



SOUTH TEXAS
COLLEGE

South Texas College District COMPREHENSIVE ANNUAL FINANCIAL REPORT

2020



FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019
SERVING HIDALGO AND STARR COUNTY, TEXAS

3201 W. Pecan Blvd., McAllen, TX 78501 • 956-872-8311 • www.southtexascollege.edu

South Texas College District

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

Prepared by the Business Office

SERVING HIDALGO AND STARR COUNTY, TEXAS



**South Texas College District
Comprehensive Annual Financial Report
Fiscal Years Ended August 31, 2020 and 2019**

Table of Contents

Introductory Section	<u>Page No.</u>
Table of Contents -----	i-iv
Transmittal Letter -----	1-10
Board of Trustees -----	11-13
Administrative Officials -----	14
Organizational Chart -----	15
GFOA Certificate of Achievement -----	16
 Financial Section	
Independent Auditors' Report -----	17-20
Management's Discussion and Analysis -----	21-40
 Basic Financial Statements:	
Exhibit 1-Statements of Net Position -----	41-42
Exhibit 2-Statements of Revenues, Expenses, and Changes in Net Position -----	43
Exhibit 3-Statements of Cash Flows -----	44-46
Notes to the Basic Financial Statements -----	47-94
 Required Supplementary Information:	
Schedule of District's Proportionate Share of Net Pension Liability -----	95-97
Schedule of District's Contributions for Pensions -----	98-99
Notes to Required Supplementary Information-----	100
Schedule of District's Proportionate Share of Net OPEB Liability Employee Retirement System of Texas State Retiree Health Plan -----	101
Schedule of District's Contributions for OPEB Employee Retirement System of Texas State Retiree Health Plan-----	102
Notes to Required Supplementary Information for OPEB-----	103-104

**South Texas College District
Comprehensive Annual Financial Report
Fiscal Years Ended August 31, 2020 and 2019**

Table of Contents (Continued)

	<u>Page No.</u>
Supplementary Information:	
Schedule A-Schedule of Operating Revenues -----	105
Schedule B-Schedule of Operating Expenses by Object -----	106
Schedule C-Schedule of Non-Operating Revenues and Expenses -----	107
Schedule D-Schedule of Net Position by Source and Availability -----	108-109
Schedule E-Schedule of Expenditures of Federal Awards -----	110-112
Schedule F-Schedule of Expenditures of State Awards -----	113-114
 Statistical Section (Unaudited)	
Statistical Information -----	115-117
Statistical Supplement 1-Net Position by Component -----	118-119
Statistical Supplement 2-Revenues by Source -----	120-123
Statistical Supplement 3-Program Expenses by Function -----	124-127
Statistical Supplement 4-Tuition and Fees -----	128-129
Statistical Supplement 5-Assessed Value and Taxable Assessed Value of Property Hour Adjustments-----	130-131
Statistical Supplement 6a-General Appropriation Act Before Contact -----	132-133
Statistical Supplement 6b-State Appropriation per FTSE-----	134
Statistical Supplement 6c-State Appropriation per Funded Contact Hour-----	135
Statistical Supplement 6d-State Appropriation per Student Success Point - Annualized	136
Statistical Supplement 6e-Student Success Points (SSP) -----	137
Statistical Supplement 7-Principal Taxpayers -----	138-141
Statistical Supplement 8-Property Tax Levies and Collections -----	142-143
Statistical Supplement 9-Ratios of Outstanding Debt -----	144-145
Statistical Supplement 10-Legal Debt Margin Information -----	146

**South Texas College District
Comprehensive Annual Financial Report
Fiscal Years Ended August 31, 2020 and 2019**

Table of Contents (Continued)

	<u>Page No.</u>
Statistical Supplement 11-Pledged Revenue Coverage -----	147
Statistical Supplement 12-Demographic and Economic Statistics – Taxing District -----	148-149
Statistical Supplement 13-Principal Employers -----	150
Statistical Supplement 14-Faculty, Staff, and Administrators Statistics -----	151
Statistical Supplement 15-Enrollment Details -----	152-153
Statistical Supplement 16-Student Profile -----	154-155
Statistical Supplement 17-Transfers to Senior Institutions -----	156
Statistical Supplement 18-Capital Asset Information -----	157
Statistical Supplement 19-Changes in Net Position -----	158-162
Statistical Supplement 20-Ad Valorem Tax Rates Authorized -----	163
Statistical Supplement 21-Property Tax Rates--All Direct and Overlapping Governments -----	164-167
Statistical Supplement 22-Computation of Direct and Overlapping Debt -----	168-170

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 <i>Government Auditing Standards</i> -----	171-172
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance -----	173-174
Independent Auditors’ Report on Compliance with Requirements Applicable to Each State Major Program and on Internal Control Over Compliance in Accordance with the State of Texas Single Audit Circular -----	175-176
Schedule of Findings and Questioned Costs -----	177-179
Schedule of Findings and Questioned Costs Status of Prior Year Findings -----	180-182



SOUTH TEXAS COLLEGE

This page intentionally left blank.

Introductory Section



South Texas College District

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

December 11, 2020

To: President Shirley A. Reed, MBA, Ed. D.
Members of the Board of Trustees and
Citizens of the South Texas College District:

The Comprehensive Annual Financial Report (CAFR) of South Texas College District ("the District"), for the fiscal years ended August 31, 2020 and 2019, is hereby submitted. 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.

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.

The District's management is responsible for establishing and maintaining an internal control structure designed to protect the District's assets, prevent loss from theft or misuse, and provide adequate accounting data to allow for the preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP). This structure additionally provides reasonable assurance that these objectives are met.

The concept of reasonable assurance recognizes: (1) the cost of internal control should not exceed the benefits presumed to be derived, and (2) the benefits include decreasing the risk associated with failing to accomplish the District's objectives.

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.

Comprehensive Annual Financial Report

The South Texas College District Comprehensive Annual Financial Report for the fiscal years ended August 31, 2020 and 2019, was prepared by the Business Office. The financial statements are prepared in accordance with 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). The financial records of the District are maintained on the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when incurred.

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, 2020 and 2019. The independent auditors' report is included in the financial section of this report on page 17.

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

In 1993, Texas Senate Bill 251 created South Texas College to serve the people of Hidalgo and Starr Counties. 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. The District is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award baccalaureate and associate degrees. The District offers certificates and institutional awards, and is also approved for veteran's educational training in Certificate and Associate of Applied Science degree programs by the Texas Education Agency.

The District offers 123 degree and certificate options. The District also offers bachelor, associates and certificate programs completely online. South Texas College is one of the community colleges in Texas that has authorization to offer bachelor degrees. These degrees are:

- Bachelor of Applied Technology (BAT) degree in Technology Management

- BAT degree in Computer & Information Technologies
- BAT degree in Medical & Health Services Management
- Bachelor of Applied Science in Organizational Leadership (BAS-OL)
- Bachelor of Science in Nursing

The District has experienced growth since its inception in the fall of 1993. The following tables illustrate the District’s enrollment data over the last five fiscal years.

Annual Enrollment – Academic and Vocational					
	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Total credit hours	651,153	617,703	641,823	637,181	642,651
Total contact hours	13,009,248	12,364,880	12,966,960	12,907,280	13,137,424
Unduplicated full-time student equivalent	21,705	20,590	21,394	21,239	21,422
Unduplicated headcount	43,524	42,590	43,251	44,768	45,665

Annual Enrollment – Continuing Education					
	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Total contact hours	180,160	223,642	204,448	211,493	583,149
Unduplicated full-time student equivalent	1,501	1,864	1,704	1,762	4,860
Unduplicated headcount	3,715	4,388	3,681	3,310	8,673

The District has 83 articulation agreements, including:

- 2+2 articulation agreements
- Memorandums of Understanding
- Partnership/Collaboration agreements with state, national, universities and institutions
- Informal agreements

Currently, agreements to benefit students from the District as they transfer and continue to pursue their educational goals are active with over 60 institutions, including:

- 54 domestic institutions
 - 44 four-year universities/colleges
 - 10 two-year colleges
- 6 international institutions
 - 5 in Mexico
 - 1 in India

The District has one of the largest Dual Credit Programs in the State of Texas, serving Hidalgo and Starr counties, which includes 21 school districts at 70 high school sites. The District provides eligible students the opportunity to earn college credit hours and/or a credential prior to graduating from high school. Dual Credit Programs offer the following four options:

- Dual Credit Courses
- Career and Technical Education Programs
- Designated High School
- Academy Programs

Approximately 15,950 students were enrolled in dual credit college-level courses during the 2020 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.

Economic Condition and Outlook

Nestled in the Rio Grande Valley, 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 2020, its population is 1,005,539 with 90% of it being Hispanic. Starr County was founded in 1848 and named after James Harper Starr. It has a population of 71,198 as of 2020 and its largest city is Rio Grande City.

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

- The unemployment rate for Hidalgo County increased from 6.40% in 2019 to 10.90% in 2020.
- The unemployment rate for Starr County increased from 10.00% in 2019 to 15.70% in 2020.
- Per capita income in Hidalgo County increased from \$25,617 in 2019 to \$26,410 in 2020.
- Per capita income in Starr County increased from \$24,981 in 2019 to \$26,316 in 2020.

Additional data related to some of the major cities in the District and surrounding communities include the following:

- The McAllen housing indicators continued to improve through 2020. Dollar Volume of Home Sales for August 2020 were \$446,891,929 compared to August 2019 sales of \$397,212,216. The total real dollar volume of residential real estate transactions is up by 12.5% as of August 2020 (source: McAllen Chamber of Commerce, [www.mcallen.org/ Business-Community/Economic-Pulse](http://www.mcallen.org/Business-Community/Economic-Pulse)).
- The City of Edinburg is home to United Soccer League's professional team, the Rio Grande Valley Toros and the NBA G League's Rio Grande Valley Vipers who won NBA G League Championships in 2010, 2013 and 2019.
- The Santa Ana National Wildlife Refuge in Alamo is one of the top destinations for nature lovers and birding enthusiasts worldwide. The Rio Grande Valley is the most popular birding and butterfly location in the U.S., and people visit from all over the globe to see some of the bird and butterfly species that can be found nowhere else in the entire country.
- South Padre Island, in neighboring Cameron county, is a tropical oasis with 34 miles of beautiful white sand and clear emerald water. The calm beaches and more than 300 days of sunshine make it the ideal year-round destination for visitors.

- According to Business Insider, two cities in the Rio Grande Valley, McAllen and Brownsville, are in the top 6 amongst the 25 U.S. cities with the lowest cost of living in 2020.

McAllen is located near the border between the United States and Reynosa, Mexico creating a binational international metro. McAllen's central location in the Rio Grande Valley, a large, young and continually growing labor pool, and its consistently low Cost of Living Index has allowed it to become an economic powerhouse.

Part of McAllen's success has been the explosive growth of its twin city, Reynosa, Tamaulipas, Mexico located just across the United States-Mexico border. With a population of 899,084 inhabitants, Reynosa is known as a dynamic business, industry and trade orientated city. Both communities have collaborated to create one of the most recognized industrial sectors home to several Fortune 500 companies (sources: worldpopulationreview.com/world-cities/reynosa-population and McAllen Economic Development Corporation).

The Rio Grande Valley is being transformed into a major international trade area by developing first-rate commercial, retail, industrial, medical, retirement and higher education institutions. The promotion of international and retail trade, manufacturing and education are among the most successful along the U.S.-Mexico Border (source: McAllen Chamber of Commerce).

For over 40 years, retirees from all over the United States and Canada have traveled to the Rio Grande Valley (RGV) to spend their winters in the temperate climate of South Texas. The RGV region spans the area from South Padre Island to Rio Grande City. This 110 mile region borders on Mexico and the Gulf of Mexico and offers visitors of all ages a wide variety of activities throughout the year.

These retirees, known as "Winter Texans," provide a substantial boost to the region's economy. They typically stay anywhere from 3 weeks to 6 months to enjoy the area's many incentives such as:

- temperate winter climate
- low cost of living
- diverse cultural and social events
- outdoor activities (beach, wildlife/birding sites, flea markets)

(source: University of Texas Rio Grande Valley)

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 25 years, South Texas College District has grown from a student headcount of over 1,000 in Fall 1993 to over 32,000 in Spring 2020. The District's unrestricted fund budget increased from \$2,325,212 in 1993 to \$181,977,174 in 2020.

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:

- Net Tuition and Fees – increased by \$1,063,455 due to an increase in gross tuition and fees.
- State Appropriations – increased by \$1,341,537 mainly due to an increase in state appropriations for student success points and contact hours.
- Ad Valorem Taxes – the Taxable Assessed Value increased by \$1,874,922,559 or 4.88% from \$38,381,832,847 for Levy 2018 to \$40,256,755,406 for Levy 2019.

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

Tax Levy Rates				
(Per \$100 of assessed valuation)				
Fiscal Year	Current Operations	Debt Service	Taxable Assessed Value (TAV)	Total Tax Collections
2011	\$ 0.11000	\$ 0.03970	\$ 30,089,658,977	\$ 44,329,200
2012	0.11000	0.04070	29,518,175,339	44,157,110
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

The Texas Higher Education Coordinating Board (THECB) gathers financial documents for Texas Public Institutions of Higher Education, including community colleges. The THECB's annual report on the financial condition of the state's community colleges is required as referenced in the General Appropriations Act, Senate Bill 1 (S.B. 1), 83rd Texas Legislature, Section 13 (page 111-198). The report provides an assessment of the overall financial health of public community colleges and identifies institutions with the potential for financial stress.

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

The District is required to undergo an annual federal single audit in conformity with the provisions of the Federal Single Audit Act amendments of 1996 and related Uniform Guidance, and an annual state single audit in conformity with the Texas Governor’s Office of Budget and Planning Uniform Grant Management and Standards Single Audit Circular. The auditor’s reports related to single audits are included in the Special Reports Section of the comprehensive annual financial report.

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

The District has complied with Board Policy 5350 as follows:

Unrestricted Fund Balance Reserve			
	August 31, 2020	August 31, 2019	August 31, 2018
Current Undesignated Unrestricted Fund Balance	\$58,763,688	\$60,708,372	\$75,850,909
Next Fiscal Year Budgeted Unrestricted Fund Expenses (including transfers and contingencies)	168,394,087	181,730,329	183,811,500
Fund Balance as a % of Total Expenses	34.9%	33.4%	41.3%
Number of Months Expenses in Reserve	4.2 months	4.0 months	5.0 months

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, 2020, the District’s Board of Trustees has designated a total of \$34,500,000 of the unrestricted net position for the purpose of supplementing:

- Future employee health insurance costs - \$7,500,000
- Infrastructure maintenance and renewal of the District’s Enterprise Resource Planning system - \$15,000,000
- Deferred maintenance of facilities - \$4,000,000

- Reserve for the District's business continuity and disaster plan - \$6,000,000
- Furniture Replacement - \$2,000,000

Awards and Acknowledgments

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 initiatives 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 Comprehensive Annual Financial Report for the fiscal year ended August 31, 2019. This is the seventeenth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. The District's current comprehensive annual 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, 2022.
- The College 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. They include the:
 - Traditional Finance Transparency Star
 - Economic Development Transparency Star
 - Debt Obligation Transparency Star
- South Texas College District Dual Credit Programs are the first in the State of Texas to receive a prestigious accreditation by the National Alliance of Concurrent Enrollment Partnerships (NACEP) reaching a historical milestone in May 2020.
- The Teachers Insurance and Annuity Association of America Institute, in partnership with the American Council on Education (ACE), announced Shirley Reed, President, South Texas College, and Joseph E. Aoun, President, Northeastern University, as the recipients of the 2020 Theodore M. Hesburgh Award for Leadership Excellence in Higher Education. The Hesburgh Award recognizes college or university presidents or chancellors who have demonstrated outstanding leadership qualities.

- The District is among the most innovative online schools for students seeking associate degrees, according to a new ranking published nationwide on February 5. Named among the '30 most innovative online colleges' in the nation, according to Online Schools Center (OSC), the website is an online resource geared towards students who are seeking an online option for college apart from traditional brick and mortar institutions. The District was the only institution in Texas to receive the recognition. The variety of associate degrees makes the District an excellent transfer school and a top-rated college for military personnel whether they are veterans or on active duty, according to OSC

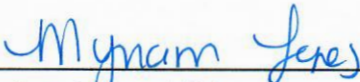
Acknowledgments

The dedicated and effective staff of the District's Business Office is what made the timely preparation of the Comprehensive Annual 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 for maintaining ethical and professional standards of professionalism in the management of the District's finances and operations.

Respectfully submitted,



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



Myriam Lopez, MBA
Comptroller



SOUTH TEXAS COLLEGE

This page intentionally left blank.

