Coastal Bend College

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

August 31, 2021 and 2020

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Coastal Bend College
Organizational Data
For the year ended August 31, 2021

BOARD OF TRUSTEES

		Term Expires May 31,
Victor Gomez	Chair	2022
Eloy Rodriguez	Vice Chair	2024
Carroll W. Lohse	Secretary	2024
Mercy Flynn	Trustee	2026
Sid Arismendez	Trustee	2022
Martha Warner	Trustee	2026
Jerry Sanchez	Trustee	2022

PRINCIPAL ADMINISTRATIVE OFFICERS

Dr. Justin Hoggard	President
Dr. Patricia Rehak	Provost/Chief Academic Officer
Drue W. Strickland	Director of Finance and Business Operations/Chief Financial Officer
Dr. Kevin Behr	Chief of Police and Emergency Management
Audrey Ramirez	Director of Human Resources
Amador Ramirez	Director of IT
Bernie Saenz	Director of Marketing and Public Relations
Jacinto Colmenero	Director of Physical Plant

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Coastal Bend College
Beeville, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Coastal Bend College (the "College"), as of and for the year ended August 31, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, revenue for the year ended August 31, 2020, was understated by approximately $1.8 million due to the improper measurement of deferred revenue in the year ended August 31, 2019. This accounting error has no material impact on beginning net assets as of August 31, 2021. The financial statements for the year ending August 31, 2020 have been restated to correct this revenue recognition error. Our opinion is not modified with respect to this matter.

In addition, the College did not appropriately apply subsequent measurement steps to write-off approximately $1 million of uncollectible student tuition accounts receivable during fiscal year 2020. As a result, for the year ending August 31, 2020, bad debt allowance was understated by approximately $1 million. As the write-off of uncollectible balances was not recorded, the 2020 financial statements have been restated. Further, the 2021 beginning net assets and accounts receivable balances have been corrected accordingly. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of Coastal Bend College as of August 31, 2020 were audited by other auditors whose report dated January 19, 2021 expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 17, and the schedules of College's proportionate share of net pension liability, College's contributions for pensions, College's proportionate share of net OPEB liability and College's contributions for OPEB on pages 64, 65, 66 and 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Expenditures of Federal Awards for the year ended August 31, 2021, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the supplementary schedules on pages 71 through 74 and 82 through 83, as required by the Texas Higher Education Coordinating Board (THECB), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the schedules required by the Texas Higher Education Coordinating Board are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedules required by the Texas Higher Education Coordinating Board and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and other disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Corpus Christi, Texas
May 13, 2022

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Overview of the Financial Statements and Financial Analysis

For financial reporting purposes, Coastal Bend College (the "College") is considered a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

This report consists of Management's Discussion and Analysis of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flow. These statements provide both long-term and short-term financial information for the College and should be read in conjunction with the notes to the financial statements. Each statement is intended to provide the following information:

The Statement of Net Position is the equivalent to an entity's balance sheet. It provides the financial status of an entity at a specific point in time.

The Statement of Revenues, Expenses and Changes in Net Position is the equivalent to an entity's income statement. It provides the financial performance of an entity during a specific time-period, or fiscal year.

The Statement of Cash Flows shows an entity's inflow and outflow of cash transactions over the fiscal year.

The Notes to the Financial Statements entail the specific accounting policies and assumptions applied by the College in preparing internal financial statements and are an integral part of an entity's external financial statements.

The discussion and analysis of the College's financial statements provides an overview of its financial activities as of and for the year ended August 31, 2021. This discussion gives a comparative analysis of business-type activity from fiscal year 2020 to fiscal year 2021.

Financial Highlights

<u>The Statement of Net Position and Statement of Revenue, Expenses, and Changes in Net Position</u>

The statement of net position includes all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector organizations. Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the College's financial health, or position. Over time, increases or decreases in the College's net position are an indicator of whether its financial health is improving or deteriorating. Non-financial factors are also important to consider, including student enrollment and the condition of campus facilities. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. The following table summarizes the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of August 31, 2021, and includes the comparison to the prior year.

Analysis of Net Position

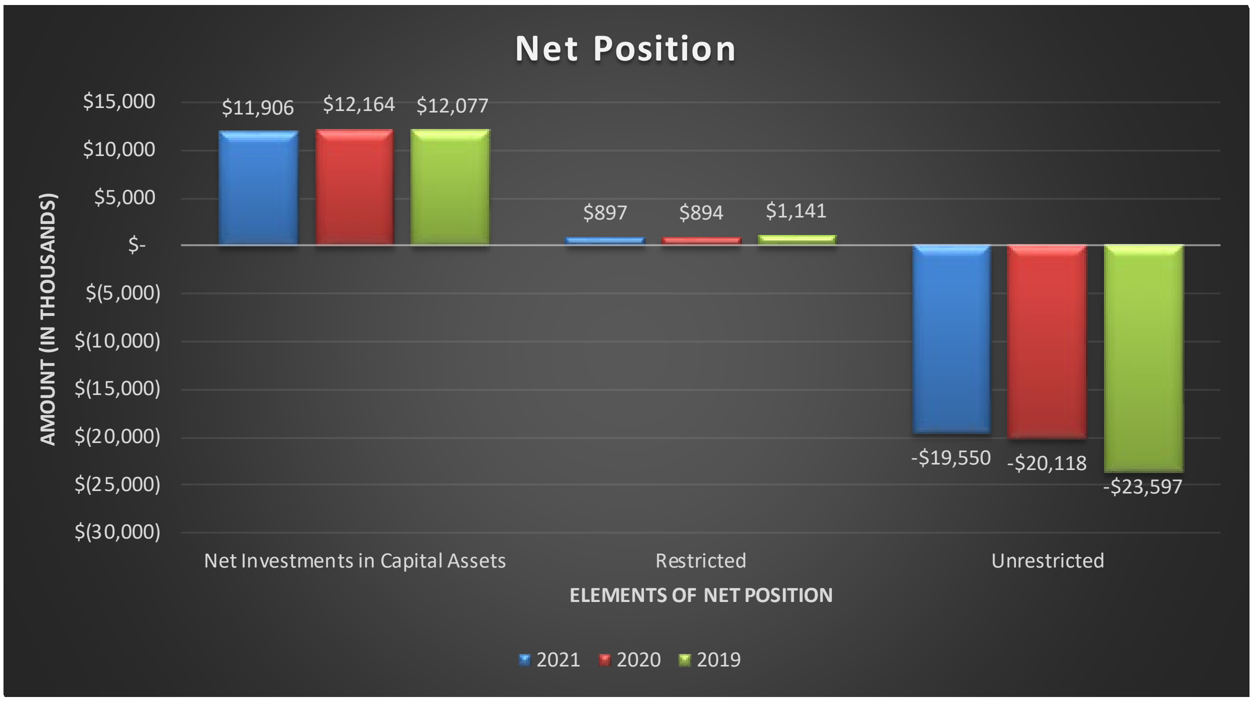
August 31,	**2021**	2020	2020-2021 Increase (Decrease)	2019	2019-2020 Increase (Decrease)
Assets					
Current assets	**$ 10,447,282**	$ 9,703,789	$ 743,493	$ 8,226,965	$ 1,476,824
Non-current assets					
Capital assets, net	**14,818,326**	15,916,626	(1,098,300)	16,952,480	(1,035,854)
Investments	**6,441,782**	6,566,449	(124,667)	6,387,946	178,503
Other	**574,061**	573,556	505	565,766	7,790
Total assets	**32,281,451**	32,760,420	(478,969)	32,133,157	627,263
Deferred outflows of resources	**3,029,940**	3,017,091	12,849	3,012,227	4,864
Total assets and deferred outflows	**35,311,391**	35,777,511	(466,120)	35,145,384	632,127
Liabilities					
Current liabilities	**9,374,267**	8,459,569	914,698	8,490,946	(31,377)
Non-current liabilities	**25,393,707**	26,162,336	(768,629)	26,379,007	(216,671)
Total liabilities	**34,767,974**	34,621,905	146,069	34,869,953	(248,048)
Total deferred inflows of resources	**7,296,256**	8,216,130	(919,874)	10,654,288	(2,438,158)
Total liabilities and deferred inflows	**42,064,230**	42,838,035	(773,805)	45,524,241	(2,686,206)
Net position					
Net investment in capital assets	**11,905,926**	12,163,626	(257,700)	12,077,415	86,211
Restricted	**897,090**	894,117	2,973	1,141,215	(247,098)
Unrestricted	**(19,555,855)**	(20,118,267)	562,412	(23,597,488)	3,479,221
Total net position, as restated	**$ (6,752,839)**	$ (7,060,524)	$ 307,685	$ (10,378,858)	$ 3,318,334

As noted earlier, net position may serve as a useful indicator of the College's financial position. For the College, liabilities and deferred inflows exceeded assets and deferred outflows by $6,752,839 at the close of August 31, 2021 as compared to the $7,060,524 as of August 31, 2020. Deferred outflows remained relatively close to that of the prior year increasing by $12,849 and totaling $3,029,940 in the current year. Deferred inflows, however, decreased by $919,874 in the current year and totaled $7,296,256.

As of August 31, 2021, net investment in capital assets totaled $11,905,926. The College uses these capital assets in its mission to provide postsecondary educational services to the College' service area; consequently, these assets are not available for future spending. Net capital assets decreased in the 2021 fiscal year by $1,098,300, net of depreciation expense of $1,481,508. Combined assets, net of depreciation, totaled $32,281,451, a $478,969 increase from the prior year, which can be attributed to the $383,208 of fixed assets purchased by or donated to the College during 2021. Net position also consists of unrestricted net position of $19,555,855. Unrestricted net position includes the recording of net pension liability of $6,010,497 and the recording of OPEB liability of $18,075,285. See note 12 in the notes to the financial statements for a further discussion of the pension and note 15 of the notes to the financial statements for a further discussion of the OPEB.

Analysis of Net Position (Continued)

The following is a graphic illustration of net position (in thousands) for the years ended August 31, 2019 through 2021. Total net position (net investment in capital assets) has remained relatively stable the past three years as existing buildings have not required any major improvements or renovations. The decrease in unrestricted net position can be attributed to both the negative impacts of the coronavirus pandemic as well as the recognition of bad debt write-off's from fiscal year 2018 and prior.



Analysis of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net position focuses on the primary factors which produce the overall results of the College's operations. The statement is divided into operating revenues and expenses and non-operating revenues and expenses. The College's primary sources of revenue are derived from local property taxes, state appropriations and tuition and fees. Tuition and fees collected from students is the only primary source of revenue produced from the exchange of services. State appropriations, student financial aid (Title IV funds), and monies received from grant and property taxes are classified as non-operating revenues, per the Governmental Accounting Standards Board (GASB) requirements. In general, for community colleges, the deficit presented by non-operating revenues represents the net cost of student services that will need to be funded through other means such as local taxpayer support, state support, and other revenue sources.

Analysis of Revenues, Expenses, and Changes in Net Position (Continued)

The following table summarizes the College's revenues, expenses, and changes in net position for the years ended August 31:

For the Years Ended August 31	**2021**	2020	2020-2021 Increase (Decrease)	2019	2019-2020 Increase (Decrease)
Operating revenues	**$ 5,355,144**	$ 4,466,623	$ 888,521	$ 6,831,094	$ (2,364,471)
Non-operating revenues	**17,588,004**	20,396,567	(2,808,563)	17,577,504	2,819,063
Total revenues	**22,943,148**	24,863,190	(1,920,042)	24,408,598	454,592
Operating expenses	**22,414,147**	22,865,169	(451,022)	21,865,651	999,518
Non-operating expenses	**221,316**	166,919	54,397	211,200	(44,281)
Total expenses	**22,635,463**	23,032,088	(396,625)	22,076,851	955,237
Increase in net position	**307,685**	1,831,102	(1,523,417)	2,331,747	(500,645)
Net position beginning of year, as restated	**(7,060,524)**	(8,891,626)	(1,831,102)	(12,710,605)	3,818,979
Net position - end of year	**$ (6,752,839)**	$ (7,060,524)	$ (307,685)	$ (10,378,858)	$ 3,318,334

Operating Revenues

The following table summarizes the College's operating revenues of $5,535,144 for the 2021 fiscal year as compared to the operating revenues of $4,446,623 for the 2020 fiscal year. The increase in operating revenues for fiscal year 2021 is related to the recovery from the effects of the COVID pandemic impacting operations in the prior year.

