | $ 46.0 | 17.4% | $ 55.4 | 26.5% | $ 50.9 | 26.3% |
| Ad-valorem taxes - maintenance and operations | 64.3 | 24.3% | 59.4 | 28.3% | 56.1 | 29.0% |
| Ad-valorem taxes - debt service | 14.8 | 5.6% | 13.8 | 6.6% | 13.6 | 7.0% |
| Federal revenue, non-operating | 138.4 | 52.4% | 78.4 | 37.4% | 67.8 | 35.0% |
| Gifts | 0.2 | 0.1% | 0.2 | 0.1% | 0.3 | 0.2% |
| Investment income (net of investment expenses) | 0.3 | 0.1% | 2.1 | 1.0% | 4.9 | 2.5% |
| Other non-operating revenues | 0.2 | 0.1% | 0.3 | 0.1% | 0.1 | 0.0% |
| **Total** | **$ 264.2** | **100.0%** | **$ 209.6** | **100.0%** | **$ 193.7** | **100.0%** |

Non-operating expenses consisted of the following for the fiscal years ended August 31:

**Non-Operating Expenses**
(in millions)

| | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| | Amount | Percentage of Total | Amount | Percentage of Total | Amount | Percentage of Total |
| Interest on capital related debt | $ 3.6 | 46.1% | $ 4.6 | 73.0% | $ 5.8 | 74.4% |
| Loss on sale/disposal/return of capital assets | - | - | 0.2 | 3.2% | - | - |
| Non-capital construction costs | 2.3 | 29.5% | 0.7 | 11.1% | 1.2 | 15.4% |
| Bond costs amortization | 1.7 | 21.8% | 0.6 | 9.5% | 0.5 | 6.4% |
| Other non-operating expenses | 0.2 | 2.6% | 0.2 | 3.2% | 0.3 | 3.8% |
| **Total** | **$ 7.8** | **100.0%** | **$ 6.3** | **100.0%** | **$ 7.8** | **100.0%** |
| **Net non-operating revenues (expenses)** | **$ 256.4** | | **$ 203.3** | | **$ 185.9** | |

The financial statements included in this MD&A include the impact of GASB Statement 68 and GASB Statement 75, and even though they are required entries by GASB, the District does not deem that the results with these entries appropriately reflect the District's operations throughout the years. Excluding the impact of GASB Statement 68 and GASB Statement 75, the District had an increase in net position of $43.3 million during fiscal year 2022.

**Statements of Revenues, Expenses and Changes in Net Position**
**Excluding impact of GASB 68 (Pension) and GASB 75 (OPEB)**
(in millions)

| | 2022 | Restated 2021 | 2020 | 2021-2022 Change | Restated 2020-2021 Change |
|---|---|---|---|---|---|
| Operating revenues | $ 37.3 | $ 41.6 | $ 44.6 | $ (4.3) | $ (3.0) |
| Operating expenses | 253.4 | 201.3 | 201.8 | 52.1 | (0.5) |
| **Operating loss** | **(216.1)** | **(159.7)** | **(157.2)** | **(56.4)** | **(2.5)** |
| Non-operating revenues and expenses | 259.4 | 201.9 | 183.6 | 57.5 | 18.3 |
| **Income before contributions** | **43.3** | **42.2** | **26.4** | **1.1** | **15.8** |
| Capital contributions | - | 0.1 | - | (0.1) | 0.1 |
| **Increase in net position** | **43.3** | **42.3** | **26.4** | **1.0** | **15.9** |
| **Net position - beginning of year** | **509.8** | **467.5** | **441.1** | **42.3** | **26.4** |
| **Net position - end of year** | **$ 553.1** | **$ 509.8** | **$ 467.5** | **$ 43.3** | **$ 42.3** |

## Statements of Cash Flows

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

The following summary is prepared from the District's Statements of Cash Flows for the fiscal years ended August 31:

**Condensed Statement of Cash Flows**
(in millions)

| | 2022 | Restated 2021 | 2020 | 2021-2022 Change | Restated 2020-2021 Change |
|---|---|---|---|---|---|
| Cash provided (used) by: | | | | | |
| Operating activities | $ (183.9) | $ (137.8) | $ (145.4) | $ (46.1) | $ 7.6 |
| Non-capital financing activities | 225.6 | 176.9 | 176.1 | 48.7 | 0.8 |
| Capital and related financing activities | (4.1) | (3.8) | (3.9) | (0.3) | 0.1 |
| Investing activities | (44.1) | (74.4) | 13.3 | 30.3 | (87.7) |
| Net change in cash and cash equivalents | (6.5) | (39.1) | 40.1 | 32.6 | (79.2) |
| Cash and cash equivalents-Sept 1, | 99.3 | 138.4 | 98.3 | (39.1) | 40.1 |
| **Cash and cash equivalents-August 31,** | **$ 92.8** | **$ 99.3** | **$ 138.4** | **$ (6.5)** | **$ (39.1)** |

The Statements of Cash Flows indicate an overall decrease in cash and cash equivalents of $6.5 million at August 31, 2022 and a decrease of $39.1 million at August 31, 2021.

Net cash used for operating activities increased by $46.1 million or 33.5% during fiscal year 2022. The primary use of cash in operations was in payment of salaries and benefits, which increased by $10.0 million or 8.7% during fiscal year 2022 to $125.1 million, primarily due to an increase in salary and benefit expenses mostly comprised of special COVID-19 retention and incentive payments. Furthermore, payments for scholarships and fellowships increased by $23.6 million to $61.0 million related to the increase in student awards from HEERF funding. Receipts from students and other customers decreased by $12.2 million due to the HEERF financial aid assistance and student debt forgiveness.

Net cash used for operating activities decreased by $7.6 million or 5.2% during fiscal year 2021. The primary use of cash in operations was in payment of salaries and benefits, which decreased by $15.6 million or 11.9% during fiscal year 2021 to $115.1 million, primarily due to a decrease in salary and benefit expenses and an increase in state group insurance appropriation revenue that was initially not adequately allocated to the District in fiscal years 2021 and 2020. Furthermore, payments for scholarships and fellowships increased by $8.4 million to $37.4 million related to the increase student awards from HEERF funding, receipts from grants and contracts decreased by $10.2 million, and receipts from students and other customers increased by $10.8 million due to the HEERF financial aid assistance.

Net cash provided by non-capital financing activities increased by $48.6 million or 27.5% during fiscal year 2022 and $0.8 million or 0.5% during fiscal year 2021. Sources of cash from non-capital financing activities are primarily from non-operating federal revenue, state appropriations, and ad valorem taxes for maintenance and operation. The primary reasons for the increase in fiscal year 2022 is due to an increase in receipts from non-operating federal revenue due to the HEERF financial aid assistance of $46.1 million, and an increase in receipts from ad valorem taxes-maintenance and operation of $4.6 million attributed to an increase in property valuation in the District. These increases were offset by a decrease of receipt from state appropriations of $2.1 million due. In fiscal year 2021, the primary reason for the $0.8 million increase is due to an increase in receipts from ad valorem taxes-maintenance and operation of $4.0 million attributed to an increase in property valuation in the District. This increase was offset by a decrease in receipts from non-operating federal revenue due to a decrease in federal Pell awards resulting from a decrease in enrollment.

Net cash used for capital and related financing activities increased by $0.2 million or 6.5% during fiscal year 2022 and decreased by $0.1 million or 2.6% during fiscal year 2021. Capital and related financing activities include proceeds on the issuance of capital debt and ad valorem taxes for debt service and payment of capital debt, both principal and interest, as well as capital asset acquisitions. In fiscal year 2022, the purchase of capital assets including payments for construction costs increased by $1.0 million and payments on capital debt and leases-principal increased by $0.9 million, these increases were offset by a decrease in payments on capital debt and leases-interest and fees of $0.9 million and an increase in receipts from ad-valorem taxes-debt services of $0.9 million. In fiscal year 2021, the primary reason for the $0.1 million decrease is due to a decrease in purchases of capital assets including payments for construction costs due to the delay of construction projects as a direct result of the COVID-19 pandemic.

Net cash used for investing activities decreased by $30.3 million in fiscal year 2022, and increased by $87.7 million in fiscal year 2021. The reason for the increase in fiscal year 2022 is due to an increase of $10.8 in proceeds from sale and maturity of investments and a decrease of $20.2

million of purchases of investments. The reason for the large increase in fiscal year 2022 is due to an increase of purchase of investments of $85.0 million.

## Capital Assets and Long-Term Debt Administration

The District had $455.4 million in capital assets and $132.6 million in accumulated depreciation at August 31, 2022. A summary of net capital assets for fiscal years ended August 31 is presented below:

**Capital Assets**
**(Net of Depreciation)**
(in millions)

| | 2022 | Restated 2021 | 2020 | 2021-2022 Change | Restated 2020-2021 Change |
|---|---|---|---|---|---|
| Land | $ 32.5 | $ 32.5 | $ 32.5 | $ - | $ - |
| Construction in progress | 1.2 | 1.1 | 0.9 | 0.1 | 0.2 |
| Buildings | 247.3 | 251.0 | 255.6 | (3.7) | (4.6) |
| Land improvements | 25.2 | 27.2 | 28.5 | (2.0) | (1.3) |
| Library books | 2.0 | 1.9 | 1.9 | 0.1 | - |
| Furniture, machinery, vehicles, and other equipment | 14.4 | 15.7 | 17.9 | (1.3) | (2.2) |
| Leased assets | 0.2 | 0.2 | - | - | - |
| **Total** | **$ 322.8** | **$ 329.6** | **$ 337.3** | **$ (6.8)** | **$ (7.7)** |

Below is a graphic illustration of capital assets, net of depreciation for the fiscal years ended August 31.

**Capital Assets (Net of Depreciation)**
**Comparison - August 31, 2022, 2021, and 2020**
(in millions)

In fiscal year 2022, the decrease in net capital assets of $6.8 million was mainly due to a $10.4 million increase in accumulated depreciation, which was offset by a $3.2 million increase in buildings and other land improvements.

In fiscal year 2021, the decrease in net capital assets of $7.7 million was mainly due to a $9.5 million increase in accumulated depreciation, which was offset by a $1.9 million increase in buildings and other land improvements.

The bonds payable liability balances for the fiscal years ended August 31 are as follows:

**Outstanding Debt - Bonds**
(in millions)

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| South Texas College District Limited Tax Bond, Series 2014 | $ 2.8 | $ 5.4 | $ 7.9 |
| South Texas College District Limited Tax Bond, Series 2015 | 11.1 | 74.6 | 79.7 |
| South Texas College District Limited Tax Refunding Bonds, Series 2020 | 40.6 | 40.9 | 41.2 |
| South Texas College District Limited Tax Refunding Bonds, Series 2021 | 57.6 | - | - |
| **Total Bonds Payable** | **$ 112.1** | **$ 120.9** | **$ 128.8** |

The District is authorized to issue negotiable coupon bonds for the construction and equipment of school buildings and purchase of necessary site, per Education Code Section 130.122, provided that the annual bond tax should never exceed $0.50 per $100 valuation of taxable property. The District's debt tax rate in fiscal year 2022 was $0.0315 per $100 valuation of taxable property. The District's bond ratings on the outstanding bonds are AA by Standard & Poor's Ratings Services and Aa2 by Moody's Investors Service.

The bonds were issued to address the facility requirements of the District due to the enrollment increase over the years since the District's inception. For additional information concerning capital assets and long-term debt, see Notes No. 5, No. 6, No. 7, and No. 8 in the Notes to the Financial Statements.

## Economic Outlook

The taxable assessed value for fiscal year 2023 increased marginally by 0.3%. The fiscal year 2023 maintenance and operations tax rate and the debt service tax rate that were approved by Board of Trustees were decreased by $0.0012 to $0.1388 per $100 valuation and $0.0088 to $0.0227 per $100 valuation.

Historically, the state appropriations Texas community colleges have received enabled the low tuition rates community colleges have been able to provide. The District will continue to receive the majority of state funding based on contact hours, however a portion of the funding is tied to a success points system in which colleges earn funding for students' academic milestones. In the future, the District and all Texas community colleges will continue to face a challenge to fund the increasing

demand for state education services. The District will continue to focus on increasing enrollment and student success, as well as meeting the workforce needs, while maintaining its sound financial position.

The COVID-19 pandemic continues to impact the District. In fiscal year 2022, the District returned to face-to-face classes, and experienced an increase in fall traditional student enrollment of 23.1% compared to the fiscal year 2021, which was attributed to the financial aid HEERF assistance that the District was able to offer the students. In fall 2022, the District experienced a decline in traditional student enrollment.

The District's management expects that the ongoing economic and labor trend impacts of the COVID-19 pandemic will continue to present somewhat of a challenge to the institution. In anticipation of the financial uncertainty associated with COVID-19, however, the District's Board of Trustees approved a 2.2% increase in the District's Unrestricted Fund fiscal year 2023 budget compared to the original fiscal year 2022 budget. Despite these challenges and when compared to other higher education entities around the country, the District remains well-positioned and the outlook of the District for the foreseeable future remains positive as a result of its strategic direction and fiscal management.

**Request for Information**

This financial report is intended to provide a general overview of the District's finances. Requests for additional financial information may be addressed to South Texas College, Office of the President, 3201 W Pecan Boulevard, McAllen, Texas 78501.

# South Texas College District
## Statements of Net Position
## August 31, 2022 and 2021

**Exhibit 1**

| | FY 2022 | Restated FY 2021 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets:** | | |
| Cash and cash equivalents | $ 81,277,003 | $ 88,248,280 |
| Restricted cash and cash equivalents | 11,545,449 | 11,073,060 |
| Short-term investments | 332,356 | 7,006,084 |
| Restricted short-term investments | - | 8,250,298 |
| Accounts receivable (net of allowance for doubtful accounts of $2,071,667 in 2022 and $2,617,027 in | 5,934,463 | 4,590,411 |
| Taxes receivable (net of allowance for doubtful accounts of $7,711,932 in 2022 and $7,570,468 in | 5,506,020 | 5,903,834 |
| Prepaid expenses | 1,205,367 | 1,631,301 |
| **Total Current Assets** | **105,800,658** | **126,703,268** |
| **Noncurrent Assets:** | | |
| Endowment investments | 5,590 | 5,590 |
| Long-term investments | 260,270,869 | 211,815,676 |
| Restricted long-term investments | 10,185,819 | - |
| Capital assets, net (Note 5) | 322,824,874 | 329,583,125 |
| **Total Noncurrent Assets** | **593,287,152** | **541,404,391** |
| **Total Assets** | **699,087,810** | **668,107,659** |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred charges on debt refunding | 1,629,255 | 1,130,801 |
| Deferred outflows related to pensions | 14,217,423 | 20,286,164 |
| Deferred outflows related to OPEB | 64,409,037 | 89,491,849 |
| **Total Deferred Outflows of Resources** | **80,255,715** | **110,908,814** |
| **Total Assets & Deferred Outflows of Resources** | **779,343,525** | **779,016,473** |
| **LIABILITIES** | | |
| **Current Liabilities:** | | |
| Accounts payable | 2,976,789 | 2,242,783 |
| Accrued liabilities | 1,341,569 | 1,824,115 |
| Accrued compensable absences - current portion | 1,313,793 | 973,369 |
| Lease liabilities - current portion | 110,429 | 115,886 |
| Funds held for others | 247,625 | 264,325 |
| Unearned revenue | 14,141,540 | 18,586,692 |
| Unearned interest revenue - current portion | 41,551 | 43,078 |
| Bonds payable - current portion | 10,607,244 | 9,528,923 |
| OPEB liability - current portion | 2,825,403 | 4,507,183 |
| **Total Current Liabilities** | **33,605,943** | **38,086,354** |
| **Noncurrent Liabilities:** | | |
| Accrued compensable absences | 56,155 | 28,077 |
| Lease liability | 127,334 | 119,031 |
| Unearned interest revenue | 362,353 | 403,904 |
| Bonds payable, net | 115,575,796 | 124,582,337 |
| Net pension liability | 20,490,457 | 48,245,978 |
| Net OPEB liability | 134,652,756 | 130,614,702 |
| **Total Noncurrent Liabilities** | **271,264,851** | **303,994,029** |
| **Total Liabilities** | **$ 304,870,794** | **$ 342,080,383** |

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

**South Texas College District**
**Statements of Net Position**
**August 31, 2022 and 2021**
**(Continued)**

**Exhibit 1**

| | FY 2022 | Restated FY 2021 |
|---|---|---|
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Deferred inflows related to leases | $ 692,523 | $ 717,971 |
| Deferred inflows related to pensions | 28,661,113 | 10,218,162 |
| Deferred inflows related to OPEB | 29,229,903 | 34,397,882 |
| **Total Deferred Inflows of Resources** | **58,583,539** | **45,334,015** |
| **Total Liabilities & Deferred Inflows of Resources** | **363,454,333** | **387,414,398** |
| **NET POSITION** | | |
| Net investment in capital assets | 206,580,723 | 205,203,379 |
| Restricted for: | | |
| Expendable | | |
| Student aid | 2,970,841 | 3,384,142 |
| Instructional programs | 78,317 | 78,318 |
| Institutional activities | 115,525 | 112,385 |
| Loans | 2,379,238 | 2,110,152 |
| Debt service | 16,920,857 | 16,071,340 |
| Non-expendable | | |
| Endowment | 339,528 | 339,524 |
| Unrestricted | 186,504,163 | 164,302,835 |
| **Total Net Position (Schedule D)** | **415,889,192** | **391,602,075** |
| **Total Liabilities, Deferred Inflows of Resources & Net Position** | **$ 779,343,525** | **$ 779,016,473** |

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

## South Texas College District
## Statements of Revenues, Expenses, and Changes in Net Position
## For the Years Ended August 31, 2022 and 2021

**Exhibit 2**

| | FY 2022 | Restated FY 2021 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Tuition and fees (net of discounts of $80,948,838 in 2022 and $71,437,443 in 2021) | $ 16,951,303 | $ 21,098,778 |
| Federal grants and contracts | 5,464,987 | 4,752,189 |
| State grants and contracts | 3,997,724 | 4,109,030 |
| Local grants and contracts | 8,487,114 | 8,939,528 |
| Non-governmental grants and contracts | 1,240,607 | 1,450,472 |
| Auxiliary enterprises | 779,359 | 678,506 |
| General operating revenues | 381,428 | 572,671 |
| **Total Operating Revenues (Schedule A)** | **37,302,522** | **41,601,174** |
| **OPERATING EXPENSES** | | |
| Educational and general | | |
| Instruction | 80,485,762 | 87,620,251 |
| Research | 7,214 | 13,930 |
| Public service | 1,583,659 | 1,611,221 |
| Academic support | 20,550,978 | 22,358,202 |
| Student services | 12,210,400 | 13,693,983 |
| Institutional support | 44,135,677 | 33,034,943 |
| Operation and maintenance of plant | 20,503,476 | 20,821,673 |
| Scholarships and fellowships | 75,671,920 | 37,788,198 |
| Auxiliary enterprises | 2,219,495 | 1,693,536 |
| Depreciation | 12,072,011 | 12,020,225 |
| **Total Operating Expenses (Schedule B)** | **269,440,592** | **230,656,162** |
| **OPERATING LOSS** | **(232,138,070)** | **(189,054,988)** |
| **NON-OPERATING REVENUES (EXPENSES)** | | |
| State appropriation | 45,987,869 | 55,359,735 |
| Ad-valorem taxes | | |
| Taxes for maintenance and operations | 64,294,497 | 59,403,574 |
| Taxes for debt service | 14,773,167 | 13,783,392 |
| Federal revenue, non-operating | 138,419,143 | 78,372,230 |
| Gifts | 201,541 | 197,836 |
| Investment income (net of investment expenses) | 305,668 | 2,129,834 |
| Insurance proceeds | 88,572 | 288,021 |
| Interest lease revenue | 43,078 | 44,579 |
| Interest on capital related debt | (3,585,712) | (4,623,748) |
| Gain (loss) on disposal of capital assets | 30,107 | (233,709) |
| Non-capital construction costs | (2,300,251) | (685,243) |
| Bond costs amortization | (1,652,444) | (559,358) |
| Other non-operating revenues | 25,448 | 23,948 |
| Other non-operating expenses | (205,601) | (249,823) |
| **Non-Operating Revenues, Net (Schedule C)** | **256,425,082** | **203,251,268** |
| **Income Before Contributions** | **24,287,012** | **14,196,280** |
| Capital contributions | 105 | 105,973 |
| **Increase In Net Position** | **24,287,117** | **14,302,253** |
| **NET POSITION** | | |
| Net Position-Beginning of Year | 391,602,075 | 377,299,822 |
| **Net Position-End of Year** | **$ 415,889,192** | **$ 391,602,075** |

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

**South Texas College District**
**Statements of Cash Flows**
**For the Years Ended August 31, 2022 and 2021**

**Exhibit 3**

| | FY 2022 | Restated FY 2021 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Receipts from students and other customers | $ 17,553,448 | $ 29,754,710 |
| Receipts from grants and contracts | 19,882,174 | 14,118,401 |
| Payments to suppliers for goods or services | (33,578,781) | (28,665,855) |
| Payments to or on behalf of employees | (125,096,761) | (115,107,311) |
| Payments for scholarships and fellowships | (60,995,871) | (37,404,933) |
| Payments for loans issued to students | (161,595) | (378,414) |
| Receipts from collection of loans to students | 219,547 | 505,443 |
| Other receipts | 271,547 | 426,250 |
| Payments for non-operating construction costs | (1,815,612) | (794,109) |
| Payments for non-operating transactions | (205,601) | (249,823) |
| **Net cash used by operating activities** | **(183,927,505)** | **(137,795,641)** |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES** | | |
| Receipts from state appropriations | 43,007,821 | 45,059,082 |
| Receipts from ad-valorem taxes-maintenance and operation | 64,787,672 | 60,148,379 |
| Receipts from non-operating federal revenue | 117,627,212 | 71,515,123 |
| Payments for collection of taxes for maintenance and operation | (209,708) | (198,953) |
| Receipts from gifts or grants for other than capital purposes | 180,542 | 178,896 |
| Receipts from student organizations and other agency transactions | 1,082,936 | 2,097,160 |
| Payments to student organizations and other agency transactions | (1,004,312) | (2,119,936) |
| Receipts from endowment interest | 417 | 867 |
| Proceeds from insurance claims | 88,572 | 288,021 |
| **Net cash provided by non-capital financing activities** | **225,561,152** | **176,968,639** |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Receipts from ad-valorem taxes-debt services | 14,946,467 | 14,070,686 |
| Payments for collection of taxes for debt service | (58,674) | (57,442) |
| Contribution received in aid of construction | - | 126,801 |
| Proceeds from sale/return of capital assets | 33,217 | 9,251 |
| Purchases of capital assets including payments for construction costs | (5,154,948) | (4,123,065) |
| Payments on capital debt and leases-principal | (8,972,904) | (8,041,254) |
| Payments on capital debt and leases-interest and fees | (4,886,792) | (5,828,946) |
| Receipt from bond issue costs on capital debt issue | 8,293 | 6,042 |
| **Net cash used by capital and related financing activities** | **(4,085,341)** | **(3,837,927)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from sale and maturity of investments | 130,752,224 | 119,962,223 |
| Receipts from interest on investments | 1,422,838 | 2,152,937 |
| Purchase of investments | (176,222,256) | (196,511,119) |
| **Net cash used by investing activities** | **(44,047,194)** | **(74,395,959)** |
| **Decrease in cash and cash equivalents** | **(6,498,888)** | **(39,060,888)** |
| Cash and cash equivalents-September 1, | 99,321,340 | 138,382,228 |
| **Increase In Net Position** | **$ 92,822,452** | **$ 99,321,340** |

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

## South Texas College District
## Statements of Cash Flows
## For the Years Ended August 31, 2022 and 2021
## (Continued)

**Exhibit 3**

| | FY 2022 | Restated FY 2021 |
|---|---|---|
| **Reconciliation of net operating loss to net cash used by operating activities:** | | |
| Operating loss | $ (232,138,070) | $ (189,054,988) |
| Adjustments to reconcile net operating loss to net cash used by operating activities: | | |
| Depreciation expense | 12,072,011 | 12,020,225 |
| Payments made directly by state for benefits | 2,980,048 | 10,300,653 |
| Payments for non-operating construction costs | (1,815,612) | (794,109) |
| Payments for non-operating transactions | 9,829 | (245,809) |
| Changes in assets and liabilities: | | |
| Receivables, net | (535,746) | (226,685) |
| Prepaid expenses | 425,935 | (328,371) |
| Deferred outflow related to pension | 6,068,741 | 6,212,694 |
| Deferred outflow related to OPEB | 25,082,812 | (4,985,625) |
| Accounts payable | 94,116 | 8,390 |
| Accrued liabilities | (436,273) | (77,192) |
| Compensable absences | 368,502 | (433,281) |
| Unearned revenues | 16,020,477 | 3,074,293 |
| Net pension liability | (27,755,521) | (3,999,602) |
| Net OPEB liability | 2,356,274 | 23,174,401 |
| Deferred inflow related to pensions | 18,442,951 | 1,090,476 |
| Deferred inflow related to OPEB | (5,167,979) | 6,468,889 |
| **Net cash used by operating activities** | **$ (183,927,505)** | **$ (137,795,641)** |

**Non-cash investing, capital, and financing activities for fiscal year 2022:**

The Library Department received an Artwork donation entitled "Flask" valued at $105.

In-kind contributions provided by vendors for the Valley Scholars Program during the fiscal year amounted to $26,000.

Bond discount and premiums are amortized over the debt repayment period for the following bond series.

| | | |
|---|---|---|
| Premium - LT Bond Series 2014 | $ | 301,655 |
| Premium - LT Bond Series 2015 | $ | 950,699 |
| Premium - LT Bond Series 2020 | $ | 5,345,234 |
| Premium - LT Bond Series 2021 | $ | 7,147,440 |

The deferred loss ending balance as of August 31, 2022 are $565,400 for Limited Tax Refunding Bond Taxable Series 2020, and $1,063,854 for Limited Tax Refunding Bond Taxable Series 2021 which will be amortized over the debt repayment period.

Pledge contributions as of August 31, 2022, consisted of $25,000 non-cash.

Payments made directly by the state for benefits as of August 31, 2022, consisted of $5,482,793

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

**Non-cash investing, capital, and financing activities for fiscal year 2021:**

During the fiscal year, General Motors donated to the Automotive Technology five vehicles with a net value of total $105,899. The vehicles were a 2008 Pontiac Grand Prix valued at $22,415, two 2019 GMC Sierra valued at $20,871 each and two 2019 Chevy Silverado valued at $20,871 each.

The Library received three book donations amounting to a net value of $75. One book titled "Rise: Rio Grande Valley Youth Anthology", valued at $15 and two books titled "The Texas Libertors Narratives form World War II", valued at $30 each.

In-kind contributions provided by vendors for the Valley Scholars Program during the fiscal year amounted to $60.

Bond discount and premiums are amortized over the debt repayment period for the following bond series.

| | | |
|---|---|---|
| Premium - LT Bond Series 2014 | $ | 603,310 |
| Premium - LT Bond Series 2015 | $ | 6,745,645 |
| Premium - LT Bond Series 2020 | $ | 5,790,670 |

The deferred loss ending balance as of August 31, 2021 is $1,130,801 for Limited Tax Refunding Bond Taxable Series 2021, which will be amortized over the debt repayment period.

Pledge contributions as of August 31, 2021, consisted of $30,000 non-cash.

Payments made directly by the state for benefits as of August 31, 2021, consisted of $2,904,958.

## Note 1 – Reporting Entity

South Texas College District was established on June 1, 1993, in accordance with the laws of the State of Texas, to serve the educational needs of Hidalgo and Starr Counties and the surrounding communities. South Texas College District is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the District 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.

South Texas College District is a political subdivision of the State of Texas located in Hidalgo and Starr Counties, Texas. The District offers academic, general occupational, developmental and continuing adult education programs through a network of locations. The District is governed by a seven-member Board of Trustees who serve staggered six-year terms with elections held in May of each even-numbered year.

## Note 2 – Summary of Significant Accounting Policies

Reporting Guidelines

The significant accounting policies followed by the District in preparing these financial statements are in accordance with the *Annual Financial Reporting Requirements for Texas Public Community Colleges established by the Texas Higher Education Coordinating Board (THECB)*. The accompanying financial statements of the District are presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board (GASB). The District applies all applicable GASB pronouncements. For financial reporting purposes, the District is considered a special-purpose, primary government engaged in business-type activities (BTA).

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 TPEG, is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code Section 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 (HEA) Funds
Certain Title IV HEA Program funds are received by the District to pass through to the student. These funds are initially received by the District 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.

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Other Tuition Discounts
The District 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 tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Basis of Accounting

The District's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. All revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 District's Board of Trustees adopts the budget, for internal management use at the individual fund and account group level on which the books of the District are maintained, and it 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, the Legislative Budget Board, the Legislative Reference Library, and the Governor's Office of Budget and Planning by December 1.

Elimination of Internal Activity

The internal activity and balances reflected in the internal use only fund financial statements are eliminated in the preparation of the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, to avoid the inappropriate "grossing-up" effects that internal activity would otherwise have on aggregated amounts.

Cash and Cash Equivalents

The District'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 and Cash Equivalents and Investments

Restricted cash and cash equivalents and investments reserved for payment of restricted current liabilities are included as current assets. Cash and cash equivalents and investments that are externally restricted as to their use are classified as noncurrent assets in the Statements of Net Position. This category includes cash and investment balances restricted to make debt service payments, maintain sinking or reserve funds, or purchase or construct capital or other noncurrent assets, or that are restricted by donors.

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Investments

The District reports investments in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, and GASB 72, *Fair Value Measurement and Application,* investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. For more information, see Note 4.

Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at their acquisition value at the date of donation. South Texas College District capitalization policy includes real and personal property with a unit cost equal to or greater than $5,000 and an estimated useful life in excess of one year. Renovations of $100,000 or more to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following useful lives are used:

| | |
|---|---|
| Buildings | 50 years |
| Facilities and land improvements | 20 years |
| Library books and materials | 15 years |
| Furniture, machinery, vehicles, and other equipment | 10 years |
| Telecommunications and peripheral equipment | 5 years |
| Land and work of art/collections | Not Depreciated |

Residual values of 10% are maintained for buildings, facilities and land improvements.

Deferred Outflows of Resources

In addition to assets, the Statements of Net Position include a separate section for deferred outflows of resources, which represents a consumption of net assets that applies to future periods and thus, will not be recognized as an outflow of resources (expensed) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. The District recorded deferred outflow of resources for deferred charges on refunding of debt, and deferred outflows of resources for its proportionate share of collective deferred outflows of the Teacher Retirement System of Texas (TRS) pension plan required by the implementation of GASB Statement 68, *Accounting and Financial Reporting for Pensions* and for contributions made to the TRS plan subsequent to the measurement date of the respective net pension liability. In addition, the District recorded deferred outflow of resources for its proportionate share of collective deferred outflows of the Employees Retirement System of Texas (ERS) other post-employment benefits (OPEB)

**Note 2 – Summary of Significant Accounting Policies (Continued)**

plan required by the implementation of GASB Statement 75, *Accounting and Financial Reporting for OPEB* and for contributions made to the ERS plan subsequent to the measurement date of the respective net OPEB liability. For additional information, see Notes 11 and 14.

Pensions

The District 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 the TRS has been determined by 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' 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.

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.

Compensable Absences

It is the District's policy to accrue employee annual leave as earned except for sick leave. Accrued and unused sick leave will not be paid as compensation to the employee in the event an employee voluntarily or involuntarily terminates employment with the District. See Note 6 and Note 13 for additional information.

Deferred Inflows of Resources

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources, which represents an acquisition of net assets that applies to future periods and thus, will not be recognized as an inflow of resources (revenue) until then. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. The District records deferred inflows of resources related to leases and for its proportionate share of collective deferred inflows of the TRS pension plan and the ERS OPEB plan. For additional information, see Notes 10, 11, and 14.

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Net Position

The District's net position is classified as follows:

Net investment in capital assets: This represents the District's total investment in capital assets, net of outstanding debt obligations and accumulated depreciation related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net position–expendable: This includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net position–non-expendable: This consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal.

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of educational departments, and auxiliary enterprises which are substantially self-supporting activities that provide services for students, faculty, and staff.

These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose. When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources.

Unearned Revenues

Tuition and fees of $10,801,156 and $17,052,216 and federal, state, local, and private grants of $3,340,384 and $1,534,476 have been reported as unearned revenues at August 31, 2022, and 2021, respectively. Total unearned revenues were $14,141,540 and $18,586,692 at August 31, 2022, and 2021, respectively.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amount of bonds payable, notes payable and capital lease obligations with contractual maturities greater than one year, (2) other liabilities that will not be paid within the next fiscal year and (3) other liabilities that, although payable within a year, are to be paid from funds that are classified as noncurrent assets.

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.

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Operating and Non-Operating Revenue and Expense Policy

The District distinguishes operating revenues and expenses from non-operating items. The District reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are tuition and related fees, net of discounts. The District also recognizes operating revenue as federal, state, and local grants, non-governmental grants and contracts, auxiliary enterprises, and other operating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Non-operating revenues include activities that have the characteristic of non-exchange transactions, such as property tax, state appropriations, gifts, and contributions and other revenue sources that are defined as non-operating revenues by GASB 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and investment income. Non-exchange transactions are recognized in accordance with the standards in GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* and GASB 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. The major non-operating revenues are allocations from the state, including restricted revenues such as state insurance and benefit allocations, property tax collections, and Title IV funds. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are reported as non-operating revenues or non-operating expenses. The operation of the bookstore is not performed by the District.