**South Texas College
Board of Trustees and President
For the Fiscal Year Ending August 31, 2020**



Paul R. Rodriguez - Chairman

CEO of Valley Land Title Co.

District 3

Representing South McAllen, Southwest Pharr, Hidalgo, Sharyland, Southeast Mission, and Granjeno

First appointed August 2012; current term through May 2022

Serves as Chairman of the Board.

Serves as a Member of the Facilities Committee and the Finance, Audit, and Human Resources Committee.

Formerly served as Secretary of the Board.



Rose Benavidez - Vice Chair

President of Starr County Industrial Foundation

District 1

Representing Starr County

First Elected November 2009; current term through May 2024

Serves as Vice Chair of the Board.

Serves as a Member of the Facilities Committee and the Finance, Audit, and Human Resources Committee.

Formerly served as Chair of the Board.



Roy de León - Secretary

Branch Retail Executive, BBVA Compass, Mercedes

District 7

Representing Northeast Hidalgo County, North Weslaco, Edcouch, Elsa, La Villa, Mercedes, Monte Alto, Northeast Alamo, Northeast Edinburg, and Hargill

First Appointed July 1997; current term through May 2020

Serves as Secretary of the Board.

Serves as Chair of the Finance, Audit, and Human Resources Committee.

Formerly served as Chair, Vice Chair, and Secretary of the Board.

**South Texas College
For the Fiscal Year Ending August 31, 2020
Board of Trustees and President**



Victoria Cantú - Member

CEO of Children's Education Station, LLC

District 2

Representing La Joya, Western Mission, Palmview, Sullivan City, Penitas, and West Alton

First Term: May 2018 - May 2024

Servs as a Member of the Education and Workforce Development Committee.



Gary Gurwitz - Member

Managing Partner, Atlas, Hall & Rodriguez, L.L.P., McAllen

District 4

Representing North McAllen, Northwest Pharr, Palmhurst, Northeast Mission, and Southwest Edinburg

First Appointed in 1993; current term through May 2022

Serves as Chair of the Facilities Committee and a Member of the Education and Workforce Development Committee.

Formerly served as a Chair, Vice Chair, and Secretary of the Board.



Rene Guajardo – Member

Student Services Director, Crystal City ISD

District 6

Representing Donna, South Alamo, South San Juan, Southeast Pharr, South Weslaco, and Progresso

First Term: May 2018 - May 2024

Serves as a Member of the Finance, Audit, and Human Resources Committee.

**South Texas College
For the Fiscal Year Ending August 31, 2020
Board of Trustees and President**



Dr. Alejo Salinas, Jr - Member

Retired Superintendent, Superintendent Emeritus, Hidalgo ISD

District 5

Representing Northwest Hidalgo County, Edinburg, North San Juan, and Northeast Pharr

First Elected May 1996; current term through May 2020

Serves as Chair of the Education and Workforce Development Committee and a Member of the Facilities Committee.

Formerly served as a Chair and Vice Chair of the Board.



Dr. Shirley A. Reed

Founding College President: June 1994 - Present

**South Texas College District
Administrative Officials
For the Fiscal Year 2020**

Name	Position
Shirley A. Reed, MBA, Ed. D.	President
Maria G. Elizondo, MBA, CFE, CGMA, CPA	Vice President for Finance and Administrative Services
Myriam Lopez, MBA	Comptroller



South Texas College 2019 - 2020

Administrative - Executive Organization Chart

College President

Dr. Shirley A. Reed

Director of Regional Center for Public Safety Excellence

Jose Morales

Executive Vice President for Educational Programming and Student Achievement

Dr. David Plummer, Interim

Dean of Continuing Education, Workforce Training, and Economic Development

712590 Vacant

Associate Dean of Industry Training and Economic Development

Dr. Carlos Margo

Director of Professional and Workforce Education

Olivia De La Rosa

Executive Director for Resource Development, Management, and Compliance

Dr. Virginia Champion

Associate Director of Grant Management and Compliance

704420 Vacant

Director of Public Relations and Marketing

Daniel Ramirez

Assistant Director of Public Relations and Marketing

Raymond G Pedraza

Assistant to the President for Continuing Education

Juancarlos Aguirre

Vice President for Academic Affairs

Dr. Anahid Petrosian, Interim

Vice President for Student Affairs and Enrollment Management

Matthew Hebbard

Vice President for Finance and Administrative Services

Mary Elizondo

Vice President for Information Services, Planning, Performance and Strategic Initiatives

Dr. David Plummer

Assistant Vice President for Academic Advancement

Dr. Anahid Petrosian

Dean for Math, Science and Bachelor Programs

Dr. Ali Esmaili

Assistant Dean

Department Chairs

Dean of Distance Learning

Dr. Rachel Sale

Dean for Business, Public Safety, and Technology

Sara M. Lozano

Department Chairs

Director of Distance Learning

Ana Pena

Dean for Social and Behavioral Sciences

Dr. Eric Reittinger

Assistant Dean(s)

Department Chairs

Dean for Dual Credit Programs and School District Partnerships

Dr. Rebecca De Leon

Director of Dual Credit Pathways

Antonio De La Cruz III

Dean for Liberal Arts

Dr. Christopher Nelson

Assistant Dean(s)

Department Chairs

Director of Academies and High School Projects

Leonardo Castaneda

Associate Dean of Curriculum and Student Learning

701283 Vacant

Dean for Nursing and Allied Health

Dr. Jayson Valerio

Department Chairs

Director of Academic Assessment

Yolanda Jaramillo

Director of University Relations, Transfer and Articulation Center

Dr. Kelli Anne Davis

Associate Dean of Professional and Organizational Development

Jessica Galbo

Campus Administrators
Mid Valley Campus: *Daniel Montez*
Technology Campus: *Sara Lozano*
Starr County Campus: *Dr. Arturo Montiel*
Dr. Ramiro R. Casso Nursing & Allied Health Campus: *Dr. Jayson Valerio*
South Texas College Higher Education Center - La Joya: *Dr. Rene Zuniga*
South Texas College Higher Education Center - Pharr: *Vacant*

Dean of Enrollment Services

Miguel Carranza, Interim

Director of Student Records and Registrar

Cynthia A Blanco

Director of College Connections and Admissions for Traditional Students

Dr. Larry Barros

Director of Enrollment Services for Dual Credit

Tony Makamros

Associate Dean of Student Financial Services, Testing and Veteran Affairs

Miguel Carranza

Director of Testing Services

Adrian Lozano

Director of Student Financial Services

Juan Miguel Galvan

Dean for Student Affairs

Paul Hernandez

Director of Comprehensive Advisement and Mentoring Services

Dr. Nancy Garcia

Director of Counseling

Santa Elisa Pena

Director of Career and Employer Services

Celinda E. Salinas

Director of Student Activities and Wellness

Eli Nguma

Director of Student Rights and Responsibilities

Karey Barnes

Director of Facilities Planning and Construction

Ricardo De La Garza

Assistant Director of Facilities Planning and Construction

Robert Cuellar

Director of Facilities Operations and Maintenance

George McCaleb

Assistant Director of Facilities Maintenance Services

Luis De La Garza

Assistant Director of Custodial Support Services

Luis Alonzo Silva

Director of Purchasing

Rebecca Cavazos

Associate Director of Purchasing

704580 Vacant

Director of Accountability, Risk, and Compliance

Frank Jason Gutierrez

Internal Auditor

Khaliil Abdullah

Institutional Equity Officer

Lisa Guerra

Comptroller

Myriam Lopez

Associate Comptroller

Katarina Bugariu

Director of Student Accounts and Bursar

Norma Jimenez

Chief of Police

Ruben Suarez, Acting

Director of Human Resources

Laura Requena, Interim

Assistant Director of Human Resources

Laura Requena

Employee Relations Officer

703240 Vacant

Employee Relations Officer

Jaime Navarro

Director of Food Services

Luis R Guzman

Dean of Library and Learning Support Services

Dr. Jesus H. Campos

Associate Dean of Library Services

Lisa Bea Walters

Director of Educational Technologies

Dr. Maria L. Evans

Director of Learning Commons and Open Labs

Dr. Lelia Salinas

Director of Centers for Learning Excellence

Lynell Williams

Dean of Institutional Research, Effectiveness and Strategic Planning

Dr. Fernando Chapa

Director of Research and Analytical Services

Serkan Celtek

Director of Institutional Effectiveness, Assessment and Accreditation

Dr. Bradley Warren Davis

Chief Information Officer

Alicia Gomez

Asst CIO for Information Technology Services

700396 Vacant

Asst CIO for Infrastructure and Software Development

Lucio Gonzalez

Chief Information Security Officer

Jose Luis Gonzalez



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

South Texas College

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

August 31, 2019

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 Financial Statements

We have audited the accompanying financial statements of South Texas College (the College) as of and for the years ended August 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Texas College as of August 31, 2020 and 2019, and the 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.

Other Matters

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Texas College's basic financial statements. The introductory section, supplementary schedules (schedules A-D), and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards (schedule E) and schedule of expenditures of state awards (schedule F) are presented for purposes of additional analysis 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 the Texas Comptroller of Public Accounts, *State of Texas Single Audit Circular*, respectively, and are also not a required part of the basic financial statements.

The supplementary schedules (schedules A-D) and the schedules of expenditures of federal and state awards (schedules E-F) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules (schedules A-D) and schedules of expenditures of federal and

state awards (schedules E-F) are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, 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 11, 2020



SOUTH TEXAS COLLEGE

This page intentionally left blank.

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

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, 2020 and 2019. 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 2020 are as follows:

- Total assets increased \$22.8 million and total liabilities increased \$20.9 million.
- The net position decreased by \$0.7 million to \$377.3 million.
- Cash and cash equivalents increased by \$40.1 million, and investments decreased by \$8.3 million.
- Capital assets, net of accumulated depreciation, decreased by \$8.4 million to \$337.3 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, 2020 and 2019**

- Tuition and fees were discounted by \$83.8 million, which consisted of federal, state, local and private grants that were provided as financial aid to students and other remissions and exemptions.

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 and OPEB. The focus is to report the total net resources available to finance future services. Assets and liabilities are presented in the order of liquidity.

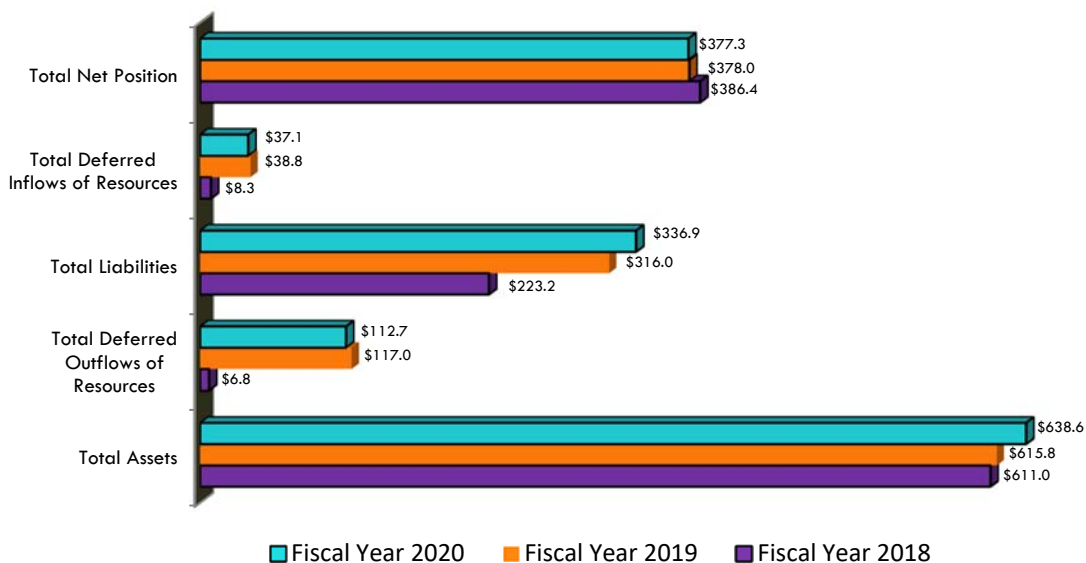
The following is prepared from the District's Statements of Net Position and provides a summary of its assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the change in net position for the years ended August 31:

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

Condensed Statements of Net Position
(in millions)

	2020	2019	2018	2019-2020	2018-2019
				Change	Change
Assets					
Current assets	\$ 163.9	\$ 135.4	\$ 158.7	\$ 28.5	\$ (23.3)
Capital assets, net	337.3	345.7	351.6	(8.4)	(5.9)
Noncurrent assets	137.4	134.7	100.7	2.7	34.0
Total Assets	638.6	615.8	611.0	22.8	4.8
Deferred Outflows of Resources					
Deferred outflows of resources	112.7	117.0	6.8	(4.3)	110.2
Total Deferred Outflows of Resources	112.7	117.0	6.8	(4.3)	110.2
Liabilities					
Current liabilities	40.9	33.9	33.1	7.0	0.8
Noncurrent liabilities	296.0	282.1	190.1	13.9	92.0
Total Liabilities	336.9	316.0	223.2	20.9	92.8
Deferred Inflows of Resources					
Deferred inflows related to pension & OPEB	37.1	38.8	8.3	(1.7)	30.5
Total Deferred Inflows of Resources	37.1	38.8	8.3	(1.7)	30.5
Net investment in capital assets	205.2	206.8	205.6	(1.6)	1.2
Restricted expendable	20.9	20.0	18.8	0.9	1.2
Restricted non-expendable	0.3	0.3	0.3	-	-
Unrestricted	150.9	150.9	161.7	-	(10.8)
Total Net Position	\$ 377.3	\$ 378.0	\$ 386.4	\$ (0.7)	\$ (8.4)

**Condensed Statements of Net Position
Comparison - August 31, 2020, 2019 and 2018**
(in millions)



**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

In fiscal year 2020, total assets increased by \$22.8 million or 3.7% from \$615.8 million at August 31, 2019 to \$638.6 million at August 31, 2020. The primary source of the increase in assets is an increase in cash and cash equivalents of \$40.1 million which was offset by a decrease in investments of \$8.3 million. In addition, the increase in cash and cash equivalents was offset by a decrease in capital assets, net of accumulated depreciation at August 31, 2020 of \$8.4 million. The net increase in cash and cash equivalents is primarily due to \$10.0 million received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act grant and the timing of investments from the proceeds of nine certificates of deposit that matured in July and August and were reinvested during September and October in the amount of \$28.5 million. The decrease of \$8.3 million in investments is related to the timing of reinvesting the matured proceeds compared to August 31, 2019 as discussed above. The District had obtained approval to use the funds for the CARES Act grant to transition to teach from face-to-face instruction to online instruction for the last part of the spring semester due to the COVID-19 pandemic, and withdrew funds from the Department of Education. However, due to the change of guidance from the Department of Education, these 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.

In fiscal year 2019, total assets increased by \$4.8 million or 0.8% from \$611.0 million at August 31, 2018 to \$615.8 million at August 31, 2019. The primary source of the increase in assets is an increase in investments of \$50.0 million which was offset by a decrease in cash and cash equivalents of \$39.5 million. In addition, the increase in investments was offset by a decrease in capital assets, net of accumulated depreciation, at August 31, 2019, of \$5.9 million from August 31, 2018. The net increase in investments is due to additional revenue funds from property taxes, net tuition and fees, investment income, and increased dual credit reimbursements from local independent high school districts, which were invested during fiscal year 2019.

In fiscal year 2020, deferred outflows of resources decreased by \$4.3 million due to a decrease of deferred outflows related to OPEB of \$6.4 million. This decrease was offset by an increase in deferred charges on debt refunding of \$1.7 million due to the refunding of bond series 2014, and an increase of \$0.4 million in deferred outflows related to pension. Deferred inflows of resources decreased by \$1.7 million due to a decrease in deferred inflows related to OPEB activity by \$7.1 million and an increase of \$5.4 million related to pension activity.

The District participates in a cost-sharing, multiple-employer, other post employment benefit (OPEB) plan with a special funding situation implemented in fiscal year 2018. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System (ERS) of Texas. In fiscal year 2019, ERS changed the allocation methodology on how the OPEB liability and related balances are allocated to each college. During the implementation of GASB Statement 75 in fiscal year 2018, the ERS allocation methodology was based on employer contributions related to retirees. In fiscal year 2019, the allocation was based on employer contributions related to both active employees and retirees, which had a significant impact on the District's net OPEB liability balance and related entries, causing additional expenses to be recorded and negatively impact the fund balance.

