TEXARKANA COLLEGE
TEXARKANA, TEXAS

ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED
AUGUST 31, 2022 AND 2021

(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

TEXARKANA COLLEGE
TABLE OF CONTENTS
AUGUST 31, 2022 AND 2021

TEXARKANA COLLEGE
TABLE OF CONTENTS (CONTINUED)
AUGUST 31, 2022 AND 2021

ORGANIZATIONAL DATA

TEXARKANA COLLEGE
ORGANIZATIONAL DATA
FOR THE YEAR ENDED AUGUST 31, 2022

Board of Trustees

Officers

Kaye Ellison	President
Derrick McGary	Vice President
George Moore	Secretary

Members

		Term Expires December 31
Ernie Cochran	Texarkana, Texas	2024
Lesley Ledwell Dukelow	Texarkana, Texas	2022
John Booth	DeKalb, Texas	2024
Brad Carlow	New Boston, Texas	2022

Key Officers

Dr. Jason Smith	President
Kim Jones, CPA	Vice President of Finance / Chief Financial Officer
Dr. Donna McDaniel	Vice President of Instruction
Phyllis Deese	Vice President of Administrative Services
Brandon Washington	Vice President of Operations / Dean of Workforce
Dr. Dixon Boyles	Chief Instructional Officer/Dean of BSS
Dr. Catherine Howard	Dean – STEM
Robert Jones	Dean of Students
Dr. Tonja Mackey	Dean of Library and Learning Support
Courtney Shoalmire	Dean of Health Sciences
Dr. Mary Ellen Young	Dean of Liberal and Performing Arts
Katie Andrus	Executive Director – Development/Foundation
Rick Boyette	Executive Director of Facility Services
Brad Hoover	Controller
Suzy Irwin	Executive Director of Institutional Advancement and Public Relations
Steve Mitchell	Executive Director of Radio Station
Mindy Preston	Executive Director – Presidential and Board Activities
Mendy Sharp	Executive Director of Workforce & Business Development
Bart Upchurch	Executive Director of Information Technology

INDEPENDENT AUDITOR’S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Texarkana College and the
Texarkana College Foundation, Inc.

Opinions

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit (the Texarkana College Foundation, Inc., hereinafter referred to as the Foundation), and the aggregate remaining fund information of the Texarkana 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 respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the Texarkana College as of August 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As discussed in Note 2 to the financial statements, the College adopted new accounting requirements, Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the year ended August 31, 2021, and Statement No. 87, *Leases*, during the year ended August 31, 2022. The adoption of the new accounting standards resulted in a restatement of previously reported net position. Our opinion was not modified with respect to these items.

2900 St. Michael Drive, Suite 302, Texarkana, Texas 75503 Telephone (903) 831-3477 FAX (903) 831-3482 www.thomasthomascpas.com

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.

Auditor's 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 opinions. 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 judgment, 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 on pages 5 through 11, the schedule of the College's proportionate share of net pension liability on page 55, the schedule of the College's contributions for pensions on page 56, the schedule of the College's proportionate share of the net OPEB liability on page 57, the schedule of the College's contributions for OPEB on page 58, and the notes to the required supplemental information on page 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Operating Revenues, Schedule of Operating Expenses, Schedule of Non-operating Revenues and Expenses, Schedule of Net Position by Source and Availability, Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Schedule of Expenditures of State Awards, and Statement of Income and Expenditures – Auxiliary Enterprises 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 Schedule of Operating Revenues, Schedule of Operating Expenses, Schedule of Non-operating Revenues and Expenses, Schedule of Net Position by Source and Availability, Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Schedule of Expenditures of State Awards, and Statement of Income and Expenditures – Auxiliary Enterprises 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 organizational data and the insurance in force but does not include the basic financial statements and our auditor's 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 8, 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 College's internal control over financial reporting and compliance.

Thomas & Thomas, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
December 8, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

TEXARKANA COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2022 AND 2021

This section of Texarkana College's annual financial report presents management's discussion and analysis of the financial performance of the College during the fiscal years ending 2022, 2021, and 2020. This discussion should be read in conjunction with the accompanying financial statements, notes to the financial statements, and supplemental information. This discussion focuses on currently known facts, decisions, and conditions that have an impact on the financial activities for the College, and is intended to assist the reader in the interpretation of the financial statements. The financial statements, notes to the financial statements, supplemental information, and this discussion are the responsibility of Texarkana College's management.

A Brief Discussion of the Basic Financial Statements

This annual report contains financial statements prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities* and as amended by GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These financial statements differ significantly, in both the form and the accounting principles utilized, from financial statements issued prior to 2002. The financial statements presented in years prior to 2002 focused on the accountability of fund groups, while these statements focus on the financial condition, the results of operations, and cash flows of the College as a whole.

The financial statements prescribed by GASB No. 35, 63, and 65 (the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows) present financial information similar to that used by commercial enterprises. The statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. In addition, the statements recognize liabilities, deferred inflows, and deferred outflows related to pensions and other post-employment benefits as prescribed by GASB No. 68 and 75.

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, when applicable. Decreases over time in the net position (the difference between assets, deferred outflows of resources, liabilities, and deferred inflows or resources) would be one indicator of the deterioration of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital financing and related financing, and investing activities. The statement helps measure the ability to pay operating expenses with operating revenues and the extent that capital assets are financed.

The financial statements for the College's discrete component unit, Texarkana College Foundation, Inc., are issued independent of the College. The Foundation's financial information is shown on separate pages behind the College's basic financial statements. Refer to Note 20 in the Notes to the Basic Financial Statements for more detail on the Foundation.

In addition, the fiduciary activity of the College is presented separately in Exhibits 4 and 5.

Financial Position Summary

Assets	2022	2021	2020
Current and other assets	$ 29,605,519	$ 28,946,548	$ 23,865,274
Restricted cash and cash equivalents	5,056,222	6,403,921	7,733,944
Capital assets, net	30,189,800	26,889,141	22,617,894
Total assets	64,851,541	62,239,610	54,217,112
Deferred Outflows of Resources			
Deferred outflows related to pensions	1,447,194	1,992,240	2,440,146
Deferred outflows related to OPEB	2,617,843	2,638,860	1,777,513
Total Deferred Outflows of Resources	4,065,037	4,631,100	4,217,659
Liabilities			
Current liabilities	6,378,998	6,065,275	7,098,210
Noncurrent liabilities	35,863,907	38,572,236	35,776,645
Total liabilities	42,242,905	44,637,511	42,874,855
Deferred Inflows of Resources			
Deferred inflows related to pensions	2,997,852	939,280	1,117,092
Deferred inflows related to OPEBs	6,273,222	9,056,320	10,265,820
Deferred inflows related to leases	92,937	-	-
Deferred inflows related to bond premiums	1,503,166	1,687,783	-
Total Deferred Inflows of Resources	10,867,177	11,683,383	11,382,912
Net Position			
Invested in capital assets, net of debt	17,081,969	18,490,649	15,509,304
Restricted	1,307,161	1,267,401	1,241,788
Unrestricted	(2,582,634)	(9,208,234)	(12,574,088)
Total net position	15,806,496	10,549,816	4,177,004

The College's capital assets, net of accumulated depreciation, represent 47% and 43% of the total assets at August 31, 2022 and 2021, respectively. The largest component of capital assets is the College's investment in buildings. The buildings represent 76% and 78% of the capital assets at the end of the 2022 and 2021 fiscal years, respectively. Adequate facilities are an important factor in the ability of the College to meet the educational needs of current and future students.

Summary of Changes in Net Position

Operating Revenues:	2022	2021	2020
Net Tuition and Fees	3,369,762	4,176,617	4,363,647
Federal Grants and Contracts	11,792,030	6,930,552	2,085,883
State Grants and Contracts	142,970	483,107	1,005,162
Non-Governmental Grants	585,838	689,377	373,491
Sales and Services Activities	141,376	147,846	165,747
Net Auxiliary Enterprises	230,361	105,809	264,176
Other	180,267	74,515	104,149
Total Operating Revenue	16,442,604	12,607,823	8,362,255
Operating Expenses:			
Instruction	11,484,641	12,515,899	12,293,231
Academic Support	2,283,191	1,954,397	2,073,383
Student Services	1,655,840	1,691,419	1,935,367
Institutional Support	3,950,708	4,093,544	4,103,286
Operation and Maintenance of Plant	2,202,677	2,015,482	2,067,243
Scholarships and Fellowships	6,269,575	4,095,195	3,622,254
Auxiliary Enterprises	1,281,327	1,280,044	1,544,861
Depreciation	2,387,682	2,020,814	1,698,444
Total Operating Expenses	31,515,641	29,666,794	29,338,069
Operating Loss	(15,073,037)	(17,058,971)	(20,975,814)
Non-Operating Income (Expenses)			
State Appropriations	6,887,400	7,887,689	8,211,426
Taxes	7,435,668	7,200,146	7,002,036
Federal Grants Non Operating	5,918,806	7,296,023	8,969,988
Gifts	-	-	236,576
Investment Income	387,407	456,319	566,807
Rent Income	30,633	30,000	30,850
Other Non-Operating Income	5,087	17,639	4,501
Interest on Capital Related Debt	(335,284)	(52,898)	(43,679)
Net Non-Operating Revenues	20,329,717	22,834,918	24,978,505
Increase in Net Position	5,256,680	5,775,947	4,002,691
Net Position-Beginning of Year, as previously reported	10,549,816	4,177,004	174,313
Cumulative Effect of Change in Accounting Principle	-	596,865	-
Net Position-Beginning of Year, as restated	10,549,816	4,773,869	174,313
Net Position-End of Year	$ 15,806,496	$ 10,549,816	$ 4,177,004

Summary of Changes in Net Position (continued)

The College's net position increased $5,256,680 for the year ended August 31, 2022, compared to an increase of $5,775,947 for the year ended August 31, 2021. During the August 31, 2022, fiscal year, the College received approximately $2.9 million in HEERF funds to cover lost revenues.

The College's net position increased $5,775,947 and $4,002,691 for the years ended August 31, 2021 and 2020, respectively. The 2021 and 2020 increase was from the continued focused objective of conservative budgeting and sound financial planning.

The College's net position at August 31, 2022, reflected an excess of $15,806,496 as compared to an excess of $10,549,816 at August 31, 2021. This increase of $5.2 million is primarily attributable to HEERF funds received for lost revenue and GASB adjustments.

The College's cash and cash equivalents increased $4,192,583 and $5,430,566 during the years ended August 31, 2022 and 2021, respectively.

Analysis of College's Overall Financial Position and Results of Operation

Current and other assets, as of August 31, 2022, totaled 29,605,519 which is 46% of the total assets. Approximately 84% of the current assets are in cash or are invested in certificates of deposit at August 31, 2022.

Current and other assets, as of August 31, 2021, totaled 28,946,548 which is 47% of the total assets. Approximately 81% of the current assets are in cash or are invested in certificates of deposit at August 31, 2021.

Current and other assets, as of August 31, 2020, totaled $23,865,274 which is 44% of the total assets. Approximately 78% of the current assets are in cash or are invested in certificates of deposit at August 31, 2020.

Current liabilities total $6,378,998 for 2022 and $6,065,275 for 2021. Unearned revenue is 56% for 2022 and 59% for 2021 of the total current liabilities. Unearned revenue is the tuition and fees collected/recorded prior to year-end for the fall classes. These are unearned because the revenue has not been earned as of the end of the year. These monies are for classes that will be primarily conducted in the next fiscal year.

The college incurred a net operating loss for the year ended August 31, 2022, 2021, and 2020, because state appropriations, Title IV funds, and property tax collections are classified as non-operating revenues.

Net operating loss is an excess of the cost to provide educational instruction to our students over income from grants and funds charged to students.

Analysis of College's Overall Financial Position and Results of Operation (continued)

Net operating income is an excess of grants and funds charged to students over the cost to provide educational instruction to our students.

State and Federal funds amounted to 67% and charges to students amounted to 9% for 2022, state and federal funds amounted to 64% and charges to students amounted to 12% of total revenues for the year ended August 31, 2021.

Salaries and benefits are approximately 49% and 53% of total operating expenses for the years ended August 31, 2022 and 2021, respectively.

