Coastal Bend College
FINANCIAL STATEMENTS
August 31, 2024 and 2023

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ORGANIZATIONAL DATA
For the Year Ended August 31, 2024

Board of Trustees

Principal Administrative Officers

Dr. Justin Hoggard	President
Dr. Dreand Johnson	Vice President of Instruction
Dr. David Byrd	Vice President of Student Success and Engagement
Cedric Menchion	Vice President of Finance and Operations
Dr. Celvin Walwyn	Chief of Police and Emergency Management
Dr. Michelle Lane	Executive Director of Institutional Effectiveness and Research
Dixie Lytle	Director of Human Resources
Amador Ramirez	Director of Information Technology
Jacinto Colmenero	Director of Physical Plant & Facilities

Coastal Bend
COLLEGE

FINANCIAL SECTION

CARR, RIGGS & INGRAM, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Coastal Bend College
Beeville, Texas

Opinions

We have audited the accompanying financial statements of Coastal Bend College (the "College"), as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College, as of August 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 2 to the accompanying financial statements, net position for the year ended August 31, 2023, was understated by $364,927 due to the improper measurement of deferred outflows related to OPEB and the related expenditures. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 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 70 through 75 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The supplementary schedules as required by the Texas Higher Education Coordinating Board (THECB) (collectively, the supplementary information), the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Expenditures of State Awards, as required by the Texas Comptroller of Public Accounts, *Texas Grant Management Standards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

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

Corpus Christi, Texas
December 19, 2024

Coastal Bend
COLLEGE

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.

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

The financial statements of this report consist 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. These statements are prepared in accordance with the Governmental Accounting Standards Board Statements No. 34 (GASB 34), Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; and Statement No. 35 (GASB 35), Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. 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, 2024. This discussion gives a comparative analysis of business-type activity from fiscal year 2023 to fiscal year 2024.

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 current year 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, 2024, and includes the comparison to the prior year:

	August 31, 2024	August 31, 2023, as Restated	2023 - 2024 Increase (Decrease)	August 31, 2022	2022 - 2023 Increase (Decrease)
Assets					
Current assets	$ 11,222,761	$ 14,207,790	$ (2,985,029)	$ 19,522,976	$ (5,315,186)
Non-current assets:					
Capital assets, net	21,161,985	16,953,849	4,208,136	14,988,430	1,965,419
ROU lease assets, net	60,278	88,099	(27,821)	115,919	(27,820)
ROU subscriptions assets, net	581,996	843,778	(261,782)	873,962	(30,184)
Investments	4,882,250	2,294,064	2,588,186	2,892,776	(598,712)
Restricted cash and cash equivalents	11,941,690	10,817,147	1,124,543	577,656	10,239,491
Total Assets	49,850,960	45,204,727	4,646,233	38,971,719	6,233,008
Deferred Outflows of Resources	6,957,444	6,462,949	494,495	3,765,741	2,697,208
Total Assets and Deferred Outflows	$ 56,808,404	$ 51,667,676	$ 5,140,728	$ 42,737,460	$ 8,930,216
Liabilities					
Current liabilities	$ 9,128,580	$ 10,098,499	$ (969,919)	$ 11,206,755	(1,108,256)
Noncurrent liabilities	30,409,509	29,923,530	485,979	22,224,007	7,699,523
Total Liabilities	39,538,089	40,022,029	(483,940)	33,430,762	6,591,267
Deferred Inflows of Resources	7,071,409	8,726,863	(1,655,454)	9,388,287	(661,424)
Total Liabilities and Deferred Inflows	$ 46,609,498	$ 48,748,892	$ (2,139,394)	$ 42,819,049	$ 5,929,843
Net Position					
Net investment in capital assets	$ 14,123,985	$ 9,487,201	$ 4,636,784	$ 13,077,577	(3,590,376)
Restricted	6,971,101	4,743,386	2,227,715	1,243,046	3,500,340
Unrestricted	(10,896,180)	(11,311,803)	415,623	(14,402,212)	3,090,409
Total Net Position	$ 10,198,906	$ 2,918,784	$ 7,280,122	$ (81,589)	$ 3,000,373

Changes in Assets

In fiscal year 2024, current assets consist primarily of short-term investments and student accounts receivable while non-current assets primarily consist of restricted cash and net capital assets. The increase in total assets totaled $4,646,233 from August 31, 2023 to August 31, 2024. The net increase is a result of the increase in construction in progress of $4,521,759 due to several projects related to HVAC upgrades. Restricted long-term investments increased by $2,588,186 due to an increase in favorable investment activity and earnings.

In fiscal year 2023, current assets consist primarily of short-term investments and student accounts receivable while non-current assets primarily consist of restricted cash and net capital assets. The increase in total assets totaled $6,233,008 from August 31, 2022 to August 31, 2023. The net increase is a result of the increase in restricted cash of $10,239,491, which is attributable to reinvested funds from the Tax Maintenance note issued during 2023. Accounts receivable increased by $1,348,972 representing a return to campus of students and an increase in enrollment from August 31, 2022, to August 31, 2023.

Changes in Liabilities

In fiscal year 2024, current liabilities primarily consist primarily of accounts payable and unearned revenues. From August 31, 2023 to August 31, 2024 total current liabilities decreased by $969,919 largely due to a decrease in unearned revenues of $2,324,132 . The unearned revenue decrease is related to primarily related to the recognition of pandemic-related Federal funding. Additionally, accounts payable increased by $1,042,428 . Non-current liabilities, primarily consisting of long-term debt and pension and OPEB liabilities, increased by $485,979 in 2024. This is due to an increase in the net pension liability of $1,909,837 partially offset by decreases in the non-current portions of lease, note, subscription, and OPEB liabilities.

In fiscal year 2023, current liabilities primarily consist primarily of accounts payable and unearned revenues. From August 31, 2022 to August 31, 2023 current liabilities decreased by $1,108,256 largely due to a decrease in accounts payable of $823,200. Additionally, unearned revenues increased by $855,531. The unearned revenue increase is related to increased enrollment in the school year as student enrollment increased both online and in-person. Non-current liabilities, primarily consisting of long-term debt and pension and OPEB liabilities, increased by $7,685,663 in 2023. This is due to increases in the non-current portion of long-term debt $6,198,255 as the result of a $6,600,000 bond issuance in fiscal year 2023. Additionally, the non-current portion of the College's net pension liability increased by $3,486,839 which was partially offset by a decrease in the non-current portion of OPEB liabilities of $1,939,271.

Analysis of Net Position

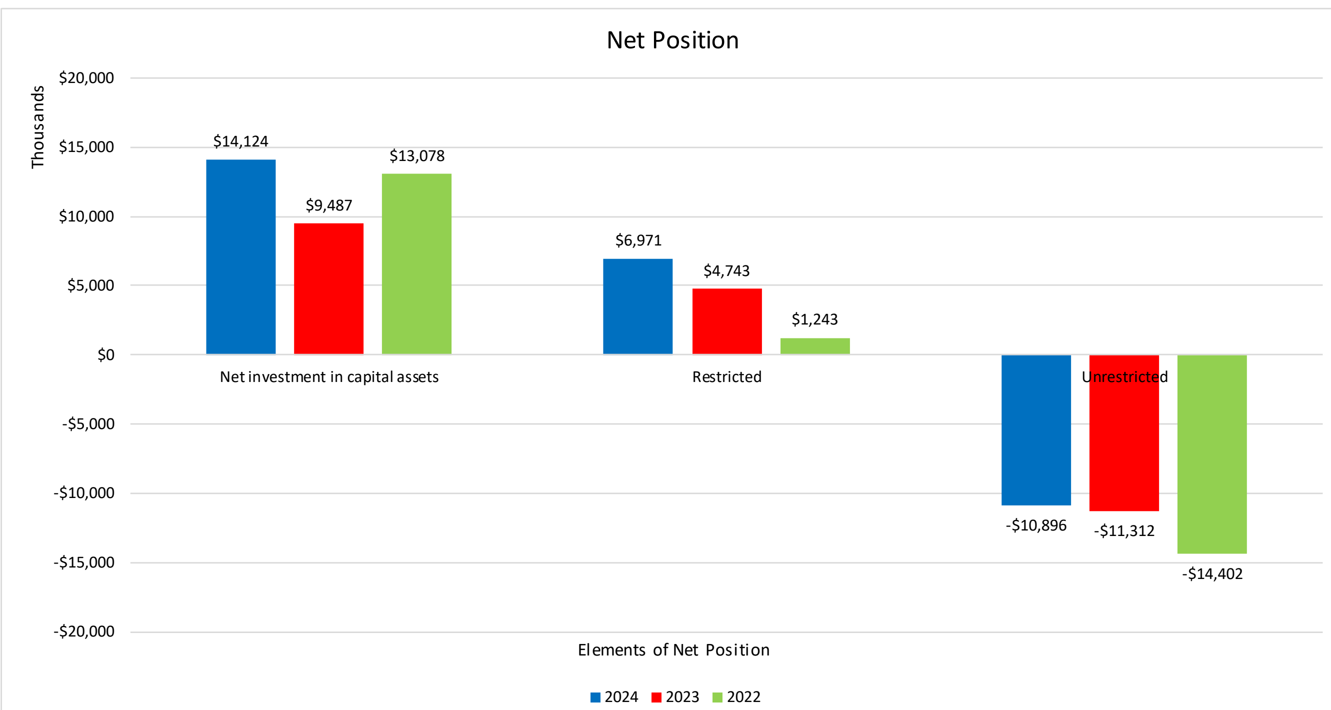
Net position may serve as a useful indicator of the College's financial position. For the College, assets and deferred outflows exceeded liabilities and deferred inflows by $10,198,906 at the close of August 31, 2024, as compared to $2,918,784 as of August 31, 2023. Deferred outflows increased by $494,495 during the current year end and totaled $6,957,444 as of August 31, 2024. Deferred inflows decreased by $1,655,454 in the current year and totaled $7,071,409 as of August 31, 2024.

As of August 31, 2024, net investment in capital assets totaled $14,123,985. The College uses these capital assets in its mission to provide postsecondary educational services to the College's service area; consequently, these assets are not available for future spending. Net capital assets increased in the 2024 fiscal year by $3,918,533, net of depreciation/amortization expense of $1,801,727. Combined capital assets, net of depreciation/amortization, totaled $21,804,259, a $3,918,533 increase from the prior year, which can be attributed to the $6,009,341 of fixed assets purchased by the College during 2024. Net position also consists of unrestricted net position of ($10,896,180). Unrestricted net position includes the recording of net pension liability of $7,889,158 and the recording of OPEB liability of $15,854,171. Efforts at the federal and state level contributed significantly to the increase in the College's unrestricted net position as the College was able to recoup estimated lost revenues from prior fiscal years. This afforded the college the opportunity to strive toward pre-pandemic levels of revenue and services. Federal and state grants for institutional aid were provided and assisted students with their ability to return to campus. See Note 13 in the notes to the financial statements for a further discussion of the pension and Note 16 of the notes to the financial statements for a further discussion of the OPEB.

As of August 31, 2023, net investment in capital assets totaled $9,487,201. The College uses these capital assets in its mission to provide postsecondary educational services to the College's service area; consequently, these assets are not available for future spending. Net capital assets increased in the 2023 fiscal year by $1,967,973, net of depreciation/ expense of $1,512,519. Combined assets, net of depreciation/amortization, totaled $17,885,726, a $1,967,973 increase from the prior year, which can be attributed to the $3,492,196 of fixed assets purchased by the College during 2023. Net position also consists of unrestricted net position of ($11,311,803). Unrestricted net position includes the recording of net pension liability of $5,979,321 and the recording of OPEB liability of $16,166,384. Efforts at the federal and state level contributed significantly to the increase in the College's unrestricted net position as the College was able to recoup estimated lost revenues from fiscal years. This in addition to the return of students to campus following the coronavirus pandemic that continued into fiscal year 2023 afforded the college the opportunity to strive toward pre-pandemic levels of revenue and services. Federal and state grants for institutional aid were provided and assisted students with their ability to return to campus. These efforts will continue into fiscal year 2024 and the College expends remaining coronavirus funds at its disposal. See Note 13 in the notes to the financial statements for a further discussion of the pension and Note 16 of the notes to the financial statements for a further discussion of the OPEB.

For the College, assets and deferred outflows exceeded liabilities and deferred inflows by $2,918,784 at the close of August 31, 2023, as compared to the ($81,589) as of August 31, 2022. Deferred outflows increased by $2,697,208 in 2023 and totaled $6,462,949 as of August 31, 2023. Deferred inflows decreased by $661,424 in 2023 and totaled $8,726,863 as of August 31, 2023.

The following is a graphic illustration of net position (in thousands) as of August 31, 2022 through 2024:



Analysis of Changes in Net Position

The following table summarizes the College's change in net position for August 31, 2024, compared to the net position for August 31, 2023:

For the Years Ended August 31,	2024	2023 As Restated	2024 - 2023 Increase (Decrease)	2022	2023 - 2022 Increase (Decrease)
Net Position - Beginning of Year	$ 2,918,784	$ (81,589)	$ 3,000,373	$ (7,059,541)	$ 6,977,952
Net Position - End of Year	10,198,906	2,918,784	7,280,122	(81,589)	3,000,373
Increase in Net Position	$ 7,280,122	$ 3,000,373	$ 4,279,749	$ 6,977,952	$ (3,977,579)

The College's net position increased by $7,280,122 during the 2024 fiscal year as compared to an increase of $3,000,373 for the 2023 fiscal year. Operating revenues were $9,873,445 in 2024, which is an increase of $1,044,538 from fiscal year 2023. Operating expenses were $26,180,559 in fiscal year 2024, which is an increase of $2,611,808 from fiscal year 2023.

The College's net position increased by $3,000,373 during the 2023 fiscal year as compared to an increase of $6,977,952 for the 2022 fiscal year. Operating revenues were $8,828,907 in 2023, which is a decrease of $6,952,290 from fiscal year 2022. Operating expenses were $23,568,751 in fiscal year 2023, which is a decrease of $2,644,618 from fiscal year 2022.

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.