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

As a result of the change in methodology in fiscal year 2019, the District's OPEB liability increased by \$77.4 million to \$90.6 million, the deferred outflows related to OPEB increased by \$90.5 million to \$90.9 million, and the deferred inflows related to OPEB increased by \$32.1 million to \$35.1 million. The total impact on the net position was a reduction of \$19.0 million.

In addition to the new allocation method by ERS, in fiscal year 2019, the Texas Retirement System (TRS) of Texas changed their assumed rate of return from 8.0% to 7.3% and the single discount rate changed from 8.0% to 6.9%. Actuarial assumptions, methods, and plan changes were also updated after fiscal year 2018, which led to a \$19.8 million increase in deferred outflows related to pensions from \$6.3 million at August 31, 2018 to \$26.1 million at August 31, 2019.

Deferred inflow of resources related to pension decreased by \$1.6 million in fiscal year 2019, largely due to differences between projected and actual investment earnings. Total deferred inflows increased \$30.5 million or 369.7%.

During fiscal year 2020, current liabilities increased \$7.1 million or 21.0%. The primary reason for the increase is due to an increase in accounts payable by \$5.9 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 for the Coronavirus Aid, Relief, and Economic Security (CARES) Act grant to transition to teach from face-to-face instruction to online instruction for the last part of spring semester due to the COVID-19 pandemic, and withdrew funds from the Department of Education. However, due to the change of guidance from the Department of Education, these expenses were no longer allowed to be reimbursed by the grant, and the District reversed the revenue and recorded a payable due to the Department of Education. This increase was offset by postponed construction projects and the District's Board of Trustees' restrictions on procurement during the months of March through August to limit the District to only purchase critical items as a result of the COVID-19 pandemic.

The District's OPEB liability increased by \$2.2 million since the ERS total OPEB liability increased by \$4.9 billion and the District's proportionate share related to the ERS OPEB liability increased 0.018% compared to fiscal year 2019. Bonds payable increased by \$1.0 million, due to scheduled debt payments, and the accrued compensable absences increased \$0.4 million due to employees utilizing less vacation days as a result of the COVID-19 global pandemic. These increases were offset by the \$1.1 million decrease in unearned revenue due to an enrollment decrease for fall 2020. Accrued liabilities decreased by \$1.3 million primarily due to the timing of the TRS August payment that was paid during August for fiscal year 2020, but was paid in September of the following fiscal year for fiscal year 2019.

Noncurrent liabilities increased by \$13.9 million or 4.9%, primarily due to an increase in the net OPEB liability of \$19.1 million since the ERS total OPEB liability increased \$4.9 billion and the District's proportionate share increased by 0.018%. The TRS total net pension liability decreased by \$3.1 billion, however due to an increase in the District's proportionate share, the District's net pension liability increased by \$1.5 million. The increases of these noncurrent liabilities were offset by a \$6.6 million decrease in bonds payable attributed the debt service payments. The debt service payments were lowered during fiscal year 2020 due to the District's refunding of bond series 2014, which saved the District more than \$4.4 million in debt service payments and reduced the ad valorem tax rate for the residents of Hidalgo and Starr Counties.

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

During fiscal year 2019, current liabilities remained stable with a slight increase of \$0.8 million or 2.4%. Unearned revenue increased by \$0.9 million from \$15.7 million at August 31, 2018 to \$16.6 million at August 31, 2019. Accrued liabilities increased by \$0.4 million compared to fiscal year 2018, and the District reported a current portion of the net OPEB liability of \$1.3 million for the first time in fiscal year 2019. These increases were offset by a decrease in accounts payable of \$2.1 million, primarily due to a decrease in vendor payable of \$1.9 million.

Noncurrent liabilities increased by \$92.0 million or 48.4% in fiscal year 2019, primarily due to the change in the allocation method by ERS and the change of assumptions by TRS as previously discussed. The net OPEB liability increased \$76.0 million from \$13.2 million at August 31, 2018 to \$89.3 million at August 31, 2019 due to the change in the allocation method on employer contributions related to both active employees and retirees. At August 31, 2018 the net pension liability balance was \$26.6 million and it increased during fiscal year 2019 by \$24.1 million to \$50.7 million at August 31, 2019, due to the change TRS made to their assumed rate of return from 8.0% to 7.3%, and the change in the single discount rate from 8.0% to 6.9%. The increases of these noncurrent liabilities were offset by a \$8.1 million decrease in bonds payable attributed to debt service payments.

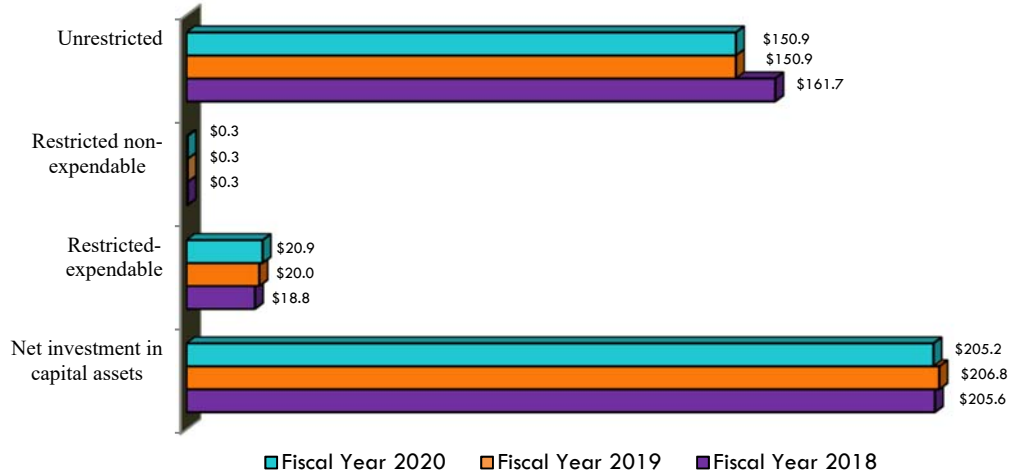
The District's net position at August 31, 2020 was \$377.3 million compared to \$378.0 million at August 31, 2019. The decrease of \$0.7 million is primarily due to \$27.1 million pension and net OPEB expenses allocated to the District by TRS and ERS. Disregarding the effect of the ERS OPEB liability and the TRS pension liability, the District's net position increased by \$26.4 million resulting from excess revenues over expenses. Of the \$26.4 million increase in net position, the unrestricted net position increased by \$27.2 million, net investment in capital assets decreased by \$1.7 million, and expendable net position increased by \$0.9 million.

The District's net position at August 31, 2019 was \$378.0 million compared to \$386.4 million at August 31, 2018. The decrease of \$8.4 million is attributed to changes in the allocation method by ERS which had a \$19.0 million adverse impact on the unrestricted net position. Disregarding the effect of the change in the ERS allocation method and the TRS assumption changes, the District's net position increased by \$13.3 million resulting from excess revenues over expenses. Of the \$13.3 million increase in net position, the unrestricted net position increased by \$10.8 million, net investment in capital assets increased by \$1.3 million, and expendable net position increased by \$1.2 million.

A little over half of the net position, \$205.2 million in fiscal year 2020 and \$206.8 million in fiscal year 2019, 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 5.5% of the net position in fiscal year 2020 and 5.3% of the net position in fiscal year 2019. The remaining unrestricted net position may be used for educational or general operations of the District, which were \$150.9 million and \$150.9 million as of August 31, 2020 and 2019.

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

**Net Position
Comparison - August 31, 2020, 2019 and 2018
(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 2020 and 2019.

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.

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

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)			2019-2020	2018-2019
	2020	2019	2018	Change	Change
Operating revenues	\$ 44.6	\$ 44.6	\$ 41.8	\$ -	\$ 2.8
Operating expenses	231.2	228.7	197.5	2.5	31.2
Operating loss	(186.6)	(184.1)	(155.7)	(2.5)	(28.4)
Non-operating revenues and expenses	185.9	175.7	161.0	10.2	14.7
Capital contributions	-	-	0.1	-	(0.1)
Increase in net position	(0.7)	(8.4)	5.4	7.7	(13.8)
Net position - beginning of year	378.0	386.4	396.4	(8.4)	(10.0)
Cummulative effect of change in accounting principle	-	-	(15.4)	-	15.4
Net position - end of year	\$ 377.3	\$ 378.0	\$ 386.4	\$ (0.7)	\$ (8.4)

The District's operating revenue stayed flat during fiscal year 2020 from \$44.6 million at August 31, 2019 to \$44.6 million at August 31, 2020. Net tuition and fees increased by \$1.1 million, attributable to an increase of \$5.7 million in gross tuition primarily due to a \$7 increased tuition rate in in-district and out-of-district tuition, and a \$0.9 million increase in gross fees due to charging a flat registration fee and charging a registration fee for the second summer term. These increases were offset by an increase in scholarship allowances and discounts of \$5.6 million due to a \$3.9 million increase in federal grants to students directly related to the increase in gross tuition and fees, and a \$3.2 million increase in dual credit exemptions resulting from an enrollment increase in the dual credit program. These increases in scholarship allowances and discounts were offset by a \$1.0 million decrease in the Texas Public Educational Grant (TPEG) allowance.

In fiscal year 2019, the District's operating revenue increased \$2.8 million or 6.5% from \$41.8 million at August 31, 2018 to \$44.6 million at August 31, 2019. Net tuition and fees increased by \$0.9 million, attributable to a \$1.4 million increase in gross tuition and a \$1.7 million increase in gross fees, which were offset by an increase in scholarship allowances and discounts of \$2.2 million. There was a \$1.5 million increase in unrestricted local grants and contracts, primarily due to increased dual credit reimbursement from local independent school districts.

Grants and contracts include restricted revenues made available by government agencies as well as private agencies. Grant funding is recognized as revenue at the point when all eligibility requirements imposed by the provider have been met. This source of revenue was 42.6% of operating revenues in fiscal year 2020 and 43.9% of operating revenues in fiscal year 2019.

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

Operating expenses increased by \$2.5 million or 1.1% during fiscal year 2020 to \$231.3 million, and \$31.2 million during fiscal year 2019 to \$228.7 million from \$197.5 million at August 31, 2018. The primary reason for the \$2.5 million increase in operating expenses during fiscal year 2020 is an increase in benefit expenses of \$3.8 million related to pension activities and an increase of \$1.8 million related to OPEB activities. These expense increases are related to the District's increase in proportionate share accounting for the pension and OPEB liabilities. Furthermore, the state contribution rate for TRS increased from 6.8% in fiscal year 2019 to 7.5% in fiscal year 2020. In fiscal year 2020, the Board of Trustees approved a 3% salary increase for all faculty and staff. These increases in salary and benefit expenses were offset by the District's decision to implement new hire limitations and staff furloughs due to the COVID-19 pandemic and a \$6.5 million decrease in other expenses due to the District's Board of Trustees' procurement restrictions which limited the District to only purchasing critical items as a result of the COVID-19 pandemic.

Operating expenses increased \$31.2 million or 15.8% during fiscal year 2019 to \$228.7 million and \$19.7 million or 11.1% during fiscal year 2018 to \$197.5 million. Due to the implementation of the GASB Statement 75 in fiscal year 2018 and the change in the allocation method in fiscal year 2019, which changed how the OPEB expense is calculated and recorded, the District saw an increase in OPEB expenses during both fiscal years. This increase is distributed across the functional expense categories discussed below, and had a \$19.0 million impact on expenses during fiscal year 2019.

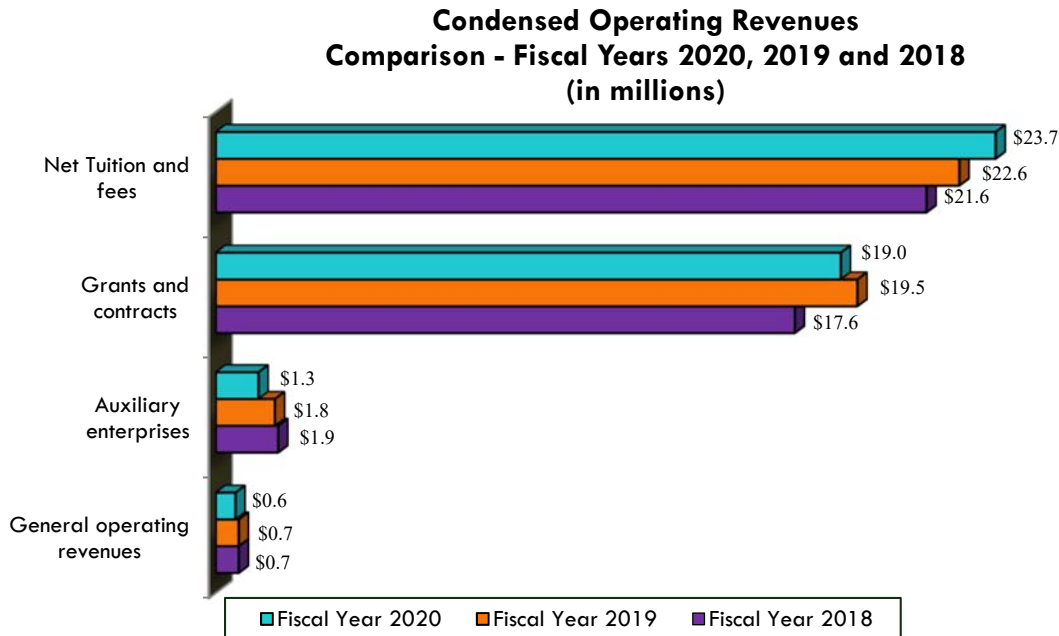
For fiscal year 2019, there was a total increase of \$31.2 million in operating expenses. However, out of the \$31.2 million increase, \$19.0 million was due to GASB Statement 75 OPEB expenses and \$2.7 million was due to GASB Statement 68 pension expenses, as discussed earlier. Excluding the effect of the GASB Statement 75, there was a \$9.4 million increase in operating expenses during fiscal year 2019 compared to fiscal year 2018. The driving factors for the increase during fiscal year 2019 were increases of \$2.1 million in instruction, \$1.7 million in academic support, \$1.5 million in institutional support, and \$1.5 million in operation and maintenance of plant. These increases were attributed to the Board of Trustees' approval of a 3% salary increase for all faculty and staff, new positions for fiscal year 2019, and salary adjustments to existing positions. The District also experienced an increase in health insurance costs not funded by the State. The operation and maintenance of plant expenses increased by \$1.5 million due to new furniture and equipment purchased for the new buildings predominantly constructed during fiscal year 2018 and \$2.1 million increase in depreciation expense directly related to the new buildings in operation.

