



SOUTH TEXAS  
COLLEGE



# South Texas College District

# Annual Comprehensive Financial Report

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Fiscal Years Ended  
August 31, 2022 and 2021



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

Prepared by the  
**Business Office**

**Serving Hidalgo and Starr County, Texas**

3201 W. Pecan Blvd., McAllen, TX 78501  
956-872-8311 • [www.SouthTexasCollege.edu](http://www.SouthTexasCollege.edu)

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

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# SOUTH TEXAS COLLEGE

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# **Introductory Section**



## South Texas College District

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

December 13, 2022

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

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

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

### **Annual Comprehensive Financial Report**

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

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



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

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

## Profile of the District

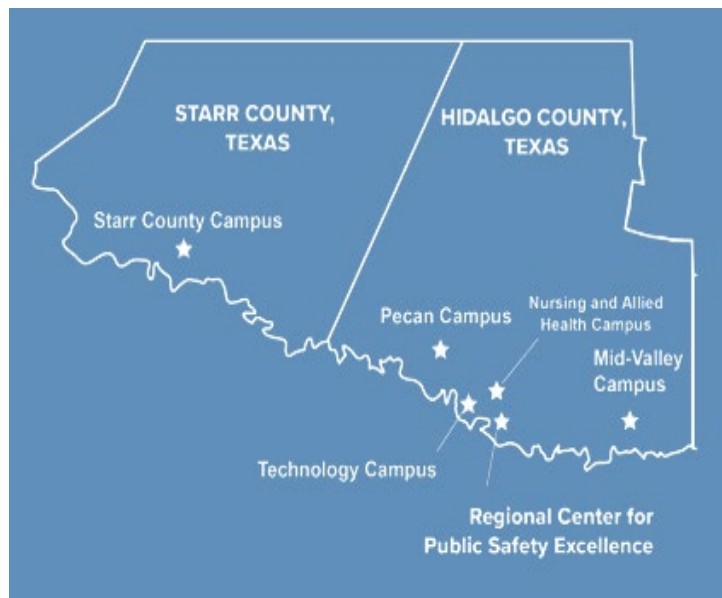
### *Organizational Structure and Service Area*

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

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

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

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



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

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

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

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

### ***Programs and Major Initiatives***

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

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

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

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

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

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

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

### **Economic Condition and Outlook**

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

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

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

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

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

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

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

### Long-Term Financial Planning

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

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

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

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

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

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

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

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

### Relevant Financial Policies

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

The District has complied with Board Policy 5350 as follows:

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

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

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

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

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

## Achievements and Awards

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

- The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report for the fiscal year ended August 31, 2021. This is the nineteenth consecutive year that the District has achieved this prestigious award. To be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of only one year. The District's current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for another certificate.
- The Government Treasurers' Organization of Texas presented the Certificate of Distinction to the District for its Investment Policy for the seventh straight time. The certificate was issued for the District's success in developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing established by the Government Treasurers' Organization of Texas. The Certificate of Distinction is effective for a two-year period ending August 31, 2024.
- The District has earned the three Texas Comptroller of Public Accounts' Transparency Stars Program Awards. These awards recognize local governments that have achieved excellence in transparency for different areas including:
  - Traditional Finance Transparency Star
  - Economic Development Transparency Star
  - Debt Obligation Transparency Star
- South Texas College District was awarded the Certificate for Outstanding Achievement in Popular Annual Financial Reporting by the Government Finance Officers Association, for fiscal year end 2020.
- The District was ranked number 1 in Texas as the 2021 Best Online Community College by Premium Schools.
- South Texas College District was ranked 1st in the nation as the most affordable Associate Degree in Nursing program for 2021 by NursingSchoolHub.
- In 2022, the District was the recipient of a Military Friendly School Gold Award by VIQTORY for its sixth consecutive year and was awarded a Military Friendly Spouse School recognition for the first time.
- In 2021, Hispanic Outlook's Top 100 list ranked the South Texas College District:

- 4th in nation for enrolling the most Hispanics among the nation's 4-year institutions
- 2nd in nation for awarding Associate Degrees to Hispanics
- 4th in nation for awarding Law Enforcement Degrees to Hispanics
- The District was ranked 5th for Safest College Campus in Texas and 16th for Best Value Colleges in Texas by NICHE in 2022.

### **Acknowledgments**

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

Respectfully submitted,

*Mary G. Elizondo*

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

*Myriam Lopez*

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Myriam Lopez, MBA  
Comptroller

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



**Chair**

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

**District 1**  
Term Expires: May 2024

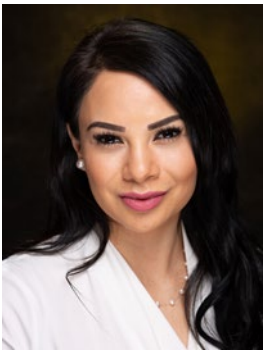


**Vice Chair**

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

**District 5**  
Term Expires: May 2026



**Secretary**

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

**District 2**  
Term Expires: May 2024



**Member**

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

**District 3**  
Term Expires: May 2028



**Member**

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

**District 4**  
Term Expires: May 2028



**Member**

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**Rene Guajardo**  
*Education Consultant*