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,	2024	2023 As Restated	2024 - 2023 Increase (Decrease)	2022	2022 - 2023 Increase (Decrease)
Operating Revenues	$ 9,873,445	$ 8,828,907	1,044,538	$ 15,781,197	$ (6,952,290)
Non-operating Revenues	24,027,989	18,160,905	5,867,084	17,730,906	429,999
Total Revenues	33,901,434	26,989,812	6,911,622	33,512,103	(6,522,291)
Operating Expenses	26,180,559	23,568,751	2,611,808	26,213,369	(2,644,618)
Nonoperating Expenses	440,753	420,688	20,065	320,782	99,906
Total Expenses	26,621,312	23,989,439	2,631,873	26,534,151	(2,544,712)
Increase in net position	7,280,122	3,000,373	4,279,749	6,977,952	(3,977,579)
Net Position - Beginning of Year, As Restated	2,918,784	(81,589)	3,000,373	(7,059,541)	6,977,952
Net Position - End of Year	$ 10,198,906	$ 2,918,784	$ 7,280,122	$ (81,589)	$ 3,000,373

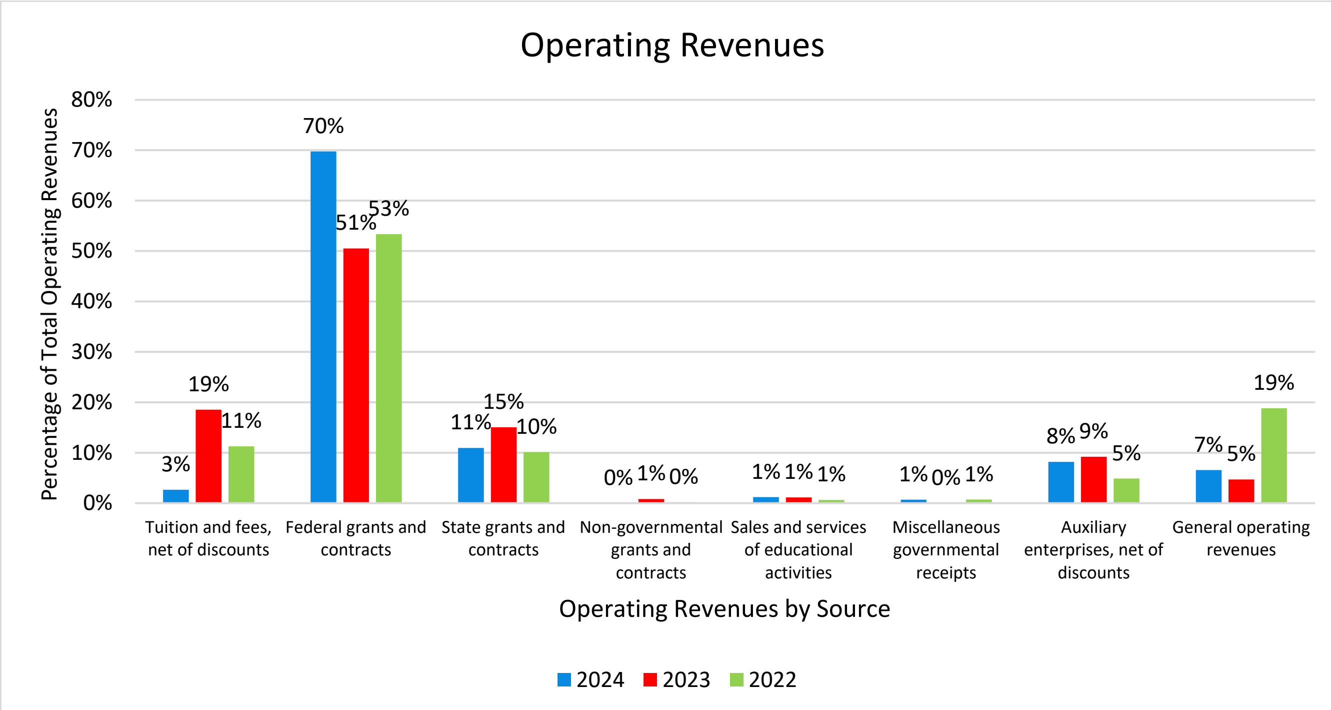
Operating Revenues

The following table summarizes the College's operating revenues of $9,873,445 for the 2024 fiscal year as compared to the operating revenues of $8,828,907 for the 2023 fiscal year. The increase in operating revenues for fiscal year 2024 is primarily related to an increase in federal grants and contracts.

Additionally, the following table summarizes the College's operating revenues of $8,828,907 for the 2023 fiscal year as compared to the operating revenues of $15,781,197 for the 2022 fiscal year. The decrease in operating revenues for fiscal year 2023 is related to a decrease in federal grants and contracts as well as decreased general operating revenues.

For the Years Ended August 31,	2024	2023	2023 - 2024 Increase Decrease	2022	2022 - 2023 Increase (Decrease)
Tuition and fees, net of discounts	$ 263,936	$ 1,637,930	$ (1,373,994)	$ 1,779,218	$ (141,288)
Federal grants and contracts	6,886,667	4,461,435	2,425,232	8,420,398	(3,958,963)
State grants and contracts	1,079,723	1,328,235	(248,512)	1,596,666	(268,431)
Non-governmental grants and contracts	-	73,470	(73,470)	27,218	46,252
Sales and services of educational activities	118,464	101,102	17,362	101,437	(335)
Miscellaneous governmental receipts	69,697	-	69,697	115,410	(115,410)
Auxiliary enterprises, net of discounts	807,635	811,130	(3,495)	768,335	42,795
General operating revenues	647,323	415,605	231,718	2,972,515	(2,556,910)
Total Operating Revenues	$ 9,873,445	$ 8,828,907	$ 1,044,538	$ 15,781,197	$ (6,952,290)

The following is a graphic illustration of operating revenues by source for the years ended August 31, 2022 through 2024:



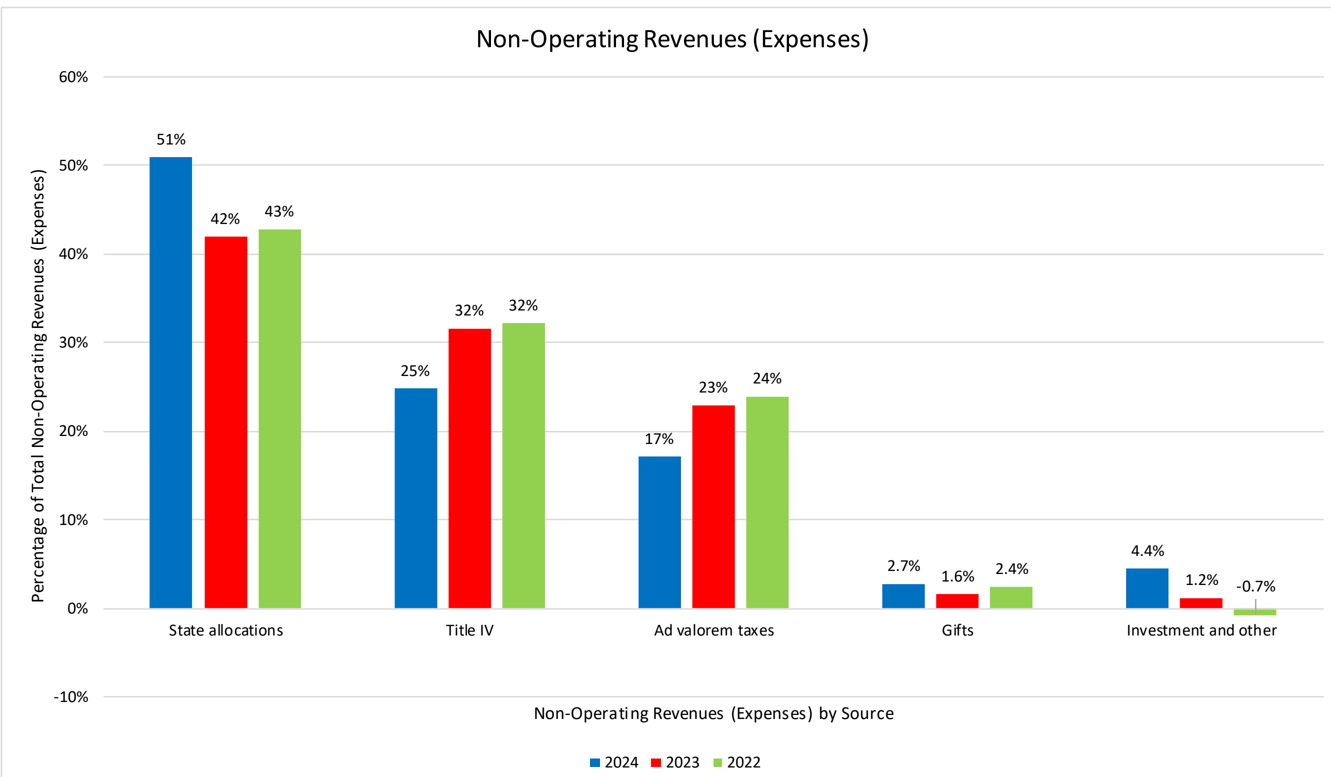
Non-Operating Revenues (Expenses)

The following table summarizes the College's non-operating revenues (expenses) of $23,587,236 for the fiscal year ended August 31, 2024, which is an increase of $5,847,019 as compared to the fiscal year ended August 31, 2023. This increase can be primarily attributed to an increase in state allocations of $4,571,420 in fiscal year 2024 due to the changes in formula funding under House Bill 8. Increases were predominantly due to the calculations associated with our Base Tier funding and the Dynamic Payment that included performance funding for high demand occupation credentials awarded and awarding to academically and educationally disadvantaged populations. Supporting documentation can be found here: https://www.highered.texas.gov/community-college-finance/formula-funding/.

Additionally, the following table summarizes the College's non-operating revenues (expenses) of $17,740,217 for the fiscal year ended August 31, 2023, which is an increase of $330,093 as compared to the fiscal year ended August 31, 2022. This increase can be attributed to an increase in investment income of $426,434 in fiscal year 2023 due to the increase in short-term interest rates in the government investment pool account and an increase in college funds invested in investment pools.

For the Years Ended August 31,	2024	2023	2023 - 2024 Increase Decrease	2022	2022 - 2023 Increase (Decrease)
State allocations	$ 12,012,305	$ 7,440,885	$ 4,571,420	$ 7,444,959	$ (4,074)
Title IV	5,845,596	5,604,776	240,820	5,594,749	10,027
Ad valorem taxes:					
Taxes for maintenance and operation	3,299,432	3,444,013	(144,581)	3,788,257	(344,244)
Taxes for debt service	736,537	619,743	116,794	373,603	246,140
Gifts	644,205	284,578	359,627	419,327	(134,749)
Investment income, net	1,219,726	536,445	683,281	110,011	426,434
Other non-operating revenue	270,188	230,465	39,723	-	230,465
Other non-operating expense	(116)	(248,882)	248,766	(139,455)	(109,427)
Other non-government funded expense	(91,000)	(99,000)	8,000	(84,000)	(15,000)
Interest on capital related debt	(349,637)	(72,806)	(276,831)	(97,327)	24,521
Total Non-Operating Revenues (Expenses)	$ 23,587,236	$ 17,740,217	$ 5,847,019	$ 17,410,124	$ 330,093

The following is a graphic illustration of non-operating revenues by source for the years ended August 31, 2022 through 2024:



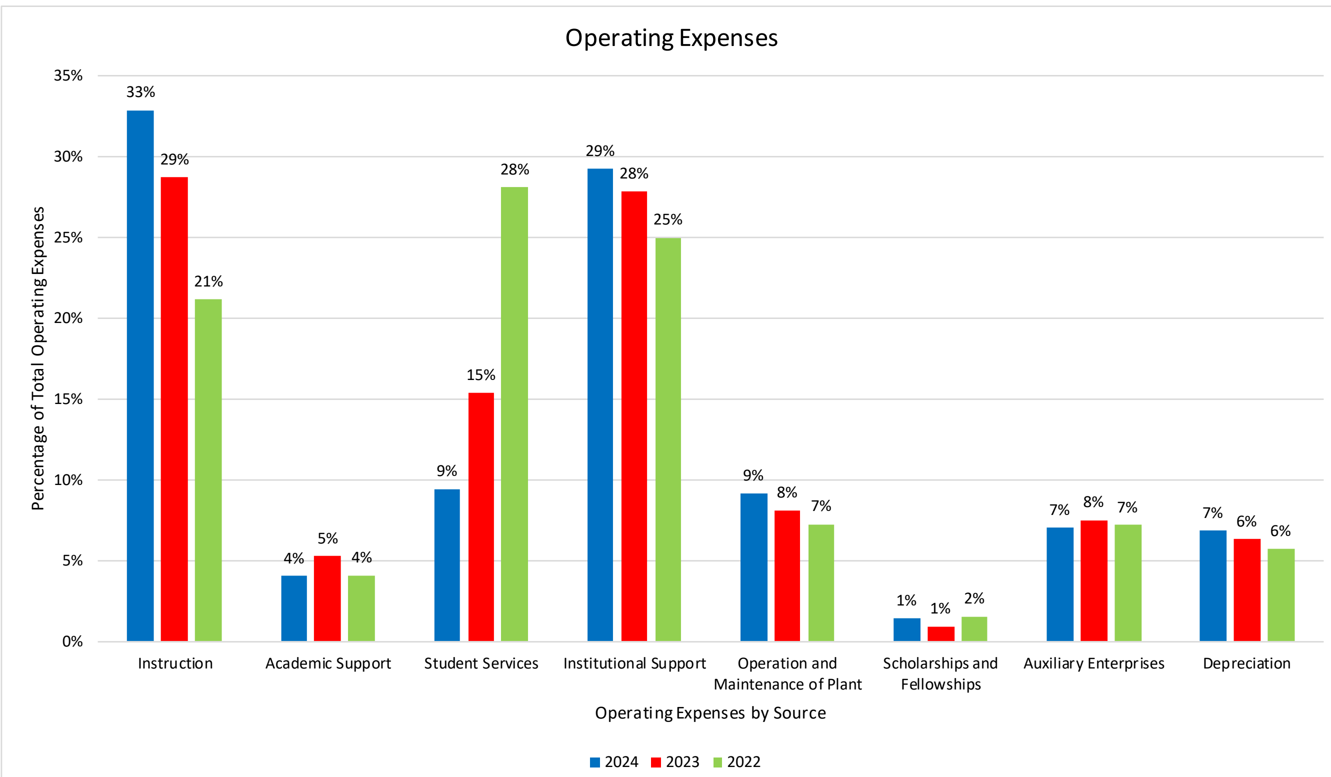
Operating Expenses

The following table summarizes the College's operating expenses of $26,180,559 for the fiscal year ended August 31, 2024, as compared to the operating expenses of $23,568,751 in 2023. The increase in operating expenses is attributed to a 2% pay raise overall, increase in adjunct stipend, and filled several vacant positions.

Additionally, the following table summarizes the College's operating expenses of $23,568,751 for the fiscal year ended August 31, 2023, as compared to the operating expenses of $26,213,369 in 2022. The decrease in operating expenses is attributed to the increase in overall net position during fiscal year 2023, which was impacted by a decrease in Student Services are attributable to federal and state grants that were provided for recovery efforts in fiscal year 2022.

For the Years Ended August 31,	2024	2023	2024 - 2023 Increase Decrease	2022	2023 - 2022 Increase (Decrease)
Instruction	$ 8,648,320	$ 6,678,725	$ 1,969,595	$ 5,540,356	$ 1,138,369
Academic Support	1,058,197	1,235,697	(177,500)	1,074,340	161,357
Student Services	2,480,367	3,621,891	(1,141,524)	7,356,830	(3,734,939)
Institutional Support	7,562,498	6,562,460	1,000,038	6,551,464	10,996
Operation and Maintenance of Plant	2,408,602	1,938,401	470,201	1,901,254	37,147
Scholarships and Fellowships	377,433	218,690	158,743	402,912	(184,222)
Auxiliary Enterprises	1,843,415	1,800,368	43,047	1,883,725	(83,357)
Depreciation	1,801,727	1,512,519	289,208	1,502,488	10,031
Total Operating Expenses	$ 26,180,559	$ 23,568,751	$ 2,611,808	$ 26,213,369	$ (2,644,618)

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



Capital Assets and Debt Administration

At August 31, 2024, the College had $21,804,259 invested in capital assets as compared to $17,885,726 at August 31, 2023. The increase year over year reflects purchases of capital assets in the amount of $6,009,863 during the year which is partially offset by depreciation expense of $1,801,727.

At August 31, 2023, the College had $17,885,726 invested in capital assets as compared to $15,917,753 at August 31, 2022. The increase year over year reflects purchases of capital assets in the amount of $3,770,095 during the year which is partially offset by depreciation expense of $1,512,519.