For the Years Ended August 31,	**2021**	2020	2020-2021 Increase (Decrease)	2019	2019-2020 Increase (Decrease)
Tuition and fees, net of discounts	**$ 670,967**	$ 622,371	$ 48,596	$ 2,765,132	$ (2,142,761)
Federal grants and contracts	**3,566,741**	2,323,196	1,243,545	2,012,271	310,925
State grants and contracts	**522,073**	392,959	129,114	725,121	(332,162)
Non-governmental grants and contracts	**-**	45,197	(45,197)	-	45,197
Sales and services of educational activities	**105,724**	24,836	80,888	34,451	(9,615)
Miscellaneous governmental receipts	**120,250**	99,178	21,072	172,028	(72,850)
Auxiliary enterprises, net of discounts	**327,002**	848,134	(521,132)	995,626	(147,492)
General operating revenues	**42,387**	110,752	(68,365)	126,465	(15,713)
Total operating revenues	**$ 5,355,144**	$ 4,466,623	$ 888,521	$ 6,831,094	$ (2,364,471)

Non-Operating Revenues (Expenses)

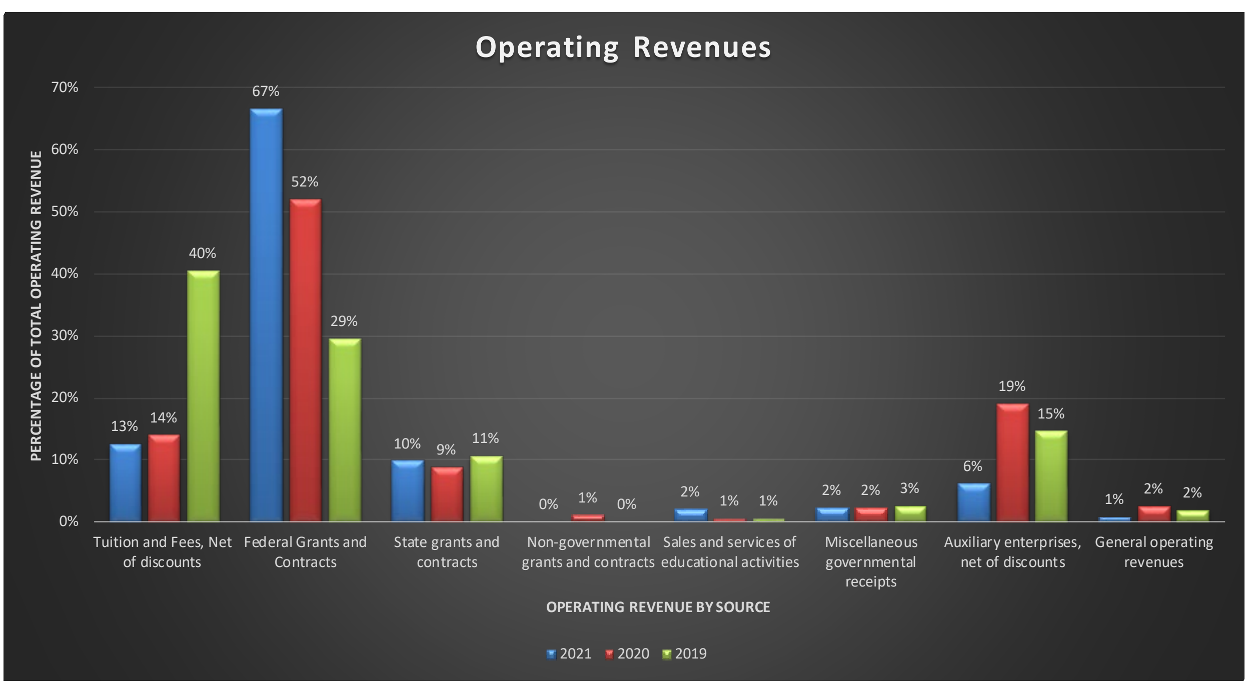
The following table summarizes the College's non-operating revenues (expenses) of $17,366,688 for the fiscal year ended August 31, 2021, which is a decrease of $2,862,960 as compared to the fiscal year ended August 31, 2020. This decrease can be attributed to the decrease in Title IV funding as this funding is directly related to student enrollment and the College experienced a 15% headcount decrease in the current year.

For the Years Ended August 31,	**2021**	2020	2020-2021 Increase (Decrease)	2019	2019-2020 Increase (Decrease)
State allocations	**$ 8,443,172**	$ 9,868,969	$ (1,425,797)	$ 7,391,899	$ 2,477,070
Title IV	**5,970,023**	7,046,963	(1,076,940)	6,498,199	548,764
Ad valorem taxes					
Taxes for maintenance and operations	**2,138,965**	2,300,881	(161,916)	2,293,641	7,240
Taxes for debt service	**803,606**	856,008	(52,402)	891,739	(35,731)
Gifts	**59,113**	57,895	1,218	151,260	(93,365)
Investment income, net	**173,125**	265,851	(92,726)	350,766	(84,915)
Other non-operating expense	**(450)**	(5,647)	5,197	-	(5,647)
Other non-government funded expense	**(96,500)**	-	(96,500)	-	-
Interest on capital related debt	**(124,366)**	(161,272)	36,906	(211,200)	49,928
Total non-operating revenues (expenses)	**$ 17,366,688**	$ 20,229,648	$ (2,862,960)	$ 17,366,304	$ 2,863,344

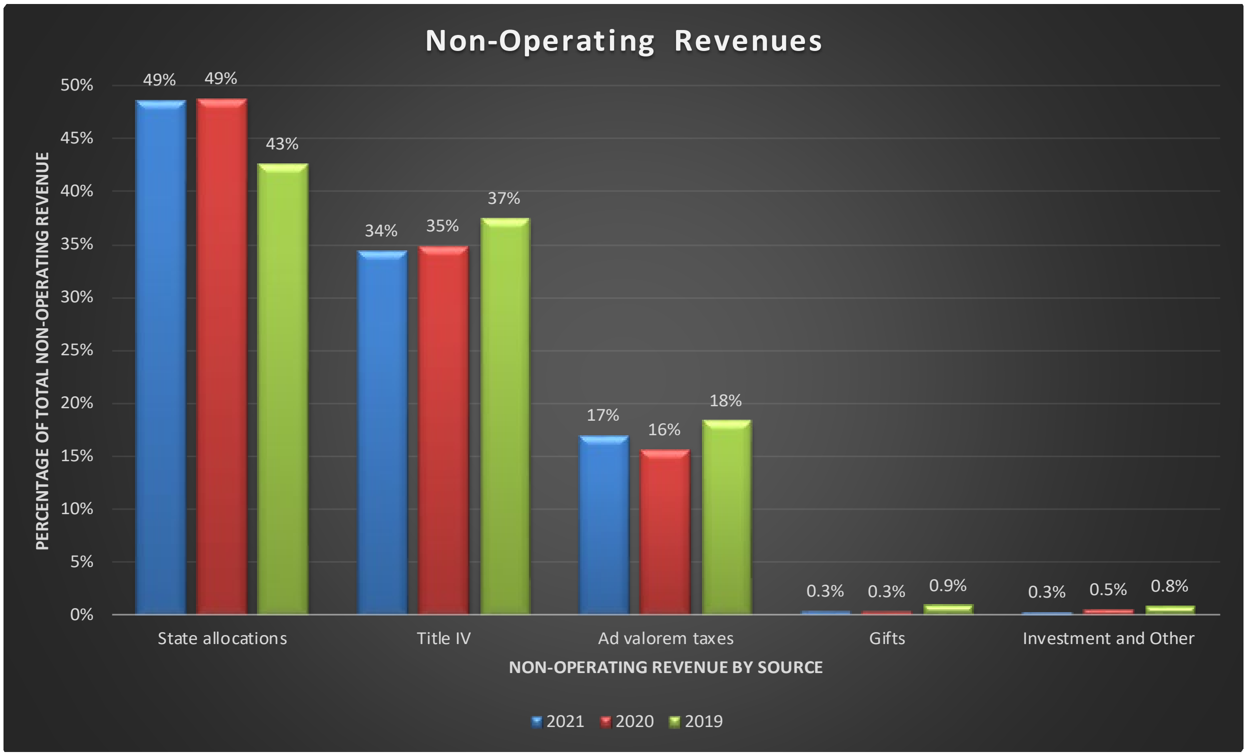
Revenues by Source

The following are graphic illustrations of revenues by source for the years ended August 31, 2019 through 2021:

Operating Revenues by Source



Non-Operating Revenues by Source



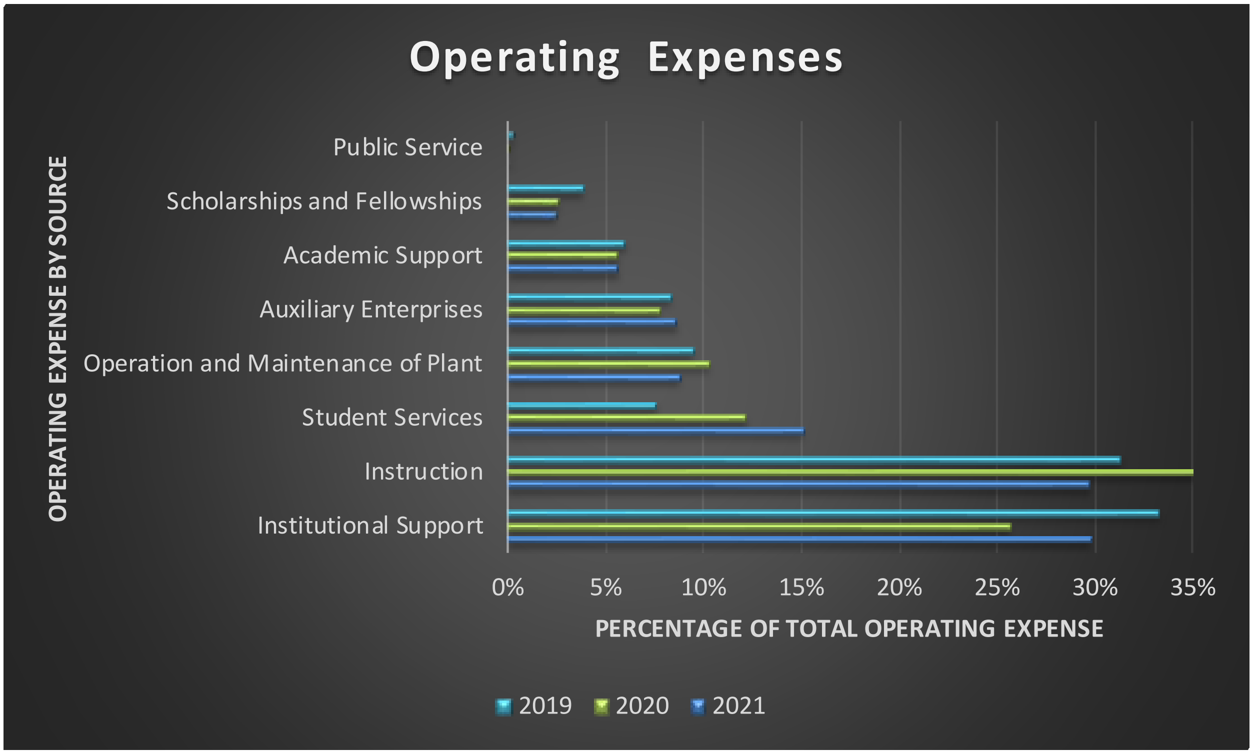
Operating Expenses

The following table summarizes the College's operating expenses of $22,414,147 for the fiscal year ended August 31, 2021, as compared to the operating expenses of $22,865,169 in 2020. The decrease in operating expenses is attributed to the decrease in overall net position during fiscal year 2021, which was impacted due to the decrease in student enrollment.

A schedule and a graphic illustration of operating expenses by function is as follows:

For the Years Ended August 31,	**2021**	2020	2020-2021 Increase (Decrease)	2019	2019-2020 Increase (Decrease)
Instruction	**$ 6,238,093**	$ 7,707,254	$ (1,469,161)	$ 6,378,476	$ 1,328,778
Public Service	**-**	3,209	(3,209)	58,294	(55,085)
Academic Support	**1,176,266**	1,204,460	(28,194)	1,214,969	(10,509)
Student Services	**3,162,615**	2,601,754	560,861	1,542,424	1,059,330
Institutional Support	**6,172,524**	5,478,514	694,010	6,785,338	(1,306,824)
Operation and Maintenance of Plant	**1,847,519**	2,200,739	(353,220)	1,928,762	271,977
Scholarships and Fellowships	**517,114**	547,954	(30,840)	787,213	(239,259)
Auxiliary Enterprises	**1,818,508**	1,651,915	166,593	1,697,148	(45,233)
Depreciation	**1,481,508**	1,469,370	12,138	1,473,027	(3,657)
Total operating expenses	**$ 22,414,147**	$ 22,865,169	$ (451,022)	$ 21,865,651	$ 999,518

Operating Expenses (Continued)



Analysis of Changes in Net Position

The following table summarizes the College's change in net position for August 31, 2021 compared to the net position for August 31, 2020:

For the Years Ended August 31,	**2021**	2020	2020-2021 Increase (Decrease)	2019	2019-2020 Increase (Decrease)
Net position beginning of year, as reported	**$ (7,060,524)**	$ (10,378,858)	$ (1,831,102)	$ (12,710,605)	$ 3,818,979
Net position beginning of year, as restated	**(7,060,524)**	(8,891,626)	(1,831,102)	(12,710,605)	3,818,979
Net position - end of year	**(6,752,839)**	(7,060,524)	(307,685)	(10,378,858)	3,318,334
Increase in net position	**$ 307,685**	$ 1,831,102	$ 1,523,417	$ 2,331,747	$ (500,645)

The College's net position increased by $307,685 during the 2021 fiscal year as compared to an increase of $1,831,102 for the 2020 fiscal year. Operating revenues were $5,355,144 in 2021, which is an increase of $888,521 from fiscal year 2020. Operating expenses were $22,414,417 in fiscal year 2021, which is a decrease of $451,022 from fiscal year 2020.

Capital Assets and Debt Administration

At August 31, 2021, the College had $14,818,326 invested in capital assets as compared to $15,916,626 at August 31, 2020. The decrease year over year reflects depreciation expense of $1,481,508 with the offset being the addition of two transportation buses.