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

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

Condensed Operating Revenues
(in millions)

	2020		2019		2018	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Net tuition and fees	\$ 23.7	53.1%	\$ 22.6	50.7%	\$ 21.6	51.7%
Grants and contracts	19.0	42.6%	19.5	43.7%	17.6	42.1%
Auxiliary enterprises	1.3	2.9%	1.8	4.0%	1.9	4.5%
General operating revenues	0.6	1.4%	0.7	1.6%	0.7	1.7%
Total	\$ 44.6	100.0%	\$ 44.6	100.0%	\$ 41.8	100.0%



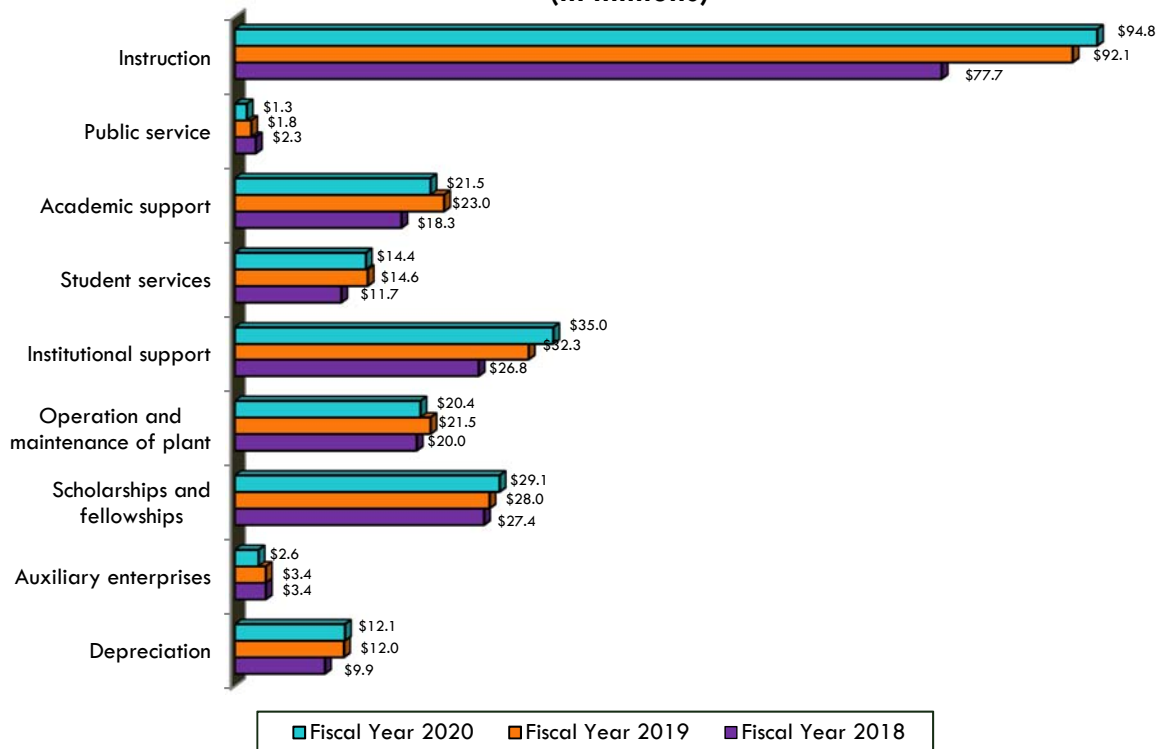
**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

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)**

	2020		2019		2018	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Instruction	\$ 94.8	41.1%	\$ 92.1	40.3%	\$ 77.7	39.3%
Public service	1.3	0.6%	1.8	0.8%	2.3	1.2%
Academic support	21.5	9.3%	23.0	10.1%	18.3	9.3%
Student services	14.4	6.2%	14.6	6.4%	11.7	5.9%
Institutional support	35.0	15.1%	32.3	14.1%	26.8	13.6%
Operation and maintenance of plant	20.4	8.8%	21.5	9.4%	20.0	10.1%
Scholarships and fellowships	29.1	12.6%	28.0	12.2%	27.4	13.9%
Auxiliary enterprises	2.6	1.1%	3.4	1.5%	3.4	1.7%
Depreciation	12.1	5.2%	12.0	5.2%	9.9	5.0%
Total	\$ 231.2	100.0%	\$ 228.7	100.0%	\$ 197.5	100.0%

**Operating Expenses by Function
Comparison - Fiscal Years 2020, 2019, and 2018
(in millions)**



**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

Operating Expenses by Classification

(in millions)

	2020		2019		2018	
	Percentage		Percentage		Percentage	
	Amount	of Total	Amount	of Total	Amount	of Total
Salaries and wages	\$ 101.8	44.0%	\$ 101.6	44.4%	\$ 96.8	49.0%
State benefits	8.7	3.8%	9.3	4.1%	7.7	3.9%
Local benefits	52.0	22.5%	43.5	19.0%	19.7	10.0%
Other (travel, operating and depreciation)	39.6	17.1%	46.5	20.3%	45.9	23.2%
Scholarships and fellowships	29.1	12.6%	27.8	12.2%	27.4	13.9%
	\$ 231.2	100.0%	\$ 228.7	100.0%	\$ 197.5	100.0%

Net non-operating revenues and expenses increased by \$10.2 million or 5.8% to \$185.9 million in fiscal year 2020 and \$14.7 million or 9.1% to \$175.7 million in fiscal year 2019. The primary reason for the increase in fiscal year 2020 is due to a \$5.6 million increase in federal revenue, due to an increase in the maximum Pell grant awarded to students from \$275 to \$6,195 compared to fiscal year 2019, and a \$3.2 million due to the CARES Act grant received by the District to help offset institutional costs incurred as a result of the pandemic. In addition, there was an increase in state appropriations due to a \$1.7 million increase in education and general state support as a result of increased state appropriation for student success points and contact hours, a \$0.2 million increase in education and general state support related to increased semester credit hours for the District's Bachelor programs, and a \$1.3 million increase in state appropriation due to additional non-employer contribution related to pension and OPEB activities resulting from the increased proportionate share allocated to the District. Net non-operating revenues increased by \$1.1 million or 1.6% in ad valorem tax revenue resulting from an increase in property valuation in the District. These increases were offset by the \$2.0 million decrease in revenue received for state group insurance appropriation that was not adequately allocated to the District, and a \$0.7 million decrease in investment income due to a decline in return on investments as a result of the COVID-19 pandemic.

The primary drivers of the increase in non-operating revenue and expenses during fiscal year 2019 were a decrease of \$9.1 million or 81.8% in non-capital construction cost compared to fiscal year 2018 due to a decline in construction projects, a \$4.0 million or 4.0% increase in ad valorem tax revenue caused by an increase in property valuation in the District, and a \$1.9 million or 50.7% increase in investment income due to increased interest rates which the District took advantage of by investing additional funds in certificates of deposit compared to fiscal year 2018.

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

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

Non-Operating Revenues							
(in millions)							
	2020		2019		2018		
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	
State appropriations	\$ 50.9	26.3%	\$ 49.6	27.0%	\$ 47.9	27.1%	
Ad valorem taxes - maintenance and operations	56.1	29.0%	53.9	29.3%	48.9	27.7%	
Ad valorem taxes - debt service	13.6	7.0%	14.7	8.0%	15.6	8.8%	
Federal revenue, non-operating	67.8	35.0%	59.4	32.3%	60.3	34.1%	
Gifts	0.3	0.2%	0.3	0.2%	0.3	0.2%	
Investment income (net of investment expenses)	4.9	2.5%	5.6	3.0%	3.7	2.1%	
Other non-operating revenues	0.1	0.0%	0.4	0.2%	-	0.0%	
Total	\$ 193.7	100.0%	\$ 183.9	100.0%	\$ 176.7	100.0%	

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

Non-Operating Expenses							
(in millions)							
	2020		2019		2018		
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	
Interest on capital related debt	\$ 5.8	74.4%	\$ 5.7	69.6%	\$ 3.5	22.3%	
Loss on sale/disposal/return of capital assets	-	0.0%	0.1	1.2%	0.8	5.1%	
Non-capital construction costs	1.2	15.4%	2.0	24.4%	11.1	70.7%	
Bond costs amortization	0.5	6.4%	0.2	2.4%	0.3	1.9%	
Other non-operating expenses	0.3	3.8%	0.2	2.4%	-	0.0%	
Total	\$ 7.8	100.0%	\$ 8.2	100.0%	\$ 15.7	100.0%	
Net non-operating revenues (expenses)	\$ 185.9		\$ 175.7		\$ 161.0		

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

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. Disregarding the impact of GASB Statement 68 and GASB Statement 75, the District had an increase in net position of \$23.6 million during fiscal year 2020.

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

	(in millions)			2019-2020
	2020	2019	2018	Change
Operating revenues	\$ 44.6	\$ 44.6	\$ 41.8	\$ -
Operating expenses	201.8	207.0	197.7	(5.2)
Operating loss	(157.2)	(162.4)	(155.9)	5.2
Non-operating revenues and expenses	183.6	175.7	161.0	7.9
Capital contributions	-	-	0.1	-
Increase in net position	26.4	13.3	5.2	13.1
Net position - beginning of year	441.1	427.8	422.6	13.3
Net position - end of year	\$ 467.5	\$ 441.1	\$ 427.8	\$ 26.4

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 Statements of Cash Flows

	(in millions)			2019-2020
	2020	2019	2018	Change
Cash provided (used) by:				
Operating activities	\$ (145.4)	\$ (144.5)	\$ (153.2)	\$ (0.9)
Non-capital financing activities	176.1	156.6	155.5	19.5
Capital and related financing activities	(3.9)	(7.0)	(67.4)	3.1
Investing activities	13.3	(44.6)	26.8	57.9
Net change in cash and cash equivalents	40.1	(39.5)	(38.3)	79.6
Cash and cash equivalents-Sept 1,	98.3	137.8	176.1	(39.5)
Cash and cash equivalents-August 31,	\$ 138.4	\$ 98.3	\$ 137.8	\$ 40.1

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

The Statements of Cash Flows indicate an overall increase in cash and cash equivalents of \$40.1 million at August 31, 2020 and a decrease of \$39.5 million at August 31, 2019.

Net cash used for operating activities increased by \$0.9 million or 0.7% during fiscal year 2020 and decreased by \$8.7 million or 5.7% during fiscal year 2019. In fiscal year 2020, the primary use of cash in operations was in payment of salaries and benefits, which increased by \$5.4 million or 4.3% during fiscal year 2020 to \$130.7 million, primarily due to an increase in benefit expenses related to a 0.7% increase in the state contribution rate for Texas Retirement System (TRS) and a decrease in state group insurance appropriation revenue that was not adequately allocated to the District. In addition, payments for scholarships and fellowships increased by \$1.3 million to \$29.0 million related to the increase in gross tuition and fees, and receipts from grants and contracts increased by \$4.7 million, due to federal money received for the CARES Act grant. During fiscal year 2020, payments to suppliers for goods or services decreased by \$6.8 million or 19.8% to \$27.6 million due to the District's Board of Trustees' procurement restrictions which limited the District to only purchasing critical items as a result of the pandemic, and receipts from students and other customers decreased \$6.4 million or 25.4% to \$19.0 million.

In fiscal year 2019, the primary use of cash in operations was in payment of salaries and benefits, which increased by \$6.0 million or 5.1% during fiscal year 2019 to \$125.3 million. Payments for non-operating construction cost decreased by \$8.6 million or 81.0% to \$2.0 million during fiscal year 2019. Receipts from students and other customers increased \$3.6 million or 16.4% to \$25.4 million, and receipts from grants and contracts increased by \$1.9 million to \$19.5 million.

Net cash provided by non-capital financing activities increased by \$19.5 million or 12.5% during fiscal year 2020 and \$1.1 million or 0.7% during fiscal year 2019. 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 reason for the increase in fiscal year 2020 is due to an increase of \$15.4 million in receipts from non-operating federal revenue attributed to the CARES Act grant. Receipts from state appropriations increased by \$2.5 million due to the increased funding for student success points and contact hours. Receipts from ad valorem taxes-maintenance and operation increased by \$2.1 million during fiscal year 2020 attributed to an increase in property valuation in the District. In fiscal year 2019, receipts from ad valorem taxes-maintenance and operation increased by \$2.1 million, also due to an increase in property values, which was offset by a decrease of \$0.9 million in receipts from non-operating federal revenue.

Net cash used for capital and related financing activities decreased by \$3.1 million or 44.0% during fiscal year 2020 and \$60.4 million or 89.6% during fiscal year 2019. 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 2020, the primary reason for the decrease is due to a \$4.5 million decrease in purchases of capital assets including payments for construction costs due to the delay of construction projects as a direct result of COVID-19. The \$60.4 million decrease in fiscal year 2019 was due to the additional buildings and land improvements that were added in fiscal year 2018 and funded by the District's Limited Tax Bonds Series 2014 and 2015.

Net cash provided by investing activities increased \$57.9 million or 129.8% during fiscal year 2020 and decreased \$71.4 million or 266.3% during fiscal year 2019.

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

Investing activities include the purchases of investments, proceeds from sale and maturity of investments, and receipts from interest on investments. Proceeds from sale of maturity of investments increased \$26.8 million or 28.8% due to the additional investments made during fiscal year 2019 and that matured during fiscal year 2020. Purchases of investments decreased by \$31.6 million in fiscal year 2020 due to the timing of reinvesting matured proceeds to fiscal year 2021. During fiscal year 2019, proceeds from sale of maturity of investments increased \$2.9 million and purchases of investments increased by \$76.0 million attributed to additional revenue funds from property taxes, net tuition and fees, investment income, and increased dual credit reimbursements from local independent high school districts, which were invested during fiscal 2019.

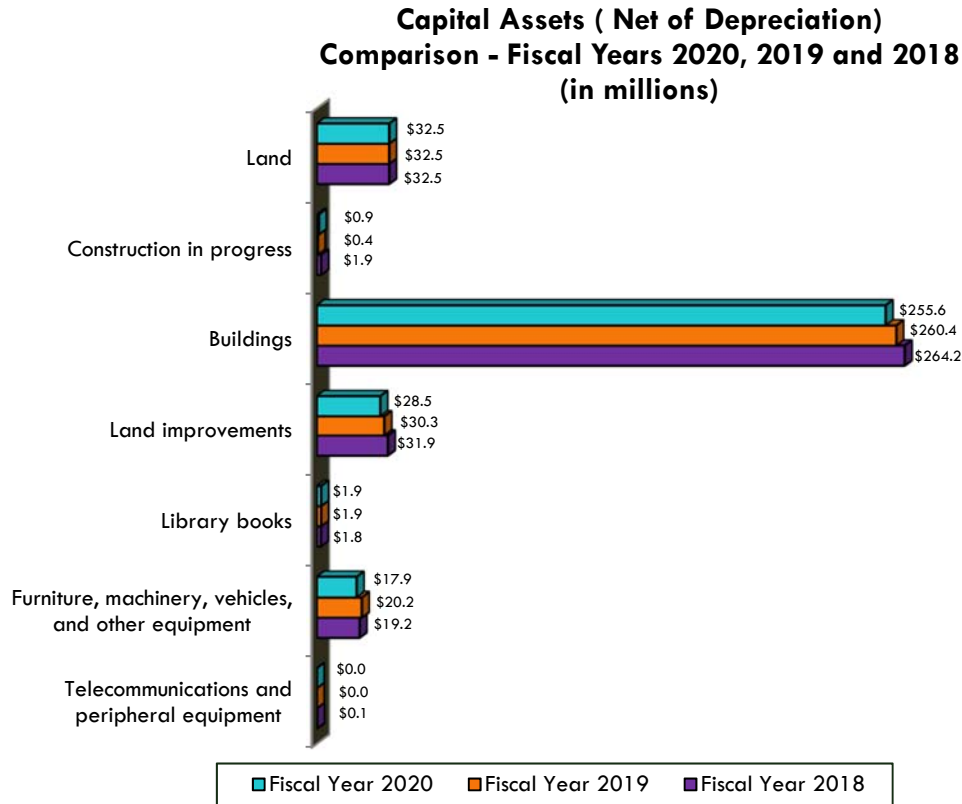
Capital Assets and Long-Term Debt Administration

The District had \$449.9 million in capital assets and \$112.6 million in accumulated depreciation at August 31, 2020. A summary of net capital assets for fiscal years ended August 31 is presented below:

Capital Assets (Net of Depreciation)					
(in millions)					
	2020	2019	2018	2019-2020 Change	2018-2019 Change
Land	\$ 32.5	\$ 32.5	\$ 32.5	\$ -	\$ -
Construction in progress	0.9	0.4	1.9	0.5	(1.5)
Buildings	255.6	260.4	264.2	(4.8)	(3.8)
Land improvements	28.5	30.3	31.9	(1.8)	(1.6)
Library books	1.9	1.9	1.8	-	0.1
Furniture, machinery, vehicles, and other equipment	17.9	20.2	19.2	(2.3)	1.0
Telecommunications and peripheral equipment	-	-	0.1	-	(0.1)
	\$ 337.3	\$ 345.7	\$ 351.6	\$ (8.4)	\$ (5.9)

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

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



In fiscal year 2020, the decrease in net capital assets of \$8.4 million or 21.0%, was due to a \$11.6 million increase in accumulated depreciation, which was offset by a \$1.3 million increase in furniture, machinery, vehicles and other equipment, a \$0.9 million increase in buildings, and \$0.5 million increase in construction in progress.

In fiscal year 2019, the decrease in net capital assets of \$5.9 million or 1.7%, was due to a \$10.7 million increase in accumulated depreciation and a decrease in construction in progress of \$1.5 million, which was offset by a \$4.4 million increase in furniture, machinery, vehicles and other equipment, and a \$2.4 million increase in land improvements. The increase in depreciation was related to the new facilities, land improvements, and furniture and equipment added during fiscal year 2018 that were funded by the District's Limited Tax Bonds Series 2014 and 2015, and depreciated for 12 months during fiscal year 2019.

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

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

Outstanding Debt - Bonds (in millions)	<u>2020</u>	<u>2019</u>	<u>2018</u>
South Texas College District Maintenance Tax Refunding Bonds, Series 2007	\$ -	\$ -	\$ 0.4
South Texas College District Limited Tax Refunding Bonds, Series 2010	-	-	0.4
South Texas College District Limited Tax Bonds, Series 2014	7.9	51.5	53.7
South Texas College District Limited Tax Bonds, Series 2015	79.7	84.6	88.6
South Texas College District Limited Tax Refunding Bonds, Series 2020	<u>41.2</u>	<u>-</u>	<u>-</u>
Total Bonds Payable	<u>\$ 128.8</u>	<u>\$ 136.1</u>	<u>\$ 143.1</u>

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 2020 was \$0.0333 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 certified net taxable assessed value for fiscal year 2021 increased by 4.6%. For fiscal year 2021, the Board of Trustees approved the same maintenance and operations tax rate as fiscal year 2020 of \$0.14 per \$100 valuation. The fiscal year 2021 debt service tax rate that was approved by Board of Trustees was decreased by \$0.0015 to \$0.0318 per \$100 valuation.