Capital Assets, Net

	2024	2023	2022
Building and improvements	$ 32,007,785	$ 31,624,976	$ 30,556,537
Furniture, fixtures, and equipment	15,722,026	14,616,731	12,930,964
Library books	1,329,740	1,329,740	1,329,740
ROU assets	1,448,015	1,448,015	1,155,858
Total Capital Assets	50,507,566	49,019,462	45,973,099
Less accumulated depreciation/ amortization	(34,425,687)	(32,334,357)	(30,532,235)
Land	476,889	476,889	476,889
Construction in progress	5,245,491	723,732	-
Property and Equipment, Net	$ 21,804,259	$ 17,885,726	$ 15,917,753

Additional information on the College's capital assets can be found in Note 6 to the financial statements.

Debt Administration

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

	2024	2023	2022
Tax Notes Payable			
Maintenance Tax Note, Series 2011	$ 438,000	$ 645,000	$ 845,000
Maintenance Tax Note, Series 2013	-	-	203,000
Maintenance Tax Note, Series 2014	-	167,000	330,000
Maintenance Tax Note, Series 2023	6,600,000	6,600,000	-
Bonds payable			
Combined Fee Revenue Bond, Series 2003	-	-	452,000
Total	$ 7,038,000	$ 7,412,000	$ 1,830,000

The proceeds of the bonds and notes payable will be utilized by the College for the following projects:

Roofing and repairs, new sidewalks, electrical upgrades, new carpet, exterior repairs, piping replacements, HVAC upgrades, and facility accessibility.

Coastal Bend College's debt issuance was sold via a competitive private placement sale method. Therefore, the College was not required to incur an expense to attain a bond rating and does not have a rating assigned. The College has never held a bond election, so it does not have debt authorization.

Additional information on the College's long-term debt can be found in Note 9 and Note 12 to the financial statements.

Strategic Plan 2025

The college adopted a new strategic plan to provide a path to continued success. Included in that plan were the following goals:

Goal 1: The College will provide equitable opportunities for lifelong learning and training needs by empowering students through engaging quality instruction, enhancing supportive learning communities; and providing comprehensive student-centered services and programs to ensure that students reach their aspirations.

Goal 2: The College will identify and develop focused initiatives and activities supporting cultural, workforce, and economic development to improve quality of life.

Goal 3: The College will effectively and efficiently use resources to maximize student, community, employee, and fiscal efficacy.

Planning associated with goals:

- Planned for and completed several grant opportunities.
- Continue the use of Power BI.
- Created cross referenced courses that were both face-to-face and online to allow students who may contract Covid the opportunity to persist and not fall behind.
- Engage the communities and be more active as normalcy returns.
- Create and develop community partnerships.

Outlook

In Fiscal Year 2024, the 88th Texas Legislature approved legislation that transforms how the state funds community college districts which includes our rural college. The bill replaced a funding model that was static in nature and focused solely on courses and credits and pivoted to new finance system based on performance and tied to specific student outcomes. In the coming years our college will continue to focus on educating students and awarding credentials of value that align with our local workforce needs and those ever-changing workplace needs in the future; and we anticipate additional state appropriations because of new HB 8 bill.

As we move farther from the pandemic the college will continue to offer a wide range of program offerings, understanding that we play a key role in helping students achieve their individual potential and develop the skills they need to have a fulfilling and prosperous career. The college continue its focus on providing wrap around services (tutoring, counseling, childcare, transportation, and other non-instructional services) that provide an excellent environment to service all the needs of our students and increase graduation and credentialling rates.

Contacting Financial Management

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

Justin Hoggard

Dr. Justin Hoggard
President

Coastal Bend
COLLEGE

BASIC FINANCIAL STATEMENTS

STATEMENTS OF NET POSITION
August 31, 2024 and 2023

	2024	2023, as restated
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,463,034	$ 2,408,594
Short-term investments	2,531,588	4,469,964
Accounts receivable, net	6,573,622	6,948,060
Prepaid expenses	654,517	381,172
Total Current Assets	11,222,761	14,207,790
Noncurrent Assets:		
Restricted cash and cash equivalents	11,941,690	10,817,147
Long-term investments	4,882,250	2,294,064
Capital assets:		
Non-depreciable:		
Land	476,889	476,889
Construction-in-progress	5,245,491	723,732
Depreciable, net of accumulated depreciation:		
Buildings and improvements	12,036,238	12,507,430
Library books	15,970	21,286
Furniture, machinery, and equipment	3,387,397	3,224,512
Right-to-use lease assets, net	60,278	88,099
Right-to-use subscription assets, net	581,996	843,778
Total Noncurrent Assets	38,628,199	30,996,937
Total Assets	49,850,960	45,204,727
Deferred Outflows of Resources		
Deferred outflows related to pensions	3,656,014	2,786,089
Deferred outflows related to OPEB	3,301,430	3,676,860
Total Outflows of Resources	6,957,444	6,462,949
Total Assets and Deferred Outflows	56,808,404	51,667,676
Liabilities		
Current Liabilities:		
Accounts payable	2,421,740	1,379,312
Accrued payroll	679,199	469,914
Compensated absences	541,241	569,111
Funds held for others	71,685	74,914
Unearned revenue	4,320,947	6,645,079
Current portion of lease liabilities	28,928	27,345
Current portion of note payable	355,000	374,000
Current portion of bus note payable	-	27,089
Current portion of subscription liability	266,377	205,883
Current portion of OPEB liability	443,463	325,852
Total Current Liabilities	9,128,580	10,098,499
Noncurrent Liabilities:		
Unearned revenue to be expended after one year	75,151	335,422
Leases liabilities due after one year	35,873	64,801
Notes payable due after one year	6,683,000	7,038,000
Bus note payable due after one year	-	27,559
Subscription liability due after one year	315,619	637,895
Net OPEB liability	15,410,708	15,840,532
Net pension liability	7,889,158	5,979,321
Total Noncurrent Liabilities	30,409,509	29,923,530
Total Liabilities	39,538,089	40,022,029

STATEMENTS OF NET POSITION
August 31, 2024 and 2023

	2024	2023, as restated
Deferred Inflows of Resources		
Deferred inflows related to leases	$ 99,822	$ 242,221
Deferred inflows related to pensions	674,844	1,028,946
Deferred inflows related to OPEB	6,296,743	7,455,696
Total Deferred Inflows of Resources	7,071,409	8,726,863
Total Liabilities and Deferred Inflows of Resources	46,609,498	48,748,892
Net Position		
Net investment in capital assets	14,123,985	9,487,201
Restricted for:		
Nonexpendable:		
Endowments	6,509,293	4,509,535
Expendable:		
Student aid	76,299	75,728
Parking lot requirements	146,573	145,477
Debt service	238,936	12,646
Unrestricted	(10,896,180)	(11,311,803)
Total Net Position	$ 10,198,906	$ 2,918,784
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 56,808,404	$ 51,667,676

Coastal Bend
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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended August 31, 2024 and 2023

	2024	2023, as restated
Operating Revenues		
Tuition and fees (net of scholarship allowances and discounts of $8,295,013 and $7,232,557, respectively)	$ 263,936	$ 1,637,930
Federal grants and contracts	6,886,667	4,461,435
State grants and contracts	1,079,723	1,328,235
Non-governmental grants and contracts	-	73,470
Sales and services of educational activities	118,464	101,102
Miscellaneous governmental receipts	69,697	-
Auxiliary enterprises (net of scholarship allowances and discounts of $149,400 and $130,500, respectively)	807,635	811,130
General operating revenues	647,323	415,605
Total Operating Revenues (Schedule A)	9,873,445	8,828,907
Operating Expenses		
Instruction	8,648,320	6,678,725
Academic support	1,058,197	1,235,697
Student services	2,480,367	3,621,891
Institutional support	7,562,498	6,562,460
Operation and maintenance of plant	2,408,602	1,938,401
Scholarships and fellowships	377,433	218,690
Auxiliary enterprises	1,843,415	1,800,368
Depreciation	1,801,727	1,512,519
Total Operating Expenses (Schedule B)	26,180,559	23,568,751
Operating income (loss)	(16,307,114)	(14,739,844)
Nonoperating Revenues (Expenses)		
State allocations	12,012,305	7,440,885
Title IV	5,845,596	5,604,776
Ad valorem taxes:		
Taxes for maintenance and operations	3,299,432	3,444,013
Taxes for debt service	736,537	619,743
Gifts	644,205	284,578
Investment income, net of investment expenses	1,219,726	536,445
Other non-operating revenues	270,188	230,465
Other non-operating expenses	(116)	(248,882)
Other non-government funded expense	(91,000)	(99,000)
Interest on capital related debt	(349,637)	(72,806)
Net Nonoperating Revenues (Expenses)	23,587,236	17,740,217
Increase in net position	7,280,122	3,000,373
Net Position - Beginning of Year, as reported	2,553,857	(81,589)
Adjustment for error correction (see Note 2)	364,927	-
Net Position - Beginning of Year, as restated	2,918,784	(81,589)
Net Position - End of Year, as restated	$ 10,198,906	$ 2,918,784

STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2024 and 2023

	2024	2023, as restated
Operating Activities		
Receipts from students and other customers	$ 1,564,473	$ 1,366,510
Receipts from grants and contracts	5,381,987	5,789,849
Payments to suppliers for goods or services	(7,157,290)	(9,324,851)
Payments to or on behalf of employees	(16,563,343)	(15,739,712)
Payments of scholarships and fellowships	(377,433)	(351,689)
Other receipts	717,020	1,052,665
Net Cash Used In Operating Activities	(16,434,586)	(17,207,228)
Noncapital Financing Activities		
Receipts of state appropriations	12,012,305	7,440,885
Receipts from ad valorem taxes	4,035,969	4,013,661
Receipts from non-operating federal revenue	5,845,596	4,778,614
Gifts	644,205	284,578
Payments to student organizations and other agency transactions	(91,116)	(82,999)
Receipts from others	(80,286)	(493,150)
Proceeds from insurance claims	270,188	230,465
Net Cash Provided By Noncapital Financing Activities	22,636,861	16,172,054
Capital And Related Financing Activities		
Purchases of capital assets	(6,009,863)	(3,492,196)
Proceeds from issuance of bond	-	6,600,000
Bond issuance cost paid on new capital debt issue	-	(248,882)
Payments on capital debt - principal	(368,154)	(1,044,204)
Payments on capital debt - interest	(349,637)	(72,806)
Net Cash Provided By (Used In) Capital And Related Financing Activities	(6,727,654)	1,741,912
Investing Activities		
Proceeds from sales and maturities of investments	3,824,000	5,369,568
Purchase of investments	(4,339,364)	(6,761,465)
Interest on investments	960,004	859,368
Increase (decrease) from unrealized gain (loss) on investments	259,722	330,129
Net Cash Provided By (Used In) Investing Activities	704,362	(202,400)
Net increase (decrease) in cash and cash equivalents	178,983	504,338
Cash and Cash Equivalents - Beginning of Year	13,225,741	12,721,403
Cash and Cash Equivalents - End of Year	$ 13,404,724	$ 13,225,741

(Continued)

STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2024 and 2023

	2024	2023, as restated
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating income (loss)	$ (16,307,114)	$ (14,739,844)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation expense	1,801,727	1,512,519
Bad debt allowance	472,831	26,315
Payments made directly by state for benefits	(729,408)	(357,097)
Change in assets, deferred outflows, liabilities, and deferred inflows:		
(Increase) decrease in assets and deferred outflows:		
Accounts receivables, net	374,438	(1,174,536)
Prepaid expenses	(273,345)	(71,615)
Pension related deferred outflows	(869,925)	(869,524)
Other post employee benefits related deferred outflows	375,430	(1,462,757)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	1,042,428	(823,200)
Due to Foundation	-	(50,000)
Accrued payroll	209,285	(303,863)
Compensated absences	(27,870)	(4,059)
Funds held for others	(3,229)	(82,999)
Unearned revenue	(2,584,403)	853,200
Net pension liability	1,909,837	3,486,840
Net other post employee benefits (OPEB) liability	(312,213)	(1,986,491)
Pension related deferred inflows	(354,102)	(2,636,790)
Other post employee benefits related (OPEB) deferred inflows	(1,158,953)	1,476,673
Net cash used in operating activities	$ (16,434,586)	$ (17,207,228)
Noncash Capital and Related Financing Activities:		
Unrealized gain (loss) on investments	$ 184,446	$ 213,522
Subscription-based assets obtained through subscription-based liabilities	$ -	$ 245,906

Coastal Bend
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NOTES TO FINANCIAL STATEMENTS

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.

A. 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

A. Reporting Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the Annual Financial Reporting Requirements for Texas Public Community Colleges established by the Texas Higher Education Coordinating Board (THECB). For financial reporting purposes, the College is considered a special-purpose, primary government engaged in business-type activities.

B. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

C. 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.

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

D. 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.

E. 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.

F. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents (continued)

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.

G. Investments

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

H. 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.

I. 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.

J. Restricted Cash

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.

K. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. As of August 31, 2024 and 2023, prepaid expenses were $654,517 and $381,172, respectively.

L. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

L. Capital Assets (continued)

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

	Estimated Useful Lives (In Years)
Buldings and Improvements	20-50
Furniture, machinery, vehicles, and other equipment	10
Telecommunications and peripheral equipment	5
Library books	15

Subscription-based assets resulting from qualifying subscription-based information technology arrangements (SBITAs) are amortized over the subscription term.

M. Subscription-Based Assets and Liabilities

For subscription agreements that have a maximum possible term of 12 months or less at commencement, the College recognizes expense based on the provisions of the subscription agreement.

For all other subscription-based agreements, the College recognizes a subscription-based liability and an intangible right-to-use subscription asset. The College recognizes subscription agreements that allow the College the right to control another party's IT software alone or in combination with tangible capital assets.

At agreement commencement, the College initially measures the subscription liability at the present value of all payments expected to be made during the subscription term using the then current discount rate. The College uses its estimated incremental borrowing rate as the discount rate. The incremental borrowing rate for subscription-based agreements is based on the rate of interest it would have to pay if it issued general obligation bonds to borrow an amount equal to the subscription payment under similar terms at the commencement or remeasurement date. The subscription liability is reduced by the principal portion of payments made to the vendor. Subscription assets are amortized into amortization expense on a straight-line basis over the subscription term.

The subscription term includes a non-cancellable period to use certain third-party vendor information technology software plus any additional periods covered by either the College or the vendor's option to extend or terminate. Extension of additional periods is reasonably certain to be exercised, while termination of periods is reasonably certain to not be exercised. Periods for which both the College and the SBITA vendor have an option to terminate without permission from the other party are cancelable periods and are excluded from the subscription term. Preliminary project costs and training costs are expensed as incurred. Initial implementation costs are capitalized but are excluded from the present value calculation of the subscription asset. Operation and additional implementation costs that occur after putting the IT software in place are expensed as incurred (See Note 10).

Note 2 - Summary of Significant Accounting Policies (continued)

N. Unearned Revenues

Tuition and fees of $3,855,876 and $4,413,536 and federal, state, local, and private grants of $540,223 and $2,566,965 have been reported as short-term and long-term unearned revenues as of August 31, 2024 and 2023, respectively. Total unearned revenues were $4,396,098 and $6,980,501 as of August 31, 2024 and 2023, respectively.

O. Pensions

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

P. Deferred Outflows of Resources

In addition to assets, the Statements of Net Position include a separate section for deferred outflows of resources, which represents a consumption of net assets that applies to future periods and thus, will not be recognized as an outflow of resources (expensed) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. The College recorded deferred outflow of resources for its proportionate share of collective deferred outflows of the Teacher Retirement System of Texas (TRS) pension plan required by the implementation of GASB Statement 68, Accounting and Financial Reporting for Pensions and for contributions made to the TRS plan subsequent to the measurement date of the respective net pension liability. In addition, the College recorded deferred outflow of resources for its proportionate share of collective deferred outflows of the Employees Retirement System of Texas (ERS) other post-employment benefits (OPEB) plan required by the implementation of GASB Statement 75, Accounting and Financial Reporting for OPEB and for contributions made to the ERS plan subsequent to the measurement date of the respective net OPEB liability. For additional information, see Notes 13 and 16.