Capitalization of Interest

Interest cost during the construction period is capitalized in accordance with GASB Statement No. 62. The District's policy is to capitalize interest cost as a component of construction in progress upon completion of capital assets. As of August 31, 2022, the District incurred $4,837,194 in interest cost expense and none was capitalized. As of August 31, 2021, the District incurred $5,802,475 in interest cost expense and $11,033 was capitalized.

Bond Discounts/Premiums

Bond discounts/premiums and issuance costs are deferred and amortized over the term of the bond. Bond discounts/premiums are presented as a reduction/addition of the face amount of bonds payable, whereas issuance costs for insurance premiums are recorded as deferred charges.

Gain or Loss on Retirement of Debt

The gain or loss on the early retirement of debt is deferred and amortized over the shorter of (1) the remaining amortization period that was used in the original refunding or (2) the life of the newly issued debt. This deferred amount is reported as a deduction from the new debt liability on the statement of net position.

**Note 2 – Summary of Significant Accounting Policies (Continued)**

New Pronouncements effective fiscal year 2022

In June 2017, GASB issued 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 were effective for reporting periods beginning after June 15, 2019 and then amended for fiscal years beginning after June 15, 2021. The District implemented this statement in fiscal year 2022. Please see the Prior-Year Restatement portion of this note for the impact this Statement had on the District's reporting.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statements are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged, and the requirements of this statement should be applied prospectively. The implementation of this Statement had no impact on the District's reporting in the current fiscal year.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics and includes the following: Statement No. 87, Statement No. 73, Statement No. 74, Statement No. 84, and other topics. The application of this statement is expected to provide more comparable reporting and improve the usefulness for financial statement users. Some requirements of this statement are effective upon issuance, and others are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. Certain provisions were implemented in fiscal year 2020 and others were postponed as a result of GASB Statement No. 95 and now planned for fiscal year 2022. The implementation of this Statement had no impact on the District's reporting in the current fiscal year.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. The objective of this statement is to address accounting and financial reporting implications resulting from global reference rate reform. Government agreements in which variable payments made or received depend on IBOR, most notably the London Interbank Offered Rate (LIBOR), will be

**Note 2 – Summary of Significant Accounting Policies (Continued)**

affected, as LIBOR will cease to exist at the end of 2021. Rate provisions in Statement Nos. 53 and 87 will also be affected. Most requirements of this statement are effective for reporting periods beginning after June 15, 2020 and other were postponed to fiscal year 2022 as a result of GASB Statement No. 95. However, requirements regarding the removal of LIBOR as an appropriate benchmark are effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged. The implementation of this Statement had no impact on the District's reporting in the current fiscal year.

Pending Pronouncements

The following GASB pronouncements have been issued but not yet implemented by the District.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2020 but due to the implementation of GASB statement 95 are now planned for fiscal 2023. Earlier application is encouraged.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*. The objective of this statement is to improve financial reporting related to PPPs and APAs by establishing the definitions of these arrangements and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This statement will enhance the decision usefulness of financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. – Requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The objective of this statement is to (1) define a SBITA; (2) establish that SBITA results in a right-to-use subscription (intangible) asset and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments; and (4) require note disclosures regarding a SBITA. The statement provides an exception for short-term SBITAs with a maximum contract term of 12 months. Subscription payments for short-term SBITAs should be recognized as outflows of resources. Requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Pending Pronouncements (Continued)

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The statement addresses a variety of topics and includes the following: Statement Nos. 34, 53, 63, 87, 96, and other topics. The application of this statement is expected to provide more comparable reporting and improve the consistency of authoritative literature. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective immediately. The requirements related to leases, PPPs, and SBITAs are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting related to accounting changes and error corrections. This statement: (1) defines accounting changes and describes the transactions or other events that constitute those changes, (2) addresses corrections of errors in previously issued financial statements, (3) prescribes the accounting and financial reporting for each type of accounting change and error corrections, (4) requires note disclosures, and (5) addresses how accounting changes and error corrections should be presented in required supplementary information (RSI) and supplementary information (SI). The application of this statement is intended to result in greater consistency and understandable, reliable, and relevant information. The requirements of this statement are effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Prior-Year Restatement

The District adopted GASB No. 87 Leases (GASB 87) as of September 1, 2020. The District evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87. The contracts to lease copiers and facilities met the definition of a lease and the District calculated and recognized leased assets of

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Prior-Year Restatement (Continued)

$376,845 and lease liabilities of $376,845 as of September 1, 2020. The District had a facility rental contract that met the definition of a lessor contract which the District reclassified from lease liability to $491,501 of unearned interest revenue and $741,979 of deferred inflow related to leases as of September 1, 2020. There were no impacts to the beginning net position related to the adoption of GASB 87 as of September 1, 2020.

**Note 3 – Authorized Investments**

The District 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, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas, or its agencies and instrumentalities, (3) obligations of political subdivisions rated not less than A or its equivalent by a nationally recognized investment rating firm, (4) financial institution deposits issued by a depository institution, (5) no-load government money market mutual funds registered with and regulated by the Securities and Exchange Commission, (6) eligible investment pools organized and operating in compliance with the Public Funds Investment Act and continuously rated no lower than AAA or AAAm or at an equivalent rating by at least one nationally recognized rating service, and (7) other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the FDIC or by the explicit full faith and credit of the United States.

**Note 4 – Cash, Cash Equivalents and Investments**

At August 31, 2022, and 2021, the carrying amount of South Texas College District's bank deposits were $91,187,053 and $97,691,668 respectively, and total bank balances equaled $93,696,872 and $102,389,353 respectively. Federal Deposit Insurance Corporation (FDIC) deposit insurance of $250,000 served as collateral for demand deposit accounts, money market accounts, money market insured cash sweep accounts, and time deposit accounts, respectively, at each financial institution. Deposits in excess of FDIC deposit insurance are collateralized at a minimum level of 102%, or 100% for Letters of Credit issued by a Federal Home Loan Bank, of the principal amount plus accrued interest of the deposit. Monthly collateral reports reporting the pledged securities and their fair values are required from each financial institution. The District is subject to collateral credit risk in the event of the bank's nonperformance of collateral requirements under the collateral agreement.

**Note 4 – Cash, Cash Equivalents and Investments (Continued)**

Cash and cash equivalents and restricted cash and cash equivalents reported on Exhibit 1, Statements of Net Position, consist of the items reported below:

| | August 31, 2022 | August 31, 2021 |
|---|---|---|
| Bank Deposits | | |
| Demand deposits | $ 33,688,098 | $ 40,624,768 |
| Money market deposits | 57,498,955 | 57,066,900 |
| Total bank deposits | 91,187,053 | 97,691,668 |
| Cash and Cash Equivalents | | |
| Change funds on hand | 6,375 | 8,860 |
| Investment pools (TexPool) | 1,629,024 | 1,620,812 |
| **Total Cash and Cash Equivalents** | **$ 92,822,452** | **$ 99,321,340** |

Total deposits and investments are as follows:

| Type of Security | Fair Value August 31, 2022 | Fair Value August 31, 2021 |
|---|---|---|
| U.S. Government Securities- | $ 32,854,80 | $ - |
| U.S. Government Securities-Agency | 85,323,361 | - |
| Certificates of deposit | 152,610,878 | 227,072,058 |
| Endowment investment | 5,590 | 5,590 |
| Total Investments | 270,794,634 | 227,077,648 |
| Total Cash and Cash Equivalents | 92,822,452 | 99,321,340 |
| **Total Cash and Cash Equivalents and Investments** | **$ 363,617,086** | **$ 326,398,988** |

| Exhibit 1 | August 31, 2022 | August 31, 2021 |
|---|---|---|
| Cash and cash equivalents | $ 81,277,003 | $ 88,248,280 |
| Current restricted cash and cash equivalents | 11,545,449 | 11,073,060 |
| Short-term investments-current | 332,356 | 7,006,084 |
| Restricted short-term investments- | - | 8,250,298 |
| Endowment investment* | 5,590 | 5,590 |
| Long-term investments | 260,270,869 | 211,815,676 |
| Restricted investments | 10,185,819 | - |
| **Total Reconciliation to Exhibit 1** | **$ 363,617,086** | **$ 326,398,988** |

*Endowment investment consists of a donated coin collection.

**Note 4 – Cash, Cash Equivalents and Investments (Continued)**

As of August 31, 2022, the District had the following investments and maturities:

| Investment Type | Fair Value | Weighted Average Maturity (Years) | Credit Exposure | Exposure Permitted by Investment Policy |
|---|---|---|---|---|
| U.S. Government Securities-Treasuries | $ 32,854,805 | 1.24 | 9.96% | 100.00% |
| U.S. Government Securities-Agency | 85,323,361 | 1.55 | 25.86% | 100.00% |
| Investments pools (TexPool) | 1,629,024 | - | 0.49% | 50.00% |
| Certificates of deposit | 152,610,878 | 0.53 | 46.26% | 100.00% |
| **Total Fair Value** | **$ 272,418,068** | | | |

As of August 31, 2021, the District had the following investments and maturities:

| Investment Type | Fair Value | Restated Weighted Average Maturity (Years) | Restated Credit Exposure | Exposure Permitted by Investment Policy |
|---|---|---|---|---|
| Investments pools (TexPool) | $ 1,620,812 | - | 0.57% | 50.00% |
| Certificates of deposit | 227,072,058 | 0.96 | 79.46% | 100.00% |
| **Total Fair Value** | **$ 228,692,870** | | | |

Interest Rate Risk - In accordance with its Investment Policy, the District limits its exposure to interest rate risk by investing in securities whose maturities will not exceed the anticipated cash flow requirements for the funds and limits the weighted average maturity of its investment portfolio to 270 days or less with a maximum allowable maturity of two years for any one investment. The investment maturities of Unexpended Plant Funds and of Funds for Retirement of Indebtedness are generally limited to the anticipated cash flow requirements of the funds.

Credit Risk - In accordance with State law and the District's Investment Policy, investments in eligible investment pools must be continuously rated no lower than AAA or AAAm or at an equivalent rating by at least one nationally recognized rating service and obligations of states, agencies, counties, cities, and other political subdivisions of any State rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent. Financial institution deposits must be guaranteed or insured by the FDIC or its successors or the National Credit Union Share Insurance Fund or its successor, secured by obligations described by the Public Funds Collateral Act, or secured in any other manner and amount provided by law and governed by a depository agreement. At August 31, 2022, the District's certificates of deposit were collateralized by letters of credit or pledged securities and were FDIC insured. The District's investments pools had a Standard and Poor's rating of AAAm. At August 31, 2021, the District's certificates of deposit were collateralized by a letter of credit and were FDIC insured. The District's investments pools had a Standard and Poor's rating of AAAm.

**Note 4 – Cash, Cash Equivalents and Investments (Continued)**

Concentration of Credit Risk - The District's Investment Policy seeks to minimize its concentration of credit risk by establishing the following maximum percentages of investment types for the total District investment portfolio: U.S. Treasury Bills/Notes/Bonds 100%; U.S. Agencies and Instrumentalities 100%; States, Counties, Cities, and Other 25%; Financial Institution Deposits 100%; Money Market Mutual Funds 25%; and Eligible Investment Pools 50%. At August 31, 2022, the District's cash and investments were in U.S. Government Securities-Treasuries (9.96%), U.S. Government Securities – Agency (25.86%), TexPool (0.49%), certificates of deposit (46.26%), and money markets (17.43%). At August 31, 2021, the District's cash and investments were in TexPool (0.57%), certificates of deposit (79.46%), and money markets (19.97%).

The Texas Local Government Investment Pools (the "TexPool Portfolios") have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight responsibility is demonstrated by financial interdependency, ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in the TexPool portfolios and other persons who do not have a business relationship with TexPool. The Advisory Board members review the TexPool's investments policy and management fee structure.

TexPool investments meet the requirements of GASB 79 to be stated at amortized cost, which in most cases approximates the market value of the securities. TexPool seeks to maintain a $1.00 net asset value per share as required by the Texas Public Funds Investment Act; however, the $1.00 net asset value is not guaranteed or insured by the State of Texas. Accordingly, the fair value of the District's position in TexPool is the same value as the value of TexPool shares. The District reports investments in TexPool as cash and cash equivalents.

Fair Value Measurement – Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application (GASB 72), establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy give the highest priority to unadjusted quoted prices in active market for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described hereafter:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access of the measurement date.

Level 2 Inputs are inputs, other than quoted prices included within Level 1, which are observable for an asset or liability, either directly or indirectly. Level 2 valuation methodologies include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in an active market;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Note 4 – Cash, Cash Equivalents and Investments (Continued)**

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

PNC Bank, as the safekeeping agent of STC's securities, obtains market quotes on a daily basis from Intercontinental Exchange (ICE), and then reports them to STC via PNC Bank's web site. ICE evaluates U.S. Treasury securities by obtaining feeds from a number of live data sources including active market makers and inter-dealer brokers. Sources are reviewed on the basis of historical accuracy for individual issues and maturity ranges. Evaluations are marked at 15:00 and 16:00 (ET).

U.S. Government Agency securities are valued using a multi-dimensional relational model that considers relevant trade data, benchmark quotes and spreads obtained from publicly available trade execution platforms, electronic trading platforms and the dealer community.

As required by GASB Statement No. 72, Fair Value Measurement and Application, the following table presents the financial instruments carried on the statement of financial position by caption and by level of inputs within the valuation hierarchy as of August 31, 2022:

| Type of Security | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| U.S. Government Securities-Treasuries | $32,854,805 | $ - | $ - | $32,854,805 |
| U.S. Government Securities-Agency | 31,812,618 | 53,510,743 | - | 85,323,361 |
| **Total** | **$64,667,423** | **$53,510,743** | **$ -** | **$118,178,166** |

As of August 31, 2021, the District did not have investments that require fair value measurement.

## Note 5 – Capital Assets

Capital assets activity for the year ended August 31, 2022, was as follows:

| | Restated Balance September 1, 2021 | Increases | Decreases | Balance August 31, 2022 |
|---|---|---|---|---|
| Not Depreciated: | | | | |
| Land | $ 32,487,642 | $ - | $ - | $ 32,487,642 |
| Collections | 59,083 | 105 | - | 59,188 |
| Construction in progress | 1,100,838 | 2,894,172 | 2,764,744 | 1,230,266 |
| Subtotal | 33,647,563 | 2,894,277 | 2,764,744 | 33,777,096 |
| Buildings and Other Capital Assets: | | | | |
| Buildings | 312,388,510 | 2,087,468 | - | 314,475,978 |
| Land improvements | 46,867,017 | 165,903 | 17,035 | 47,015,885 |
| Total Buildings and Other Land Improvements | 359,255,527 | 2,253,371 | 17,035 | 361,491,863 |
| Library books | 6,738,409 | 295,658 | - | 7,034,067 |
| Furniture, machinery, vehicles, and other equipment | 48,231,473 | 2,516,350 | 1,393,814 | 49,354,009 |
| Telecommunications and peripheral equipment | 3,601,988 | - | 427,619 | 3,174,369 |
| Total Buildings and Other Capital Assets | 417,827,397 | 5,065,379 | 1,838,468 | 421,054,308 |
| Accumulated Depreciation: | | | | |
| Buildings | 61,379,669 | 5,762,058 | - | 67,141,727 |
| Land improvements | 19,706,378 | 2,131,782 | 15,331 | 21,822,829 |
| Library books | 4,841,183 | 222,581 | - | 5,063,764 |
| Furniture, machinery, vehicles, and other equipment | 32,603,197 | 3,835,405 | 1,392,407 | 35,046,195 |
| Telecommunications and peripheral equipment | 3,596,999 | 2,716 | 427,619 | 3,172,096 |
| Total Accumulated Depreciation | 122,127,426 | 11,954,542 | 1,835,357 | 132,246,611 |
| Net Buildings and Other Capital Assets | 295,699,971 | (6,889,163) | 3,111 | 288,807,697 |
| Capital Assets being amortized | | | | |
| Leased assets | 376,845 | 135,751 | - | 512,596 |
| Less accumulated amortization | 141,254 | 131,261 | - | 272,515 |
| Total Capital Assets being Amortized, Net | 235,591 | 4,490 | - | 240,081 |
| **Total Capital Assets, Net** | **329,583,125** | **(3,990,396)** | **2,767,855** | **322,824,874** |
| Net Buildings and Other Capital Assets-Detail | | | | |
| Buildings | $ 251,008,841 | $ (3,674,590) | $ - | $ 247,334,251 |
| Land improvements | 27,160,639 | (1,965,879) | 1,704 | 25,193,056 |
| Library books | 1,897,226 | 73,077 | - | 1,970,303 |
| Furniture, machinery, vehicles, and other equipment | 15,628,276 | (1,319,055) | 1,407 | 14,307,814 |
| Telecommunications and peripheral equipment | 4,989 | (2,716) | - | 2,273 |
| Leased assets | 235,591 | 4,490 | - | 240,081 |
| **Total Net Buildings and Other Capital Assets** | **$ 295,935,562** | **$ (6,884,673)** | **$ 3,111** | **$ 289,047,778** |

## Note 5 – Capital Assets (Continued)

Construction in progress, including capitalized interest of $4,071 consists of the following:

| Project | Balance September 1, 2021 | Additions | Completed/ Deductions | Balance August 31, 2022 |
|---|---|---|---|---|
| Pecan Cooling Towers Screen Upgrades | $ 13,198 | $ - | $ - | $ 13,198 |
| Pecan Building G Physical Science Classroom Conversion | 129,798 | 2,093 | 131,891 | - |
| Pecan Plaza Building C Kinesiology Renovation | 116,828 | 67,560 | 184,388 | - |
| Pecan Ann Richards Admin Bldg A Renovation | - | 34,981 | - | 34,981 |
| Pecan Library Bldg F Renovation | 482,002 | - | 482,002 | - |
| Tech Emerging Tech Bldg A Renovation | 46,800 | - | 28,300 | 18,500 |
| Tech Exterior Solar Panels Structure | - | 5,818 | - | 5,818 |
| Tech Advanced Tech Careers Bldg B Renovation | - | 40,000 | - | 40,000 |
| Tech Welding Lab Bldg Expansion | - | 11,329 | - | 11,329 |
| Nursing Allied Health Bldg A Therapy Kitchen Lab Expansion | - | 7,719 | - | 7,719 |
| Mid Valley Workforce Bldg D Welding Expansion | - | 7,497 | - | 7,497 |
| Mid Valley Workforce Bldg D Automotive Lab Expansion | - | 10,403 | - | 10,403 |
| Mid Valley Conversion of Cafeteria to CLE | 1,070 | - | 1,070 | - |
| Mid Valley Workforce Bldg D HVAC-R Outdoor Covered Area | - | 6,743 | - | 6,743 |
| Mid Valley CLE Bldg A Renov of Culinary Arts Inst Kitchen | - | 178,609 | - | 178,609 |
| Starr Workforce Bldg D Welding Expansion | - | 28,939 | - | 28,939 |
| Starr Workforce Bldg D Automotive Expansion | - | 66,071 | - | 66,071 |
| Starr North Acad Bldg C HVAC-R & Outdoor Covered Area | - | 16,645 | - | 16,645 |
| RCPSE Target Range _ STC | 51,184 | 2,272 | - | 53,456 |
| RCPSE Chiller Installation | 11,581 | 196,898 | - | 208,479 |
| RCPSE Fire Training Area | - | 46,491 | - | 46,491 |
| RCPSE Target Range _ Grant | 11,339 | 472 | - | 11,811 |
| RCPSE Site Drainage Improvements | 50,358 | 115,545 | 165,903 | - |
| RCPSE Canopy for Safety Training Vehicles | - | 33,271 | - | 33,271 |
| RCPSE Canopy for Students / Instructors | - | 22,183 | - | 22,183 |
| RCPSE Skills Pad and EVOC Lighting | - | 14,775 | - | 14,775 |
| RCPSE Two-Story Residential Fire Training Structure | - | 49,987 | - | 49,987 |
| Pecan info Tech Bldg M Generator Replacement | 12,204 | 142,606 | 154,810 | - |
| Pecan Resurfacing of East Drive | - | 26,763 | - | 26,763 |
| Pecan South Academic Bldg J Generator Replacement | - | 12,240 | - | 12,240 |
| Mid Valley Workforce Ctr Bldg D Roof Deferred Maint - Recoat | 9,396 | 108,030 | 117,426 | - |
| Mid Valley Library Bldg E Roof Deferred Maint - Recoating | 9,396 | 154,798 | 164,194 | - |
| Mid Valley Student Union Bldg F Roof Deferred Maint - Recoat | 9,396 | 149,641 | 159,037 | - |
| Mid Valley North Academic Bldg G Roof Deferred Maint - Recoat | 9,396 | 322,730 | 332,126 | - |
| Nursing Allied Health Bldg A Roof Deferred Maint - Recoating | 110,460 | 148,006 | 258,466 | - |
| Nursing Allied Health East Bldg A Stair Repairs and Replace | 9,600 | 276,424 | - | 286,024 |
| Nursing Allied Health East Bldg A Generator Replacement | - | 18,334 | - | 18,334 |
| Starr North Academic Bldg C Roof Deferred Maint - Recoat | 4,208 | 107,062 | 111,270 | - |
| Starr South Academic Bldg E Roof Deferred Maint - Recoat | 4,208 | 106,796 | 111,004 | - |
| Starr Workforce Ctr Bldg D Roof Deferred Maint - Recoating | 4,208 | 244,417 | 248,625 | - |
| Starr Cultural Arts Ctr Bldg F Roof Deferred Maint - Recoat | 4,208 | 110,024 | 114,232 | - |
| **Total** | **$ 1,100,838** | **$ 2,894,172** | **$ 2,764,744** | **$ 1,230,266** |

## Note 5 – Capital Assets (Continued)

For comparison purposes, capital assets activity for the year ended August 31, 2021, was as follows:

| | Restated Balance September 1, 2020 | Increases | Decreases | Restated Balance August 31, 2021 |
|---|---|---|---|---|
| Not Depreciated: | | | | |
| Land | $ 32,487,642 | $ - | $ - | $ 32,487,642 |
| Collections | 70,884 | 2,299 | 14,100 | 59,083 |
| Construction in progress | 918,738 | 2,196,379 | 2,014,279 | 1,100,838 |
| Subtotal | 33,477,264 | 2,198,678 | 2,028,379 | 33,647,563 |
| Buildings and Other Capital Assets: | | | | |
| Buildings | 311,198,440 | 1,190,070 | - | 312,388,510 |
| Land improvements | 46,107,188 | 824,209 | 64,380 | 46,867,017 |
| Total Buildings and Other Land Improvements | 357,305,628 | 2,014,279 | 64,380 | 359,255,527 |
| Library books | 6,616,524 | 122,147 | 262 | 6,738,409 |
| Furniture, machinery, vehicles, and other equipment | 47,028,617 | 1,670,655 | 467,799 | 48,231,473 |
| Telecommunications and peripheral equipment | 5,464,104 | - | 1,862,116 | 3,601,988 |
| Total Buildings and Other Capital Assets | 416,414,873 | 3,807,081 | 2,394,557 | 417,827,397 |
| Accumulated Depreciation: | | | | |
| Buildings | 55,657,120 | 5,722,549 | - | 61,379,669 |
| Land improvements | 17,624,886 | 2,124,812 | 43,320 | 19,706,378 |
| Library books | 4,734,424 | 106,996 | 237 | 4,841,183 |
| Furniture, machinery, vehicles, and other equipment | 29,144,816 | 3,921,425 | 463,044 | 32,603,197 |
| Telecommunications and peripheral equipment | 5,455,926 | 3,189 | 1,862,116 | 3,596,999 |
| Total Accumulated Depreciation | 112,617,172 | 11,878,971 | 2,368,717 | 122,127,426 |
| Net Buildings and Other Capital Assets | 303,797,701 | (8,071,890) | 25,840 | 295,699,971 |
| Capital Assets being amortized | | | | |
| Leased assets | 376,845 | - | - | 376,845 |
| Less accumulated amortization | - | 141,254 | - | 141,254 |
| Total Capital Assets being Amortized, Net | 376,845 | (141,254) | - | 235,591 |
| **Total Capital Assets, Net** | **337,651,810** | **(6,014,466)** | **2,054,219** | **329,583,125** |
| Net Buildings and Other Capital Assets-Detail | | | | |
| Buildings | $ 255,541,320 | $ (4,532,479) | $ - | $ 251,008,841 |
| Land improvements | 28,482,302 | (1,300,603) | 21,060 | 27,160,639 |
| Library books | 1,882,100 | 15,151 | 25 | 1,897,226 |
| Furniture, machinery, vehicles, and other equipment | 17,883,801 | (2,250,770) | 4,755 | 15,628,276 |
| Telecommunications and peripheral equipment | 8,178 | (3,189) | - | 4,989 |
| Leased assets | 376,845 | (141,254) | - | 235,591 |
| **Total Net Buildings and Other Capital Assets** | **$ 304,174,546** | **$ (8,213,144)** | **$ 25,840** | **$ 295,935,562** |

## Note 5 – Capital Assets (Continued)

Construction in progress as of August 31, 2021, including capitalized interest of $6,746 consists of the following:

| Project | Balance September 1, 2020 | Additions | Completed/ Deductions | Balance August 31, 2021 |
|---|---|---|---|---|
| Pecan Cooling Towers Screen Upgrades | $ 13,198 | $ - | $ - | $ 13,198 |
| Pecan Building G Physical Science Classroom Conversion | 2,735 | 127,063 | - | 129,798 |
| Pecan Plaza Building C Kinesiology Renovation | 3,782 | 113,046 | - | 116,828 |
| Pecan Sand Volleyball Courts | 120,613 | 50,896 | 171,509 | - |
| Pecan Library Renovation | 129,078 | 352,924 | - | 482,002 |
| Pecan Building H Cafeteria Renovation | - | 135 | 135 | - |
| Pecan Building M Office and Work Space Renovation | 231,934 | 210,886 | 442,820 | - |
| Tech Emerging Tech Bldg A & Adv Tech Careers Bldg B Ren | - | 46,800 | - | 46,800 |
| Nursing Allied Health Bldg A Student Services Renovation | 19,779 | 239,140 | 258,919 | - |
| Nursing Allied Health West Entry Campus Sign | 2,940 | (2,940) | - | - |
| Mid Valley Building F Student Services Renovation | 105,310 | 179,462 | 284,772 | - |
| Mid Valley Conversion of Cafeteria to CLE | 1,070 | - | - | 1,070 |
| Starr Building G Student Services Renovation | 12,213 | 191,211 | 203,424 | - |
| RCPSE Target Range _ STC | 3,620 | 47,564 | - | 51,184 |
| RCPSE Target Range _ Grant | 10,861 | 478 | - | 11,339 |
| RCPSE Chiller Installation | - | 11,581 | - | 11,581 |
| RCPSE Site Drainage Improvements | 23,751 | 26,607 | - | 50,358 |
| RCPSE CityScape Remediation | - | 103,535 | 103,535 | - |
| Mid Valley Resurfacing Northwest Drive | 9,732 | 123,141 | 132,873 | - |
| Mid Valley Drainage Improvements Ph I | 228,122 | 188,170 | 416,292 | - |
| Mid Valley Workforce Ctr Bld D Roof Deferred Maint - Recoat | - | 9,396 | - | 9,396 |
| Mid Valley Library Bldg E Roof Deferred Maint - Recoating | - | 9,396 | - | 9,396 |
| Mid Valley Student Union Bldg F Roof Deferred Maint - Recoat | - | 9,396 | - | 9,396 |
| Mid Valley North Academic Bldg G Roof Deferred Maint - Recoat | - | 9,396 | - | 9,396 |
| Nursing Allied Health Bldg A Roof Deferred Maint - Recoating | - | 110,460 | - | 110,460 |
| Nursing Allied Health East Bldg A Stair Repairs and Replace | - | 9,600 | - | 9,600 |
| Starr North Academic Bldg C Roof Deferred Maint - Recoat | - | 4,208 | - | 4,208 |
| Starr South Academic Bldg E Roof Deferred Maint - Recoat | - | 4,208 | - | 4,208 |
| Starr Workforce Ctr Bldg D Roof Deferred Maint - Recoating | - | 4,208 | - | 4,208 |
| Starr Cultural Arts Ctr Bldg F Roof Deferred Maint - Recoat | - | 4,208 | - | 4,208 |
| Pecan Bldg M Generator Replacement | - | 12,204 | - | 12,204 |
| **Total** | **$ 918,738** | **$ 2,196,379** | **$ 2,014,279** | **$ 1,100,838** |

## Note 6 – Long Term Liabilities

Long-term liabilities activity for the year ended August 31, 2022, was as follows:

| | Restated Balance September 1, 2021 | Additions | Reductions | Balance August 31, 2022 | Current Portion |
|---|---|---|---|---|---|
| Bonds | | | | | |
| South Texas College District Limited Tax Bonds, Series 2014 | $ 5,390,000 | $ - | $ 2,630,000 | $ 2,760,000 | $ 2,760,000 |
| South Texas College District Limited Tax Bonds, Series 2015 | 74,570,000 | - | 63,475,000 | 11,095,000 | 5,465,000 |
| South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020 | 40,954,693 | - | 360,000 | 40,594,693 | 375,000 |
| South Texas College District Limited Tax Refunding Bonds, Taxable Series 2021 | - | 58,160,000 | 540,000 | 57,620,000 | 235,000 |
| General Obligation Bonds Subtotal | 120,914,693 | 58,160,000 | 67,005,000 | 112,069,693 | 8,835,000 |
| Net Pension Liability | 48,245,978 | - | 27,755,521 | 20,490,457 | - |
| Other Post Employment Benefits (OPEB | 135,121,885 | 21,335,513 | 18,979,239 | 137,478,159 | 2,825,403 |
| Accrued Compensable Absences | 1,001,446 | 2,209,779 | 1,841,277 | 1,369,948 | 1,313,793 |
| Leased Liability | 234,917 | 135,751 | 132,905 | 237,763 | 110,429 |
| Unearned Interest | 446,982 | - | 43,078 | 403,904 | 41,551 |
| **Total Liabilities** | **$ 305,965,901** | **$ 81,841,043** | **$ 115,757,020** | **$ 272,049,924** | **$ 13,126,176** |
| Bonds Detail | | | | | |
| Total Bonds Payable | $ 120,914,693 | $ 58,160,000 | $ 67,005,000 | $ 112,069,693 | $ 8,835,000 |
| Accreted Interest Premium CAB, Taxable Series 2020 | 56,942 | 51,377 | - | 108,319 | - |
| Accreted Interest Premium CAB, Taxable Series 2021 | - | 260,000 | - | 260,000 | - |
| Premium on Bonds Payable | 13,139,625 | 7,582,764 | 6,977,361 | 13,745,028 | 1,772,244 |
| **Total Bonds Payable, Net** | **$ 134,111,260** | **$ 66,054,141** | **$ 73,982,361** | **$ 126,183,040** | **$ 10,607,244** |
| Less Bonds Payable - Current Portion | | | | (10,607,244) | |
| **Total Noncurrent Bonds Payable, Net** | | | | **$ 115,575,796** | |

**Note 6 – Long Term Liabilities (Continued)**

Unamortized bond discount/premium, bond insurance costs, and deferred loss for the year ended August 31, 2022, on the above bond issues are as follows:

| | Bond Premium | Deferred Loss |
|---|---|---|
| South Texas College District Limited Tax Bonds, Series 2014 | $ 301,655 | $ 565,400 |
| South Texas College District Limited Tax Bonds, Series 2015 | 950,699 | 1,063,855 |
| South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020 | 5,345,234 | - |
| South Texas College District Limited Tax Bonds, Series 2021 | 7,147,440 | - |
| **Total** | **$ 13,745,028** | **$ 1,629,255** |

Arbitrage

IRS rules governing arbitrage are designed to minimize arbitrage benefits by investing the proceeds of tax-exempt bonds in higher interest rate investments. Any excess earnings resulting from arbitrage must be rebated to the federal government. The District calculates arbitrage at the end of each five-year period that bonds are outstanding and at maturity. At August 31, 2022, the District did not have a liability.