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

**South Texas College District
Management's Discussion and Analysis
August 31, 2020 and 2019**

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 impacted the District's ability to offer and conduct face-to-face classes which will impact enrollment in the upcoming academic year. Fiscal year 2021 fall traditional student enrollment compared to the fiscal year 2020 fall traditional student enrollment is 16.17% lower.

The District's management expects that the ongoing economic impacts of the COVID-19 pandemic will present financial challenges to the institution. In anticipation of the financial uncertainty associated with COVID-19, the District's Board of Trustees approved a 7.9% reduction in the District's Unrestricted Fund fiscal year 2021 budget. Despite these challenges, 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

This page intentionally left blank.

**South Texas College District
Statements of Net Position
August 31, 2020 and 2019**

Exhibit 1

	FY 2020	FY 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 119,610,401	\$ 93,308,873
Restricted cash and cash equivalents	18,771,827	4,991,451
Short-term investments	13,017,444	11,683,436
Restricted short-term investments	-	12,500,000
Accounts receivable (net of allowance for doubtful accounts of \$4,286,252 in 2020 and \$4,616,841 in 2019)	4,495,494	4,830,374
Taxes receivable (net of allowance for doubtful accounts of \$7,124,609 in 2020 and \$6,704,080 in 2019)	6,680,375	6,533,815
Deposits in escrow	-	126,801
Prepaid expenses	1,302,930	1,465,186
Total Current Assets	163,878,471	135,439,936
Noncurrent Assets:		
Endowment investments	5,590	5,590
Restricted investments	331,900	331,900
Long-term investments	137,173,820	134,281,970
Capital assets, net (Note 5)	337,274,965	345,712,810
Total Noncurrent Assets	474,786,275	480,332,270
Total Assets	638,664,746	615,772,206
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on debt refunding	1,696,201	-
Deferred outflows related to pensions	26,498,858	26,100,324
Deferred outflows related to OPEB	84,506,224	90,926,536
Total Deferred Outflows of Resources	112,701,283	117,026,860
Total Assets & Deferred Outflows of Resources	751,366,029	732,799,066
LIABILITIES		
Current Liabilities:		
Accounts payable	9,220,244	3,300,117
Accrued liabilities	1,923,090	3,240,020
Lease liabilities - current portion	68,527	68,527
Accrued compensable absences - current portion	1,266,360	910,507
Funds held for others	322,770	305,917
Unearned revenue	15,498,912	16,609,083
Bonds payable - current portion	9,128,923	8,109,737
OPEB liability - current portion	3,548,107	1,332,834
Total Current Liabilities	\$ 40,976,933	\$ 33,876,742

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

**South Texas College District
Statements of Net Position
August 31, 2020 and 2019**

Exhibit 1

	FY 2020	FY 2019
Noncurrent Liabilities:		
Accrued compensable absences	\$ 168,368	\$ 161,848
Lease liability	1,164,952	1,233,478
Bonds payable, net	134,054,318	140,703,152
Net pension liability	52,245,580	50,754,514
Net OPEB liability	108,399,377	89,275,631
Total Noncurrent Liabilities	296,032,595	282,128,623
Total Liabilities	337,009,528	316,005,365
 DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions	9,127,686	3,719,284
Deferred inflows related to OPEB	27,928,993	35,071,285
Total Deferred Inflows of Resources	37,056,679	38,790,569
 Total Liabilities & Deferred Inflows of Resources	374,066,207	354,795,934
 NET POSITION		
Net investment in capital assets	205,172,770	206,861,404
Restricted for:		
Expendable		
Student aid	2,917,717	2,429,767
Instructional programs	78,318	78,318
Institutional activities	112,440	112,247
Loans	1,779,010	1,518,959
Debt service	16,002,125	15,817,687
Non-expendable		
Endowment	339,521	339,500
Unrestricted	150,897,921	150,845,250
Total Net Position (Schedule D)	377,299,822	378,003,132
Total Liabilities, Deferred Inflows of Resources & Net Position	\$ 751,366,029	\$ 732,799,066

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, 2020 and 2019

Exhibit 2

	FY 2020	FY 2019
OPERATING REVENUES		
Tuition and fees (net of discounts of \$83,773,532 in 2020 and \$78,206,276 in 2019)	\$ 23,652,462	\$ 22,589,007
Federal grants and contracts	4,890,928	4,660,747
State grants and contracts	4,081,215	4,701,165
Local grants and contracts	8,710,679	8,160,205
Non-governmental grants and contracts	1,344,736	2,022,875
Auxiliary enterprises	1,355,127	1,766,603
General operating revenues	612,825	665,435
Total Operating Revenues (Schedule A)	44,647,972	44,566,037
OPERATING EXPENSES		
Educational and general		
Instruction	94,767,643	92,144,487
Public service	1,295,671	1,860,996
Academic support	21,510,411	23,030,399
Student services	14,394,224	14,602,287
Institutional support	34,970,309	32,251,981
Operation and maintenance of plant	20,419,241	21,534,803
Scholarships and fellowships	29,136,804	27,797,829
Auxiliary enterprises	2,627,299	3,451,000
Depreciation	12,162,030	12,009,110
Total Operating Expenses (Schedule B)	231,283,632	228,682,892
OPERATING LOSS	(186,635,660)	(184,116,855)
NON-OPERATING REVENUES (EXPENSES)		
State appropriation	50,949,811	49,608,274
Ad-valorem taxes		
Taxes for maintenance and operations	56,146,535	53,934,103
Taxes for debt service	13,571,701	14,694,007
Federal revenue, non-operating	67,836,841	59,341,569
Gifts	275,475	320,507
Investment income (net of investment expenses)	4,872,160	5,572,742
Insurance proceeds	2,600	425,000
Interest on capital related debt	(5,841,189)	(5,690,864)
Gain (loss) on disposal of capital assets	(42)	(110,937)
Non-capital construction costs	(1,163,367)	(2,025,830)
Bond costs amortization	(532,856)	(166,273)
Other non-operating revenues (expenses)	(194,228)	(178,068)
Net Non-Operating Revenues (Expenses) (Schedule C)	185,923,441	175,724,230
Income Before Contributions	(712,219)	(8,392,625)
Capital contributions	8,909	15,110
Decrease In Net Position	(703,310)	(8,377,515)
NET POSITION		
Net Position-Beginning of Year	378,003,132	386,380,647
Net Position-End of Year	\$ 377,299,822	\$ 378,003,132

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, 2020 and 2019

Exhibit 3

	FY 2020	FY 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	\$ 18,963,780	\$ 25,403,785
Receipts from grants and contracts	24,268,501	19,540,329
Payments to suppliers for goods or services	(27,645,285)	(34,483,897)
Payments to or on behalf of employees	(130,690,016)	(125,312,539)
Payments for scholarships and fellowships	(29,044,578)	(27,712,222)
Payments for loans issued to students	(997,155)	(1,504,631)
Receipts from collection of loans to students	1,016,650	1,399,473
Other receipts	428,414	479,664
Payments for non-operating construction costs	(1,433,465)	(2,023,578)
Payments for non-operating transactions	(262,756)	(246,594)
Net cash used by operating activities	(145,395,910)	(144,460,210)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from state appropriations	45,313,398	42,849,064
Receipts from ad-valorem taxes-maintenance and operation	56,113,338	54,060,569
Receipts from non-operating federal revenue	74,693,947	59,341,569
Payments for collection of taxes for maintenance and operation	(187,872)	(197,150)
Receipts from gifts or grants for other than capital purposes	275,414	320,507
Receipts from student organizations and other agency transactions	2,769,174	3,134,254
Payments to student organizations and other agency transactions	(2,924,662)	(3,244,192)
Receipts from endowment interest	6,740	9,182
Proceeds from insurance claims	102,600	325,000
Net cash provided by non-capital financing activities	176,162,077	156,598,803
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipts from ad-valorem taxes-debt services	13,704,244	14,846,301
Payments for collection of taxes for debt service	(54,680)	(53,087)
Contribution received in aid of construction	11,805	278,994
Proceeds from sale/return of capital assets	-	3,790
Purchases of capital assets including payments for construction costs	(3,875,195)	(8,390,283)
Payments on capital debt-principal	(7,295,000)	(6,955,000)
Payments on capital debt-interest and fees	(6,433,356)	(6,771,756)
Net cash used by capital and related financing activities	(3,942,182)	(7,041,041)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale and maturity of investments	119,745,931	92,994,942
Receipts from interest on investments	4,983,777	5,490,989
Purchase of investments	(111,471,789)	(143,035,600)
Net cash (used) provided by investing activities	13,257,919	(44,549,669)
Increase (decrease) in cash and cash equivalents	40,081,904	(39,452,117)
Cash and cash equivalents-September 1,	98,300,324	137,752,441
Cash and cash equivalents-August 31,	\$ 138,382,228	\$ 98,300,324

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, 2020 and 2019
(Continued)

Exhibit 3

	FY 2020	FY 2019
Reconciliation of net operating loss to net cash used		
by operating activities:		
Operating loss	\$ (186,635,660)	\$ (184,116,855)
Adjustments to reconcile net operating loss to net cash used		
by operating activities:		
Depreciation expense	12,162,030	12,009,110
Payments made directly by state for benefits	5,636,413	6,759,210
Payments for non-operating construction costs	(1,433,465)	(2,023,578)
Payments for non-operating transactions	(227,666)	(250,329)
Changes in assets and liabilities:		
Receivables, net	196,489	(24,107)
Prepaid expenses	162,257	(176,824)
Deferred outflow related to pension	(398,534)	(19,805,481)
Deferred outflow related to OPEB	6,420,312	(90,502,907)
Accounts payable	(435,304)	(42,585)
Accrued liabilities	(1,294,994)	401,907
Compensable absences	362,373	198,550
Unearned revenues	(1,006,356)	1,067,119
Net pension liability	1,491,066	24,140,460
Net OPEB liability	21,339,019	77,373,593
Deferred inflow related to pensions	5,408,402	(1,612,483)
Deferred inflow related to OPEB	(7,142,292)	32,144,990
Net cash used by operating activities	\$ (145,395,910)	\$ (144,460,210)

Noncash investing, capital, and financing activities for fiscal year 2020:

During the fiscal year, General Motors donated to the Automotive Technology a 2017 GM Chevy Malibu vehicle valued at \$6,559.

The Library Art Gallery Department received a couple work of art donations amounting to a net value of \$2,350. The pieces of art work were individually valued at \$2,000 and \$350 and entitled respectively as follows: "FronD Up In The Air" and "Charra de Tradicion".

In-kind contributions provided by vendors for the Valley Scholars Program during the fiscal year amounted to \$35,090.

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

Premium - LTR Bond Series 2014	\$ 904,965
Premium - LT Bond Series 2015	7,227,477
Premium - LT Bond Series 2020	6,236,106

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, 2020 and 2019
(Continued)

Exhibit 3

The deferred loss ending balance as of August 31, 2020 is \$1,696,201 for Limited Tax Refunding Bond Taxable Series 2020, which will be amortized over the debt repayment period.

Pledge contributions as of August 31, 2020, consisted of \$60 non-cash and \$11,000 cash.

Payments made directly by the state for benefits as of August 31, 2020, consisted of \$3,410,085.

Non-cash investing, capital, and financing activities for fiscal year 2019:

During the fiscal year, General Motors donated to the Automotive Technology a 2016 GM Chevrolet Silverado vehicle valued at \$11,165.

The Library Art Gallery Department received several work of art donations amounting to a net value of \$3,945. Seven pieces of art work were individually valued at \$2,500, \$500, \$350, \$300, \$175, \$80, and \$40 and entitled respectively as follows: "Slate", "Las Frutas de my Vida", "In His Place", "Untitled", "Tea Bowl with Tray", "Stormy Skies Plate", and "Ukrainian Skycutter Pigeon".

In-kind contributions provided by vendors for the Valley Scholars Program during the fiscal year amounted to \$35,921.

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

Premium - MTR Bond Series 2007	\$	1,666
Premium - LTR Bond Series 2010		248,625
Premium - LT Bond Series 2014		332,905
Premium - LT Bond Series 2015		481,832

The deferred loss ending balance as of August 31, 2019 is \$7,878 and \$157,751 for MTR Bond Series 2007 and LTR Bond Series 2010, respectively, which will be amortized over the debt repayment period.

The bond issuance costs are amortized over the debt repayment period for the following bond series.

MTR Bond Series 2007	\$	644
----------------------	----	-----

Pledge contributions as of August 31, 2019, consisted of \$35,090 non-cash and \$11,000 cash.

Payments made directly by the state for benefits as of August 31, 2019, consisted of \$5,401,152

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

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

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.

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. The District is reported as a special-purpose government engaged in business-type activities (BTA).

Nature of Operations

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.

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, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Tuition Discounting (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.

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.

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.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Data (Continued)

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.

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

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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.

Pursuant to GASB 83, the District recognizes certain asset retirement obligations (AROs) that are conditional on a future event, such as the legal obligation to safely dispose of asbestos when a building is remodeled or demolished and the safety disposal of X-Ray machines. The District measures conditional AROs at estimated fair value using site specific surveys and a probability-weighted, discounted cash flow model with multiple scenarios, if applicable.

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment charge is recognized when the fair value of the asset is less than the carrying value. The District evaluated the requirements of GASB 83 in fiscal year 2020 and determined it did not have any material asset retirement obligations.

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 position 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) 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 10 and 13.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Unearned Revenues

Tuition and fees of \$9,054,425 and \$14,869,247 and federal, state, local, and private grants of \$6,444,487 and \$1,739,836 have been reported as unearned revenues at August 31, 2020, and 2019, respectively. Total unearned revenues were \$15,498,912 and \$16,609,083 at August 31, 2020, and 2019, 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.

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.

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.

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 position 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 for its proportionate share of collective deferred inflows of the TRS pension plan and the ERS OPEB plan. For additional information, see Notes 10 and 13.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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.

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, 2020, the District incurred \$6,411,419 in interest cost expense and \$1,625 was capitalized. As of August 31, 2019, the District incurred \$6,757,043 in interest cost expense and none was capitalized.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Prior-Year Reclassification

Certain reclassifications have been made to the prior year reported amounts of deferred outflows and inflows related to OPEB to conform to the current year presentation.

New and Pending Pronouncements

Effective with fiscal year 2019, the District implemented the following:

GASB Statement No. 83, Certain Asset Retirement Obligations

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

Effective with fiscal year 2020, the District implemented the following:

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

The statements below were effective with fiscal year 2020, however as a result of GASB 95, have been postponed to FY 2021. In FY 2021, the District will implement the following statements:

GASB Statement No. 84, Fiduciary Activities

GASB Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61

The statements below were effective with fiscal year 2021, however as a result of GASB 95, have been postponed to FY 2022. In FY 2022, the District will implement the following statements:

GASB Statement No. 87, Leases

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Project

GASB Statement No. 93, Replacement of Interbank Offered Rates

The statement below was effective with fiscal year 2022, however as a result of GASB 95, they have been postponed to FY 2023. Effective with fiscal year 2023, the District will implement the following:

GASB Statement No. 91, Conduit Debt Obligations

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

New and Pending Pronouncements (Continued)

Effective with fiscal year 2023, the District will implement the following:

GASB Statement No. 94, *Public-Private and public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*

GASB Statement No. 96, *Subscription - Based Information Technology Arrangement (SBITA)*

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

The Public Funds Investment Act allows funds belonging to South Texas College District to be invested. District policy delegates this authority to three investment officers. It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objectives of the policy are preservation of capital, safety of District funds, maintenance of sufficient liquidity, maximization of return within acceptable risk constraints, and diversification of investments.

At August 31, 2020, and 2019, the carrying amount of South Texas College’s District bank deposits were \$126,756,340 and \$86,798,355 respectively, and total bank balances equaled \$130,449,644 and \$90,046,844, 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

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

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

subject to collateral credit risk in the event of the bank's nonperformance of collateral requirements under the collateral agreement.