Q. Deferred Inflows of Resources

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources, which represents an acquisition of net assets that applies to future periods and thus, will not be recognized as an inflow of resources (revenue) until then. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. The College records deferred inflows of resources related to leases and its proportionate share of collective deferred inflows of the TRS pension plan and the ERS OPEB plan. For additional information, see Notes 9, 13, and 16, respectively.

R. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

R. Other Post-Employment Benefits (continued)

This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

S. 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.

T. 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. The operations of the bookstore are performed by a third party contracted by the College.

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

U. Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

V. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to 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.

W. Subsequent Events

The College has evaluated subsequent events through December 19, 2024, 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. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

X. 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, 2024 and 2023.

Y. Recently Issued and Implemented Accounting Guidance

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right to use subscription asset an - intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 2.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this statement are not effective for reporting periods until June 30, 2024. The requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

Y. Recently Issued and Implemented Accounting Guidance (continued)

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

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

The GASB issued Statement No. 102, *Certain Risk Disclosures* in December 2023. This Statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for periods beginning after June 15, 2024.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements* in April 2024. This Statement provides key targeted improvements to the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* in September 2024. This Statement establishes requirements for certain types of capital assets to be disclosed separately for purposes of note disclosures. The requirements of this Statement are effective for periods beginning after June 15, 2025.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Z. Prior-Year Restatement

The College's fiscal year 2024 financial statements incorporate a change in accounting principle and correction of an error within the previously issued financial statements.

- During the current year it came to management's attention that deferred outflows of resources for other post-employment benefits (OPEB) were understated as of August 31, 2023. Correction of the error increased deferred outflows related to OPEB by $364,927 and decreased operating expenses by $364,927.

	2023 As Previously Reported	Adjustment	2023 As Restated
Statement of Revenues, Expenses, and Changes in Net Position:			
Operating Expenses:			
Instruction	$ 6,867,756	$ (189,031)	$ 6,678,725
Academic support	1,257,332	(21,635)	1,235,697
Student services	3,677,730	(55,841)	3,621,889
Institutional support	6,660,880	(98,420)	6,562,460
Increase in net position	2,635,446	364,927	3,000,373
Statement of Net Position:			
Unrestricted net position	(11,676,730)	364,927	(11,311,803)
Net position, end of year	2,553,857	364,927	2,918,784

Note 3 - Authorized Investments

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code) 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 4 - Deposits and Investments

A. Deposits

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

	2024	2023
Demand deposits	$ 1,458,379	$ 2,400,215
Tex Pool	1,322	1,253
Texas class	11,941,690	10,817,147
Petty cash on hand	3,333	7,126
Total Cash and Equivalents	$ 13,404,724	$ 13,225,741
Current assets	$ 1,463,034	$ 2,408,594
Non-current assets	11,941,690	10,817,147
Total Cash and Cash Equivalents	$ 13,404,724	$ 13,225,741

As of August 31, 2024 and 2023, 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 $178,983 from August 31, 2023 to August 31, 2024 due to an increase in interest income.

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

	2024	2023
Short-term investments	$ 2,531,588	$ 4,469,964
Long-term investments	4,882,250	2,294,064
Total Non-Cash Investments	7,413,838	6,764,028
Total Cash and Equivalents	13,404,724	13,225,741
Total Cash, Cash Equivalents, and Investments	$ 20,818,562	$ 19,989,769

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 4 - Deposits and Investments

A. Deposits (continued)

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, 2024, 100% of the College's investments were held in Fixed Income Securities. As of August 31, 2023, 97% of the College's investments were held in Fixed Income Securities.

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.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of August 31, 2024 and 2023, the College did not have direct exposure to foreign currency risk through its investments. The Investment Policy Statement is silent on the subject of foreign currency risk.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty, the College would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Investment Policy Statement is silent on the subject of custodial credit risk.

B. 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 4 - Deposits and Investments

B. Fair Value Measurements (continued)

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

As of August 31, 2024	Level 1	Level 2	Level 3
Municipal bonds	$ -	$ 1,545,886	$ -
Corporate bonds	-	5,867,952	-
Total Fair Value	$ -	$ 7,413,838	$ -

As of August 31, 2023	Level 1	Level 2	Level 3
Municipal bonds	$ -	$ 3,034,657	$ -
Corporate bonds	-	3,729,371	-
Total Fair Value	$ -	$ 6,764,028	$ -

Note 5 - Disaggregation Of Receivables and Payables Balances

The following table summarizes the disaggregation of the College's receivables and payables balances as of August 31, 2024 and 2023, respectively.

	2024	2023
Receivables		
Student receivables	$ 5,539,675	$ 5,123,860
Ad valorem receivables	372,042	348,642
Tuition sponsor receivables	753,948	281,818
Grant and contract receivables	1,107,605	1,750,045
Lease receivable	99,822	242,221
Other receivables	104,923	66,228
Total Receivables	7,978,015	7,812,814
Allowance for doubtful accounts	(1,404,393)	(864,754)
Total Receivables, Net	$ 6,573,622	$ 6,948,060

Note 6 - Capital Assets

The following table summarizes the changes in the College's capital assets during the fiscal year ended August 31, 2024. Land is not subject to depreciation.

	Balance September 1, 2023	Increases	Decreases	Balance August 31, 2024
Capital Assets, Not Being Depreciated:				
Land	$ 476,889	$ -	$ -	$ 476,889
Construction in progress	723,732	4,521,759	-	5,245,491
Total Capital Assets, Not Being Depreciated	1,200,621	4,521,759	-	5,722,380
Capital Assets, Being Depreciated:				
Buildings and building improvements	31,624,976	382,809	-	32,007,785
Library books	1,329,740	-	-	1,329,740
Furniture and equipment	14,616,731	1,105,295	-	15,722,026
Total Capital Assets, Being Depreciated	47,571,447	1,488,104	-	49,059,551
Less Accumulated Depreciation:				
Buildings and building improvements	(19,117,546)	(854,001)	-	(19,971,547)
Library books	(1,308,454)	(5,316)	-	(1,313,770)
Furniture and equipment	(11,392,219)	(942,410)	-	(12,334,629)
Total Accumulated Depreciation	(31,818,219)	(1,801,727)	-	(33,619,946)
Total Capital Assets, Being Depreciated (Net)	15,753,228	(313,623)	-	15,439,605
Right-to-Use Lease Assets, Being Amortized				
Copier Machine	139,103	-	-	139,103
Right-to-Use Lease Assets, Being Amortized				
Less Accumulated Amortization:				
Copier Machine	(51,004)	(27,821)	-	(78,825)
Total Right-to-Use Lease Assets Being Amortized, Net	88,099	(27,821)	-	60,278
Right-to-Use Subscription Assets				
Subscription-based information technology	1,308,912	-	-	1,308,912
Less Accumulated Amortization:				
Right-to-use subscriptions assets	(465,134)	(261,782)	-	(726,916)
Total Right-to Use Subscriptions Assets Being Amortized, Net	843,778	(261,782)	-	581,996
Total Capital Assets, Net	$ 17,885,726	$ 93,206	$ -	$ 21,804,259

Note 6 - Capital Assets (continued)

The following table summarizes the changes in the College's capital assets during the fiscal year ended August 31, 2023. Land is not subject to depreciation.

	Balance September 1, 2022	Increases	Decreases	Balance August 31, 2023
Capital Assets, Not Being Depreciated:				
Land	$ 476,889	$ -	$ -	$ 476,889
Construction in progress	-	723,732	-	723,732
Total Capital Assets, Not Being Depreciated	476,889	723,732	-	1,200,621
Capital Assets, Being Depreciated:				
Buildings and building improvements	30,556,537	1,068,439	-	31,624,976
Library books	1,329,740	-	-	1,329,740
Furniture and equipment	12,930,964	1,685,767	-	14,616,731
Total Capital Assets, Being Depreciated	44,817,241	2,754,206	-	47,571,447
Less Accumulated Depreciation:				
Buildings and building improvements	(18,269,562)	(847,984)	-	(19,117,546)
Library books	(1,306,226)	(2,228)	-	(1,308,454)
Furniture and equipment	(10,729,912)	(662,307)	-	(11,392,219)
Total Accumulated Depreciation	(30,305,700)	(1,512,519)	-	(31,818,219)
Total Capital Assets, Being Depreciated (Net)	14,511,541	1,241,687	-	15,753,228
Right-to-Use Lease Assets, Being Amortized				
Copier Machine	139,103	-	-	139,103
Right-to-Use Lease Assets, Being Amortized				
Less Accumulated Amortization:				
Copier Machine	(23,184)	(27,820)	-	(51,004)
Total Right-to-Use Lease Assets Being Amortized, Net	115,919	(27,820)	-	88,099
Right-to-Use Subscription Assets				
Subscription-based information technology	1,016,755	292,157	-	1,308,912
Less Accumulated Amortization:				
Right-to-use subscriptions assets	(203,351)	(261,783)	-	(465,134)
Total Right-to Use Subscriptions Assets Being Amortized, Net	813,404	30,374	-	843,778
Total Capital Assets, Net	$ 15,917,753	$ 1,967,973	$ -	$ 17,885,726

For the years ended August 31, 2024 and 2023, depreciation expense was $1,801,727 and $1,512,519, respectively.

Note 7 - 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 $279,903 and $262,025 for the unpaid annual leave in 2024 and 2023, respectively. Sick leave, which could formerly be accumulated to a maximum of 45 days and earned at the rate of one day per month, is only subject to a sick leave balance for employees who were employed before September 1, 2010 due to a change in College policy in 2016. 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, 2024 and 2023, annual sick leave of $261,338 and $307,086 was recognized, respectively.

	2024	2023
Compensable Absences - Beginning of Year	$ 569,111	$ 573,170
Additions	104,845	108,310
Deletions	(132,715)	(112,369)
Compensable Absences - End of Year	$ 541,241	$ 569,111

The College estimates that the entire amount of $541,241 will be due within one year.

Note 8 - Lease Obligations and Rental Agreements

Leases - Lessee

The College has entered into a lease agreement to obtain the right-to-use copier machines on campus for a monthly payment of $2,654 at a discount rate of 3.65%, the College's estimated incremental borrowing rate.

The following is a schedule of minimum future lease payments from lease agreements as of August 31, 2024:

Fiscal Year	Principal	Interest	Total Future Minimum Lease Payments
2025	$ 28,928	$ 2,915	$ 31,843
2026	30,602	1,240	31,842
2027	5,271	37	5,308
Total	64,801	4,192	68,993

Note 8 - Lease Obligations and Rental Agreements (continued)

Leases – Lessee (continued)

The following is a schedule of minimum future lease payments from lease agreements as of August 31, 2023:

Fiscal Year	Principal	Interest	Total Future Minimum Lease Payments
2024	$ 27,345	$ 4,497	$ 31,842
2025	28,928	2,915	31,843
2026	30,602	1,240	31,842
2027	5,271	37	5,308
Total	$ 92,146	$ 8,689	$ 100,835

Leases – Lessor

Effective May 1, 2021 the College entered into a rental agreement with the Workforce Solutions of the Coastal Bend for meeting and office room space on the campuses. The lessee will remit to the College monthly payments of $12,891 and the College is reasonably certain to extend the lease agreement through September 30, 2025.

Lessors remaining lease obligation as of August 31, 2024 were as follows:

Fiscal Year	Principal Payments	Interest Expense	Total
2025	$ 95,946	$ 1,670	$ 97,616
2026	3,876	12	3,888
Total	$ 99,822	$ 1,682	$ 101,504

Lessors remaining lease obligation as of August 31, 2023 were as follows:

Fiscal Year	Principal Payments	Interest Expense	Total
2024	$ 142,399	$ 6,706	$ 149,105
2025	95,749	1,670	97,419
2026	4,073	12	4,085
Total	$ 242,221	$ 8,388	$ 250,609

Note 9 - 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 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.

Note Issue Name: Coastal Bend College Maintenance Tax Notes, Series 2023
- Purpose of Issuance: College wide capital improvements
- Issue Date: March 23,2023
- Original Amount of Issue: $6,600,000
- Interest Rate: 3.650%
- Source of Revenue for note payments: Pledged registration fees, out of district fees, student service fees and course fees.

In 2021, the College began payment on a finance lease agreement for the purchase of two new transportation buses. The liability balance of the finance lease agreement as of August 31, 2024 is $0. As of August 31, 2023, the liability balance of the finance lease agreement was $54,648. As of August 31, 2024, the College had no operating lease expenses that would have a material effect on the overall financial statements.

Note 9 - Non-Current Liabilities (continued)

The following tables summarize the non-current liabilities held by the College as of August 31, 2024 and 2023, respectively.

	Balance August 31, 2023	Additions	Reductions	Balance August 31, 2024	2024 Current Portion
Bonds and Notes:					
Maintenance tax notes	$ 7,412,000	$ -	$ (374,000)	$ 7,038,000	$ 355,000
Bus note	54,648	-	(54,648)	-	-
Total Bonds and Notes	7,466,648	-	(428,648)	7,038,000	355,000
Other Liabilities:					
Lease liabilities	92,146	-	(27,345)	64,801	28,928
Subscription liability	843,778	-	(261,782)	581,996	266,377
Net pension liability	5,979,321	2,500,199	(590,362)	7,889,158	-
Net OPEB liability	16,166,384	2,668,314	(2,980,527)	15,854,171	443,463
Total Other Liabilities	23,081,629	5,168,513	(3,860,016)	24,390,126	738,768
Total Non-Current Liabilities	$ 30,548,277	$ 5,168,513	$ (4,288,664)	$ 31,428,126	$ 1,093,768

	Balance August 31, 2022	Additions	Reductions	Balance August 31, 2023	2023 Current Position
Bonds and Notes:					
Revenue bonds	$ 452,000	$ -	$ (452,000)	$ -	$ -
Maintenance tax notes	1,378,000	6,600,000	(566,000)	7,412,000	374,000
Bus note	80,852	-	(26,204)	54,648	27,089
Total Bonds and Notes	1,910,852	6,600,000	(1,044,204)	7,466,648	401,089
Other Liabilities:					
Lease liabilities	115,919	-	(23,773)	92,146	27,345
Subscription liability	813,404	292,157	(261,783)	843,778	205,883
Net pension liability	2,492,481	3,486,840	-	5,979,321	-
Net OPEB liability	18,152,875	3,580,335	(5,566,826)	16,166,384	325,852
Total Other Liabilities	21,574,679	7,359,332	(5,852,382)	23,081,629	559,080
Total Non-Current Liabilities	$ 23,485,531	$ 13,959,332	$ (6,896,586)	$ 30,548,277	$ 960,169

Note 10 - Subscription-Based Liabilities

The College has the non-cancellable right to use certain third-party vendor information technology software. Therse subscription-based technology arrangements primarily consist of software used for the College’s accounting and operational needs as well as student assessment and engagement and other software needs. These arrangements have terms ranging from 1 to 3 years.