**District 6**  
Term Expires: May 2024



**Member**

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

**District 7**  
Term Expires: May 2026



**College President**

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



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

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



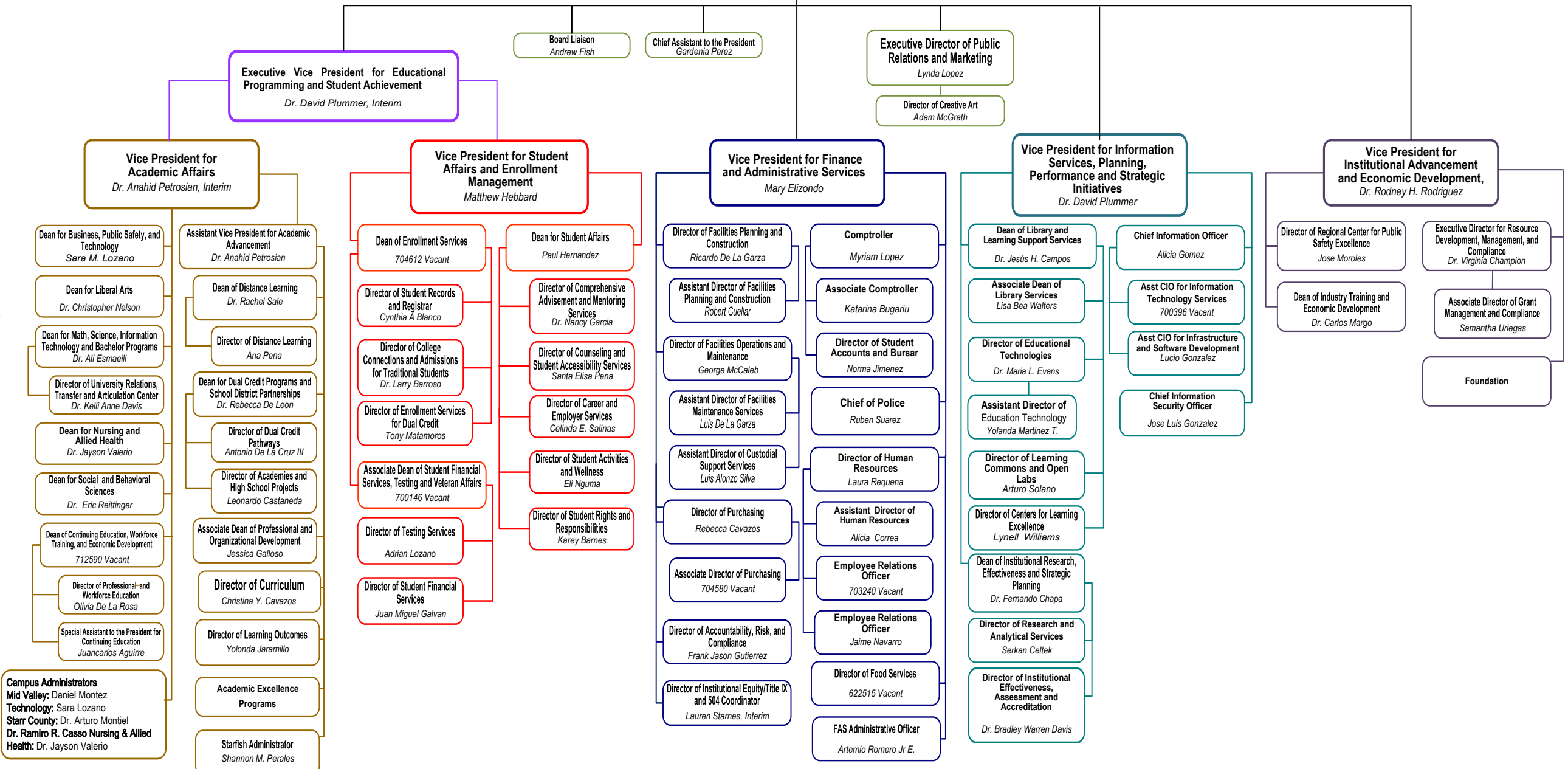
# South Texas College 2021 - 2022

## Administrative - Executive Organization Chart

### Board of Trustees

**Internal Auditor**  
Khalil Abdullah

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





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**South Texas College**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

August 31, 2021

*Christopher P. Morrill*

Executive Director/CEO



# **Financial Section**

## **INDEPENDENT AUDITORS' REPORT**

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

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

#### ***Opinion***

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

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

#### ***Basis for Opinion***

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

#### ***Emphasis of Matter***

##### *Change in Accounting Principle*

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

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

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

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

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

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

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

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

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

### ***Required Supplementary Information***

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

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

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

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

opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

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

McAllen, Texas  
December 13, 2022



**South Texas College District  
Management's Discussion and Analysis  
August 31, 2022 and 2021**

**Introduction**

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

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

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

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

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

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

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

**South Texas College District  
Management's Discussion and Analysis  
August 31, 2022 and 2021**

- Tuition and fees were discounted by \$80.9 million, which consisted of federal, state, local and private grants that were provided as financial aid to students and other remissions and exemptions.
- Scholarships and fellowships in operating expenses increased by \$37.9 million to \$75.7 million, and federal revenue, non-operating increased from \$78.4 million to \$138.4 million.

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

***The Statements of Net Position***

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

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

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

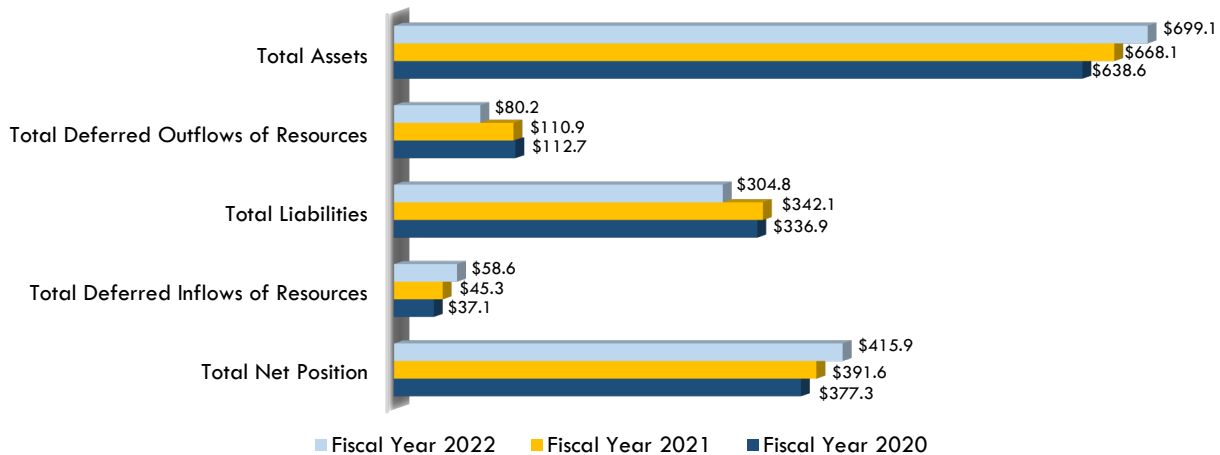
**South Texas College District  
Management's Discussion and Analysis  
August 31, 2022 and 2021**

**Condensed Statements of Net Position**

(in millions)

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

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



**South Texas College District  
Management's Discussion and Analysis  
August 31, 2022 and 2021**

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

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

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

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

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

**South Texas College District  
Management's Discussion and Analysis  
August 31, 2022 and 2021**

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

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

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

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

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

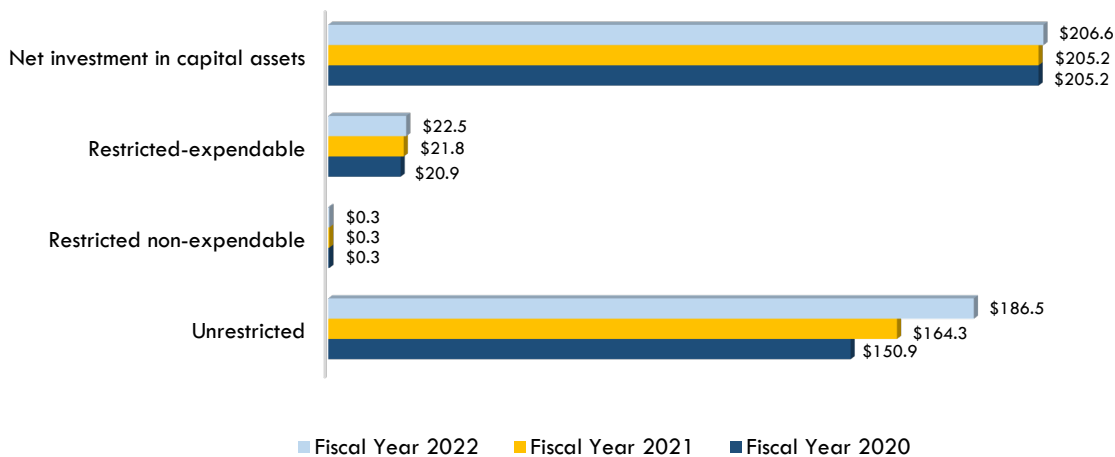
The District's net position at August 31, 2022 was \$415.9 million compared to \$391.6 million at August 31, 2021. The increase of \$24.3 million is primarily due to reimbursements from HEERF funding from the Department of Education for lost revenue and student debt discharge, a reduction in unrestricted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