## Note 6 – Long Term Liabilities (Continued)

For comparison purposes, the long-term liabilities activity for the year ended August 31, 2021, was as follows:

| | Restated Balance September 1, 2020 | Additions | Reductions | Restated Balance August 31, 2021 | Current Portion |
|---|---|---|---|---|---|
| Bonds | | | | | |
| South Texas College District Limited Tax Bonds, Series 2014 | $ 7,895,000 | $ - | $ 2,505,000 | $ 5,390,000 | $ 2,630,000 |
| South Texas College District Limited Tax Bonds, Series 2015 | 79,725,000 | - | 5,155,000 | 74,570,000 | 5,310,000 |
| South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020 | 41,194,693 | - | 240,000 | 40,954,693 | 360,000 |
| General Obligation Bonds Subtotal | 128,814,693 | - | 7,900,000 | 120,914,693 | 8,300,000 |
| Net Pension Liability | 52,245,580 | - | 3,999,602 | 48,245,978 | - |
| Other Post Employment Benefits | 111,947,484 | 40,048,509 | 16,874,108 | 135,121,885 | 4,507,183 |
| Accrued Compensable Absences | 1,434,728 | 1,776,615 | 2,209,897 | 1,001,446 | 973,369 |
| Lease Liability | 376,845 | - | 141,928 | 234,917 | 115,886 |
| Unearned Interest | 491,501 | - | 44,519 | 446,982 | 43,078 |
| **Total Liabilities** | **$ 295,310,831** | **$ 41,825,124** | **$ 31,170,054** | **$ 305,965,901** | **$ 13,939,516** |
| Bonds Detail | | | | | |
| Total Bonds Payable | $ 128,814,693 | $ - | $ 7,900,000 | $ 120,914,693 | $ 8,300,000 |
| Accreted Interest Premium CAB, Taxable Series 2020 | - | 56,942 | - | 56,942 | - |
| Premium on Bonds Payable | 14,368,548 | - | 1,228,923 | 13,139,625 | 1,228,923 |
| **Total Bonds Payable, Net** | **$ 143,183,241** | **$ 56,942** | **$ 9,128,923** | **$ 134,111,260** | **$ 9,528,923** |
| Less Bonds Payable - Current Portion | | | | (9,528,923) | |
| **Total Noncurrent Bonds Payable, Net** | | | | **$ 124,582,337** | |

**Note 6 – Long Term Liabilities (Continued)**

Unamortized bond discount/premium, bond issue costs and deferred loss for the year ended August 31, 2021, on the above bond issues are as follows:

| | Bond Premium | Deferred Loss |
|---|---|---|
| South Texas College District Limited Tax Bonds, Series 2014 | $ 603,310 | $ 1,130,801 |
| South Texas College District Limited Tax Bonds, Series 2015 | 6,745,645 | - |
| South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020 | 5,790,670 | - |
| **Total** | **$ 13,139,625** | **$ 1,130,801** |

Arbitrage

IRS rules governing arbitrage are designed to minimize arbitrage benefits by investing the proceeds of tax-exempt bonds in higher interest rate investments. Any excess earnings resulting from arbitrage must be rebated to the federal government. The District calculates arbitrage at the end of each five-year period that bonds are outstanding and at maturity. At August 31, 2021, the District did not have a liability.

## Note 7 – Bonds Payable

General Information related to bonds payable and balances are summarized below:

| | August 31, 2022 | August 31, 2021 |
|---|---|---|
| $53,750,000 South Texas College District Limited Tax Bonds, Series 2014 due in varying installments through 2023, interest at 5.0%.<br>Purpose: Construction and equipping of College buildings to accommodate increased student enrollment and to pay for the cost of issuance of the bonds.<br>Issued: February 26, 2014, Refunded in part by issued date July 23, 2020<br>Authorized Date: November 5, 2013<br>Authorized: $159,028,940; $53,750,000 issued<br>Source of revenue for debt service: Ad valorem taxes | $ 2,760,000 | $ 5,390,000 |
| $90,220,000 South Texas College District Limited Tax Bonds, Series 2015 due in varying installments through 2035, interest at 2.0% - 5.0%.<br>Purpose: Construction and equipping of College buildings to accommodate increased student enrollment and to pay for the cost of issuance of the bonds.<br>Issued: July 21, 2015<br>Authorized Date: November 5, 2013<br>Authorized: $159,028,940; $90,220,000 issued<br>Source of revenue for debt service: Ad valorem taxes | 11,095,000 | 74,570,000 |
| $41,194,693 South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020 due in varying installments through 2034, interest at 3.0% - 5.0%.<br>Purpose: To advance refund a portion of the District's Bonds, Series 2014 in order to lower the overall annual debt service requirements of the District, and to pay for the cost of issuance of the bonds.<br>Issued: July 23, 2020<br>Authorized: $41,194,693.20; $40,935,000 Current Interest Bonds and $259,693.20 Premium Capital Appreciation Bonds<br>Source of revenue for debt service: Ad valorem taxes | 40,594,693 | 40,954,693 |
| $58,160,000 South Texas College District Limited Tax Refunding Bonds, Taxable Series 2021 due in varying installments through 2035, interest at 2.2% - 5.0%.<br>Purpose: To refund certain outstanding debt obligations of the District for debt service savings (Bond Series 2015) and to pay for the cost of issuance of the bonds.<br>Issued: November 16, 2021<br>Authorized: $58,160,000; $55,065,000 Current Interest Bonds and $3,095,000 Premium Capital Appreciation Bonds<br>Source of revenue for debt service: Ad valorem taxes | 57,620,000 | - |
| **Total Bonds Payable** | **$ 112,069,693** | **$ 120,914,693** |

**Note 8 – Advance Refunding of Bonds**

On November 16, 2021, South Texas College District issued a Limited Tax Refunding Bonds, Taxable Series 2021 totaling $58,160,000, and is being issued to refund a portion of the District's outstanding debt South Texas College District Limited Tax Bonds, Series 2015, in order to lower the overall debt service requirements of the District and to pay the cost associated with the issuance of the bonds. A total of $58,165,000 of Limited Tax Bonds, Taxable Series 2015 was refunded. Outstanding on the Limited Tax Refunding Bonds, Taxable Series 2021 at year end was $57,620,000. The average interest rate of bonds refunded were 4.4% for Bonds Series 2015. In order to refund the bonds, the proceeds of the new bonds in the amount of $65,790,204 after payments of $674,166 to underwriting fees, insurance, bond counsel fees, rating fees, financial advisor, paying agent/escrow agent fees, printing fee, verification agent fee, and other issuance costs, were deposited and held in an escrow fund by Bank of Texas. The refunding resulted in a reduction of the total debt service payments over the next thirteen years by $6,775,707 and gave the District an economic gain of $5,807,231. The accounting loss resulting from the advance refunding totaled $1,485,024. The portion of post refunding Limited Tax Bonds, Series 2015 outstanding at August 31, 2022 is $11,095,000.

On July 23, 2020, South Texas College District issued a Limited Tax Refunding Bonds, Taxable Series 2020 totaling $41,194,693 and is being issued to refund a portion of the District's outstanding debt South Texas College District Limited Tax Bonds, Series 2014, in order to lower the overall debt service requirements of the District and to pay the cost associated with the issuance of the bonds. A total of $41,195,000 of Limited Tax Bonds, Taxable Series 2014 was refunded. Outstanding on the Limited Tax Refunding Bonds, Taxable Series 2020 at year end was $40,594,693. The average interest rate of bonds refunded were 5.0% for Bonds Series 2014. In order to refund the bonds, the proceeds of the new bonds in the amount of $48,038,595 after payments of $470,894 to underwriting fees, insurance, bond counsel fees, rating fees, financial advisor, paying agent/escrow agent fees, printing fee, verification agent fee, and other issuance costs, were deposited and held in an escrow fund by Bank of Texas. The refunding resulted in a reduction of the total debt service payments over the next thirteen years by $4,432,700 and gave the District an economic gain of $3,611,626. The accounting loss resulting from the advance refunding totaled $1,758,163. The portion of post refunding Limited Tax Bonds, Series 2014 outstanding at August 31, 2022 is $2,760,000.

## Note 9 – Debt Obligations

As of August 31, 2022, bonds payable are due in annual installments varying from $360,000 to $6,165,000 with interest rates from 2.2% to 5% and the final installment due in 2035. The principal and interest expense requirement for the next five years and beyond is summarized below for bonds issued:

| | General Obligation Bond | | |
|---|---|---|---|
| Fiscal Year | Principal | Interest | Total |
| 2023 | $ 8,835,000 | $ 4,363,523 | $ 13,198,523 |
| 2024 | 9,170,000 | 4,031,073 | 13,201,073 |
| 2025 | 5,854,693 | 5,132,880 | 10,987,573 |
| 2026 | 7,535,000 | 3,447,573 | 10,982,573 |
| 2027 | 7,915,000 | 3,070,823 | 10,985,823 |
| 2028-2032 | 45,830,000 | 9,088,917 | 54,918,917 |
| 2033-Thereafter | 26,930,000 | 1,304,404 | 28,234,404 |
| **Total** | **$ 112,069,693** | **$ 30,439,193** | **$ 142,508,886** |

For comparison purposes, as of August 31, 2021, bonds payable are due in annual installments varying from $240,000 to $6,455,000 with interest rates from 3.0% to 5.0% and the final installment due in 2035. The principal and interest expense requirement for the next five years and beyond is summarized below for bonds issued:

| | General Obligation Bond | | |
|---|---|---|---|
| Fiscal Year | Principal | Interest | Total |
| 2022 | $ 8,300,000 | $ 5,427,806 | $ 13,727,806 |
| 2023 | 8,600,000 | 5,119,006 | 13,719,006 |
| 2024 | 8,925,000 | 4,798,306 | 13,723,306 |
| 2025 | 6,894,693 | 4,612,363 | 11,507,056 |
| 2026 | 7,485,000 | 4,020,306 | 11,505,306 |
| 2027-2031 | 43,320,000 | 14,209,119 | 57,529,119 |
| 2032-2035 | 37,390,000 | 3,910,800 | 41,300,800 |
| **Total** | **$ 120,914,693** | **$ 42,097,706** | **$ 163,012,399** |

## Note 10 – Lease Obligations and Rental Agreements

The District has entered into agreements to lease certain equipment and facilities. The lease agreements qualify as other than short-term leases under GASB 87 Leases and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

## Note 10 – Lease Obligations and Rental Agreements (Continued)

Lease liabilities at August 31, 2022 and August 31, 2021 are as follows:

| | FY 2022 | FY 2021 |
|---|---|---|
| Agreements with Xerox Corporation for District-wide copy machines, monthly payments of $7,852; lease liability measured using a discount rate of 6%, which is the District's depository borrowing interest rate | $ 17,575 | $ 61,908 |
| Agreements with Cannon Financial Services, Inc. for District-wide copy machines, monthly payments of $1,061; lease liability measured using a discount rate of 6%, which is the District's depository borrowing interest rate | 42,368 | - |
| Agreements with UBEO, LLC (Ricoh USA, Inc.) for District-wide copy machines, monthly payments of $568; lease liability measured using a discount rate of 2.67%, which is the stated rate in the lease agreement | 24,106 | - |
| Agreement with SHI Government Solutions-Hewlett Packard Financial Services Co. for Information Technology department, annual payment of $57,210, lease liability measured no discount rate, which is stated in the lease financing agreement | 114,420 | 171,630 |
| Agreement with Lower Rio Grande Valley Community Health Management Corp. Inc. (El Milagro Parking Lot) for facility usage, monthly payment of $104, lease liability measured using a discount rate, of 6%, which is the District's depository borrowing interest rate | 174 | 1,379 |
| Agreement with PSJA – Dr. Daniel King College & University Ctr & College Career & Technology Academy Building for facility usage, monthly payment of $1,000, lease liability measured using a discount rate, of 6%, which is the District's depository borrowing interest rate | 22,563 | - |
| Agreement with La Plaza Storage, Ltd. for facility usage, monthly payment of $1,425, lease liability measured using a discount rate, of 6%, which is the District's depository borrowing interest rate | 16,557 | - |
| **Total** | **$ 237,763** | **$ 234,917** |

**Note 10 – Lease Obligations and Rental Agreements (Continued)**

Lease obligations as of August 31, 2022 were as follows:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 110,429 | $ 5,129 | $ 115,558 |
| 2024 | 91,021 | 2,789 | 93,810 |
| 2025 | 22,495 | 1,264 | 23,759 |
| 2026 | 13,818 | 338 | 14,156 |
| **Total** | **$ 237,763** | **$ 9,520** | **$ 247,283** |

Lease obligations as of August 31, 2021 were as follows:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2022 | $ 115,886 | $ 2,109 | $ 117,995 |
| 2023 | 61,821 | 36 | 61,857 |
| 2024 | 57,210 | - | 57,210 |
| **Total** | **$ 234,917** | **$ 2,145** | **$ 237,062** |

**Note 11 – Lessor Accounting**

On January 22, 2016, the Board of Trustees approved the College and Pharr-San Juan-Alamo Independent School District (PSJA) Interlocal Agreement to lease four classrooms, consisting in the aggregate, approximately 5,800 square feet or more located at the Regional Center for Public Safety Excellence ("Regional Center"). The initial term of this Lease shall commence at the earlier of (a) the date of final completion of the project, or (b) delivery of Notice of Right to Possession by College, and shall terminate and expire on the date, immediately preceding the 20th anniversary of the effective date. PSJA lease payment amortization started in the Fall of 2018. PSJA contributed $1,370,532, which includes its $1,000,000 monetary contribution and 10 acres of real property that supported the development of the South Texas College Regional Center for Public Safety Excellence in Pharr, Texas.

PSJA ISD remaining lease obligation as of August 31, 2022 were as follows:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 26,975 | $ 41,551 | $ 68,526 |
| 2024 | 28,594 | 39,933 | 68,527 |
| 2025 | 30,309 | 38,217 | 68,526 |
| 2026 | 32,128 | 36,399 | 68,527 |
| 2027 | 34,056 | 34,471 | 68,527 |
| 2028-2032 | 203,493 | 139,140 | 342,633 |
| 2033-2037 | 272,320 | 70,313 | 342,633 |
| Thereafter | 64,648 | 3,880 | 68,528 |
| **Total** | **$ 692,523** | **$ 403,904** | **$ 1,096,427** |

**Note 11 – Lessor Accounting (Continued)**

PSJA ISD remaining lease obligation as of August 31, 2021 were as follows:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2022 | $ 25,448 | $ 43,078 | $ 68,526 |
| 2023 | 26,975 | 41,551 | 68,526 |
| 2024 | 28,594 | 39,933 | 68,527 |
| 2025 | 30,309 | 38,217 | 68,526 |
| 2026 | 32,128 | 36,399 | 68,527 |
| 2027-2031 | 191,975 | 150,658 | 342,633 |
| 2032-2036 | 256,905 | 85,728 | 342,633 |
| Thereafter | 125,636 | 11,418 | 137,054 |
| **Total** | **$ 717,971** | **$ 446,982** | **$ 1,164,953** |

**Note 12 – Employees' Retirement Plan**

The State of Texas has joint contributory retirement plans for almost all its employees. The District requires all full-time employees to participate in either the Teacher Retirement System of Texas (TRS) or in the Optional Retirement Plan (ORP). Employees who are eligible to participate in the ORP have ninety days from the date of their employment to select the optional retirement program. Employees who previously had the opportunity to participate in the ORP but declined must remain with the TRS for the duration of their employment in the Texas education system.

**Teacher Retirement System of Texas - Defined Benefit Plan**

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and

**Note 12 – Employees' Retirement Plan (Continued)**

required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/acfr2021.pdf#search=annual%20financial%20report or write to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years.

Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description in 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 action.

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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

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

**Note 12 – Employees' Retirement Plan (Continued)**

Contribution Rates

| | August 31, 2022 | August 31, 2021 |
|---|---|---|
| Member | 8.0% | 7.7% |
| District/Non-Employer Contributing Entity (State) | 7.75% | 7.5% |

| | |
|---|---|
| FY 2021 Member contributions | $ 6,050,937 |
| FY 2021 District contributions | $ 3,433,634 |
| FY 2021 State contributions | $ 2,506,902 |

The District's estimated contributions to the TRS pension plan in fiscal year ended 2022 were $3,583,076 as reported in the Schedule of District Contributions for pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on behalf contributions for fiscal year ended 2022 were $2,562,554.

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

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

**Note 12 – Employees' Retirement Plan (Continued)**

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation Date | August 31, 2020 rolled forward to August 31, 2021 |
| 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* | 1.95% * |
| Last year ending August 31 | |
| Projection period (100 years) | 2120 |
| Inflation | 2.30% |
| Salary increases including inflation | 3.05% to 9.05% |
| Benefit changes during the year | None |
| Ad hoc post-employment benefit changes | None |

** The source for the Municipal Bond 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 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, 2020.

Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. 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% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active 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.

**Note 12 – Employees' Retirement Plan (Continued)**

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using 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 TRS' target asset allocation as of August 31, 2021 are summarized below:

| Asset Class[1] | Target Allocation[2] | Long Term Expected Geometric Real Rate of Return[3] | Expected Contribution to Long Term Portfolio Returns |
|---|---|---|---|
| **Global Equity** | | | |
| USA | 18.00% | 3.60% | 0.94% |
| Non-U.S. Developed | 13.00% | 4.40% | 0.83% |
| Emerging Markets | 9.00% | 4.60% | 0.74% |
| Private Equity | 14.00% | 6.30% | 1.36% |
| **Stable Value** | | | |
| Government Bonds | 16.00% | (0.20)% | 0.01% |
| Absolute Return | - | 1.10% | - |
| Stable Value Hedge Funds | 5.00% | 2.20% | 0.12% |
| **Real Return** | | | |
| Real Estate | 15.00% | 4.50% | 1.00% |
| Energy and Natural Resources and Infrastructure | 6.00% | 4.70% | 0.35% |
| Commodities | - | 1.70% | - |
| **Risk Parity** | | | |
| Risk Parity | 8.00% | 2.80% | 0.28% |
| **Asset Allocation Leverage** | | | |
| Cash | 2.00% | (.70)% | (0.01)% |
| Asset Allocation Leverage | (6.00)% | (.50)% | 0.03% |
| Inflation Expectation | - | | 2.20% |
| Volatility Drag[4] | - | | (0.95)% |
| **Total** | **100.00%** | | **6.90%** |

[1] Absolute Return includes Credit Sensitive Investment
[2] Target Allocation based on the FY 2021 policy model.
[3] Capital Market Assumptions come from AON Hewitt (as of 08/31/2021)
[4] The volatility drag results from the conversion between arithmetic and geometric mean returns

**Note 12 – Employees' Retirement Plan (Continued)**

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 which the District reported as follows:

| | August 31, 2022 | | |
|---|---|---|---|
| | 1% Decrease in Discount Rate (6.25%) | Discount Rate (7.25%) | 1% Increase in Discount Rate (8.25%) |
| District's proportionate share of the net pension liability: | $ 44,774,902 | $ 20,490,457 | $ 788,402 |

| | August 31, 2021 | | |
|---|---|---|---|
| | 1% Decrease in Discount Rate (6.25%) | Discount Rate (7.25%) | 1% Increase in Discount Rate (8.25%) |
| District's proportionate share of the net pension liability: | $ 74,394,435 | $ 48,245,978 | $ 27,000,930 |

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

At August 31, 2022, and 2021, the District reported a liability of $20,490,457 and $48,245,978, respectively, for its proportionate share of the TRS net pension liability. This liability reflects a reduction for state pension support provided to the District. The amount recognized by the District 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 District are as follows:

| | August 31, 2022 | August 31, 2021 |
|---|---|---|
| The District's proportionate share of the collective net pension liability | $ 20,490,457 | $ 48,245,978 |
| State's proportionate share that is associated with the District | 14,960,114 | 35,262,597 |
| **Total** | **$ 35,450,471** | **$ 83,508,575** |

**Note 12 – Employees' Retirement Plan (Continued)**

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At the measurement date of August 31, 2021, the District's proportion of the collective net pension liability was 0.080461%, which was a decrease of 0.009621% from its proportion measured as of August 31, 2020.

**Changes Since the Prior Actuarial Valuation**

- The single discount rate as of August 31, 2018, was a blended rate of 6.907%, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 86th Texas Legislature, 2019, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a $2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumption.
- The Texas Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or $2,000, whichever was less.

For the year ended August 31, 2022, the District recognized on-behalf revenue and expense of $59,809 for support provided by the State. For the year ended August 31, 2021, the District recognized on-behalf revenue and expense of $4,241,307 for support provided by the State.

**Note 12 – Employees' Retirement Plan (Continued)**

At August 31, 2022 and 2021, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | August 31, 2022 | | August 31, 2021 | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual economic experience | $ 34,290 | $ 1,442,544 | $ 88,093 | $ 1,346,417 |
| Changes in actuarial assumption | 7,242,976 | 3,157,317 | 11,194,784 | 4,759,944 |
| Difference between projected and actual investment earnings, net | - | 17,180,982 | 976,698 | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 3,357,081 | 6,880,270 | 4,592,955 | 4,111,801 |
| Contributions paid to TRS subsequent to the measurement date | 3,583,076 | - | 3,433,634 | - |
| **Total** | **$14,217,423** | **$28,661,113** | **$20,286,164** | **$10,218,162** |

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

| Year ended August 31: | Increase (Reduction) of Pension Expense |
|---|---|
| 2023 | $ (2,719,849) |
| 2024 | $ (2,890,389) |
| 2025 | $ (4,678,203) |
| 2026 | $ (6,414,465) |
| 2027 | $ (1,064,837) |
| Thereafter | $ (259,023) |

The District is dependent upon information provided by the TRS Plan for recognizing the Pension liability, deferred inflows and deferred outflows of resources, and expenses. Future changes, if any, to the current methodology or actuarial assumptions being utilized, could result in significant changes in accounting and financial reporting in future periods.

## Note 12 – Employees' Retirement Plan (Continued)

### 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 are 6.6% for fiscal years 2022, 2021, and 2020. The percentages of participant salaries currently contributed by each participant are 6.65% for fiscal years 2022, 2021, and 2020. The District contributed 1.9% for fiscal years 2022, 2021, and 2020, 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. S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution of 50% of eligible employees in the reporting district.

### Payroll for Retirement Plans

Total payroll for the District and for employees covered by each retirement plan, associated District contributions for ORP, State contributions made on behalf of the District for ORP and member contributions for ORP were as follows:

| | August 31, 2022 | August 31, 2021 | August 31, 2020 |
|---|---|---|---|
| Payroll for all district employees | $ 101,320,648 | $ 94,933,577 | $ 101,796,200 |
| Total payroll for TRS | 78,684,222 | 78,581,330 | 85,068,749 |
| Total payroll for ORP | 9,733,497 | 10,010,338 | 11,382,013 |
| State contributions | 310,206 | 320,211 | 365,301 |
| District contributions | 339,358 | 351,665 | 398,921 |
| **Total Contributions** | **$ 649,564** | **$ 671,876** | **$ 764,222** |
| Member contributions | $ 647,278 | $ 665,668 | $ 756,904 |

## Note 13 – Deferred Compensation Program

District employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001.

As of August 31, 2022, the District has 84 employees participating in Section 403(b) Tax Sheltered Annuity (TSA) Program and 87 participated in 2021. A total of $559,203 and $544,744 in payroll deductions have been invested in approved 403(b) plans during the fiscal years 2022 and 2021, respectively.

As of August 31, 2022, the District has 80 employees participating in Section 457 Deferred Compensation Plan (DCP) and 86 participated in 2021. A total of $327,550 and $307,324 in payroll deductions have been invested in Section 457 Deferred Compensation Plan (DCP) during the fiscal years 2022 and 2021, respectively.

The deferred compensation program is not included in the basic financial statements because the program assets are assets of the plan participants and not of the District.

## Note 14 – Compensable Absences

On October 26, 2021, the Board of Trustees approved a revision to the Policy 4306 Vacation Leave Accrual allowing eligible employees to accrue leave based on length of employment.

As of October 26, 2021, after implementing the Board approved change, employees started accruing vacation based on their years of service as follows:

- Less than 5 years of employment - accrue 8 vacation hours a month
- At least 5 years but less than 10 years of employment - accrue 10 vacation hours a month
- At least 10 years but less than 15 years of employment - accrue 12 vacation hours a month
- At least 15 years but less than 20 years of employment - accrue 14 vacation hours a month
- At least 20 years or more of employment - accrue 16 vacation hours a month

Prior to October 26, 2021, with the exception of faculty members who have appointments of less than 12 months, all full-time benefit eligible employees accrue vacation leave time at the rate of 8 hours per month. Less than full-time employees accrue vacation on a pro-rated basis.

All hours of unused accumulated vacation leave, except as authorized by the Board of Trustees, needed to be used by March 1, following the fiscal year in which it was accumulated and any vacation leaves not used by that date was forfeited. However, after October 26, 2021, employees are allowed to transfer a maximum of 96 hours of vacation leave to the next fiscal year. Carryover

**Note 14 – Compensable Absences (Continued)**

of vacation leave earned in a fiscal year (September 1 through August 31) to the following fiscal year may not exceed 12 days or 96 hours. Any excess of vacation leave is forfeited on August 31st. The Board has made an exception to these guidelines and the associated cost is included in the long-term portion. Full-time benefit eligible employees are expected to utilize accrued vacation leave prior to their separation from the District. However, the employee will be compensated for accrued vacation leave if the leave is not taken prior to separation.

| | August 31, 2022 | August 31, 2021 |
|---|---|---|
| Compensable absences-beginning | $ 1,001,446 | $ 1,434,728 |
| Net additions and reductions | 368,502 | (433,282) |
| **Total Compensable Absences** | **$ 1,369,948** | **$ 1,001,446** |
| Current portion | $ 1,313,793 | $ 973,369 |

Sick leave, which can be accumulated up to 720 hours, is earned at the rate of 8 hours per month. It is paid to an employee who misses work under the criteria of board-approved guidelines for sick leave. Sick leave does not vest; therefore, no liability is recorded. Employees retiring under the Texas Retirement System (TRS) after September 1, 2001, may have the option to use accrued sick leave towards years of service credit under TRS rules.

**Note 15 – Other Post-Employment Benefits (OPEB)**

(In accordance with GASB Statement 75)

Plan Description

South Texas College District 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 Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life, and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position

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

**Note 15 – Other Post-Employment Benefits (OPEB) (Continued)**

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 10 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
For the Measurement Years Ended

| | August 31, 2022 | August 31, 2021 |
|---|---|---|
| Retiree Only | $ 625 | $ 625 |
| Retiree and Spouse | $ 1,340 | $ 1,341 |
| Retiree and Children | $ 1,104 | $ 1,104 |
| Retiree and Family | $ 1,819 | $ 1,820 |

**Note 15 – Other Post-Employment Benefits (OPEB) (Continued)**

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, 2022 | August 31, 2021 |
|---|---|---|
| Member (Employee) Contributions | $ 3,211,590 | $ 3,294,918 |
| District Contributions | $ 11,517,330 | $ 12,292,434 |
| State of Texas (NECE) Contributions | $ 3,329,554 | $ 3,329,554 |

**Note 15 – Other Post-Employment Benefits (OPEB) (Continued)**

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2021 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, 2021 |
| Actuarial cost method | Entry Age |
| Amortization method | Level Percent of Pay, Open |
| Remaining amortization period | 30 years |
| Asset valuation method | Not Applicable |
| Discount rate | 2.14% |
| Projected annual salary increase (includes inflation) | 2.30% to 9.05% |
| Annual healthcare trend rate | 5.25% for FY2023, 5.15% for FY2024, 5.00% for FY2025, 4.75% for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for 2030 and later years |
| Inflation assumption rate | 2.30% |
| 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 projected from the 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 |

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS plan actuary as of August 1, 2019 and TRS retirement plan actuary as of August 31, 2017.

**Note 15 – Other Post-Employment Benefits (OPEB) (Continued)**

Investment Policy

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

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.20%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.14%, which amounted to a decrease of 0.06%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore, the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis

The following schedules shows the impact on the District's proportionate share of the collective net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used 2.14% and 2.20% in measuring net OPEB Liability:

| | August 31, 2022 | | |
|---|---|---|---|
| | 1% Decrease in Discount Rate (1.14%) | Discount Rate (2.14%) | 1% Increase in Discount Rate (3.14%) |
| District's proportionate share of the net OPEB liability: | $116,930,858 | $137,478,159 | $163,741,704 |

| | August 31, 2021 | | |
|---|---|---|---|
| | 1% Decrease in Discount Rate (1.20%) | Discount Rate (2.20%) | 1% Increase in Discount Rate (3.20%) |
| District's proportionate share of the net OPEB liability: | $115,160,585 | $135,121,885 | $160,601,889 |

**Note 15 – Other Post-Employment Benefits (OPEB) (Continued)**

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 5.25% and the ultimate rate is 4.3% at the measurement date of August 31, 2021 and the initial healthcare trend rate is 8.8% and the ultimate rate is 4.3% at the measurement date of August 31, 2020. The following schedule shows the impact on the District's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1% less than and 1% greater than the healthcare cost trend rate that was used (5.25% decreasing to 4.3%) in measuring the net OPEB liability which the District reported at August 31, 2022 and 2021 is as follows:

| | August 31, 2022 | | |
|---|---|---|---|
| | 1% Decrease in Healthcare Cost Trend Rates (4.25% decreasing to 3.3%) | Current Healthcare Cost Trend Rates (5.25% decreasing to 4.3%) | 1% Increase in Healthcare Cost Trend Rates (6.25% decreasing to 5.3%) |
| District's proportionate share of the net OPEB liability: | $115,121,774 | $137,478,159 | $166,734,511 |

| | August 31, 2021 | | |
|---|---|---|---|
| | 1% Decrease in Healthcare Cost Trend Rates (7.8% decreasing to 3.3%) | Current Healthcare Cost Trend Rates (8.8% decreasing to 4.3%) | 1% Increase in Healthcare Cost Trend Rates (9.8% decreasing to 5.3%) |
| District's proportionate share of the net OPEB liability: | $113,088,129 | $135,121,885 | $164,005,837 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At August 31, 2022, and 2021 the District's reported a liability of $137,478,159 and $135,121,885 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB.

**Note 15 – Other Post-Employment Benefits (OPEB) (Continued)**

The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability associated with the District were as follows:

| | August 31, 2022 | August 31, 2021 |
|---|---|---|
| The District's proportionate share of the collective OPEB liability | $ 137,478,159 | $ 135,121,885 |
| State's proportionate share that is associated with the District | 39,743,669 | 36,599,391 |
| **Total** | **$ 177,221,828** | **$ 171,721,276** |

The net OPEB liability was measured as of August 31, 2021, 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, 2020, thru August 31, 2021.

At the measurement date of August 31, 2021, the employer's proportion of the collective net OPEB liability was 0.38320896%, which was a decrease of 0.02569826% from its proportion measured as of August 31, 2020.

For the year ended August 31, 2022, the District recognized OPEB expense of $484,907 and revenue of $431,826 for support provided by the State.

Changes Since the Prior Actuarial Valuation

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

- 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 proportion of future retirees assumed to be married and electing coverage for their spouse.
- The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- The percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- Annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations.

**Note 15 – Other Post-Employment Benefits (OPEB) (Continued)**

- Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions.
- The discount rate was changed from 2.20% to 2.14% as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20 year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY 2022, are provided for in the FY 2022 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

At August 31, 2022 and 2021, the District 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:

| | FY 2022 | | FY 2021 | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual economic experience | $ - | $ 3,372,185 | $ - | $ 5,284,684 |
| Changes in actuarial assumption | 9,412,294 | 15,311,989 | 7,822,618 | 29,113,198 |
| Difference between projected and actual investment earnings, net | 24,348 | - | 40,327 | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 54,531,023 | 10,545,729 | 81,209,547 | - |
| Contributions paid to ERS subsequent to the measurement date | 441,372 | - | 419,357 | - |
| **Total** | **$ 64,409,037** | **$ 29,229,903** | **$ 89,491,849** | **$ 34,397,882** |

The $441,372 amount reported at August 31, 2022 as deferred outflows of resources related to OPEB resulting from District contributions to the OPEB plan made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2023.

**Note 15 – Other Post-Employment Benefits (OPEB) (Continued)**

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: | Increase (Reduction) of OPEB Expense |
|---|---|
| 2023 | $ 17,436,163 |
| 2024 | $ 14,279,860 |
| 2025 | $ 3,673,001 |
| 2026 | $ 210,244 |
| 2027 | $ (861,506) |
| Thereafter | - |

The District is dependent upon information provided by the ERS Plan for recognizing OPEB liability, deferred inflows and deferred outflows of resources, and expenses. Future changes, if any, to the current methodology or actuarial assumptions being utilized, could result in significant changes in accounting and financial reporting in future periods.

**Note 16 – Pending Lawsuits and Claims**

A. Litigation

On August 31, 2022, various lawsuits and claims involving the District were pending. While the ultimate liability with respect to litigation and other claims asserted against the District cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the District.

B. Federal and State Assisted Grant Programs

The District participates in several federal and state assisted grant programs. Although the District's grant programs have been audited in accordance with the provisions of the Uniform Guidance and the State of Texas Single Audit Circular through August 31, 2022, these programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

## Note 17 – Disaggregation of Receivable and Payable Balances

Receivables

Receivables at August 31, 2022, and 2021 were as follows:

| | August 31, 2022 | August 31, 2021 |
|---|---|---|
| Student receivables | $ 2,954,077 | $ 3,630,611 |
| Federal receivables | 2,315,473 | 1,715,176 |
| Interest receivables | 646,585 | 64,328 |
| Accounts receivables | | |
| Bookstore and auxiliary | 76,212 | 118,623 |
| State, local, and private | 771,619 | 825,186 |
| Pledges receivable | 25,000 | 30,000 |
| Contractors | - | 62 |
| Other receivables | 1,217,164 | 823,452 |
| Subtotal | 8,006,130 | 7,207,438 |
| Allowance for doubtful accounts-student | (2,071,667) | (2,617,027) |
| **Total Accounts Receivable, Net** | **$ 5,934,463** | **$ 4,590,411** |

| | August 31, 2022 | August 31, 2021 |
|---|---|---|
| Taxes receivables | $ 13,217,952 | $ 13,474,302 |
| Allowance for doubtful accounts-taxes | (7,711,932) | (7,570,468) |
| **Total Accounts Receivable, Net** | **$ 5,506,020** | **$ 5,903,834** |

Student and taxes receivables may not all be collected within one year.