Capital Assets, Net

For the Years Ended August 31,	**2021**	2020	2019
Buildings and improvements	**$ 29,585,150**	$ 29,470,451	$ 29,429,671
Furniture, fixtures and equipment	**12,253,075**	11,984,566	11,591,830
Library books	**1,329,740**	1,329,740	1,329,740
Total capital assets	**43,167,965**	42,784,757	42,351,241
Less accumulated depreciation	**(28,826,528)**	(27,345,020)	(25,875,650)
Land	**476,889**	476,889	476,889
Property and equipment, net	**$ 14,818,326**	$ 15,916,626	$ 16,952,480

Changes in Assets

Current assets consist primarily of cash & cash equivalents and student accounts receivable while non-current assets primarily consist of investments and net capital assets. The increase in total assets totaled $478,969 from August 31, 2020 to August 31, 2021. The net increase is a result of the increase in cash of $1,770,860, which is attributable to the decrease in capital assets of $1,098,300, as the College has not made any significant purchases of or improvements to capital assets during the fiscal year.

Changes in Liabilities

Current liabilities primarily consist primarily of unearned revenues, accounts payable and current portion of debt payable. Current liabilities increased by $230,957 largely due to an increase in current debt payable. The current principal portion of notes and bonds payable increased by $29,000 and during the year the college entered into a lease agreement to finance the purchase of two new transportation buses for the College, increasing current liabilities by an additional $25,548. Accounts payable decreased by $43,793 during the year, which was offset by increases in funds held for others, unearned revenue and the current portion of the College's OPEB liability by $3,178, $11,889, and $34,394, respectively. The largest increases of $242,619 and $611,863 resulted from the recognition of accrued payroll and the current portion of compensated absences, respectively. Non-current liabilities, primarily consisting of pension and OPEB liabilities, increased by $168,793 in 2021. This is due to an increase in net pension and net OPEB liabilities of $810,260, which was largely offset by a decrease in long-term debt related to outstanding notes and bonds by $547,000 and $429,000, respectively. Other non-current liabilities include accrued compensable absences that decreased by $71,878 as the College has faced staffing shortages due to the effects of the Covid 19 pandemic.

Analysis of Financial Position

Overall, the financial position of the College has increased only slightly from the prior year. Significant changes from fiscal year 2019 were a direct result of the recognition of bad debt allowance related to an accumulation of student tuition accounts receivable from prior years. The buildup of bad debt resulted from changes in computer ERP systems as well as changes in management during that time. In addition, the negative impacts from the Covid 19 pandemic impacted the College in the prior year, however, it is evident that the College is recovering from such impacts.

Vision 2021 Strategic Plan

Goal 1: Coastal Bend College will offer a quality educational experience for all students.

Goal 2: Coastal Bend College will provide comprehensive student services to increase overall student success.

Goal 3: Coastal Bend College will engage students and staff in support of our communities.

Goal 4: Coastal Bend College will effectively and efficiently use resources to benefit our students.

Long-term Goals (2018-2023)

- Successful completion of the 5th year interim SACSCOC report.
- Reach a full-time 6-year graduation rate of 50% in 5-8 years.
- Establish a college dashboard to ensure focus on student success.
- Continue to strengthen the financial stability of the College by reviewing programs and services for a ROI perspective.
- Expand online learning by developing a guaranteed 2-year degree end formalized recruitment plan.
- Develop plan to enhance the College's leadership and climate by engaging the external community and employee groups.
- Conduct an annual employee climate survey.
- Create & develop community partnerships.

Economic Outlook

Community Colleges continue to play a vital role in our state's economy by developing our workforce and preparing students for further academic studies. The Coastal Bend College is currently working on a strategic plan to update our mission, vision and goals. We are focusing on the students, faculty, staff and the community's needs.

As COVID-19 crisis continues to have a significant impact on the Coastal Bend College, the College strives to provide low cost options for students to build new skills and certifications. The Coastal Bend College is adapting to the continuous changes by expanding distance learning and having more online services.

Contacting Financial Management

Questions about this report or additional financial information can be obtained from the Coastal Bend College business office via email request at busoffice@coastalbend.edu.

Dr. Justin Hoggard
President

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Basic Financial Statements

August 31,	**2021**	2020
Assets		
Current assets		
Cash & cash equivalents	**$ 5,118,901**	$ 3,348,041
Accounts receivable, net	**5,047,145**	6,032,122
Prepaid expenses	**281,236**	323,626
Total current assets	**10,447,282**	9,703,789
Non-current assets		
Restricted cash & cash equivalents	**574,061**	573,556
Investments	**6,441,782**	6,566,449
Capital assets, net	**14,818,326**	15,916,626
Total non-current assets	**21,834,169**	23,056,631
Total assets	**32,281,451**	32,760,420
Deferred outflows of resources		
Deferred outflows related to pensions	**2,600,917**	2,367,998
Deferred outflows related to benefits (OPEB)	**429,023**	649,093
Total deferred outflows	**3,029,940**	3,017,091
Total assets and deferred outflows	**35,311,391**	35,777,511
Liabilities		
Current liabilities		
Accounts payable	**1,080,722**	1,124,515
Accrued payroll	**242,619**	-
Compensable absences	**611,863**	683,741
Funds held for others	**612,971**	609,793
Unearned revenue	**5,221,617**	5,209,728
Notes payable - current portion	**547,000**	529,000
Bonds payable - current portion	**429,000**	418,000
Lease payable - current portion	**25,548**	-
OPEB liability - current portion	**602,927**	568,533
Total current liabilities	**$ 9,374,267**	$ 9,143,310

(Continued)

August 31,	**2021**	2020
Non-current liabilities		
Notes payable - long term portion	**$ 1,378,000**	$ 1,925,000
Bonds payable - long term portion	**452,000**	881,000
Lease payable - long term portion	**80,852**	-
Net pension liability	**6,010,497**	5,315,180
Net OPEB liability	**17,472,358**	17,357,415
Total non-current liabilities	**25,393,707**	25,478,595
Total Liabilities	**34,767,974**	34,621,905
Deferred inflows of resources		
Deferred inflows related to pensions	**1,389,483**	1,539,561
Deferred inflows related to benefits (OPEB)	**5,906,773**	6,676,569
Total deferred inflows	**7,296,256**	8,216,130
Total liabilities and deferred inflows of resources	**42,064,230**	42,838,035
Net position		
Net investment in capital assets, net of related debt	**11,905,926**	12,163,626
Restricted		
Nonexpendable		
Endowments	**574,061**	573,556
Expendable		
Student aid	**76,903**	78,418
Parking lot requirements	**143,312**	142,243
Debt service	**102,814**	99,900
Unrestricted	**(19,555,855)**	(20,118,267)
Total net position, as restated	**(6,752,839)**	(7,060,524)
Total liabilities, deferred inflows, and and net position	**$ 35,311,391**	$ 35,777,511

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

Exhibit 2 – Statements of Revenues, Expenses, and Changes in Net Position

For the years ended August 31,	**2021**	2020
Operating Revenues		
Tuition and fees, net of discounts		
of $8,701,117 and $9,993,942, respectively	**$ 670,967**	$ 622,371
Federal grants and contracts	**3,566,741**	2,323,196
State grants and contracts	**522,073**	392,959
Non-governmental grants and contracts	**-**	45,197
Sales and services of educational activities	**105,724**	24,836
Miscellaneous governmental receipts	**120,250**	99,178
Auxiliary enterprises, net of discounts	**327,002**	848,134
of $99,900 and $115,200, respectively		
General operating revenues	**42,387**	110,752
Total operating revenues (Schedule A)	**5,355,144**	4,466,623
Operating Expenses		
Instruction	**6,238,093**	7,707,254
Public service	**-**	3,209
Academic support	**1,176,266**	1,204,460
Student services	**3,162,615**	2,601,754
Institutional support	**6,172,524**	5,478,514
Operation and maintenance of plant	**1,847,519**	2,200,739
Scholarships and fellowships	**517,114**	547,954
Auxiliary enterprises	**1,818,508**	1,651,915
Depreciation	**1,481,508**	1,469,370
Total operating expenses (Schedule B)	**22,414,147**	22,865,169
Operating income (loss)	**(17,059,003)**	(18,398,546)
Non-Operating Revenues (Expenses)		
State allocations	**8,443,172**	9,868,969
Title IV	**5,970,023**	7,046,963
Ad valorem taxes		
Taxes for maintenance and operations	**2,138,965**	2,300,881
Taxes for debt service	**803,606**	856,008
Gifts	**59,113**	57,895
Investment income, net of investment expenses	**173,125**	265,851
Other non-operating expense	**(450)**	(5,647)
Other non-government funded expense	**(96,500)**	-
Interest on capital related debt	**(124,366)**	(161,272)
Total non-operating revenues, net (Schedule C)	**$ 17,366,688**	$ 20,229,648

(Continued)

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

Coastal Bend College
Exhibit 2 – Statements of Revenues, Expenses, and Changes in Net Position (Continued)

For the years ended August 31,		**2021**		2020
Net position				
Net position at beginning of year, as reported	**$**	**(7,060,524)**	$	(10,378,858)
Prior period adjustment		**-**		1,487,232
Net position at beginning of year, as restated		**(7,060,524)**		(8,891,626)
Increase in net position		**307,685**		1,831,102
Net position at end of year	**$**	**(6,752,839)**	$	(7,060,524)

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

Coastal Bend College
Exhibit 3 – Statements of Cash Flows

For the years ended August 31,		**2021**		2020
Operating Activities				
Receipts from students and other customers	$	**1,056,206**	$	3,355,169
Receipts from grants and contracts		**4,357,175**		2,519,779
Payments to suppliers for goods or services		**(5,330,820)**		(6,850,071)
Payments to or on behalf of employees		**(13,416,411)**		(14,024,383)
Payments of scholarships and fellowships		**(517,114)**		(547,954)
Other cash receipts		**42,387**		110,752
Net cash provided by (used in) operating activities		**(13,808,577)**		(15,436,708)
Noncapital Financing Activities				
Receipts from state appropriations		**6,337,393**		7,506,613
Receipts from ad valorem taxes		**2,942,571**		3,156,889
Receipts from non-operating federal revenue		**6,422,275**		7,046,963
Gifts		**59,113**		57,895
Payments to student organizations and other agency transactions		**1,175,415**		154,437
Other payments		**(96,950)**		(5,647)
Net cash provided by (used in) non-capital financing activities		**16,839,817**		17,917,150
Capital and Related Financing Activities				
Purchases of capital assets		**(383,200)**		(433,515)
Payments on capital debt - principal		**(947,000)**		(1,122,065)
Payments on capital debt - interest		**(124,816)**		(161,272)
Net cash provided by (used in) capital and related financing activities		**(1,455,016)**		(1,716,852)
Investing Activities				
Proceeds from sales and maturities of investments		**1,366,574**		931,152
Purchase of investments		**(1,344,558)**		(1,109,655)
Interest on investments		**173,125**		265,851
Net cash provided by (used in) investing activities		**195,141**		87,348
Net change in cash, cash equivalents and restricted cash		**1,771,365**		850,938
Cash, cash equivalents and restricted cash at beginning of year		**3,921,597**		3,070,659
Cash, cash equivalents and restricted cash at end of year	$	**5,692,962**	$	3,921,597

(Continued)

For the years ended August 31,		**2021**		2020
Reconciliation of Operating Income (Loss)				
to Net Cash Provided by (used in) Operating Activities				
Operating Loss	$	**(17,059,003)**	$	(18,398,546)
Adjustments to reconcile operating (loss) to net cash used				
in operating activities:				
Depreciation expense		**1,481,508**		1,469,370
Bad debt allowance		**1,110,089**		105,956
Payments made directly by state for benefits		**1,298,707**		2,362,356
Changes in assets and liabilities:				
Receivables, net		**984,977**		1,071,226
Prepaid expenses		**(42,370)**		(323,626)
Accounts payable		**(43,793)**		(921,179)
Unearned revenues		**11,889**		341,895
Compensated absences		**(71,878)**		38,551
Net pension liability		**(695,317)**		(26,231)
Net OPEB liability		**149,337**		1,286,542
Deferred outflows of resources		**(12,849)**		(4,864)
Deferred inflows of resources		**(919,874)**		(2,438,158)
Net cash provided by (used in) operating activities	$	**(13,808,577)**	$	(15,436,708)

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NOTE 1: REPORTING ENTITY

Coastal Bend College (the "College") was established in 1965, in accordance with laws of the state of Texas, to serve the educational needs of Bee County and the surrounding communities. The College is classified as a special-purpose, primary government engaged in business-type activities. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

Component Unit

The Coastal Bend College Foundation (the "Foundation") is a nonprofit organization with the purpose of supporting the educational and other activities of the College. The Foundation solicits donations and acts as coordinator of gifts made by other parties. Under Governmental Accounting Standards Board (GASB) Statement No. 39, Determining Whether Certain Organizations are Component Units, the Foundation is considered a blended component unit of the College, as the Foundation is fiscally dependent on the College and provides services exclusively, or almost exclusively, for the benefit of the College. The financial statements of the Foundation are not material to the financial statements of the College and have not been included in the basic financial statements. Complete financial statements for the Foundation may be obtained from the Coastal Bend College Office of Business Services, 3800 Charco Road, Beeville, Texas, 78102.

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 and Junior Colleges*. The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities.

Basis of Accounting

The accounting and reporting policies of the College reflected in the accompanying financial statements conform to accounting principles generally acceptable in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a public institution, the College is considered a special-purpose government under the provisions of GASB Statement No. 35. The College records revenue in part from fees and other charges for services to external users and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged in business-type activities.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred.