**South Texas College District  
Management's Discussion and Analysis  
August 31, 2022 and 2021**

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

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

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



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

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

**South Texas College District  
Management's Discussion and Analysis  
August 31, 2022 and 2021**

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

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

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

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

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

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

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

**South Texas College District  
Management's Discussion and Analysis  
August 31, 2022 and 2021**

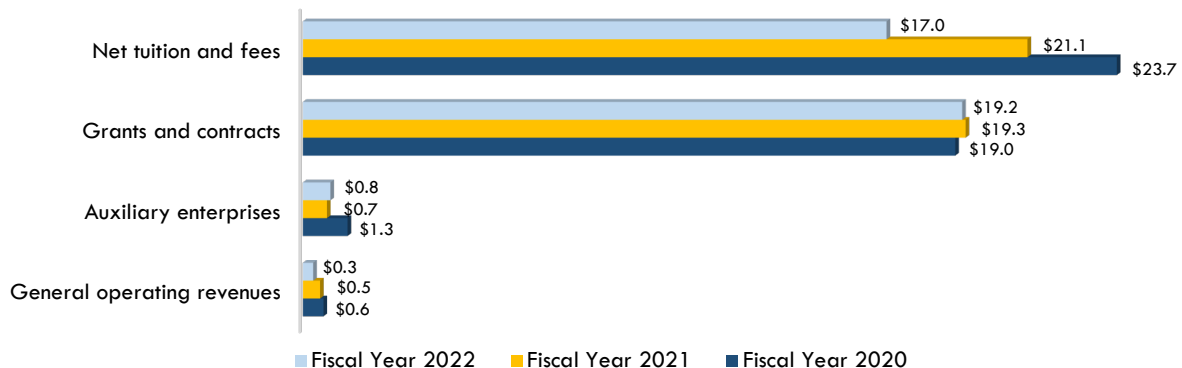
requirements imposed by the provider have been met. This source of revenue was 51.5% of operating revenues in fiscal year 2022 and 46.4% of operating revenues in fiscal year 2021. Operating expenses increased by \$38.8 million or 16.8% during fiscal year 2022 to \$269.4 million, and decreased \$0.5 million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

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

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

<b>Condensed Operating Revenues</b> (in millions)						
	2022		2021		2020	
	Percentage		Percentage		Percentage	
	Amount	of Total	Amount	of Total	Amount	of Total
Net tuition and fees	\$ 17.0	45.6%	\$ 21.1	50.7%	\$ 23.7	53.1%
Grants and contracts	19.2	51.5%	19.3	46.4%	19.0	42.6%
Auxiliary enterprises	0.8	2.1%	0.7	1.7%	1.3	2.9%
General operating revenues	0.3	0.8%	0.5	1.2%	0.6	1.4%
<b>Total</b>	<b>\$ 37.3</b>	<b>100.0%</b>	<b>\$ 41.6</b>	<b>100.0%</b>	<b>\$ 44.6</b>	<b>100.0%</b>

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





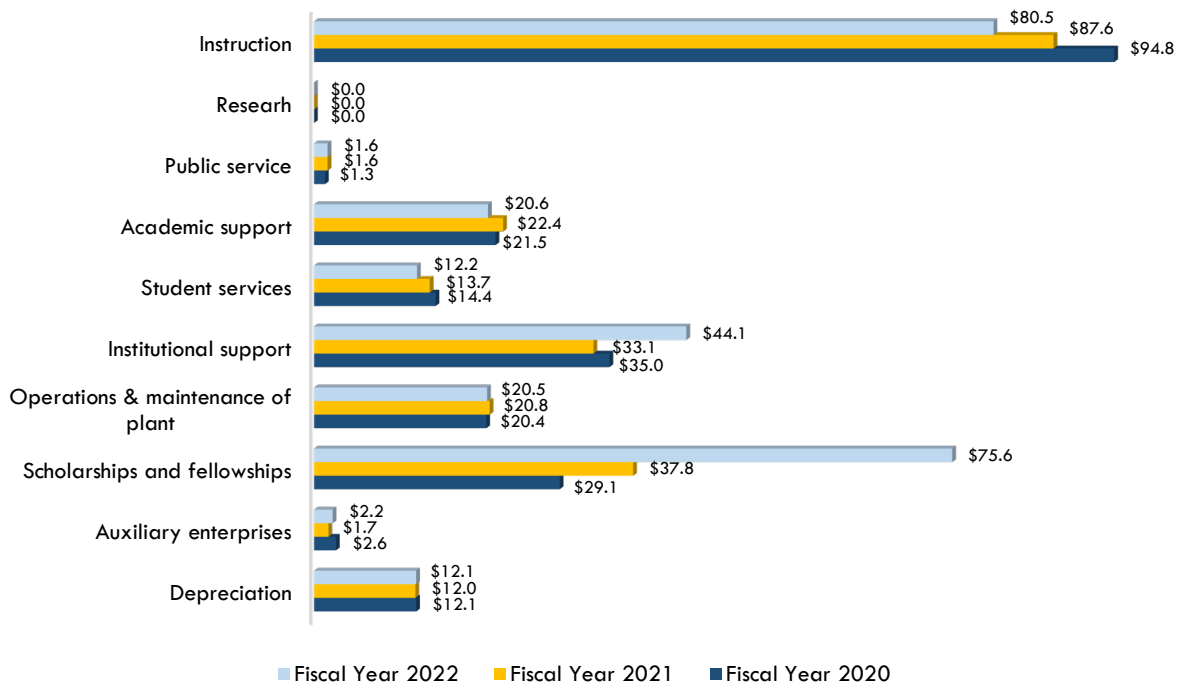
**South Texas College District  
Management's Discussion and Analysis  
August 31, 2022 and 2021**

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

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

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

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



**South Texas College District  
Management's Discussion and Analysis  
August 31, 2022 and 2021**

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

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

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

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

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

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

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

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

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

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

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

**Statements of Cash Flows**

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

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

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

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

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

**South Texas College District  
Management's Discussion and Analysis  
August 31, 2022 and 2021**

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

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

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

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

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

**South Texas College District  
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million of purchases of investments. The reason for the large increase in fiscal year 2022 is due to an increase of purchase of investments of \$85.0 million.