The principal and interest payments to maturity for subscription-based liabilities at August 31, 2024 are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 266,377	$ 19,393	$ 285,770
2026	263,929	9,415	273,344
2027	51,690	3,711	55,401
Total	$ 581,996	$ 32,519	$ 614,515

Note 11 - Funds Held in Trust by Others

As of August 31, 2024 and 2023, the College held, in trust funds, amounts of $71,685 and $74,914, 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 notes are as follows:

	Maintenance Tax Notes		
Fiscal Year	**Principal**	**Interest**	**Total**
2025	$ 355,000	$ 254,901	$ 609,901
2026	618,000	237,011	855,011
2027	410,000	213,890	623,890
2028	425,000	198,651	623,651
2029	440,000	182,865	622,865
2030	460,000	166,440	626,440
2031	475,000	149,376	624,376
2032	490,000	131,765	621,765
2033	510,000	113,515	623,515
2034	530,000	94,535	624,535
2035	550,000	74,825	624,825
2036	570,000	54,385	624,385
2037	590,000	33,215	623,215
2038	615,000	11,224	626,224
Total	$ 7,038,000	$ 1,916,598	$ 8,954,598

Note 13 - Employee Retirement Systems and Pension Plans

Plan Description

The College participates in a multiple-employer, cost-sharing, defined benefit pension plan 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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided

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

Texas Government Code, Section 821.006, prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the TRS actuary.

Note 13 - Employee Retirement Systems and Pension Plans (continued)

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

	Contributions Rates	
	August 31, 2024	**August 31, 2023**
Member	8.25%	8.00%
Non-Employer Contributing Entity (State)	8.25%	8.00%
Employers	8.25%	8.00%

FY 2023 Employer (College)	$	667,595
FY 2023 Employee (Member)	$	929,006
FY 2023 Non-employer Contributing Entity		
On-behalf Contributions (State)	$	154,377

The College's contributions to the TRS pension plan for FY 2024 were $667,595 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 FY 2024 were $203,844.

- 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.

Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing college 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.

Note 13 - Employee Retirement Systems and Pension Plans (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 31, 2023	4.13% - The 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."
Last year ending August 31 in Projection period (100 years)	2122
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. 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 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

Note 13 - Employee Retirement Systems and Pension Plans (continued)

Discount Rate (continued)

The long-term rate of return on pension plan investments is 7.00%. 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 Systems target asset allocation as of August 31, 2023 are summarized below:

Asset Class	Target Allocation[2]	Long-Term Expected Geometric Real Rate of Return[3]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.00%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.70%
Private Equity[1]	14.00%	7.70%	1.50%
Stable Value			
Government Bonds	16.00%	1.00%	0.50%
Absolute Return[1]	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.20%
Real Return			
Real Estate	15.00%	4.10%	1.10%
Energy, Natural Resources & Infrastructure	6.00%	5.10%	0.40%
Commodities	0.00%	3.60%	0.00%
Risk Parity	8.00%	4.60%	0.40%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.00%
Asset Allocation Leverage	-6.00%	3.60%	-0.10%
Inflation Expectation			2.30%
Volatility Drag[4]			-0.90%
Expected Return	100.00%		8.00%

[1] Absolute Return includes Credit Sensitive Investments.

[2] Target allocations are based on the fiscal year 2023 policy model.

[3] Capital Market Assumptions come from Aon Hewitt as of August 31, 2023.

[4] The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

The following table presents the College's proportional share of the Net Pension Liability of the plan using the discount rate of 7.00%, and what the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

Note 13 - Employee Retirement Systems and Pension Plans (continued)

Discount Rate Sensitivity Analysis (continued)

August 31, 2024

	Discount Rate		
	1% Decrease 6.00%	**Current Rate 7.00%**	**1% Increase 8.00%**
The College's proportional share of the net pension liability	$11,794,727	$7,889,158	$4,641,674

August 31, 2023

	Discount Rate		
	1% Decrease 6.00%	**Current Rate 7.00%**	**1% Increase 8.00%**
The College's proportional share of the net pension liability	$9,301,557	$5,979,321	$3,286,493

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

On August 31, 2024, the College reported a liability of $7,889,158 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, 2024	August 31, 2023
College's proportionate share of the collective net pension liability	$ 7,889,158	$ 5,979,321
State's proportionate share that is associated with the College	2,724,024	1,964,075
Total	$ 10,613,182	$ 7,943,396

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 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, 2022 through August 31, 2023.

On August 31, 2023 the College's proportion of the collective net pension liability was 0.0114851% which was an increase from its proportion measured as of August 31, 2022 of 0.0100717%.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

Note 13 - Employee Retirement Systems and Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Pension Expense

For the year ended August 31, 2024, the College recognized pension expense of $1,352,972. The College also recognized on-behalf pension expense and revenue of $411,304 for support provided by the State.

At August 31, 2024, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 281,093	$ 95,529
Changes of assumptions	746,160	182,602
Difference between projected and actual investment earnings	1,148,064	-
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	813,103	396,713
Contributions paid to TRS subsequent to the measurement date	667,594	-
Total	$ 3,656,014	$ 674,844

The deferred outflows of resources resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2025.

At August 31, 2023, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 86,700	$ 130,361
Changes of assumptions	590,738	-
Difference between projected and actual investment earnings	1,114,142	277,675
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	403,715	620,910
Contributions paid to TRS subsequent to the measurement date	590,794	-
Total	$ 2,786,089	$ 1,028,946

Note 13 - Employee Retirement Systems and Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Year ending August 31,	Amount
2025	$ 479,977
2026	346,346
2027	1,003,434
2028	378,371
2029	105,448
Thereafter	-
	$ 2,313,576

The College will continue to make the required pension contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the College's contributions to the Net Pension Liability on an annual basis.

Optional Retirement Plan

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentage of participant salaries contributed by the State and each participant are as follows:

Year	State	Participant
2024	6.6%	6.65%
2023	6.6%	6.65%
2022	6.6%	6.65%

In addition, for fiscal years 2024, 2023, and 2022, 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 of 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 $23,206, $22,160, and $21,868 for the fiscal years ended August 31, 2024, 2023, and 2022, respectively. The total payroll for all College employees was $12,865,890, $11,645,292, and $7,908,631 for the fiscal years ended August 31, 2024, 2023, and 2022, respectively. The total payroll of employees covered by ORP was $703,200 , $671,514, and $663,631 for fiscal years August 31, 2024, 2023, and 2022, 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, 2024 and 2023, 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 and $623 per month for the years ended August 31, 2024 and 2023, respectively. The State's maximum contribution for dependent coverage was $1,223 and $1,220 per month for August 31, 2024 and 2023, respectively.

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,	**2024**	**2023**
Number of retirees	120	139
Cost of health benefits for retirees	$ 648,915	$ 712,541
Number of active full-time employees	188	184
Cost of health benefits for active full-time employees	$ 1,287,316	$ 1,071,241
State appropriation for health insurance	$ 874,944	$ 874,944

Note 16 - Other Post-Employment Benefits (OPEB)

Plan Description

The College participates in the State Retiree Health Plan (SRHP) which is a cost-sharing, defined benefit multiple-employer, other post-employment benefit (OPEB) plan with a special funding situation. Through the SRHP, the Employees Retirement System of Texas (ERS) administers the Texas Employees Group Benefits Program (GBP). The GBP provides certain post-employment 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 these post-employment benefits if they reach normal retirement age while working for the State and retire with at least ten 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 SRHP's fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report that includes financial statements, notes to the financial statements, and required supplementary information. That report may be obtained on the Internet at https://ers.texas.gov/about-ers/reports-and-studies/gasb-requirements or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

Note 16 - Other Post-Employment Benefits (OPEB)

Benefits Provided

Retiree health benefits offered through the GBP are available to most State retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees through 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. 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 pays part of the premiums for the College.

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Plan Years 2023 and 2022

	2023	2022
Retiree Only	$ 624.82	$ 624.82
Retiree and Spouse	1,340.82	1,339.90
Retiree and Children	1,104.22	1,103.58
Retiree and Family	1,820.22	1,818.66

Contributions of premiums to the SRHP for the current and prior fiscal year by source is summarized in the following table:

Premium Contributions by Source
Group Benefits Program Plan
For the Plan Years Ended August 31, 2024 and 2023

	2024	2023
Employer	$ 1,769,620	$ 1,673,320
Members (Employees)	388,850	44,520
Nonemployer Contributing Entity (State of Texas)	874,944	874,944

Note 16 - Other Post-Employment Benefits (OPEB) (continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	August 31, 2023
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
Actuarial Assumptions:	
Discount Rate	3.81%
Projected Annual Salary Increase	2.30% to 8.95%, including inflation
Annual Healthcare Trend Rate per year:	
HealthSelect	5.60% for FY 2025, 5.30% for FY 2026, 5.00% for FY 2027, 4.75% for FY 2028, 4.60% for FY 2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2032 and later years
HealthSelect Medicare Advantage	16.40% for FY 2025, 8.40% for FY 2026, 5.00% for FY 2027, 4.75% for FY 2028, 4.60% for FY 2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2032 and later years
Pharmacy	10.00% for FY2025, 10.00% for FY2026, decreasing 100 basis points per year to 5.00% for FY2031 and 4.30% for FY2032 and later years
Inflation Assumption Rate	2.30%
Ad hoc Post-employment Benefit Changes	None
Mortality Assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021.
Disability retirees	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
Active members	Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP 2021 Projection Scale from the year 2010.

Source: 2023 ERS ACFR except for mortality assumptions obtained from ERS 2023 GASB 74 Actuarial Valuation

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuaries for the 7-year period (September 1, 2010 to August 31, 2017) for higher education members.

Note 16 - Other Post-Employment Benefits (OPEB) (continued)

Investment Policy

The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The system's board of trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 4.61%. (see 2023 ERS Annual Comprehensive Financial Report, OPEB note).

Discount Rate

Because the SRHP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rates. The discount rate used to determine the total OPEB liability as of the end of the measurement year was 3.81% to reflect the requirements of GASB 75. 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 SRHP are equal to projected benefit payments out of the plan. Because SRHP 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.

	2024		
	1% Decrease in Discount Rate (2.81%)	**Discount Rate (3.81%)**	**1% Increase in Discount Rate (4.81%)**
Proportionate share of net OPEB liability (in thousands)	$18,396	$15,854	$13,809

	2023		
	1% Decrease in Discount Rate (2.59%)	**Discount Rate (3.59%)**	**1% Increase in Discount Rate (4.59%)**
Proportionate share of net OPEB liability (in thousands)	$18,855	$16,166	$14,016

Note 16 - Other Post-Employment Benefits (OPEB) (continued)

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 5.6% and the ultimate rate is 4.3%. The following schedule shows the impact on the College's proportionate share of the collective net OPEB liability if the health care cost trend rate used was 1% less than and 1% greater than the health care cost trend rate that was used (5.6% decreasing to 4.3%) in measuring the net OPEB liability.

	2024		
	1% Decrease in Healthcare Cost Trend Rates (4.6% decreasing to 3.3%)	**Current Healthcare Cost Trend Rates (5.6% decreasing to 4.3%)**	**1% Increase in Healthcare Cost Trend Rates (6.6% decreasing to 5.3%)**
Proportionate share of net OPEB liability	$ 13,636,791	$ 15,854,171	$ 18,670,256

	2023		
	1% Decrease in Healthcare Cost Trend Rates (4.6% decreasing to 3.3%)	**Current Healthcare Cost Trend Rates (5.6% decreasing to 4.3%)**	**1% Increase in Healthcare Cost Trend Rates (6.6% decreasing to 5.3%)**
Proportionate share of net OPEB liability	$ 13,844,287	$ 16,166,384	$ 19,131,077

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

At August 31, 2024, the College reported a liability of $15,854,171 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:

	2024	**2023**
The College's proportionate share of the collective net OPEB liability	$ 15,854,171	$ 16,166,384
State's proportionate share that is associated with the College	7,838,696	8,453,061
	$ 23,692,867	$ 24,619,445

The net OPEB liability was measured as of August 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on the College's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At the measurement date of August 31, 2023, the College's proportion of the collective net OPEB liability was 0.05933996%, which was an increase of 0.00258985% from its proportion measured as of August 31, 2022 of 0.05675011%.

Note 16 - Other Post-Employment Benefits (OPEB) (continued)

For the year ended August 31, 2024, the College recognized OPEB expense of $232,628 and revenue of $232,628 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:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to cover dependent children.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the OptOut Credit at retirement.
- Annual rate of increase in the PatientCentered Outcomes Research Institute fee payable under the Affordable Care Act.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our shortterm expectations.

The discount rate was changed from 3.59% as of August 31, 2022, to 3.81% as of August 31, 2023, as a result of requirements by GASB No. 74 to reflect 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:

Under Q/A #4.107 of GASB’s Implementation Guide No. 2017-2, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, any plan changes that have been adopted and communicated to plan members by the time the valuation is prepared must be included in the valuation. The valuation reflects Senate Bill 1055, which added Stephen F. Austin State University into the University of Texas System. As a result, eligible employees of Stephen F. Austin ceased being members under this OPEB plan effective August 31, 2023. Accordingly, this valuation reflects the minor benefit changes that will become effective September 1, 2023, since these changes were communicated to plan members in advance of the preparation of this report. These changes, which are not expected to have a significant impact on plan costs for Fiscal Year 2024, are provided for in the Fiscal Year 2024 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

At August 31, 2024, the College reported its proportionate share of the ERS plan’s collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 419,351
Changes in actuarial assumptions	528,878	4,951,469
Difference between projected and actual economic experience	1,281	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,408,192	925,923
Contributions paid to ERS subsequent to the measurement date	363,079	-
Total	$ 3,301,430	$ 6,296,743

The deferred outflows of resources resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2025.

Note 16 - Other Post-Employment Benefits (OPEB) (continued)

At August 31, 2023, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 510,069
Changes in actuarial assumptions	949,840	4,997,182
Difference between projected and actual economic experience	2,788	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,359,305	1,948,445
Contributions paid to ERS subsequent to the measurement date	364,927	-
Total	$ 3,676,860	$ 7,455,696

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

Year Ending August 31,	OPEB Expense Amount
2025	$ (1,045,065)
2026	(954,478)
2027	(821,815)
2028	(462,774)
2029	(74,260)
Total	$ (3,358,392)

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, 2024 and 2023, $540,223 and $2,566,965, 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, 2024 and 2023.

	2024	2023
Assessed valuation of the College	$ 3,477,731,279	$ 3,247,363,284
Less: Exemptions	54,676,570	49,747,820
Net Assessed Valuation of the College	$ 3,423,054,709	$ 3,197,615,464

Note 18 - Property Tax (continued)

For Year Ended August 31, 2024	Current Operations	Debt Service	Total
Authorized rate per $100 valuation	$ 0.110680	$ 0.018020	$ 0.128700
Assessed tax rate per $100 valuation	$ 0.105500	$ 0.023430	$ 0.128930

For Year Ended August 31, 2023	Current Operations	Debt Service	Total
Authorized rate per $100 valuation	$ 0.418700	$ 0.190550	$ 0.609250
Assessed tax rate per $100 valuation	$ 0.139500	$ 0.024530	$ 0.164030

Taxes levied, including penalty and interest assessed, for the years ended August 31, 2024 and 2023, based on certified rolls, as reported by the taxing authorities amounted to $4,035,969 and $4,063,756, respectively. Bee County Tax Assessor and Collector is the collecting agency for the levy and remits collections to the College net a collection fee. 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.