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

	August 31, 2020	August 31, 2019
Bank Deposits		
Demand deposits	\$ 84,842,618	\$ 45,431,863
Money market deposits	41,913,722	41,366,492
Total bank deposits	126,756,340	86,798,355
Cash and Cash Equivalents		
Change funds on hand	11,810	11,810
Investment pools (TexPool)	11,614,078	11,490,159
Total Cash and Cash Equivalents	\$ 138,382,228	\$ 98,300,324

Total deposits and investments at August 31, 2020, and 2019, are as follows:

<u>Type of Security</u>	Fair Value August 31, 2020	Fair Value August 31, 2019
Certificates of deposit	\$ 150,523,164	\$ 158,797,306
Endowment investment	5,590	5,590
Total Investments	150,528,754	158,802,896
Total Cash and Cash Equivalents	138,382,228	98,300,324
Total Cash and Cash Equivalents and Investments	\$ 288,910,982	\$ 257,103,220

Exhibit 1

Cash and cash equivalents	\$ 119,610,401	\$ 93,308,873
Current restricted cash and cash	18,771,827	4,991,451
Short-term investments-current	13,017,444	11,683,436
Restricted short-term investments-current	-	12,500,000
Endowment investment*	5,590	5,590
Long-term investments	137,173,820	134,281,970
Restricted investments	331,900	331,900
Total Reconciliation to Exhibit 1	\$ 288,910,982	\$ 257,103,220

*Endowment investment consists of a donated coin collection.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

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

As of August 31, 2020, the District had the following investments and maturities:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Exposure	Exposure Permitted by Investment Policy
Investments pools (TexPool)	\$ 11,614,078	-	3.97%	50.00%
Certificates of deposit	150,523,164	0.36	51.44%	100.00%
Total Fair Value	\$ 162,137,242			

As of August 31, 2019, the District had the following investments and maturities:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Exposure	Exposure Permitted by Investment Policy
Investments pools (TexPool)	\$ 11,490,159	-	4.41%	50.00%
Certificates of deposit	158,797,306	0.51	60.96%	100.00%
Total Fair Value	\$ 170,287,465			

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, 2020, 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, 2019, 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.

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

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

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

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, 2020, the District's cash and investments were in TexPool (3.97%) and certificates of deposit (51.44%). At August 31, 2019, the District's cash and investments were in TexPool (4.41%) and certificates of deposit (60.96%).

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.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 5 – Capital Assets

Capital assets activity for the year ended August 31, 2020, was as follows:

	Balance September 1, 2019	Increases	Decreases	Balance August 31, 2020
<u>Not Depreciated:</u>				
Land	\$ 32,487,642	\$ -	\$ -	\$ 32,487,642
Collections	68,534	2,350	-	70,884
Construction in progress	385,492	1,676,395	1,143,149	918,738
Subtotal	<u>32,941,668</u>	<u>1,678,745</u>	<u>1,143,149</u>	<u>33,477,264</u>
<u>Buildings and Other Capital Assets:</u>				
Buildings	310,334,196	864,244	-	311,198,440
Land improvements	45,828,283	278,905	-	46,107,188
Total Buildings and Other Land Improvements	356,162,479	1,143,149	-	357,305,628
Library books	6,338,381	278,143	-	6,616,524
Furniture, machinery, vehicles, and other equipment	45,736,852	1,767,339	475,574	47,028,617
Telecommunications and peripheral equipment	5,527,799	-	63,695	5,464,104
Total Buildings and Other Capital	<u>413,765,511</u>	<u>3,188,631</u>	<u>539,269</u>	<u>416,414,873</u>
<u>Accumulated Depreciation:</u>				
Buildings	49,967,027	5,690,093	-	55,657,120
Land improvements	15,530,584	2,094,302	-	17,624,886
Library books	4,486,366	248,058	-	4,734,424
Furniture, machinery, vehicles, and other equipment	25,493,958	4,126,390	475,532	29,144,816
Telecommunications and peripheral equipment	5,516,434	3,187	63,695	5,455,926
Total Accumulated Depreciation	<u>100,994,369</u>	<u>12,162,030</u>	<u>539,227</u>	<u>112,617,172</u>
Net Buildings and Other Capital Assets	<u>312,771,142</u>	<u>(8,973,399)</u>	<u>42</u>	<u>303,797,701</u>
Total Capital Assets, Net	<u>\$ 345,712,810</u>	<u>\$ (7,294,654)</u>	<u>\$ 1,143,191</u>	<u>\$ 337,274,965</u>
<u>Net Buildings and Other Capital Assets-Detail</u>				
Buildings	\$ 260,367,169	\$ (4,825,849)	\$ -	\$ 255,541,320
Land improvements	30,297,699	(1,815,397)	-	28,482,302
Library books	1,852,015	30,085	-	1,882,100
Furniture, machinery, vehicles, and other equipment	20,242,894	(2,359,051)	42	17,883,801
Telecommunications and peripheral equipment	11,365	(3,187)	-	8,178
Total Net Buildings and Other Capital Assets	<u>\$ 312,771,142</u>	<u>\$ (8,973,399)</u>	<u>\$ 42</u>	<u>\$ 303,797,701</u>

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 5 – Capital Assets (Continued)

Construction in progress, including capitalized interest of \$6,526 consists of the following:

Project	Balance September 1, 2019	Additions/ Deductions	Completed/ Reclassifications	Balance August 31, 2020
Pecan Athletic Field Fence Enclosure	\$ 3,570	\$ (3,570)	\$ -	\$ -
Pecan Cooling Towers Screen Upgrades	13,198	-	-	13,198
Pecan Building G Physical Science Classroom Conversion	-	2,735	-	2,735
Pecan Plaza Building C Kinesiology Renovation	-	3,782	-	3,782
Pecan 2501 Human Resources	-	(4,375)	(4,375)	-
Pecan Sand Volleyball Courts	94,487	26,126	-	120,613
Pecan Plaza Emergency Generator & Wiring Improvements	-	-	-	-
Pecan Library Renovation	-	129,078	-	129,078
Pecan Building H Cafeteria Renovation	40,782	627,095	667,877	-
Pecan Building M Office and Work Space Renovation	23,514	208,420	-	231,934
Nursing Allied Health Student Services Renovation	831	18,948	-	19,779
Nursing Allied Health Student Success Center Renovation	163,254	37,188	200,442	-
Nursing Allied Health West Entry Campus Sign	-	2,940	-	2,940
Mid Valley Thermal Plant Renovation	1,493	(1,493)	-	-
Mid Valley Student Services Renovation	3,675	101,635	-	105,310
Mid Valley Conversion of Cafeteria to CLE	-	1,070	-	1,070
Starr Building E & J Crisis Management Center Generators	-	300	300	-
Starr Student Services Renovation	-	12,213	-	12,213
RCPSE Portables	13,521	265,384	278,905	-
RCPSE Target Range_STC	1,985	1,635	-	3,620
RCPSE Target Range_Grant	5,954	4,907	-	10,861
RCPSE Site Drainage Improvements	-	23,751	-	23,751
Pecan Arbor Brick Columns Repair and Replacement	832	(832)	-	-
Mid Valley Resurfacing Northwest Drive	-	9,732	-	9,732
Mid Valley Drainage Improvements Ph I	-	228,122	-	228,122
Tech Building B Concrete Floor Repairs	3,039	(3,039)	-	-
Nursing Allied Health Resurface Parking Lot #1	9,094	(9,094)	-	-
DW Marker Boards Replacement	6,263	(6,263)	-	-
Total	<u>\$ 385,492</u>	<u>\$ 1,676,395</u>	<u>\$ 1,143,149</u>	<u>\$ 918,738</u>

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 5 – Capital Assets (Continued)

For comparison purposes, capital assets activity for the year ended August 31, 2019, was as follows:

	Balance September 1, 2018	Increases	Decreases	Balance August 31, 2019
<u>Not Depreciated:</u>				
Land	\$ 32,487,642	\$ -	\$ -	\$ 32,487,642
Collections	64,589	3,945	-	68,534
Construction in progress	1,918,370	927,184	2,460,062	385,492
Subtotal	<u>34,470,601</u>	<u>931,129</u>	<u>2,460,062</u>	<u>32,941,668</u>
<u>Buildings and Other Capital Assets:</u>				
Buildings	308,477,318	1,856,878	-	310,334,196
Land improvements	45,333,099	495,184	-	45,828,283
Total Buildings and Other Land				
Improvements	353,810,417	2,352,062	-	356,162,479
Library books	6,082,692	258,809	3,120	6,338,381
Furniture, machinery, vehicles, and other equipment	41,363,196	5,080,438	706,782	45,736,852
Telecommunications and peripheral equipment	6,082,170	6,494	560,865	5,527,799
Total Buildings and Other Capital	<u>407,338,475</u>	<u>7,697,803</u>	<u>1,270,767</u>	<u>413,765,511</u>
<u>Accumulated Depreciation:</u>				
Buildings	44,295,734	5,671,293	-	49,967,027
Land improvements	13,432,423	2,098,161	-	15,530,584
Library books	4,255,693	233,793	3,120	4,486,366
Furniture, machinery, vehicles, and other equipment	22,189,453	4,003,650	699,145	25,493,958
Telecommunications and peripheral equipment	6,075,086	2,213	560,865	5,516,434
Total Accumulated Depreciation	<u>90,248,389</u>	<u>12,009,110</u>	<u>1,263,130</u>	<u>100,994,369</u>
Net Buildings and Other Capital Assets	<u>317,090,086</u>	<u>(4,311,307)</u>	<u>7,637</u>	<u>312,771,142</u>
Total Capital Assets, Net	<u>\$ 351,560,687</u>	<u>\$ (3,380,178)</u>	<u>\$ 2,467,699</u>	<u>\$ 345,712,810</u>
<u>Net Buildings and Other Capital Assets-Detail</u>				
Buildings	\$ 264,181,584	\$ (3,814,415)	\$ -	\$ 260,367,169
Land improvements	31,900,676	(1,602,977)	-	30,297,699
Library books	1,826,999	25,016	-	1,852,015
Furniture, machinery, vehicles, and other equipment	19,173,743	1,076,789	7,637	20,242,895
Telecommunications and peripheral equipment	7,084	4,281	-	11,365
Total Net Buildings and Other Capital Assets	<u>\$ 317,090,086</u>	<u>\$ (4,311,306)</u>	<u>\$ 7,637</u>	<u>\$ 312,771,143</u>

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 5 – Capital Assets (Continued)

Construction in progress as of August 31, 2019, including capitalized interest of \$1,152, consists of the following:

Project	Balance September 1, 2018	Additions/ Deductions	Completed/ Reclassifications	Balance August 31, 2019
Pecan Athletic Field Fence Enclosure	\$ 1,500	\$ 2,070	\$ -	\$ 3,570
Pecan Building D Renovation	-	236,674	236,674	-
Pecan Cooling Towers Screen Upgrades	-	13,198	-	13,198
Pecan Sand Volleyball Courts	-	94,487	-	94,487
Pecan Building H Cafeteria Renovation	-	40,782	-	40,782
Pecan Building M Office and Work Space Renovation	-	23,514	-	23,514
Pecan Plaza Emergency Generator & Wiring Improvements	239,291	(10,200)	229,091	-
Pecan Plaza Building C Test Site Renovation	1,000	(1,000)	-	-
Nursing Allied Health Student Services Renovation	-	831	-	831
Nursing Allied Health Student Success Center Renovation	1,260	161,994	-	163,254
Nursing Allied Health Expansion (Bond 2015)	-	2,215	2,215	-
Nursing Allied Health Additional Thermal Plant (Bond 2015)	-	4,440	4,440	-
Mid Valley Library Repurpose	-	3,350	3,350	-
Mid Valley Thermal Plant Renovation	-	1,493	-	1,493
Mid Valley Student Services Renovation	-	3,675	-	3,675
Starr Building E & J Crisis Management Center Generators	286,845	30,094	316,939	-
Starr Health Professions and Science Building (Bond 2015)	-	2,750	2,750	-
Starr Thermal Plant (Bond 2015)	-	10,100	10,100	-
RCPSE Parking & Sitework	-	200,348	200,348	-
RCPSE Training Facility	-	169,006	169,006	-
RCPSE Training Facility (PSJA ISD)	31,885	61,425	93,310	-
RCPSE Target Range _ STC	-	1,985	-	1,985
RCPSE Target Range _ Grant	-	5,954	-	5,954
RCPSE Portables	-	13,521	-	13,521
New Construction Accrual	959,962	(959,962)	-	-
Bond 2014 Pecan Campus	-	34,783	34,783	-
Bond 2014 Nursing Allied Health Campus	-	12,079	12,079	-
Bond 2014 Nursing Allied Health Campus Additional Thermal Plant	-	1,939	1,939	-
Bond 2014 Nursing Allied Health Campus Add'l Thermal Parking	-	126	126	-
Bond 2014 Technology Campus	-	6,818	6,818	-
Bond 2014 Mid Valley Campus	113,976	143,673	257,649	-
Bond 2014 Starr Campus	-	22,467	22,467	-
Bond 2014 Regional Center for Public Safety Excellence	278,589	(86,262)	192,327	-
Bond 2014 La Joya Jimmy Carter Teaching Site	-	766	766	-
Pecan Arbor Brick Columns Repair and Replacement	-	832	-	832
Nursing Allied Health Resurface Parking Lot #1	-	9,094	-	9,094
Tech Building B Domestic / Fire Sprinkler Lines	4,062	658,823	662,885	-
Tech Building B Concrete Floor Repairs	-	3,039	-	3,039
DW Marker Boards Replacement	-	6,263	-	6,263
Total	\$ 1,918,370	\$ 927,184	\$ 2,460,062	\$ 385,492

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 6 – Long Term Liabilities

Long-term liabilities activity for the year ended August 31, 2020, was as follows:

	Balance September 1, 2019	Additions	Reductions	Balance August 31, 2020	Current Portion
Bonds					
South Texas College District Limited Tax Bonds, Series 2014	\$ 51,475,000	\$ -	\$ 43,580,000	\$ 7,895,000	\$ 2,505,000
South Texas College District Limited Tax Bonds, Series 2015	84,635,000	-	4,910,000	79,725,000	5,155,000
South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020	-	41,194,693	-	41,194,693	240,000
General Obligation Bonds Subtotal	136,110,000	41,194,693	48,490,000	128,814,693	7,900,000
Net Pension Liability	50,754,514	5,008,858	3,517,792	52,245,580	-
Other Post Employment Benefits (OPEB)	90,608,465	27,878,171	6,539,152	111,947,484	3,548,107
Lease Liability	1,302,005	-	68,526	1,233,479	68,527
Accrued Compensable Absences	1,072,355	446,823	84,450	1,434,728	1,266,360
Total Liabilities	\$ 279,847,339	\$ 74,528,545	\$ 58,699,920	\$ 295,675,964	\$ 12,782,994
Bonds Detail					
Total Bonds Payable	\$ 136,110,000	\$ 41,194,693	\$ 48,490,000	\$ 128,814,693	\$ 7,900,000
Premium on Bonds Payable	12,702,889	6,284,921	4,619,262	14,368,548	1,228,923
Total Bonds Payable, Net	\$ 148,812,889	\$ 47,479,614	\$ 53,109,262	\$ 143,183,241	\$ 9,128,923
Less Bonds Payable - Current Portion				(9,128,923)	
Total Noncurrent Bonds Payable, Net				\$ 134,054,318	

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 6 – Long Term Liabilities (Continued)

Unamortized bond discount/premium and deferred loss for the year ended August 31, 2020, 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	\$ 904,965	\$ 1,696,201
South Texas College District Limited Tax Bonds, Series 2015	7,227,477	-
South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020	6,236,106	-
Total	<u><u>\$ 14,368,548</u></u>	<u><u>\$ 1,696,201</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, 2020, the District did not have a liability.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 6 – Long Term Liabilities (Continued)

For comparison purposes, the long-term liabilities activity for the year ended August 31, 2019, was as follows:

	September 1, 2018	Additions	Reductions	August 31, 2019	Current Portion
Bonds					
South Texas College District Maintenance Tax Refunding Bonds, Series 2007	\$ 380,000	\$ -	\$ 380,000	\$ -	\$ -
South Texas College District Limited Tax Refunding Bonds, Series 2010	370,000	-	370,000	-	-
South Texas College District Limited Tax Bonds, Series 2014	53,750,000	-	2,275,000	51,475,000	2,385,000
South Texas College District Limited Tax Bonds, Series 2015	88,565,000	-	3,930,000	84,635,000	4,910,000
General Obligation Bonds Subtotal	143,065,000	-	6,955,000	136,110,000	7,295,000
Net Pension Liability	26,614,054	27,246,774	3,106,314	50,754,514	-
Other Post Employment Benefits	13,234,872	99,338,846	21,965,253	90,608,465	1,332,834
Lease Liability	1,370,532	-	68,527	1,302,005	68,527
Accrued Compensable Absences	873,805	264,060	65,510	1,072,355	910,507
Total Liabilities	\$ 185,158,263	\$ 126,849,680	\$ 32,160,604	\$ 279,847,339	\$ 9,606,868
Bonds Detail					
Total Bonds Payable	\$ 143,065,000	\$ -	\$ 6,955,000	\$ 136,110,000	\$ 7,295,000
Premium on Bonds Payable	13,767,917	-	1,065,028	12,702,889	814,737
Total Bonds Payable, Net	\$ 156,832,917	\$ -	\$ 8,020,028	\$ 148,812,889	\$ 8,109,737
Less Bonds Payable - Current Portion				(8,109,737)	
Total Noncurrent Bonds Payable, Net				\$ 140,703,152	

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 6 – Long Term Liabilities (Continued)

Unamortized bond discount/premium, bond issue costs and deferred loss for the year ended August 31, 2019, on the above bond issues are as follows:

	<u>Deferred Bond Issuance Cost</u>	<u>Bond Premium</u>	<u>Deferred Loss</u>
South Texas College District Limited Tax Bonds, Series 2014	\$ -	\$ 4,993,580	\$ -
South Texas College District Limited Tax Bonds, Series 2015	-	7,709,309	-
Total	<u><u>\$ -</u></u>	<u><u>\$ 12,702,889</u></u>	<u><u>\$ -</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, 2019, the District did not have a liability.