Payables

Payables at August 31, 2022, and 2021 were as follows:

| | August 31, 2022 | | August 31, 2021 | |
|---|---|---|---|---|
| | Accounts Payable | Accrued Liabilities | Accounts Payable | Accrued Liabilities |
| Vendor payable | | | | |
| Vendors | $1,916,114 | $ - | $1,439,027 | $ - |
| Construction | 589,694 | - | 113,485 | - |
| Construction retainage | 29,884 | - | 16,105 | - |
| Salaries & benefits | - | 1,151,851 | - | 1,588,124 |
| Students payable | 330,080 | - | 624,862 | - |
| Accrued interest | - | 189,718 | - | 235,991 |
| Other Payables | 111,017 | - | 49,304 | - |
| **Total Payables** | **$2,976,789** | **$1,341,569** | **$2,242,783** | **$1,824,115** |

## Note 18 – Funds Held for Others

At August 31, 2022, and at August 31, 2021, the District held, in trust funds, amounts of $247,625, and $264,325, respectively that pertain primarily to student organizations. These funds are not available to support the District's programs.

## Note 19 – 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*. All contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivables 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 award funds already committed (e.g. multi-year awards) or funds awarded during fiscal years ended 2022 and 2021, for which monies have not been received nor funds expended totaled $43,671,815 and $119,524,988, respectively.

These amounts are comprised of the following:

| | August 31, 2022 | August 31, 2021 |
|---|---|---|
| Federal contracts and grant awards | $ 41,394,350 | $ 117,799,699 |
| State contracts and grant awards | 1,251,076 | 752,672 |
| Local contracts and grant awards | 198,047 | 213,105 |
| Private contracts and grant awards | 828,342 | 759,512 |
| **Total contract and grant awards** | **$ 43,671,815** | **$ 119,524,988** |

## Note 20 – Health Care and Life Insurance Benefits

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was $624.82 per month for the year ended August 31, 2022 and for the year ended August 31, 2021, for the United Health Select of Texas. The state's contribution totaled $5,961,630 for fiscal year 2022 and $3,329,554 for fiscal year 2021.

The cost of providing those benefits for one hundred and seventy-one retirees in the year ended August 31, 2022, was $672,740 and for one hundred and fifty-four retirees in the year ended August 31, 2021, was $324,582. For 1,438 United Health Select of Texas active employees, the cost of providing benefits was $5,288,890 for the year ended August 31, 2022. For 1,515 United Health Select of Texas active employees, the cost was $3,004,972 for the year ended August 31, 2021. S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

## Note 20 – Health Care and Life Insurance Benefits (Continued)

The number of employees and retirees and associated District contributions and state contributions made on behalf of the District were as follows:

| | August 31, 2022 | August 31, 2021 |
|---|---|---|
| Full time employees | 1,438 | 1,515 |
| Number of retirees | 171 | 154 |
| | | |
| Active employee-state | $ 5,288,890 | $ 3,004,972 |
| Retiree - state | 672,740 | 324,582 |
| Total State Contributions | $ 5,961,630 | $ 3,329,554 |
| District contributions | 8,387,226 | 11,396,546 |
| **Total Health Insurance Cost** | **$ 14,348,856** | **$ 14,726,100** |

## Note 21 – Ad Valorem Tax

The District's ad valorem property taxes are levied each October 1, on the assessed value listed as of the lien date, which is the prior January 1, for all real and business personal property located in the District.

| | August 31, 2022 | August 31, 2021 |
|---|---|---|
| Assessed valuation of the District | $ 59,272,156,863 | $ 55,493,969,962 |
| Less: Exemptions | (13,371,941,599) | (12,599,367,371) |
| Less: Abatements | (685,807,548) | (778,682,038) |
| **Net Assessed Valuation of the District** | **$ 45,214,407,716** | **$ 42,115,920,553** |

| | Fiscal Year 2022 | | | Fiscal Year 2021 | | |
|---|---|---|---|---|---|---|
| | Current Operations | Debt Service | Total | Current Operations | Debt Service | Total |
| Authorized tax rate per $100 valuation (maximum per enabling legislation) | $ 0.1400 | $ 0.5000 | $ 0.6400 | $ 0.1400 | $ 0.5000 | $ 0.6400 |
| Assessed tax rate per $100 valuation | $ 0.1400 | $ 0.0315 | $ 0.1715 | $ 0.1400 | $ 0.0318 | $ 0.1718 |

Taxes levied for the year ended August 31, 2022, and 2021 amounted to $78,007,344 and $73,170,899, respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

## Note 21 – Ad Valorem Tax (Continued)

The Hidalgo County Tax Assessor-Collector and the Starr County Tax Assessor-Collector are the collecting agencies for the tax levy and remit the collections to the District, net of a collection fee.

| | August 31, 2022 | | | August 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Current Operations | Debt Service | Total | Current Operations | Debt Service | Total |
| Current taxes collected | $60,204,714 | $13,762,104 | $73,966,818 | $55,667,851 | $12,892,171 | $68,560,022 |
| Delinquent taxes collected | 2,652,796 | 694,423 | 3,347,219 | 2,664,068 | 728,074 | 3,392,142 |
| Penalties & interest collected | 1,785,474 | 488,433 | 2,273,907 | 1,629,283 | 450,877 | 2,080,160 |
| Total gross collections | 64,642,984 | 14,944,960 | 79,587,944 | 59,961,202 | 14,071,122 | 74,032,324 |
| Tax appraisal & collection fees | (1,026,909) | (58,615) | (1,085,524) | (993,258) | (57,302) | (1,050,560) |
| Bad debt expense | (159,954) | 18,490 | (141,464) | (386,132) | (59,757) | (445,859) |
| **Total Net Collections** | **$63,456,121** | **$14,904,835** | **$78,360,956** | **$58,581,812** | **$13,954,093** | **$72,535,905** |

Tax collections for the year ended August 31, 2022, and 2021, were 95.78% and 95.59%, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and operations and/or general obligation debt service.

## Note 22 – Property Tax Abatement

The District entered into a property tax abatement agreement with Duke Energy Renewables Wind, LLC, (formerly known as DEGS Wind, LLC) and Longroad Energy under the Property Tax Abatement Act (Chapter 312 of Texas Tax Code). Four wind farm projects were constructed under Duke Energy Renewables Wind, LLC known as: Los Vientos Windpower III, Los Vientos Windpower IV, Los Vientos Windpower V, and Rio Bravo Windpower and the Mesteño Windpower wind farm project constructed under Longroad Energy tax abatement agreements. The abatements were granted for the construction of a wind farm that will provide clean power to customers, with little or no emissions impacting the environment. Duke Energy Renewables Wind, LLC projects, Mesteño Windpower, and Rio Bravo Windpower, will contribute to the expansion of employment, attract major investment, benefit the property on which it is constructed, and contribute to the economic development of Starr County. The project consists of a renewable energy wind powered electric generating facility with an estimated value of at least $739,800,000 upon completion of the project. The operation and maintenance of this project will create four to five new fulltime jobs with full benefits. Salaries of Wind turbine technicians will exceed the minimum living wage requirements for Starr County.

For the fiscal year ended August 31, 2022, the District abated property tax revenue totaling $828,940 due to the reduction of the county's taxable assessed value. The property tax abatement was granted for a period of ten years at a rate of 85% for Duke Energy Renewables Wind, LLC (Los Vientos Wind Facilities), and at a rate of 75% for Mesteño Windpower and Rio Bravo Windpower of the assessed maintenance and operations property tax values. Under this program,

**Note 22 – Property Tax Abatement (Continued)**

the abatements are comprised of a partial exemption from ad valorem taxes of certain added value to real and personal property in a zone designated for economic development purposes pursuant to the Act by the County of Starr.

Per Texas Tax Code 312.205, if Duke Energy Renewables Wind, LLC or Longroad Energy fails to make the improvement as provided for by their agreements, the College is entitled to cancel the agreement and recover the property tax revenue abated under this agreement through the cancellation date. Duke Energy Renewables Wind, LLC has agreed to make annual payments, in lieu of taxes in the amount of $65,000 for each year of the tax abatement for Los Vientos Wind Facilities and $25,805 for Mesteño Windpower. Longroad Energy has agreed to make annual payments, in lieu of taxes in the amount of $30,500 for each year of the tax abatement for Rio Bravo Windpower.

**Note 23 – Income Taxes**

The District 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 District had no unrelated business income tax liability for the year ended August 31, 2022 and 2021.

**Note 24 – Related Parties**

One member of the Board of Trustees provided professional services to other entities that conducted business with the District during fiscal year 2022.

**Note 25 – Auxiliary Operations**

The District currently outsources its auxiliary bookstore operations to Barnes and Noble College Booksellers, LLC. The District currently outsources its auxiliary vending operation to Bottling Group, LLC and STX Snacktime Vending Co. LLC. The Food Service Department remains closed on all campuses. The Mid-Valley campus cafeteria operations were outsourced to All Affairs and Occasions from February 2022 through August 31, 2022. The Nursing and Allied Health Campus cafeteria operations were outsourced to Cornerstone Catering from July 2022 through August 31, 2022.

**Note 26 – Risk Management**

The College is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal years 2022 and 2021, the District purchased commercial insurance to cover general liabilities. There were no

## Note 26 – Risk Management (Continued)

significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

## Note 27 – Construction and Improvement Commitments

Construction and improvement commitments for August 31, 2022 were as follows:

| Project | Contracted Amount | Spent to Date | Commitments |
|---|---|---|---|
| Pecan Campus | $ 427,597 | $ 427,597 | $ - |
| Nursing Allied Campus | 557,177 | 512,027 | 45,150 |
| Mid Valley Campus | 1,140,523 | 870,077 | 270,446 |
| Starr Campus | 855,281 | 855,281 | - |
| Pharr Site | 312,845 | 301,831 | 11,014 |
| District Wide | 101,500 | 101,500 | - |
| **Total** | **$ 3,394,923** | **$ 3,068,313** | **$ 326,610** |

Construction and improvement commitments for August 31, 2021, were as follows:

| Project | Contracted Amount | Spent to Date | Commitments |
|---|---|---|---|
| Pecan Campus | $ 745,682 | $ 675,113 | $ 70,569 |
| Nursing Allied Campus | 548,414 | 381,871 | 166,543 |
| Technology Campus | - | - | - |
| Mid Valley Campus | 749,513 | 749,513 | - |
| Starr Campus | 175,979 | 175,979 | - |
| Pharr Site | 87,990 | 87,990 | - |
| **Total** | **$ 2,307,578** | **$ 2,070,466** | **$ 237,112** |

## Note 28 – Endowments

The District is the recipient of six endowments. By District policy, the net appreciation is earmarked for student scholarships. The amount of net appreciation on investments that was available for spending was $456 and $799 in fiscal years 2022 and 2021 respectively.

The endowments are presented in Restricted Non-Expendable Net Assets.

**Note 28 – Endowments (Continued)**

The fund balances of the endowments were as follows:

| Endowment | August 31, 2022 | August 31, 2021 |
|---|---|---|
| Alfredo De Los Santos Endowment | $ 15,100 | $ 15,100 |
| Futuro Brillante Endowment | 200,100 | 200,100 |
| Glen & Rita K. Roney Endowment | 116,700 | 116,700 |
| Martin Harvey Endowment | 1,095 | 1,093 |
| Roberto Gutierrez Sr. Endowment | 943 | 941 |
| Edwynne G. Cooper Endowment* | 5,590 | 5,590 |
| **Total Endowments** | **$ 339,528** | **$ 339,524** |

*Endowment investment consists of a donated coin collection.

In fiscal year 2012, the District's Board of Trustees accepted the Mission Economic Development Authority (MEDA) Scholarship Fund Endowment. The MEDA deposited $3,151,875 into the MEDA Scholarship Fund Trust for the purpose of awarding and distributing scholarships to students of South Texas College District who reside in the City of Mission, Texas, and/or to establish educational facility(ies) within the City of Mission, Texas. Edward Jones Trust Company will serve as the initial sole trustee. South Texas College District, as the Trust's initial sole beneficiary, will receive, each fiscal year of the Trust, distributions not to exceed an amount equal to the greater of the following: 1) the net income of the Trust; and 2) 5% of the fair market value of the undistributed income and corpus of the Trust as of the last day of the Trust's previous fiscal year. At August 31, 2022, the market value of the Trust was $3,590,416. The Trust made a distribution to the District in the amount of $224,976 in fiscal year 2021. At August 31, 2021, the market value of the Trust was $4,468,627. The Trust made a distribution to the District in the amount of $211,984 in fiscal year 2021. The funds are presented in Restricted Expendable Net Assets.

**Note 29 – Pledges of Gifts**

The District records pledges of gifts when an unconditional promise to pay is received. At August 31, 2022, pledges receivable totaled $25,000 of non-cash gifts. At August 31, 2021 pledges receivable totaled $30,000 of non-cash gifts. Pledges receivable are recorded on the statement of financial position as assets net of allowance for uncollectible accounts.

**Note 30 – Subsequent Events**

Subsequent events were evaluated through December 13, 2022, the date that the financial statements were available to be issued. No subsequent events require disclosure in these financial statements.

SOUTH TEXAS COLLEGE

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# REQUIRED SUPPLEMENTARY INFORMATION

SOUTH TEXAS COLLEGE

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**South Texas College District**
**Schedule of District's Proportionate Share of Net Pension Liability**
**Last Eight Fiscal Years****

| **Fiscal Year ending August 31*** | 2022** | 2021** | 2020** |
|---|---|---|---|
| District's proportinate share of collective net pension liability (%) | 0.0804606% | 0.0900818% | 0.1005049% |
| District's proportinate share of collective net pension liability ($) | $ 20,490,457 | $ 48,245,978 | $ 52,245,580 |
| State's proportionate share of net pension liability associated with District | 14,960,114 | 35,262,597 | 31,421,847 |
| **Total** | **$ 35,450,571** | **$ 83,508,575** | **$ 83,667,427** |
| Covered payroll | $ 78,581,330 | $ 85,068,749 | $ 83,315,698 |
| District's proportionate share of the collective net pension liability as a percentage of covered payroll | 26.08% | 56.71% | 62.71% |
| Plan fiduciary net position as percentage of total pension liability | 88.79% | 75.54% | 75.24% |

*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.

| 2019** | 2018** | 2017** | 2016** | 2015** |
|---|---|---|---|---|
| 0.0922099% | 0.0832350% | 0.0784417% | 0.0768868% | 0.0852209% |
| $ 50,754,514 | $ 26,614,054 | $ 29,641,935 | $ 27,178,460 | $ 22,763,681 |
| 35,598,251 | 19,727,818 | 22,641,257 | 20,886,258 | 17,659,066 |
| **$ 86,352,765** | **$ 46,341,872** | **$ 52,283,192** | **$ 48,064,718** | **$ 40,422,747** |
| $ 77,726,679 | $ 69,206,093 | $ 63,586,601 | $ 58,805,553 | $ 55,705,206 |
| 65.30% | 38.46% | 46.62% | 46.22% | 40.86% |
| 73.74% | 82.17% | 78.00% | 78.43% | 83.25% |

**South Texas College District**
**Schedule of District's Contributions for Pensions**
**Last Eight Fiscal Years****

| **Fiscal Year ending August 31*** | 2022** | 2021** | 2020** |
|---|---|---|---|
| Legally required contributions | $ 3,583,076 | $ 3,433,634 | $ 3,716,800 |
| Actual contributions | 3,583,076 | 3,433,634 | 3,716,800 |
| **Contributions deficiency (excess)** | **$ -** | **$ -** | **$ -** |
| District's Covered payroll | $ 78,684,222 | $ 78,581,330 | $ 85,068,749 |
| Contributions as a percentage of covered payroll | 4.55% | 4.37% | 4.37% |

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

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

| 2019** | 2018** | 2017** | 2016** | 2015** |
|---|---|---|---|---|
| $ 3,561,522 | $ 3,146,914 | $ 2,744,690 | $ 2,497,718 | $ 2,281,121 |
| 3,561,522 | 3,146,914 | 2,744,690 | 2,497,718 | 2,281,121 |
| **$ -** | **$ -** | **$ -** | **$ -** | **$ -** |
| $ 83,315,698 | $ 77,726,679 | $ 69,206,093 | $ 63,586,601 | $ 58,805,553 |
| 4.27% | 4.05% | 3.97% | 3.93% | 3.88% |

There were no changes in assumptions since the prior measurement date.

**South Texas College District**
**Schedule of District's Proportionate Share of Net OPEB Liability**
**Employee Retirement System of Texas**
**State Retiree Health Plan**
**Last Five Fiscal Years****

| **Fiscal Year ending August 31*** | 2022** | 2021** | 2020** | 2019** | 2018** |
|---|---|---|---|---|---|
| District's proportionate share of collective net OPEB liability (%) | 0.3832090% | 0.4089072% | 0.3238971% | 0.3057199% | 0.0388427% |
| District's proportionate share of collective net OPEB liability ($) | $ 137,478,159 | $ 135,121,885 | $ 111,947,484 | $ 90,608,465 | $ 13,234,872 |
| State's proportionate share of net OPEB liability associated with District | 39,743,669 | 36,599,391 | 66,852,765 | 56,321,731 | 11,397,449 |
| **Total** | **$ 177,221,828** | **$ 171,721,276** | **$ 178,800,249** | **$ 146,930,196** | **$ 24,632,321** |
| District's covered employee Payroll | $ 80,300,063 | $ 83,419,153 | $ 79,796,858 | $ 73,825,523 | $ 66,981,577 |
| District's proportionate share of the collective net OPEB liability as a percentage of covered employee payroll | 171.21% | 161.98% | 140.29% | 122.73% | 19.76% |
| Plan fiduciary net position as percentage of total OPEB liability | 0.38% | 0.32% | 0.17% | 1.27% | 2.04% |

* 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.

**South Texas College District**
**Schedule of District's Contributions for OPEB**
**Employee Retirement System of Texas**
**State Retiree Health Plan**
**Last Five Fiscal Years****

| **Fiscal Year ending August 31*** | 2022** | 2021** | 2020** | 2019** | 2018** |
|---|---|---|---|---|---|
| Legally required contributions *** | $ 441,372 | $ 419,357 | $ 366,477 | $ 163,189 | $ 419,711 |
| Actual contributions | 441,372 | 419,357 | 366,477 | 163,189 | 419,711 |
| **Contributions deficiency (excess)** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** |
| Covered employee payroll | $ 80,416,792 | $ 80,300,063 | $ 83,419,153 | $ 79,796,858 | $ 73,825,253 |
| Contributions as a percentage of covered employee payroll | 0.55% | 0.52% | 0.44% | 0.20% | 0.57% |

* The amounts presented above are as of the District's respectrive fiscal year-end.

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

***Since the OPEB plan is intended to be a PAYGO plan that does not accumulate funds, ERS altered how they administer and record the employer contributions. In fiscal year 2019 ERS placed the employer contributions into an agency fund and then transferred funds from the agency fund into the OPEB trust fund as benefit claims became due. In 2018, twelve months of retiree contribution was reported.

**Changes Since Prior Actuarial Valuation:**

The following changes to actuarial assumptions have been changed since the previous valuation of the amounts reported in the requirement supplementary information schedules related to OPEB:

Demographic Assumptions

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.

Economic Assumptions

- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- Annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations.
- Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions.

Other Inputs

The discount rate was changed from 2.20% to 2.14% as a result of requirements by GASB No. 74 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Please see ERS valuation report dated November 30, 2020 for a complete list of previous assumptions and other inputs.

SOUTH TEXAS COLLEGE

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# South Texas College District
## Schedule of Operating Revenues
## Year Ended August 31, 2022 (With Totals for the Year Ended August 31, 2021)

**Schedule A**

| | Unrestricted | Restricted | Total Educational Activities | Auxiliary Enterprises | FY 2022 Total | FY 2021 Total |
|---|---|---|---|---|---|---|
| **Tuition:** | | | | | | |
| State funded credit courses | | | | | | |
| In-district resident tuition | $ 43,229,227 | $ - | $ 43,229,227 | $ - | $ 43,229,227 | $ 42,523,456 |
| Out-of-district resident tuition | 2,040,710 | - | 2,040,710 | - | 2,040,710 | 1,916,127 |
| Non-resident tuition | 3,168,286 | - | 3,168,286 | - | 3,168,286 | 3,274,325 |
| TPEG state (set aside) * | 1,937,056 | - | 1,937,056 | - | 1,937,056 | 1,753,216 |
| State funded continuing education | 840,103 | - | 840,103 | - | 840,103 | 493,095 |
| TPEG non-credit (set aside) * | 53,245 | - | 53,245 | - | 53,245 | 31,722 |
| State funded workforce development | 164,129 | - | 164,129 | - | 164,129 | 382,641 |
| TPEG non-credit (set aside) * | 10,476 | - | 10,476 | - | 10,476 | 24,423 |
| Non-state funded continuing education | 619,658 | - | 619,658 | - | 619,658 | 646,978 |
| TPEG non-credit (set aside) * | 37,883 | - | 37,883 | - | 37,883 | 38,836 |
| Non-state funded workforce development | 461,572 | - | 461,572 | - | 461,572 | 217,028 |
| TPEG non-credit (set aside) * | 31,132 | - | 31,132 | - | 31,132 | 16,091 |
| **Total Tuition** | **52,593,477** | **-** | **52,593,477** | **-** | **52,593,477** | **51,317,938** |
| **Fees:** | | | | | | |
| Student registration fee | 11,153,735 | - | 11,153,735 | - | 11,153,735 | 10,510,091 |
| Laboratory fees | 1,210,844 | - | 1,210,844 | - | 1,210,844 | 1,129,494 |
| Incidental fees | 30,743,371 | - | 30,743,371 | 2,198,714 | 32,942,085 | 29,578,698 |
| **Total Fees** | **43,107,950** | **-** | **43,107,950** | **2,198,714** | **45,306,664** | **41,218,283** |
| **Scholarship Allowances and Discounts:** | | | | | | |
| Bad debt allowance | (338,921) | - | (338,921) | - | (338,921) | - |
| Remissions and exemptions | (28,618,696) | - | (28,618,696) | (689,827) | (29,308,523) | (33,993,897) |
| TPEG allowances | (2,404,197) | - | (2,404,197) | - | (2,404,197) | (1,324,651) |
| Local grants to students | (575,562) | - | (575,562) | - | (575,562) | (870,502) |
| Private grants to students | (399,116) | - | (399,116) | - | (399,116) | (587,434) |
| State grants to students | (1,327,278) | - | (1,327,278) | - | (1,327,278) | (1,561,048) |
| Federal grants to students | (46,595,241) | - | (46,595,241) | - | (46,595,241) | (33,099,911) |
| **Total Scholarship Allowances and Discounts** | **(80,259,011)** | **-** | **(80,259,011)** | **(689,827)** | **(80,948,838)** | **(71,437,443)** |
| **Total Net Tuition and Fees** | **15,442,416** | **-** | **15,442,416** | **1,508,887** | **16,951,303** | **21,098,778** |
| **Additional Operating Revenues:** | | | | | | |
| Federal grants and contracts | 301,538 | 5,163,449 | 5,464,987 | - | 5,464,987 | 4,752,189 |
| State grants and contracts | 2,678 | 3,995,046 | 3,997,724 | - | 3,997,724 | 4,109,030 |
| Local grants and contracts | 6,723,643 | 1,763,471 | 8,487,114 | - | 8,487,114 | 8,939,528 |
| Non-governmental grants and contracts | 34,297 | 1,206,310 | 1,240,607 | - | 1,240,607 | 1,450,472 |
| General operating revenues | 380,428 | 1,000 | 381,428 | - | 381,428 | 572,671 |
| **Total Additional Operating Revenues** | **7,442,584** | **12,129,276** | **19,571,860** | **-** | **19,571,860** | **19,823,890** |
| **Auxiliary Enterprises:** | | | | | | |
| Bookstore | - | - | - | 302,007 | 302,007 | 321,951 |
| Food service | - | - | - | - | - | 12,835 |
| Vending commissions | - | - | - | 73,342 | 73,342 | 30,721 |
| Other commissions | - | - | - | - | - | 521 |
| Child care center | - | - | - | 281,433 | 281,433 | 193,998 |
| General conferences | - | - | - | 78,806 | 78,806 | 80,480 |
| Other | - | - | - | 43,771 | 43,771 | 38,000 |
| **Total Auxiliary Enterprises** | **-** | **-** | **-** | **779,359** | **779,359** | **678,506** |
| **Total Operating Revenues** | **$ 22,885,000** | **$ 12,129,276** | **$ 35,014,276** | **$ 2,288,246** | **$ 37,302,522** | **$ 41,601,174** |
| | | | | | (Exhibit 2) | (Exhibit 2) |

* In accordance with Education Code 56.033, $2,069,792 and $1,864,288 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended 2022 and 2021, respectively.

# South Texas College District
## Schedule of Operating Expenses by Object
## Year Ended August 31, 2022 (With Totals for the Year Ended August 31, 2021)

**Schedule B**

| | Operating Expenses | | | | | |
|---|---|---|---|---|---|---|
| | Salaries and Wages | Benefits State | Benefits Local | Other Expenses | FY 2022 Total | Restated FY 2021 Total |
| **Unrestricted-Educational Activities** | | | | | | |
| Instruction | $ 50,081,076 | $ - | $ 20,583,326 | $ 5,157,448 | $ 75,821,850 | $ 81,896,322 |
| Public service | 727,125 | - | 171,761 | 484,572 | 1,383,458 | 1,253,973 |
| Academic support | 9,949,999 | - | 4,417,129 | 3,103,677 | 17,470,805 | 19,540,743 |
| Student services | 6,628,393 | - | 3,142,094 | 1,235,957 | 11,006,444 | 12,468,022 |
| Institutional support | 12,868,698 | - | 6,611,767 | 11,162,280 | 30,642,745 | 29,221,575 |
| Operation and maintenance of plant | 8,839,281 | - | 3,302,771 | 8,361,424 | 20,503,476 | 20,821,673 |
| **Total Unrestricted Educational Activities** | **89,094,572** | **-** | **38,228,848** | **29,505,358** | **156,828,778** | **165,202,308** |
| **Restricted-Educational Activities** | | | | | | |
| Instruction | 607,957 | 3,437,157 | 140,943 | 477,855 | 4,663,912 | 5,723,929 |
| Research | 5,460 | - | 830 | 924 | 7,214 | 13,930 |
| Public service | 101,227 | - | 13,078 | 85,896 | 200,201 | 357,248 |
| Academic support | 1,053,402 | 787,798 | 261,960 | 977,013 | 3,080,173 | 2,817,459 |
| Student services | 350,687 | 626,410 | 52,029 | 174,830 | 1,203,956 | 1,225,961 |
| Institutional support | 9,254,880 | 995,374 | 754,390 | 2,488,288 | 13,492,932 | 3,813,368 |
| Scholarships and fellowships | - | - | - | 75,671,920 | 75,671,920 | 37,788,198 |
| **Total Restricted Educational Activities** | **11,373,613** | **5,846,739** | **1,223,230** | **79,876,726** | **98,320,308** | **51,740,093** |
| **Total Educational Activities** | **100,468,185** | **5,846,739** | **39,452,078** | **109,382,084** | **255,149,086** | **216,942,401** |
| **Auxiliary Enterprises** | **852,463** | **-** | **416,223** | **950,809** | **2,219,495** | **1,693,536** |
| Depreciation expense-buildings and other real estate improvements | - | - | - | 7,893,840 | 7,893,840 | 7,847,361 |
| Depreciation expense-books | - | - | - | 222,581 | 222,581 | 106,996 |
| Depreciation expense-equipment and furniture | - | - | - | 3,955,590 | 3,955,590 | 4,065,868 |
| **Total Operating Expenses** | **$ 101,320,648** | **$ 5,846,739** | **$ 39,868,301** | **$ 122,404,904** | **$ 269,440,592** | **$ 230,656,162** |
| | | | | | (Exhibit 2) | (Exhibit 2) |

# South Texas College District
## Schedule of Non-Operating Revenues and Expenses
## Year Ended August 31, 2022 (With Totals for the Year Ended August 31, 2021)

**Schedule C**

| | Unrestricted | Restricted | Auxiliary Enterprises | FY 2022 Total | Restated FY 2021 Total |
|---|---|---|---|---|---|
| **NON-OPERATING REVENUES:** | | | | | |
| State appropriations: | | | | | |
| Education and general state support | $ 38,803,951 | $ - | $ - | $ 38,803,951 | $ 40,874,690 |
| Education and general state support BAT | 1,290,084 | - | - | 1,290,084 | 1,307,616 |
| State group insurance | - | 5,482,793 | - | 5,482,793 | 8,565,276 |
| State retirement matching | - | 370,015 | - | 370,015 | 4,561,518 |
| Hazlewood reimbursement | 41,026 | - | - | 41,026 | 50,635 |
| **Total State Appropriations** | **40,135,061** | **5,852,808** | **-** | **45,987,869** | **55,359,735** |
| Ad-valorem taxes-maintenance and operations | 64,294,497 | - | - | 64,294,497 | 59,403,574 |
| Ad-valorem taxes-debt service | - | 14,773,167 | - | 14,773,167 | 13,783,392 |
| Federal revenue, non operating | - | 138,419,143 | - | 138,419,143 | 78,372,230 |
| Gifts | - | 201,541 | - | 201,541 | 197,836 |
| Investment income (net of investment expenses) | 182,451 | 11,297 | 111,920 | 305,668 | 2,129,834 |
| Gain on disposal of capital assets | 33,217 | - | - | 33,217 | 9,251 |
| Insurance proceeds | 88,572 | - | - | 88,572 | 288,021 |
| Interest lease revenue | 43,078 | - | - | 43,078 | 44,579 |
| Other non-operating revenue | 25,448 | - | - | 25,448 | 23,948 |
| **Total Non-Operating Revenues** | **104,802,324** | **159,257,956** | **111,920** | **$ 264,172,200** | **209,612,400** |
| **NON-OPERATING EXPENSES:** | | | | | |
| Interest on capital related debt | 3,585,712 | - | - | 3,585,712 | 4,623,748 |
| Loss on disposal of capital assets | 3,110 | - | - | 3,110 | 242,960 |
| Non-capital construction costs | 2,300,251 | - | - | 2,300,251 | 685,243 |
| Bond costs amortization | 1,652,444 | - | - | 1,652,444 | 559,358 |
| Other non-operating expenses | 50,361 | 155,240 | - | 205,601 | 249,823 |
| **Total Non-Operating Expenses** | **7,591,878** | **155,240** | **-** | **7,747,118** | **6,361,132** |
| **Net Non-Operating Revenues** | **$ 97,210,446** | **$ 159,102,716** | **$ 111,920** | **$ 256,425,082** | **$ 203,251,268** |
| | | | | (Exhibit 2) | (Exhibit 2) |

## South Texas College District
## Schedule of Net Position by Source and Availability
## Year Ended August 31, 2022 (With Totals for the Year Ended August 31, 2021)

| | Detail by Source | | | | |
|---|---|---|---|---|---|
| | | Restricted | | | |
| | Unrestricted | Expendable | Non-Expendable | Net Investment in Capital Assets | FY 2022 Total |
| Current: | | | | | |
| Unrestricted | $ 85,350,253 | $ - | $ - | $ - | $ 85,350,253 |
| Board designated | 37,399,942 | - | - | - | 37,399,942 |
| Restricted | | | | | |
| Student Aid | - | 2,970,841 | - | - | 2,970,841 |
| Instructional Programs | - | 78,317 | - | - | 78,317 |
| Institutional Activities | - | 115,525 | - | - | 115,525 |
| Auxiliary enterprises | 5,577,535 | | - | - | 5,577,535 |
| Loan | - | 2,379,238 | - | - | 2,379,238 |
| Endowment: | | | | | |
| True | - | - | 339,528 | - | 339,528 |
| Plant: | | | | | |
| Unexpended | 37,976,333 | - | - | - | 37,976,333 |
| Renewals & replacements | 20,200,100 | - | - | - | 20,200,100 |
| Debt service | - | 16,920,857 | - | - | 16,920,857 |
| Investment in plant | - | - | - | 206,580,723 | 206,580,723 |
| **Total Net Position, August 31, 2022** | **186,504,163** | **22,464,778** | **339,528** | **206,580,723** | **415,889,192** (Exhibit 1) |
| Total Net Position, August 31, 2021, restated | 164,302,835 | 21,756,337 | 339,524 | 205,203,379 | 391,602,075 (Exhibit 1) |
| **Net Increase in Net Position** | **$ 22,201,328** | **$ 708,441** | **$ 4** | **$ 1,377,344** | **$ 24,287,117** (Exhibit 2) |

Note: The Unexpended Plant Fund is earmarked in the fiscal year 2022 board approved budget for construction projects.
The Renewals & Replacements Plant Fund is earmarked in the fiscal year 2022 board approved budget for deferred maintenance projects.