For the Year Ended August 31,	**2024**	**2023**
Current taxes collected	$ 3,925,143	$ 3,942,260
Delinquent taxes collected	89,800	160,882
Penalties and interest collected	71,781	2,062
Less: Discounts and commission	(50,755)	(41,448)
Total Collections	$ 4,035,969	$ 4,063,756

Tax collections for the years ended August 31, 2024 and 2023, were 97% and 91%, respectively, of the current tax levy. The allowance for uncollectible taxes are based upon the historical experience in the collection of property taxes. As of August 31, 2024 and 2023, management considers all property taxes to be collectible and no allowance has been established as of yearend. The use of tax proceeds by the College is restricted to maintenance and operations or interest and sinking expenditures. Property taxes are an imposed non-exchange revenue. Assets from non-exchange transactions are recorded when the entity has an enforceable legal claim to the asset or when the entity receives the resources, whichever comes first.

The enforceable legal claim date is the assessment date. Resources received or recognized as receivable before the period for which they are levied should be reported as deferred revenues. Accordingly, the College has recognized all assessed taxes in the current year and has a recorded a receivable for uncollected taxes revenue.

Note 19 - Tax Abatements

The College entered into property tax abatement agreement with Karankawa Wind, LLC (formerly known as Pacific Wind Development, LLC), a wholly-owned subsidiary of Avangrid Renewables, under the Property Redevelopment Tax Abatement Act (Chapter 312 of Texas Tax Code). The abatement was granted for the construction and operation of a wind power project. Karankawa Wind, LLC will contribute to the expansion of employment, attract major investment, benefit the property on which it is constructed, and contribute to the economic development of Bee County. The project consists of a renewable energy wind-powered electric generating facility with an estimated value of at least $75,000,000 upon completion of the project. The operation and maintenance of this project will create at least 9 new fulltime jobs with full benefits. Salaries of Wind turbine technicians will exceed the minimum living wage requirements for Bee County.

Note 19 - Tax Abatements (continued)

The property tax abatement was granted for a period of 10 years, in which, the owner agreed to pay $180,000 to the College to fund the College's sidewalk project and a Dual Enrollment Scholarship in exchange for an abatement of 100% of maintenance and operations ad valorem taxes during the first-year construction period for their wind farm project. Additionally, there will be an abatement for years 2-9 thereafter at a rate of 60%. Under this program, the abatements are comprised of a partial exemption from ad valorem taxes of certain added value to real and personal property in a zone designated for economic development purposes pursuant to the Act by the County of Bee. Per Texas Tax Code 312.205, if Karankawa Wind, LLC fails to make the improvement as provided for by their agreement, the College is entitled to cancel the agreement and recover the property tax revenue abated under this agreement through the cancellation date. There is no abatement for debt service portion of ad valorem tax under the agreement.

Note 20 - Commitments and Contingencies

Federal and State of Texas Assisted Programs

The College participates in a number of State of Texas 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 - Workers' Compensation

During the years ended August 31, 2024 and 2023, 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 22 - 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 23 - Coastal Bend College Foundation and Related Party Transactions

The Foundation is a nonprofit organization with the sole purpose of supporting educational and other activities of the College.

The Foundation remitted $114,492 and $51,933 to the College for scholarship awards during the years ended August 31, 2024 and 2023, respectively. The Foundation did not fund any grant programs in 2024 and 2023.

During the years ended August 31, 2024 and 2023, the College provided office space and staff assistance to the Foundation at no cost. The College’s management estimates the value of the salary, benefits, and operational expense provided to the Foundation to be $185,683 and $176,140 for fiscal years 2024 and 2023, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COLLEGE’S’S PROPORTIONATE SHARE OF NET PENSION LIABILITY
Teachers Retirement System of Texas
Last Ten Fiscal Years*
(Unaudited)

For the Years Ended August 31, *	**2024**	**2023**	**2022**	**2021**	**2020**
College's proportion of the net pension liability	0.0114851%	0.0100717%	0.0097873%	0.0112224%	0.0102248%
College's proportionate share of the net pension liability	$ 7,889,158	$ 5,979,321	$ 2,492,481	$ 6,010,497	$ 5,318,180
State's proportionate share of the net pension liability associated with the College	2,724,024	1,964,075	921,714	2,540,204	2,516,326
Total	$ 10,613,182	$ 7,943,396	$ 3,414,195	$ 8,550,701	$ 7,834,506
College's covered payroll (for Measurement Year)	$ 9,994,809	$ 8,103,653	$ 7,641,041	$ 8,832,602	$ 7,887,066
College's proportionate share of the net pension liability as a percentage of it's covered payroll	78.93%	73.79%	32.62%	68.05%	67.43%
Plan fiduciary net position as a percentage of the total pension liability	73.15%	75.62%	88.79%	75.54%	75.24%

For the Years Ended August 31, *	**2019**	**2018**	**2017**	**2016**	**2015**
College's proportion of the net pension liability	0.0097042%	0.0110125%	0.0122674%	0.0119473%	0.0134040%
College's proportionate share of the net pension liability	$ 5,341,411	$ 2,521,208	$ 4,635,652	$ 4,223,212	$ 3,580,393
State's proportionate share of the net pension liability associated with the College	2,533,500	1,852,551	2,436,696	2,080,573	1,877,347
Total	$ 7,874,911	$ 4,373,759	$ 7,072,348	$ 6,303,785	$ 5,457,740
College's covered payroll (for Measurement Year)	$ 7,837,067	$ 7,787,109	$ 8,703,191	$ 7,750,856	$ 7,571,265
College's proportionate share of the net pension liability as a percentage of it's covered payroll	68.16%	32.38%	53.26%	54.49%	47.29%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

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

See Independent Auditor’s Report and Accompanying Notes to the Required Supplementary Schedules for Pensions.

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS FOR PENSIONS
Teachers Retirement System of Texas
Last Ten Fiscal Years*
(Unaudited)

For the Years Ended August 31, *	2024	2023	2022	2021	2020
Legally required contributions	$ 667,595	$ 582,822	$ 470,082	$ 414,022	$ 357,881
Actual contributions	(667,595)	(582,822)	(470,082)	(414,022)	(357,881)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll amount	$ 11,260,679	$ 11,428,868	$ 8,103,653	$ 7,641,041	$ 7,887,066
Contributions as a percentage of covered payroll	5.93%	5.10%	5.80%	5.42%	4.54%

For the Years Ended August 31, *	2019	2018	2017	2016	2015
Legally required contributions	$ 371,188	$ 360,926	$ 360,926	$ 389,765	$ 353,750
Actual contributions	(371,188)	(360,926)	(360,926)	(389,765)	(353,750)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 7,887,066	$ 7,837,067	$ 7,787,109	$ 8,703,191	$ 7,750,856
Contributions as a percentage of covered payroll	4.71%	4.61%	4.63%	4.48%	4.56%

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

See Independent Auditor's Report and Accompanying Notes to the Required Supplementary Schedules for Pensions.

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES FOR PENSIONS
For the Year Ended August 31, 2024

Note 1: Changes of Benefit Terms Include

There were no changes in benefit terms for the fiscal year ended August 31, 2024.

Note 2: Changes of Assumptions

There were no changes in assumptions for the fiscal year ended August 31, 2024.

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 Years Ended August 31, *	2024	2023	2022	2021
College's proportion of the net OPEB liability	0.05933996%	0.05675011%	0.05059964%	0.05469961%
College's proportionate share of the collective net OPEB liability	$ 15,854,171	$ 16,166,384	$ 18,152,875	$ 18,075,285
State's proportionate share of the net OPEB liability associated with the College	7,838,696	8,453,061	12,280,374	11,308,825
Total	$ 23,692,867	$ 24,619,445	$ 30,433,249	$ 29,384,110
College's covered employee payroll	$ 12,865,690	$ 11,645,292	$ 7,908,631	$ 7,646,035
College's proportionate share of the collective net OPEB liability as a percentage of it's covered-employee payroll	123.23%	138.82%	229.53%	236.40%
Plan fiduciary net position as a percentage of the total OPEB liability*	0.63%	0.57%	0.38%	0.32%

For the Years Ended August 31, *	2020	2019	2018
College's proportion of the net OPEB liability	0.05189990%	0.05618320%	0.06511560%
College's proportionate share of the collective net OPEB liability	$ 17,925,948	$ 16,639,406	$ 22,186,857
State's proportionate share of the net OPEB liability associated with the College	13,799,904	10,980,147	17,504,930
Total	$ 31,725,852	$ 27,619,553	$ 39,691,787
College's covered employee payroll	$ 7,837,067	$ 7,143,287	$ 7,787,109
College's proportionate share of the collective net OPEB liability as a percentage of it's covered-employee payroll	228.73%	232.94%	284.92%
Plan fiduciary net position as a percentage of the total OPEB liability*	0.17%	1.27%	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.

See Independent Auditor's Report and Accompanying Notes to the Required Supplementary Schedules for OPEB.

SCHEDULE OF COLLEGE'S CONTRIBUTIONS FOR OPEB
Employee Retirement System of Texas - State Retiree Health Plan
Last Ten Fiscal Years**

For the Years Ended August 31, *	2024	2023	2022	2021
Legally required contributions	$ 1,936,231	$ 1,783,782	$ 1,816,532	$ 1,408,754
Actual contributions	(1,936,231)	(1,783,782)	(1,816,532)	(1,408,754)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered-employee payroll amount	$ 12,865,890	$ 11,645,292	$ 7,908,631	$ 7,646,035
Contributions as a percentage of covered payroll	15.05%	15.32%	22.97%	18.42%

For the Years Ended August 31, *	2020	2019	2018
Legally required contributions	$ 660,000	$ 647,628	$ 660,000
Actual contributions	(660,000)	(647,628)	(660,000)
Contribution deficiency (excess)	$ -	$ -	$ -
College's covered-employee payroll amount	$ 7,887,066	$ 7,837,067	$ 7,787,109
Contributions as a percentage of covered payroll	8.37%	8.26%	8.48%

* 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.

See Independent Auditor's Report and Accompanying Notes to the Required Supplementary Schedules for OPEB.

NOTES TO REQUIRED SUPPLEMENTARY Schedules For OPEB
For the Year Ended August 31, 2024

Note 1: Changes of Benefit Terms Include

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 fiscal year 2024, are provided for in the fiscal year 2024 Assumed Per Capita Health Benefit Costs. 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.

Demographic Assumptions

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

- Proportion of future retirees assumed to cover dependent children.

- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.

Economic Assumptions

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

- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee have been updated to reflect the most recent available information.

Other Inputs

- The discount rate was changed from 3.59% to 3.81% as a result of requirements by GASB No. 74 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date. The change in the discount rate was made to comport with the requirements of GASB No. 74.

SUPPLEMENTARY INFORMATION

SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2024
(With Memorandum Totals for the Year Ended August 31, 2023)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Total 2024	Total 2023, as restated
Tuition and Fees						
Tuition:						
State funded credit courses:						
In-district resident tuition	$ 3,103,185	$ -	$ 3,103,185	$ -	$ 3,103,185	$ 3,101,756
Out-of-district resident tuition	296,183	-	296,183	-	296,183	355,688
Non-resident tuition	21,530	-	21,530	-	21,530	17,577
TPEG - credit (set aside) *	340,630	-	340,630	-	340,630	321,833
State funded continuing education	468,311	-	468,311	-	468,311	342,299
Total Tuition	4,229,839	-	4,229,839	-	4,229,839	4,139,153
Fees:						
Out-of-district fees	1,708,020	-	1,708,020	-	1,708,020	1,862,529
Distance learning fee	829,562	-	829,562	-	829,562	800,891
Installment plan fees	28,450	-	28,450	-	28,450	32,920
Dual credit fees	62,648	-	62,648	-	62,648	57,511
Individual course fees	510,326	-	510,326	-	510,326	723,215
General fees	699,647	-	699,647	-	699,647	760,543
Parking fees	40,752	-	40,752	-	40,752	44,326
Registration fees	449,705	-	449,705	-	449,705	449,399
Total Fees	4,329,110	-	4,329,110	-	4,329,110	4,731,334
Total Tuition and Fees	8,558,949	-	8,558,949	-	8,558,949	8,870,487
Scholarship Allowances and Discounts:						
Bad debt allowance	(472,831)	-	(472,831)	-	(472,831)	26,158
Remissions and exemptions - state	(390,386)	-	(390,386)	-	(390,386)	(399,338)
Remissions and exemptions - local	(340,630)	-	(340,630)	-	(340,630)	(321,834)
Title IV federal grants	(5,845,596)	-	(5,845,596)	-	(5,845,596)	(5,604,776)
TPEG awards	(257,500)	-	(257,500)	-	(257,500)	(257,809)
Other state grants	(737,603)	-	(737,603)	-	(737,603)	(526,948)
Other local grants	(250,467)	-	(250,467)	-	(250,467)	(148,010)
Total Scholarship Allowances and Discounts	(8,295,013)	-	(8,295,013)	-	(8,295,013)	(7,232,557)
Total Net Tuition and Fees	263,936	-	263,936	-	263,936	1,637,930
Additional Operating Revenues:						
Federal grants and contracts	-	6,886,667	6,886,667	-	6,886,667	4,461,435
State grants and contracts	-	1,079,723	1,079,723	-	1,079,723	1,328,235
Non-governmental grants and contracts	-	-	-	-	-	73,470
Sales and services of educational activities	118,464	-	118,464	-	118,464	101,102
Miscellaneous governmental receipts	69,697	-	69,697	-	69,697	-
General operating revenues	647,323	-	647,323	-	647,323	415,605
Total Additional Operating Revenues	835,484	7,966,390	8,801,874	-	8,801,874	6,379,847
Auxiliary Enterprises:						
Bookstore	-	-	-	32,204	32,204	34,054
Housing	-	-	-	695,160	695,160	725,290
less discounts	-	-	-	(149,400)	(149,400)	(130,500)
Child care center	-	-	-	48,000	48,000	28,000
Facilities rental	-	-	-	181,671	181,671	169,247
Student programs	-	-	-	-	-	(14,961)
Total Net Auxiliary Enterprises	-	-	-	807,635	807,635	811,130
Total Operating Revenues	$ 1,099,420	$ 7,966,390	$ 9,065,810	$ 807,635	$ 9,873,445	$ 8,828,907
					(Exhibit 2)	(Exhibit 2)

In accordance with Texas Education Code 56.033, $340,630 and $321,833 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2024 and 2023, respectively.

SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2024
(With Memorandum Totals for the Year Ended August 31, 2023)

	Operating Expenses					
	Salaries	Benefits		Other	Total	
	and Wages	State	Local	Expenses	2024	2023
Unrestricted - Educational Activities:						
Instruction	$ 6,209,513	$ -	$ 1,090,319	$ 1,052,963	$ 8,352,795	$ 6,860,064
Academic support	191,687	-	34,625	182,886	409,198	478,272
Student services	1,237,749	-	248,715	179,035	1,665,499	1,228,341
Institutional support	2,476,974	-	1,416,468	3,641,240	7,534,682	6,602,199
Operation and maintenance of plant	1,059,407	-	182,703	886,829	2,128,939	1,669,537
Total Unrestricted - Educational Activities	11,175,330	-	2,972,830	5,942,953	20,091,113	16,838,413
Restricted - Educational Activities:						
Instruction	-	256,884		38,641	295,525	8,294
Academic support	622,664	18,558	7,777	-	648,999	779,060
Student services	293,163	27,326	4,108	490,271	814,868	2,449,389
Institutional support		27,816	-	-	27,816	58,081
Operation and maintenance of plant		279,663	-	-	279,663	268,864
Scholarships and fellowships	-	-	-	377,433	377,433	218,690
Total Restricted - Educational Activities	915,827	610,247	11,885	906,345	2,444,304	3,782,378
Total Educational Activities	12,091,157	610,247	2,984,715	6,849,298	22,535,417	20,620,791
Auxiliary Enterprises	641,164	119,161	9,244	1,073,846	1,843,415	1,800,368
Amortization/Depreciation Expense:						
Depreciation expense - buildings and other improvements	-	-	-	869,833	869,833	847,984
Depreciation expense - equipment and furniture	-	-	-	931,894	931,894	664,535
Total Amortization/Depreciation Expense	-	-	-	1,801,727	1,801,727	1,512,519
Total Operating Expenses	$ 12,732,321	$ 729,408	$ 2,993,959	$ 9,724,871	$ 26,180,559	$ 23,933,678
					(Exhibit 2)	(Exhibit 2)

Schedule C

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2024
(With Memorandum Totals for the Year Ended August 31, 2023)

			Total	
	Unrestricted	**Restricted**	**2024**	**2023**
Non-Operating Revenues:				
State Allocations:				
Education and general state support	$ 11,809,256	$ -	$ 11,809,256	$ 7,571,851
State retirement matching	-	203,049	203,049	(130,966)
State Aproporiations	11,809,256	203,049	12,012,305	7,440,885
Ad valorem taxes:				
Taxes for maintenance and operations	3,299,432	-	3,299,432	3,444,013
Taxes for debt service	736,537	-	736,537	619,743
Title IV	-	5,845,596	5,845,596	5,604,776
Gifts	-	644,205	644,205	284,578
Investment income	1,219,726	-	1,219,726	536,445
Other nonoperating revenues	270,188	-	270,188	230,465
Total Nonoperating Revenues	17,335,139	6,692,850	24,027,989	18,160,905
Non-Operating Expenses:				
Interest on capital related debt	-	(349,637)	(349,637)	(72,806)
Non-government funded expense	(91,000)	-	(91,000)	(99,000)
Other nonoperating expenses	-	(116)	(116)	(248,882)
Total Non-Operating Expenses	(91,000)	(349,753)	(440,753)	(420,688)
Net Non-Operating Revenues	$ 17,244,139	$ 6,343,097	$ 23,587,236	$ 17,740,217
			(Exhibit 2)	(Exhibit 2)

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2024
(With Memorandum Totals for the Year Ended August 31, 2023)

	Detail by Source					**Available for Current Operation**	
		Restricted					
	Unrestricted	**Expendable**	**Non-Expendable**	**Capital Assets Net of Depreciation & Related Debt**	**Current Year Total**	**Yes**	**No**
Current:							
Unrestricted	$ (10,896,180)	$ -	$ -	$ -	$ (10,896,180)	$ (10,896,180)	$ -
Restricted for:							
Nonexpendable:							
Student aid	-	-	6,509,293	-	6,509,293	-	6,509,293
Expendable:							
Student aid	-	76,299	-	-	76,299	76,299	
Plant:							
Debt service	-	238,936	-	-	238,936	-	238,936
Parking renovation	-	146,573	-	-	146,573	-	146,573
Investment in plant	-	-	-	14,123,985	14,123,985	-	14,123,985
Total Net Position, August 31, 2024	(10,896,180)	461,808	6,509,293	14,123,985	10,198,906	(10,819,881)	21,018,787
Total Net Position, August 31, 2023, as restated	(11,311,803)	233,851	4,509,535	9,487,201	2,918,784	(11,311,803)	14,230,587
Net increase (decrease) in net position	$ 415,623	$ 227,957	$ 1,999,758	$ 4,636,784	$ 7,280,122	$ 491,922	$ 6,788,200
					(Exhibit 2)		

Coastal Bend
COLLEGE

OVERALL COMPLIANCE, INTERNAL CONTROL, AND FEDERAL AND STATE AWARDS SECTION

Coastal Bend
COLLEGE

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

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, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated August 30, 2024.

Report on Internal Control over Financial Reporting

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

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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified 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 2024-001, 2024-002, 2024-003, 2024-004, and 2024-005 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 2024-006 and 2024-007 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Coastal Bend College's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Report on Texas Public Funds Investment Act

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

Purpose of this Report

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

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

Corpus Christi, Texas
December 19, 2024

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

The Board of Trustees
Coastal Bend College
Beeville, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Coastal Bend College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2024. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Coastal Bend 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-008. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-008, 2024-009, and 2024-012 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

Corpus Christi, Texas
December 19, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *TEXAS GRANT MANAGEMENT STANDARDS*

Board of Trustees
Coastal Bend College
Beeville, Texas

Report on Compliance for the Major State Program

Opinion on the Major State Program

We have audited Coastal Bend College's (the College) compliance with the types of compliance requirements identified as subject to audit in the State Comptroller's Office, *Texas Grant Management Standards* that could have a direct and material effect on the College's major state program for the year ended August 31, 2024. The College's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Coastal Bend College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended August 31, 2024.

Basis for Opinion on the Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of *Texas Grant Management Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Coastal Bend College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing*

Standards, and *Texas Grant Management Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Coastal Bend College's compliance with the requirements of the major state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Coastal Bend College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Coastal Bend College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Texas Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of Coastal Bend College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-010 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-011 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Coastal Bend College's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Coastal Bend College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

Corpus Christi, Texas
December 19, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2024

Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass Through Grantor Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Direct Programs:				
TRIO Upward Bound	84.047		$ -	$ 630,511
TRIO Educational Talent Search	84.044A		-	682,804
Total TRIO Cluster (ALN 84.047 & 84.044)			-	1,313,315
Supplemental Educational Opportunity Grants	84.007		-	120,028
Work-Study Program	84.033		-	101,272
Pell Grant Program	84.063		-	5,725,568
Direct Student Loans	84.268		-	1,414,425
Total Student Financial Cluster (ALN 84.007, 84.033, 84.063, 84.268)			-	7,361,293
COVID-19: Education Stabilization Fund: HEERF- Institutional Portion	84.425F		-	4,723,187
Higher Education Institutional Aid	84.031A			376,904
Passed-Through From Texas Coordinating Board:				
Career and Technical Education - Basic Grants to States	84.048A	2442020271	-	371,989
Total U.S. Department of Education			**-**	**14,146,688**
Total Federal Awards			**$ -**	**$ 14,146,688**

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2024

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, 2024. 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, 2024.

Note 2 - Federal Assistance Reconciliation

The information in this schedule of expenditures of Federal awards is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the College's financial statements. See reconciliation below:

Additional Operating Revenues - Federal Grants and		
Contracts Per Schedule A	$	6,886,667
Add: Non-Operating Revenues - Title IV Per Schedule C		5,845,596
Total Federal Revenues Per Schedule A and Schedule C		12,732,263
Reconciling Items:		
Add: Direct Student Loans		1,414,425
Total Federal Revenues Per Schedule of Expenditures of Federal Awards	$	14,146,688

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 OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2024

Grantor/Pass-Through Grantor/ Program Title	Contract Number	Expenditures
Texas Higher Education Coordinating Board		
Direct Programs:		
College Work-Study Program	9920050M	$ 11,340
Texas Education Opportunity Grant B.1.10	18872	717,603
Nursing Shortage Reduction Program	17752	101,470
Texas Reskilling and Upskilling Through Education (TRUE) 2023 Grant Program	00277	249,310
Total Texas Higher Education Coordinating Board		**1,079,723**
Total State Financial Assistance		**$ 1,079,723**

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2024

Note 1 - 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.

Note 2 - State Assistance Reconciliation

State Revenues Per Schedule A	$	1,079,723
Reconciling Items:		
		-
Total State Revenues Per Scheudle of Expenditures of State	$	1,079,723

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2024

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1.Type of auditor's 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 noted?	No

Federal Awards

1.Internal control over major programs:	
a.Material weakness(es) identified? reported	None
b.Significant deficiencies identified not considered to be material weaknesses?	Yes
2.Type of auditor's report issued on compliance for major programs	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)?	Yes

4. Identification of major federal programs:

Assistance Listing Number	Federal Program
	Student Financial Aid Cluster
84.007	Supplemental Education Opportunity Costs
84.033	Work-Study Program
84.063	Pell Grant Program
84.268	Direct Student Loans
	HEERF
84.425F	HEERF Institutional Portion

5. Dollar threshold used to distinguish between type A and type B programs:	$750,000
6. Auditee qualified as low-risk auditee under 2CRF 200.520?	No

State Awards

1.Internal control over major programs:

a.Material weakness(es) identified?	Yes
b.Significant deficiencies identified not considered to be material weaknesses?	Yes
2.Type of auditor’s report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with *Texas Grant Management Standards* (TxGMS)?	Yes

4. Identification of major state programs:

<u>Name of state program or cluster</u>
Texas Educational Opportunity Grant

5. Dollar threshold used to distinguish between type A and type B programs:	$750,000
6. Auditee qualified as low-risk auditee under *Texas Grant Management Standards* (TxGMS)?	No

SECTION II: FINANCIAL STATEMENT FINDINGS

2024-001 – Capital Assets, Repair and Maintenance Expenditures

Type of Finding: Material Weakness

Criteria: Management is responsible for monitoring and evaluating fixed asset additions and disposals and identifying expenditures that are subject to capitalization.

Condition: Management did not appropriately capitalize all capitalizable assets during the year. Management did not appropriately reconcile the fixed asset schedule to the trial balance at year end. Additionally, the entry provided by management to capitalize assets resulted in credit balances within expenditure accounts due to improper general ledger coding of expenditures. During testing of fixed asset additions, it was noted that management capitalized assets that the College did not have possession of until FY 2025 and expenditures related to the library study room were improperly capitalized. During testing of repair and maintenance expenditures a FY 2023 expenditure that was voided was improperly recorded in FY 2024. During the fiscal year management did not have policies or procedures in place to properly monitor expenses for attributes that would trigger capitalization nor did management appropriately review capital assets for impairment or disposal.

Cause: The College does not have adequate policies and procedures implemented and operating effectively in relation to fixed assets and therefore accurate records are not maintained and assets are not appropriately reflected on the financials.

Effect: Net book value of property and equipment per the statement of financial position and repair and renovation expense per the statement of activities was materially misstated. 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 that management implement and enforce internal control policies and procedures related to monitoring of repair and maintenance expenditures for the existence of capitalizable assets. Additionally, we suggest management review all purchases at the time of purchase for attributes that would require items to be capitalized in accordance with the College's capitalization policy. We suggest the fixed asset schedule be periodically reviewed for completeness and accuracy and all additions and disposals properly documented to ensure all capital assets are appropriately stated, as well as review of assets for impairment.

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

2024-002 – Miscellaneous Income, Bad Debt Expense

Type of Finding: Material Weakness

Criteria: Management is responsible for ensuring that the financial statements of the College are reported on a full accrual basis in accordance with accounting standards generally accepted in the United States of America (GAAP) accounting.

Condition: Management did not record prior year audit entries, but rather, reconciled adjustments related to the reconciliation of balances at September 1, 2024 through bad debt expense and miscellaneous income. As a result, entries were recorded to record prior year audit entries within the balance sheet and appropriately remove the expenditures related to prior year salary and wage expenditures recorded within the unadjusted trial balance. Prior period adjustments related to prepaid expense, accounts payable, receivable balances related to the Perkins and ETS awards, indirect costs and the clean-up of other various prior year balances were improperly recorded to miscellaneous income and bad debt expense. Additionally, insurance proceeds were improperly recorded within miscellaneous income rather than the insurance proceeds general ledger account.

Cause: The prior year adjusting journal entries were not recorded by the College which resulted in balances being reconciled by management that were already reconciled by CRI in the prior year audit. Additionally, when reconciling account balances, the time period to which the related revenues and expenditures were incurred was not considered.

Effect: Revenues and expenditures were not reflected within the appropriate time period and account reconciliations for opening balances were not reflective of what was presented within the prior year financial statements.

Recommendation: We suggest that management record all audit adjustments and we suggest that management record prior period adjustments to the appropriate equity accounts and maintain adequate documentation to support any future prior period adjustments. Additionally, we suggest that management review all entries recorded to miscellaneous income and bad debt expense to ensure proper classification within the general ledger.

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

<u>2024-003 – Accounts Payable, Expense</u>

<u>Type of Finding: Material Weakness</u>

Criteria: Management is responsible for ensuring that the financial statements of the College are reported on a full accrual basis in accordance with accounting standards generally accepted in the United States of America (GAAP) accounting, in which, expenditures are recognized when incurred.

Condition: Management did not appropriately reconcile vendor accounts payable and bookstore clearing accounts payable at year end. During the search for unrecorded liabilities multiple expenditures were noted to be recorded in the improper period. Non-vendor liabilities were classified within general accounts payable and a balance related to bookstore clearing accounts payable was improperly recorded within vendor accounts payable. Additionally, during the year employees were backdating checks which resulted in multiple discrepancies within accounts payable and expenditure balances.

Cause: Turnover at the College had led to unqualified personnel at the management level during the fiscal year which resulted in a lack of internal control processes in the purchasing department. Additionally, cash and accounts payable balances were not reconciled on a regular basis throughout the fiscal year.

Effect: Staff members were incorrectly instructed to back date checks which resulted in the improper reconciliation of cash and accounts payable balances. Additionally, inadequate monitoring of expenditure accounts resulted in the improper recognition of expenditures.

Recommendation: We suggest management to closely review entries related to accounts payable and expenditures to ensure that expenditures are appropriately recognized when incurred. Monthly reconciliations on accounts should be completed and reviewed in a timely manner.

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

2024-004 – Accrued Liabilities, Payroll Expense, Net Assets, Bad Debt Expense

Type of Finding: Material Weakness

Criteria: Management should be reconciling significant accounts including the Fund 27 liability accounts related to payroll and ERS liabilities. Management is responsible for ensuring the accuracy of schedules utilized for financial reporting related to accrued payroll liabilities. Additionally, management is responsible for monitoring such schedules to ensure that balances recorded for financial reporting purposes agree with the College's policies and procedures.

Condition: Management did not ensure the accuracy of the vacation liability schedule at year end which resulted in the initial entry provided by management to appropriately reconcile. Employees vacation balances at year end were noted to be accrued in excess of the maximum allowed per CBC vacation accrual policy. Management did not appropriately reconcile the liability account related to ERS payroll deductions at year end.

Cause: Turnover at the College had led to unqualified personnel at the management level during the fiscal year. Additionally, ineffective internal controls led to issues that resulted in the inappropriate monitoring of account balances to ensure that they are appropriately stated and in accordance with the policies of the College.

Effect: An ERS liability account and related expenditures were materially misstated at year end. Employee accrual balances did not initially agree to the trial balance and one employee had an accrued vacation balance in excess of the maximum allowable per the College's vacation policy.

Recommendation: We suggest that management implement and enforce policies and procedures related to the review and monitoring of vacation accrual to ensure that the liability is appropriately reconciled.

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

2024-005 – Allowance for Doubtful Accounts, Bad Debt Expense

Type of Finding: Material Weakness

Criteria: Management should be evaluating the collectability of the accounts receivable balances throughout the year to ensure an adequate allowance is in place for those considered uncollectible.

Condition: Management did not review accounts receivable balances considered current for collectability.

Cause: Turnover at the College had led to unqualified personnel at the management level during the fiscal year. Additionally, ineffective internal controls led to issues that resulted in the inappropriate monitoring of account balances to ensure that they are appropriately stated and in accordance with the policies of the College.

Effect: All accounts receivable dating back to Fall 2023 are considered collectible.

Recommendation: We suggest that management implement and enforce policies and procedures related to the review and monitoring of the allowance for doubtful accounts to ensure the estimate adequately covers the historical collectability of accounts receivable balances as they age.