Note 7 – Debt and Lease Obligations and Rental Agreements

As of August 31, 2020, bonds payable are due in annual installments varying from \$2,385,000 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:

<u>Fiscal Year</u>	<u>General Obligation Bond</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 7,900,000	\$ 5,824,258	\$ 13,724,258
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
2026-2030	41,305,000	16,220,825	57,525,825
2031-2035	46,890,000	5,919,400	52,809,400
Total	<u><u>\$ 128,814,693</u></u>	<u><u>\$ 47,921,964</u></u>	<u><u>\$ 176,736,657</u></u>

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 7 – Debt and Lease Obligations and Rental Agreements (Continued)

For comparison purposes, as of August 31, 2019, bonds payable are due in annual installments varying from \$2,385,000 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
2020	\$ 7,295,000	\$ 6,433,356	\$ 13,728,356
2021	7,660,000	6,068,606	13,728,606
2022	7,940,000	5,788,706	13,728,706
2023	8,225,000	5,497,906	13,722,906
2024	8,530,000	5,195,956	13,725,956
2025-2029	39,665,000	20,074,031	59,739,031
2030-2034	50,340,000	9,410,750	59,750,750
2035	6,455,000	322,750	6,777,750
Total	\$ 136,110,000	\$ 58,792,061	\$ 194,902,061

Included in current expenditures are the following amounts of facility rental paid or due:

Fund Group	August 31, 2020	August 31, 2019
Unrestricted Current Funds	\$ 398,795	\$ 442,276

The District leases postage and copier equipment under non-cancelable operating leases. The future minimum lease rental payments under these leases having an initial term in excess of one year are as follows:

Year Ended	August 31, 2020 Minimum Future Lease Payments	August 31, 2019 Minimum Future Lease Payments
2020	\$ -	\$ 248,218
2021	215,434	121,600
2022	131,194	50,715
2023	58,554	3,220
2024	4,553	-
Total	\$ 409,735	\$ 423,753

During fiscal year 2020, the District did not enter into any lease agreements. No future receipts are expected for fiscal years 2021 and 2022.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

Note 8 – Bonds Payable

General Information related to bonds payable and balances at August 31, are summarized below

	2020	2019
<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>	\$ 7,895,000	\$ 51,475,000
<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>	79,725,000	84,635,000
<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>	41,194,693	-
Total Bonds Payable	\$ 128,814,693	\$ 136,110,000

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 9 – Advance Refunding of Bonds

On July 23, 2020, South Texas College District issued a Limited Tax Refunding Bond, Taxable Series 2020, totaling \$41,194,693 (all authorized bonds were issued) to advance refund a portion of the South Texas College Limited Tax General Obligation Bonds, Series 2014, in order to lower the overall debt service requirements of the College and to pay for costs of issuance of the bonds. A total of \$41,195,000 of Limited Tax General Obligation Bonds, Series 2014, were refunded. The average interest rate of bonds refunded was 5.00%. The net proceeds of the new bonds in the amount of \$41,195,000, after payments of \$470,894 to underwriting fees, bond counsel fees, and other issuance costs, were deposited and held in an escrow fund by Bank of Texas. Additional \$1,029,875 of 2014 Series sinking fund monies were used to purchase Open Market Securities and State and Local Government Securities (SLGS), which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 2020 Series bonds. The refunding resulted in a reduction of the total debt service payments over the next three years by \$4,437,048 and gave the College an economic gain of \$3,611,626. The portion of post-refunding Limited Tax General Obligation Bond, Series 2014 outstanding balance at August 31, 2020 is \$7,895,000. The accounting loss resulting from the advance refunding totaled \$1,758,163. This issue of refunding bonds is not subject to early redemption prior to stated maturity.

Note 10 – Employees' Retirement Plan

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

Teacher Retirement System of Texas - Defined Benefit Plan

Plan Description

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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/TRS%20Documents/cafr_2019.pdf (select About TRS, then Publications, then Financial Reports) or write to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 10 – Employees’ Retirement Plan (Continued)

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 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 (COLA). 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.

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

Contributions

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

Employee contribution rates are set in state statute, 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, 2020 and 2019**

Note 10 – Employees’ Retirement Plan (Continued)

	<u>Contribution Rates</u>	
	<u>FY 2020</u>	<u>FY2019</u>
Member	7.70%	7.70%
District/Non-Employer Contributing Entity (State)	7.50%	6.80%
FY 2019 Member contributions	\$ 6,550,294	
FY 2019 District contributions	\$ 3,517,792	
FY 2019 State contributions	\$ 2,115,602	

The District’s estimated contributions to the TRS pension plan in fiscal year ended 2020 were \$3,716,800 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 2020 were \$2,709,601.

- 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, 2020 and 2019**

Note 10 – Employees’ Retirement Plan (Continued)

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
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	2.63%
Last year ending August 31	
Projection period (100 years)	2116
Inflation	2.30%
Payroll Growth Rate	2.50%
Salary increases including inflation	3.05% to 9.05%
Benefit changes during the year	
Ad hoc post-employment benefit changes	None

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, 2018.

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, 2020 and 2019

Note 10 – 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, 2019 are summarized below:

Asset Class	Target Allocation ¹	New Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³
Global Equity			
U.S.	18.00%	18.00%	6.40%
Non-U.S. Developed	13.00%	13.00%	6.30%
Emerging Markets	9.00%	9.00%	7.30%
Directional Hedge Funds	4.00%	-	-
Private Equity	13.00%	14.00%	8.4%
Stable Value			
U.S. Treasuries ⁴	11.00%	16.00%	3.10%
Absolute Return	-	-	-
Stable Value Hedge Funds	4.00%	5.00%	4.50%
Real Return			
Global Inflation Linked Bonds ⁴	3.00%	-	-
Real Assets	14.00%	15.00%	8.50%
Energy and Natural Resources and Infrastructure	5.00%	6.00%	7.30%
Commodities	-	-	-
Risk Parity			
Risk Parity	5.00%	8.00%	5.80%/6.50% ⁵
Asset Allocation Leverage			
Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	-	(6.00%)	2.70%
Total	100.00%	100.00%	7.23%

¹ Target Allocation based on the Strategic Asset Allocation as of FY2019

² New allocations are based on the Strategic Asset Allocation to be implemented in FY2020

³ 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.10%

⁴ New Target Allocation Groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds

⁵ 5.80% (6.50%) return expectation corresponds to Risk Parity with a 10.00% (12.00%) target volatility
Source: Teacher Retirement System of Texas 2019 Comprehensive Annual Financial Report

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

Note 10 – 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 2019 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District’s proportionate share of the net pension liability:	\$ 80,309,046	\$ 52,245,580	\$ 29,508,755

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

At August 31, 2020, and 2019, the District reported a liability of \$52,245,580 and \$50,754,514, 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 at August 31, 2020 and 2019 are as follows:

	FY 2020	FY 2019
The District’s proportionate share of the collective net pension liability	\$ 52,245,580	\$ 50,754,514
State’s proportionate share that is associated with the District	31,421,847	35,598,251
Total	\$ 83,667,427	\$ 86,352,765

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018 thru August 31, 2019.

At the measurement date of August 31, 2019, the District’s proportion of the collective net pension liability was 0.100505%, which was an increase of 0.008295% from its proportion measured as of August 31, 2018.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

Note 10 – Employees’ Retirement Plan (Continued)

For the year ended August 31, 2020, the District recognized pension expense of \$4,935,929 and revenue of \$4,935,929 for support provided by the State.

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 7.250% as of August 31, 2019.
- With the enactment of SB 3 by the 86th Texas Legislature, 2019, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumption.
- The Texas Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

At August 31, 2020 and 2019, 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:

	FY 2020		FY 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 219,478	\$ 1,814,049	\$ 316,362	\$ 1,245,315
Changes in actuarial assumption	16,209,145	6,698,385	18,299,447	571,858
Difference between projected and actual investment earnings, net	524,606	-	-	963,030
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	5,828,829	615,252	3,922,993	939,081
Contributions paid to TRS subsequent to the measurement date	3,716,800	-	3,561,522	-
Total	<u>\$26,498,858</u>	<u>\$ 9,127,686</u>	<u>\$26,100,324</u>	<u>\$ 3,719,284</u>

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

Note 10 – Employees’ Retirement Plan (Continued)

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
2021	\$ 2,471,936
2022	2,016,373
2023	4,000,083
2024	3,807,577
2025	1,660,705
Thereafter	(302,304)

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.

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 2020, 2019, and 2018. The percentages of participant salaries currently contributed by each participant are 6.65% for fiscal years 2020, 2019, and 2018. The District contributes 1.9% for fiscal years 2020, 2019 and 2018, 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.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

Note 10 – Employees’ Retirement Plan (Continued)

Payroll for Retirement Plans

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

	August 31, 2020	August 31, 2019	August 31, 2018
Payroll for all district employees	<u>\$ 101,796,200</u>	<u>\$ 101,639,000</u>	<u>\$ 96,842,453</u>
Total payroll for TRS	<u>85,068,749</u>	<u>83,315,698</u>	<u>77,726,679</u>
Total payroll for ORP	<u>11,382,013</u>	<u>12,171,958</u>	<u>12,524,692</u>
State contributions	365,301	390,048	401,452
District contributions	<u>398,921</u>	<u>426,329</u>	<u>438,006</u>
Total Contributions	<u>\$ 764,222</u>	<u>\$ 816,377</u>	<u>\$ 839,458</u>
Member contributions	<u>\$ 756,904</u>	<u>\$ 809,436</u>	<u>\$ 832,893</u>

Note 11 – 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, 2020, the District has 96 employees participating in Section 403(b) Tax Sheltered Annuity (TSA) Program and 95 participated in 2019. A total of \$619,565 and \$594,340 in payroll deductions have been invested in approved 403(b) plans during the fiscal years 2020 and 2019, respectively.

As of August 31, 2020, the District has 84 employees participating in Section 457 Deferred Compensation Plans (DCP) and 73 participated in 2019. A total of \$272,731 and \$251,903 in payroll deductions have been invested in Section 457 Deferred Compensation Plan (DCP) during the fiscal years 2020 and 2019, 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 12 – Compensable Absences

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.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 12 – Compensable Absences (Continued)

All hours of unused accumulated vacation leave, except as authorized by the Board of Trustees, must be used by March 1, following the fiscal year in which it was accumulated. Any vacation leave not used by that date is forfeited. A time extension may be requested from the District's President for extenuating circumstances. 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, 2020	August 31, 2019
Compensable absences-beginning	\$ 1,072,355	\$ 873,805
Net additions and reductions	362,373	198,550
Total Compensable Absences	\$ 1,434,728	\$ 1,072,355
Current portion	\$ 1,266,360	\$ 910,507

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 13 – 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.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 13 – Other Post-Employment Benefits (OPEB) (Continued)

OPEB Plan Fiduciary Net Position

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

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.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

Note 13 – Other Post-Employment Benefits (OPEB) (Continued)

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

	FY 2019	FY 2018
Retiree Only	\$ 625	\$ 622
Retiree and Spouse	1,341	1,335
Retiree and Children	1,104	1,099
Retiree and Family	1,820	1,812

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

Premium Contributions by Source
Group Benefits Program Plan

	FY 2020	FY 2019
Member (Employee) Contributions	\$ 3,368,127	\$ 3,340,763
District Contributions	9,597,828	8,881,037
State of Texas (NECE) Contributions	5,731,628	5,520,405

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

Note 13 – Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2019 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, 2019
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	Not Applicable
Discount rate	2.97%
Projected annual salary increase (includes inflation)	2.50% to 9.50%
Annual healthcare trend rate	7.30% for FY2021, 7.40% for FY2022, 7.00% for FY2023, decreasing 0.50% per year to 4.50% for 2028 and later years
Inflation assumption rate	2.50%
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 100female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90.00% with Ultimate MP Projection Scale from the year 2014

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

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

Note 13 – 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 2.40%.

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 3.96%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.97%, which amounted to a decrease of 0.99%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore, the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis

The following schedule shows the impact on the District's proportionate share of the collective net OPEB Liability if the discount rate used was 1.00% less than and 1.00% greater than the discount rate that was used (2.97%) in measuring the net OPEB Liability.

	1.00% Decrease in Discount Rate (1.97%)	Discount Rate (2.97%)	1.00% Increase in Discount Rate (3.97%)
District's proportionate share of the net OPEB liability:	\$133,588,167	\$111,947,484	\$ 95,295,762

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

Note 13 – Other Post-Employment Benefits (OPEB) (Continued)

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 7.30% and the ultimate rate is 4.50%. 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 1.00% less than and 1.00% greater than the healthcare cost trend rate that was used (7.30% decreasing to 4.50%) in measuring the net OPEB Liability.

	1.00% Decrease in Healthcare Cost Trend Rates (6.30% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (7.30% decreasing to 4.50%)	1.00% Increase in Healthcare Cost Trend Rates (8.30% decreasing to 5.50%)
District's proportionate share of the net OPEB liability:	\$ 94,001,311	\$ 111,947,484	\$ 135,399,021

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

At August 31, 2020, and 2019 the District's reported a liability of \$111,947,484 and \$90,608,465 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. 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:

	FY 2020	FY 2019
The District's proportionate share of the collective OPEB liability	\$ 111,947,484	\$ 90,608,465
State's proportionate share that is associated with the District	66,852,765	56,321,731
Total	\$ 178,800,249	\$ 146,930,196

The net OPEB liability was measured as of August 31, 2019, 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, 2018, thru August 31, 2019.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 13 – Other Post-Employment Benefits (OPEB) (Continued)

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.32389705%, which was an increase of 0.01817719% from its proportion measured as of August 31, 2018.

For the year ended August 31, 2020, the District recognized OPEB expense of \$75,738 and revenue of \$75,738 for support provided by the State.

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

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teacher Retirement System of Texas.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The discount rate was changed from 3.96% to 2.97% 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.

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

- An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

These minor benefit changes have been reflected in the fiscal year 2020 Assumed Per Capita Health Benefit Costs.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 13 – Other Post-Employment Benefits (OPEB) (Continued)

At August 31, 2020 and 2019, 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 2020		FY 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 2,912,974	\$ -	\$ 3,319,602
Changes in actuarial assumption	7,966,706	25,016,019	-	31,751,683
Difference between projected and actual investment earnings, net	46,024	-	42,908	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	76,127,017	-	90,720,439	-
Contributions paid to ERS subsequent to the measurement date	366,477	-	163,189	-
Total	\$ 84,506,224	\$ 27,928,993	\$ 90,926,536	\$ 35,071,285

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
2021	\$ 13,132,935
2022	13,132,935
2023	16,202,427
2024	12,313,654
2025	1,428,806
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.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 13 – Other Post-Employment Benefits (OPEB) (Continued)

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 14 – Pending Lawsuits and Claims

A. Litigation

On August 31, 2020, 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, 2020, these programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

Note 15 – Disaggregation of Receivable and Payable Balances

Receivables

Receivables at August 31, 2020, and 2019 were as follows:

	August 31, 2020	August 31, 2019
Student receivables	\$ 5,358,650	\$ 5,765,704
Federal receivables	1,413,843	1,672,472
Interest receivables	88,298	206,654
Accounts receivables		
Bookstore and auxiliary	148,069	47,329
State, local, and private	776,800	702,684
Pledges receivable	11,060	46,090
Contractors	126,800	11,805
Other receivables	858,226	994,477
Subtotal	8,781,746	9,447,215
Allowance for doubtful accounts-student	(4,286,252)	(4,616,841)
Total Accounts Receivable, Net	\$ 4,495,494	\$ 4,830,374

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 15 – Disaggregation of Receivable and Payable Balances (Continued)

	August 31, 2020	August 31, 2019
Taxes receivables	\$ 13,804,984	\$ 13,237,895
Allowance for doubtful accounts-taxes	(7,124,609)	(6,704,080)
Total Taxes Receivable, Net	\$ 6,680,375	\$ 6,533,815

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

Payables

Payables at August 31, 2020, and 2019 were as follows:

	August 31, 2020		August 31, 2019	
	Accounts Payable	Accrued Liabilities	Accounts Payable	Accrued Liabilities
Vendor payable				
Vendors	\$ 1,855,988	\$ -	\$ 2,623,349	\$ -
Construction	217,025	-	478,131	-
Construction retainage	29,442	-	34,501	-
Federal Payable	6,857,107	-	-	-
Salaries & benefits	-	1,665,316	-	2,960,309
Students payable	68,211	-	120,502	-
Accrued interest	-	257,774	-	279,711
Other Payables	192,471	-	43,634	-
Total Payables	\$ 9,220,244	\$ 1,923,090	\$ 3,300,117	\$ 3,3240,020

Note 16 – Funds Held for Others

At August 31, 2020, and at August 31, 2019, the District held, in trust funds, amounts of \$322,770, and \$305,917, respectively that pertain primarily to student organizations. These funds are not available to support the District's programs.