**Schedule D**

| Available for Current Operations | |
|---|---|
| Yes | No |
| $ 85,350,253 | $ - |
| - | 37,399,942 |
| - | 2,970,841 |
| - | 78,317 |
| - | 115,525 |
| *5,577,535* | - |
| - | 2,379,238 |
| - | 339,528 |
| - | 37,976,333 |
| - | 20,200,100 |
| - | 16,920,857 |
| - | 206,580,723 |
| **90,927,788** | **324,961,404** |
| 72,082,247 | 319,519,154 |
| **$ 18,845,541** | **$ 5,442,250** |

# South Texas College District
# Schedule of Expenditures of Federal Awards
# Year Ended August 31, 2022

**Schedule E**

| Federal Grantor/Cluster/Program Title/Pass-Through Grantor/ Pass-Through Grantor's Award Number | Assistance Listing Number | Expenditures: Direct Award | Expenditures: Pass Through Awards | Expenditures: Total | Subrecipient Expenditures |
|---|---|---|---|---|---|
| **U.S. Department of Education** | | | | | |
| Direct Programs: | | | | | |
| Student Financial Assistance Cluster | | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | $ 1,040,687 | $ - | $ 1,040,687 | $ - |
| Federal Work-Study Program | 84.033 | 368,282 | - | 368,282 | - |
| Federal Pell Grant Program | 84.063 | 45,405,322 | - | 45,405,322 | - |
| Total Student Financial Assistance Cluster | | 46,814,291 | - | 46,814,291 | - |
| Higher Education Institutional Aid | 84.031S | 750,658 | - | 750,658 | - |
| Migrant Education High School Equivalency Program | 84.141A | 215,837 | - | 215,837 | - |
| Childcare Access Means Parents In School | 84.335A | 330,383 | - | 330,383 | - |
| COVID-19 Emergency Funding- Education Stabilization Fund | 84.425E | 43,580,195 | - | 43,580,195 | - |
| COVID-19 Emergency Funding- Education Stabilization Fund | 84.425F | 33,168,682 | - | 33,168,682 | - |
| COVID-19 Emergency Funding- Education Stabilization Fund | 84.425L | 3,712,129 | - | 3,712,129 | - |
| COVID-19 Emergency Funding- Education Stabilization Fund | 84.425S | 10,136,521 | - | 10,136,521 | - |
| Pass-Through From: | | | | | |
| Texas Higher Education Coordinating Board | | | | | |
| COVID-19 Emergency Funding- Education Stabilization Fund | 84.425C | | | | |
| 23906 | | - | 70,916 | 70,916 | 49,602 |
| 24533 | | - | 4,830 | 4,830 | - |
| 25918 | | - | 142,175 | 142,175 | - |
| 26564 | | - | 41,290 | 41,290 | - |
| 26565 | | - | 218,830 | 218,830 | - |
| 26642 | | - | 64,750 | 64,750 | - |
| 26709 | | - | 49,617 | 49,617 | - |
| 26884 | | - | 195,315 | 195,315 | - |
| 27078 | | - | 21,146 | 21,146 | - |
| Texas State Technical College | | | | | |
| COVID-19 Emergency Funding- Education Stabilization Fund 25774 | 84.425C | - | 26,127 | 26,127 | - |
| The University of Texas at Rio Grande Valley | | | | | |
| COVID-19 Emergency Funding- Education Stabilization Fund 25950STC | 84.425C | - | 172,330 | 172,330 | - |
| Total COVID-19 Emergency Funding- Education Stabilization Fund | | 90,597,527 | 1,007,326 | 91,604,853 | 49,602 |
| Region One | | | | | |
| Adult Education - Basic Grants to States 2318ALA000 | 84.002A | - | 6,930 | 6,930 | - |
| Texas Workforce Commission | | | | | |
| Adult Education - Basic Grants to States 2319AEL000-001 | 84.002A | - | 1,560 | 1,560 | - |
| Adult Education - Basic Grants to States 2319AEL000 | 84.002A | - | 93,756 | 93,756 | - |
| Total Adult Education - Basic Grants to States | | - | 102,246 | 102,246 | - |
| Texas Higher Education Coordinating Board | | | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | | | | |
| 26417 | | - | 2,253,816 | 2,253,816 | - |
| 25225 | | - | 147,455 | 147,455 | - |
| Total Career and Technical Education-Basic Grants to States | | - | 2,401,271 | 2,401,271 | - |
| Rehabilitation Services Vocational Rehabilitation Grants to States 3021VRS091 | 84.126A | - | 33,082 | 33,082 | - |
| Education Research, Development and Dissemination 15516 | 84.305H | - | 36,004 | 36,004 | - |
| **Total U.S. Department of Education** | | **$ 138,708,696** | **$ 3,579,929** | **$ 142,288,625** | **$ 49,602** |

See accompanying notes to Schedule of Expenditures of Federal Awards

# South Texas College District
# Schedule of Expenditures of Federal Awards
# Year Ended August 31, 2022
# (Continued)

**Schedule E**

| Federal Grantor/Cluster/Program Title/Pass-Through Grantor/ Pass-Through Grantor's Award Number | Assistance Listing Number | Expenditures: Direct Award | Expenditures: Pass Through Awards | Expenditures: Total | Subrecipient Expenditures |
|---|---|---|---|---|---|
| **U.S. Department of Defense** | | | | | |
| Direct Programs: | | | | | |
| Military Spouse Career Advancement | 12.U01 | $ 2,851 | $ - | $ 2,851 | $ - |
| **Total U.S. Department of Defense** | | **2,851** | **-** | **2,851** | **-** |
| **U.S. Department of Labor** | | | | | |
| Direct Programs: | | | | | |
| Occupational Safety and Health Susan Harwood Training Grants | 17.502 | | | | |
| SH99028SH0 | | 10,127 | - | 10,127 | - |
| SH37144SH1 | | 84,499 | - | 84,499 | - |
| Total Occupational Safety and Health Susan Harwood Training Grants | | 94,626 | - | 94,626 | - |
| Pass-Through From: | | | | | |
| Lower Rio Grande Workforce Development Board | | | | | |
| Apprenticeship USA Grants | 17.285 | | | | |
| 25950STC | | - | 19,874 | 19,874 | - |
| 2321ATG002 | | - | 170,994 | 170,994 | - |
| 2322ATG001 | | - | 123,204 | 123,204 | - |
| 2322ATG002 | | - | 30,475 | 30,475 | - |
| Total Apprenticeship USA Grants | | - | 344,547 | 344,547 | - |
| **Total U.S. Department of Labor** | | **94,626** | **344,547** | **439,173** | **-** |
| **U.S. Department of Treasury** | | | | | |
| Pass-Through From: | | | | | |
| **Hidalgo County** | | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | | | | | |
| ARPA-21-110-034 | 21.027 | - | 177,838 | 177,838 | - |
| **Total U.S. Department of Treasury** | | **-** | **177,838** | **177,838** | **-** |
| **National Foundation on the Arts and the Humanities** | | | | | |
| Pass-Through From: | | | | | |
| Institute of Museum and Library Services | | | | | |
| Grants to States | 45.310 | 51,269 | - | 51,269 | - |
| TSL-22004 | | | | | |
| **Total National Foundation on the Arts and the Humanities** | | **51,269** | **-** | **51,269** | **-** |
| **U.S Department of Agriculture** | | | | | |
| Pass-Through From: | | | | | |
| Texas Department of Agriculture | | | | | |
| Child and Adult Care Food Program | 10.558 | - | 35,546 | 35,546 | - |
| T5CCHZHBNDD6 | | | | | |
| Pass-Through From: | | | | | |
| The University of Texas at San Antonio | | | | | |
| Hispanic Serving Institutions Education Grants | 10.223 | - | 6,070 | 6,070 | - |
| 1000003572 | | | | | |
| Pass-Through From: | | | | | |
| The University of Texas at Rio Grande Valley | | | | | |
| Hispanic Serving Institutions Education Grants | 10.223 | - | 3,575 | 3,575 | - |
| 2021-77040-34869-01 | | | | | |
| Total Hispanic Serving Institutions Education Grants | | - | 9,645 | 9,645 | - |
| Research and Development Cluster | | | | | |
| Agriculture and Food Research Initiative | 10.310 | - | 9,881 | 9,881 | - |
| 20226801836606(01) | | | | | |
| **Total U.S. Department of Agriculture** | | **-** | **55,072** | **55,072** | **-** |
| **National Science Foundation** | | | | | |
| Direct Programs: | | | | | |
| STEM Education | 47.076 | 68,337 | - | 68,337 | - |
| DUE-1930525 | | | | | |
| **Total National Science Foundation** | | **$ 68,337** | **$ -** | **$ 68,337** | **$ -** |

See accompanying notes to Schedule of Expenditures of Federal Awards

# South Texas College District
## Schedule of Expenditures of Federal Awards
## Year Ended August 31, 2022
## (Continued)

**Schedule E**

| Federal Grantor/Cluster/Program Title/Pass-Through Grantor/ Pass-Through Grantor's Award Number | Assistance Listing Number | Expenditures: Direct Award | Expenditures: Pass Through Awards | Expenditures: Total | Subrecipient Expenditures |
|---|---|---|---|---|---|
| **U.S Department of Health and Human Services** | | | | | |
| Pass-Through From: | | | | | |
| The University of Texas at Rio Grande Valley | | | | | |
| Biomedical Research and Research Training | 93.859 | $ - | $ 21,916 | $ 21,916 | $ - |
| 1T34GM137854-01 (02) | | | | | |
| Total Research and Development Cluster | | 68,337 | 31,797 | 100,134 | - |
| Texas Workforce Commission | | | | | |
| Temporary Assistance for Needy Families | 93.558 | - | 29,383 | 29,383 | - |
| 2322TAN002 | | | | | |
| Child Care and Development Fund Cluster | | | | | |
| Child Care and Development Block Grant | 93.575 | | | | |
| 2022-0867986 | | - | 2,160 | 2,160 | - |
| 2322SSD001 | | - | 135 | 135 | - |
| Total Child Care and Development Fund Cluster | | - | 2,295 | 2,295 | - |
| **Total U.S. Department of Health and Human Services** | | **-** | **53,594** | **53,594** | **-** |
| **Total Federal Financial Assistance** | | **$ 138,925,779** | **$ 4,210,980** | **$ 143,136,759** | **$ 49,602** |

See accompanying notes to Schedule of Expenditures of Federal Awards

# South Texas College District
# Notes to Schedule of Expenditures of Federal Awards
# Year Ended August 31, 2022
# (Continued)

**Schedule E**

**Note 1: Federal Assistance Reconciliation**

| | | |
|---|---|---|
| Other Operating Revenues - Federal Grants and Contracts - per Schedule A | $ | 5,163,449 |
| Add: Indirect/Administrative Cost Recoveries - per Schedule A | | 301,538 |
| Add: Non-Operating Revenues - Federal Revenue, non-operating - per Schedule C | | 138,419,143 |
| Total Federal Revenues per Schedule A and C | | 143,884,130 |
| Reconciling Item: | | |
| Minus Veteran Funds | | (747,371) |
| Total Federal Revenues per Schedule of Expenditures of Federal Awards | **$** | **143,136,759** |

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

The expenditures included in the schedule are reported for the District'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 District for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule. Since the District has agency-approved indirect recovery rate, it has elected not to use the 10% de minimis cost rate as permitted in UG, section 200.414.

**Note 3: Expenditures not subject to federal single audit.**

The following federal funds were not subject to federal single audit -

| | | |
|---|---|---|
| CFDA 64.027 Post 9/11 Veterans Education Assistance | $ | 546,715 |
| CFDA 64.125 Vocational and Educational Counseling for Service members and Veterans | $ | 200,656 |

These funds were not subject to a federal single audit as indicated in the Catalog of Federal Domestic Assistance distributed by the office of Management and Budget.

**Note 4: Student Loans Processed and Administrative Costs Recovered (if not included in schedule).**

There were no student loans processed and administrative costs recovered by the District in fiscal year 2022.

**Note 5: Amounts Passed Through by the District.**

U.S. Department of Education

Passed through COVID-19 Emergency Funding- Education Stabilization Fund (CFDA 84.425C) to:

| | | |
|---|---|---|
| The University of Texas at Dallas | $ | 24,602 |
| The University of Texas at Rio Grande Valley | | 25,000 |
| Total Amounts Passed Through | $ | 49,602 |

**Note 6: Nonmonetary Federal Assistance.**

There were no federal noncash awards in fiscal year 2022.

# South Texas College District
## Schedule of Expenditures of State Awards
## Year Ended August 31, 2022

**Schedule F**

| State Grantor/ Pass-Through Grantor - Program Title | Contract Number | Expenditures* |
|---|---|---|
| **Texas Higher Education Coordinating Board** | | |
| Nursing Shortage Reduction Program | | $ 172,725 |
| Texas College Work-Study Program | | 105,637 |
| Texas Educational Opportunity Grant - Initial Year | | 1,936,500 |
| Texas Educational Opportunity Grant - Renewal Year | | 971,084 |
| Work-Study Mentorship Program | 22349 | 62,859 |
| **Total Texas Higher Education Coordinating Board** | | **3,248,805** |
| | | |
| **Texas Association for Education of Young Children** | | |
| T.E.A.C.H. Early Childhood Texas | | 4,343 |
| | | |
| **Texas Department of Transportation** | | |
| TxDot Employee Career Development, Recruitment and Retention | 601CT0000024486 | 87,264 |
| | | |
| **Texas Workforce Commission** | | |
| Skills Development Funds | 2320SDF001 | 1,716 |
| Skills Development Funds | 2321SDF001 | 62,564 |
| Skills for Small Business | 2321SSD001 | 51,547 |
| Skills for Small Business | 2322SSD001 | 267,817 |
| Jobs and Education for Texans | 2321JET001 | 199,577 |
| Self Sufficiency Fund | 2321SSF001 | 74,091 |
| **Total Texas Workforce Commission** | | **657,312** |
| | | |
| **Total State Financial Assistance** | | **$ 3,997,724** |

**Note 1: State Assistance Reconciliation**

| | | |
|---|---|---|
| State Revenues | $ | 3,995,046 |
| Add: Indirect/Administrative Cost Recoveries | | 2,678 |
| Total State Revenues per Schedule A | **$** | **3,997,724** |

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

The accompanying schedule is presented using the accrual basis. See notes to the financial statements for South Texas College's significant accounting policies. The expenditures are reported for the District'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 District for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

**Note 3: Amounts Pass-Through by the District**

The District did not pass-through any amounts in fiscal year 2022.

* No funds were provided to subrecipients by the District.

# Statistical Section

(Unaudited)

**South Texas College District**
**Annual Comprehensive Financial Report**
**Fiscal Years Ended August 31, 2022 and 2021**

## Table of Contents

## Statistical Information

This part of South Texas College District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the District's overall financial health.

**Financial Trends** **Page No.**


*Statistical Supplement 1*
Net Position by Component ---------- 116-117

*Statistical Supplement 2*
Revenue by Source ---------- 118-121

*Statistical Supplement 3*
Program Expenses by Function ---------- 122-125

*Statistical Supplement 19*
Changes In Net Position ---------- 158-162


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

**Revenue Capacity**


*Statistical Supplement 4*
Tuition and Fees ---------- 126-127

*Statistical Supplement 5*
Assessed Value and Taxable Assessed Value of Property ---------- 128-129

*Statistical Supplement 6a*
General Appropriation Act Before Contact Hour Adjustments ---------- 130-131

*Statistical Supplement 6b*
State Appropriations per FTSE ---------- 132

*Statistical Supplement 6c*
State Appropriation per Funded Contact Hour ---------- 133-134

*Statistical Supplement 6d*
State Appropriation per Student Success Point -Annualized ---------- 135

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**Page No.**

*Statistical Supplement 6e*
Student Success Points (SSP) ---------- 136-137

*Statistical Supplement 7*
Principal Taxpayers ---------- 138-141

*Statistical Supplement 8*
Property Tax Levies and Collections ---------- 142-143

*Statistical Supplement 20*
Ad Valorem Tax Rates Authorized ---------- 163

*Statistical Supplement 21*
Property Tax Rates – All Direct and Overlapping Governments ---------- 164-167

*These schedules contain information to help the reader assess the District's most significant local revenue sources, including the property tax.*

**Debt Capacity**

*Statistical Supplement 9*
Ratios of Outstanding Debt ---------- 144-145

*Statistical Supplement 10*
Legal Debt Margin Information ---------- 146

*Statistical Supplement 11*
Pledged Revenue Coverage ---------- 147

*Statistical Supplement 22*
Computation of Direct and Overlapping Debt ---------- 168

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

**Demographic and Economic Information**

*Statistical Supplement 12*
Demographic and Economic Statistics – Taxing District ---------- 148-149

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**Page No.**

*Statistical Supplement 13*
Principal Employers ---------- 150

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

**Operating and Other Information**

*Statistical Supplement 14*
Faculty, Staff, and Administrators Statistics ---------- 151

*Statistical Supplement 15*
Enrollment Details ---------- 152-153

*Statistical Supplement 16*
Student Profile ---------- 154-155

*Statistical Supplement 17*
Transfers to Senior Institutions ---------- 156

*Statistical Supplement 18*
Capital Asset Information ---------- 157

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

Sources:
Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**Statistical Supplement 1**
**Net Position by Component**
**Last Ten Fiscal Years**
(unaudited)

| | For the Fiscal Year Ended August 31, | | | |
|---|---|---|---|---|
| | | Restated | | |
| | 2022 | 2021 | 2020 | 2019 |
| Net Position | | | | |
| Net investment in capital assets | $ 206,580,723 | $ 205,203,379 | $ 205,172,770 | $ 206,861,404 |
| Restricted expendable | 22,464,778 | 21,756,337 | 20,889,610 | 19,956,978 |
| Restricted non-expendable | 339,528 | 339,524 | 339,521 | 339,500 |
| Unrestricted | 186,504,163 | 164,302,835 | 150,897,921 | 150,845,250 |
| **Total Net Position** | **$ 415,889,192** | **$ 391,602,075** | **$ 377,299,822** | **$ 378,003,132** |
| Net position, beginning of year | 391,602,075 | 377,299,822 | 378,003,132 | 386,380,647 |
| Cumulative effect of change in accounting principle (Note 2)[1] | N/A | N/A | N/A | N/A |
| Net position, beginning of year, as restated (Note 2) | 391,602,075 | 377,299,822 | 378,003,132 | 386,380,647 |
| Increase (decrease) in net position | **$ 24,287,117** | **$ 14,302,253** | **$ (703,310)** | **$ (8,377,515)** |

[1] In fiscal year 2018, net position as of the beginning of the year was restated (reduced) by $15,448,970 for the cumulative effect of applying GASB Statement No. 75.

* In fiscal year 2015, net position as of the beginning of the year was restated (reduced) by $25,791,345 for the cumulative effect of applying GASB Statement No. 68.

| For the Fiscal Year Ended August 31, | | | | | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| $ 205,569,611 | $ 213,988,457 | $ 181,421,943 | $ 170,833,415 | $ 169,028,494 | $ 162,064,429 |
| 18,748,658 | 19,145,139 | 19,790,038 | 21,990,627 | 21,972,306 | 20,325,155 |
| 339,472 | 339,455 | 339,449 | 339,446 | 339,445 | 339,444 |
| 161,722,905 | 162,922,837 | 169,726,346 | 147,038,865 | 146,201,265 | 133,119,225 |
| **$ 386,380,647** | **$ 396,395,889** | **$ 371,277,776** | **$ 340,202,353** | **$ 337,541,511** | **$ 315,848,253** |
| 396,395,889 | 371,277,776 | 340,202,353 | 337,541,511 | 315,848,253 | 293,087,941 |
| (15,448,970) | N/A | N/A | (25,791,345) | (452,726) | N/A |
| 380,946,919 | 371,277,776 | 340,202,353 | 311,750,166 | 315,395,527 | 293,087,941 |
| **$ 5,433,728** | **$ 25,118,113** | **$ 31,075,423** | **$ 28,452,187** | **$ 22,145,985** | **$ 22,760,312** |

**Statistical Supplement 2**
**Revenues by Source**
**Last Ten Fiscal Years**
(unaudited)

| | For the Fiscal Year Ended August 31, | | | |
|---|---|---|---|---|
| | | Restated | | |
| | 2022 | 2021 | 2020 | 2019 |
| Operating Revenues | | | | |
| Tuition and fees (net of discounts) | $ 16,951,303 | $ 21,098,778 | $ 23,652,462 | $ 22,589,007 |
| Federal grants and contracts | 5,464,987 | 4,752,189 | 4,890,928 | 4,660,747 |
| State grants and contracts | 3,997,724 | 4,109,030 | 4,081,215 | 4,701,165 |
| Local grants and contracts | 8,487,114 | 8,939,528 | 8,710,679 | 8,160,205 |
| Non-governmental grants and contracts | 1,240,607 | 1,450,472 | 1,344,736 | 2,022,875 |
| Auxiliary enterprises | 779,359 | 678,506 | 1,355,127 | 1,766,603 |
| General operating revenues | 381,428 | 572,671 | 612,825 | 665,435 |
| **Total Operating Revenues** | **37,302,522** | **41,601,174** | **44,647,972** | **44,566,037** |
| Non-Operating Revenues | | | | |
| State appropriations | 45,987,869 | 55,359,735 | 50,949,811 | 49,608,274 |
| Ad-valorem taxes - maintenance & operations | 64,294,497 | 59,403,574 | 56,146,535 | 53,934,103 |
| Ad-valorem taxes - debt service | 14,773,167 | 13,783,392 | 13,571,701 | 14,694,007 |
| Federal revenue, non-operating | 138,419,143 | 78,372,230 | 67,836,841 | 59,341,569 |
| Gifts | 201,541 | 197,836 | 275,475 | 320,507 |
| Investment income (net of investment expenses) | 305,668 | 2,129,834 | 4,872,160 | 5,572,742 |
| Gain on disposal of capital assets | 33,217 | 9,251 | - | 3,790 |
| Insurance proceeds | 88,572 | 288,021 | 2,600 | 425,000 |
| Interest lease revenue | 43,078 | 44,579 | - | - |
| Other non-operating revenues | 25,448 | 23,948 | 68,527 | 68,526 |
| **Total Non-Operating Revenues** | **264,172,200** | **209,612,400** | **193,723,650** | **183,968,518** |
| **Total Revenues** | **$ 301,474,722** | **$ 251,213,574** | **$ 238,371,622** | **$ 228,534,555** |

| For the Fiscal Year Ended August 31, | | | | | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| $ 21,657,866 | $ 23,129,705 | $ 21,452,743 | $ 21,373,162 | $ 20,488,244 | $ 21,051,377 |
| 4,304,540 | 4,490,675 | 3,889,497 | 4,368,574 | 3,445,294 | 4,630,302 |
| 4,108,972 | 4,076,652 | 3,266,315 | 4,068,944 | 4,246,315 | 5,160,704 |
| 6,660,734 | 6,102,604 | 5,063,983 | 1,099,573 | 1,118,054 | 1,270,376 |
| 2,538,696 | 2,061,438 | 2,487,482 | 5,235,358 | 4,949,832 | 3,113,960 |
| 1,890,180 | 1,833,407 | 1,893,838 | 1,773,325 | 1,835,353 | 1,810,240 |
| 704,996 | 603,343 | 729,855 | 1,308,903 | 645,811 | 621,264 |
| **41,865,984** | **42,297,824** | **38,783,713** | **39,227,839** | **36,728,903** | **37,658,223** |
| 47,940,649 | 45,315,830 | 46,077,235 | 42,858,200 | 42,766,020 | 38,977,829 |
| 48,931,234 | 48,822,561 | 46,781,602 | 43,951,580 | 33,983,319 | 32,403,363 |
| 15,656,580 | 15,652,143 | 15,016,847 | 14,105,277 | 12,291,870 | 12,030,232 |
| 60,276,808 | 55,666,373 | 54,858,852 | 54,881,496 | 55,351,962 | 57,151,307 |
| 353,250 | 252,614 | 251,022 | 305,146 | 323,100 | 351,843 |
| 3,698,483 | 2,612,017 | 1,034,010 | 144,206 | 214,915 | 389,519 |
| 6,547 | 5,575 | 12,350 | - | - | - |
| 14,959 | 149,634 | - | 24,282 | - | - |
| - | - | - | - | - | - |
| 19,732 | 352,500 | - | - | 35,840 | - |
| **176,898,242** | **168,829,247** | **164,031,918** | **156,270,186** | **144,967,026** | **141,304,093** |
| **$ 218,764,226** | **$ 211,127,071** | **$ 202,815,631** | **$ 195,498,025** | **$ 181,695,929** | **$ 178,962,316** |

(Continued)

**Statistical Supplement 2**
**Revenues by Source**
**Last Ten Fiscal Years**
(unaudited)

| | For the Fiscal Year Ended August 31, | | | |
|---|---|---|---|---|
| | | Restated | | |
| | 2022 | 2021 | 2020 | 2019 |
| Operating Revenues | | | | |
| Tuition and fees (net of discounts) | 5.62% | 8.40% | 9.93% | 9.88% |
| Federal grants and contracts | 1.81% | 1.89% | 2.05% | 2.04% |
| State grants and contracts | 1.33% | 1.64% | 1.71% | 2.06% |
| Local grants and contracts | 2.82% | 3.56% | 3.65% | 3.57% |
| Non-governmental grants and contracts | 0.41% | 0.58% | 0.56% | 0.89% |
| Auxiliary enterprises | 0.26% | 0.27% | 0.57% | 0.77% |
| General operating revenues | 0.13% | 0.22% | 0.26% | 0.29% |
| **Total Operating Revenues** | **12.38%** | **16.56%** | **18.73%** | **19.50%** |
| Non-Operating Revenues | | | | |
| State appropriations | 15.25% | 22.03% | 21.38% | 21.71% |
| Ad-valorem taxes - maintenance & operations | 21.33% | 23.65% | 23.55% | 23.60% |
| Ad-valorem taxes - debt service | 4.90% | 5.49% | 5.69% | 6.43% |
| Federal revenue, non-operating | 45.91% | 31.20% | 28.46% | 25.97% |
| Gifts | 0.07% | 0.08% | 0.12% | 0.14% |
| Investment income (net of investment expenses) | 0.10% | 0.85% | 2.04% | 2.44% |
| Gain on disposal of capital assets | 0.01% | - | - | - |
| Insurance proceeds | 0.03% | 0.11% | - | 0.19% |
| Interest lease revenue | 0.01% | 0.02% | - | - |
| Other non-operating revenues | 0.01% | 0.01% | 0.03% | 0.03% |
| **Total Non-Operating Revenues** | **87.62%** | **83.44%** | **81.27%** | **80.50%** |
| **Total Revenues** | **100.00%** | **100.00%** | **100.00%** | **100.00%** |

Note:
Change in Net position reflected on Statistical Supplement 1 and Statistical Supplement 19.

(Continued)

| For the Fiscal Year Ended August 31, | | | | | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| 9.91% | 10.95% | 10.58% | 10.93% | 11.28% | 11.76% |
| 1.97% | 2.13% | 1.92% | 2.24% | 1.90% | 2.59% |
| 1.88% | 1.93% | 1.61% | 2.08% | 2.34% | 2.88% |
| 3.04% | 2.89% | 2.50% | 0.56% | 0.61% | 0.71% |
| 1.16% | 0.98% | 1.22% | 2.68% | 2.72% | 1.74% |
| 0.86% | 0.87% | 0.93% | 0.91% | 1.01% | 1.01% |
| 0.32% | 0.29% | 0.36% | 0.67% | 0.35% | 0.35% |
| **19.14%** | **20.04%** | **19.12%** | **20.07%** | **20.21%** | **21.04%** |
| 21.91% | 21.46% | 22.72% | 21.92% | 23.54% | 21.78% |
| 22.37% | 23.12% | 23.07% | 22.48% | 18.70% | 18.11% |
| 7.16% | 7.41% | 7.40% | 7.22% | 6.77% | 6.72% |
| 27.55% | 26.37% | 27.05% | 28.07% | 30.46% | 31.93% |
| 0.16% | 0.12% | 0.12% | 0.16% | 0.18% | 0.20% |
| 1.69% | 1.24% | 0.51% | 0.07% | 0.12% | 0.22% |
| - | - | 0.01% | - | - | - |
| 0.01% | 0.07% | - | 0.01% | - | - |
| - | - | - | - | - | - |
| 0.01% | 0.17% | - | - | 0.02% | - |
| **80.86%** | **79.96%** | **80.88%** | **79.93%** | **79.79%** | **78.96%** |
| **100.00%** | **100.00%** | **100.00%** | **100.00%** | **100.00%** | **100.00%** |

**Statistical Supplement 3**
**Program Expenses by Function**
**Last Ten Fiscal Years**
(unaudited)

| | For the Fiscal Year Ended August 31, | | | |
|---|---|---|---|---|
| | | Restated | | |
| | 2022 | 2021 | 2020 | 2019 |
| Operating Expenses | | | | |
| Instruction | $ 80,485,762 | $ 87,620,251 | $ 94,767,643 | $ 92,144,487 |
| Research | 7,214 | 13,930 | - | - |
| Public service | 1,583,659 | 1,611,221 | 1,295,671 | 1,860,996 |
| Academic support | 20,550,978 | 22,358,202 | 21,510,411 | 23,030,399 |
| Student services | 12,210,400 | 13,693,983 | 14,394,224 | 14,602,287 |
| Institutional support | 44,135,677 | 33,034,943 | 34,970,309 | 32,251,981 |
| Operations and maintenance of plant | 20,503,476 | 20,821,673 | 20,419,241 | 21,534,803 |
| Scholarships and fellowships | 75,671,920 | 37,788,198 | 29,136,804 | 27,797,829 |
| Auxiliary enterprises | 2,219,495 | 1,693,536 | 2,627,299 | 3,451,000 |
| Depreciation | 12,072,011 | 12,020,225 | 12,162,030 | 12,009,110 |
| **Total Operating Expenses** | **269,440,592** | **230,656,162** | **231,283,632** | **228,682,892** |
| Non-Operating Expenses | | | | |
| Interest on capital related debt | 3,585,712 | 4,623,748 | 5,841,189 | 5,690,864 |
| Loss on sale/disposal/return on capital assets | 3,110 | 242,960 | 42 | 114,727 |
| Non-capital construction costs | 2,300,251 | 685,243 | 1,163,367 | 2,025,830 |
| Bond costs amortization | 1,652,444 | 559,358 | 532,856 | 166,273 |
| Other non-operating expenses | 205,601 | 249,823 | 262,755 | 246,594 |
| **Total Non-Operating Expenses** | **7,747,118** | **6,361,132** | **7,800,209** | **8,244,288** |
| **Total Expenses** | **$ 277,187,710** | **$ 237,017,294** | **$ 239,083,841** | **$ 236,927,180** |

| For the Fiscal Year Ended August 31, | | | | | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| $ 77,741,287 | $ 70,879,518 | $ 66,249,496 | $ 60,820,171 | $ 59,447,105 | $ 57,766,578 |
| - | - | - | - | - | 4,516 |
| 2,276,663 | 709,252 | 912,507 | 1,205,480 | 829,711 | 903,735 |
| 18,306,332 | 17,101,883 | 16,333,241 | 15,281,478 | 13,980,994 | 12,775,912 |
| 11,722,551 | 11,228,508 | 11,477,740 | 10,969,940 | 10,403,813 | 10,090,241 |
| 26,803,724 | 26,074,788 | 23,138,061 | 21,790,954 | 19,813,088 | 21,108,957 |
| 20,048,333 | 15,977,257 | 14,064,638 | 13,675,484 | 12,563,251 | 9,486,934 |
| 27,412,188 | 26,028,594 | 26,432,169 | 27,815,696 | 27,692,817 | 28,724,249 |
| 3,355,013 | 2,529,295 | 1,562,463 | 1,403,408 | 1,388,717 | 1,383,521 |
| 9,917,643 | 7,262,313 | 6,966,274 | 6,759,801 | 6,731,486 | 6,589,876 |
| **197,583,734** | **177,791,408** | **167,136,589** | **159,722,412** | **152,850,981** | **148,834,519** |
| 3,513,058 | 4,150,374 | 6,602,765 | 5,964,767 | 1,340,664 | 1,513,884 |
| 838,031 | 5,886 | - | 240,389 | 10,154 | 217 |
| 11,107,175 | 3,548,465 | 1,911,123 | 1,731,576 | 1,715,994 | 849,455 |
| 268,803 | 295,436 | 284,829 | 1,166,614 | 873,318 | 566,261 |
| 84,956 | 265,017 | 320,767 | 274,655 | 208,684 | 290,477 |
| **15,812,023** | **8,265,178** | **9,119,484** | **9,378,001** | **4,148,813** | **3,220,294** |
| **$ 213,395,757** | **$ 186,056,587** | **$ 176,256,073** | **$ 169,100,413** | **$ 156,999,794** | **$ 152,054,813** |

(Continued)

**Statistical Supplement 3**
**Program Expenses by Function**
**Last Ten Fiscal Years**
(unaudited)

| | For the Fiscal Year Ended August 31, | | | |
|---|---|---|---|---|
| | | Restated | | |
| | 2022 | 2021 | 2020 | 2019 |
| Operating Expenses | | | | |
| Instruction | 29.04% | 36.97% | 39.63% | 38.89% |
| Research | 0.00% | 0.01% | - | - |
| Public service | 0.57% | 0.68% | 0.54% | 0.79% |
| Academic support | 7.41% | 9.43% | 9.00% | 9.72% |
| Student services | 4.41% | 5.78% | 6.02% | 6.16% |
| Institutional support | 15.92% | 13.94% | 14.63% | 13.61% |
| Operations and maintenance of plant | 7.40% | 8.78% | 8.54% | 9.09% |
| Scholarships and fellowships | 27.30% | 15.94% | 12.19% | 11.73% |
| Auxiliary enterprises | 0.80% | 0.71% | 1.10% | 1.46% |
| Depreciation | 4.36% | 5.08% | 5.09% | 5.07% |
| **Total Operating Expenses** | **97.21%** | **97.32%** | **96.74%** | **96.52%** |
| Non-Operating Expenses | | | | |
| Interest on capital related debt | 1.29% | 1.95% | 2.44% | 2.40% |
| Loss on sale/disposal/return on capital assets | 0.00% | 0.10% | - | 0.05% |
| Non-capital construction costs | 0.83% | 0.29% | 0.49% | 0.86% |
| Bond costs amortization | 0.60% | 0.24% | 0.22% | 0.07% |
| Other non-operating expenses | 0.07% | 0.10% | 0.11% | 0.10% |
| **Total Non-Operating Expenses** | **2.79%** | **2.68%** | **3.26%** | **3.48%** |
| **Total Expenses** | **100.00%** | **100.00%** | **100.00%** | **100.00%** |

Notes:
Change in Net position reflected on Statistical Supplement 1 and Statistical Supplement 19.
Other non-operating expenses were segregated into separate categories for FY 2009 - FY 2018.
The segregation is not reflected in the previous years.