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

<u>2024-006 – Prepaid Assets, Expense</u>

<u>Type of Finding: Significant Deficiency</u>

Criteria: Management is responsible for ensuring that the financial statements of the College are reported on a full accrual basis in accordance with accounting standards generally accepted in the United States of America (GAAP) accounting, in which, expenditures related to prepaid assets are recognized when incurred.

Condition: Multiple prepaid expenditures were improperly expensed during the year rather than being accrued as prepaid expenses.

Cause: Turnover at the College had led to unqualified personnel at the management level during the fiscal year. Additionally, ineffective internal controls led to issues that resulted in the inappropriate monitoring of account balances to ensure that they are appropriately stated within the proper period.

Effect: The improper recognition of material expenditures during the year that should have been capitalized as prepaid assets and expensed over the life of the period of service.

Recommendation: We suggest that management implement and enforce policies and procedures related to the review and monitoring of invoices for prepaid assets to ensure that the expenditures are recognized over the life of the period of service.

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

<u>2024-007 – Account Reconciliations not performed</u>

<u>Type of Finding: Significant Deficiency</u>

Criteria: Management should be reconciling significant accounts on a regular basis during the fiscal year. Additionally, internal control procedures should be implemented and enforced to ensure that such reconciliations and the related journal entries are reviewed and approved by an appropriate member of management.

Condition: Balance sheet accounts were not reconciled/monitored on a regular basis by management during the fiscal year. During tests of internal controls it was noted that the journal entries selected for testing were not appropriately reviewed and approved during the year.

Cause: During the fiscal year, the College lacked communication between departments, lack of qualified personnel, and lack of adherence to policies and procedures.

Effect: Account balances throughout all areas of the financial statements were found to be improperly classified or not recorded within the proper period.

Recommendation: Management must review the roles and responsibilities of accounting personnel and department heads and ensure they have the necessary background and training to properly execute required accounting functions and to ensure appropriate communication between the departments. Management should closely review entries related to significant accounting areas and ensure that monthly reconciliations on accounts are being completed and reviewed in a timely manner.

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

SECTION III: FEDERAL AND STATE AWARD FINDINGS

2024-008 – Non-Compliance and Significant Deficiency in Internal Control over Compliance - CARES Institutional (HEERF) Federal Awards

Assistance Listing Number: 84.425F

Program Name: COVID-19 Education Stabilization Fund: HEERF – Institutional Portion

Pass Through Identifying Number: N/A

Award Year: 2023-2024

Federal Agency: U.S. Department of Education

Criteria: In accordance with 2 CFR § 200.305(b) of the Uniform Guidance, which applies to the HEERF grants, grantees must seek to minimize the time between drawing down funds from the G5 system and applying those funds to support a grant award's activities. Consistent with this requirement, grantees must maintain grant funds in interest-bearing accounts, and any interest earned on grant funds above $500 per year must be remitted to the Federal government. In accordance with 2 CFR.303(a) of the Uniform Guidance, which applies to the HEERF grants, non-Federal entities are required to establish and maintain effective internal controls over federal awards.

Condition: No internal controls were identified in regards to appropriate cash management for the Higher Education Emergency Relief Fund Institutional Aid.

Cause: Only one person prepared, reviewed, and submitted the cash drawdown requests. In addition, the College did not appropriately monitor the cash deposits for interest earned.

Effect: The college earned interest on the funds drawn from the G5 system that were in excess of $500 and did not comply with requirement to return funds. As a result, the college may be required to return the excess funds.

Questioned costs: $31,057.

Recommendation: It is recommended that the client establish controls in order to ensure that federal awards are prepared and reviewed by multiple personnel before processing. CRI will recommend controls be in place to ensure that there is a minimum period between grant drawdowns and grant expenditures.

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

2024-009 – Internal controls over compliance - CARES Institutional (HEERF) Federal Awards

Type of Finding: Significant Deficiency

Assistance Listing Number: 84.425F

Program Name: COVID-19 Education Stabilization Fund: HEERF – Institutional Portion

Pass Through Identifying Number: N/A

Award Year: 2023-2024

Federal Agency: U.S. Department of Education

Criteria: In accordance with 2 CFR.303(a) of the Uniform Guidance, which applies to the HEERF grants, non-Federal entities are required to establish and maintain effective internal controls over federal awards. Specifically, internal controls should be established to ensure the non-federal entity appropriately documents review for suspension and debarment before entering into covered transactions. In addition, 2 CFR 180 Subpart C prohibits participants in Federal awards from entering into covered transactions with suspended or debarred parties.

Condition: The College did not frequently review the vendors and did not maintain documentation that the vendors were checked against the sam.gov website for suspension or debarment.

Cause: The College did not frequently review the vendors and did not maintain documentation that the vendors were checked against the sam.gov website for suspension or debarment due to oversight by personnel.

Effect: The college could potentially enter into transactions with parties that are suspended or debarred.

Questioned costs: N/A.

Recommendation: It is recommended that the client establish controls in order to ensure that vendors are reviewed and documentation is maintained through sam.gov or similar to verify that they are not suspended or debarred.

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

<u>2024-010 – Internal controls over compliance – Texas Educational Opportunity Grant (TEOG) State Awards</u>

<u>Type of Finding: Material Weakness</u>

Contract Number: 24967

Program Name: Texas Educational Opportunity Grant

Pass Through Identifying Number: N/A

Award Year: 2023-2024

State Agency: Texas Higher Education Coordinating Board

Criteria: The State of Texas follows federal guidelines 2 CFR.303(a) that requires non-Federal entities to establish and maintain effective internal controls over state awards.

Condition: No internal controls were identified in regards to the compliance requirements A – Allowable Costs, E - Eligibility, G – Matching, Level of Effort, and Earmarking, or L - Reporting for the Texas Educational Opportunity Grant.

Cause: Only one staff member oversees the review and reporting process and there is no secondary review or approval of the work prepared by and submitted to the state by this staff member. Additionally, no reconciliations to accounting records are performed.

Effect: The lack of controls may result in funds being awarded incorrectly to students or students receiving awards who would otherwise not be eligible to.

Questioned costs: N/A

Recommendation: It is recommended that the client develop appropriate internal control procedures that include reviewing and approving information within the student files for State awards.

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

<u>2024-011 – Non-Compliance and Significant Deficiency in Internal Control over Compliance with Matching Requirements Texas Educational Opportunity Grant (TEOG)</u>

Contract Number: 24967

Program Name: Texas Educational Opportunity Grant

Pass Through Identifying Number: N/A

Award Year: 2023-2024

State Agency: Texas Higher Education Coordinating Board

Criteria: The State of Texas follows federal guidelines 2 CFR.303(a) that requires non-Federal entities to establish and maintain effective internal controls over state awards. Additionally, the Texas Administrative Code, Title 19, Section 22.261 requires institutions to cover the cost of tuition and required fees that exceed the TEOG award amount using other non-loan funds from federal, state, institutional, or outside sources, excluding Pell grants.

Condition: The College used Pell grants to cover the excess of tuition and required fees over the TEOG award amount, which was not in compliance with Texas Higher Education Coordinating Board (THECB) guidelines and the Texas Education Code.

Cause: The College is eligible for Title III funds from the U.S. Department of Education, as such, the College is exempt from the Texas College Work-Study and Work-Study Student Mentorship Program matching requirements as these programs fall under Title III funding. The College interpreted this as meaning that the College was exempt from matching requirements for all THECB grant funding. However, there were no waivers for the TEOG matching requirements.

Effect: The College may receive less state awards in subsequent years due to the noncompliance in the current year.

Questioned costs: N/A

Recommendations: CRI recommends the College determine the population of impacted students and apply matching funds in accordance with program guidelines. It is further recommended that the College update all internal reports and rules within its financial aid information system in order to ensure all students receive the amount of financial aid they are eligible for under the TEOG program.

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

2024-012 – Significant Deficiency in Internal Control over Compliance – Student Financial Aid Cluster

Assistance Listing Number: 84.063, 84.268

Program Name: Federal Pell Grant Program, Federal Direct Student Loans

Pass Through Identifying Number: N/A

Award Year: 2023-2024

Federal Agency: U.S. Department of Education

Criteria: Under the Title IV cash management regulations, institutions are required to publicly disclose any contract with a financial account provider that provides Title IV credit balances to students (known as a Tier One or Tier Two Arrangement) and report the URL of those contracts to the Secretary of Education to include in a centralized database. That centralized database provides information self-reported by Title IV institutions. It is the responsibility of the institutions to ensure the links provided are accurate and to provide updates to the Department, as appropriate. The Department will update the centralized database regularly with new submissions or updates to existing submissions from Title IV institutions.

Condition: The College did not submit their cash management servicer contract to the Federal Student Aid website during the year under audit.

Cause: The College did not submit this information to the Federal Student Aid website, as they thought that the servicer submitted the information.

Effect: The college could potentially enter into a contract with a servicer for cash management that is not approved by the Department of Education.

Questioned costs: N/A.

Recommendation: CRI will recommend the client establish controls in order to ensure that all agreements required by federal agencies are submitted to those agencies in a timely manner.

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

2023-001 – Accounts Receivable, Deferred Revenue, Revenue and Expense related to Federal and State Grants

Recommendation: We suggest that management implement, abide by, and enforce policies and procedures related to the review and approval of processing grant drawdowns, processing grant expenditures, and recording and reconciling the related transactions within the general ledger. Additionally, the employees involved in these processes should have an understanding of these processes and the related internal controls. Overall, there needs to be procedures implemented and adhered to in order to ensure internal controls are effective and compliance with Federal and State funding is adhered to and the College is allocating resources in the most efficient manner.

Current Status: Finding resolved in current year.

2023-002 – Multiple Significant Adjustments

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. Management should closely review entries related to significant accounting areas and ensure that monthly reconciliations on accounts are being completed and reviewed accordingly.

Current Status: Repeated in current year as findings (2021-001 through 2021-005).

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

2023-003 – Account Reconciliations not performed

Recommendation: Management must review the roles and responsibilities of accounting personnel and department heads and ensure they have the necessary background and training to properly execute required accounting functions and to ensure appropriate communication between the departments. Management should closely review entries related to significant accounting areas and ensure that monthly reconciliations on accounts are being completed and reviewed in a timely manner.
Current Status: Repeated in current year as finding (2024-006).

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

2023-004 - Internal controls over compliance - CARES Institutional (HEERF) Federal Awards

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 and adhere to necessary internal control functions. Management should review the controls in place and assess that such controls are designed appropriately given the positions in roles within the accounting department.

Current Status: Repeated in current year as finding (2024-007).

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

2023-005 - Internal controls over compliance Texas Educational Opportunity Grant (TEOG) State Awards

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 and adhere to necessary internal control functions. Management should review the controls in place and assess that such controls are designed appropriately given the positions in roles within the accounting department.

Current Status: Repeated in current year as finding (2024-009).

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

2023-006: Material Non-Compliance and Material Weakness in Internal Control over Compliance with Matching Requirements Texas Educational Opportunity Grant (TEOG)

Recommendation: CRI recommends the College determine the population of impacted students and apply matching funds in accordance with program guidelines. It is further recommended that the College update all internal reports and rules within its financial aid information system in order to ensure all students receive the amount of financial aid they are eligible for under the TEOG program.

Current Status: Repeated in current year as finding (2024-010).

Views of Responsible Officials: Management agrees with the findings. See corrective action plan beginning on page 109.

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CORRECTIVE ACTION PLAN
For the Fiscal Year Ended 8/31/2024

SECTION II – Financial Statements Findings

Finding: 2024-001

Name of contact person: Dr. Justin Hoggard, Board President and CFO

Corrective Action: A draft asset capitalization policy was submitted to the Board of Trustees for consideration. Integration of the College's Endpoint Management software with the College's Enterprise Resource Planning System in the spring will ensure that assets are identified for capitalization at the time of purchase.

Proposed Completion Date: April 30, 2025

Anticipated Completion: April 30, 2025

Finding: 2024-002

Name of contact person: Dr. Justin Hoggard, Board President and CFO

Corrective Action: Management agrees that all audit entries should be recorded in a timely manner. Management will review all entries posted to miscellaneous income and bad debt expense for proper classification.

Proposed Completion Date: April 30, 2025

Anticipated Completion: April 30, 2025

Finding: 2024-003

Name of contact person: Dr. Justin Hoggard, Board President and CFO

Corrective Action: Staff have received additional training on year-end procedures for accounts payable. A staff member will be assigned the task of reconciling accounts on a monthly basis.

Proposed Completion Date: April 30, 2025

Anticipated Completion: April 30, 2025

Coastal Bend
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CORRECTIVE ACTION PLAN
For the Fiscal Year Ended 8/31/2024

SECTION II – Financial Statements Findings

Finding: 2024-004

Name of contact person: Dr. Justin Hoggard, Board President and CFO

Corrective Action: Vacation accruals will be reviewed at year end to ensure accurate reporting.

Proposed Completion Date: September 31, 2025

Anticipated Completion: September 31, 2025

Finding: 2024-005

Name of contact person: Dr. Justin Hoggard, Board President and CFO

Corrective Action: Management has developed a process to calculate the allowance for uncollectible student accounts receivable. This process will be reviewed annually for accuracy and completeness.

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Proposed Completion Date: April 30, 2025

Anticipated Completion: April 30, 2025

Finding: 2024-006

Name of contact person: Dr. Justin Hoggard, Board President and CFO

Corrective Action: Management will implement internal procedures to ensure prepaid expenses are properly recorded

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Proposed Completion Date: April 30, 2025

Anticipated Completion: April 30, 2025

Finding: 2024-007

Name of contact person: Dr. Justin Hoggard, Board President and CFO

Corrective Action: Management reorganized the division in October of 2025 to remove staff members who were not adequately qualified for their roles. New staff have been hired and processes have been put in place to ensure the timely reconciliation of bank accounts and the proper review of journal entries.

Proposed Completion Date: April 30, 2025

Anticipated Completion: April 30, 2025

CORRECTIVE ACTION PLAN
For the Fiscal Year Ended 8/31/2024

SECTION III – Federal and State Award Findings

Finding: 2024-008

Name of contact person: Dr. Justin Hoggard, Board President and CFO

Corrective Action: Management will reconcile student fees to actual activity each year.

Proposed Completion Date: April 30, 2025

Anticipated Completion: April 30, 2025

Finding: 2024-009

Name of contact person: Dr. Justin Hoggard, Board President and CFO

Corrective Action: Management will review invoice documentation.

Proposed Completion Date: April 30, 2025

Anticipated Completion: April 30, 2025

Finding: 2024-010

Name of contact person: Dr. Justin Hoggard, Board President and CFO

Corrective Action: Management reorganized the division in October of 2025 to remove staff members who were not adequately qualified for their roles. New staff have been hired and processes have been put in place to implement necessary internal controls.

Proposed Completion Date: April 30, 2025

Anticipated Completion: April 30, 2025

Coastal Bend COLLEGE

CORRECTIVE ACTION PLAN
For the Fiscal Year Ended 8/31/2024

SECTION III – Federal and State Award Findings

Finding: 2024-011

Name of contact person: Dr. Justin Hoggard, Board President and CFO

Corrective Action: Management spoke to the investment firm in September about presenting investment reports based on reconciled balances and updating the categorization of assets so they are not misleading. Investment accounts will be reconciled and reviewed on a monthly basis.

Proposed Completion Date: April 30, 2025

Anticipated Completion: April 30, 2025

Finding: 2024-012

Name of contact person: Dr. Justin Hoggard, Board President and CFO

Corrective Action: Management will update procedures to ensure all reporting requirements are made in a timely manner.

Proposed Completion Date: April 30, 2025

Anticipated Completion: April 30, 2025

Coastal Bend College