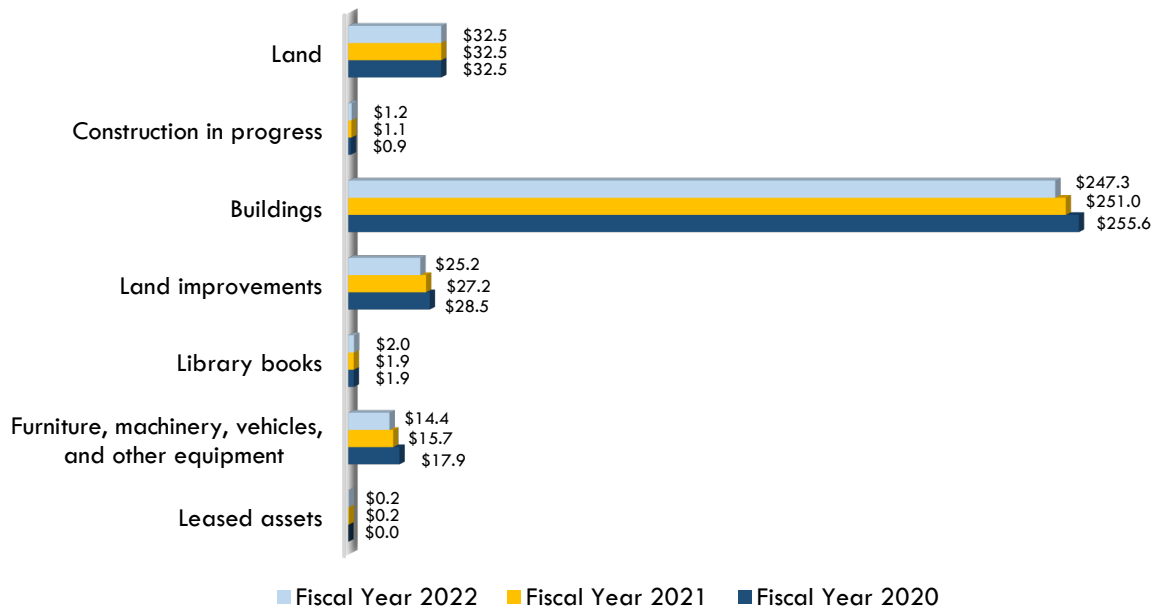
**Capital Assets and Long-Term Debt Administration**

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

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

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

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



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

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

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

<b>Outstanding Debt - Bonds</b>			
(in millions)			
	2022	2021	2020
South Texas College District Limited Tax Bond, Series 2014	\$ 2.8	\$ 5.4	\$ 7.9
South Texas College District Limited Tax Bond, Series 2015	11.1	74.6	79.7
South Texas College District Limited Tax Refunding Bonds, Series 2020	40.6	40.9	41.2
South Texas College District Limited Tax Refunding Bonds, Series 2021	57.6	-	-
<b>Total Bonds Payable</b>	<b>\$ 112.1</b>	<b>\$ 120.9</b>	<b>\$ 128.8</b>

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

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

**Economic Outlook**

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

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

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Management's Discussion and Analysis  
August 31, 2022 and 2021**

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

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

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

**Request for Information**

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



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

**Exhibit 1**

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

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

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

**Exhibit 1**

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

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

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

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

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

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

**Exhibit 3**

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

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

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

**Exhibit 3**

Restated  
FY 2021

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

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

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

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

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

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

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

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

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

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

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

**Exhibit 3**

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

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

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

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

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

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

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

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

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 1 – Reporting Entity**

South Texas College District was established on June 1, 1993, in accordance with the laws of the State of Texas, to serve the educational needs of Hidalgo and Starr Counties and the surrounding communities. South Texas College District is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the District receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

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

**Note 2 – Summary of Significant Accounting Policies**

Reporting Guidelines

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

Tuition Discounting

**Texas Public Education Grants (TPEG)**

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

**Title IV, Higher Education Act Program (HEA) Funds**

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

**Other Tuition Discounts**

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

Basis of Accounting

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

Budgetary Data

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

Elimination of Internal Activity

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

Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents and Investments

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



**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

Investments

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

Capital Assets

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

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

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

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

Deferred Outflows of Resources

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

Pensions

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

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities, and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

Compensable Absences

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

Deferred Inflows of Resources

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

Net Position

The District's net position is classified as follows:

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

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

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

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

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

Unearned Revenues

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

Noncurrent Liabilities

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

Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

Operating and Non-Operating Revenue and Expense Policy

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

Capitalization of Interest

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

Bond Discounts/Premiums

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

Gain or Loss on Retirement of Debt

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

New Pronouncements effective fiscal year 2022

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement were effective for reporting periods beginning after June 15, 2019 and then amended for fiscal years beginning after June 15, 2021. The District implemented this statement in fiscal year 2022. Please see the Prior-Year Restatement portion of this note for the impact this Statement had on the District's reporting.

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

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

Pending Pronouncements

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

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

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

Pending Pronouncements (Continued)

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

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

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

Prior-Year Restatement

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

Prior-Year Restatement (Continued)

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

**Note 3 – Authorized Investments**

The District is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001, Texas Government Code). Such investments include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas, or its agencies and instrumentalities, (3) obligations of political subdivisions rated not less than A or its equivalent by a nationally recognized investment rating firm, (4) financial institution deposits issued by a depository institution, (5) no-load government money market mutual funds registered with and regulated by the Securities and Exchange Commission, (6) eligible investment pools organized and operating in compliance with the Public Funds Investment Act and continuously rated no lower than AAA or AAAM or at an equivalent rating by at least one nationally recognized rating service, and (7) other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the FDIC or by the explicit full faith and credit of the United States.

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

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



**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

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

Total deposits and investments are as follows:

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

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

\*Endowment investment consists of a donated coin collection.

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

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

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

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

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

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

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

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

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

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

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

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

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

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

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

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

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 5 – Capital Assets**

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 5 – Capital Assets (Continued)**

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 5 – Capital Assets (Continued)**

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 5 – Capital Assets (Continued)**

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

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



**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 6 – Long Term Liabilities**

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

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

**Arbitrage**

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

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

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

Arbitrage

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 7 – Bonds Payable**

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 8 – Advance Refunding of Bonds**

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 9 – Debt Obligations**

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

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

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

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

**Note 10 – Lease Obligations and Rental Agreements**

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

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

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



**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

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

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

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

**Note 11 – Lessor Accounting**

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

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

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

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

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

**Note 12 – Employees’ Retirement Plan**

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

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

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

Benefits Provided

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

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

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

Contributions

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

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

	<u>Contribution Rates</u>	
	<u>August 31, 2022</u>	<u>August 31, 2021</u>
Member	8.0%	7.7%
District/Non-Employer Contributing Entity (State)	7.75%	7.5%
FY 2021 Member contributions	\$ 6,050,937	
FY 2021 District contributions	\$ 3,433,634	
FY 2021 State contributions	\$ 2,506,902	

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

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

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

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

Actuarial Assumptions

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

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return*	7.25%
Municipal Bond Rate*	1.95% *
Last year ending August 31	
Projection period (100 years)	2120
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

\* The source for the Municipal Bond rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-Year Municipal GO AA Index”.