Categories and Classification of Fund Equity

The College's net position is classified into the following net position categories:

Net investment in capital assets – Capital assets, net of accumulated depreciation, amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted – Net position is reported as restricted when constraints placed on net asset use are either (1) externally imposed by creditors, grantors, contributions or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted – All other categories of net position. In addition, unrestricted net position may be designated for use by management of the College. This requirement limits the area of operations for which expenditures of net position may be made, and require that unrestricted net position be designated to support future operations in these areas. College housing programs are a primary example of operations that have unrestricted net position with designated uses.

Budgetary Data

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments. For purposes of the statement of cash flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Immediate cash needs are met with resources deposited at the College's bank. Cash and cash equivalents that are externally restricted as to their use are classified as noncurrent assets on the Statements of Net Position.

Investments

Investments consist of balances in privately managed public funds investment pools and investments in Municipal Bonds, Corporate Bonds and U.S. Agency securities. The College reports all investments at fair value, except for investment pools. The College's investment pools are valued and reported at amortized cost, which approximates fair value. The College's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, Certain Investment Pools and Pool Participants. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Receivables

Receivables consist primarily of amounts due from federal and state governmental entities for grants and contracts, local government entities for unremitted levy collections, and student and third-party payers for student tuition and fees. The allowance for doubtful accounts is maintained at a level which, in the administration's judgment based on historic, uncollectible rates, is sufficient to provide for expected losses in the collection of these accounts.

Interfund Activities and Transactions

Interfund borrowing is recorded in each fund as due to/due from other funds. Such borrowing is temporary in nature and is authorized in advance by the board or administrative action. The borrowing provides the College with needed working capital. No interest is charged on interfund loans.

Restricted Cash

Amounts included in restricted cash represent those required to be set aside by a contractual agreement with an insurer for the payment of specific workers' compensation claims. Restricted cash included in other long-term assets on the statement of financial position represents amounts pledged as collateral for long-term financing arrangements as contractually required by a lender. The restriction will lapse when the related long-term debt is paid off.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventories consist of items held for resale or exchange within the College. Inventories consist of consumable office and physical plant supplies. They are valued at cost under the “first-in, first-out” method and are charged to expense as consumed. As of August 31, 2021 and 2020, the College did not have any inventory assets.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College’s capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life in excess of one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are charged to operating expense in the year in which the expense incurred.

The College reports depreciation under a single-line item as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

Capital Asset	Estimated Useful Lives (in years)
Buildings and improvements	20-50
Furniture, machinery, vehicles and other equipment	10
Telecommunications and peripheral equipment	5
Library books	15

Unearned Revenues

Unearned revenues relates to student tuition, fees, and bookstore sales received during the current fiscal period for classes to be held in the following period. On August 31, 2021 and 2020, unearned revenues were $5,221,617 and $5,209,728, respectively.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tuition Discounting

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

Title IV, Higher Education Act Program Funds – Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

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

Pensions

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

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and other postemployment benefits (OPEB) liability, and contributions from the College for pension and OPEB after the measurement date but before the end of the College's reporting period.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as revenue until that time. Deferred inflows of resources consist of unrecognized items not yet charged to pension and OPEB liability.

Other Post-Employment Benefits

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 net payments are recognized when due and are payable in accordance with the benefit terms.

Compensable Absences

Accumulated unpaid vacation is accrued when incurred in the current unrestricted fund. Employees entitled to earn vacation may accrue a maximum of twenty days of vacation each year. Employees with at least three months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. According to College policy, conversion of sick leave accrual to cash is not permitted and no liability is recorded for non-vesting accumulating rights to receive sick leave.

Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a business type activity and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state allocations, Title IV financial aid funds (i.e. Federal Pell Grants) and ad valorem tax collections.

Operating expenses include the cost of providing instruction, student services and support, administrative expenses, and depreciation on capital assets. Non-operating expenses consist of interest on capital related debt and other non-government funded expenses.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the College are management's estimate of depreciation on assets over their estimated useful lives, net pension liability, net OPEB liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

Subsequent Events

The College has evaluated subsequent events through May 13, 2022, which is the date the financial statements were available to be issued. No matters were identified that require disclosure or adjustment to these financial statements or related disclosures.

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 tax 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, 2021 and 2020.

Accounting Guidance Not Yet Adopted

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2020, the GASB issued GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

The College is evaluating the requirements of the above statements and the impact on reporting.

NOTE 3: PRIOR PERIOD RESTATEMENT

The College had previously under reported tuition revenue and student tuition accounts receivable as a result of over reported deferred revenues. The College did not properly record the write off of $1,000,000 of bad debt in fiscal year 2020. In addition, the College had accrued non-current student tuition accounts receivable from fiscal year 2020 and prior that was not properly removed from student tuition accounts receivable in the prior year. The following table represents the restatements made to the prior period.

For the year ended August 31,	**2020 As Previously Reported**	**Adjustment**	**2020 As Restated**
Statement of Activity			
Tuition revenue	$ (4,847,653)	$ (1,807,345)	**$ (6,654,998)**
Bad debt allowance	105,956	1,316,087	**1,422,043**
Statement of Financial Position			
Accounts receivable	4,053,632	1,978,490	**6,032,122**
Net position, beginning of year	$ (10,378,858)	$ 1,487,232	**$ (8,891,626)**

The effect of these adjustments resulted in an increase in tuition revenue of $1,807,345, an increase in bad debt allowance of $1,316,087, an increase in accounts receivable of $1,978,490 and a decrease in net position of $1,487,232.

NOTE 4: 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) and is permitted to invest in the following:

a) Obligations of, or guaranteed by governmental entities.
b) Certificates of deposit that are fully guaranteed or insured by the FDIC to one or more depository institutions.
c) Repurchase Agreements that are fully collateralized.
d) Mutual Funds and Public Investment Pools.
e) Cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501.
f) Internal Revenue Code of 1986 (26 U.S.C Section 501(f)).
g) Corporate bonds, debentures or similar debt obligations rated by a nationally recognized investment firm in one of the two highest long-term rating categories.

NOTE 5: DEPOSITS AND INVESTMENTS

Deposits

Cash and deposits included on Exhibit 1, the statements of net position, consist of the following:

As of August 31,	**2021**	2020
Demand deposits	**$ 5,111,080**	$ 3,340,220
Tex pool	**1,195**	1,195
Texas class	**574,061**	573,556
Petty cash on hand	**6,626**	6,626
Total cash and equivalents	**5,692,962**	3,921,597
Current assets	**$ 5,118,901**	$ 3,348,041
Non-current assets	**574,061**	573,556
Total cash and cash equivalents	**$ 5,692,962**	$ 3,921,597

As of August 31, 2021 and 2020, deposits were entirely covered by FDIC insurance or pledged by collateral held by the College's agent bank in the College's name. Cash and equivalents increased by $1,771,365 from August 31, 2020 to August 31, 2021 which is primarily due to the increase in demand deposits, a current asset, of $1,770,860 during the year.

Reconciliation of Deposits and Investments to Exhibit 1 are summarized as follows:

As of August 31,	**2021**	2020
Corporate bonds	**$ 56,026**	$ 57,609
Municipal bonds	**6,385,756**	6,508,840
Total investments	**6,441,782**	6,566,449
Total cash and cash equivalents	**5,692,962**	3,921,597
Total cash, cash equivalents and investments	**$ 12,134,744**	$ 10,488,046

Credit Risk – Credit risk is the risk that the issuer of the debt security will not pay its par value upon maturity. The College's investment policy limits credit risk based on meeting requirements of State Law. In accordance with state law and the College's investment policy, investments in mutual funds and investment pools must be rated at least AAA, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The College's investments in investment pools were rated AAA.

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of the College's investment in a single type of security. Currently, the College does not place a limit on the amount the College may invest in any other issuer. As of August 31, 2020, 89% of the College's investments were held in Fixed Income Securities and has remained unchanged as of August 31, 2021.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an instrument. To mitigate this risk, and in accordance with state law and College policy, the College does not purchase any investments with maturities greater than 10 years.

Fair Value Measurements

GASB 72, *Fair Value Measurement and Application*, for financial reporting purposes provides the framework for measuring fair value. The fair value framework uses a hierarchy that prioritizes the inputs to the 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College 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.

The asset's 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. See above for discussion of valuation methodologies used to measure fair value of investments.

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

The fair values of the College's investments are summarized below as follows:

As of August 31, 2021

Investment	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate bonds	**$ -**	**$ 56,026**	**$ -**	**$ 56,026**
Municipal bonds	**-**	**6,385,756**	**-**	**6,385,756**
Total fair value	**$ -**	**$ 6,441,782**	**$ -**	**$ 6,441,782**

As of August 31, 2020

Investment	Level 1	Level 2	Level 3	Total
Corporate bonds	$ -	$ 57,609	$ -	$ 57,609
Municipal bonds	-	6,508,840	-	6,508,840
Total fair value	$ -	$ 6,566,449	$ -	$ 6,566,449

NOTE 6: DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

The following table summarizes the disaggregation of the College's receivables and payables balances for the years ended August 31, 2021 and 2020, respectively.

As of August 31,	**2021**	2020
Receivables		
Student receivables	**$ 4,349,506**	$ 5,113,805
Ad valorem receivables	**256,702**	251,498
Tuition sponsor receivables	**23,743**	114,861
Grant and contract receivables	**875,972**	833,628
Other receivables	**44,052**	31,862
Total receivables	**5,549,975**	6,345,654
Allowance for doubtful accounts	**(502,830)**	(313,532)
Total receivables, net	**$ 5,047,145**	$ 6,032,122
Payables		
Vendors payable	**$ 348,792**	$ 406,752
Interest payable	**23,011**	23,231
Other payables	**708,919**	694,751
Total payables	**$ 1,080,722**	$ 1,124,734

NOTE 7: CAPITAL ASSETS

The following table summarizes the changes in the College's capital assets during the fiscal year ended August 31, 2021 and 2020, respectively. Land is not subject to depreciation.

For the years ended August 31,	2020	Additions	Deletions	2021
Non-depreciable assets				
Land	$ 476,889	$ -	$ -	$ 476,889
Total non-depreciable assets	476,889	-	-	476,889
Depreciable assets				
Buildings and improvements	29,470,451	114,699	-	29,585,150
Library books	1,329,740	-	-	1,329,740
Furniture, machinery and equipment	11,984,566	268,509	-	12,253,075
Total depreciable assets	42,784,757	383,208	-	43,167,965
Less accumulated depreciation				
Buildings and improvements	(16,626,673)	(816,386)	-	(17,443,059)
Library books	(1,291,027)	(9,883)	-	(1,300,910)
Furniture, machinery and equipment	(9,427,320)	(655,239)	-	(10,082,559)
Total accumulated depreciation	(27,345,020)	(1,481,508)	-	(28,826,528)
Total depreciable assets, net	15,439,737	(1,098,300)	-	14,341,437
Capital assets, net	$ 15,916,626	$ (1,098,300)	$ -	$ 14,818,326

NOTE 7: CAPITAL ASSETS (Continued)

For the years ended August 31,	2019	Additions	Deletions	2020
Non-depreciable assets				
Land	$ 476,889	$ -	$ -	$ 476,889
Total non-depreciable assets	476,889	-	-	476,889
Depreciable assets				
Buildings and improvements	29,429,671	40,780	-	29,470,451
Library books	1,329,740	-	-	1,329,740
Furniture, machinery, and equipment	11,591,830	392,736	-	11,984,566
Total depreciable assets	42,351,241	433,516	-	42,784,757
Less accumulated depreciation				
Buildings and improvements	(15,807,866)	(818,807)	-	(16,626,673)
Library books	(1,272,633)	(18,394)	-	(1,291,027)
Furniture, machinery, and equipment	(8,795,151)	(632,169)	-	(9,427,320)
Total accumulated depreciation	(25,875,650)	(1,469,370)	-	(27,345,020)
Total depreciable assets, net	16,475,591	(1,035,854)	-	15,439,737
Capital assets, net	$ 16,952,480	$ (1,035,854)	$ -	$ 15,916,626

For the year ended August 31, 2021 and 2020, depreciation expense was $1,481,508 and $1,469,370, respectively.

NOTE 8: COMPENSABLE ABSENCES

Full-time employees earn annual leave of 20 days per year. The College's policy is that an employee may carry accrued leave forward from one fiscal year to another fiscal year with a maximum cumulative carryover of 20 days. Employees with at least 3 months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognized an accrued liability of $227,349 and $255,874 for the unpaid annual leave in 2021 and 2020, respectively. Sick leave, which can be accumulated to a maximum of 45 days, is earned at the rate of one day per month. It is paid to an employee who misses work because of illness. The College District shall honor the reimbursement for leave upon separation and the reimbursement of leave upon retirement programs for eligible employees who were employed by the College District before September 1, 2010. Reimbursements shall be made in accordance with administrative regulations and determined based on the pay rate set for each employee as of June 30, 2016. As of August 31, 2021 and 2020, annual sick leave of $384,514 and $427,866 was recognized, respectively.

For the years ended August 31,	**2021**	2020
Compensable absences - beginning of year	**$ 683,741**	$ 645,190
Additions	**50,466**	48,626
Deletions	**(122,344)**	(10,075)
Compensable absences - end of year	**$ 611,863**	$ 683,741

The College estimates that the entire amount of $611,863 will be due within one year.