Non-operating revenues primarily consist of state appropriations, property tax, federal grants and contracts, gifts, and investment income.

The College had negative cash flows from operating activities for the years ended August 31, 2022, 2021 and 2020 because a significant portion of the revenue, state appropriations, Title IV funds, and taxes, are considered non-operating revenue.

The College purchased capital assets during the years ended August 31, 2022 and 2021, totaling $5,719,460 and $6,315,977, respectively.

Changes in credit ratings

There has not been a change in the credit rating of Texarkana College.

Debt limitations that may affect the financing of planned facilities or services

In February of 2019, the College Board of Trustees authorized a maintenance tax note in the amount of $10,000,000 to provide funds for the implementation of the board approved capital projects fund. A combination of unencumbered general fund reserves and tax revenue will be utilized during the twenty-year repayment period to make the note payments.

In March of 2013, the College Board of Trustees authorized a maintenance note in the amount of $3,500,000 to provide funds for an energy management and roofing project. A portion of the note is anticipated to be repaid by energy savings generated by the HVAC project.

In January 2021, the College issued *Maintenance Tax & Refunding Notes, Series 2021* to pay the remaining balance on the $10,000,000 indebtedness and to fund additional construction projects. The total issue was $13,070,000 with an additional $1,787,065 in bond reoffering premiums. The funds were utilized to pay principal and interest on the $10,000,000 note. The remainder was utilized for future construction projects, bond issuance costs, and an interest and sinking fund. Coupon rates on the notes range from 3% to 4%.

Discussion of currently known facts, decisions, or conditions

Texarkana College has continued the focused objective of returning to the historically sound financial principles and stability for which the institution was known. Based on the actions taken by the board, administration, and the continued evaluations of performance measures, Texarkana College was able, once again, to add to the total net position during this past fiscal year.

Discussion of currently known facts, decisions, or conditions (continued)

The College relies upon three primary revenue sources: local taxes, tuition and fees, and state appropriations. Over the past several years, the College has been forced to respond to declining state funds by reducing costs and increasing revenue from tuition and fees and local taxes. In November 2012, the College was successfully able to expand the taxing district through annexation of territory that lies within the state designated service area. The voters of Bowie County approved the annexation, which increased the college's appraised values. This increase in tax revenue brought the college a much-needed perpetual revenue source. The College will continue to make focused, data driven decisions to ensure sound financial results. The College's 2023 budget is balanced and structurally sound; however, the College will continue to face challenges in the future to fund anticipated increases in demands for community college services.

The College has many aging facilities. Over the past seven years, the College has done some major renovations and repairs, roof replacements, and furnishing upgrades. While these renovations and repairs have made much needed improvements to the campus, additional improvements are still necessary. The College has recently completed a master facilities plan, and in 2019 placed the plan into action.

In December 2019, the board approved a resolution to initiate proceedings relating to the issuance of $15 million in maintenance tax notes, $10 million was issued in 2019 and $5 million was issued in 2021, to address the board's strategic goal to enhance, upgrade and renovate facilities to meet state and federal ADA compliance standards and modernize instructional space. After a thorough review by architects and engineers in the fall, a plan was developed to renovate the former Health Sciences Facility, current Chemistry, and current Biology buildings into a newly renovated STEM center. Parking lot repairs, replacements, and improvements, HVAC work and campus wide Americans with Disabilities compliance are also a part of the capital projects plan. Work began on these projects during 2019 and is scheduled for completion during the summer of 2023.

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic which has been subsequently extended and is still in effect.

The full extent of the ongoing impact of COVID-19 on the College's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID- 19, and future governmental actions, all of which are highly uncertain and cannot be predicted. The College continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the College. While the potential impact of the Pandemic on the College cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the College's operations and financial condition.

Discussion of currently known facts, decisions, or conditions (continued)

While it is not possible to predict the effects of future economic conditions, management believes the College has a solid and stable financial position and is well equipped to handle the increasing demands to provide our community with a better educated workforce. The college is not aware of any additional facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the subsequent fiscal year.

Based on the continued evaluations, data-driven decisions, and future plans, Texarkana College is prepared to sustain its strong financial position and will continue to serve the constituents of this region with affordable, accessible, and high-quality educational opportunities for many future generations.

Texarkana College affirms its mission to provide, within the resources available, quality educational programs and services that meet individual and community needs.

FINANCIAL STATEMENTS

TEXARKANA COLLEGE
EXHIBIT 1 – STATEMENTS OF NET POSITION
AS OF AUGUST 31, 2022 AND 2021

ASSETS	2022	2021
Current Assets		
Cash and cash equivalents	$ 19,167,320	$ 13,627,038
Investments - other	5,656,816	9,899,400
Accounts receivable, net of allowance for doubtful accounts	3,965,421	4,502,302
Prepaid expenses	238,025	212,778
Inventories	393,280	508,832
Bond issuance costs	184,657	196,198
Total Current Assets	29,605,519	28,946,548
Noncurrent Assets		
Restricted cash and cash equivalents	5,056,222	6,403,921
Capital assets, net of accumulated depreciation	30,189,800	26,889,141
Total Noncurrent Assets	35,246,022	33,293,062
Total Assets	64,851,541	62,239,610
DEFERRED OUTFLOWS OF RESOURSES		
Deferred outflows related to pensions	1,447,194	1,992,240
Deferred outflows related to OPEB	2,617,843	2,638,860
Total Deferred Outflows of Resources	4,065,037	4,631,100
LIABILITIES		
Current Liabilities		
Accounts payable	979,471	468,883
Accrued liabilities	547,701	534,906
Accrued interest	71,419	76,722
Deposits	2,412	2,412
Unearned revenues	3,564,968	3,581,252
Notes and bonds payable - current portion	769,370	743,021
Net OPEB liability - current portion	422,806	658,079
Capital lease obligations - current portion	20,851	-
Total Current Liabilities	6,378,998	6,065,275
Noncurrent Liabilities		
Accounts payable restricted		
Accrued compensable absences payable	519,427	488,520
Notes and bonds payable - non-current portion	12,678,112	13,447,482
Net pension liability	2,516,314	5,565,617
Net OPEB liability - non-current portion	20,150,054	19,070,617
Total Noncurrent Liabilities	35,863,907	38,572,236
Total Liabilities	42,242,905	44,637,511
DEFERRED INFLOWS OR RESOURCES		
Deferred inflows related to pensions	2,997,852	939,280
Deferred inflows related to OPEB	6,273,222	9,056,320
Deferred inflows related to leases	92,937	-
Deferred inflows related to bond premiums	1,503,166	1,687,783
Total Deferred Inflows of Resources	10,867,177	11,683,383
NET POSITION		
Invested in capital assets, net of related debt	17,081,969	18,490,649
Restricted for:		
Nonexpendable Student Aid	1,269,871	1,261,152
Expendable Student Aid	37,290	6,249
Unrestricted	(2,582,634)	(9,208,234)
Total Net Position	**$ 15,806,496**	**$ 10,549,816**

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

TEXARKANA COLLEGE
EXHIBIT 2 – STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
REVENUES		
Operating Revenues		
Tuition and fees (net of grant and scholarship allowances of $4,573,778 and $4,447,324, respectively)	$ 3,369,762	$ 4,176,617
Federal grants and contracts	11,792,030	6,930,552
State grants and contracts	142,970	483,107
Non-Governmental grants and contracts	585,838	689,377
Sales and services of educational activities	141,376	147,846
Auxiliary enterprises (net of grant and scholarship allowances of $932,954 and $1,020,775, respectively)	230,361	105,809
Other operating revenues	180,267	74,515
Total Operating Revenues	**16,442,604**	**12,607,823**
EXPENSES		
Operating Expenses		
Instruction	11,484,641	12,515,899
Academic Support	2,283,191	1,954,397
Student Services	1,655,840	1,691,419
Institutional Support	3,950,708	4,093,544
Operation and maintenance of plant	2,202,677	2,015,482
Scholarships and fellowships	6,269,575	4,095,195
Auxiliary enterprises	1,281,327	1,280,044
Depreciation	2,387,682	2,020,814
Total Operating Expenses	**31,515,641**	**29,666,794**
Operating Loss	**(15,073,037)**	**(17,058,971)**
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	6,887,400	7,887,689
Maintenance ad-valorem taxes		
Taxes for maintenance & operations	7,435,668	7,200,146
Federal grants and contracts non-operating	5,918,806	7,296,023
Investment income (net of investment expenses)	387,407	456,319
Rent income	30,633	30,000
Other non-operating revenues	5,087	17,639
Interest on capital-related debt	(335,284)	(52,898)
Net non-operating revenues	**20,329,717**	**22,834,918**
Increase in Net Position	**5,256,680**	**5,775,947**
NET POSITION		
Net Position - Beginning of Year, as previously reported	**10,549,816**	**4,177,004**
Cumulative Effect of Change in Accounting Principle (Note 2)	-	596,865
Net Position - Beginning of Year, as restated	**10,549,816**	**4,773,869**
Net Position - End of Year	**$ 15,806,496**	**$ 10,549,816**

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

TEXARKANA COLLEGE
EXHIBIT 3 – STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

Cash Flows From Operating Activities	2022	2021
Receipts from students and other customers	$ 4,271,538	$ 4,066,999
Receipts of grants and contracts	12,520,838	8,103,036
Other receipts	180,267	74,515
Payments to or on behalf of employees	(15,151,365)	(13,777,829)
Payments to suppliers for goods or services	(9,377,407)	(11,188,299)
Payments of scholarships	(6,269,575)	(4,095,195)
Net cash used by operating activities	**(13,825,704)**	**(16,816,773)**
Cash Flows From Non-capital Financing Activities		
Receipts from state appropriations	6,995,229	7,492,365
Ad valorem tax revenues	7,426,226	7,259,798
Federal revenue non-operating	5,918,806	7,296,023
Other receipts	35,720	47,639
Net cash provided by non-capital financing activities	**20,375,981**	**22,095,825**
Cash Flows From Capital and Related Financing Activities		
Proceeds from issuance of capital debt	-	13,070,000
Bond issuance premium	-	1,787,064
Payments of bond issuance costs	-	(207,739)
Payments on capital debt - principal	(743,021)	(10,401,749)
Payments on capital debt - interest	(462,339)	(450,098)
Purchases of capital assets	(5,782,325)	(5,982,742)
Net cash used by capital and related financing activities	**(6,987,685)**	**(2,185,264)**
Cash Flows From Investing Activities		
Investment earnings	387,407	456,319
Proceeds from sales of investments	4,242,584	1,880,462
Net cash provided by investing activities	**4,629,991**	**2,336,781**
Change in cash and cash equivalents	**4,192,583**	**5,430,569**
Cash and cash equivalents - September 1,	**20,030,959**	**14,600,390**
Cash and cash equivalents - August 31,	**$ 24,223,542**	**$ 20,030,959**
Noncash investing, capital, and financing activities		
Interest capitalized	$ (62,865)	$ 333,235
Amortization of bond reoffering premiums	$ 184,617	$ 99,281

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

TEXARKANA COLLEGE
EXHIBIT 3 – STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$ (15,073,037)	$ (17,058,971)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Staff benefits paid directly by state	(107,829)	395,324
Depreciation expense	2,418,801	2,044,730
Amortization of bond issue costs	11,541	11,541
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
Accounts receivable, net	546,323	(143,247)
Prepaid expenses	(25,247)	(22,192)
Inventories	115,552	100,841
Deferred outflows of resources related to pensions	545,046	447,906
Deferred outflows of resources related to OPEB	21,017	(861,347)
Accounts payable	510,588	(451,291)
Accrued Expenses	12,795	5,881
Unearned revenue	(16,284)	(220,026)
Compensated absences	30,907	16,604
Deferred inflows of resources related to pensions	2,058,572	(177,812)
Deferred inflows of resources related to OPEB	(2,783,098)	(1,209,500)
Deferred inflows of resources related to leases	92,937	-
Net pension liability	(3,049,303)	(9,500)
Net OPEB liability	844,164	314,286
Net cash used by operating activities	**$ (13,825,704)**	**$ (16,816,773)**