The actuarial methods and assumptions were selected by the board of trustees based upon analysis and recommendations by the system’s actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020.

Discount Rate

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

Best estimates of geometric real rates of return for each major asset class included in the TRS’ target asset allocation as of August 31, 2021 are summarized below:

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

<sup>1</sup> Absolute Return includes Credit Sensitive Investment

<sup>2</sup> Target Allocation based on the FY 2021 policy model.

<sup>3</sup> Capital Market Assumptions come from AON Hewitt (as of 08/31/2021)

<sup>4</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the net pension liability which the District reported as follows:

	<u>August 31, 2022</u>		
	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
District’s proportionate share of the net pension liability:	\$ 44,774,902	\$ 20,490,457	\$ 788,402
	 <u>August 31, 2021</u>		
	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
District’s proportionate share of the net pension liability:	\$ 74,394,435	\$ 48,245,978	\$ 27,000,930

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

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

	<u>August 31, 2022</u>	<u>August 31, 2021</u>
The District’s proportionate share of the collective net pension liability	\$ 20,490,457	\$ 48,245,978
State’s proportionate share that is associated with the District	14,960,114	35,262,597
<b>Total</b>	<b><u>\$ 35,450,471</u></b>	<b><u>\$ 83,508,575</u></b>

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

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

**Changes Since the Prior Actuarial Valuation**

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

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



**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

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

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

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

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

**Optional Retirement Plan-Defined Contribution Plan**

Plan Description

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

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state are 6.6% for fiscal years 2022, 2021, and 2020. The percentages of participant salaries currently contributed by each participant are 6.65% for fiscal years 2022, 2021, and 2020. The District contributed 1.9% for fiscal years 2022, 2021, and 2020, for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. S.B. 1812, effective September 1, 2013, limits the amount of the state’s contribution of 50% of eligible employees in the reporting district.

**Payroll for Retirement Plans**

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 13 – Deferred Compensation Program**

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

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

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

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

**Note 14 – Compensable Absences**

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

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

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

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

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

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

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

(In accordance with GASB Statement 75)

Plan Description

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

OPEB Plan Fiduciary Net Position

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

Benefits Provided

Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least 10 years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated, and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium, which is based on a blended rate. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Maximum Monthly Employer Contribution  
Retiree Health and Basic Life Premium  
For the Measurement Years Ended

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Actuarial Assumptions</u> <u>ERS Group Benefits Program Plan</u>	
Valuation date	August 31, 2021
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	Not Applicable
Discount rate	2.14%
Projected annual salary increase (includes inflation)	2.30% to 9.05%
Annual healthcare trend rate	5.25% for FY2023, 5.15% for FY2024, 5.00% for FY2025, 4.75% for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for 2030 and later years
Inflation assumption rate	2.30%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors, and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale projected from the year 2018.
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

Investment Policy

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

Discount Rate

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

Discount Rate Sensitivity Analysis

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

	<u>August 31, 2022</u>		
	<u>1% Decrease in Discount Rate (1.14%)</u>	<u>Discount Rate (2.14%)</u>	<u>1% Increase in Discount Rate (3.14%)</u>
District’s proportionate share of the net OPEB liability:	\$116,930,858	\$137,478,159	\$163,741,704
	 <u>August 31, 2021</u>		
	<u>1% Decrease in Discount Rate (1.20%)</u>	<u>Discount Rate (2.20%)</u>	<u>1% Increase in Discount Rate (3.20%)</u>
District’s proportionate share of the net OPEB liability:	\$115,160,585	\$135,121,885	\$160,601,889



**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

Healthcare Trend Rate Sensitivity Analysis

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

	<u>August 31, 2022</u>		
	1% Decrease in Healthcare Cost Trend Rates (4.25% decreasing to 3.3%)	Current Healthcare Cost Trend Rates (5.25% decreasing to 4.3%)	1% Increase in Healthcare Cost Trend Rates (6.25% decreasing to 5.3%)
District's proportionate share of the net OPEB liability:	\$115,121,774	\$137,478,159	\$166,734,511
	<u>August 31, 2021</u>		
	1% Decrease in Healthcare Cost Trend Rates (7.8% decreasing to 3.3%)	Current Healthcare Cost Trend Rates (8.8% decreasing to 4.3%)	1% Increase in Healthcare Cost Trend Rates (9.8% decreasing to 5.3%)
District's proportionate share of the net OPEB liability:	\$113,088,129	\$135,121,885	\$164,005,837

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

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

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

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

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

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

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

Changes Since the Prior Actuarial Valuation

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

- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The proportion of future retirees assumed to be married and electing coverage for their spouse.
- The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- The percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- Annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations.

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

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

At August 31, 2022 and 2021, the District reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

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

Year Ended August 31:	Increase (Reduction) of OPEB Expense
2023	\$ 17,436,163
2024	\$ 14,279,860
2025	\$ 3,673,001
2026	\$ 210,244
2027	\$ (861,506)
Thereafter	-

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

**Note 16 – Pending Lawsuits and Claims**

A. Litigation

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

B. Federal and State Assisted Grant Programs

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 17 – Disaggregation of Receivable and Payable Balances**

Receivables

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

	<u>August 31, 2022</u>	<u>August 31, 2021</u>
Student receivables	\$ 2,954,077	\$ 3,630,611
Federal receivables	2,315,473	1,715,176
Interest receivables	646,585	64,328
Accounts receivables		
Bookstore and auxiliary	76,212	118,623
State, local, and private	771,619	825,186
Pledges receivable	25,000	30,000
Contractors	-	62
Other receivables	1,217,164	823,452
Subtotal	<u>8,006,130</u>	<u>7,207,438</u>
Allowance for doubtful accounts-student	(2,071,667)	(2,617,027)
<b>Total Accounts Receivable, Net</b>	<b><u>\$ 5,934,463</u></b>	<b><u>\$ 4,590,411</u></b>
	<u>August 31, 2022</u>	<u>August 31, 2021</u>
Taxes receivables	\$ 13,217,952	\$ 13,474,302
Allowance for doubtful accounts-taxes	(7,711,932)	(7,570,468)
<b>Total Accounts Receivable, Net</b>	<b><u>\$ 5,506,020</u></b>	<b><u>\$ 5,903,834</u></b>

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

Payables

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 18 – Funds Held for Others**

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

**Note 19 – Contract and Grant Awards**

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA) audit and accounting guide, *State and Local Governments*, 8.99. All contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivables on Exhibit 1. Contract and grant awards that are not yet funded, and for which the institution has not yet performed services, are not included in the financial statements. Contract and grant award funds already committed (e.g. multi-year awards) or funds awarded during fiscal years ended 2022 and 2021, for which monies have not been received nor funds expended totaled \$43,671,815 and \$119,524,988, respectively.