(Continued)

| For the Fiscal Year Ended August 31, | | | | | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| 36.43% | 38.10% | 37.59% | 35.97% | 37.86% | 37.99% |
| - | - | - | - | - | - |
| 1.07% | 0.38% | 0.52% | 0.71% | 0.53% | 0.59% |
| 8.58% | 9.19% | 9.27% | 9.03% | 8.91% | 8.40% |
| 5.49% | 6.04% | 6.51% | 6.49% | 6.63% | 6.64% |
| 12.56% | 14.01% | 13.13% | 12.88% | 12.62% | 13.88% |
| 9.39% | 8.59% | 7.98% | 8.09% | 8.00% | 6.24% |
| 12.85% | 13.99% | 15.00% | 16.45% | 17.64% | 18.89% |
| 1.57% | 1.36% | 0.88% | 0.83% | 0.88% | 0.91% |
| 4.65% | 3.90% | 3.95% | 4.00% | 4.29% | 4.34% |
| **92.59%** | **95.56%** | **94.83%** | **94.45%** | **97.36%** | **97.88%** |
| 1.65% | 2.23% | 3.75% | 3.53% | 0.85% | 1.00% |
| 0.39% | - | - | 0.14% | 0.01% | - |
| 5.20% | 1.91% | 1.08% | 1.03% | 1.09% | 0.56% |
| 0.13% | 0.16% | 0.16% | 0.69% | 0.56% | 0.37% |
| 0.04% | 0.14% | 0.18% | 0.16% | 0.13% | 0.19% |
| **7.41%** | **4.44%** | **5.17%** | **5.55%** | **2.64%** | **2.12%** |
| **100.00%** | **100.00%** | **100.00%** | **100.00%** | **100.00%** | **100.00%** |

**Statistical Supplement 4**
**Tuition and Fees**
**Last Ten Academic Years**
(unaudited)

| | | Resident Fees per Semester Credit Hour (SCH) | | | | |
|---|---|---|---|---|---|---|
| Academic Year (Fall) | Registration Fee (per student) | In-District Tuition (a) | Out-of-District Tuition (a) | Technology Fee | Learning Support Fee | Student Activity Fee |
| 2021 | $ 150 | $ 77 | $ 87 | $ 31 | $ 14 | $ 4 |
| 2020 | 150 | 77 | 87 | 31 | 14 | 4 |
| 2019 | 150 | 77 | 87 | 30 | 12 | 4 |
| 2018 | 100/160 | 70 | 80 | 30 | 12 | 4 |
| 2017 | 100/160 | 70 | 80 | 24 | 16 | 4 |
| 2016 | 100/160 | 67 | 76 | 24 | 16 | 2 |
| 2015 | 90/150 | 67 | 76 | 22 | 15 | 2 |
| 2014 | 90/150 | 67 | 76 | 20 | 13 | - |
| 2013 | 90/150 | 67 | 76 | 18 | 13 | - |
| 2012 | 90/150 | 67 | 76 | 16 | 12 | - |

| | | Non - Resident Fees per Semester Credit Hour (SCH) | | | | |
|---|---|---|---|---|---|---|
| Academic Year (Fall) | Registration Fee (per student) | Non-Resident Tuition Out of State | Non-Resident Tuition International | Technology Fee | Learning Support Fee | Student Activity Fee |
| 2021 | $ - | $ 250 | $ 250 | $ - | $ - | $ - |
| 2020 | 150 | 200 | 200 | 31 | 14 | 4 |
| 2019 | 150 | 200 | 200 | 30 | 12 | 4 |
| 2018 | 100/160 | 200 | 200 | 30 | 12 | 4 |
| 2017 | 100/160 | 200 | 200 | 24 | 16 | 4 |
| 2016 | 100/160 | 192 | 192 | 24 | 16 | 2 |
| 2015 | 90/150 | 100 | 100 | 22 | 15 | 2 |
| 2014 | 90/150 | 105 | 105 | 20 | 13 | - |
| 2013 | 90/150 | 202 | 202 | 18 | 13 | - |
| 2012 | 90/150 | 202 | 202 | 16 | 12 | - |

Notes:
Includes basic enrollment tuition and fees, but excludes course based fees such as laboratory fees, testing fees and certification fees.
(a) Tuition rate at 12 credit hours.

Source:
South Texas College District Student Guide

| 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 |
|---|---|---|---|
| $ 1,662 | $ 1,782 | 0.00% | 0.00% |
| 1,662 | 1,782 | 2.21% | 2.06% |
| 1,626 | 1,746 | 8.98% | 8.31% |
| 1,492/1,552 | 1,612/1,672 | 1.63% | 1.51% |
| 1,468/1,528 | 1,588/1,648 | 4.26% | 4.68% |
| 1,408/1,468 | 1,517/1,577 | 3.38% | 3.13% |
| 1,362/1,422 | 1,471/1,531 | 5.58% | 5.22% |
| 1,290/1,350 | 1,398/1,458 | 1.90% | 1.67% |
| 1,266/1,326 | 1,375/1,435 | 2.93% | 2.69% |
| 1,230/1,290 | 1,339/1,399 | - | - |

| Cost for 12 SCH Out-of-State | Cost for 12 SCH International | Increase From Prior Year Out-of-State | Increase From Prior Year International |
|---|---|---|---|
| $ 3,000 | $ 3,000 | -4.40% | -4.40% |
| 3,138 | 3,138 | 1.16% | 1.16% |
| 3,102 | 3,102 | 1.64% | 1.64% |
| 3,052/3,112 | 3,052/3,112 | 0.79% | 0.79% |
| 3,028/3,088 | 3,028/3,088 | 4.13% | 4.13% |
| 2,908/2,968 | 2,908/2,968 | 65.42% | 65.42% |
| 1,758/1,818 | 1,758/1,818 | 0.69% | 0.69% |
| 1,746/1,806 | 1,746/1,806 | (39.50%) | (39.50%) |
| 2,886/2,946 | 2,886/2,946 | 1.26% | 1.26% |
| 2,850/2,910 | 2,850/2,910 | - | - |

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

| Fiscal Year | Assessed Valuation of Property | Less: Exempt Property | Less: Exemptions | Taxable Assessed Value (TAV) |
|---|---|---|---|---|
| 2021-22 | $ 59,272,156,863 | $ 12,484,852,354 | $ 1,572,896,793 | $ 45,214,407,716 |
| 2020-21 | 55,493,969,962 | 11,735,671,129 | 1,642,378,280 | 42,115,920,553 |
| 2019-20 | 53,052,419,455 | 11,310,116,498 | 1,485,547,551 | 40,256,755,406 |
| 2018-19 | 50,847,373,837 | 10,915,450,453 | 1,550,090,537 | 38,381,832,847 |
| 2017-18 | 48,331,824,331 | 10,258,297,206 | 1,477,379,306 | 36,596,147,819 |
| 2016-17 | 46,095,416,000 | 10,006,121,217 | 1,187,077,443 | 34,902,217,340 |
| 2015-16 | 43,541,107,619 | 9,442,963,099 | 793,651,829 | 33,304,492,691 |
| 2014-15 | 40,017,479,312 | 8,339,328,628 | 712,991,259 | 30,965,159,425 |
| 2013-14 | 39,073,962,437 | 8,153,953,156 | 673,809,590 | 30,246,199,691 |
| 2012-13 | 38,329,106,121 | 8,122,084,714 | 561,487,336 | 29,645,534,071 |

Notes:
Property is assessed at fair market value.
Property in each county is reassessed annually.
Exempt property includes exclusions.
(a) Tax rates are per $100 of Taxable Assessed Value.

Sources:
Hidalgo County Tax Assessor & Collector
Starr County Tax Assessor & Collector

| Ratio of Taxable Assessed Value to Assessed Value | Direct Rate | | |
|---|---|---|---|
| | Maintenance & Operations (a) | Debt Service (a) | Total (a) |
| 76.28% | 0.1400 | 0.0315 | 0.1715 |
| 75.89% | 0.1400 | 0.0318 | 0.1718 |
| 75.88% | 0.1400 | 0.0333 | 0.1733 |
| 75.48% | 0.1400 | 0.0380 | 0.1780 |
| 75.72% | 0.1400 | 0.0450 | 0.1850 |
| 75.72% | 0.1400 | 0.0450 | 0.1850 |
| 76.49% | 0.1400 | 0.0450 | 0.1850 |
| 77.38% | 0.1400 | 0.0450 | 0.1850 |
| 77.41% | 0.1100 | 0.0400 | 0.1500 |
| 77.34% | 0.1100 | 0.0407 | 0.1507 |

**Statistical Supplement 6a**
**General Appropriations Act Before Contact Hour Adjustments[1]**
**Last Ten Fiscal Years**
(unaudited)

| | For the Fiscal Year Ended August 31, | | | |
|---|---|---|---|---|
| Appropriation Funding Elements | 2022 | 2021 | 2020 | 2019 |
| State Appropriation Contact Hour Funding (CH) | $ 30,785,854 | $ 34,847,891 | $ 34,850,456 | $ 34,396,461 |
| State Appropriation Student Success Points (SSP) | 7,337,691 | 5,346,393 | 5,346,394 | 4,089,966 |
| State Appropriation Core Operations (CO) | 680,406 | 680,406 | 680,406 | 680,406 |
| State Appropriation Bachelor of Applied Technology (BAT) | 1,290,084 | 1,307,616 | 1,307,616 | 1,071,990 |
| **Total** | **$ 40,094,035** | **$ 42,182,306** | **$ 42,184,872** | **$ 40,238,823** |

Note:
The requirements for Schedule 6 were changed by THECB in fiscal year 2018.

[1] General Appropriations Act, SB 1, 85th Texas Legislature, Section 1 (page III-209) - Informational Listing of Appropriated Funds
*Formula funding methodology changed in fiscal year 2014.

Source:
THECB - Ten Pay Schedule

| For the Fiscal Year Ended August 31, | | | | | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014* | 2013 |
| $ 34,397,316 | $ 32,558,148 | $ 33,471,584 | $ 31,439,245 | $ 31,439,245 | $ 33,527,444 |
| 4,089,967 | 3,670,735 | 3,670,736 | 3,394,950 | 3,394,950 | - |
| 680,406 | 500,000 | 500,000 | 500,000 | 500,000 | - |
| 1,071,990 | 805,107 | 805,106 | 562,474 | 562,474 | 354,687 |
| **$ 40,239,679** | **$ 37,533,990** | **$ 38,447,426** | **$ 35,896,669** | **$ 35,896,669** | **$ 33,882,131** |

**Statistical Supplement 6b**
**State Appropriation per FTSE**
**Last Ten Fiscal Years**
(unaudited)

| Fiscal Year | State Appropriation (Unrestricted) From Sch C | FTSE[1] | State Appropriation per FTSE |
|---|---|---|---|
| 2022 | $ 40,094,035 | 18,642 | $ 2,151 |
| 2021 | 42,182,306 | 18,313 | 2,303 |
| 2020 | 42,184,872 | 21,902 | 1,926 |
| 2019 | 40,238,823 | 20,835 | 1,931 |
| 2018 | 40,239,679 | 21,619 | 1,861 |
| 2017 | 37,533,990 | 21,474 | 1,748 |
| 2016 | 38,447,426 | 21,665 | 1,775 |
| 2015 | 35,896,669 | 20,585 | 1,744 |
| 2014* | 35,896,669 | 20,306 | 1,768 |
| 2013 | 33,882,131 | 19,729 | 1,717 |

Note:
The requirements for Schedule 6 were changed by THECB in fiscal year 2018.

[1] Full time student equivalent (FTSE) is calculated using semester credit hours (SCH) divided by 30 plus non-semester (continuing education) contact hours divided by 900.
*Formula funding methodology changed is fiscal year 2014.

Source:
CBM004/CBM001 and CBM00C/CBM00A.

**Statistical Supplement 6c**
**State Appropriation per Funded Contact Hour (CH)**
**Last Ten Fiscal Years**
(unaudited)

| Fiscal Year | CH - State Appropriation (Unrestricted)[1] | Academic Contact Hours | Technical Contact Hours | Continuing Education Contact Hours | Total Funded Contact Hours[2] | CH- State Appropriation per Funded Contact Hour |
|---|---|---|---|---|---|---|
| 2022 | $ 30,785,854 | 7,433,552 | 3,131,840 | 195,076 | 10,760,468 | $ 2.86 |
| 2021 | 34,847,891 | 7,603,456 | 2,824,848 | 177,169 | 10,605,473 | 3.29 |
| 2020 | 34,850,456 | 9,319,520 | 3,199,200 | 177,187 | 12,695,907 | 2.75 |
| 2019 | 34,396,461 | 8,873,696 | 3,016,304 | 220,585 | 12,110,585 | 2.84 |
| 2018 | 34,397,316 | 9,331,808 | 3,140,496 | 202,707 | 12,675,011 | 2.71 |
| 2017 | 32,558,148 | 9,118,640 | 3,341,936 | 210,795 | 12,671,371 | 2.57 |
| 2016 | 33,471,584 | 9,037,632 | 3,682,592 | 218,567 | 12,938,791 | 2.59 |
| 2015 | 31,439,245 | 8,283,144 | 3,469,008 | 730,548 | 12,482,700 | 2.52 |
| 2014* | 31,439,245 | 8,269,360 | 3,453,056 | 716,914 | 12,439,330 | 2.53 |
| 2013 | 33,527,444 | 8,276,552 | 3,246,752 | 449,630 | 11,972,934 | 2.80 |

Note:
The requirements for Schedule 6 were changed by THECB in fiscal year 2018.

[1]State Funded Contact Hour Appropriations as it appears in schedule 6a.
[2]Contact hours (CH) for Academic, Technical and Continuing Education include the Fall, Spring and Summer semesters of the respective year.
*Formula funding methodology changed in fiscal year 2014.

Source:
CBM004/CBM001
CBM00C/CBM00A

SOUTH TEXAS COLLEGE

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**Statistical Supplement 6d**
**State Appropriation per Student Success Point - Annualized**
**Last Nine Fiscal Years[1]**
(unaudited)

| Fiscal Year | SSP - State Appropriation (Unrestricted)[2] | Year Average Student Success Points | SSP - State Appropriation per Success Point |
|---|---|---|---|
| 2022 | $ 7,337,691 | 59,197 | $ 123.95 |
| 2021 | 5,346,393 | 52,795 | 101.27 |
| 2020 | 5,346,394 | 52,795 | 101.27 |
| 2019 | 4,089,966 | 47,680 | 85.78 |
| 2018 | 4,089,967 | 47,680 | 85.78 |
| 2017 | 3,670,735 | 42,538 | 86.29 |
| 2016 | 3,670,736 | 42,538 | 86.29 |
| 2015 | 3,394,950 | 36,678 | 92.56 |
| 2014* | 3,394,950 | 36,678 | 92.56 |

Note:
The requirements for Statistical Supplement 6 were changed by THECB in fiscal year 2018.

[1]Schedule is intended to include 10 years, additional years will be presented as they become available.
[2]State Funded Success Point Appropriation as it appears in Statistical Supplement 6a.
*The formula funding methodology was changed in fiscal year 2014 to include appropriations based on student success point appropriations per student success points are not applicable for fiscal years prior to 2014.

Source:
THECB - Ten Pay Schedule

**Statistical Supplement 6e**
**Student Success Points (SSP)**
**Last Nine Fiscal Years[1]**
(Unaudited)

| Success Point Elements[2] | For the Fiscal Year Ended August 31, 2022** | 2021** | 2020 | 2019 |
|---|---|---|---|---|
| Math Readiness | 1,592 | 893 | 1,441 | 1,467 |
| Read Readiness | 712 | 342 | 676 | 633 |
| Write Readiness | 363 | 130 | 256 | 304 |
| Students Who Pass FCL Math Course | 6,852 | 5,382 | 7,212 | 6,758 |
| Students Who Pass FCL Read Course | 4,277 | 2,647 | 4,125 | 4,447 |
| Students Who Pass FCL Write Course | 3,638 | 2,553 | 3,586 | 3,753 |
| Students Who Complete 15 SCH | 10,099 | 7,226 | 10,187 | 10,192 |
| Students Who Complete 30 SCH | 10,485 | 8,483 | 10,748 | 10,496 |
| Student Transfers to a 4-Yr Inst | 9,521 | 10,401 | 10,215 | 9,237 |
| Degrees, CCCs, or Certs (Unduplicated) | 6,214 | 5,177 | 5,861 | 6,281 |
| Degrees or Certs in Critical Fields | 5,445 | 4,716 | 5,584 | 4,878 |
| **Total Annual Success Points** | **59,197** | **47,949** | **59,889** | **58,445** |

Note:
The requirements for Statistical Supplement 6 were changed by THECB in fiscal year 2018.

[1]Appropriations per student success points are not applicable for fiscal years prior to 2014. Schedule is intended to include 10 years, additional years will be presented as they become available.
[2]These are annual SSP, not 3-year rolling averages.
*Formula funding methodology changed in fiscal year 2014.
**2022 SSP are the 3-year rolling average used for biennium funding. 2021 SSP are estimated.

Source: THECB - Accountability System

| For the Fiscal Year Ended August 31, | | | | |
|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014* |
| 1,867 | 1,939 | 1,857 | 1,289 | 1,307 |
| 828 | 829 | 735 | 615 | 744 |
| 529 | 809 | 758 | 611 | 825 |
| 6,586 | 6,370 | 6,251 | 5,654 | 5,673 |
| 4,260 | 4,024 | 4,008 | 3,683 | 2,947 |
| 3,576 | 3,388 | 3,401 | 3,131 | 2,773 |
| 9,919 | 9,861 | 10,364 | 8,574 | 9,911 |
| 10,211 | 6,423 | 6,083 | 5,011 | 5,798 |
| 9,111 | 6,058 | 5,184 | 6,404 | 6,034 |
| 6,499 | 8,618 | 7,520 | 6,856 | 5,974 |
| 5,873 | 4,178 | 4,385 | 4,399 | 4,282 |
| **59,258** | **52,497** | **50,546** | **46,226** | **46,267** |

**Statistical Supplement 7**
**Principal Taxpayers**
**Last Ten Tax Years**
(unaudited)

| Taxpayer[1] | Type of Business | Taxable Assessed Value (TAV) by Tax Year | | | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2020 | 2019 |
| AEP Texas Inc. - 27th | Electric Utility/Power Plant | $ 545,493,040 | $ 455,458,070 | $ 504,873,150 | $ 404,804,330 |
| EDP Renewables NA-Los Mirasole | Electric Utility/Power Plant | 174,497,580 | 190,972,650 | 258,825,660 | 283,318,230 |
| Merit Energy Company | Electric Utility/Power Plant | 166,780,232 | 179,152,256 | 172,941,689 | 159,177,822 |
| Simon Property Group - McAllen | Shopping Center/Development | 155,336,606 | 170,341,039 | 170,193,064 | 135,839,131 |
| CPG Mercedes LP | Real Estate | 110,000,000 | 115,000,000 | 115,000,000 | 89,891,425 |
| Electric Transmission of Texas - 27th | Electric Utility/Power Plant | 107,674,690 | 101,036,810 | 97,727,750 | 103,752,010 |
| H. E. Butt Grocery Company | Grocery | 105,923,290 | 104,365,283 | 104,625,471 | 104,522,304 |
| AEP Electric Transmission | Electric Utility/Power Plant | 85,802,670 | 75,673,940 | 77,366,680 | 75,178,960 |
| NET Mexico Pipeline Partners | Pipeline | 67,096,650 | 73,597,660 | 75,256,980 | 79,214,920 |
| Magic Valley Electric Co-op - 27th | Electric Utility/Power Plant | 65,430,420 | 62,577,260 | 57,138,160 | 56,017,320 |
| Big Sky Commercial Property | Commercial | 63,326,929 | 60,605,570 | 61,006,197 | 61,421,881 |
| South Texas Elec Coop-Red Gate | Electric Utility/Power Plant | 61,372,430 | 61,372,430 | 70,814,340 | 153,130,490 |
| Rio Bravo Windpower | Wind Farm/Turbines | 55,575,000 | 60,000,000 | - | - |
| Day Surgery at Renaissance LLC | Healthcare | 53,482,155 | 104,428,470 | - | - |
| Walmart Stores Texas LLC | Retail Store | 53,241,254 | - | - | - |
| Mestino WindPower | Wind Farm/Turbines | - | 57,504,435 | - | - |
| Merit Energy LTD | Electric Utility | - | - | 135,619,580 | 132,743,560 |
| McAllen Levcal LLC | Development | - | - | 63,301,789 | 60,056,707 |
| Rio Grande Regional Hospital | Hospital | - | - | 55,249,830 | - |
| Frontera Generation LTD Ptnshp | Land & Improvements | - | - | - | 56,052,250 |
| Los Vientos Windpower IV, LLC | Electric Utility | - | - | - | - |
| Los Vientos Windpower III, LLC | Electric Utility | - | - | - | - |
| Los Vientos Windpower V, LLC | Electric Utility | - | - | - | - |
| AEP Texas Central Co. | Electric Utility | - | - | - | - |
| OXY USA Inc. | Oil & Gas | - | - | - | - |
| Calpine Const Fin (Magic VY GN) | Electric Utility | - | - | - | - |
| Southwestern Bell Telephone | Utility | - | - | - | - |
| Sharyland Utilities LP | Electric Utility | - | - | - | - |
| Cantera Operating LLC | Real Estate | - | - | - | - |
| Universal Health Services | Healthcare | - | - | - | - |
| Palm Crossing Town Center LLC | Real Estate | - | - | - | - |
| El Paso Production Oil & Gas | Oil & Gas | - | - | - | - |
| Legend Natural Gas LLP | Oil & Gas | - | - | - | - |
| **Total** | | **1,871,032,946** | **1,872,085,873** | **2,019,940,340** | **1,955,121,340** |
| **Total Taxable Assessed Value** | | **$45,214,407,716** | **$42,115,920,553** | **$40,256,755,406** | **$38,381,832,847** |

[1] Includes both Starr and Hidalgo Counties

Sources:
First Southwest Company: Table 5 - Fifteen Largest Taxpayers, pg. 4
South Texas College District ACFR (Fiscal Year Ended August 31, 2020): Note 18 - Ad Valorem Tax

Taxable Assessed Value (TAV) by Tax Year

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| $ 352,495,470 | $ - | $ - | $ - | $ - | $ - |
| 234,782,400 | - | - | - | - | - |
| 230,641,575 | - | - | - | - | - |
| 154,055,359 | 121,013,266 | 115,303,024 | 85,303,024 | 61,802,878 | 51,503,892 |
| 79,979,184 | 71,900,000 | 71,900,000 | 71,900,000 | 59,259,989 | 59,589,853 |
| 100,423,530 | - | - | - | - | - |
| 114,446,193 | 106,142,740 | 105,032,930 | 104,974,764 | 99,587,906 | 97,514,949 |
| 84,059,570 | - | - | - | - | - |
| 68,130,000 | 61,062,170 | 50,433,870 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 153,130,490 | 71,187,500 | - | - | - | - |
| - | - | - | - | - | - |
| - | 49,580,969 | 94,283,759 | 96,644,921 | 87,177,604 | 88,878,995 |
| - | 58,267,204 | 83,501,468 | 111,616,706 | 110,650,697 | 87,206,008 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 58,275,372 | - | - | - | - | - |
| - | 54,728,656 | 54,415,269 | 54,415,269 | 56,328,437 | 56,871,910 |
| 57,631,060 | 61,378,270 | 60,508,140 | 67,964,220 | 63,178,400 | 69,157,000 |
| 308,100,000 | - | - | - | - | - |
| 287,000,000 | 325,864,600 | 227,904,960 | - | - | - |
| 146,599,970 | 86,150,000 | - | - | - | - |
| - | 294,465,210 | 294,682,640 | 261,746,510 | 240,344,300 | 193,373,940 |
| - | 120,816,900 | 379,446,207 | 480,051,211 | 417,907,900 | 379,637,700 |
| - | 54,720,720 | 61,014,790 | 65,093,830 | 64,184,330 | 73,089,400 |
| - | 48,706,030 | - | 51,319,700 | 53,302,090 | 54,950,030 |
| - | - | 64,409,510 | 67,452,860 | 56,941,250 | 51,663,190 |
| - | - | 63,232,029 | 64,113,853 | - | - |
| - | - | 46,786,593 | 46,786,593 | 52,246,584 | 53,599,944 |
| - | - | - | 41,915,932 | - | - |
| - | - | - | - | 86,226,095 | 110,119,062 |
| - | - | - | - | 62,055,660 | 78,265,270 |
| **2,429,750,173** | **1,585,984,235** | **1,772,855,189** | **1,671,299,393** | **1,571,194,120** | **1,505,421,143** |
| **$36,596,147,819** | **$34,902,217,340** | **$33,304,492,691** | **$30,965,159,425** | **$30,246,199,691** | **$29,645,534,071** |

(Continued)

**Statistical Supplement 7**
**Principal Taxpayers**
**Last Ten Tax Years**
(unaudited)

| | | % of Taxable Assessed Value (TAV) by Tax Year | | | |
|---|---|---|---|---|---|
| Taxpayer[1] | Type of Business | 2022 | 2021 | 2020 | 2019 |
| AEP Texas Inc. - 27th | Electric Utility/Power Plant | 1.21% | 1.08% | 1.25% | 1.05% |
| EDP Renewables NA-Los Mirasole | Electric Utility/Power Plant | 0.39% | 0.45% | 0.64% | 0.74% |
| Merit Energy Company | Electric Utility/Power Plant | 0.37% | 0.43% | 0.43% | 0.41% |
| Simon Property Group - McAllen | Shopping Center/Development | 0.34% | 0.40% | 0.42% | 0.35% |
| CPG Mercedes LP | Real Estate | 0.24% | 0.27% | 0.29% | 0.23% |
| Electric Transmission of Texas - 27th | Electric Utility/Power Plant | 0.24% | 0.24% | 0.24% | 0.27% |
| H. E. Butt Grocery Company | Grocery | 0.23% | 0.25% | 0.26% | 0.27% |
| AEP Electric Transmission | Electric Utility/Power Plant | 0.19% | 0.18% | 0.19% | 0.20% |
| NET Mexico Pipeline Partners | Pipeline | 0.15% | 0.17% | 0.19% | 0.21% |
| Magic Valley Electric Co-op - 27th | Electric Utility/Power Plant | 0.14% | 0.15% | 0.14% | 0.15% |
| Big Sky Commercial Property | Commercial | 0.14% | 0.14% | 0.15% | 0.16% |
| South Texas Elec Coop-Red Gate | Electric Utility/Power Plant | 0.14% | 0.15% | 0.18% | 0.40% |
| Rio Bravo Windpower | Wind Farm/Turbines | 0.12% | 0.14% | - | - |
| Day Surgery at Renaissance LLC | Healthcare | 0.12% | 0.25% | - | - |
| Walmart Stores Texas LLC | Retail Store | 0.12% | - | - | - |
| Mestino WindPower | Wind Farm/Turbines | - | 0.14% | - | - |
| Merit Energy LTD | Electric Utility | - | - | 0.34% | 0.35% |
| McAllen Levcal LLC | Development | - | - | 0.16% | 0.16% |
| Rio Grande Regional Hospital | Hospital | - | - | 0.14% | - |
| Frontera Generation LTD Ptnshp | Land & Improvements | - | - | - | 0.15% |
| Los Vientos Windpower IV, LLC | Electric Utility | - | - | - | - |
| Los Vientos Windpower III, LLC | Electric Utility | - | - | - | - |
| Los Vientos Windpower V, LLC | Electric Utility | - | - | - | - |
| AEP Texas Central Co. | Electric Utility | - | - | - | - |
| OXY USA Inc. | Oil & Gas | - | - | - | - |
| Calpine Const Fin (Magic VY GN) | Electric Utility | - | - | - | - |
| Southwestern Bell Telephone | Utility | - | - | - | - |
| Sharyland Utilities LP | Electric Utility | - | - | - | - |
| Cantera Operating LLC | Real Estate | - | - | - | - |
| Universal Health Services | Healthcare | - | - | - | - |
| Palm Crossing Town Center LLC | Real Estate | - | - | - | - |
| El Paso Production Oil & Gas | Oil & Gas | - | - | - | - |
| Legend Natural Gas LLP | Oil & Gas | - | - | - | - |
| **Total** | | **4.14%** | **4.44%** | **5.02%** | **5.10%** |

[1] Includes both Starr and Hidalgo Counties

Source:
First Southwest Company: Table 5 - Fifteen Largest Taxpayers, pg. 4

(Continued)

| % of Taxable Assessed Value (TAV) by Tax Year | | | | | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| 0.96% | - | - | - | - | - |
| 0.64% | - | - | - | - | - |
| 0.63% | - | - | - | - | - |
| 0.42% | 0.35% | 0.35% | 0.28% | 0.20% | 0.17% |
| 0.22% | 0.21% | 0.22% | 0.23% | 0.20% | 0.20% |
| 0.27% | - | - | - | - | - |
| 0.31% | 0.30% | 0.32% | 0.34% | 0.33% | 0.33% |
| 0.23% | - | - | - | - | - |
| 0.19% | 0.17% | 0.15% | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 0.42% | 0.20% | - | - | - | - |
| - | - | - | - | - | - |
| - | 0.14% | 0.28% | 0.31% | 0.29% | 0.30% |
| - | 0.17% | 0.25% | 0.36% | 0.37% | 0.29% |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 0.16% | - | - | - | - | - |
| - | 0.16% | 0.16% | 0.18% | 0.19% | 0.19% |
| 0.16% | 0.18% | 0.18% | 0.22% | 0.21% | 0.23% |
| 0.84% | - | - | - | - | - |
| 0.78% | 0.93% | 0.68% | - | - | - |
| 0.40% | 0.25% | - | - | - | - |
| - | 0.84% | 0.88% | 0.85% | 0.79% | 0.65% |
| - | 0.35% | 1.14% | 1.55% | 1.38% | 1.28% |
| - | 0.16% | 0.18% | 0.21% | 0.21% | 0.25% |
| - | 0.14% | - | 0.17% | 0.18% | 0.19% |
| - | - | 0.19% | 0.22% | 0.19% | 0.17% |
| - | - | 0.19% | 0.21% | - | - |
| - | - | 0.14% | 0.15% | 0.17% | 0.18% |
| - | - | - | 0.14% | - | - |
| - | - | - | - | 0.29% | 0.37% |
| - | - | - | - | 0.21% | 0.26% |
| **6.63%** | **4.55%** | **5.31%** | **5.42%** | **5.21%** | **5.06%** |

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

| Fiscal Year Ended August 31, | Original Levy (a) | Cumulative Levy Adjustment** | Adjusted Tax Levy (b) | Collections Year of Levy (c) | Percentage |
|---|---|---|---|---|---|
| 2022 | $ 75,733,437 | $ 1,488,865 | $ 77,222,302 | $ 73,966,818 | 95.78% |
| 2021 | 71,090,739 | 631,842 | 71,722,581 | 68,560,022 | 95.59% |
| 2020 | 68,722,111 | 74,917 | 68,797,028 | 65,210,474 | 94.79% |
| 2019 | 67,294,780 | (23,450) | 67,271,329 | 63,995,664 | 95.13% |
| 2018 | 66,558,586 | 430,806 | 66,989,392 | 63,658,716 | 95.03% |
| 2017 | 63,195,313 | (82,433) | 63,112,880 | 59,624,975 | 94.47% |
| 2016 | 60,279,269 | 99,886 | 60,379,155 | 57,139,510 | 94.63% |
| 2015 | 56,134,038 | 612,960 | 56,746,998 | 53,732,185 | 94.69% |
| 2014 | 45,078,972 | 33,944 | 45,112,916 | 42,542,880 | 94.30% |
| 2013 | 44,351,826 | (161,183) | 44,190,643 | 41,562,746 | 94.05% |

Notes:
(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 Penalty & 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.
(f) Represents penalty and interest collection.