NOTE 9: LEASES

In 2021, the College agreed to a capital lease agreement for the purchase of two new transportation buses. The current liability of the principal payment as a result of the lease agreement is $25,548 and the non-current liability is $80,852 as reported on the balance sheet. Payment of the note will begin in fiscal year 2022 and the note matures in January of 2025. As of August 31, 2021, the College had no operating lease expenses. The following table states the College's total future minimum lease payments for the next five years.

For the year ended August 31,		
2022	$	25,548
2023		26,059
2024		26,852
2025		27,941
Total future minimum lease payments	$	106,400

NOTE 10: NON-CURRENT LIABILITIES

General information related to notes payable is summarized below:

Note Issue Name: Coastal Bend College Maintenance Tax Notes, Series 2011

- Purpose of Issuance: College wide HVAC improvements
- Issue Date: March 29, 2011
- Original Amount of Issue: $2,585,000
- Interest Rate: 3.780%
- Source of Revenue for note payments: Pledged registration fees, out of district fees, student service fees and course fees.

Note Issue Name: Coastal Bend College Maintenance Tax Notes, Series 2013

- Purpose of Issuance: College wide infrastructure investment
- Issue Date: August 1, 2013
- Original Amount of Issue: $1,800,000
- Interest Rate: 1.530% - 3.860%
- Source of Revenue for note payments: Pledged registration fees, out of district fees, student service fees and course fees.

NOTE 10: NON-CURRENT LIABILITIES (Continued)

Note Issue Name: Coastal Bend College Maintenance Tax Notes, Series 2014

- Purpose of Issuance: Joe Hunter Baseball field upgrades
- Issue Date: August 13, 2014
- Original Amount of Issue: $1,500,000
- Interest Rate: 2.510%
- Source of Revenue for note payments: Pledged registration fees, out of district fees, student service fees and course fees.

General information related to bonds payable is summarized below:

Bond Issue Name: Coastal Bend College Combined Fee Revenue Bonds, Series 2013

- Purpose of Issuance: To purchase and improve a facility previously leased by the College.
- Issue Date: August 1, 2013
- Original Amount of Issue; Amount Authorized: $3,865,000
- Interest Rates: 3.13%
- Source of revenue for debt service – Pledged registration fees, out of district fees, student service fees and course fees

The following tables summarize the non-current liabilities held by the College as of August 31, 2021 and 2020, respectively.

	Balance August 31, 2020	Increases	Decreases	**Balance August 31, 2021**	**2021 Current Portion**
Bonds and notes					
Revenue bonds	$ 1,299,000	$ -	$ 418,000	**$ 881,000**	**$ 429,000**
Maintenance tax notes	2,454,000	-	529,000	**$ 1,925,000**	**547,000**
Lease on 2 buses	-	106,400	-	**106,400**	**25,548**
Total bonds and notes	3,753,000	106,400	947,000	**2,912,400**	**1,001,548**
Other liabilities					
Net pension liability	5,315,180	695,317	-	**6,010,497**	**-**
Net OPEB liability	17,925,948	137,310	-	**18,063,258**	**602,927**
Total other liabilities	23,241,128	832,627	-	**24,073,755**	**602,927**
Total non-current liabilities	$ 26,994,128	$ 939,027	$ 947,000	**$ 26,986,155**	**$ 1,604,475**

NOTE 10: NON-CURRENT LIABILITIES (Continued)

Bonds and notes					
Revenue bonds	$ 1,700,000	$ -	$ 401,000	$ 1,299,000	$ 418,000
Maintenance tax notes	2,969,000	-	515,000	$ 2,454,000	529,000
ERP software note	190,328	-	190,328	-	-
Buick Enclave	15,737	-	15,737	-	-
Total bonds and notes	4,875,065	-	1,122,065	3,753,000	947,000
Other liabilities					
Accrued compensable absences	645,190	48,626	10,075	-	683,741
Net pension liability	5,341,411	-	26,231	5,315,180	-
Net OPEB liability	16,639,406	1,286,542	-	17,925,948	568,533
Total other liabilities	22,626,007	1,335,168	36,306	23,241,128	1,252,274
Total non-current liabilities	$ 27,501,072	$ 1,335,168	$ 1,158,371	$ 26,994,128	$ 2,199,274

NOTE 11: FUNDS HELD IN TRUST BY OTHERS

As of August 31, 2021 and 2020, the College held, in trust funds, amounts of $612,971 and $609,793 respectively, that pertain primarily to student organizations. These funds are not available to support the College’s programs.

NOTE 12: DEBT OBLIGATIONS

Debt service obligation for bonds and notes are as follows:

For the year ended August 31,	Maintenance Tax Notes		
	Principal	Interest	Total
2022	$ 547,000	$ 66,462	$ 613,462
2023	566,000	48,060	614,060
2024	374,000	28,572	402,572
2025	215,000	16,556	231,556
2026	223,000	8,429	231,429
Total	$ 1,925,000	$ 168,079	$ 2,093,079

For the year ended August 31,	Revenue Bonds		
	Principal	Interest	Total
2022	$ 429,000	$ 27,168	$ 456,168
2023	452,000	13,740	465,740
Total	$ 881,000	$ 40,908	$ 921,908

NOTE 13: EMPLOYEE RETIREMENT PLAN

Teacher Retirement System of Texas

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). The TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Financial report that includes financial statements and required supplementary information. That report is available at https://www.trs.texas.gov/Pages/about_archive_cafr.aspx (select About TRS, then Publications, then Financial Reports) or write to TRS at 1000 Red River Street, Austin, Texas, 78701-2698.

NOTE 13: EMPLOYEE RETIREMENT PLAN (Continued)

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

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

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

Contributions. 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, 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 through 2025.

NOTE 13: EMPLOYEE RETIREMENT PLAN (Continued)

Contribution Rates

	2021	2020
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%

Fiscal year 2020 College Contributions	$463,040
Fiscal year 2020 State of Texas On-behalf Contributions	$195,693
Fiscal year 2020 Member Contributions	$674,687

The College's contributions to the TRS pension plan in 2021 were $414,022 as reported in the Schedule of College's Contributions for Pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2021 were $153,773.

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

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

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

NOTE 13: EMPLOYEE RETIREMENT PLAN (Continued)

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 31, 2020	2.33%*
Last year ending August 31 in Projection period (100 years)	2119
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

The actuarial methods and assumptions were selected by the TRS Board of Trustees based upon analysis and recommendations by the system's actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used on the actuarial valuation as of August 31, 2019, except as disclosed.

Discount Rate. The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and stat contributions for active and rehired retirees.

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

NOTE 13: EMPLOYEE RETIREMENT PLAN (Continued)

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

Best estimates of geometric real rates of return for each major asset class included in the system's target asset allocation as of August 31, 2020, are summarized below:

Table 3.A.1: Asset Allocations

Asset Class	Target Allocation[1] %	Long-Term Expected Geometric Real Rate of Return[2]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0 %	3.9 %	0.99 %
Non-U.S. Developed	13.0	5.1	0.92
Emerging Markets	9.0	5.6	0.83
Private Equity	14.0	6.7	1.41
Stable Value			
Government Bonds	16.0 %	(0.7)%	(0.05)%
Absolute Return (Including Credit Sensitive Investments)	—	1.8	—
Stable Value Hedge Funds	5.0	1.9	0.11
Real Return			
Real Estate	15.0 %	4.6 %	1.02 %
Energy, Natural Resources, and Infrastructure	6.0	6.0	0.42
Commodities	—	0.8	—
Risk Parity			
Risk Parity	8.0 %	3.0 %	0.30 %
Asset Allocation Leverage			
Cash	2.0 %	(1.5)%	(0.03)%
Asset Allocation Leverage	(6.0)	(1.3)	0.08
Inflation Expectation			2.00 %
Volatility Drag[3]			(0.67)%
Expected Return	**100.0 %**		**7.33 %**

[1] Target allocations are based on the FY2020 policy model.
[2] Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).
[3] The volatility drag results from the conversion between arithmetic and geometric mean returns.

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

	6.25% Discount Rate	7.25% Discount Rate	8.25% Discount Rate
The College's proportionate share of the net pension liability:	$9,268,080	$6,010,497	$3,363,784

NOTE 13: EMPLOYEE RETIREMENT PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2021, the College reported a liability of $6,010,498 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:

August 31, 2021		
College's proportionate share of the collective net pension liability	$	6,010,497
State's proportionate share that is associated with the College		2,540,204
Total	$	8,550,701

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

At the measurement date of August 31, 2020 the employer's proportion of the collective net pension liability was 0.000112224172% which was a decrease of 0.010112595% from its proportion measured as of August 31, 2019 of 0.0102248193%.

Changes Since the Prior Actuarial Valuation

- There were no changes in assumption since the prior measurement date.

For the year ended August 31, 2021, the College recognized pension expense of $797,413 and revenue of $305,530 for support provided by the state.

NOTE 13: EMPLOYEE RETIREMENT PLAN (Continued)

At August 31, 2021, 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:

August 31, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 10,975	$ 167,737
Changes in actuarial assumptions	1,394,649	592,995
Difference between projected and actual investment earnings	267,752	146,075
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	513,519	482,676
Contributions paid to TRS subsequent to the measurement date	414,022	-
Total	$ 2,600,917	$ 1,389,483

Contributions paid to TRS subsequent to the measurement date will be recognized in pension expense in fiscal year 2022. 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
2022	$ 42,576
2023	281,551
2024	280,220
2025	151,943
2026	21,949
Thereafter	19,174
Total	$ 797,413

Optional Retirement Plan

Plan Description. The State has also established an optional retirement program for institutions of higher education. Participation in the Optional Retirement Program (ORP) is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

NOTE 13: EMPLOYEE RETIREMENT PLAN (Continued)

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. In 2021, 2020, and 2019 the percentages of participant salaries contributed by the State and each participant were 6.6% and 6.65%, respectively of annual compensation. In addition, for fiscal years 2021, 2020 and 2019, the College contributed 1.9% of annual compensation for each participant hired on or before 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. SB 1812, effective September 1, 2013, passed by the 83rd Texas Legislature, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

Retirement expense. ORP expense to the State for the College, representing the portion of expended appropriations made by the State Legislature on behalf of the College, was $38,193, $37,727 and $47,717 for the fiscal years ended August 31, 2021, 2020 and 2019, respectively.

The total payroll for all College employees was $7,908,631, $10,613,703 and $10,793,270 for the fiscal years ended August 31, 2021, 2020 and 2019, respectively. The total payroll of employees covered by ORP was $640,034, $1,756,617 and $1,264,153 for fiscal years August 31, 2021, 2020 and 2019, respectively.

NOTE 14: DEFERRED COMPENSATION PROGRAM

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants. At August 31, 2021 and 2020, the College had no employees electing to defer compensation.

NOTE 15: HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's maximum contribution per full-time employee was $625 per month for the year ended August 31, 2021 and 2020. The State's maximum contribution for dependent coverage was $1,222 and $1,223 per month for August 31, 2021 and 2020, respectively. Total cost was $663,433 and $673,360 for 2021 and 2020, respectively.

NOTE 15: HEALTH CARE AND LIFE INSURANCE BENEFITS (Continued)

The table below depicts the cost of providing health care benefits to the College's retired and active employees, and the amount appropriated to the College from the State of Texas. Beginning September 1, 2013, SB 1812 limited the state's contribution to 50% of eligible employees for community colleges.

For the years ended August 31,		**2021**		2020
Number of retirees		**158**		128
Cost of health benefits for retirees	**$**	**1,178,962**	$	1,157,404
Number of active full-time employees		**182**		164
Cost of health benefits for active full-time employees	**$**	**1,329,615**	$	1,452,937
State appropriation for health insurance	**$**	**1,028,797**	$	1,183,136

NOTE 16: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

OPEB Plan Fiduciary Net Position. Detailed information about the GBP’s fiduciary net position is available in the separately issued ERS Annual Financial Report that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained by visiting https://ers.texas.gov/abouters/reports-and-studies/reports-on-overall-ers-operations-and-financial-management; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

Benefits Provided. Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect.

NOTE 16: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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.

Fiscal Year 2020		
Retiree only	$	625
Retiree & Spouse		1,341
Retiree & Children		1,104
Retiree & Family	$	1,820

Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2021 and 2020

		2021		2020
Employers	**$**	**1,644,362**	$	1,537,914
Members (Employees)		**-**		-
Non-Employer Contributing Entity (State)	**$**	**1,028,797**	$	1,183,136

NOTE 16: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions. The total OPEB liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	August 31, 2020
Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll, open
Remaining Amortization Period	30 years
Asset Valuation Method	Not applicable
Discount Rate	2.20%
Projected Annual Salary Increase	2.30% to 9.50% including inflation
Annual Healthcare Trend Rate	*<u>HealthSelect</u>* 8.80% for FY2022, 5.25% for FY2023, 5% for FY2024, 4.75% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years *<u>HealthSelect Medicare Advantage</u>* -53.30% for FY2022, 0.00% for FY2023, 66.67% for FY2024, 24% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years *<u>Pharmacy</u>* 10% for FY2022 and FY2023, decreasing 10 basis points per year to 5.00% for FY2028 and 4.30% for FY2029 and later years
Inflation assumption rate	2.30%
Adhoc postemployment benefits changes	None
Mortality assumption	Service retirees, survivors and other inactive members Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
Disability retiree	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates for 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.

NOTE 16: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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

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

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 2.97%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.20%, which amounted to a decrease of 0.77%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets, and, therefore, the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis. The following schedule shows the impact on 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 in measuring the net OPEB Liability.