These amounts are comprised of the following:

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

**Note 20 – Health Care and Life Insurance Benefits**

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

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

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

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

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

**Note 21 – Ad Valorem Tax**

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

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

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

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

**South Texas College District  
Notes to the Basic Financial Statements  
August 31, 2022 and 2021**

**Note 21 – Ad Valorem Tax (Continued)**

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

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

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

**Note 22 – Property Tax Abatement**

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

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



**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

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

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

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

**Note 23 – Income Taxes**

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

**Note 24 – Related Parties**

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

**Note 25 – Auxiliary Operations**

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

**Note 26 – Risk Management**

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 26 – Risk Management (Continued)**

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

**Note 27 – Construction and Improvement Commitments**

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

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

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

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

**Note 28 – Endowments**

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

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

**South Texas College District**  
**Notes to the Basic Financial Statements**  
**August 31, 2022 and 2021**

**Note 28 – Endowments (Continued)**

The fund balances of the endowments were as follows:

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

\*Endowment investment consists of a donated coin collection.

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

**Note 29 – Pledges of Gifts**

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

**Note 30 – Subsequent Events**

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



# SOUTH TEXAS COLLEGE

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**REQUIRED SUPPLEMENTARY  
INFORMATION**



# **SOUTH TEXAS COLLEGE**

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

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

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

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

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



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

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

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

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

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

**South Texas College District**  
**Notes to Required Supplementary Information Schedules for Pensions**  
**For the Year Ended August 31, 2022**

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

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

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

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

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

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

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

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

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

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

**South Texas College District**  
**Notes to Required Supplementary Information Schedules for OPEB**  
**For the Year Ended August 31, 2022**

**Changes Since Prior Actuarial Valuation:**

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

Demographic Assumptions

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

Economic Assumptions

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

Other Inputs

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

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



# **SOUTH TEXAS COLLEGE**

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

**Schedule A**

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

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



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

**Schedule B**

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

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

**Schedule C**

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

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

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

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

**Schedule D**

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

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

**Schedule E**

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

See accompanying notes to Schedule of Expenditures of Federal Awards

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

**Schedule E**

Federal Grantor/Cluster/Program Title/Pass-Through Grantor/ Pass-Through Grantor's Award Number	Assistance Listing Number	Expenditures			Subrecipient Expenditures
		Direct Award	Pass Through Awards	Total	
<b>U.S. Department of Defense</b>					
Direct Programs:					
Military Spouse Career Advancement	12.U01	\$ 2,851	\$ -	\$ 2,851	\$ -
<b>Total U.S. Department of Defense</b>		<b>2,851</b>	<b>-</b>	<b>2,851</b>	<b>-</b>
<b>U.S. Department of Labor</b>					
Direct Programs:					
Occupational Safety and Health Susan Harwood Training Grants	17.502				
SH99028SH0		10,127	-	10,127	-
SH37144SH1		84,499	-	84,499	-
<b>Total Occupational Safety and Health Susan Harwood Training Grants</b>		<b>94,626</b>	<b>-</b>	<b>94,626</b>	<b>-</b>
Pass-Through From:					
Lower Rio Grande Workforce Development Board					
Apprenticeship USA Grants	17.285				
25950STC		-	19,874	19,874	-
2321ATG002		-	170,994	170,994	-
2322ATG001		-	123,204	123,204	-
2322ATG002		-	30,475	30,475	-
<b>Total Apprenticeship USA Grants</b>		<b>-</b>	<b>344,547</b>	<b>344,547</b>	<b>-</b>
<b>Total U.S. Department of Labor</b>		<b>94,626</b>	<b>344,547</b>	<b>439,173</b>	<b>-</b>
<b>U.S. Department of Treasury</b>					
Pass-Through From:					
Hidalgo County					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds					
ARPA-21-110-034	21.027	-	177,838	177,838	-
<b>Total U.S. Department of Treasury</b>		<b>-</b>	<b>177,838</b>	<b>177,838</b>	<b>-</b>
<b>National Foundation on the Arts and the Humanities</b>					
Pass-Through From:					
Institute of Museum and Library Services					
Grants to States	45.310	51,269	-	51,269	-
TSL-22004					
<b>Total National Foundation on the Arts and the Humanities</b>		<b>51,269</b>	<b>-</b>	<b>51,269</b>	<b>-</b>
<b>U.S. Department of Agriculture</b>					
Pass-Through From:					
Texas Department of Agriculture					
Child and Adult Care Food Program	10.558	-	35,546	35,546	-
T5CCHZHBND6					
Pass-Through From:					
The University of Texas at San Antonio					
Hispanic Serving Institutions Education Grants	10.223	-	6,070	6,070	-
1000003572					
Pass-Through From:					
The University of Texas at Rio Grande Valley					
Hispanic Serving Institutions Education Grants	10.223	-	3,575	3,575	-
2021-77040-34869-01					
<b>Total Hispanic Serving Institutions Education Grants</b>		<b>-</b>	<b>9,645</b>	<b>9,645</b>	<b>-</b>
Research and Development Cluster					
Agriculture and Food Research Initiative	10.310	-	9,881	9,881	-
20226801836606(01)					
<b>Total U.S. Department of Agriculture</b>		<b>-</b>	<b>55,072</b>	<b>55,072</b>	<b>-</b>
<b>National Science Foundation</b>					
Direct Programs:					
STEM Education	47.076	68,337	-	68,337	-
DUE-1930525					
<b>Total National Science Foundation</b>		<b>\$ 68,337</b>	<b>\$ -</b>	<b>\$ 68,337</b>	<b>\$ -</b>

See accompanying notes to Schedule of Expenditures of Federal Awards

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

**Schedule E**

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

See accompanying notes to Schedule of Expenditures of Federal Awards

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

**Schedule E**

**Note 1: Federal Assistance Reconciliation**

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

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

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

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

The following federal funds were not subject to federal single audit -	
CFDA 64.027 Post 9/11 Veterans Education Assistance	\$ 546,715
CFDA 64.125 Vocational and Educational Counseling for Service members and Veterans	\$ 200,656

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

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

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

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

U.S. Department of Education	
Passed through COVID-19 Emergency Funding- Education Stabilization Fund	
(CFDA 84.425C) to:	
The University of Texas at Dallas	\$ 24,602
The University of Texas at Rio Grande Valley	25,000
Total Amounts Passed Through	\$ 49,602

**Note 6: Nonmonetary Federal Assistance.**

There were no federal noncash awards in fiscal year 2022.



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

**Schedule F**

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

**Note 1: State Assistance Reconciliation**

State Revenues	\$ 3,995,046
Add: Indirect/Administrative Cost Recoveries	2,678
Total State Revenues per Schedule A	<b>\$ 3,997,724</b>

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

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

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

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

\* No funds were provided to subrecipients by the District.