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

TEXARKANA COLLEGE

EXHIBIT 4 – STATEMENTS OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AS OF AUGUST 31, 2022 AND 2021

	Custodial Funds	
	2022	**2021**
ASSETS		
Current Assets		
Cash and cash equivalents	$ 74,579	$ 70,130
Accounts receivable, net of allowance for doubtful accounts	361,943	-
Prepaid expenses	26,730	-
Total Current Assets	463,252	70,130
Noncurrent Assets		
Restricted cash and cash equivalents	210,108	415,789
Total Current Assets	210,108	415,789
Total Assets	673,360	485,919
LIABILITIES		
Current Liabilities		
Accounts payable	139,285	12,536
Total Current Liabilities	139,285	12,536
Total Liabilities	139,285	12,536
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	534,075	473,383
Total Net Position	**$ 534,075**	**$ 473,383**

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

TEXARKANA COLLEGE
EXHIBIT 5 – STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

	Custodial Funds	
	2022	**2021**
ADDITIONS		
Contributions		
Consortium collections from other governments	$ 1,187,500	$ 1,250,000
Student club fees	11,904	5,818
Total Additions	**1,199,404**	**1,255,818**
DEDUCTIONS		
Consortium-related expenses	1,126,826	1,126,936
Supplies	3,564	1,159
Travel	8,072	3,490
Dues and fees	250	-
Total Deductions	**1,138,712**	**1,131,585**
Net increase in fiduciary net position	**60,692**	**124,233**
NET POSITION		
Net Position - Beginning of Year, as previously reported	**473,383**	**(4,780)**
Cumulative Effect of Change in Accounting Principle (Note 2)	-	353,930
Net Position - Beginning of Year, as restated	**473,383**	**349,150**
Net Position - End of Year	**$ 534,075**	**$ 473,383**

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

TEXARKANA COLLEGE FOUNDATION, INC.
COMPONENT UNIT
EXHIBIT 6 - STATEMENTS OF NET POSITION
AS OF AUGUST 31, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	$ 1,047,547	$ 534,102
Investments - Other	91,163	98,315
Investments	3,044,438	4,145,422
Accrued interest and dividends	21,047	16,006
TOTAL CURRENT ASSETS	4,204,195	4,793,845
NONCURRENT ASSETS		
Investments - restricted	9,004,208	8,859,598
TOTAL NONCURRENT ASSETS	9,004,208	8,859,598
TOTAL ASSETS	13,208,403	13,653,443

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Due to Brokers	150,000	-
TOTAL CURRENT LIABILITIES	150,000	-
TOTAL LIABILITIES	150,000	-
NET POSITION		
Without donor restrictions	4,173,147	4,777,839
With donor restrictions	8,885,256	8,875,604
TOTAL NET POSITION	13,058,403	13,653,443
TOTAL LIABILITIES AND NET POSITION	$ 13,208,403	$ 13,653,443

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

TEXARKANA COLLEGE FOUNDATION, INC.
COMPONENT UNIT
EXHIBIT 7 - STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
NET POSITION WITHOUT DONOR RESTRICTIONS		
Revenues and gains/(losses):		
Contributions and fund raising	$ 207,326	$ 293,102
Interest income	25,428	28,372
Dividend income	54,622	45,364
Net realized loss on investments	(11,260)	(7,742)
Net unrealized gains/(losses) on investments	(643,593)	671,074
Total revenues and gains/(losses) without donor restrictions	(367,477)	1,030,170
Changes in net position restrictions:		
Reclassification of contributions	-	8,233
Satisfaction of scholarships and other restrictions	249,623	77,164
Total changes in net position restrictions	249,623	85,397
Total support and gains/(losses) without donor restrictions	(117,854)	1,115,567
EXPENSES		
Program services:		
Donation to Texarkana College	76,000	64,500
Scholarships	309,623	73,433
Management and general services	16,305	13,143
Fundraising activities	84,910	71,227
Total expenses	486,838	222,303
Change in net position without donor restrictions	(604,692)	893,264
NET POSITION WITH DONOR RESTRICTIONS		
Support:		
Contributions	1,410,960	816,750
Interest income	50,912	51,175
Dividend income	109,428	81,708
Net realized loss on investments	(22,383)	(13,902)
Net unrealized gains/(losses) on investments	(1,289,642)	1,223,428
Changes in net position restrictions:		
Reclassification of contributions	-	(8,233)
Satisfaction of scholarships and other restrictions	(249,623)	(77,164)
Increase in net position with donor restrictions	9,652	2,073,762
CHANGE IN NET POSITION	(595,040)	2,967,026
NET POSITION, BEGINNING OF YEAR	13,653,443	10,686,417
NET POSITION, END OF YEAR	$ 13,058,403	$ 13,653,443

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

TEXARKANA COLLEGE FOUNDATION, INC.
COMPONENT UNIT
EXHIBIT 8 - STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net position	$ (595,040)	$ 2,967,026
Adjustments to reconcile change in net position to net cash provided by/(used for) by operating activities:		
Net realized and unrealized investment gains/(losses)	(1,966,878)	1,872,858
(Increase) decrease in assets:		
Accrued interest and dividends	(5,041)	826
Increase (decrease) in liabilities:		
Due to College	-	(6,900)
Due to Brokers	150,000	-
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(2,416,959)	4,833,810
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of certificates of deposit	7,152	207,997
Net purchases of investments	2,923,252	(4,942,636)
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	2,930,404	(4,734,639)
INCREASE IN CASH AND CASH EQUIVALENTS	513,445	99,171
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	534,102	434,931
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,047,547	$ 534,102

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY

Texarkana College (the College) was established in 1927 in accordance with the laws of the State of Texas to serve the educational needs of Texarkana and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

The College Board of Trustees (the Board), a seven-member group, has governance responsibilities over all activities related to the College. The Board receives funding from local, state, and federal government sources and must comply with the associated requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

These statements include, as a component unit, Texarkana College Foundation, Inc. (the Foundation), as discussed in Note 20. In addition, the statements separately disclose the fiduciary activity and net position of the College's custodial funds. These are funds held by the College for which the College does not have administrative involvement as defined by GASB Statement No. 84. The custodial funds are excluded from the statements of net position (Exhibit 1) and statements of revenues, expenses, and changes in net position (Exhibit 2).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

Basis of Accounting

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

Inventories

Inventories consist of bookstore stock as of August 31, 2022 and 2021. Inventories are valued at the lower of cost or net realizable value and are charged to expense as consumed.

Texarkana College – Net Position

When an expense is incurred for purposes for which both net position with and without restrictions is available, the College's policy is to first apply restricted resources. Management has determined that net position is properly recognized under this policy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Texarkana College Foundation, Inc. – Net Position

Net position with donor restrictions is available for the purposes designated by the donor, primarily scholarships. This net position consists primarily of temporarily restricted contributions and investment earnings.

Net position with donor restrictions also includes permanent endowments. The investment income from these endowments is restricted to fund scholarship grants.

When an expense is incurred for purposes for which both net position with and without donor restrictions is available, the Foundation's policy is to first apply restricted resources. Management has determined that net position is properly recognized under this policy.

Tuition Discounting

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

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

The College also originates direct student loans under Title IV. These loans are not included as revenues in the accompanying financial statements. Student loans remitted to students are not recorded as revenues or expenses in the accompanying financial statements as they are not revenues of the College and instead are passed through from the Department of Education. The amounts passed through the College are included as a reconciling item in the notes to the supplemental Schedule E – Schedule of Expenditures of Federal Awards.

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

Budgetary Data

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The College considers cash and cash equivalents as cash on-hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The College had no cash equivalents as of August 31, 2022 and 2021.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, the College reports investments 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 the time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. The College's investments included certificates of deposit with original maturities greater than three months. These investments are carried at cost, which approximates fair value. The Foundation's investments consisted of certificates of deposit, money market funds, U.S. government agencies securities, corporate debt instruments, and exchange traded funds, which are recorded at fair value.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so is not recognized as an inflow of resources (revenue) until that time. Governments are permitted only to report deferred inflows in circumstances specifically authorized by the GASB. The College's deferred inflows of resources are related to pensions, other post-employment benefits, leases, and bond premiums.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Governments are permitted only to report deferred outflows in circumstances specifically authorized by the GASB. The College's deferred outflows of resources are related to pensions and other post-employment benefits.

Operating and Non-Operating Revenues and Expenses

The College distinguishes operating revenues and expenses from non-operating items. The College's activities are shown as a business-type activity and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees, federal grants, state grants and auxiliary enterprises. The major non-operating revenues are state appropriations, property taxes, Title IV funds, gifts, and investment income. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation. For equipment, the College's capitalization policy requires capitalization of items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Renovations of $100,000 or more to buildings, 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. Estimated useful lives for depreciable assets are as follows:

Building	50 years
Facilities and Other Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years
Right-to-Use Assets	5 years
Software Costs	3 years

Unearned Revenues

Tuition and fees of $3,023,728 and $3,084,081 and federal, state, and local grants of $541,240 and $497,171 have been reported as unearned revenues at August 31, 2022 and 2021, respectively.

Long-term Debt

Long-term debt and other long-term obligations are reported as liabilities in the statements of net position.

Estimates

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

Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 financial statement presentation. None of the reclassifications affect the previously reported change in net position other than the amounts disclosed on the following page related to the prior period adjustment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For the year ended August 31, 2015, the College implemented the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The College participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost sharing defined benefit pension plan with a special funding situation. The fiduciary net position of the Teacher Retirement System of Texas has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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.

Prior Year Restatement

Effective for fiscal year 2021, the College implemented GASB Statement No. 84, *Fiduciary Activities*. Accordingly, a restatement to beginning net position was required in order to record previously-reported funds held for others as net position. The restatement was recorded to beginning net position as of August 31, 2021, as a cumulative effect of change in accounting principle.

Beginning net position as of August 31, 2021, was restated as follows for the implementation of GASB Statement No. 84:

Beginning net position, as previously reported	4,177,004
Prior period adjustment - Implementation of GASB 84:	
Funds held for others	596,865
Adjustment to beginning net position	596,865
Beginning net position, as restated as of August 31, 2021	4,773,869

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, beginning fiduciary net position as of August 31, 2021, was restated as follows for the implementation of GASB Statement No. 84:

Beginning fiduciary net position, as previously reported	(4,780)
Prior period adjustment - Implementation of GASB 84:	
Funds held for others	353,930
Adjustment to beginning fiduciary net position	353,930
Beginning fiduciary net position, as restated as of August 31, 2021	349,150

NOTE 3 - AUTHORIZED INVESTMENTS

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

The Foundation is not subject to the Public Funds Investment Act for contributions received from outside sources. Authorized investments of the Foundation are governed by an investment policy approved by the Board of Directors.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

	2022	2021
Bank Deposits		
Demand Deposits	$ 24,505,424	$ 20,514,073
Certificates of Deposit	5,656,816	9,899,400
Cash and Cash Equivalents		
Petty Cash on Hand	2,805	2,805
Total Cash and Deposits	$ 30,165,045	$ 30,416,278

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Reconciliation of deposits and investments to the Statement of Net Position:

Type of Security		Market Value 2022		Market Value 2021
Total Cash and Investments	$	30,165,045	$	30,416,278
Cash and Cash Equivalents (Exhibit 1)		19,167,320		13,627,038
Restricted cash and cash equivalents (Exhibit 1)		5,056,222		6,403,921
Cash and Cash Equivalents (Exhibit 4)		74,579		70,130
Restricted cash and cash equivalents (Exhibit 4)		210,108		415,789
Total Cash and Cash equivalents		24,508,229		20,516,878
Short-term investments (Exhibit 1)		5,656,816		9,899,400
Total Investments		5,656,816		9,899,400
Total Deposits and Investments	$	30,165,045	$	30,416,278

Cash and deposits for the Foundation reported on the Statement of Net Position consist of the following:

		August 31, 2022		August 31, 2021
Cash and Cash Equivalents				
Cash on Deposit	$	10,000	$	2,661
Cash Held by Custodian		1,037,547		531,441
Total Cash and Deposits	$	1,047,547	$	534,102

Investments for the Foundation reported on the Statements of Financial Net Position are as follows:

Type of Security		Fair Value August 31, 2022		Fair Value August 31, 2021
Certificates of Deposit	$	91,163	$	98,315
U.S. Government Securities		543,970		346,461
Corporate Debt Instruments		3,707,783		3,472,792
Municipal bonds		99,824		107,346
Equity funds and ETFs		7,697,070		9,078,421
Total Investments	$	12,139,810	$	13,103,335

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Investment Type	Credit Rating	Cost	Fair Value	Weighted Average Maturity (Years)
Certificates of Deposit	N/A	$ 5,656,816	$ 5,656,816	0.23
Total Texarkana College		$ 5,656,816	$ 5,656,816	

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

	Credit Rating	Cost	Fair Value	Weighted Average Maturity (Years)
Certificates of Deposit	N/A	100,000	91,163	3.08
U.S. Government Securities	AA1 to AAA	601,801	543,970	4.76
Corporate Debt Instruments	BA2 to AAA	4,017,037	3,707,783	4.03
Municipal bonds	A2	100,000	99,824	5.34
Equity funds and ETFs	N/A	5,024,693	7,697,070	N/A
Total Texarkana College Foundation, Inc.		$ 9,843,531	$ 12,139,810	

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

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

Concentration of Credit Risk: The College and the Foundation do not place a limit on the amount that may be invested in any one issuer.