	1.20% Discount Rate	2.20% Discount Rate	3.20% Discount Rate
The College's proportionate share of the net OPEB liability: (in thousands)	$21,600	$18,075	$15,405

NOTE 16: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Health Care Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 8.80% for HealthSelect and -53.30% 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 in measuring the net OPEB liability.

	1% Decrease (HealthSelect: 7.80% decreasing to 3.30%; HealthSelect Medicare Advantage: -53.30% to 3.30%; Pharmacy: 9.00% decreasing to 3.30%)	Current Healthcare Cost Trend Rates (HealthSelect: 8.80% decreasing to 4.30%; HealthSelect Medicare Advantage: -53.30% to 4.30%; Pharmacy: 9.00% decreasing to 4.30%)	1% Increase (HealthSelect: 9.80% decreasing to 5.30%; HealthSelect Medicare Advantage: -53.30% to 5.30%; Pharmacy: 9.00% decreasing to 5.30%)
The College's proportionate share of the net OPEB liability (in thousands):	$15,128	$18,075	$21,939

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2021, the College reported a liability of $18,075,285 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:

August 31, 2021	
College's proportionate share of the collective net OPEB liability	$ 18,075,285
State's proportionate share that is associated with the College	11,308,825
Total	$ 29,384,110

The net OPEB liability was measured as of August 31, 2020, 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, 2019, thru August 31, 2020.

At the measurement date of August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.05469961% which was a decrease of 0.00279976% from its proportion measured as of August 31, 2019.

NOTE 16: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

For the year ended August 31, 2021, the College recognized reversal in OPEB expense of $133,430 and revenue of $133,430 for support provided by the State.

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

- Demographic assumptions (including rates of preretirement and post-disability mortality for all State Agency members; assumed rates of termination and retirement for certain members who are Certified Peace Officers/Custodial Officers (CPO/CO); and assumed salary, aggregate payroll increases and the assumed rate of general inflation) have been updated to reflect assumptions recently adopted by the System's Board of Trustees.
- Assumed Per Capita Health Benefit Costs and assumed Health Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future female retirees assumed to be married and electing coverage for their spouse.
- The proportion of future retirees assumed to cover dependent children have been updated to reflect recent plan experience and expected trends. Moreover, the PCORI fees payable under the ACA have been updated to reflect IRS Notice 2020-44.
- The discount rate assumption was changed from 2.97% as of August 31, 2019 to 2.20% as of August 31, 2020 as a result of requirements by GASB 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:

- Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2021, are provided for in the FY2021 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

NOTE 16: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

- The only benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximums for both HealthSelect and Consumer Directed HealthSelect effective January 1, 2020. They changed from $6,650 to $6,750 for individuals and from $13,300 to $13,500 for families in order to remain consistent with Internal Revenue Service maximums.

At August 31, 2021, 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:

As of August 31, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 706,933
Changes in actuarial assumptions	12,027	3,894,479
Difference between projected and actual investment earnings	5,394	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	23,702	1,305,361
Contributions paid to ERS subsequent to the measurement date	387,900	-
Total	$ 429,023	$ 5,906,773

Contributions paid to ERS subsequent to the measurement date will be recognized in OPEB expense in fiscal year 2022. 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
2022	$ (1,438,666)
2023	(920,291)
2024	(244,780)
2025	11,592
2026	(61,451)
Thereafter	(3,212,053)
Total	$ (5,865,650)

NOTE 17: CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Contract and grant awards are recognized as revenues, on Exhibit 2 and Schedule A, as funds that are actually expended. Contracts and grant award funds expended but not collected are reported as receivables on Exhibit 1. Funds received but not expended during the reporting period are deferred until earned. Contracts and grant awards that are not funded and the College has not yet performed services for are not included in the financial statements. As of August 31, 2021 and 2020, $750,587 and $880,341, respectively, of grant funds have been received in advance.

NOTE 18: PROPERTY TAX

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real, business/land personal property located in the tax area of the College. The table below represents the Bee County assessed valuation of the College and the tax rates as of August 31, 2021 and 2020.

As of August 31,	**2021**	2020
Assessed valuation of the College	**$2,032,283,381**	$ 3,099,525,585
Less: Exemptions	**44,101,840**	1,253,109,853
Less: Abatements	**-**	179,290
Net assessed valuation of the College	**$1,988,181,541**	$ 1,846,236,442

For the year ended August 31, 2021	**Current Operations**	**Debt Service**	**Total**
Authorized tax rate per $100 valuation	**$ 0.1291032**	**$ 0.0514080**	**$ 0.180511**
Assessed tax rate per $100 valuation	**$ 0.181530**	**$ 0.019840**	**$ 0.201370**

For the year ended August 31,2020	Current Operations	Debt Service	Total
Authorized tax rate per $100 valuation	$ 0.1291032	$ 0.0514080	$ 0.180511
Assessed tax rate per $100 valuation	$ 0.119540	$ 0.047600	$ 0.167140

Taxes levied, including penalty and interest assessed, for the years ended August 31, 2021 and 2020 totaled $3,114,037 and $3,111,552, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February the year following the year in which imposed.

NOTE 18: PROPERTY TAX (continued)

For the year ended August 31, 2021

Taxes Recognized		**Current Operations**		**Debt Service**		**Total**
Current taxes collected	**$**	**2,053,868**	**$**	**817,837**	**$**	**2,871,705**
Delinquent taxes collected		**67,271**		**-**		**67,271**
Penalties and interest collected		**53,565**		**-**		**53,565**
Less: discounts and commissions		**(35,739)**		**(14,231)**		**(49,970)**
Total collections	**$**	**2,138,965**	**$**	**803,606**	**$**	**2,942,571**

For the year ended August 31, 2020

Taxes Recognized		Current Operations		Debt Service		Total
Current taxes collected	$	2,230,381	$	873,468	$	3,103,849
Delinquent taxes collected		68,183		-		68,183
Penalties and interest collected		45,995		-		45,995
Less: discounts and commissions		(43,678)		(17,460)		(61,138)
Total collections	$	2,300,881	$	856,008	$	3,156,889

The allowance for uncollectible taxes are based upon the historical experience in the collection of property taxes. The allowance as of August 31, 2021 and 2020 is $65,905 and $65,905, respectively. The use of tax proceeds by the College is restricted to maintenance and operations or interest and sinking expenditures.

NOTE 19: TAX ABATEMENTS

The Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312 authorizes the College to enter into Tax Abatement Agreements. The College approves Tax Abatement Agreements for the sole purpose of economic development to create additional jobs, provide job training opportunities and increase the assessed value of properties made through property improvements such as expansion or modernization funded by the property owner. In the prior year, the College had one Tax Abatement Agreement with Kaspar Properties, Inc. and Kasper Ranch Hand Equipment, LP. No abatements were in effect during the entirety of fiscal year 2021.

NOTE 20: COMMITMENTS AND CONTINGENCIES

Federal and State of Texas Assisted Programs

The College participates in a number of State and federally assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the College's compliance with applicable grant requirements will be finally determined at a future date. The amount, if any, of expenditures, which may be disallowed by the grantor agencies, cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

NOTE 21: PENDING LITIGATION

On August 31, 2020, there was one pending lawsuit and claim involving Coastal Bend College. In 2020 CBC did not recognize a contingent liability with respect to the litigation asserted against the College as the extent of liability not provided for by insurance or otherwise, is deemed not likely to have a material effect on the College. On March 29, 2022, the count granted CBC's motion for a summary judgement and entered a final judgement dismissing the case. As of issuance, the plaintiff has not filed an appeal for this decision. As of August 31, 2021, the College has not recorded a contingent liability with respect to the litigation as the extent of the liability not provided for by insurance or otherwise is not likely to have a material effect on the financial statements.

NOTE 22: WORKERS' COMPENSATION

During the years ended August 31, 2021 and 2020, the College met its statutory workers' compensation obligation through participation in the Texas Public Schools Workers' Compensation Project, known as SchoolComp. The College participates through an inter-local agreement that was authorized by Sec. 504.011 of the Texas Labor Code. All members participating in SchoolComp execute Interlocal Agreements that define the responsibilities of the parties. SchoolComp through its Contractor for Program Management (Creative Risk Funding, Inc.) provides statutory workers' compensation benefits to its members injured employees.

Each member funds the cost of each of its claim occurrences based upon an estimated payroll worksheet for each classification code of employees. The Contractor determines the annual required contribution to be deposited based upon the payroll estimates using manual premiums and experience modifiers. Each member funds claim payments with an individual self-insured retention and within a shared self- insured retention. SchoolComp will maintain specific and aggregate excess of loss insurance capping the member's self-insured retentions. Since the College's annual premium is less than $350,000, the requirement to fund claim retention is capped at 30%. Any costs above the claim retention limit are the shared responsibility of the remaining SchoolComp members.

NOTE 23: RISK MANAGEMENT

The College is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The College has commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE 24: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. The continued spread of the COVID-19 pandemic has given arise in uncertainties that may have a significant negative impact on the operating activities and results of the College. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions of travel of meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Required Supplementary Information

Coastal Bend College
Schedule of College's Proportionate Share of Net Pension Liability
Teacher Retirement System of Texas
Last Ten Fiscal Years **
(Unaudited)

For the years ended August 31,*	**2021**	2020	2019	2018	2017	2016	2015
College's proportionate share of collective net pension liability	**0.0112224%**	0.0102248%	0.0097042%	0.0110125%	0.0122674%	0.0119473%	0.0134040%
College's proportionate share of collective net pension liability	**$ 6,010,497**	$ 5,318,180	$ 5,341,411	$ 2,521,208	$ 4,635,652	$ 4,223,212	$ 3,580,393
State's proportionate share of net pension liability associated with College	**2,540,204**	2,516,326	2,533,500	1,852,551	2,436,696	2,080,573	1,877,347
Total	**8,550,701**	7,834,506	7,874,911	4,373,759	7,072,348	6,303,785	5,457,740
College's covered payroll	**$ 8,832,602**	$ 8,832,602	$ 7,837,067	$ 7,787,109	$ 8,703,191	$ 7,750,856	$ 7,571,265
College's proportionate share of collective net pension liability as a percentage of covered payroll	**68.05%**	60.21%	68.16%	32.38%	53.26%	54.49%	47.29%
Plan fiduciary net position as percentage of the total pension liability	**75.54%**	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

Coastal Bend College
Schedule of the College's Contributions for Pensions
Teacher Retirement System of Texas
Last Ten Fiscal Years **
(Unaudited)

For the years ended August 31,*	**2021**	2020	2019	2018	2017	2016	2015
Legally required contributions	**$ 414,022**	$ 357,881	$ 371,188	$ 360,926	$ 360,926	$ 389,765	$ 353,750
Actual contributions	**(414,022)**	(357,881)	(371,188)	(360,926)	(360,926)	(389,765)	(353,750)
Contributions deficiency (excess)	**-**	-	-	-	-	-	-
College's covered payroll amount	**$ 7,641,041**	$ 7,887,066	$ 7,837,067	$ 7,787,109	$ 8,703,191	$ 7,750,856	$ 7,571,265
Contributions as a percentage of covered payroll	**5.42%**	4.54%	5.03%	4.63%	4.38%	4.48%	4.56%

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

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

NOTE 1 – CHANGES OF BENEFIT TERMS INCLUDE:

There were no changes in benefit terms for the fiscal year ended August 31, 2021.

NOTE 2 – CHANGES OF ASSUMPTIONS:

There were no material changes to assumptions for the fiscal year ended August 31, 2021.

Coastal Bend College
Schedule of College's Proportionate Share of Net OPEB Liability
Employee Retirement System of Texas
State Retiree Health Plan
Last Ten Fiscal Years **
(Unaudited)

For the year ended August 31,*		**2021**		2020		2019		2018	2017
College's proportion of collective net OPEB liability		**0.05469961%**		0.05189990%		0.05618320%		0.06511560%	0.06511563%
College's proportionate share of collective net OPEB liability	**$**	**18,075,285**	$	17,925,948	$	16,639,406	$	22,186,857	22,186,857
State's proportionate share of net OPEB liability associated with College		**11,308,825**		13,799,904		10,980,147		17,504,930	18,841,884
Total		**29,384,110**		31,725,852		27,619,553		39,691,787	41,028,741
College's covered-employee payroll	**$**	**7,646,035**	$	7,837,067	$	7,143,287	$	7,787,109	7,787,109
College's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll		**236.40%**		228.73%		232.94%		284.92%	284.92%
Plan fiduciary net position as percentage of the total OPEB liability		**0.32%**		0.17%		1.27%		2.04%	2.04%

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

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

Coastal Bend College
Schedule of College's Contributions for OPEB
Employee Retirement System of Texas
State Retiree Health Plan
Last Ten Fiscal Years **
(Unaudited)

For the year ended August 31,*	**2021**	2020	2019	2018	2017
Legally required contributions	**$ 1,408,754**	$ 660,000	$ 647,628	$ 660,000	660,000
Actual contributions	**(1,408,754)**	(660,000)	(647,628)	(660,000)	(660,000)
Contributions deficiency (excess)	**-**	-	-	-	-
College's covered-employee payroll amount	**$ 7,646,035**	$ 7,887,066	$ 7,837,067	$ 7,787,109	7,787,109
Contributions as a percentage of covered-employee payroll	**18.42%**	8.37%	8.26%	8.48%	8.48%

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

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

Note 1 – Changes of Benefit Terms Include:

The only benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximums for both HealthSelect and Consumer Directed HealthSelect effective January 1, 2020.