*Includes rollback total collections
**Modifications to Levy provided by Hidalgo Country and Starr County, and Beginning Balance Adjustments

Source:
Hidalgo County and Starr County Tax Assessor & Collector and College's records

| Prior Collections of Prior Levies (d) | Current Collections of Prior Levies (e) | Penalty & Interest Collections (f) | Total Collections (c+d+e+f) | Cumulative Collections of Adjusted Levy |
|---|---|---|---|---|
| $ - | $ - | $ 779,051 | $ 74,745,869 | 95.78% |
| - | 1,604,266 * | 351,951 * | 70,516,239 | 97.83% |
| 1,828,848 * | 599,666 | 199,078 | 67,838,066 | 98.32% |
| 2,089,821 | 313,607 | 140,339 | 66,539,430 | 98.70% |
| 2,389,984 | 189,502 | 102,437 | 66,340,639 | 98.88% |
| 2,701,934 | 122,090 | 75,669 | 62,524,667 | 98.95% |
| 2,585,919 | 92,548 | 66,274 | 59,884,250 | 99.07% |
| 2,436,917 | 70,942 | 57,878 | 56,297,922 | 99.11% |
| 2,135,202 | 50,620 | 44,718 | 44,773,420 | 99.15% |
| 2,264,107 | 44,076 | 43,116 | 43,914,045 | 99.28% |

**Statistical Supplement 9**
**Ratios of Outstanding Debt**
**Last Ten Fiscal Years**
(unaudited)

| | For the Year Ended August 31, | | | |
|---|---|---|---|---|
| | | Restated | | |
| | 2022 | 2021 | 2020 | 2019 |
| **General Bonded Debt** | | | | |
| General obligation bonds | $ 125,814,721 | $ 134,054,318 | $ 143,183,241 | $ 148,812,889 |
| Less: Funds restricted for debt service | $ (16,920,857) | (16,071,340) | (16,002,125) | (15,817,687) |
| **Net General Bonded Debt** | **$ 108,893,864** | **$ 117,982,978** | **$ 127,181,116** | **$ 132,995,202** |
| **Other Debt** | | | | |
| Lease obligation | 692,523 | 717,971 | 1,233,479 | 1,302,005 |
| **Total Outstanding Debt** | **$ 126,507,244** | **$ 134,772,289** | **$ 144,416,720** | **$ 150,114,894** |
| **General Bonded Debt Ratios** | | | | |
| Per Capita (a) | $ 96.33 | $ 106.89 | $ 118.12 | $ 126.59 |
| Per FTSE (b) | 5,841 | 6,443 | 5,807 | 6,383 |
| As a percentage of taxable assessed value (c) | 0.24% | 0.28% | 0.32% | 0.35% |
| As a percentage of personal income (d) | 0.30% | 0.39% | 0.45% | 0.50% |
| **Total Outstanding Debt Ratios** | | | | |
| Per Capita (a) | $ 111.91 | $ 122.10 | $ 134.12 | $ 142.88 |
| Per FTSE (b) | 6,786 | 7,359 | 6,594 | 7,205 |
| As a percentage of taxable assessed value (c) | 0.28% | 0.32% | 0.36% | 0.39% |
| As a percentage of personal income (d) | 0.35% | 0.44% | 0.51% | 0.56% |

Notes:
(a) Ratios calculated using current year district population from Statistical Supplement 12
(b) Ratios calculated using the FTSE from Statistical Supplement 6b
(c) Ratios calculated using the current Taxable Assessed Value Statistical Supplement 5
(d) Ratios calculated using District Personal Income from Statistical Supplement 12

| For the Year Ended August 31, | | | | | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| $ 156,832,917 | $ 167,532,403 | $ 178,297,054 | $ 188,761,705 | $ 97,817,879 | $ 47,249,685 |
| (14,017,689) | (14,329,738) | (15,223,843) | (17,161,084) | (17,635,362) | (16,294,897) |
| **$ 142,815,228** | **$ 153,202,665** | **$ 163,073,211** | **$ 171,600,621** | **$ 80,182,517** | **$ 30,954,788** |
| 1,370,532 | - | - | - | - | - |
| **$ 158,203,449** | **$ 167,532,403** | **$ 178,297,054** | **$ 188,761,705** | **$ 97,817,879** | **$ 47,249,685** |
| $ 139.35 | $ 153.34 | $ 179.27 | $ 191.20 | $ 90.61 | $ 35.43 |
| 6,606 | 7,134 | 7,527 | 8,336 | 3,949 | 1,569 |
| 0.39% | 0.44% | 0.49% | 0.55% | 0.27% | 0.10% |
| 0.57% | 0.62% | 0.76% | 0.87% | 0.43% | 0.17% |
| $ 154.36 | $ 167.69 | $ 196.01 | $ 210.33 | $ 110.54 | $ 54.08 |
| 7,318 | 7,802 | 8,230 | 9,170 | 4,817 | 2,395 |
| 0.43% | 0.48% | 0.54% | 0.61% | 0.32% | 0.16% |
| 0.63% | 0.68% | 0.83% | 0.96% | 0.52% | 0.26% |

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

**General Obligation Bonds**

| For the Year Ended August 31, | Taxable Assessed Value | Statutory Tax Levy Limit for Debt Service | Less: Funds Restricted for Repayment | Total Net Debt | Current Year Debt Service Requirements | Excess of Statutory Limit for Debt Service over Current Requirements | Net Current Requirements as a % of Statutory Limit |
|---|---|---|---|---|---|---|---|
| 2022 | $ 45,214,407,716 | $ 226,072,037 | $ (16,920,857) | $ 209,151,180 | $ (13,198,523) | $ 195,952,657 | (1.65%) |
| 2021 | 42,115,920,553 | 210,579,603 | (16,071,340) | 194,508,262 | (13,727,806) | 180,780,456 | (1.11%) |
| 2020 | 40,256,755,406 | 201,283,777 | (16,002,125) | 185,281,652 | (13,724,258) | 171,557,394 | (1.13%) |
| 2019 | 38,381,832,847 | 191,909,164 | (15,856,323) | 176,052,841 | (13,728,356) | 162,324,485 | (1.11%) |
| 2018 | 36,596,147,819 | 182,980,739 | (14,017,689) | 168,963,050 | (13,726,756) | 155,236,294 | (0.16%) |
| 2017 | 34,902,217,340 | 174,511,087 | (14,329,738) | 160,181,349 | (16,669,606) | 143,511,743 | 1.34% |
| 2016 | 33,304,492,691 | 166,522,463 | (15,223,843) | 151,298,621 | (17,068,156) | 134,230,465 | 1.11% |
| 2015 | 30,965,159,425 | 154,825,797 | (17,161,084) | 137,664,713 | (17,430,990) | 120,233,723 | 0.17% |
| 2014 | 30,246,199,691 | 151,230,998 | (17,635,362) | 133,595,636 | (14,901,182) | 118,694,454 | (1.81%) |
| 2013 | 29,645,534,071 | 148,227,670 | (16,294,897) | 131,932,774 | (11,139,750) | 120,793,024 | (3.48%) |

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

Sources:
Texas Education Code Section 130.122
Hidalgo County Tax Assessor & Collector
Starr County Tax Assessor & Collector

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

Statistical Supplement 11 required by THECB is not applicable to South Texas College District.

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

| Calendar Year | District Population (a) | | Hidalgo County Median Household Money Income (b) | | Starr County Median Household Money Income (c) | | District Median Household Money Income (d = (b+c) / 2) | Hidalgo County Personal Income Per Capita (e) | | Starr County Personal Income Per Capita (f) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2022 | 1,130,466 | (7) | $ 41,846 | (4) | $ 30,931 | (8) | $ 36,389 | $ 31,153 | (6) | $ 32,146 | (6) |
| 2021 | 1,103,743 | (7) | 41,800 | (4) | 32,991 | (5) | 37,396 | 27,415 | (6) | 27,713 | (6) |
| 2020 | 1,076,737 | (7) | 39,165 | (4) | 31,000 | (3) | 35,083 | 26,410 | (6) | 26,316 | (6) |
| 2019 | 1,050,627 | (7) | 41,309 | (5) | 31,103 | (5) | 36,206 | 25,617 | (6) | 24,981 | (6) |
| 2018 | 1,024,901 | (7) | 38,653 | (5) | 29,063 | (5) | 33,858 | 24,805 | (6) | 24,140 | (6) |
| 2017 | 999,080 | (7) | 38,795 | (5) | 29,456 | (5) | 34,126 | 24,579 | (6) | 24,540 | (6) |
| 2016 | 909,653 | (7) | 36,620 | (5) | 27,007 | (5) | 31,814 | 23,753 | (6) | 23,215 | (6) |
| 2015 | 897,472 | (2) | 35,036 | (5) | 25,696 | (5) | 30,366 | 23,073 | (6) | 20,811 | (6) |
| 2014 | 884,888 | (2) | 34,140 | (5) | 26,714 | (5) | 30,427 | 22,400 | (6) | 19,866 | (6) |
| 2013 | 873,715 | (2) | 33,839 | (5) | 26,017 | (5) | 29,928 | 21,620 | (1) | 19,235 | (1) |

Sources:
(1) Texas Labor Market Information (TWC)
(2) Office of the State Demographer
(3) Starr County Data
(4) Datausa.Hidalgo County
(5) Zoom Prospector
(6) FRED Economic Data & Research 2016 - Federal Reserve Bank of St. Louis
(7) Hilltop Securities
(8) Datausa.Starr County

| District Personal Income Per Capita (g = (e+f) / 2) | District Wide Personal Income (Thousands of Dollars) (h = (a*g) / 1000) | Hidalgo County Unemployment Rate (i) | Starr County Unemployment Rate (j) | District Unemployment Rate (k) | State Unemployment Rate (l) | National Unemployment Rate (m) |
|---|---|---|---|---|---|---|
| $ 31,650 | $ 35,778,684 | 7.70% (1) | 13.00% (1) | 10.35% (1) | 4.20% (1) | 3.80% (1) |
| 27,564 | 30,423,572 | 8.90% (1) | 15.30% (1) | 12.10% (1) | 5.30% (1) | 5.30% (1) |
| 26,363 | 28,386,018 | 10.90% (1) | 15.70% (1) | 13.30% (1) | 7.00% (1) | 8.50% (1) |
| 25,299 | 26,579,812 | 6.40% (1) | 10.00% (1) | 8.20% (1) | 3.60% (1) | 3.80% (1) |
| 24,473 | 25,082,402 | 6.60% (1) | 9.10% (1) | 7.85% (1) | 3.90% (1) | 3.90% (1) |
| 24,560 | 24,537,405 | 8.00% (1) | 11.10% (1) | 9.55% (1) | 4.50% (1) | 4.50% (1) |
| 23,484 | 21,362,291 | 8.40% (1) | 14.10% (1) | 11.25% (1) | 5.00% (1) | 5.00% (1) |
| 21,942 | 19,692,331 | 8.00% (1) | 13.20% (1) | 10.60% (1) | 4.50% (1) | 5.20% (1) |
| 21,133 | 18,700,338 | 9.15% (1) | 13.45% (1) | 11.30% (1) | 5.10% (1) | 5.70% (1) |
| 20,428 | 17,848,250 | 10.80% (1) | 15.00% (1) | 12.90% (1) | 6.35% (1) | 7.30% (1) |

**Statistical Supplement 13**
**Principal Employers**
(unaudited)

| | 2022 | | | 2013 | |
|---|---|---|---|---|---|
| Employer | Number of Employees | Percentage of Total Employment | Employer | Number of Employees | Percentage of Total Employment |
| H-E-B[1]* | 5,861 | 1.63% | Pharr-San Juan-Alamo ISD | 4,236 | 1.42% |
| Wal-Mart* | 5,438 | 1.51% | Walmart[3] | 4,083 | 1.37% |
| Doctor's Hospital at Renaissance | 5,282 | 1.47% | Hidalgo County | 3,955 | 1.32% |
| Edinburg Consolidated ISD | 4,823 | 1.34% | Edinburg Consolidated ISD | 3,600 | 1.21% |
| Pharr-San Juan-Alamo ISD | 4,748 | 1.32% | McAllen ISD | 3,595 | 1.20% |
| La Joya ISD | 4,231 | 1.17% | H-E-B[2] | 3,490 | 1.17% |
| University of Texas Rio Grande Valley | 4,129 | 1.15% | Doctor's Hospital at Renaissance | 3,400 | 1.14% |
| Hidalgo County[4] | 3,993 | 1.11% | Edinburg Regional Medical Center | 3,000 | 1.00% |
| McAllen ISD | 3,323 | 0.92% | University of Texas-Pan American | 2,850 | 0.95% |
| Edinburg Regional Medical Center | 2,750 | 0.76% | Weslaco ISD | 2,817 | 0.94% |
| **Total** | **44,578** | **12.38%** | **Total** | **35,026** | **11.72%** |

Note:
Total employment as of August 2022 for the district was 360,391. Based on latest economic indicators, provided by the Texas Workforce Commission for Texas Labor Market Information for August 2022.

[1] Includes Hidalgo County and Starr County. Starr County has not provided updated employee data since 2016.
[2] Total number of employees includes Hidalgo County stores and one H-E-B store located in Starr County (Rio Grande City, TX).
[3] Total number of employees includes Hidalgo County stores and one Walmart store located in Starr County (Rio Grande City, TX).
[4] Total number of employees includes Hidalgo County and County related agencies.
* Starr County employee data presented in range; calculated average for each employer.

Sources:
Hidalgo County 2020 ACFR
Starr County Industrial Foundation
South Texas College 2013 ACFR

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

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| **Faculty** | | | | | | | | | | |
| Full-time | 541 | 603 | 657 | 642 | 623 | 590 | 593 | 538 | 533 | 517 |
| Part-time | 377 | 449 | 525 | 540 | 536 | 583 | 536 | 522 | 519 | 493 |
| **Total** | **918** | **1,052** | **1,182** | **1,182** | **1,159** | **1,173** | **1,129** | **1,060** | **1,052** | **1,010** |
| **Percent** | | | | | | | | | | |
| Full-time | 58.9% | 57.3% | 55.6% | 54.3% | 53.8% | 50.3% | 52.5% | 50.8% | 50.7% | 51.2% |
| Part-time | 41.1% | 42.7% | 44.4% | 45.7% | 46.2% | 49.7% | 47.5% | 49.2% | 49.3% | 48.8% |
| **Staff and Administrators** | | | | | | | | | | |
| Full-time | 981 | 1,120 | 1,142 | 1,147 | 1,078 | 918 | 877 | 852 | 827 | 768 |
| Part-time | 263 | 492 | 806 | 909 | 827 | 855 | 857 | 933 | 902 | 924 |
| **Total** | **1,244** | **1,612** | **1,948** | **2,056** | **1,905** | **1,773** | **1,734** | **1,785** | **1,729** | **1,692** |
| **Percent** | | | | | | | | | | |
| Full-time | 78.9% | 69.5% | 58.6% | 55.8% | 56.6% | 51.8% | 50.6% | 47.7% | 47.8% | 45.4% |
| Part-time | 21.1% | 30.5% | 41.4% | 44.2% | 43.4% | 48.2% | 49.4% | 52.3% | 52.2% | 54.6% |
| **Total** | | | | | | | | | | |
| Full-time | 1,522 | 1,723 | 1,799 | 1,789 | 1,701 | 1,508 | 1,470 | 1,390 | 1,360 | 1,285 |
| Part-time | 640 | 941 | 1,331 | 1,449 | 1,363 | 1,438 | 1,393 | 1,455 | 1,421 | 1,417 |
| **Total** | **2,162** | **2,664** | **3,130** | **3,238** | **3,064** | **2,946** | **2,863** | **2,845** | **2,781** | **2,702** |
| **Percent** | | | | | | | | | | |
| Full-time | 70.4% | 64.7% | 57.5% | 55.3% | 55.5% | 51.2% | 51.3% | 48.9% | 48.9% | 47.6% |
| Part-time | 29.6% | 35.3% | 42.5% | 44.7% | 44.5% | 48.8% | 48.7% | 51.1% | 51.1% | 52.4% |
| FTSE per Full-time Faculty | 34.5 | 30.4 | 33.3 | 32.5 | 34.7 | 36.4 | 36.5 | 38.3 | 38.1 | 38.2 |
| FTSE per Full-time Staff member | 19.0 | 16.4 | 19.2 | 18.2 | 20.1 | 23.4 | 24.7 | 24.2 | 24.6 | 25.7 |
| FTSE* | 18,642 | 18,313 | 21,902 | 20,835 | 21,619 | 21,474 | 21,665 | 20,585 | 20,306 | 19,729 |
| Average Annual Faculty Salary | $ 86,075 | $ 73,709 | $ 75,002 | $ 75,221 | $ 77,178 | $ 74,689 | $ 70,691 | $ 72,614 | $ 72,163 | $ 71,495 |

Note:
*Student FTSE was obtained from Statistical Supplement 6b and FY14 Formula Funding Changed Methodology.

**Statistical Supplement 15**
**Enrollment Details**
**Last Five Fiscal Years**
(unaudited)

| | Academic | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | |
| Student Classification | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| 00-30 hours | 16,139 | 57.26% | 17,043 | 61.50% | 21,057 | 64.84% | 20,131 | 63.63% | 19,830 | 63.21% |
| 31-60 hours | 8,372 | 29.70% | 8,145 | 29.39% | 8,829 | 27.18% | 9,076 | 28.69% | 9,335 | 29.75% |
| > 60 hours | 3,673 | 13.03% | 2,522 | 9.11% | 2,592 | 7.98% | 2,433 | 7.68% | 2,209 | 7.04% |
| **Total** | **28,184** | **100.00%** | **27,710** | **100.00%** | **32,478** | **100.00%** | **31,640** | **100.00%** | **31,374** | **100.00%** |

| | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Semester Hour Load | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Less than 3 | 399 | 1.42% | 223 | 0.80% | 186 | 0.57% | 171 | 0.54% | 129 | 0.41% |
| 3-5 semester hours | 7,216 | 25.60% | 6,599 | 23.81% | 7,033 | 21.65% | 7,149 | 22.59% | 7,168 | 22.85% |
| 6-8 semester hours | 8,255 | 29.29% | 8,107 | 29.26% | 8,819 | 27.17% | 8,483 | 26.81% | 8,079 | 25.75% |
| 9-11 semester hours | 5,833 | 20.70% | 5,964 | 21.52% | 6,892 | 21.22% | 6,891 | 21.78% | 6,812 | 21.71% |
| 12-14 semester hours | 5,573 | 19.77% | 5,897 | 21.28% | 8,305 | 25.57% | 7,694 | 24.32% | 7,914 | 25.22% |
| 15-17 semester hours | 832 | 2.95% | 823 | 2.98% | 1,131 | 3.48% | 1,156 | 3.65% | 1,151 | 3.67% |
| 18 & over | 76 | 0.27% | 97 | 0.35% | 112 | 0.34% | 96 | 0.31% | 121 | 0.39% |
| **Total** | **28,184** | **100.00%** | **27,710** | **100.00%** | **32,478** | **100.00%** | **31,640** | **100.00%** | **31,374** | **100.00%** |
| Average course load | 7.90 | | 8.17 | | 8.55 | | 8.49 | | 8.57 | |

| | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Tuition Status | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Resident (in-district) | 26,401 | 93.67% | 25,974 | 93.74% | 30,498 | 93.90% | 29,691 | 93.84% | 29,364 | 93.59% |
| Resident (out-of-district) | 1,012 | 3.59% | 891 | 3.22% | 894 | 2.75% | 814 | 2.57% | 756 | 2.41% |
| Non-Resident Tuition | 771 | 2.74% | 845 | 3.04% | 1,086 | 3.35% | 1,135 | 3.59% | 1,254 | 4.00% |
| **Total** | **28,184** | **100.00%** | **27,710** | **100.00%** | **32,478** | **100.00%** | **31,640** | **100.00%** | **31,374** | **100.00%** |

Source:
CBM001

**Statistical Supplement 15**
**Enrollment Details**
**Last Five Fiscal Years**
(unaudited)

| | Continuing Education | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Student Classification | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | |
| (Contact Hours) | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Continuing Education (CE) | 1,363 | 100.00% | 970 | 100.00% | 1,464 | 100.00% | 1,199 | 100.00% | 1,364 | 100.00% |
| CE Not State Funded | - | - | - | - | - | - | - | - | - | - |
| Inter-Institutional | - | - | - | - | - | - | - | - | - | - |
| **Total** | **1,363** | **100.00%** | **970** | **100.00%** | **1,464** | **100.00%** | **1,199** | **100.00%** | **1,364** | **100.00%** |

| | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Contact Hour Load | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Less than 3 | - | - | - | - | - | - | - | - | 55 | 4.03% |
| 3-5 semester hours | - | - | - | - | - | - | - | - | - | - |
| 6-8 semester hours | - | - | 66 | 6.80% | 129 | 8.81% | 130 | 10.84% | 129 | 9.46% |
| 9-11 semester hours | - | - | 19 | 1.96% | 128 | 8.74% | 16 | 1.33% | 49 | 3.59% |
| 12-14 semester hours | - | - | 32 | 3.30% | 95 | 6.49% | 141 | 11.76% | 124 | 9.09% |
| 15-17 semester hours | 160 | 11.74% | 15 | 1.55% | 59 | 4.03% | 108 | 9.01% | 66 | 4.84% |
| 18 & over | 1,203 | 88.26% | 838 | 86.39% | 1,053 | 71.93% | 804 | 67.06% | 941 | 68.99% |
| **Total** | **1,363** | **100.00%** | **970** | **100.00%** | **1,464** | **100.00%** | **1,199** | **100.00%** | **1,364** | **100.00%** |
| Average course load | 39.69 | | 45.49 | | 39.37 | | 46.43 | | 44.71 | |

| | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Tuition Status | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Both Contract and Non-Contract Courses | - | - | - | - | - | - | - | - | - | - |
| Contract Course(s) Only | - | - | - | - | - | - | - | - | - | - |
| Non-Contract Course(s) Only | 1,363 | 100.00% | 970 | 100.00% | 1,464 | 100.00% | 1,199 | 100.00% | 1,364 | 100.00% |
| **Total** | **1,363** | **100.00%** | **970** | **100.00%** | **1,464** | **100.00%** | **1,199** | **100.00%** | **1,364** | **100.00%** |

Source:
CBM00A

**Statistical Supplement 16**
**Student Profile**
**Last Five Fiscal Years**
(unaudited)

| | Academic | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | |
| Gender | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Female | 16,268 | 57.72% | 16,308 | 58.85% | 18,487 | 56.92% | 17,862 | 56.45% | 17,421 | 55.53% |
| Male | 11,916 | 42.28% | 11,402 | 41.15% | 13,991 | 43.08% | 13,778 | 43.55% | 13,953 | 44.47% |
| **Total** | **28,184** | **100.00%** | **27,710** | **100.00%** | **32,478** | **100.00%** | **31,640** | **100.00%** | **31,374** | **100.00%** |

| | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Ethnic Origin | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| White | 640 | 2.27% | 627 | 2.26% | 738 | 2.27% | 702 | 2.22% | 756 | 2.41% |
| Hispanic | 26,911 | 95.48% | 26,458 | 95.47% | 31,010 | 95.49% | 30,107 | 95.15% | 29,668 | 94.56% |
| African American | 109 | 0.39% | 107 | 0.39% | 118 | 0.36% | 94 | 0.30% | 97 | 0.31% |
| Asian | 187 | 0.66% | 204 | 0.74% | 237 | 0.73% | 258 | 0.82% | 282 | 0.90% |
| Foreign | 65 | 0.23% | 63 | 0.23% | 79 | 0.24% | 79 | 0.25% | 107 | 0.34% |
| Native American | 25 | 0.09% | 25 | 0.09% | 21 | 0.06% | 18 | 0.06% | 19 | 0.06% |
| Unknown | 247 | 0.88% | 226 | 0.82% | 275 | 0.85% | 382 | 1.21% | 445 | 1.42% |
| **Total** | **28,184** | **100.00%** | **27,710** | **100.00%** | **32,478** | **100.00%** | **31,640** | **100.00%** | **31,374** | **100.00%** |

| | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Age | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Under 18 | 9,008 | 31.96% | 11,968 | 43.19% | 13,346 | 41.09% | 12,652 | 39.99% | 11,456 | 36.51% |
| 18 - 21 | 9,104 | 32.30% | 8,799 | 31.75% | 11,467 | 35.31% | 11,111 | 35.12% | 11,518 | 36.71% |
| 22 - 24 | 3,020 | 10.72% | 2,438 | 8.80% | 2,767 | 8.52% | 2,886 | 9.12% | 3,209 | 10.23% |
| 25 - 35 | 4,474 | 15.87% | 3,198 | 11.54% | 3,471 | 10.69% | 3,567 | 11.27% | 3,748 | 11.95% |
| 36 - 50 | 2,250 | 7.98% | 1,183 | 4.27% | 1,290 | 3.97% | 1,283 | 4.05% | 1,298 | 4.14% |
| 51 & over | 328 | 1.16% | 124 | 0.45% | 137 | 0.42% | 141 | 0.45% | 145 | 0.46% |
| **Total** | **28,184** | **100.00%** | **27,710** | **100.00%** | **32,478** | **100.00%** | **31,640** | **100.00%** | **31,374** | **100.00%** |

| | | | | | |
|---|---|---|---|---|---|
| Average Age | 20.5 | 20.4 | 20.6 | 20.4 | 20.7 |

Source:
CBM001

**Statistical Supplement 16**
**Student Profile**
**Last Five Fiscal Years**
(unaudited)

| | Continuing Education | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | |
| Gender | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Female | 822 | 60.31% | 601 | 61.96% | 905 | 61.82% | 816 | 68.06% | 842 | 61.73% |
| Male | 541 | 39.69% | 369 | 38.04% | 559 | 38.18% | 383 | 31.94% | 522 | 38.27% |
| **Total** | **1,363** | **100.00%** | **970** | **100.00%** | **1,464** | **100.00%** | **1,199** | **100.00%** | **1,364** | **100.00%** |

| | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Ethnic Origin | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| White | 29 | 2.13% | 17 | 1.75% | 13 | 0.89% | 20 | 1.67% | 17 | 1.25% |
| Hispanic | 1,218 | 89.36% | 798 | 82.27% | 1,100 | 75.14% | 1,031 | 85.99% | 1,183 | 86.73% |
| African American | 1 | 0.07% | 1 | 0.10% | 1 | 0.07% | 1 | 0.08% | 3 | 0.22% |
| Asian | 3 | 0.22% | 1 | 0.10% | 3 | 0.20% | 3 | 0.26% | 6 | 0.44% |
| Foreign | - | - | - | - | - | - | 1 | 0.08% | 1 | 0.07% |
| Native American | 2 | 0.15% | - | - | - | - | 1 | 0.08% | - | - |
| Unknown | 110 | 8.07% | 153 | 15.78% | 347 | 23.70% | 142 | 11.84% | 154 | 11.29% |
| **Total** | **1,363** | **100.00%** | **970** | **100.00%** | **1,464** | **100.00%** | **1,199** | **100.00%** | **1,364** | **100.00%** |

| | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Age | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Under 18 | 893 | 65.52% | 233 | 24.02% | 74 | 5.05% | 18 | 1.50% | - | 0.00% |
| 18 - 21 | 205 | 15.04% | 83 | 8.56% | 142 | 9.70% | 111 | 9.26% | 107 | 7.84% |
| 22 - 24 | 43 | 3.15% | 29 | 2.99% | 87 | 5.94% | 80 | 6.67% | 78 | 5.72% |
| 25 - 35 | 117 | 8.58% | 190 | 19.59% | 324 | 22.13% | 301 | 25.10% | 409 | 29.99% |
| 36 - 50 | 79 | 5.80% | 302 | 31.13% | 565 | 38.59% | 487 | 40.62% | 542 | 39.74% |
| 51 & over | 26 | 1.91% | 133 | 13.71% | 272 | 18.57% | 202 | 16.85% | 228 | 16.71% |
| **Total** | **1,363** | **100.00%** | **970** | **100.00%** | **1,464** | **100.00%** | **1,199** | **100.00%** | **1,364** | **100.00%** |

| | | | | | |
|---|---|---|---|---|---|
| Average Age | 21.0 | 33.0 | 38.0 | 38.0 | 38.0 |

Source:
CBM00A

**Statistical Supplement 17**
**Transfers to Senior Institutions**
**Students as of Fall 2021**
(includes only the top 26 public senior colleges in Texas)
(unaudited)

| | | Transfer Student Count Academic | Transfer Student Count Technical | Transfer* Student Count Tech-Prep | Total of All Sample Transfer Students | % of All Sample Transfer Students |
|---|---|---|---|---|---|---|
| 1 | The University of Texas - Rio Grande Valley | 2,564 | 257 | - | 2,821 | 53.09% |
| 2 | South Texas College | 541 | 518 | - | 1,059 | 19.93% |
| 3 | Texas A&M University | 240 | 19 | - | 259 | 4.87% |
| 4 | The University of Texas at Austin | 210 | 13 | - | 223 | 4.20% |
| 5 | Texas A&M University - Kingsville | 149 | 14 | - | 163 | 3.07% |
| 6 | The University of Texas at San Antonio | 179 | 22 | - | 201 | 3.78% |
| 7 | Texas State University | 120 | 14 | - | 134 | 2.52% |
| 8 | Texas A&M International University | 26 | 7 | - | 33 | 0.62% |
| 9 | Texas A&M University - Corpus Christi | 34 | 4 | - | 38 | 0.72% |
| 10 | University of Houston | 52 | 4 | - | 56 | 1.05% |
| 11 | Texas A&M University System Health Science Center | 31 | 2 | - | 33 | 0.62% |
| 12 | Sam Houston State University | 26 | 1 | - | 27 | 0.51% |
| 13 | Texas State Technical College - Harlingen | 24 | 21 | - | 45 | 0.85% |
| 14 | Texas Tech University | 32 | - | - | 32 | 0.60% |
| 15 | Blinn College District | 18 | 4 | - | 22 | 0.41% |
| 16 | The University of Texas at Arlington | 21 | 20 | - | 41 | 0.77% |
| 17 | University of North Texas | 11 | - | - | 11 | 0.21% |
| 18 | Texas A&M University - San Antonio | 32 | 22 | - | 54 | 1.03% |
| 19 | The University of Texas at Dallas | 14 | - | - | 14 | 0.26% |
| 20 | Texas Woman's University | 6 | 1 | - | 7 | 0.13% |
| 21 | Austin Community College | 7 | 3 | - | 10 | 0.19% |
| 22 | Lamar University | 8 | - | - | 8 | 0.15% |
| 23 | ACCD - San Antonio College | 4 | 1 | - | 5 | 0.09% |
| 24 | Del Mar College | 4 | 5 | - | 9 | 0.17% |
| 25 | The University of Texas at Tyler | 4 | 1 | - | 5 | 0.09% |
| 26 | Texas Tech University Health Sciences Center | 4 | - | - | 4 | 0.08% |
| | **Total** | **4,361** | **953** | **-** | **5,314** | **100.00%** |

Notes:
Student count for South Texas College represents graduates or completers who have returned to pursue additional education at same institution.
In addition to the 4,361 Academy Students, 66 were transferred to 45 other Senior Institutions.
In addition to the 964 Technical Students, 11 were transferred to 18 other Senior Institutions.