More than 5% of the Foundation's investments are in Vanguard (49%) and MSCI (10%).

Custodial Credit Risk: At August 31, 2022, the carrying amount of the College's bank deposits was \$30,165,045 and total bank balances equaled \$30,950,945. Bank balances totaling \$250,000 at one financial institution were secured by the Federal Deposit Insurance Corporation (FDIC), \$33,200,000 were secured by collateral pledged in the College's name, and approximately \$2,470,000 were secured through Insured Cash Sweep (ICS) accounts. The collateral was held in the safekeeping departments of banks which act as agents for the College.

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

At August 31, 2021, the carrying amount of the College's bank deposits was $30,416,278 and total bank balances equaled $31,157,722. Bank balances totaling $250,000 at one financial institution were secured by the FDIC, $29,200,000 were secured by collateral pledged in the College's name, and approximately $5,250,000 were secured through ICS accounts. The collateral was held in the safekeeping departments of banks which act as agents for the College.

Fair Value Measurements: GASB Statement 72 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets 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 the framework are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; 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. 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 determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of August 31, 2022 and 2021:

	August 31, 2022				2021
	Level 1	Level 2	Level 3	Total	Total
U.S. Government Securities	$ 543,970	$ -	$ -	$ 543,970	$ 346,461
Corporate Debt Instruments	-	3,707,783	-	3,707,783	3,472,792
Municipal bonds	-	99,824	-	99,824	107,346
Exchange Traded Funds	7,697,070	-	-	7,697,070	9,078,421
Total investments	$ 8,241,040	$ 3,807,607	$ -	$ 12,048,647	$ 13,005,020

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

All investments have been valued using a market approach. Fair values for assets in Level 2 are calculated using quoted market prices for similar assets in markets that are not active. There were no changes in the valuation techniques during the current year. These methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 5 - DELINQUENT PROPERTY TAXES AND TAXES RECEIVABLE

The College's *ad valorem* property tax is levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the College's district. The Board contracted with the Bowie Central Appraisal District for the collection of district taxes. Collections of current taxes are remitted to the College daily; delinquent taxes are remitted monthly.

	August 31	
	2022	**2021**
Assessed valuation of the District	$ 6,270,258,812	$ 6,041,251,109
Less: Exemptions	(137,575,278)	(120,629,315)
Net assessed Valuation of the District	$ 6,132,683,534	$ 5,920,621,794

	Current Operations	**Debt Service**	**Total**
Tax rate authorized per $100 valuation	1.000000	0.000000	1.000000
Tax rate assessed per $100 valuation for 2022	0.123081	0.000000	0.123081
Tax rate assessed per $100 valuation for 2021	0.123081	0.000000	0.123081

Taxes levied for the years ended August 31, 2022 and 2021, were $7,374,564 and $7,176,232, 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 following year in which imposed.

	Current Operations	
Taxes Collected	**2022**	**2021**
Current Taxes Collected	$ 7,233,158	$ 6,931,307
Delinquent Taxes Collected	113,876	181,439
Penalties and Interest Collected	88,634	87,400
Total Collections	$ 7,435,668	$ 7,200,146

Tax collections for the year ended August 31, 2022 and 2021, were 100.8% and 100.3% of the current tax levy, respectively. Uncollected taxes are pledged as collateral for the notes payable held by the College.

NOTE 6 – CAPITAL ASSETS

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

	2021	Increases	Decreases	2022
Not Depreciated:				
Land	$ 1,255,100	$ 75,000	$ -	$ 1,330,100
Construction in Process	1,180,942	4,209,508	(687,361)	4,703,089
Total Not Depreciated	2,436,042	4,284,508	(687,361)	6,033,189
Buildings and Other Capital Assets:				
Infrastructure	696,689	-	-	696,689
Buildings	36,682,672	-	-	36,682,672
Land Improvements	3,192,804	137,898	-	3,330,702
Software	516,236	-	-	516,236
Library Books	2,552,506	35,443	-	2,587,949
Furniture and Equipment	10,179,028	1,898,317	-	12,077,345
Right-to-use Leased Equipment	-	50,655	-	50,655
Total Building and Other	53,819,935	2,122,313	-	55,942,248
Accumulated Depreciation				
Infrastructure	307,001	29,051	-	336,052
Buildings	16,902,909	1,449,536	-	18,352,445
Land Improvements	3,146,654	18,509	-	3,165,163
Software	493,747	5,226	-	498,973
Library Books	2,285,268	47,762	-	2,333,030
Furniture and Equipment	6,231,257	838,844	-	7,070,101
Right-to-use Leased Equipment	-	29,873	-	29,873
Total Accumulated Depreciation	29,366,836	2,418,801	-	31,785,637
Net Capital Assets	$ 26,889,141	$ 3,988,020	$ (687,361)	$ 30,189,800

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Capital assets activity for the year ended August 31, 2021, was as follows:

	2020	Increases	Decreases	2021
Not Depreciated:				
Land	$ 1,178,570	$ 76,530	$ -	$ 1,255,100
Construction in Process	4,087,627	1,143,925	(4,050,610)	1,180,942
Total Not Depreciated	5,266,197	1,220,455	(4,050,610)	2,436,042
Buildings and Other Capital Assets:				
Infrastructure	696,689	-	-	696,689
Buildings	29,223,515	7,459,157	-	36,682,672
Land Improvements	3,192,804	-	-	3,192,804
Software	495,236	21,000	-	516,236
Library Books	2,535,564	16,942	-	2,552,506
Furniture and Equipment	8,529,995	1,649,033	-	10,179,028
Total Building and Other	44,673,803	9,146,132	-	53,819,935
Accumulated Depreciation				
Infrastructure	275,331	31,670	-	307,001
Buildings	15,634,039	1,268,870	-	16,902,909
Land Improvements	3,131,593	15,061	-	3,146,654
Software	490,622	3,125	-	493,747
Library Books	2,236,424	48,844	-	2,285,268
Furniture and Equipment	5,554,097	677,160		6,231,257
Total Accumulated Depreciation	27,322,106	2,044,730	-	29,366,836
Net Capital Assets	$ 22,617,894	$ 8,321,857	$ (4,050,610)	$ 26,889,141

NOTE 7 – NONCURRENT LIABILITIES

In May 2013, the College obtained a tax maintenance note under Section 45.108 of the *Texas Education Code* in the amount of $3,500,000. The note was to be utilized to fund an energy management and roofing project. A portion of the note is anticipated to be repaid by energy savings from the project. The 2013 maintenance tax note is secured by future maintenance tax collections. In the event of default, the lender is entitled to a writ of mandamus requiring the College to observe and perform the debt obligations.

In March 2019, the College obtained an additional tax maintenance note under Section 45.108 of the *Texas Education Code* in the amount of $10,000,000. The note was to be utilized to provide funds for the implementation of board-approved capital projects. The 2019 maintenance tax note is secured by future maintenance tax collections.

The College had no unused lines of credit as of August 31, 2022 or 2021.

NOTE 7 – NONCURRENT LIABILITIES (CONTINUED)

In January 2021, the College issued *Maintenance Tax & Refunding Notes, Series 2021* to pay the remaining balance on the $10,000,000 indebtedness and to fund additional construction projects. The total issue was $13,070,000 with an additional $1,787,065 in bond reoffering premiums. The funds were utilized to pay principal and interest of $9,645,998 on the $10,000,000 note. The remainder was utilized for $5,000,000 towards future construction projects, $207,739 towards bond issuance costs, and $3,328 towards an interest and sinking fund. Coupon rates on the notes range from 3% to 4%.

Noncurrent liability activity for the year ended August 31, 2022, was as follows:

	Balance August 31, 2021	Additions	Reductions	Balance August 31, 2022	Current Portion
Notes and bonds payable	$ 13,447,482	$ -	$ (769,370)	$ 12,678,112	$ 769,370
Compensated absences	488,520	30,907	-	519,427	-
Net pension liability	5,565,617	-	(3,049,303)	2,516,314	-
Net OPEB liability	19,070,617	1,079,437	-	20,150,054	422,806
Total long-term liabilities	$ 38,572,236	$ 1,110,344	$ (3,818,673)	$ 35,863,907	$ 1,192,176

Noncurrent liability activity for the year ended August 31, 2021, was as follows:

	Balance August 31, 2020	Additions	Reductions	Balance August 31, 2021	Current Portion
Notes payable	$ 10,930,530	$13,070,000	$ (10,553,048)	$ 13,447,482	$ 743,021
Compensated absences	471,916	16,604	-	488,520	-
Net pension liability	5,575,117	-	(9,500)	5,565,617	-
Net OPEB liability	18,799,082	271,535	-	19,070,617	658,079
Total long-term liabilities	$ 35,776,645	$ 13,358,139	$ (10,562,548)	$ 38,572,236	$ 1,401,100

The debt service requirements as of August 31, 2022, were as follows:

For the Year Ended	Maintenance Notes		
August 31,	Principal	Interest	Total
2023	$ 769,370	$ 436,138	1,205,508
2024	790,007	408,262	1,198,269
2025	824,576	379,470	1,204,046
2026	859,263	349,423	1,208,686
2027	894,400	318,121	1,212,521
2028-2032	3,764,868	1,138,224	4,903,092
2033-2037	4,095,000	532,125	4,627,125
2038-2039	1,449,998	38,403	1,488,401
	$ 13,447,482	$ 3,600,166	$ 17,047,648

NOTE 8 – 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), *State and Local Governments*. Contracts and grant revenues are recognized on Exhibit 2 and Schedule A as funds are actually expended. For federal and non-federal contracts and grants awards, funds expended, but not collected, are reported as Accounts Receivables on Exhibit 1. Contracts and grant awards that are not funded and for which the institution has not performed services are not included in the financial statements. Contract and grant award funds already committed or funds awarded during the fiscal year 2022 for which monies have not been received nor funds expended totaled $3,930,078 from federal contracts and grant awards and $765,507 from state contracts and grant awards.

Federal funds receivable included in accounts receivable on Exhibit 1 are as follows:

	2022	2021
Pell Grant Program	$ -	$ 90,633
Student Loan Program	129,638	100,000
Federal Work-study Program	5,573	1,107
TRIO - Student Support Services Grant	48,583	79,558
TRIO - Talent Search Grant	61,714	84,566
TRIO - Educational Opportunity Centers	47,020	58,486
TRIO- STEM Supplement Grant	-	11,750
Student Success Planning Grant	6,913	-
TRUE Grant	20,930	-
TRUE Grant - Welding	1,401	-
Adult Education and Family Leave Act	210,886	56,590
CARES Act- Institutional Funds	-	48,831
Carl Perkins Grant	238,136	106,798
H.E.E.R.F. II Institutional Funds	115,774	1,081,501
H.E.E.R.F. III Institutional Funds	216,808	-
Total	$ 1,103,376	$ 1,719,820

NOTE 9 – EMPLOYEES' RETIREMENT PLAN

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

Teacher Retirement System of Texas – Defined Benefit Plan

Plan Description - The College participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan 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 workload 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 (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about publications.aspx ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Components of the net pension liability of the TRS plan as of August 31, 2021, are as follows:

<u>Net Pension Liability</u>

Total Pension Liability	$	227,273,463,630
Less: Plan Fiduciary Net Position		(201,807,002,496)
Net Pension Liability	$	25,466,461,134
Net Position as a percentage of Total Pension Liability		88.79%

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

NOTE 9 – EMPLOYEES' RETIREMENT PLAN (CONTINUED)

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. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

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.