They changed from $6,650 to $6,750 for individuals and from $13,300 to $13,500 for families in order to remain consistent with Internal Revenue Service maximums.

There were no benefit changes for HealthSelect retirees and the dependents for whom Medicare is primary.

Note 2 – Changes of Assumptions:

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

• Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.

• Percentage of future male retirees assumed to be married and electing coverage for their spouse.

• Percentage of future retirees and future retiree spouses assumed to use tobacco.

Economic Assumptions

Assumed per capita health benefit costs, and health benefit costs and retiree contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.

The discount rate assumption was changed from 2.97% to 3.96% as a result of requirements by GASB 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.

The minor benefit changes have been reflected in the FY 2020 assumed per capita health benefit costs.

Supplementary Information

For the year ended August 31, 2021
(with Memorandum Totals for the Year Ended August 31, 2020)

	Unrestricted	Restricted	Total Educational Activity	Auxiliary Enterprises	**2021 Total**	2020 Total
Tuition:						
State funded credit courses:						
In-district resident tuition	$ 3,377,361	$ -	$ 3,377,361	$ -	$ **3,377,361**	$ 4,108,855
Out-of-district resident tuition	469,907	-	469,907	-	**469,907**	516,820
Non-resident tuition	19,409	-	19,409	-	**19,409**	23,610
TPEG - Credit (set aside) *	375,846	-	375,846	-	**375,846**	325,554
State funded continuing education	200,522	-	200,522	-	**200,522**	61,422
Total Tuition	4,443,045	-	4,443,045	-	**4,443,045**	5,036,261
Fees:						
Out of district fee	2,196,910	-	2,196,910	-	**2,196,910**	2,522,530
Distance learning fee	734,847	-	734,847	-	**734,847**	802,750
Installment plan fees	35,485	-	35,485	-	**35,485**	52,570
Dual credit fees	56,106	-	56,106	-	**56,106**	61,241
Individual course fees	731,110	-	731,110	-	**731,110**	751,891
General fees	653,110	-	653,110	-	**653,110**	778,271
Parking fees	50,288	-	50,288	-	**50,288**	56,113
Registration fee	471,183	-	471,183	-	**471,183**	554,686
Total Fees	4,929,039	-	4,929,039	-	**4,929,039**	5,580,052
Total Tuition and Fees	9,372,084	-	9,372,084	-	**9,372,084**	10,616,313
Scholarship Allowances and Discounts:						
Bad debt allowance	(1,110,089)	-	(1,110,089)	-	**(1,110,089)**	(1,422,043)
Remissions and expemptions - state	(367,370)	-	(367,370)	-	**(367,370)**	(459,878)
Remissions and exemptions - local	(375,846)	-	(375,846)	-	**(375,846)**	(325,554)
Title IV federal grants	(5,970,023)	-	(5,970,023)	-	**(5,970,023)**	(7,046,963)
TPEG awards	(237,033)	-	(237,033)	-	**(237,033)**	(268,234)
Other state grants	(279,791)	-	(279,791)	-	**(279,791)**	(327,357)
Other local grants	(360,965)	-	(360,965)	-	**(360,965)**	(143,913)
Total Scholarship Allowances	(8,701,117)	-	(8,701,117)	-	**(8,701,117)**	(9,993,942)
Total Net Tuition and Fees	670,967	-	670,967	-	**670,967**	622,371
Additional Operating Revenues:						
Federal grants and contracts	-	3,566,741	3,566,741	-	**3,566,741**	2,323,196
State grants and contracts	-	522,073	522,073	-	**522,073**	392,959
Local grants and contracts	-	-	-	-	**-**	-
Non-governmental grants and contracts	-	-	-	-	**-**	45,197
Sales and services of educational activities	105,724	-	105,724	-	**105,724**	24,836
Miscellaneous governmental receipts	-	120,250	120,250	-	**120,250**	99,178
General operating revenues	42,387	-	42,387	-	**42,387**	110,752
Total Additional Operating Revenues	148,111	4,209,064	4,357,175	-	**4,357,175**	2,996,118
Auxiliary Enterprises:						
Bookstore	-	-	-	20,545	**20,545**	95,785
Housing	-	-	-	312,625	**312,625**	554,435
Less discounts	-	-	-	(99,900)	**(99,900)**	(115,200)
Child care center	-	-	-	16,814	**16,814**	118,610
Less discounts	-	-	-	-	**-**	-
Facilities rental	-	-	-	73,133	**73,133**	182,366
Student programs	-	-	-	3,785	**3,785**	12,138
Adjustment to Auxiliary Enterprises	-	-	-	-	**-**	-
Total Auxiliary Enterprises	-	-	-	327,002	**327,002**	848,134
Total Operating Revenues	$ 819,078	$ 4,209,064	$ 5,028,142	$ 327,002	$ **5,355,144**	$ 4,466,623
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code §56.003, $375,846 and $325,554 for years August 31, 2021 and 2020, respectively, of tuition was set aside for Texas Public Education Grants (TPEG)

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

Schedule B – Schedule of Operating Expenses by Object

For the year ended August 31, 2021
(with Memorandum Totals for the Year Ended August 31, 2020)

	Operating Expenses					
	Salaries and Wages	Benefits State	Benefits Local	Other Expenses	**2021 Total**	2020 Total
Unrestricted - Educational Activities:						
Instruction	$ 4,473,451	$ -	$ 600,384	$ 763,033	$ **5,836,868**	$ 6,664,151
Public service	-	-	-	-	**-**	3,209
Academic support	327,297	-	117,291	96,762	**541,350**	483,951
Student services	763,810	-	601,649	112,633	**1,478,092**	1,292,309
Institutional support	2,018,307	-	1,038,043	2,859,029	**5,915,379**	5,244,113
Operation and maintenance of plant	891,381	-	175,853	517,581	**1,584,815**	1,748,829
Total Unrestricted Educational Activities	8,474,246	-	2,533,220	4,349,038	**15,356,504**	15,436,562
Restricted - Educational Activities:						
Instruction	-	401,225	-	-	**401,225**	1,043,103
Academic support	501,273	127,190	6,453	-	**634,916**	720,509
Student services	-	131,743	-	1,552,780	**1,684,523**	1,309,445
Institutional support	-	252,690	-	4,455	**257,145**	234,401
Operation of maintenance of plant	-	262,567	-	137	**262,704**	451,910
Scholarships and fellowships	-	-	-	517,114	**517,114**	547,954
Total Restricted Educational Activities	501,273	1,175,415	6,453	2,074,486	**3,757,627**	4,307,322
Total Educational Activities	8,975,519	1,175,415	2,539,673	6,423,524	**19,114,131**	19,743,884
Auxiliary enterprises	593,734	123,292	8,778	1,092,704	**1,818,508**	1,651,915
Depreciation expense - buildings and other real estate improvements	-	-	-	816,386	**816,386**	817,059
Depreciation expense - equipment, furniture and library books	-	-	-	665,122	**665,122**	652,311
Total Operating Expenses	$ 9,569,253	$ 1,298,707	$ 2,548,451	$ 8,997,736	$ **22,414,147**	$ 22,865,169
					(Exhibit 2)	(Exhibit 2)

Schedule C – Schedule of Non-Operating Revenues and Expenses

For the year ended August 31, 2021
(with Memorandum Totals for the Year Ended August 31, 2020)

	Unrestricted	Restricted	Auxiliary Enterprises	**2021 Total**	2020 Total
Non-Operating Revenues:					
State allocations:					
Education and general state support	$ 7,834,962	$ -	$ -	**$ 7,834,962**	$ 7,201,853
State group insurance	-	414,022	-	**414,022**	1,824,885
State retirement matching	-	194,188	-	**194,188**	842,231
Total state allocations	7,834,962	608,210	-	**8,443,172**	9,868,969
Ad valorem taxes					
Taxes for maintenance and operations	2,138,965	-	-	**2,138,965**	2,300,881
Taxes for debt service	803,606	-	-	**803,606**	856,008
Title IV	-	5,970,023	-	**5,970,023**	7,046,963
Gifts	-	59,113	-	**59,113**	57,895
Investment income	173,125	-	-	**173,125**	265,851
Total non-operating revenues	10,950,658	6,637,346	-	**17,588,004**	20,396,567
Non-Operating Expenses:					
Interest on capital related debt	-	124,366	-	**124,366**	161,272
Non-government funded expense	96,500	-	-	**96,500**	-
Other non-operating expense	-	450	-	**450**	5,647
Total non-operating expenses	96,500	124,816	-	**221,316**	166,919
Total non-operating revenues, net	$ 10,854,158	$ 6,512,530	$ -	**$ 17,366,688**	$ 20,229,648
				(Exhibit 2)	(Exhibit 2)

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

For the year ended August 31, 2021
(with Memorandum Totals for the Year Ended August 31, 2020)

	Detail by Source					Available for Current Operations	
		Restricted					
	Unrestricted	Expendable	Non-Expendable	Capital Assets Net of Depreciation & Related Debt	**Current Year Total**	Yes	No
Current:							
Unrestricted	$ (19,555,855)	$ -	$ -	$ -	$ **(19,555,855)**	$ (19,555,855)	$ -
Restricted for:							
Nonexpendable:							
Student aid	-	-	574,061		**574,061**	-	574,061
Expendable:							
Student aid	-	76,903	-	-	**76,903**	76,903	-
Plant:							
Debt service	-	102,814	-	-	**102,814**	-	102,814
Parking renovation	-	143,312	-	-	**143,312**	-	143,312
Investment in plant	-	-	-	11,905,926	**11,905,926**	-	11,905,926
Total net position, August 31, 2021	(19,555,855)	323,029	574,061	11,905,926	**(6,752,839)**	(19,478,952)	12,726,113
Total net position, August 31, 2020 as restated	(20,118,267)	320,561	573,556	12,163,626	**(7,060,524)**	(20,039,849)	12,979,325
Net increase (decrease) in net position	$ 562,412	$ 2,468	$ 505	$ (257,700)	$ **307,685**	$ 560,897	$ (253,212)
					(Exhibit 2)		

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

Single Audit Reports and Required Supplemental Schedule of Expenditures of Federal and State Awards

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

The Board of Trustees
Coastal Bend College
Beeville, Texas

We have audited, 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, the financial statements of Coastal Bend College (the "College"), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated May 13, 2022.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items: 2021-002, 2021-003, 2021-004, and 2021-005 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-006, 2021-007, and 2021-008 to be significant deficiencies.

Coastal Bend College's Response to Findings

Coastal Bend College's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Coastal Bend College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Compliance and Other Matters

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

Texas Public Funds Investment Act

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

Purpose of this Report

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

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

Carr, Riggs & Ingram, LLC

Corpus Christi, Texas
May 13, 2022

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

The Board of Trustees
Coastal Bend College
Beeville, Texas

Report on Compliance for Each Major Federal Program

We have audited the Coastal Bend College's (the "College") compliance with the types of compliance requirements described 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, 2021. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College’s internal control over compliance.

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

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

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

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

Carr, Riggs & Ingram, LLC

Corpus Christi, Texas
May 13, 2022

Coastal Bend College
Schedule E – Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures	Expenditures to Subrecipients
U.S. Department of Education				
Direct Programs:				
TRIO Cluster				
TRIO Upward Bound	84.047	P047A171309-20	$ 549,173	$ -
TRIO Educational Talent Search	84.047M	P044A160728-20	770,504	-
TRIO Educational Talent Search STEM	84.047M	P044A160800-20	25,524	-
Total TRIO Cluster			1,345,201	-
CARES Act				
Cares Act - financial aid grants for student	COVID-19, 84.425E	P425F201934 - 20A	1,380,900	-
Cares Act - financial aid funding for CBC	COVID-19, 84.425F	P425E205146 - 20A	421,033	-
GEER	COVID-19, 84.425C	20-GE-84425C	57,011	
Total CARES Act			1,858,944	-
Student Financial Assistance Cluster				
Supplemental educational opportunity grants	84.007	P007A213966	126,112	-
Work-study program	84.033	P033A173966	93,302	-
Pell grant program	84.063	P063P212261	5,843,911	-
Direct student loans	84.268	P268K212261	2,036,259	-
Total student finacial assistance cluster			8,099,584	-
Total Direct Programs			11,303,729	-
Passed-Through From Texas Higher Education Coordinating Board:				
Carl Perkins Career and Technical Education Grant				
Career and Technical Education - Basic Grants	84.048A	2142020271	327,005	-
Total Texas Higher Education Coordinating Board			327,005	-
Total Expenditures of Federal Awards			$ 11,630,734	$ -

See Independent Auditors' Report and Accompanying Notes to the Schedule of Expenditures of Federal Awards.

Note 1: Significant Accounting Policies Used in Preparing the Schedule

The schedule of expenditures of Federal awards presents the activity of Federal financial assistance programs of the College for the year ended August 31, 2021. 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 and may not have been reimbursed by the funding agencies as of the end of the fiscal year. 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 schedules.

Expenditures presented on the schedule of expenditures of Federal awards are recognized following the cost principles as found in the Uniform Guidance. The College has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. The College did not receive any federal noncash assistance for the year ended August 31, 2021.