# **Statistical Section**

**(Unaudited)**

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

**Table of Contents**

**Statistical Information**

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

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

Sources:

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

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

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

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

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

For the Fiscal Year Ended August 31,

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

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

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



For the Fiscal Year Ended August 31,

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

(Continued)

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

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

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

(Continued)

For the Fiscal Year Ended August 31,

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

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

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

For the Fiscal Year Ended August 31,

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

(Continued)

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

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

Notes:

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

(Continued)

For the Fiscal Year Ended August 31,

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

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

Resident  
Fees per Semester Credit Hour (SCH)

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

Non - Resident  
Fees per Semester Credit Hour (SCH)

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

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

Source:  
South Texas College District Student Guide



Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase From Prior Year In-District	Increase From Prior Year Out-of-District
\$ 1,662	\$ 1,782	0.00%	0.00%
1,662	1,782	2.21%	2.06%
1,626	1,746	8.98%	8.31%
1,492/1,552	1,612/1,672	1.63%	1.51%
1,468/1,528	1,588/1,648	4.26%	4.68%
1,408/1,468	1,517/1,577	3.38%	3.13%
1,362/1,422	1,471/1,531	5.58%	5.22%
1,290/1,350	1,398/1,458	1.90%	1.67%
1,266/1,326	1,375/1,435	2.93%	2.69%
1,230/1,290	1,339/1,399	-	-

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

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

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

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

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

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

**Statistical Supplement 6a**  
**General Appropriations Act Before Contact Hour Adjustments<sup>1</sup>**  
**Last Ten Fiscal Years**  
(unaudited)

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

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

<sup>1</sup> General Appropriations Act, SB 1, 85th Texas Legislature, Section 1 (page III-209) - Informational Listing of Appropriated Funds

\*Formula funding methodology changed in fiscal year 2014.

Source:  
THECB - Ten Pay Schedule

For the Fiscal Year Ended August 31,

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

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

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

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

<sup>1</sup> Full time student equivalent (FTSE) is calculated using semester credit hours (SCH) divided by 30 plus non-semester (continuing education) contact hours divided by 900.

\*Formula funding methodology changed is fiscal year 2014.

Source:  
CBM004/CBM001 and CBM00C/CBM00A.

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

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

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

<sup>1</sup>State Funded Contact Hour Appropriations as it appears in schedule 6a.

<sup>2</sup>Contact hours (CH) for Academic, Technical and Continuing Education include the Fall, Spring and Summer semesters of the respective year.

\*Formula funding methodology changed in fiscal year 2014.

Source:  
CBM004/CBM001  
CBM00C/CBM00A



# **SOUTH TEXAS COLLEGE**

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**Statistical Supplement 6d**  
**State Appropriation per Student Success Point - Annualized**  
**Last Nine Fiscal Years<sup>1</sup>**  
(unaudited)

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

Note:

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

<sup>1</sup>Schedule is intended to include 10 years, additional years will be presented as they become available.

<sup>2</sup>State Funded Success Point Appropriation as it appears in Statistical Supplement 6a.

\*The formula funding methodology was changed in fiscal year 2014 to include appropriations based on student success point appropriations per student success points are not applicable for fiscal years prior to 2014.

Source:

THECB - Ten Pay Schedule

**Statistical Supplement 6e**  
**Student Success Points (SSP)**  
**Last Nine Fiscal Years<sup>1</sup>**  
(Unaudited)

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

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

<sup>1</sup>Appropriations per student success points are not applicable for fiscal years prior to 2014. Schedule is intended to include 10 years, additional years will be presented as they become available.

<sup>2</sup>These are annual SSP, not 3-year rolling averages.

\*Formula funding methodology changed in fiscal year 2014.

\*\*2022 SSP are the 3-year rolling average used for biennium funding. 2021 SSP are estimated.

Source: THECB - Accountability System

For the Fiscal Year Ended August 31,

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

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

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

<sup>1</sup> Includes both Starr and Hidalgo Counties

Sources:

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

South Texas College District ACFR (Fiscal Year Ended August 31, 2020): Note 18 - Ad Valorem Tax

Taxable Assessed Value (TAV) by Tax Year

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

(Continued)

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

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

<sup>1</sup> Includes both Starr and Hidalgo Counties

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

(Continued)

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

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

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

Notes:

- (a) As reported in notes to the financial statements for the year of the levy.
- (b) As of August 31<sup>st</sup> of the current reporting year.
- (c) Property tax only - does not include Penalty & Interest.
- (d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy.
- (e) Represents current year collections of prior years levies.
- (f) Represents penalty and interest collection.

\*Includes rollback total collections

\*\*Modifications to Levy provided by Hidalgo County and Starr County, and Beginning Balance Adjustments

Source:

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



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

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

For the Year Ended August 31,

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

Notes:

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

For the Year Ended August 31,

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

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

**General Obligation Bonds**

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

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

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

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

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

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

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

Sources:

(1) Texas Labor Market Information (TWC)

(2) Office of the State Demographer

(3) Starr County Data

(4) Datausa.Hidalgo County

(5) Zoom Prospector

(6) FRED Economic Data & Research 2016 - Federal Reserve Bank of St. Louis

(7) Hilltop Securities

(8) Datausa.Starr County

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

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

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

Note:

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

<sup>1</sup> Includes Hidalgo County and Starr County. Starr County has not provided updated employee data since 2016.

<sup>2</sup> Total number of employees includes Hidalgo County stores and one H-E-B store located in Starr County (Rio Grande City, TX).

<sup>3</sup> Total number of employees includes Hidalgo County stores and one Walmart store located in Starr County (Rio Grande City, TX).

<sup>4</sup> Total number of employees includes Hidalgo County and County related agencies.

\* Starr County employee data presented in range; calculated average for each employer.

Sources:

Hidalgo County 2020 ACFR

Starr County Industrial Foundation

South Texas College 2013 ACFR



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

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

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

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

Academic

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

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

Average course load                      7.90                                      8.17                                      8.55                                      8.49                                      8.57

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

Source:  
CBM001

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

Continuing Education

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

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

Average course load                      39.69                      45.49                      39.37                      46.43                      44.71

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

Source:  
CBM00A

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

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

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

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

Average Age	20.5	20.4	20.6	20.4	20.7
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Source:  
CBM001