Contribution Rates

		2022	2021
Member		7.7%	7.7%
Non-Employer Contribution Entity (State)		7.5%	7.5%
Employers		7.5%	7.5%
FY 2022 College Contributions	$	439,058	
FY 2022 Member Contributions	$	786,864	
FY 2021 State of Texas On-behalf Contributions	$	308,302	

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). The College's contributions to the TRS pension plan for the year ended August 31, 2022, were $439,058 as reported in the Schedule of College Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for the year ended August 31, 2022, were $319,233.

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.

NOTE 9 – EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) 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 or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions - The total pension liability in the August 31, 2021, 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	Fair Value
• Actuarial Assumptions	
o Single Discount Rate	7.25%
o Long-term expected Investment Rate of Return	7.25%
o Municipal Bond Rate	1.95%
o Last year ending August 31 in Projection period (100 years)	2120
o Inflation	2.30%
o Salary Increases including inflation	3.05% to 9.05%
o Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 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 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.

NOTE 9 – EMPLOYEES' RETIREMENT PLAN (CONTINUED)

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the system's target asset allocation as of August 31, 2021, are summarized below.

Asset Class	Target Allocation* %	Long-Term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	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, 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%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag***			-0.95%
Total	100.00%		6.90%

** Target allocations are based on the FY2021 policy model*
*** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021)*
**** The volatility drag results from the conversion between arithmetic and geometric mean returns*

NOTE 9 - EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Discount Rate Sensitivity Analysis - The following table presents the Net Pension Liability of the plan using the discount rate of 7.2%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
College's proportionate share of the net pension liability	$ 5,498,545	$ 2,516,314	$ 96,819

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At August 31, 2022, the College reported a liability of $2,516,314 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	$ 2,516,314
State's proportionate share that is associated with College	1,839,812
Total	$ 4,356,126

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 College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020, through August 31, 2021.

At the measurement date of August 31, 2021, the employer's proportion of the collective net pension liability was 0.009880894%, which was a decrease of 0.000510870% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation - There have been no changes in the actuarial assumptions and methods since the prior valuation.

For the year ended August 31, 2022, the College recognized revenue of $7,355 for support provided by the State and pension expense of $778.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 4,211	$ 177,150
Changes in actuarial assumptions	889,468	387,732
Net difference between projected and actual investment earnings	-	2,109,897
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	114,457	323,073
Contributions paid to TRS subsequent to the measurement date	439,058	-
Total	$ 1,447,194	$ 2,997,852

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

Year ended August 31:	**Pension Expense Amount**
2023 (measurement date of August 31, 2022)	$ (347,666)
2024 (measurement date of August 31, 2023)	(338,919)
2025 (measurement date of August 31, 2024)	(534,349)
2026 (measurement date of August 31, 2025)	(690,692)
2027 (measurement date of August 31, 2026)	(61,591)
Thereafter	(16,499)

NOTE 9 - EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Optional Retirement Plan

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

Funding Policy - Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.6% in fiscal years 2022 and 2021 and 6.65% in fiscal years 2022 and 2021, respectively. The College contributes no amounts for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense related to ORP contributions paid by the state for the College was $87,073 and $93,214 for the fiscal years ended August 31, 2022 and 2021, respectively. This amount represents the portion of expended appropriations made by the state Legislature on behalf of the College.

The total payroll for all of the College employees was $15,074,444 and $14,189,757 for fiscal years 2022 and 2021, respectively. The total payroll of employees covered by the Teacher Retirement System was $9,837,995 and $9,688,753, and the total payroll of employees covered by the Optional Retirement Program was $3,074,236 and $3,092,219 for fiscal years 2022 and 2021, respectively.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description - The College participates in a cost-sharing multiple-employer defined-benefit other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the 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 online; by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Components of the net OPEB liability of the ERS plan as of August 31, 2021, are as follows:

Net OPEB Liability

Total OPEB Liability	$	36,011,160,299
Less: Plan Fiduciary Net Position		(135,652,891)
Net OPEB Liability	$	35,875,507,408
Net Position as a percentage of Total OPEB Liability		0.38%

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
August 31, 2021

Retiree only	$	624.82
Retiree & Spouse	$	1,339.90
Retiree & Children	$	1,103.58
Retiree & Family	$	1,818.66

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (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 and 2021

	2022	2021
Employers	$ 650,966	$ 627,704
Members (Employees)	718,194	733,812
Nonemployer Contributing Entity (State of Texas)	516,508	510,142

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:

• Valuation Date	August 31, 2021
• Actuarial Cost Method	Entry Age
• Amortization method	Level Percent of Payroll, Open
• Remaining amortization period	30 years
• Asset Valuation Method	Not applicable
• Actuarial Assumptions	
o Discount Rate	2.14%
o Projected annual salary increase	2.30% to 9.05%, including inflation
o Annual healthcare trend rate	HealthSelect 5.25% for FY23, 5.15% for FY24, 5.00% for FY25, 4.75% for FY26, 4.60% for FY27, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY30 and later years HealthSelect Medicare Advantage 0.00% for FY23, 66.67% for FY24, 24.00% for FY25, 4.75% for FY26, 4.60% for FY27, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY30 and later years
o Inflation assumption rate	2.30%
o Ad hoc post-employment benefit changes	None

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

- Mortality Assumptions
  - *Service Retirees, Survivors and other Inactive Members*: Tables based on TRS experience with Ultimate MP Projection Scale 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 and TRS retirement plan actuaries for the period (ex. September 1, 2010 to August 31, 2017) for higher education members.

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

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

Discount Rate Sensitivity Analysis - The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (2.14%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (1.14%)	Discount Rate (2.14%)	1% Increase in Discount Rate (3.14%)
College's proportionate share of the net OPEB liability	$ 24,503,057	$ 20,572,860	$ 17,498,068

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Healthcare Trent Rate Sensitivity Analysis - The initial healthcare trend rate is 5.25% for HealthSelect and 0.00% for HealthSelect Medicare Advantage and the ultimate rate is 4.30% for both. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (5.25%) in measuring the net OPEB liability.

	1% Decrease (4.25% decreasing to 3.30%)	Current Healthcare Cost Trent Rates (5.25% decreasing to 4.30%)	1% Increase in (6.25% decreasing to 5.30%)
College's proportionate share of the net pension liability	$ 17,227,348	$ 20,572,860	$ 24,956,075

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At August 31, 2022, the College reported a liability of $20,572,860 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for state support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective net OPEB liability	$ 20,572,860
State's proportionate share that is associated with College	16,651,677
Total	$ 37,224,537

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, 2021, thru August 31, 2021.

At the measurement date of August 31, 2021, the employer's proportion of the collective net OPEB liability was 0.05734514%, which was a decrease of 0.00235804% from its proportion measured as of August 31, 2020.

For the year ended August 31, 2022, the College recognized net OPEB revenues of $1,714,752 and revenue of $(203,165) for support provided by the State.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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 terminate less than one year before the valuation date.
- Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent health plan experience and its effects on our short-term expectations. The 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 short-term expectations. 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% as of August 31, 2020, to 2.14% as of August 31, 2021, as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

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

- The valuation reflects the minor benefit changes that will become effective September 1, 2021, since these changes were communicated to plan members in advance of the preparation of this report. These changes, which are not expected to have a significant impact on plan costs for fiscal year 2022, are provided for in the fiscal year 2022 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

At August 31, 2022, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 504,629
Changes in actuarial assumptions	1,408,499	2,291,356
Net difference between projected and actual investment earnings	3,644	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	859,513	3,477,237
Contributions paid to ERS subsequent to the measurement date	346,187	-
Total	$ 2,617,843	$ 6,273,222

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

Year ended August 31:	OPEB Expense Amount
2023 (measurement date of August 31, 2022)	$ (2,361,302)
2024 (measurement date of August 31, 2023)	(1,286,504)
2025 (measurement date of August 31, 2024)	(231,952)
2026 (measurement date of August 31, 2025)	(93,085)
2027 (measurement date of August 31, 2026)	(28,723)
Thereafter	-

NOTE 11 – COMPENSABLE ABSENCES

Sick leave is accumulated by employees of the College at the rate of one day per thirty calendar days worked up to a maximum of ninety days. Effective September 1, 2000, upon retirement or termination, employees with ten years or more service with the College may be paid for any accumulated sick leave in excess of thirty days at a rate of one-half of the employee's current salary. Full-time non-contractual personnel or employees with twelve-month contracts accrue vacation benefits from the date of employment at the rate of one day for each full calendar month worked up to ten vacation days per year. Employees may carry a maximum of 40 hours of accrued vacation forward from one fiscal year through September 30 of the next fiscal year. All vacation accrued in the prior fiscal year is forfeited on December 1 unless administrative approval is granted on a case-by-case basis. All accrued unused vacation time computed at the employee's daily rate of compensation is paid to the employee or his beneficiary in the event of termination, retirement, or death. Sick leave and vacation benefits of $519,427 and $488,520 have been accrued and reported in the accompanying Statement of Net Position as "accrued compensable absences payable" at August 31, 2022 and 2021, respectively.

NOTE 12 - STAFF BENEFITS

The College provides staff benefits for its employees in the form of hospital/medical insurance, salary continuance insurance, and life insurance equal to twice the employee's annual contractual salary up to a maximum of $45,000.

NOTE 13 - DEFERRED COMPENSATION PLAN

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The employees' investments are held in tax-deferred annuity plans pursuant to Internal Revenue Code Section 403(b).

As of August 31, 2022 and 2021, the College had 26 employees participating in the program. A total of $201,832 and $187,064 in payroll deductions were invested in approved plans during the years ended August 31, 2022 and 2021, respectively.

NOTE 14 - POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the College. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums.

The state's contribution per full-time employee and retiree was $622.60 per month plus fifty percent of spouse and/or dependent coverage as of August 31, 2022, and totaled $1,285,992 for the year then ended. The cost of providing those benefits for 136 retirees was $516,508 and for 207 active employees was $769,484.

The state's contribution per full-time employee and retiree was $624.82 per month plus fifty percent of spouse and/or dependent coverage as of August 31, 2021, and totaled $1,395,006 for the year then ended. The cost of providing those benefits for 130 retirees was $510,142 and for 214 active employees was $884,864.

NOTE 15 - RISK MANAGEMENT - CLAIMS AND JUDGMENTS

In the normal course of operations, the College is exposed to risks of loss from a number of sources including fire and casualty, errors and omissions by board members and employees, and injuries to employees during the course of performing their duties.

The College attempts to cover these losses by the purchase of insurance. Significant risks are covered by commercial insurance for property and liability programs. There has been no significant reduction in coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years. In management's estimation, there are no current loss claims that exceed the maximum coverage or any material unfunded claim benefit obligation for the self-funded programs.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grant Programs - The College participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability may be impaired of any related receivable at August 31, 2022. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 17 - CONTINGENT LIABILITY

The College entered into an agreement with the Texas Community College Employee Benefits Consortium to self-fund their workers' compensation plan. The agreement was effective September 1, 1991, and is administered by Hibbs - Hallmark & Company.

The College agreed to pay into the fund a fixed cost amount of $36,571 and a maximum loss fund amount of $75,816 for the year ended August 31, 2022. The loss fund amount was for Texarkana College's claims and for claims of other group members in excess of their loss fund maximum.

The College agreed to pay into the fund a fixed cost amount of $35,925 and a maximum loss fund amount of $78,397 for the year ended August 31, 2021. The loss fund amount was for Texarkana College's claims and for claims of other group members in excess of their loss fund maximum.