Note 2: Federal Assistance Reconciliation

Additional Operating Revenues - Federal grants and Contracts per Schedule A	$ 3,566,741
Add: Non-Operating Revenues - Title IV per Schedule C	5,970,023
Total Federal Revenues per Schedule A and Schedule C	$ 9,536,764
Reconciling Items:	
Add: Direct Student Loans	$ 2,036,259
Add: GEER	57,011
Add: Education Talent Search	700
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	$ 11,630,734

Note 3: Relationship to Federal Reports

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedule of expenditures of Federal awards are due to different program year ends and accruals that will be reflected in the next report filed with the agencies.

Note 4: Expenditures Not Subject to Federal Single Audit

None.

Note 5: Student Loans Processed and Administrative Costs Recovered

None.

Note 6: Non-monetary Federal Assistance

None.

Note 7: Amounts Passed Through by the College

None.

Schedule F - Schedule of Expenditures of State Awards
For the Year Ended August 31, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures	Expenditures, Indirect Costs, and Refunds
TEXAS HIGHER EDUCATION COORDINATING BOARD				
Direct funding:				
College Work-Study Program		9920050M	$ 12,912	$ -
Work-Study Mentorship Program		1554	4,820	-
Texas Educational Opportunity Grant Program		PCA13399	279,791	-
Nursing Shortage Reduction Program			224,550	-
Total Direct Funding			522,073	-
Total State Financial Assistance			$ 522,073	$ -

Note 1: State Assistance Reconciliation

State Revenues per Schedule A	$	522,073
Total State Financial Assistance	$	522,073

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weakness(es) identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
c. Noncompliance material to the financial statements?	No

Federal Awards:

1. Internal control over major programs:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
2. Type of auditors' report issued on compliance for major programs	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with the *Uniform Guidance*?	None noted

4. Identification of major programs:

Assistance Listing Number	Federal Program
	Student Financial Assistance Cluster
84.007	Federal SEOG program
84.033	Federal Work Study program
84.063	Federal PELL Grant program
84.268	Federal Direct Loans
	Education Stabilization Fund
84.425F	HEERF Institutional Portion
84.425E	HEERF Student Aid Portion
84.425C	GEER

5. Dollar threshold used to distinguish between type A and type B programs:	$750,000
6. Auditee qualified as low-risk auditee?	No

SECTION II: FINANCIAL STATEMENT FINDINGS

Financial Statement Findings

2021-001 – Inadequate Monitoring of Liability Account Balances (repeat finding 2020-001)

Criteria: Liability accounts should agree to the general ledger.

Condition: In the course of performing the prior year audit, the predecessor noted that certain liability accounts including health insurance employer liabilities were not being reconciled to the general ledger.

Cause: The College does not reconcile the liability accounts to the general ledger.

Effect: Discrepancies occur in account balances because the College does not reconcile their accounts to the general ledger.

Recommendation: The College needs a degreed accountant, with experience in fund accounting, who understands the interrelationships of all the account balances critical to the overall management of the College's accounting system. Monthly reconciliations should be performed and approved by management. Management's approval should be documented by signatures.

Views of Responsible Officials and Planned Corrective Actions: Coastal Bend College has been successful, to a degree, in the recruitment of some qualified, experienced personnel and continues to recruit additional personnel to complete the staffing of the College's business department. Monthly reconciliation duties will be assigned to the appropriate qualified, experienced personnel. The College will provide training on reconciliation processes for liability accounts.

Responsible Party: Lajuana S. Kasprzyk, Director of Finance and Business Operations/CFO

Expected Completion: As soon as viable candidates apply and are hired.

Anticipated Completion: December 01, 2022

2021-002 – Multiple Significant Adjustments

Criteria: Management should have familiarity in the application of conceptual accounting principles.

Condition: Multiple instances of incorrectly applied accounting standards in addition to the absence of standard accounting policies and procedures around key financial transactions and processes.

Cause: Turnover at the College has led to a loss of information with respect to the organizations accounting procedures and policies.

Effect: Account balances throughout all areas of the financial statements were materially misstated significantly compromising the reliability of financial information.

Recommendation: Management must review the roles and responsibilities of accounting personnel and ensure they have the necessary background and training to properly execute required accounting functions.
Views of Responsible Officials and Planned Corrective Actions: As new management has been engaged and recruitment of qualified, experienced personnel for the optimum staffing of the College's business department continues, the policies and procedures for the business department are being reviewed and written to ensure conformity with accounting standards.

Responsible Party: Lajuana S. Kasprzyk, Director of Finance and Business Operations/CFO

Expected Completion: Process has commenced.

Anticipated Completion: December 01, 2022

2021-003 – Net Assets

Criteria: Management personnel should understand and be able to provide support for the financial information reported in the trial balance and general ledger with respect to Net Assets.

Condition: Management entered multiple adjustments to net asset accounts without adequate explanation or justification. Upon inquiry, management personnel were not aware of the rational of such adjustments.

Cause: Management did not have a policy to ensure that net assets properly closed at year-end. In addition, management does not maintain adequate documentation relating to the rationale behind non-routine adjusting entries.

Effect: Net Assets did not roll forward and was materially misstated.

Recommendation: For all material and significant adjustments made, management should prepare an "Accounting Issue Analysis Memo", documenting the issue identified, analysis, and steps taken to remedy. In addition, management should closely review entries related to closing net assets.

Views of Responsible Officials and Planned Corrective Actions: With the new business department management, policies and procedures are being developed to address the recording and monitoring all grant revenues and expenditures in a precise manner. Supporting documentation is an integral requirement for determination of required entries.

Responsible Party: Lajuana S. Kasprzyk, Director of Finance and Business Operations/CFO

Expected Completion: Procedure has been implemented.

2021-004 – Grant Revenue

Criteria: Management is responsible for tracking and monitoring grant revenue.

Condition: Grant revenue was not appropriately monitored by the College.

Cause: The College has no formal policy or procedures regarding the monitoring or reconciliation of grant revenues.

Effect: Revenue recorded for CARES Institutional funds received did not match the actual funds received. Further, the College had recorded duplicate grant revenue transactions.

Recommendation: We suggest the implementation of policies and procedures that will ensure grant revenue is properly monitored as recorded, expended, and received. To improve monitoring processes, we suggest maintaining a reconciliation of funds received and recorded for all grant revenue on a monthly basis. Additionally, all transactions posted to grant revenue accounts should be properly supported by documentation that has been reviewed and approved prior to posting.

Views of Responsible Officials and Planned Corrective Actions: With the new business department management, policies and procedures are being developed to address the recording and monitoring all grant revenues and expenditures in a precise manner. Supporting documentation is an integral requirement for determination of required entries.

Responsible Party: Lajuana S. Kasprzyk, Director of Finance and Business Operations/CFO

Expected Completion: Creation and implementation of policies and procedures has begun.

Anticipated Completion: December 01, 2022

2021-005 – Revenue and Deferred Revenue

Criteria: Management is responsible for the appropriate implementation of revenue recognition policies so that financial information is compliant with Generally Accepted Accounting Principles (GAAP).

Condition: The College did not apply the appropriate revenue recognition guidance in evaluating the revenue recognition process.

Cause: Management was unfamiliar with the accounting system in place and did not have a process to review the revenue recognition process for revenue recognized during the period. Further, for certain revenue transactions, management applied a cash basis of accounting as opposed to GAAP.

Effect: Other revenue was not recorded in the correct period and in some cases, the general ledger contained duplicate revenue transactions. Additionally, the College did not appropriately implement a deferred revenue policy related to student dorm housing and tuition revenue. Moreover, the college's financial information contained significant errors in the accuracy of revenue and deferred revenue transactions presented in the audited prior year financial statements as well as in the unadjusted current year trial balance. Furthermore, the College regularly posts revenue entries to incorrect accounts resulting in the need for numerous reclassifications at year-end.

Recommendation: We recommend management ensure revenue is reported in the correct period by evaluating whether the performance obligation has been appropriately satisfied. In addition, we suggest consistent review and reconciliation be performed over deferred revenue and revenue accounts for all revenue streams to ensure proper posting of entries and accuracy of account balances.

Views of Responsible Officials and Planned Corrective Actions: With the new management of the business department, policies and procedures are being reviewed and will be written as necessary to ensure the recording accuracy of all revenues and expenditures which will alleviate the multiple correcting entries that have been previously required.
Responsible Party: Lajuana S. Kasprzyk, Director of Finance and Business Operations/CFO
Becky Miller, AR Manager

Expected Completion: Review and creation of policies and procedures has begun.

Anticipated Completion: December 01, 2022

2021-006 – Plant, Property and Equipment

Criteria: Management is responsible for monitoring the appropriate implementation of accounting policies related to plant, property and equipment in order to ensure that long term assets are fairly presented on the statement of financial position.

Condition: The College did not record depreciation expense or accumulated depreciation for either the current or prior year. Management did not reconcile fixed asset listings with the trial balance and further did not have policies in place for identifying indicators of impairment over property and equipment.

Cause: Management was not aware of the controls and financial processes with respect to the property and equipment class of transactions.

Effect: Net book value of property and equipment per the statement of financial position was materially misstated for both the current and prior years. Management's internal records regarding property and equipment on hand were not consistent with source documentation, leading to further potential misstatements with respect to valuation and presentation. Furthermore, asset listings are less reliable sources of information as the assets per the listing may be exhausted of future economic benefits.

Recommendation: We suggest management review the fixed asset listing and roll forward schedule for disposals, impairments, and appropriate asset classifications. Additionally, the listing should be reconciled to the trial balance and contain a calculation of accumulated depreciation, as well as depreciation expense for each year. Management should also design and maintain a written policy relating to the identification of indicators for asset impairment.

Views of Responsible Officials and Planned Corrective Actions: Although staff of CBC calculated and subsequently entered the applicable depreciation expense for FY2021, the entry was accomplished after Carr, Riggs & Ingram, LLC (CRI) received the trial balance to begin the associated field work and CRI was unaware of the journal entries. CBC will operate with due diligence to ensure the auditors receive applicable journal entries that might occur after providing the trial balance.

Responsible Party: Lajuana S. Kasprzyk, Director of Finance and Business Operations/CFO

JC Colmenero, Director of Physical Plant & Facilities
Amador Ramirez, Director of IT Services/Webmaster

Expected Completion: Creation and implementation of policies and procedures has begun.

Anticipated Completion: December 01, 2022

2021-007 – Accrued Liabilities

Criteria: Management is responsible for ensuring that liabilities at year-end are valued in compliance with GAAP.
Condition: The College did not accrue for payroll at year-end and did not reconcile the relevant accrued liability accounts.

Cause: Management does not have a policy in place for accruing monthly payroll. Further, management does not reconcile accrued expense information reported on the trial balance with the corresponding supporting schedules.

Effect: Accrued liabilities at year-end were materially misstated and incorrectly valued. Further, financial information did not agree to the underlying documentary support schedules impacting multiple financial statement disclosures.

Recommendation: We suggest accruing payroll at the end of each month to ensure accrued liabilities are appropriately valued. Management should also reconcile and update supporting schedules for sick and vacation leave to the trial balance.

Views of Responsible Officials and Planned Corrective Actions: The business department will coordinate with the HR/Payroll Coordinator to ensure appropriate policies/procedures are written and followed for the correct accrual of monthly payroll that will coincide with the underlying documenting support schedules.

Responsible Party: Lajuana S. Kasprzyk, Director of Finance and Business Operations/CFO
Dixie Lytle, Director of Human Resources

Expected Completion: Creation and implementation of policies and procedures has begun.

Anticipated Completion: December 01, 2022

2021-008 – Accounts Receivable

Criteria: Management is responsible for making significant estimates that are necessary to ensure the appropriate valuation of financial assets such as accounts receivable.

Condition: The College did not establish an allowance for doubtful accounts relating to student or property tax assessment receivables.

Cause: Management does not have a written policy in place for estimating the allowance for doubtful accounts relating to receivables.

Effect: Valuation of accounts receivables was materially misstated. Further, the accounts receivable breakdown included accounts established in 2013 as well as uncollectable property tax receivables. In addition, management has no consistent application for its estimation methodology in determining the appropriate allowance as of the year-end.

Recommendation: We suggest management design and implement a policy to measure the allowance for doubtful accounts based on the characteristics of the underlying receivables such as historical collection rates.

Views of Responsible Officials and Planned Corrective Actions: Business department management including the AR Manager along with direction from the College President and Board of Trustees will develop a policy for the allowance for doubtful accounts based on the characteristics of historical collection data. This policy will be implemented to ensure appropriate reflection of accounts receivable on the financial statements.

Responsible Party: Lajuana S. Kasprzyk, Director of Finance and Business Operations/CFO
Becky Miller, AR Manager
Justin Hoggard, College President
Coastal Bend College Board of Trustees

Expected Completion: Review and creation of policies and procedures has begun.

Anticipated Completion: December 01, 2022

SECTION III: FEDERAL AWARD FINDINGS

None noted.

SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

2020-001 – Inadequate Monitoring of Liability Account Balances

Recommendation: The College needs a degreed accountant, with experience in fund accounting, who understands the interrelationships of all the account balances critical to the overall management of the College's accounting system. Monthly reconciliations should be performed and approved by management. Management's approval should be documented by signatures.

Current Status: The College did not implement the performance and approval of monthly reconciliations among management for all liability accounts. Inadequate monitoring of liability accounts will be cited as a significant deficiency in the current fiscal year.

Views of Responsible Officials and Planned Corrective Actions: The College is in the process of recruiting additional experienced and qualified personnel who will be assigned monthly reconciliation of liabilities responsibilities. The College will provide training on reconciliation process for all liability accounts.

SECTION V: FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

None noted.