*Information for Transfer Student Count Tech-Prep not available

Sources:
Texas Higher Education Data: ASALFS Students Pursuing Additional Education
ASALFS South Texas College - http://www.txhighereddata.org/reports/performance/ctcasalf/ctcaddl/

**Statistical Supplement 18**
**Capital Asset Information**
**Last Five Fiscal Years**
(unaudited)

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Academic buildings | 33 | 33 | 33 | 32 | 32 |
| Square footage | 1,332,310 | 1,332,310 | 1,332,310 | 1,366,431 | 1,366,431 |
| Academic portable buildings | 25 | 34 | 36 | 38 | 33 |
| Square footage | 36,627 | 50,547 | 53,643 | 56,811 | 50,278 |
| Libraries | 3 | 3 | 3 | 4 | 4 |
| Square footage | 121,311 | 121,311 | 121,311 | 135,152 | 135,152 |
| Libraries portable buildings | 1 | 1 | 1 | - | - |
| Square footage | 1,504 | 1,504 | 1,504 | - | - |
| Number of volumes | 110,814 | 134,492 | 133,686 | 138,082 | 139,047 |
| Administrative and support buildings | 17 | 17 | 16 | 14 | 14 |
| Square footage | 395,871 | 395,871 | 387,260 | 339,298 | 339,298 |
| Administrative and support portable buildings | 29 | 20 | 18 | 16 | 16 |
| Square footage | 41,908 | 27,988 | 24,892 | 21,724 | 21,724 |
| Dining facilities | 5 | 5 | 5 | 5 | 5 |
| Square footage | 20,479 | 20,479 | 20,479 | 20,479 | 20,479 |
| Average daily customers* | - | 76 | 935 | 755 | 683 |
| Fitness facilities | 2 | 2 | 2 | 2 | 2 |
| Square footage | 28,821 | 28,821 | 37,432 | 37,432 | 37,432 |
| Plant facilities | 4 | 4 | 4 | 4 | 4 |
| Square footage | 26,592 | 26,592 | 26,592 | 26,592 | 26,592 |
| Transportation | | | | | |
| Automobiles | 2 | 2 | 2 | 2 | 2 |
| Automobiles - instructional | 16 | 17 | 16 | 20 | 20 |
| Light trucks/vans | 71 | 71 | 70 | 67 | 63 |
| Light trucks/vans - instructional | 21 | 23 | 18 | 18 | 19 |
| Heavy trucks/backhoe | 13 | 11 | 10 | 12 | 6 |
| Heavy trucks/backhoe - instructional | 8 | 8 | 7 | 5 | 5 |
| Golf and forklift | 67 | 67 | 63 | 72 | 59 |
| Trailer | 5 | 3 | 1 | 1 | 3 |
| Shuttle buses | 6 | 8 | 8 | 8 | 7 |

* Does not include customers from Starr County Campus Cafeteria due to services being outsourced.
** Due to a pandemic all campuses cafeterias were closed indefinitely in December 2020

Sources:
South Texas College District Office of Facilities Planning and Construction
South Texas College District Capital Assets Department

**Statistical Supplement 19**
**Changes in Net Position**
**Last Ten Fiscal Years**
(unaudited)

| | For the Fiscal Year Ended August 31, | | | |
|---|---|---|---|---|
| | | Restated | | |
| | 2022 | 2021 | 2020 | 2019 |
| Operating Revenues | | | | |
| Tuition and fees (net of discounts) | $ 16,951,303 | $ 21,098,778 | $ 23,652,462 | $ 22,589,007 |
| Federal grants and contracts | 5,464,987 | 4,752,189 | 4,890,928 | 4,660,747 |
| State grants and contracts | 3,997,724 | 4,109,030 | 4,081,215 | 4,701,165 |
| Local grants and contracts | 8,487,114 | 8,939,528 | 8,710,679 | 8,160,205 |
| Non-governmental grants and contracts | 1,240,607 | 1,450,472 | 1,344,736 | 2,022,875 |
| Auxiliary enterprises | 779,359 | 678,506 | 1,355,127 | 1,766,603 |
| General operating revenues | 381,428 | 572,671 | 612,825 | 665,435 |
| **Total Operating Revenues** | **37,302,522** | **41,601,174** | **44,647,972** | **44,566,037** |
| Operating Expenses | | | | |
| Instruction | 80,485,762 | 87,620,251 | 94,767,643 | 92,144,487 |
| Research | 7,214 | 13,930 | - | - |
| Public service | 1,583,659 | 1,611,221 | 1,295,671 | 1,860,996 |
| Academic support | 20,550,978 | 22,358,202 | 21,510,411 | 23,030,399 |
| Student services | 12,210,400 | 13,693,983 | 14,394,224 | 14,602,287 |
| Institutional support | 44,135,677 | 33,034,943 | 34,970,309 | 32,251,981 |
| Operations and maintenance of plant | 20,503,476 | 20,821,673 | 20,419,241 | 21,534,803 |
| Scholarships and fellowships | 75,671,920 | 37,788,198 | 29,136,804 | 27,797,829 |
| Auxiliary enterprises | 2,219,495 | 1,693,536 | 2,627,299 | 3,451,000 |
| Depreciation | 12,072,011 | 12,020,225 | 12,162,030 | 12,009,110 |
| **Total Operating Expenses** | **269,440,592** | **230,656,162** | **231,283,632** | **228,682,892** |
| **Operating Loss** | **$ (232,138,070)** | **$ (189,054,988)** | **$ (186,635,660)** | **$ (184,116,855)** |

| For the Fiscal Year Ended August 31, | | | | | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| $ 21,657,866 | $ 23,129,705 | $ 21,452,743 | $ 21,373,162 | $ 20,488,244 | $ 21,051,377 |
| 4,304,540 | 4,490,675 | 3,889,497 | 4,368,574 | 3,445,294 | 4,630,302 |
| 4,108,972 | 4,076,652 | 3,266,315 | 4,068,944 | 4,246,315 | 5,160,704 |
| 6,660,734 | 6,102,604 | 5,063,983 | 1,099,573 | 1,118,054 | 1,270,376 |
| 2,538,696 | 2,061,438 | 2,487,482 | 5,235,358 | 4,949,832 | 3,113,960 |
| 1,890,180 | 1,833,407 | 1,893,838 | 1,773,325 | 1,835,353 | 1,810,240 |
| 704,996 | 603,343 | 729,855 | 1,308,903 | 645,811 | 621,264 |
| **41,865,984** | **42,297,824** | **38,783,713** | **39,227,839** | **36,728,903** | **37,658,223** |
| 77,741,287 | 70,879,518 | 66,249,496 | 60,820,171 | 59,447,105 | 57,766,578 |
| - | - | - | - | - | 4,516 |
| 2,276,663 | 709,252 | 912,507 | 1,205,480 | 829,711 | 903,735 |
| 18,306,332 | 17,101,883 | 16,333,241 | 15,281,478 | 13,980,994 | 12,775,912 |
| 11,722,551 | 11,228,508 | 11,477,740 | 10,969,940 | 10,403,813 | 10,090,241 |
| 26,803,724 | 26,074,788 | 23,138,061 | 21,790,954 | 19,813,088 | 21,108,957 |
| 20,048,333 | 15,977,257 | 14,064,638 | 13,675,484 | 12,563,251 | 9,486,934 |
| 27,412,188 | 26,028,594 | 26,432,169 | 27,815,696 | 27,692,817 | 28,724,249 |
| 3,355,013 | 2,529,295 | 1,562,463 | 1,403,408 | 1,388,717 | 1,383,521 |
| 9,917,643 | 7,262,313 | 6,966,274 | 6,759,801 | 6,731,486 | 6,589,876 |
| **197,583,734** | **177,791,408** | **167,136,589** | **159,722,412** | **152,850,981** | **148,834,519** |
| **$ (155,717,750)** | **$ (135,493,584)** | **$ (128,352,876)** | **$ (120,494,573)** | **$ (116,122,078)** | **$ (111,176,296)** |

(Continued)

**Statistical Supplement 19**
**Changes in Net Position**
**Last Ten Fiscal Years**
(unaudited)

| | For the Fiscal Year Ended August 31, | | | |
|---|---|---|---|---|
| | | Restated | | |
| | 2022 | 2021 | 2020 | 2019 |
| Non-Operating Revenues (Expenses) | | | | |
| State appropriations | $ 45,987,869 | $ 55,359,735 | $ 50,949,811 | $ 49,608,274 |
| Ad-valorem taxes | | | | |
| Taxes for maintenance & operations | 64,294,497 | 59,403,574 | 56,146,535 | 53,934,103 |
| Taxes for debt service | 14,773,167 | 13,783,392 | 13,571,701 | 14,694,007 |
| Federal revenue, non-operating | 138,419,143 | 78,372,230 | 67,836,841 | 59,341,569 |
| Gifts | 201,541 | 197,836 | 275,475 | 320,507 |
| Investment income (net of investment expenses) | 305,668 | 2,129,834 | 4,872,160 | 5,572,742 |
| Insurance proceeds | 88,572 | 288,021 | 2,600 | 425,000 |
| Interest lease revenue | 43,078 | 44,579 | - | - |
| Interest and capital related debt | (3,585,712) | (4,623,748) | (5,841,189) | (5,690,864) |
| Gain on disposal of capital assets | 33,217 | 9,251 | - | 3,790 |
| Loss on sale/disposal/return on capital assets | (3,110) | (242,960) | (42) | (114,727) |
| Non-capital construction costs | (2,300,251) | (685,243) | (1,163,367) | (2,025,830) |
| Bond costs amortization | (1,652,444) | (559,358) | (532,856) | (166,273) |
| Other non-operating revenues | 25,448 | 23,948 | 68,527 | 68,526 |
| Other non-operating expenses | (205,601) | (249,823) | (262,755) | (246,594) |
| **Non-Operating Revenues, Net** | **256,425,082** | **203,251,268** | **185,923,441** | **175,724,230** |
| Income before contributions, endowment and extraordinary item | 24,287,012 | 14,196,280 | (712,219) | (8,392,625) |
| Capital contributions | 105 | 105,973 | 8,909 | 15,110 |
| Additions (deductions) to permanent and term endowment | - | - | - | - |
| Extraordinary item | - | - | - | - |
| Increase in net position | 24,287,117.00 | 14,302,253 | (703,310) | (8,377,515) |
| Net position - beginning of year, as restated | 391,602,075 | 377,299,822 | 378,003,132 | 386,380,647 |
| Cumulative effect of change in accounting principle | - | - | - | - |
| **Net Position-End of Year** | **$ 415,889,192** | **$ 391,602,075** | **$ 377,299,822** | **$ 378,003,132** |

(Continued)

| For the Fiscal Year Ended August 31, | | | | | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| $ 47,940,649 | $ 45,315,830 | $ 46,077,235 | $ 42,858,200 | $ 42,766,020 | $ 38,977,829 |
| 48,931,234 | 48,822,561 | 46,781,602 | 43,951,580 | 33,983,319 | 32,403,363 |
| 15,656,580 | 15,652,143 | 15,016,847 | 14,105,277 | 12,291,870 | 12,030,232 |
| 60,276,808 | 55,666,373 | 54,858,852 | 54,881,496 | 55,351,962 | 57,151,307 |
| 353,250 | 252,614 | 251,022 | 305,146 | 323,100 | 351,843 |
| 3,698,483 | 2,612,017 | 1,034,010 | 144,206 | 214,915 | 389,519 |
| 14,959 | 149,634 | - | 24,282 | - | - |
| - | - | - | - | - | - |
| (3,513,058) | (4,150,374) | (6,602,765) | (5,964,767) | (1,340,664) | (1,513,884) |
| 6,547 | 5,575 | 12,350 | - | - | - |
| (838,031) | (5,886) | - | (240,389) | (10,154) | (217) |
| (11,107,175) | (3,548,465) | (1,911,123) | (1,731,576) | (1,715,994) | (849,455) |
| (268,803) | (295,436) | (284,829) | (1,166,614) | (873,318) | (566,261) |
| 19,732 | 352,500 | - | - | 35,840 | - |
| (84,956) | (265,017) | (320,767) | (274,655) | (208,684) | (290,477) |
| **161,086,219** | **160,564,069** | **154,912,434** | **146,892,186** | **140,818,213** | **138,083,799** |
| 5,368,469 | 25,070,485 | 26,559,559 | 26,397,613 | 24,696,134 | 26,907,503 |
| 65,259 | 47,629 | 4,515,864 | 66,908 | 105,190 | 83,298 |
| - | - | - | - | - | - |
| - | - | - | 1,987,665 | (2,655,340) | (4,230,489) |
| 5,433,728 | 25,118,114 | 31,075,423 | 28,452,186 | 22,145,984 | 22,760,312 |
| 396,395,889 | 371,277,775 | 340,202,352 | 337,541,511 | 315,848,253 | 293,087,941 |
| (15,448,970) | - | - | (25,791,345) | (452,726) | - |
| **$ 386,380,647** | **$ 396,395,889** | **$ 371,277,775** | **$ 340,202,352** | **$ 337,541,511** | **$ 315,848,253** |

SOUTH TEXAS COLLEGE

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**Statistical Supplement 20**
**Ad Valorem Tax Rates Authorized**
**Last Ten Fiscal Years**
(unaudited)

| Fiscal Year | Current Operations | Debt Service | Total |
|---|---|---|---|
| 2022 | $ 0.1400 | $ 0.5000 | $ 0.6400 |
| 2021 | 0.1400 | 0.5000 | 0.6400 |
| 2020 | 0.1400 | 0.5000 | 0.6400 |
| 2019 | 0.1400 | 0.5000 | 0.6400 |
| 2018 | 0.1400 | 0.5000 | 0.6400 |
| 2017 | 0.1400 | 0.5000 | 0.6400 |
| 2016 | 0.1400 | 0.5000 | 0.6400 |
| 2015 | 0.1400 | 0.5000 | 0.6400 |
| 2014 | 0.1100 | 0.5000 | 0.6100 |
| 2013 | 0.1100 | 0.5000 | 0.6100 |

Sources:
Texas Constitution and Statutes, Education Code (Debt Service)
South Texas College District Tax Order Resolution (Current Operations)

**Statistical Supplement 21**
**Property Tax Rates**
**All Direct and Overlapping Governments**
**Last Ten Fiscal Years**
(unaudited)

| Governmental Subdivision | Percent Applicable* | Tax Year 2021 | Tax Year 2020 | Tax Year 2019 | Tax Year 2018 |
|---|---|---|---|---|---|
| South Texas College | 100.00% | $0.171500 | $0.171800 | $0.173300 | $0.178000 |
| **HIDALGO COUNTY** | | | | | |
| **Cities:** | | | | | |
| Alamo | 100.00% | 0.581700 | 0.581700 | 0.581700 | 0.581700 |
| Alton | - | 0.436700 | 0.436700 | 0.444000 | 0.444000 |
| Donna | - | 0.778538 | 0.788855 | 0.788855 | 0.798855 |
| Edcouch | - | 0.845600 | 0.915200 | 0.965400 | 0.968700 |
| Edinburg | 100.00% | 0.680000 | 0.680000 | 0.680000 | 0.635000 |
| Elsa | - | 0.823700 | 0.883200 | 0.883200 | 0.882200 |
| Granjeno | - | 0.434200 | 0.444800 | 0.460700 | 0.460700 |
| Hidalgo | 100.00% | 0.351400 | 0.351400 | 0.351400 | 0.351400 |
| La Joya | 100.00% | 0.589800 | 0.589800 | 0.590400 | 0.566800 |
| La Villa | 100.00% | 0.792900 | 0.792900 | 0.792900 | 0.783600 |
| McAllen | 100.00% | 0.495600 | 0.495600 | 0.495677 | 0.479234 |
| Mercedes | 100.00% | 0.775000 | 0.745000 | 0.745000 | 0.745000 |
| Mission | - | 0.529900 | 0.529900 | 0.521200 | 0.486200 |
| Palmview | - | 0.500100 | 0.490100 | 0.500100 | 0.500100 |
| Penitas | 100.00% | 0.556200 | 0.556200 | 0.556200 | 0.556200 |
| Pharr | - | 0.717600 | 0.717600 | 0.717600 | 0.649000 |
| Progreso | 100.00% | 0.829100 | 0.842900 | 0.842900 | 0.812900 |
| San Juan | 100.00% | 0.687600 | 0.692600 | 0.699300 | 0.699300 |
| Sullivan City | - | 0.483800 | 0.483800 | 0.500000 | 0.500000 |
| Weslaco | 100.00% | 0.696700 | 0.696700 | 0.696700 | 0.666700 |
| **School Districts:** | | | | | |
| Donna ISD | 100.00% | 1.119900 | 1.130400 | 1.226700 | 1.258200 |
| Edcouch-Elsa ISD | 100.00% | 1.217500 | 1.258000 | 1.258000 | 1.258000 |
| Edinburg CISD | 98.01% | 1.105700 | 1.138200 | 1.138200 | 1.239800 |
| Hidalgo ISD | 100.00% | 1.276500 | 1.276500 | 1.296300 | 1.470000 |
| La Joya ISD | 100.00% | 1.266200 | 1.311000 | 1.311000 | 1.311000 |
| La Villa ISD | 100.00% | 1.447700 | 1.483800 | 1.483800 | 1.483800 |
| Lyford CISD | - | 1.120300 | 1.214700 | 1.228400 | 1.320000 |
| McAllen ISD | 100.00% | 1.137000 | 1.138600 | 1.152800 | 1.155000 |
| Mercedes ISD | - | 1.352000 | 1.351900 | 1.278400 | 1.380000 |
| Mission CISD | 100.00% | 1.133200 | 1.199300 | 1.239550 | 1.339800 |
| Monte Alto ISD | 100.00% | 1.223400 | 1.238000 | 1.350000 | 1.350000 |
| PSJA ISD | 100.00% | 1.216700 | 1.267500 | 1.272500 | 1.379200 |
| Progreso ISD | 100.00% | 1.260000 | 1.260000 | 1.320000 | 1.390000 |
| Sharyland ISD | 100.00% | 1.159300 | 1.280800 | 1.298700 | 1.375500 |
| South Texas ISD | - | 0.049200 | 0.049200 | 0.049200 | 0.049200 |
| Valley View ISD | 100.00% | 1.277000 | 1.277000 | 1.277000 | 1.277000 |
| Weslaco ISD | 100.00% | 0.980700 | 1.018900 | 1.068700 | 1.159700 |

| Tax Year 2017 | Tax Year 2016 | Tax Year 2015 | Tax Year 2014 | Tax Year 2013 | Tax Year 2012 |
|---|---|---|---|---|---|
| $0.185000 | $0.185000 | $0.185000 | $0.185000 | $0.150000 | $0.150700 |
| | | | | | |
| 0.556500 | 0.581000 | 0.588100 | 0.598970 | 0.598970 | 0.598970 |
| 0.444000 | 0.449000 | 0.454000 | 0.459100 | 0.462400 | 0.479900 |
| 0.798855 | 0.982828 | 0.982828 | 1.142421 | 1.252376 | 1.252300 |
| 0.915400 | 0.928600 | 0.928600 | 0.928600 | 0.970500 | 0.999900 |
| 0.635000 | 0.635000 | 0.635000 | 0.635000 | 0.635000 | 0.635000 |
| 0.901800 | 0.917700 | 0.856600 | 0.986700 | 0.991600 | 0.990000 |
| 0.446900 | 0.441900 | 0.425100 | 0.423000 | 0.425300 | 0.425300 |
| 0.351400 | 0.351400 | 0.351400 | 0.351400 | 0.351400 | 0.351400 |
| 0.525100 | 0.539400 | 0.543500 | 0.570000 | 0.567800 | 0.567800 |
| 0.783600 | 0.783600 | 0.783600 | 0.783600 | 0.783600 | 0.783600 |
| 0.476300 | 0.476300 | 0.476300 | 0.476300 | 0.431300 | 0.431300 |
| 0.745000 | 0.745000 | 0.755000 | 0.760000 | 0.775000 | 0.785000 |
| 0.486200 | 0.496200 | 0.498800 | 0.518800 | 0.528800 | 0.528800 |
| 0.500100 | 0.475100 | 0.475100 | 0.479000 | 0.466500 | 0.466500 |
| 0.556200 | 0.506000 | 0.506000 | 0.459500 | 0.434500 | 0.410000 |
| 0.649000 | 0.654000 | 0.654000 | 0.680000 | 0.680000 | 0.680000 |
| 0.784000 | 0.796100 | 0.806100 | 0.793000 | 0.812600 | 0.538900 |
| 0.699300 | 0.699300 | 0.699300 | 0.699300 | 0.738600 | 0.738600 |
| 0.500000 | 0.460600 | 0.466800 | 0.447800 | 0.416000 | 0.383800 |
| 0.666700 | 0.666700 | 0.676700 | 0.676700 | 0.686700 | 0.696700 |
| | | | | | |
| 1.258200 | 1.258200 | 1.258200 | 1.258200 | 1.258200 | 1.258200 |
| 1.258000 | 1.258000 | 1.258000 | 1.258000 | 1.258000 | 1.258000 |
| 1.239800 | 1.239800 | 1.239800 | 1.239800 | 1.239800 | 1.239800 |
| 1.470000 | 1.490000 | 1.530000 | 1.530000 | 1.556400 | 1.556400 |
| 1.311000 | 1.311000 | 1.311000 | 1.311000 | 1.311000 | 1.311000 |
| 1.303800 | 1.303800 | 1.303800 | 1.303800 | 1.303800 | 1.303800 |
| 1.310000 | 1.280000 | 1.280000 | 1.280000 | 1.220000 | 1.330000 |
| 1.155000 | 1.155000 | 1.155000 | 1.165000 | 1.165000 | 1.165000 |
| 1.380000 | 1.380000 | 1.380000 | 1.380000 | 1.290000 | 1.290000 |
| 1.350200 | 1.358200 | 1.367200 | 1.330000 | 1.300000 | 1.300000 |
| 1.350000 | 1.350000 | 1.350000 | 1.350000 | 1.350000 | 1.350000 |
| 1.389200 | 1.399200 | 1.399200 | 1.359200 | 1.359200 | 1.359200 |
| 1.390000 | 1.390000 | 1.370000 | 1.370000 | 1.327500 | 1.370000 |
| 1.375500 | 1.375500 | 1.335500 | 1.335500 | 1.285500 | 1.285500 |
| 0.049200 | 0.049200 | 0.049200 | 0.049200 | 0.049200 | 0.049200 |
| 1.277000 | 1.277000 | 1.277000 | 1.277000 | 1.277000 | 1.277000 |
| 1.159700 | 1.139700 | 1.139700 | 1.139700 | 1.139700 | 1.139700 |

(Continued)

**Statistical Supplement 21**
**Property Tax Rates**
**All Direct and Overlapping Governments**
**Last Ten Fiscal Years**
(unaudited)

| Governmental Subdivision | Percent Applicable* | Tax Year 2021 | Tax Year 2020 | Tax Year 2019 | Tax Year 2018 |
|---|---|---|---|---|---|
| **HIDALGO COUNTY** | | | | | |
| **Special Districts:** | | | | | |
| Hidalgo County | 100.00% | 0.575000 | 0.575000 | 0.575000 | 0.580000 |
| Drainage District #1 | 100.00% | 0.126400 | 0.102600 | 0.105100 | 0.095100 |
| EMS District #1 | - | 0.019500 | 0.019600 | 0.020000 | 0.019400 |
| EMS District #2 | - | 0.034700 | 0.035200 | 0.036000 | 0.036000 |
| EMS District #3 | - | 0.019700 | 0.022700 | 0.024500 | 0.025700 |
| EMS District #4 | - | 0.024600 | 0.024600 | 0.025300 | 0.025200 |
| Donna Irrigation #1 | - | 0.210000 | 0.210000 | 0.210000 | 0.210000 |
| Delta Lake Irrigation | - | 0.560000 | 0.560000 | 0.550000 | 0.550000 |
| Engleman Water District #6 | - | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Kennedy County GCD | - | 0.012800 | 0.012800 | 0.012800 | 0.015300 |
| Brush County GCD | - | 0.016000 | 0.018500 | 0.020700 | 0.024000 |
| Red Sands Groundwater CD | - | 0.152800 | 0.152800 | 0.152800 | 0.152800 |
| **STARR COUNTY** | | | | | |
| **Cities:** | | | | | |
| Escobares City | - | 0.457300 | 0.457300 | 0.500417 | 0.432025 |
| Rio Grande City | 100.00% | 0.537579 | 0.507579 | 0.507579 | 0.497579 |
| Roma | 100.00% | 0.602256 | 0.605435 | 0.605435 | 0.531372 |
| **School Districts** | | | | | |
| Rio Grande City CISD | 100.00% | 1.264100 | 1.300600 | 1.322400 | 1.359200 |
| Roma ISD | 100.00% | 1.411600 | 1.377200 | 1.445790 | 1.561950 |
| San Isidro ISD | - | 1.051700 | 1.164800 | 1.176300 | 1.280000 |
| **Special Districts:** | | | | | |
| Starr County | 100.00% | 0.538200 | 0.538400 | 0.538400 | 0.531900 |
| F&M & FC | - | 0.225000 | 0.240000 | 0.240000 | 0.246500 |
| Starr County Memorial Hospital District | - | 0.264146 | 0.264146 | 0.264146 | 0.268163 |

*Municipal Advisory Council of Texas

Sources:
Hidalgo County Appraisal District
Starr County Appraisal District

(Continued)

| Tax Year 2017 | Tax Year 2016 | Tax Year 2015 | Tax Year 2014 | Tax Year 2013 | Tax Year 2012 |
|---|---|---|---|---|---|
| 0.580000 | 0.590000 | 0.590000 | 0.590000 | 0.590000 | 0.590000 |
| 0.095100 | 0.095100 | 0.095100 | 0.095700 | 0.095700 | 0.075000 |
| 0.017600 | 0.020000 | 0.185000 | 0.016500 | 0.015400 | 0.014300 |
| 0.038000 | 0.038000 | 0.036100 | 0.036100 | 0.036100 | 0.036100 |
| 0.028500 | 0.030000 | 0.030000 | 0.030000 | 0.030000 | 0.030000 |
| 0.025400 | 0.027200 | 0.027200 | 0.272000 | 0.026700 | 0.026200 |
| 0.210000 | 0.210000 | 0.210000 | 0.210000 | 0.210000 | 0.210000 |
| 0.555000 | 0.550000 | 0.550000 | 0.550000 | 0.580000 | 0.580000 |
| 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.230000 |
| 0.015300 | 0.015300 | 0.015300 | 0.015300 | 0.015300 | 0.015300 |
| 0.024500 | 0.026020 | 0.026020 | 0.026020 | 0.027000 | 0.029894 |
| 0.169000 | 0.169000 | 0.169000 | 0.169000 | 0.169000 | 0.169000 |
| | | | | | |
| 0.432025 | 0.403517 | 0.403517 | 0.403517 | 0.364809 | 0.340000 |
| 0.497579 | 0.497579 | 0.514749 | 0.514749 | 0.514080 | 0.514160 |
| 0.531372 | 0.523055 | 0.523055 | 0.523055 | 0.519030 | 0.516500 |
| | | | | | |
| 1.430900 | 1.451400 | 1.438400 | 1.447200 | 1.440600 | 1.442600 |
| 1.484000 | 1.569390 | 1.553660 | 1.459090 | 1.459090 | 1.459090 |
| 1.290800 | 1.295000 | 1.271800 | 1.260000 | 1.130000 | 1.130000 |
| | | | | | |
| 0.545800 | 0.545800 | 0.561000 | 0.561700 | 0.524600 | 0.551100 |
| 0.232600 | 0.232600 | 0.217400 | 0.217400 | 0.254600 | 0.228100 |
| | | | | | |
| 0.268163 | 0.277314 | 0.248092 | 0.262775 | 0.256915 | 0.251238 |

**Statistical Supplement 22**
**Computation of Direct and Overlapping Debt**
**August 31, 2022**
(unaudited)

| Taxing Body | Debt Amount | | As of | Percent Overlapping | Overlapping Amount |
|---|---|---|---|---|---|
| Donna ISD | $ 52,580,000 | * | 08/31/2022 | 100.00% | $ 52,580,000 |
| Edcouch-Elsa ISD | 28,226,391 | * | 08/31/2022 | 100.00% | 28,226,391 |
| Edinburg CISD | 122,975,000 | * | 08/31/2022 | 98.01% | 120,527,798 |
| Edinburg, City of | 108,870,000 | * | 08/31/2022 | 100.00% | 108,870,000 |
| Hidalgo Co | 367,135,000 | * | 08/31/2022 | 100.00% | 367,135,000 |
| Hidalgo Co DD #1 | 263,339,000 | * | 08/31/2022 | 100.00% | 263,339,000 |
| Hidalgo ISD | 26,487,000 | * | 08/31/2022 | 100.00% | 26,487,000 |
| Hidalgo, City of | 3,381,000 | * | 08/31/2022 | 100.00% | 3,381,000 |
| La Joya ISD | 199,547,680 | * | 08/31/2022 | 100.00% | 199,547,680 |
| La Villa ISD | 8,760,000 | * | 08/31/2022 | 100.00% | 8,760,000 |
| La Villa, City of | 2,954,000 | * | 08/31/2022 | 100.00% | 2,954,000 |
| McAllen ISD | 84,351,000 | * | 08/31/2022 | 100.00% | 84,351,000 |
| McAllen, City of | 96,040,000 | * | 08/31/2022 | 100.00% | 96,040,000 |
| Mercedes, City of | 27,595,000 | * | 08/31/2022 | 100.00% | 27,595,000 |
| Mission CISD | 102,017,960 | * | 08/31/2022 | 100.00% | 102,017,960 |
| Monte Alto ISD | 10,550,000 | * | 08/31/2022 | 100.00% | 10,550,000 |
| Penitas, City of | 4,998,000 | * | 08/31/2022 | 100.00% | 4,998,000 |
| Pharr-San Juan-Alamo ISD | 260,995,000 | * | 08/31/2022 | 100.00% | 260,995,000 |
| Progreso ISD | 26,550,000 | * | 08/31/2022 | 100.00% | 26,550,000 |
| Progreso, City of | 1,370,000 | * | 08/31/2022 | 100.00% | 1,370,000 |
| Rio Grande City Grulla ISD | 142,220,000 | * | 08/31/2022 | 100.00% | 142,220,000 |
| Rio Grande City, City of | 38,585,000 | * | 08/31/2022 | 100.00% | 38,585,000 |
| Roma ISD | 58,405,000 | * | 08/31/2022 | 100.00% | 58,405,000 |
| Roma, City of | 8,479,000 | * | 08/31/2022 | 100.00% | 8,479,000 |
| San Juan, City of | 34,507,000 | * | 08/31/2022 | 100.00% | 34,507,000 |
| Sharyland ISD | 84,460,000 | * | 08/31/2022 | 100.00% | 84,460,000 |
| Starr Co | 375,000 | * | 08/31/2022 | 100.00% | 375,000 |
| Valley View ISD [Hidalgo] | 34,460,000 | * | 08/31/2022 | 100.00% | 34,460,000 |
| Weslaco ISD | 61,069,454 | * | 08/31/2022 | 100.00% | 61,069,454 |
| Weslaco, City of | 81,551,000 | * | 08/31/2022 | 100.00% | 81,551,000 |
| **Total Net Overlapping Debt** | | | | | **2,340,386,283** |
| South Texas College | | | 08/31/2022 | | 112,069,693 |
| **Total Direct and Overlapping Debt** | | | | | **$ 2,452,455,976** |

*Gross Debt

Source:
Municipal Advisory Council of Texas

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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*

To the President and Board of Trustees
South Texas College
McAllen, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Texas College (the College) as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 13, 2022.

**Report on Internal Control over Financial Reporting**

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

**Reports on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Texas Public Funds Investment Act**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Carr, Riggs & Ingram, L.L.C.

McAllen, Texas
December 13, 2022

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

To the President and Board of Trustees
South Texas College
McAllen, Texas

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

***Opinion on the Major Federal Program***

We have audited South Texas College's (the College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended August 31, 2022. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2022.

***Basis for Opinion on the Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Carr, Riggs & Ingram, L.L.C.

McAllen, Texas
December 13, 2022

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

To the President and Board of Trustees
South Texas College
McAllen, Texas

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

***Opinion on the Major State Program***

We have audited South Texas College's (the College) compliance with the types of compliance requirements identified as subject to audit in the State Comptroller's Office, Uniform Grant Management Standards that could have a direct and material effect on the College's major state program for the year ended August 31, 2022. The College's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended August 31, 2022.

***Basis for Opinion on the Major State Program***

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 the State of Texas *Single Audit Circular*. Our responsibilities under those standards and the State of Texas *Single Audit Circular* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

***Responsibilities for Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's state programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above have occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally auditing standards, *Government Auditing Standards*, and the State of Texas *Single Audit Circular* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered to be material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the College's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State of Texas *Single Audit Circular*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Comptroller's Office, Uniform Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on 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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 State of Texas *Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

McAllen, Texas
December 13, 2022

**SOUTH TEXAS COLLEGE DISTRICT**
**Schedule of Findings and Questioned Costs**
**For the Year Ended August 31, 2022**

## Section I - Summary of Auditors' Results

***Financial Statements***

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:
   a. Material weakness (es) identified? _____yes___X___no

   b. Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes ___X___none reported

   c. Noncompliance material to financial statements noted? _____yes ___X__ no

***Federal Awards***

1. Type of auditors' report issued on compliance for major program: Unmodified

2. Internal control over major program:

   a. Material weakness (es) identified? _____ yes ___X___no

   b. Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes___X___none reported

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

4. Identification of major federal program:

| Assistance Listing number | Name of Federal program or cluster |
|---|---|
| 84.425 | COVID-19 Education Stabilization Fund – HEERF |

Dollar threshold used to distinguish between type A and type B programs: **$3,000,000**

Auditee qualified as low-risk auditee under 2CRF 200.520? **Yes**

**SOUTH TEXAS COLLEGE DISTRICT**
**Schedule of Findings and Questioned Costs**
**For the Year Ended August 31, 2022**

**Section I - Summary of Auditors' Results (Continued)**

***State Awards***

1. Type of auditors' report issued on compliance for major program: Unmodified

2. Internal control over major program:
   a. Material weakness (es) identified? _____ yes __X__no

   b. Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes___X___none reported

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

4. Identification of major state program:

Name of state program or cluster
Texas Educational Opportunity Grant

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

Auditee qualified as low-risk auditee under the State of Texas *Single Audit Circular*? **Yes**

**Section II – Financial Statement Findings**

None reported.

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

None noted that were required to be reported.

**Section IV – State Award Findings and Responses**

None noted that were required to be reported.

**SOUTH TEXAS COLLEGE DISTRICT**
**Schedule of Findings and Questioned Costs**
**Status of Prior Year Findings**
**For the Year Ended August 31, 2022**

**Financial Statement Findings:**

None

**Federal Award Findings:**

None

**State Award Findings:**

None

**SOUTH TEXAS COLLEGE DISTRICT**
**Schedule of Findings and Questioned Costs**
**Corrective Action Plan**
**For the Year Ended August 31, 2022**

**Financial Statement Findings:**

Not applicable

**Federal Award Findings:**

Not applicable

**State Award Findings:**

Not applicable

# Special Reports Section

SOUTH TEXAS
COLLEGE