The College incurred expenses under the plan as follows:

	2022	2021
Fixed cost	$ 36,571	$ 35,925
Actual claims	8,113	13,936
Decrease in accrued liabilities	8,239	4,924
Total Expense	$ 52,923	$ 54,785

NOTE 17 - CONTINGENT LIABILITY (CONTINUED)

The College's maximum liability for the three years ended August 31, 2022, under this agreement is $234,441 computed as follows:

2019-2020 Maximum loss fund		80,228
2020-2021 Maximum loss fund		78,397
2021-2022 Maximum loss fund		75,816
Total	$	234,441

The administration of the Plan has estimated the liability for claims that have been reported but not paid and claims incurred but not reported to be $97,320 and $89,081 as of August 31, 2022 and 2021, respectively. This liability has been accrued in the financial statements as of August 31, 2022 and 2021.

NOTE 18 – FUND ENDOWMENTS

The fund balances of the various Endowment Funds included in the Statement of Net Position are as follows:

		2022		2021
Endowment Funds				
Palmer Foundation	$	119,345	$	118,377
Endowed Chair for Teaching Excellence		193,141		192,628
J.R. Johnson		338,499		335,753
Parker-Akin Memorial		9,019		8,946
B & PW Scholarship		30,352		30,106
Leonard Scholarship		196,493		195,375
Teachers Credit Union Scholarship		25,839		25,629
Music Scholarship		30,166		29,921
General Scholarship		308,859		306,353
Al Barton Bladesmithing		12,100		12,055
Elizabeth Shaw Memorial		5,984		5,935
Conner Student Loan		55		55
Business Administration		19		19
Quasi Endowment Funds				
Eldridge Scholarship		37,290		6,249
Totals	$	1,307,161	$	1,267,401

NOTE 19 – DISAGGREGATING RECEIVABLES AND PAYABLES BALANCES

Receivables were as follows:

	2022	2021
Student Receivables	$ 5,852,898	$ 5,631,411
Taxes Receivable, Net of Allowances	176,058	166,616
Federal Receivables	1,103,376	1,719,820
State Receivables	-	45,600
Leases Receivable	86,884	-
Other Receivables	37,350	-
Allowance for Uncollectible	(3,291,145)	(3,061,145)
	3,965,421	4,502,302
Consortium-related Fiduciary Receivables	361,943	-
Total Accounts Receivable	$ 4,327,364	$ 4,502,302

Payables were as follows:

	2022	2021
Accounts Payable		
Vendors Payable	$ 979,471	$ 468,883
Consortium-related Fiduciary Accounts Payable	139,285	12,536
Total Accounts Payable	$ 1,118,756	$ 481,419
Accrued Liabilities:		
Salaries & Benefits Payable	$ 516,176	$ 505,924
Sales Tax Payable	28,580	26,301
Other Liabilities	2,945	2,681
Total Accrued Liabilities	$ 547,701	$ 534,906

NOTE 20 - COMPONENT UNIT

The Foundation is a separate nonprofit corporation organized under the Texas Nonprofit Corporation Act in 1959. The purpose of the Foundation is to solicit and manage funds for the sole benefit of Texarkana College. The Foundation primarily provides scholarships to students at the College. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Under GASB Statement No. 39 (*Determining Whether Certain Organizations are Component Units*), an organization should report as a discretely presented component those organizations that raise and hold economic resources for the direct benefit of a government unit. Accordingly, the Foundation financial statements are included in the College's annual report as a discretely presented component unit.

NOTE 21 – RELATED PARTY TRANSACTIONS AND BALANCES

During the year ended August 31, 2022, the Foundation provided support to the College in the aggregate of $76,000.

In addition, the College purchased classroom furniture and supplies totaling $311,032 from a company owned by one of the College's Board members.

NOTE 22 – CONSTRUCTION IN PROCESS

The College had multiple construction projects on campus which were not completed as of August 31, 2022. These projects have been recorded in the financial statements as construction in process in the accompanying financial statements. The projects are:

STEM Phase III - Miscellaneous Building and Atrium Connector
Exterior Improvements
Pavement Improvements
McCulloch Tech Center
CEC Annex Remodel (Welding)

NOTE 23 – INCOME TAXES

The College is exempt from income taxes under Internal Revenue Code Section 115, "Income of States, Municipalities, etc.," although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2022 and 2021.

NOTE 24 – PENDING LAWSUITS AND CLAIMS

As of August 31, 2022, there were no known pending lawsuits or claims involving the College. While unasserted lawsuits and claims may exist, for which a liability cannot be reasonably estimated, any potential liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

NOTE 25 – TEXAS COMMUNITY COLLEGE CONSORTIUM

In December 2014, the College entered into an interlocal agreement with two other area community colleges, Kilgore College and Northeast Texas Community College, whereby the Texas Community College Consortium (TC3) was created.

Effective September 1, 2015, TC3 entered into an agreement with the University of Texas Health Science Center at Tyler (on behalf of Northeast Texas Network) (referred to hereinafter as "UT Entity"). The agreement with UT Entity establishes a group arrangement for the collective licensing, implementation, and maintenance of administrative software, hardware, and services for use in internal operations. The project is organized to create a consistent, identifiable structure to facilitate joint purchasing, training, and implementation of enterprise software, as well as shared services, when mutually beneficial.

NOTE 25 – TEXAS COMMUNITY COLLEGE CONSORTIUM (CONTINUED)

The agreement with Angelina College provides a budget not to exceed $2,375,000 to TC3, funded by Texas appropriations provided to Angelina College for special item support. This amount was to be paid in installments over the term of the contract based on certain deliverables required by the contract, which originally expired August 30, 2017, and has been extended through August 30, 2023.

The College has agreed to act as the fiscal agent for the project. The budget of $2,375,000 included $278,570 in development assistance to the members of TC3, which increased to five members, and $50,000 to the fiscal agent, in addition to various other expenses. As of August 31, 2022 and 2021, the College held approximately $210,108 and $404,050 in cash on behalf of TC3, respectively. In addition, the College recognized revenues of $25,000 for its role as fiscal agent during the years ended August 31, 2022 and 2021.

NOTE 26 – SUBSEQUENT EVENTS

The College has evaluated events through December 8, 2022, the date the financial statements were available to be issued. No events occurring after this date, other than the pandemic discussed below, have been evaluated for inclusion in these financial statements.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption in people’s lives. The pandemic has impacted the College both directly and indirectly, resulting in the closing of the campus beginning in March 2020 through the remainder of the school year. Although there is a presumption that there will be further effects on the financial performance of the College, there already has been an increase in federal funding. Any other effects on the operations of the College are immeasurable at the date that the financial statements were available for distribution.

NOTE 27 – HIGHER EDUCATION EMERGENCY RELIEF FUND

In response to the COVID-19 pandemic, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Coronavirus Response and Relief Supplemental Appropriations Act, (CRRSAA Act), and the American Rescue Plan Act (ARP Act) aid packages designed to help the economy as it suffers from the effects of the COVID-19 pandemic.

Each act included Higher Education Emergency Relief Funds (HEERF) funding which could be used by institutions of higher education to cover expenses incurred on or after March 13, 2020. The College was able to apply for the first round of this funding known as HEERF I through the US Department of Education starting in early 2020 and was awarded funding May 6, 2020. The College was able to apply for the second round of funding, HEERF II, beginning in 2021 and was awarded funding April 23, 2021. The College also applied for the third round of funding, HEERF III, beginning in 2021 and was awarded funding May 15, 2021.

HEERF I funds, received under the CARES Act, provided two forms of relief to the College. The aid was distributed to institutions based on the student enrollment formula and the institutions status. At least 50 percent was reserved to provide students with emergency financial aid grants to help cover expenses related to the disruption of campus operations due to coronavirus (the “Student Aid Portion”). The remainder of the funds are to be used to cover any costs associated with significant changes to delivery of instruction due to the coronavirus (the “Institutional Portion”). The College was awarded $2,694,917 under the CARES Act.

NOTE 27 – HIGHER EDUCATION EMERGENCY RELIEF FUND (CONTINUED)

HEERF II funds, received under the CRRSAA Act, provided two forms of relief to the College. The aid was provided based on a formula that includes the relative shares of Federal Pell Grant recipients, the relative shares of non-Pell Grant recipients, and the relative shares of Federal Pell and non-Pell Grant recipients exclusively enrolled in distance education prior to the coronavirus emergency. CRRSAA provides a minimum amount of funding reserved to provide students with emergency financial aid grants to help cover expenses related to the disruption of campus operations due to coronavirus (the “Student Aid Portion”). The remainder of the funds are to be used to cover any costs associated with significant changes to delivery of instruction due to the coronavirus (the “Institutional Portion”). The College was awarded $5,930,489 under the CRRSAA Act.

HEERF III funds, received under the ARP Act, provide two forms of relief to the College. The aid was distributed similarly to HEERF II funding. ARP provides a minimum amount of funding reserved to provide students with emergency financial aid grants to help cover expenses related to the disruption of campus operations due to coronavirus (the “Student Aid Portion”). The remainder of the funds are to be used to cover any costs associated with significant changes to delivery of instruction due to the coronavirus (the “Institutional Portion”). The College was awarded $10,343,867 under the ARP Act.

Texarkana College was awarded total federal funding of $18,969,273. Of this amount, approximately $15.8 million has been claimed for reimbursement as of August 31, 2022. The remainder will be used in future years based on the assessment of need for students and the institution.

NOTE 28 – LEASES

The College’s right-of-use leased assets are comprised of office equipment. During the year ended August 31, 2022, the College recognized leased office equipment additions of $50,655, with accumulated amortization related to these additions of $29,873. Payments on the lease obligations were $29,803 during the year ended August 31, 2022. The remaining lease obligations of $20,851 will be paid during the year ended August 31, 2023. There were no right-of-use leased assets or lease obligations as of August 31, 2021.

In addition, the College was the lessor for various facility rentals during the year ended August 31, 2022. The present value of minimum lease payments expected to be received by the College was $86,884 as of August 31, 2022. This amount is recognized within accounts receivable on the statements of net position. Future minimum lease payments on the facility rentals as of August 31, 2022, are as follows:

	Principal	Interest	Total
August 31, 2023	$ 46,448	$ 1,952	$ 48,400
August 31, 2024	32,228	772	33,000
August 31, 2025	8,208	42	8,250
Total Lease Payments	$ 86,884	$ 2,766	$ 89,650

REQUIRED SUPPLEMENTAL INFORMATION

TEXARKANA COLLEGE
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last Eight Fiscal Years**

Fiscal year ending August 31*,	2022	2021	2020	2019	2018
College's proportionate share of the collective net pension liability (%)	0.0098809%	0.0103918%	0.0107249%	0.0105492%	0.0101705%
College's proportionate share of the collective net pension liability ($)	$ 2,516,314	$ 5,565,617	$ 5,575,117	$ 5,806,554	$ 3,251,982
State's proportionate share of the net pension liability associated with the College	1,839,812	4,007,213	3,829,469	4,208,444	2,451,729
Total	$ 4,356,126	$ 9,572,830	$ 9,404,586	$ 10,014,998	$ 5,703,711
College's covered payroll amount	$ 9,688,753	$ 9,805,865	$ 9,383,727	$ 9,063,322	$ 8,583,822
College's share of the net pension liability as a percentage of covered payroll	25.97%	56.76%	59.41%	64.07%	37.89%
Plan fiduciary net position as a percentage of total pension liability	88.79%	75.24%	75.24%	73.74%	82.17%

	2017	2016	2015
College's proportionate share of the collective net pension liability (%)	0.0098658%	0.0102680%	0.0119553%
College's proportionate share of the collective net pension liability ($)	$ 3,728,134	$ 3,629,601	$ 3,193,426
State's proportionate share of the net pension liability associated with the College	2,800,343	2,682,914	2,306,110
Total	$ 6,528,477	$ 6,312,515	$ 5,499,536
College's covered payroll amount	$ 8,023,502	$ 7,753,711	$ 7,614,974
College's share of the net pension liability as a percentage of covered payroll	46.47%	46.81%	41.94%
Plan fiduciary net position as a percentage of total pension liability	78.00%	78.43%	83.25%