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

	Continuing Education									
	Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Gender</b>										
Female	822	60.31%	601	61.96%	905	61.82%	816	68.06%	842	61.73%
Male	541	39.69%	369	38.04%	559	38.18%	383	31.94%	522	38.27%
<b>Total</b>	<b>1,363</b>	<b>100.00%</b>	<b>970</b>	<b>100.00%</b>	<b>1,464</b>	<b>100.00%</b>	<b>1,199</b>	<b>100.00%</b>	<b>1,364</b>	<b>100.00%</b>
<b>Ethnic Origin</b>										
White	29	2.13%	17	1.75%	13	0.89%	20	1.67%	17	1.25%
Hispanic	1,218	89.36%	798	82.27%	1,100	75.14%	1,031	85.99%	1,183	86.73%
African American	1	0.07%	1	0.10%	1	0.07%	1	0.08%	3	0.22%
Asian	3	0.22%	1	0.10%	3	0.20%	3	0.26%	6	0.44%
Foreign	-	-	-	-	-	-	1	0.08%	1	0.07%
Native American	2	0.15%	-	-	-	-	1	0.08%	-	-
Unknown	110	8.07%	153	15.78%	347	23.70%	142	11.84%	154	11.29%
<b>Total</b>	<b>1,363</b>	<b>100.00%</b>	<b>970</b>	<b>100.00%</b>	<b>1,464</b>	<b>100.00%</b>	<b>1,199</b>	<b>100.00%</b>	<b>1,364</b>	<b>100.00%</b>
<b>Age</b>										
Under 18	893	65.52%	233	24.02%	74	5.05%	18	1.50%	-	0.00%
18 - 21	205	15.04%	83	8.56%	142	9.70%	111	9.26%	107	7.84%
22 - 24	43	3.15%	29	2.99%	87	5.94%	80	6.67%	78	5.72%
25 - 35	117	8.58%	190	19.59%	324	22.13%	301	25.10%	409	29.99%
36 - 50	79	5.80%	302	31.13%	565	38.59%	487	40.62%	542	39.74%
51 & over	26	1.91%	133	13.71%	272	18.57%	202	16.85%	228	16.71%
<b>Total</b>	<b>1,363</b>	<b>100.00%</b>	<b>970</b>	<b>100.00%</b>	<b>1,464</b>	<b>100.00%</b>	<b>1,199</b>	<b>100.00%</b>	<b>1,364</b>	<b>100.00%</b>
<b>Average Age</b>	21.0		33.0		38.0		38.0		38.0	

Source:  
CBM00A

**Statistical Supplement 17**  
**Transfers to Senior Institutions**  
**Students as of Fall 2021**

(includes only the top 26 public senior colleges in Texas)  
(unaudited)

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

Notes:

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

\*Information for Transfer Student Count Tech-Prep not available

Sources:

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

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

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

\* Does not include customers from Starr County Campus Cafeteria due to services being outsourced.

\*\* Due to a pandemic all campuses cafeterias were closed indefinitely in December 2020

Sources:

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

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

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



For the Fiscal Year Ended August 31,

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

(Continued)

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

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

(Continued)

For the Fiscal Year Ended August 31,

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

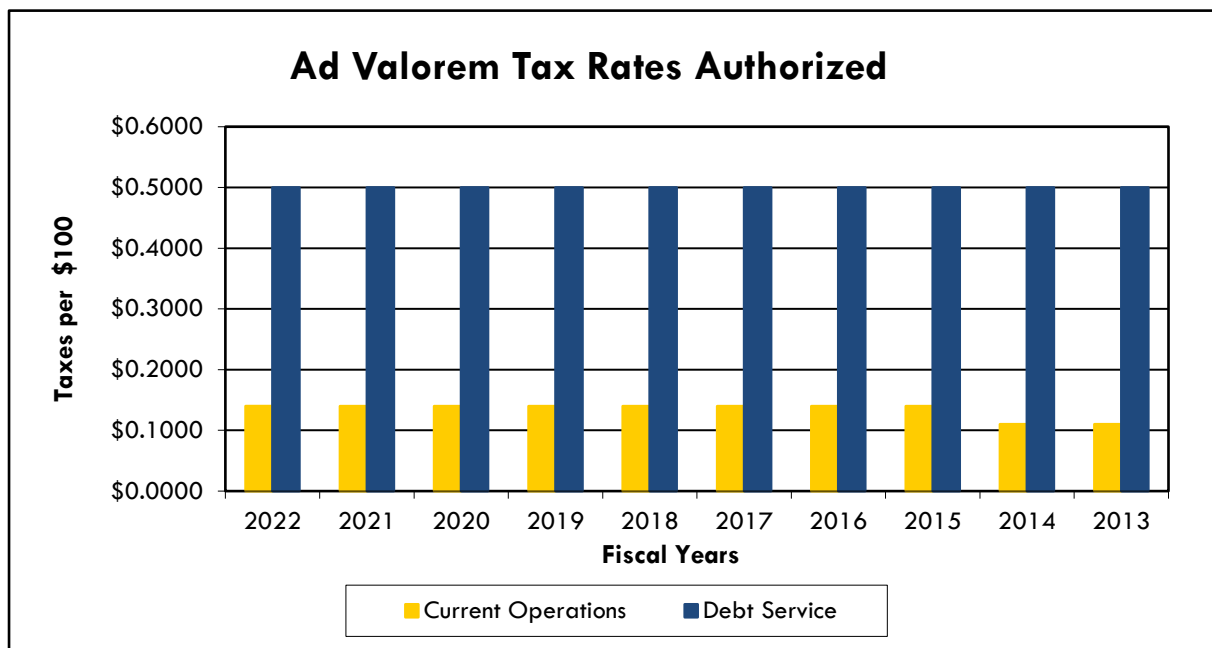


# **SOUTH TEXAS COLLEGE**

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

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



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

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

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

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

(Continued)

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

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

\*Municipal Advisory Council of Texas

Sources:  
Hidalgo County Appraisal District  
Starr County Appraisal District



(Continued)

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

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

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

\*Gross Debt

Source:  
Municipal Advisory Council of Texas



# **Special Reports Section**

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

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

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

**Report on Internal Control over Financial Reporting**

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

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

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

## **Reports on Compliance and Other Matters**

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

### **Texas Public Funds Investment Act**

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

### **Purpose of this Report**

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

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

McAllen, Texas  
December 13, 2022

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

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

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

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

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

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

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

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

McAllen, Texas  
December 13, 2022



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

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

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

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

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

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

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

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

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

***Responsibilities for Management for Compliance***

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

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

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

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

McAllen, Texas  
December 13, 2022

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

**Section I - Summary of Auditors' Results**

***Financial Statements***

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- a. Material weakness (es) identified? \_\_\_\_\_ yes  X  no
- b. Significant deficiency (ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported
- c. Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

***Federal Awards***

1. Type of auditors' report issued on compliance for major program: Unmodified
2. Internal control over major program:
- a. Material weakness (es) identified? \_\_\_\_\_ yes  X  no
- b. Significant deficiency (ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)? \_\_\_\_\_ yes  X  no
4. Identification of major federal program:

Assistance Listing number  
84.425

Name of Federal program or cluster  
COVID-19 Education Stabilization Fund – HEERF

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

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

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

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

***State Awards***

1. Type of auditors' report issued on compliance for major program: Unmodified
  
2. Internal control over major program:
  - a. Material weakness (es) identified? \_\_\_\_\_ yes  no
  
  - b. Significant deficiency (ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  none reported
  
3. Any audit findings disclosed that are required to be reported in accordance with the State of Texas *Single Audit Circular*? \_\_\_\_\_ yes  no
  
4. Identification of major state program:

Name of state program or cluster  
Texas Educational Opportunity Grant

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

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

**Section II – Financial Statement Findings**

None reported.

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

None noted that were required to be reported.

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

None noted that were required to be reported.

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

**Financial Statement Findings:**

None

**Federal Award Findings:**

None

**State Award Findings:**

None

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

**Financial Statement Findings:**

Not applicable

**Federal Award Findings:**

Not applicable

**State Award Findings:**

Not applicable



**SOUTH TEXAS  
COLLEGE**