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

*** Only eight years of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."*

TEXARKANA COLLEGE
SCHEDULE OF COLLEGE'S CONTRIBUTIONS FOR PENSIONS
Last Eight Fiscal Years*

Fiscal year ending August 31*,	**2022**	**2021**	**2020**	**2019**	**2018**
Legally required contributions	$ 439,058	$ 417,894	$ 425,343	$ 372,169	$ 357,006
Actual contributions	439,058	417,894	425,343	372,169	357,006
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll amount	$ 9,837,995	$ 9,688,753	$ 9,805,865	$ 9,383,727	$ 9,063,322
College's actual contributions as a percentage of covered payroll	4.46%	4.31%	4.34%	3.97%	3.94%

	2017	**2016**	**2015**
Legally required contributions	$ 333,131	$ 313,393	$ 303,710
Actual contributions	333,131	313,393	303,710
Contributions deficiency (excess)	$ -	$ -	$ -
College's covered payroll amount	$ 8,583,822	$ 8,023,502	$ 7,753,711
College's actual contributions as a percentage of covered payroll	3.88%	3.91%	3.92%

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

*** Only eight years of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."*

TEXARKANA COLLEGE

SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET OPEB LIABILITY

Last Six Fiscal Years**

Fiscal year ending August 31*,	2022	2021	2020	2019	2018
College's proportionate share of the collective net OPEB liability (%)	0.0573451%	0.0597032%	0.0561716%	0.0624474%	0.0758028%
College's proportionate share of the collective net OPEB liability ($)	$ 20,572,860	$ 19,728,696	$ 19,414,410	$ 18,507,996	$ 25,828,280
State's proportionate share of the net OPEB liability associated with the College	16,651,677	15,334,297	18,101,118	15,188,278	20,870,938
Total	$ 37,224,537	$ 35,062,993	$ 37,515,528	$ 33,696,274	$ 46,699,218
College's covered-employee payroll amount	$ 11,914,345	$ 12,083,341	$ 11,618,438	$ 11,578,814	$ 11,094,823
College's share of the net OPEB liability as a percentage of covered-employee payroll	172.67%	163.27%	167.10%	159.84%	232.80%
Plan fiduciary net position as a percentage of total OPEB liability	0.38%	0.32%	0.17%	1.27%	2.04%

	2017
College's proportionate share of the collective net OPEB liability (%)	0.0758028%
College's proportionate share of the collective net OPEB liability ($)	$ 30,859,304
State's proportionate share of the net OPEB liability associated with the College	24,936,333
Total	$ 55,795,637
College's covered-employee payroll amount	$ 11,032,875
College's share of the net OPEB liability as a percentage of covered-employee payroll	279.70%
Plan fiduciary net position as a percentage of total OPEB liability	1.22%

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

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

TEXARKANA COLLEGE

SCHEDULE OF COLLEGE'S CONTRIBUTIONS FOR OPEB

Last Six Fiscal Years**

Fiscal years ending August 31*,	**2022**	**2021**	**2020**	**2019**	**2018**
Legally required contributions	$ 650,966	$ 627,704	$ 638,449	$ 654,012	$ 624,862
Actual contributions	650,966	627,704	638,449	654,012	624,862
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll amount	$ 12,612,992	$ 11,914,345	$ 12,083,341	$ 11,618,438	$ 11,578,814
College's actual contributions as a percentage of covered-employee payroll	5.16%	5.27%	5.28%	5.63%	5.40%

	2017
Legally required contributions	$ 710,141
Actual contributions	710,141
Contributions deficiency (excess)	$ -
College's covered-employee payroll amount	$ 11,094,823
College's actual contributions as a percentage of covered-employee payroll	6.40%

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

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

Notes to the supplementary information related to pensions:

Changes of Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of Assumptions

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

Notes to the supplementary information related to OPEB:

Changes of Benefit Terms

The valuation reflects the minor benefit changes that became September 1, 2021, since these changes were communicated to plan members in advance of the preparation of this report. These changes, which are not expected to have a significant impact on plan costs for fiscal year 2022, are provided for in the fiscal year 2022 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

Changes of Assumptions

- 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 terminate less than one year before the valuation date.
- Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent health plan experience and its effects on our short-term expectations. The 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 short-term expectations. 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% as of August 31, 2020, to 2.14% as of August 31, 2021, as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

SUPPLEMENTAL INFORMATION

TEXARKANA COLLEGE
SCHEDULE A – SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2022 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Total 8/31/22	Totals 8/31/21
Tuition						
State funded courses						
In-district resident tuition	$ 1,891,266	$ -	$ 1,891,266	$ -	$ 1,891,266	$ 1,954,886
Out-of-district resident tuition	472,515	-	472,515	-	472,515	460,252
TPEG (set aside)	-	149,738	149,738	-	149,738	135,218
Non-resident tuition	612,018	-	612,018	-	612,018	735,233
State funded continuing education	869,790	-	869,790	-	869,790	1,034,637
Non-State funded educational programs	305,244	-	305,244	-	305,244	370,776
Total Tuition	**4,150,833**	**149,738**	**4,300,571**	**-**	**4,300,571**	**4,691,002**
Fees						
General Fees	1,507,898	-	1,507,898	-	1,507,898	1,703,203
Student Service fees	203,991	-	203,991	-	203,991	235,191
Course Fees	956,691	-	956,691	-	956,691	939,182
Out-of-District Fees	974,389	-	974,389	-	974,389	1,055,363
Total Fees	**3,642,969**	**-**	**3,642,969**	**-**	**3,642,969**	**3,932,939**
Scholarship allowances and discounts						
Scholarship allowances	-	(147,074)	(147,074)	-	(147,074)	(336,147)
Remissions and exemptions	(111,219)	-	(111,219)	-	(111,219)	(157,122)
TPEG allowances	-	(144,483)	(144,483)	-	(144,483)	(160,641)
Other federal allowances	-	-	-	-	-	(631,369)
Title IV allowances	-	(4,171,002)	(4,171,002)	-	(4,171,002)	(3,162,045)
Total Scholarship Allowances	**(111,219)**	**(4,462,559)**	**(4,573,778)**	**-**	**(4,573,778)**	**(4,447,324)**
Total Net Tuition and Fees	**7,682,583**	**(4,312,821)**	**3,369,762**	**-**	**3,369,762**	**4,176,617**

TEXARKANA COLLEGE

SCHEDULE A – SCHEDULE OF OPERATING REVENUES (CONTINUED)

FOR THE YEAR ENDED AUGUST 31, 2022 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Total 8/31/22	Totals 8/31/21
Other Operating Revenues						
Federal grants and contracts	230,659	11,561,371	11,792,030	-	11,792,030	6,930,552
State grants and contracts	25,838	117,132	142,970	-	142,970	483,107
Nongovernmental grants and contracts	288,685	297,153	585,838	-	585,838	689,377
Sales and Services of educational activities	141,376	-	141,376	-	141,376	147,846
Other operating revenues	180,267	-	180,267	-	180,267	74,515
Total Other Operating Revenues	**866,825**	**11,975,656**	**12,842,481**	**-**	**12,842,481**	**8,325,397**
Auxiliary Enterprises						
Bookstore	-	-	-	821,551	821,551	916,540
Less discounts	-	-	-	(547,577)	(547,577)	(643,703)
Less scholarships				(385,377)	(385,377)	(377,072)
Cafeteria	-	-	-	33,214	33,214	12,535
Radio	-	-	-	308,550	308,550	197,509
Total Net Auxiliary Enterprises	**-**	**-**	**-**	**230,361**	**230,361**	**105,809**
Total Operating Revenues	**$ 8,549,408**	**$ 7,662,835**	**$ 16,212,243**	**$ 230,361**	**$ 16,442,604**	**$ 12,607,823**

TEXARKANA COLLEGE

SCHEDULE B – SCHEDULE OF OPERATING EXPENSES BY OBJECT

FOR THE YEAR ENDED AUGUST 31, 2022 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)

	Operating Expenses					
	Salaries and Wages	Benefits State	Benefits Local	Other Expenses	Total 8/31/22	Total 8/31/21
Unrestricted - Educational Activities						
Instruction	$ 7,361,393	$ -	$ 137,985	$ 1,903,455	$ 9,402,833	$ 9,769,634
Academic Support	1,587,781	-	13,612	695,644	2,297,037	1,908,686
Student Services	884,964	-	(112,394)	95,683	868,253	811,205
Institutional Support	2,530,695	-	93,009	1,293,344	3,917,048	3,873,714
Operation and Maintenance of Plant	816,447	-	1,802	1,384,428	2,202,677	2,015,482
Total Unrestricted Educational Activities	**13,181,280**	**-**	**134,014**	**5,372,554**	**18,687,848**	**18,378,721**
Restricted - Educational Activities						
Instruction	1,079,701	(64,196)	98,593	967,710	2,081,808	2,746,265
Academic Support	-	(13,846)	-	-	(13,846)	45,711
Student Services	548,640	(7,718)	125,247	121,418	787,587	880,214
Institutional Support	1,000	(22,069)	94	54,635	33,660	219,830
Scholarships and Fellowships	-	-	-	6,269,575	6,269,575	4,095,195
Total Restricted Educational Activities	**1,629,341**	**(107,829)**	**223,934**	**7,413,338**	**9,158,784**	**7,987,215**
Total Educational Activities	**14,810,621**	**(107,829)**	**357,948**	**12,785,892**	**27,846,632**	**26,365,936**
Auxiliary Enterprises	263,823	3,450	-	1,014,054	1,281,327	1,280,044
Depreciation Expense:						
Building & Improvements	-	-	-	1,484,268	1,484,268	1,302,775
Software	-	-	-	5,226	5,226	3,125
Equipment & Furniture	-	-	-	820,553	820,553	666,070
Library Books	-	-	-	47,762	47,762	48,844
Right-to-use Leased Equipment	-	-	-	29,873	29,873	-
Total Auxiliary Activities & Depreciation	**263,823**	**3,450**	**-**	**3,401,736**	**3,669,009**	**3,300,858**
Total	**$ 15,074,444**	**$ (104,379)**	**$ 357,948**	**$ 16,187,628**	**$ 31,515,641**	**$ 29,666,794**

TEXARKANA COLLEGE
SCHEDULE C – SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)

	Unrestricted	Restricted	Auxiliary Enterprises	Total 8/31/22	Total 8/31/21
Non-operating revenues					
Education and general state support	$ 6,995,229	$ -	$ -	$ 6,995,229	$ 7,492,365
State group insurance	-	(202,257)	-	(202,257)	(179,869)
State retirement matching	-	94,428	-	94,428	575,193
Total State Appropriation	**6,995,229**	**(107,829)**	**-**	**6,887,400**	**7,887,689**
Other non-operating revenues					
Ad-valorem taxes	7,435,668	-	-	7,435,668	7,200,146
Federal Revenue non operating	-	5,918,806	-	5,918,806	7,296,023
Investment income	353,963	33,444	-	387,407	456,319
Rent Income	30,633	-	-	30,633	30,000
Other non-operating revenues	5,087	-	-	5,087	17,639
Total Other Non-operating Revenues	**7,825,351**	**5,952,250**	**-**	**13,777,601**	**15,000,127**
Total Non-operating Revenues	**14,820,580**	**5,844,421**	**-**	**20,665,001**	**22,887,816**
Non-Operating (Expenses)					
Interest on capital related debt	-	(335,284)	-	(335,284)	(52,898)
Total Non Operating (Expenses)	**-**	**(335,284)**	**-**	**(335,284)**	**(52,898)**
Net Non-Operating Revenues	**$ 14,820,580**	**$ 5,509,137**	**$ -**	**$ 20,329,717**	**$ 22,834,918**

TEXARKANA COLLEGE

SCHEDULE D – SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

FOR THE YEAR ENDED AUGUST 31, 2022 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2021)

	Detail By Source					Available for Current Operations	
		Restricted					
	Unrestricted	Expendable	Non Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:							
Unrestricted	(1,657,624)				(1,657,624)	(1,657,624)	
Restricted							
Auxiliary	(925,010)				(925,010)	(925,010)	
Endowment:							
Restricted		37,290	1,269,871		1,307,161		1,307,161
Plant:							
Unexpended					-		-
Investment in Plant				17,081,969	17,081,969		17,081,969
Total Net Position, August 31, 2022	**(2,582,634)**	**37,290**	**1,269,871**	**17,081,969**	**15,806,496**	**(2,582,634)**	**18,389,130**
Total Net Position, August 31, 2021	**(9,208,234)**	**6,249**	**1,261,152**	**18,490,649**	**10,549,816**	**(9,208,234)**	**19,758,050**
Net Increase (Decrease) in Net Position	**$ 6,625,600**	**$ 31,041**	**$ 8,719**	**$ (1,408,680)**	**$ 5,256,680**	**$ 6,625,600**	**$ (1,368,920)**

TEXARKANA COLLEGE
SCHEDULE E – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

Federal Grantor/Pass Through Grantor/ Program Title	Federal Assistance Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Assistance Cluster:			
Federal Supplemental Education Opportunity Grants (FSEOG)	84.007 *	P007A214134	$ 191,375
Federal Work Study Program (FWS)	84.033 *	P033A214134	29,552
Direct Student Loans	84.268 *	P268K222318	2,122,236
Federal Pell Grant	84.063 *	P063Q212318	5,705,364
Subtotal Student Financial Assistance Cluster			8,048,527
TRIO Cluster:			
TRIO - Student Support Services (SSS)	84.042 *	P042A210363	256,163
TRIO - Talent Search (TS)	84.044 *	P044A210691	326,219
TRIO - Educational Opportunity Centers (EOC)	84.066 *	P066A210083	242,501
Subtotal TRIO Cluster			824,883
CRRSAA Act Programs:			
Student Aid - HEERF Part 2	84.425E	P425E200892-20A	48,538
Institutional Aid - HEERF Part 2	84.425F	P425F200950-20A	2,308,826
Subtotal CRRSAA Act Programs			2,357,364
ARP Act Programs:			
Student Aid - HEERF Part 3	84.425E	P425E200892-20B	5,022,328
Institutional Aid - HEERF Part 3	84.425F	P425F200950-20B	2,764,136
Subtotal ARP Act Programs			7,786,464
Passed Through the Texas Higher Education Coordinating Board			
Vocational Education - Basic Grant	84.048	2242020271	465,499
Accelerating Student Success GEER Grant	84.425	2020-GE-84425C	6,913
Total Passed Through the Texas Higher Education Coordinating Board			472,412
Passed Through the Texas Workforce Commission			
Adult Education and Family Leave Act (AEFLA)	84.002A	0718ALAC01	10,111
Adult Education and Family Leave Act (AEFLA)	84.002A	0718ALAD01	310,980
Total Passed Through the Texas Workforce Commission			321,091
Passed Through Northeast Texas Community College			
Texas Reskilling and Upskilling for Education (TRUE)	84.425C	2020-GE-84425C	20,930
Total Passed Through Northeast Texas Community College			20,930
Total U.S Department of Education			19,831,671
U.S. Department of Treasury			
Texas Reskilling and Upskilling through Education (TRUE) -Welding	21.027	2021-C5-21027	1,401
Total U.S Department of Treasury			1,401
Total Federal Financial Assistance			$ 19,833,072

** Major Program*

TEXARKANA COLLEGE
SCHEDULE E – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2022

Notes to the Schedule of Expenditures of Federal Awards

Note 1 – Federal Assistance Reconciliation

Federal Grants and Contract Revenue -		
Per Schedule of Operating Revenues (Schedule A)	$	11,792,030
Per Schedule of Operating Revenues (Schedule C)		5,918,806
Total Federal Revenues per Statement of Revenues, Expenses and Changes in Net Assets	$	17,710,836
Reconciling item:		
Add: Direct Student Loans	$	2,122,236
Total Federal Revenues per Schedule of Expenditures of Federal Awards	$	19,833,072

Note 2 – Significant Accounting Policies

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

Note 3 – Expenditures Not Subject to Federal Single Audit

The College expended funds from the Corporation for Public Broadcasting in the amount of $80,498. These were CARES Act funds provided by Congress to help public television and radio stations maintain local programming and services threatened by declines in non-federal revenue sources during the current economic decline triggered by COVID-19. CPB distributed these stabilization funds to eligible Community Service Grant (CSG) recipients in April 2022. These funds were not subject to federal single audit requirements.

Note 4 – Student Loans Processed and Administrative Costs Recovered

None

Note 5 – Amounts Passed Through by the College

None

Note 6 – Nonmonetary Assistance

None

TEXARKANA COLLEGE
SCHEDULE F – SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

Grantor/Pass Through Grantor/Program Title	Pass Through Grantors Number	Expenditures and Pass Through Disbursements
Texas Higher Education Coordinating Board		
Texas Educational Opportunity Grant	**N/A**	$ 29,087
60 x 30	**N/A**	5,000
Professional Nursing Shortage Reduction	**N/A**	2,465
Reporting Modernization GEER Grant	**N/A**	4,838
Total Texas Higher Education Coordinating Board		41,390
Texas Workforce Commission		
Skills Development COVID-19 Special Initiative	0721COS001	93,193
Total Texas Workforce Commission		93,193
Texas Commission of Environmental Quality		
Passed Through Sulphur River Basin Authority		
Clean Rivers Grant	**N/A**	2,032
Total Texas Commission on Environmental Quality		2,032
Total State Financial Assistance		$ 136,615

Notes to the Schedule of Expenditures of State Awards

Note 1 – State Assistance Reconciliation

Reconciliation	
State Grants and Contract Revenue -	
Per Schedule of Operating Revenues (Schedule A)	$ 142,970
Reconciling item:	
Subtract: Grants from other states	(6,355)
Total Expenditures of State Awards	$ 136,615

Note 2 – Significant Accounting Policies

The accompanying schedule of expenditures of state awards has been prepared on the accrual basis of accounting. The expenditures included in this schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the College for the purposes of the award. The College has followed the applicable guidelines issued by the various entities in the preparation of the schedule.

TEXARKANA COLLEGE

SCHEDULE G – AUXILIARY ENTERPRISES - STATEMENT OF INCOME AND EXPENDITURES

FOR THE YEAR ENDED AUGUST 31, 2022 (WITH COMPARATIVE FIGURES FOR THE YEAR ENDED AUGUST 31, 2021)

	2022				2021			
	Cafeteria	Bookstore	Radio	Total	Cafeteria	Bookstore	Radio	Total
Sales and Gross Profit								
Sales	$ 33,214	$ 821,551	$ 308,550	$ 1,163,315	$ 12,535	$ 916,540	$ 197,509	$ 1,126,584
Total Sales	33,214	821,551	308,550	1,163,315	12,535	916,540	197,509	1,126,584
Less Direct Cost								
Cost of goods sold	-	788,043	-	788,043	-	813,765	-	813,765
Salaries	-	135,665	128,158	263,823	-	138,473	101,044	239,517
Total Direct Cost	-	923,708	128,158	1,051,866	-	952,238	101,044	1,053,282
Gross Profit/(Loss)	**33,214**	**(102,157)**	**180,392**	**111,449**	**12,535**	**(35,698)**	**96,465**	**73,302**
Operating Expenditures								
Benefits	-	(885)	4,335	3,450	-	13,769	7,522	21,291
Supplies	26,782	2,540	496	29,818	7,413	1,142	1,399	9,954
Contracted Services	-	14,526	130,588	145,114	-	10,747	139,301	150,048
Utilities	-	-	-	-	-	-	405	405
Depreciation	-	-	31,119	31,119	-	-	23,916	23,916
Miscellaneous	-	19,549	411	19,960	-	21,148	-	21,148
Total Operating Expenditures	26,782	35,730	166,949	229,461	7,413	46,806	172,543	226,762
Excess (Deficiency) of Income Over Expense	**$ 6,432**	**$ (137,887)**	**$ 13,443**	**$ (118,012)**	**$ 5,122**	**$ (82,504)**	**$ (76,078)**	**$ (153,460)**

TEXARKANA COLLEGE
SCHEDULE H – INSURANCE IN FORCE
AS OF AUGUST 31, 2022

Company	Policy Number	Coverage	Coverage (in thousands)	Expiration Date
Texas Political Subdivisions	22-F0697	General Liability	$ 2,000	July 1, 2023
Texas Political Subdivisions	22-F0697	School Board Legal Liability	$ 1,000	July 1, 2023
Texas Political Subdivisions	22-F0697	Law Enforcement	$ 1,000	July 1, 2023
Texas Political Subdivisions	22-F0697	Automobile Liability	$ 1,000	July 1, 2023
Texas Political Subdivisions	22-F0697	Property & Equipment:		July 1, 2023
		Blanket Building & Contents	$ 115,292	
		Contractors Equipment	$ 121	
		Electronic Data, Media and Hardware	$ 500	
Texas Political Subdivisions	22-F0697	Crime:		July 1, 2023
		Employee Dishonesty	$ 150	
		Forgery or Alteration	$ 50	
		Theft, Disappearance, and Destruction	$ 50	
		Computer Fraud	$ 50	
Texas Political Subdivisions	B0595E01708702022	Crisis Management	$ 2,250	July 1, 2023
Texas Political Subdivisions	G29012052 005	Cyber Liability	$ 1,000	July 1, 2023
Texas Political Subdivisions	3642600	Terrorism	$ 100,000	July 1, 2023

FEDERAL FINANCIAL ASSISTANCE INFORMATION
SINGLE AUDIT

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

To the Board of Trustees of
Texarkana College
Texarkana, 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 the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the Texarkana 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 8, 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 opinions 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 have not been identified.

2900 St. Michael Drive, Suite 302, Texarkana, Texas 75503 Telephone (903) 831-3477 FAX (903) 831-3482 www.thomasthomascpas.com

Report 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Thomas & Thomas PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
December 8, 2022

THOMAS & THOMAS
PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Members American Institute Certified Public Accountants
Center for Audit Quality and PCPS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
of Texarkana College
Texarkana, Texas

<u>Report on Compliance for Each Major Federal Program</u>

Opinion on Each Major Federal Program

We have audited the Texarkana 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 each of the College's major federal programs for the year ended August 31, 2022. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each 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 Auditor's 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 each 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.

2900 St. Michael Drive, Suite 302, Texarkana, Texas 75503 Telephone (903) 831-3477 FAX (903) 831-3482 www.thomasthomascpas.com

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page 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 each 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 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 Auditor's 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 have not been 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.

Thomas & Thomas PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
December 8, 2022

TEXARKANA COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of Report the Auditor Issued on Whether the Financial Statements Were Prepared in Accordance with GAAP	Unmodified
Internal control Over Financial Reporting:	
Material weakness(es) identified	None Reported
Significant Deficienc(ies) Identified	None Reported
Noncompliance Material to the Financial Statements	None Reported

Federal Awards

Internal Control over Major Programs:	
Material Weakness(es) Identified	None Reported
Significant Deficienc(ies) Identified	None Reported
Type of Auditor's Report Issued on Compliance for Major Federal Programs	Unmodified
Findings Disclosed in the Audit which are Required to be Reported in Government Auditing Standards	None Reported
Findings Disclosed in the Audit which are Required to be Reported in Accordance with 2 CFR 200.516(a)	None Reported

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.007	Student Financial Assistance Cluster – FSEOG
84.033	Student Financial Assistance Cluster – FWS
84.063	Student Financial Assistance Cluster – PELL
84.268	Student Financial Assistance Cluster – Direct Loans
84.042	TRIO – Student Support Services (SSS)
84.044	TRIO – Talent Search (TS)
84.066	TRIO – Education Opportunity Centers (EOC)

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low risk auditee?	Yes

Section II - Financial Statement Findings

Details of findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards* –

There were no reported findings or questioned costs related to the financial statements or *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

Details of findings and questioned costs relating to Federal awards –

There were no reported findings or questioned costs related to the financial statements or federal awards.

TEXARKANA COLLEGE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2022

Program/Finding	Description

No findings were reported in the prior year.

THIS PAGE LEFT BLANK INTENTIONALLY