Note 17 – 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.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 17 – Contract and Grant Awards (Continued)

Contract and grant award funds already committed (e.g. multi-year awards) or funds awarded during fiscal years ended 2020 and 2019, for which monies have not been received nor funds expended totaled \$7,256,045 and \$7,393,851, respectively.

These amounts are comprised of the following:

	August 31, 2020	August 31, 2019
Federal contracts and grant awards	\$ 4,455,884	\$ 4,664,987
State contracts and grant awards	1,832,513	1,791,174
Local contracts and grant awards	353,422	359,545
Private contracts and grant awards	614,226	578,145
Total	\$ 7,256,045	\$ 7,393,851

Note 18 – 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, 2020 and for the year ended August 31, 2019, for the United Health Select of Texas. The state's contribution totaled \$3,329,554 for fiscal year 2020 and \$5,731,628 for fiscal year 2019.

The cost of providing those benefits for one hundred and twenty-six retirees in the year ended August 31, 2020, was \$284,718 and for one hundred and six retirees in the year ended August 31, 2019, was \$368,973. For 1,642 United Health Select of Texas active employees, the cost of providing benefits was \$3,044,836 for the year ended August 31, 2020. For 1,581 United Health Select of Texas active employees, the cost was \$5,362,655 for the year ended August 31, 2019. S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

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

	August 31, 2020	August 31, 2019
Full time employees	1,642	1,581
Number of retirees	126	106
Active employee-state	\$ 3,044,836	\$ 5,362,655
Retiree - state	284,718	368,973
Total State Contributions	\$ 3,329,554	\$ 5,731,628
District contributions	12,236,782	9,561,286
Total Health Insurance Cost	\$ 15,566,336	\$ 15,292,914

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 19 – Ad Valorem Tax

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

	August 31, 2020	August 31, 2019
Assessed valuation of the District	\$ 53,052,419,455	\$ 50,847,373,837
Less: Exemptions	(12,276,143,241)	(11,863,401,015)
Less: Abatements	(519,520,808)	(602,139,975)
Net Assessed Valuation of the District	\$ 40,256,755,406	\$ 38,381,832,847

	Fiscal Year 2020			Fiscal Year 2019		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized tax rate per \$100 valuation (maximum per enabling legislation)	\$ 0.1400	\$ 0.5000	\$ 0.6400	\$ 0.1400	\$ 0.5000	\$ 0.6400
Assessed tax rate per \$100 valuation	\$ 0.1400	\$ 0.0333	\$ 0.1733	\$ 0.1400	\$ 0.0380	\$ 0.1780

Taxes levied for the year ended August 31, 2020, and 2019 amounted to \$70,551,770 and \$69,228,289, 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.

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.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

Note 19 – Ad Valorem Tax (Continued)

	August 31, 2020			August 31, 2019		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes collected	\$52,540,370	\$12,670,104	\$65,210,474	\$50,333,667	\$13,661,997	\$63,995,664
Delinquent taxes collected	2,088,855	629,735	2,718,590	2,211,724	726,910	2,938,634
Penalties & interest collected	1,420,855	408,804	1,829,659	1,471,254	462,255	1,933,509
Total gross collections	56,050,080	13,708,643	69,758,723	54,016,645	14,851,162	68,867,807
Tax appraisal & collection fees	(929,285)	(55,301)	(984,586)	(918,862)	(53,208)	(972,070)
Bad debt expense	(355,121)	(65,408)	(420,529)	(230,844)	(38,636)	(269,480)
Total Net Collections	<u>\$54,765,674</u>	<u>\$13,587,934</u>	<u>\$68,353,608</u>	<u>\$52,866,939</u>	<u>\$14,759,318</u>	<u>\$67,626,257</u>

Tax collections for the year ended August 31, 2020, and 2019, were 94.87% and 95.10%, 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 20 – Property Tax Abatement

The District entered into a property tax abatement agreement with Duke Energy Renewables Wind, LLC, formerly known as DEGS Wind, LLC under the Property Tax Abatement Act (Chapter 312 of Texas Tax Code). The abatement was 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 project will contribute to the expansion of employment, attract major investment to Starr County, 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 \$700,000,000 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, 2020, the District abated property tax revenue totaling \$727,329 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% of the assessed maintenance and operations property tax value. Under this program, the abatement is 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 fails to make the improvement as provided for by this agreement, 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.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 21 – 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, 2020 and 2019.

Note 22 – Related Parties

One member of the Board of Trustees is employed at the District's depository bank. Another member of the Board of Trustees provided professional services to other entities that conducted business with the District during fiscal year 2020.

Note 23 – Subsequent Events

The District has evaluated subsequent events through the date that the financial statements were available to be issued, December 11, 2020.

On December 12, 2017, the Board of Trustees approved the Tax Abatement Agreement with Rio Bravo Windpower, LLC. The Agreement is for 75% abatement of property taxes for a period of 10 years. Rio Bravo Windpower, LLC will make annual payments of \$30,500 to the District in lieu of abated taxes on December 31 of each year, beginning in FY21.

On October 30, 2018, the Board of Trustees approved the Tax Abatement Agreement with Mesteno Windpower, LLC. The Agreement is for 75% abatement of property taxes for a period of 10 years. Mesteno Windpower, LLC will make annual payments of \$25,805 to the District in lieu of abated taxes on December 31 of each year, beginning in FY21. In addition, a one-time student scholarship was contributed in the amount of \$50,000.

On February 25, 2020, the Board of Trustees approved four Tax Abatement Agreements with Terra-Gen Development Company, LLC. Each Agreements are for 50% abatement of property taxes for a period of 10 years for each project. The Terra-Gen Development Company, LLC projects are: La Joya Windpower LLC, Monte Alto Windpower LLC, Buenos Aires Windpower LLC, and Monte Cristo, Windpower, LLC. Terra-Gen Development, LLC will make annual payments of \$10,000 to the District in lieu of abated taxes on December 31 of each year, beginning in FY22 for La Joya Windpower and Monte Alto Windpower and in 2022 for Buenos Aires Windpower and Monte Cristo Windpower. In addition, a one-time student scholarship shall be contributed by each project in the amount of \$40,000.

Note 24 – Auxiliary Operations

The District currently outsources its auxiliary bookstore operations to Barnes and Noble College Booksellers, LLC. The Food Services Department currently operates the Pecan, Technology, Mid

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 24 – Auxiliary Operations (Continued)

Valley, and Nursing and Allied cafeteria. As a result of the COVID-19 pandemic, the District closed all the food services departments on all campuses for the months of April through July and opened for business during August 2020. The Starr County campus cafeteria operations are outsourced to Cactus Restaurant from September 2018 through January 31, 2019. The site was closed from February 2019 through July 2019. The cafeteria was leased to MUY Pizza Tejas, LLC from August 1, 2019 to July 31, 2020.

Note 25 – 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 2020 and 2019, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 26 – Construction and Improvement Commitments

Construction and improvement commitments for August 31, 2020 were as follows:

Project	Contracted Amount	Spent to Date	Commitments
Pecan Campus	\$ 1,279,217	\$ 1,060,905	\$ 218,312
Nursing Allied Campus	323,382	323,382	-
Technology Campus	78,675	78,675	-
Mid Valley Campus	651,120	326,576	324,544
District Wide	125,260	125,260	-
Pharr Site	206,041	206,041	-
Total	\$ 2,663,695	\$ 2,120,839	\$ 542,856

At August 31, 2020, the District had \$29,442 of remaining contractual commitments in construction and improvement projects.

Construction and improvement commitments for August 31, 2019, were as follows:

Project	Contracted Amount	Spent to Date	Commitments
Pecan Campus	\$ 631,839	\$ 610,133	\$ 21,706
Nursing Allied Campus	260,941	241,141	19,800
Technology Campus	727,410	709,516	17,894
Mid Valley Campus	2,367,696	2,367,696	-
Starr Campus	285,493	285,493	-
District Wide	324,938	324,938	-
Pharr Site	6,387,139	6,387,139	-
Total	\$ 10,985,456	\$ 10,926,056	\$ 59,400

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019**

Note 26 – Construction and Improvement Commitments (Continued)

At August 31, 2019, the District had \$34,501 of remaining contractual commitments in construction and improvement projects.

Note 27 – Deposits in Escrow

South Texas College District entered into the following infrastructure improvement escrow agreements with the City of McAllen. In fiscal year 2010, \$126,801 was deposited into an escrow account for the thirty foot portion of the Quince Avenue roadway dedication at the District’s West 15 acre parking lot. As of August 31, 2020, the escrow agreement was nulled. As a result, the District no longer has funds deposited into an escrow account at August 31, 2020.

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 \$6,446 and \$9,155 in fiscal years 2020 and 2019 respectively.

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

The fund balances of the endowments were as follows:

Endowment	August 31, 2020	August 31, 2019
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	1,092	1,080
Roberto Gutierrez Sr. Endowment	939	930
Edwynne G. Cooper Endowment*	5,590	5,590
Total Endowments	\$ 339,521	\$ 339,500

*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, 2020, the market value of the Trust was \$3,903,149. The Trust made a distribution to the District in the amount of \$198,720 in fiscal year 2020. At August 31, 2019, the market value of the Trust was

South Texas College District
Notes to the Basic Financial Statements
August 31, 2020 and 2019

Note 28 – Endowments (Continued)

\$3,701,055. The Trust made a distribution to the District in the amount of \$174,239 in fiscal year 2019. 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, 2020, pledges receivable totaled \$11,060, which consisted of non-cash gifts of \$60 and \$11,000 in cash gifts. At August 31, 2019 pledges receivable totaled \$46,090, which consisted of non-cash gifts of \$35,090 and \$11,000 in cash gifts. Pledges receivable are recorded on the statement of financial position as assets net of allowance for uncollectible accounts.



SOUTH TEXAS COLLEGE

This page intentionally left blank.

**REQUIRED SUPPLEMENTARY
INFORMATION**



SOUTH TEXAS COLLEGE

This page intentionally left blank.

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

<u>Fiscal Year ending August 31*</u>	2020**	2019**
District's proportionate share of collective net pension liability (%)	0.1005049%	0.0922099%
District's proportionate share of collective net pension liability (\$)	\$ 52,245,580	\$ 50,754,514
State's proportionate share of net pension liability associated with District	31,421,847	35,598,251
Total	\$ 83,667,427	\$ 86,352,765
Covered payroll	\$ 83,315,698	\$ 77,726,679
District's proportionate share of the collective net pension liability as a percentage of covered payroll	62.71%	65.30%
Plan fiduciary net position as percentage of total pension liability	75.24%	73.74%

*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
Schedule of District's Proportionate Share of Net Pension Liability
Last Six Fiscal Years****

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

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

<u>Fiscal Year ending August 31*</u>	<u>2020**</u>	<u>2019**</u>
Legally required contributions	\$ 3,716,800	\$ 3,561,522
Actual contributions	<u>3,716,800</u>	<u>3,561,522</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered payroll	\$ 85,068,749	\$ 83,315,698
Contributions as a percentage of covered payroll	4.37%	4.27%

*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.

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

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

South Texas College District
Notes to Required Supplementary Information
For the Year Ended August 31, 2020

Changes of Prior Actuarial Valuation:

The following changes to actuarial assumptions and other inputs affected the measurement of the amounts reported in the required supplementary information schedules related to pensions:

- The discount rate was changed from 6.907 % as of August 31, 2018 to 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 86th Texas Legislature, 2019, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

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

<u>Fiscal Year ending August 31*</u>	<u>2020**</u>	<u>2019**</u>	<u>2018**</u>
District's proportionate share of collective net OPEB liability (%)	0.3238971%	0.3057199%	0.0388427%
District's proportionate share of collective net OPEB liability (\$)	\$ 111,947,484	\$ 90,608,465	\$ 13,234,872
State's proportionate share of net OPEB liability associated with District	66,852,765	56,321,731	11,397,449
Total	<u>\$ 178,800,249</u>	<u>\$ 146,930,196</u>	<u>\$ 24,632,321</u>
Covered employee payroll	\$ 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	140.29%	122.73%	19.76%
Plan fiduciary net position as percentage of total OPEB liability	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 Three Fiscal Years ****

<u>Fiscal Year ending August 31*</u>	<u>2020**</u>	<u>2019**</u>	<u>2018**</u>
Legally required contributions ***	\$ 366,477	\$ 163,189	\$ 419,711
Actual contributions	366,477	163,189	419,711
Contributions deficiency (excess)	\$ -	\$ -	\$ -
 Covered employee payroll	 \$ 83,419,153	 \$ 79,796,858	 \$ 73,825,253
 Contributions as a percentage of covered employee payroll	 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 for OPEB
For the Year Ended August 31, 2020

Changes Since Prior Actuarial Valuation:

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

Demographic Assumptions:

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

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Percentage of future male retirees assumed to be married and electing coverage for their spouse.
- Percentage of future retirees and future retiree spouses assume to use tobacco.

Economic Assumptions:

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

The discount rate was changed from 3.96% to 2.97% 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 changes described below have been reflected in the FY2020 Assumed Per Capita Health Benefits Costs.

Benefit Revisions:

Benefit revisions have been adopted since the prior valuation. The only benefit change for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums. This minor benefit change is provided for in the FY2020 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.



SOUTH TEXAS COLLEGE

This page intentionally left blank.

**SUPPLEMENTARY
INFORMATION**

South Texas College District
Schedule of Operating Revenues
Year Ended August 31, 2020 (With Totals for the Year Ended August 31, 2019)

Schedule A

	Total		Auxiliary Enterprises	FY 2020 Total	FY 2019 Total
	Unrestricted	Restricted			
Tuition:					
State funded credit courses					
In-district resident tuition	\$ 50,399,760	\$ -	\$ 50,399,760	\$ -	\$ 44,945,372
Out-of-district resident tuition	1,774,377	-	1,774,377	-	1,518,231
Non-resident tuition	4,456,889	-	4,456,889	-	4,512,646
TPEG state (set aside) *	2,093,373	-	2,093,373	-	1,898,463
State funded continuing education	658,627	-	658,627	-	894,587
TPEG non-credit (set aside) *	41,873	-	41,873	-	57,102
State funded workforce development	305,281	-	305,281	-	327,726
TPEG non-credit (set aside) *	19,486	-	19,486	-	20,918
Non-state funded continuing education	344,119	-	344,119	-	364,358
TPEG non-credit (set aside) *	21,965	-	21,965	-	23,256
Non-state funded workforce development	327,841	-	327,841	-	168,368
TPEG non-credit (set aside) *	20,926	-	20,926	-	10,747
Total Tuition	60,464,517	-	60,464,517	-	54,741,774
Fees:					
Student registration fee	12,367,568	-	12,367,568	-	10,609,347
Laboratory fees	1,258,185	-	1,258,185	-	1,312,945
Incidental fees	31,090,909	-	31,090,909	2,244,815	34,131,217
Total Fees	44,716,662	-	44,716,662	2,244,815	46,053,509
Scholarship Allowances and Discounts:					
Bad debt allowance	(833,353)	-	(833,353)	-	(1,106,670)
Remissions and exemptions	(38,228,071)	-	(38,228,071)	(834,012)	(35,880,759)
TPEG allowances	(1,609,523)	-	(1,609,523)	-	(2,624,727)
Local grants to students	(1,041,432)	-	(1,041,432)	-	(992,148)
Private grants to students	(654,070)	-	(654,070)	-	(914,744)
State grants to students	(1,847,396)	-	(1,847,396)	-	(1,863,162)
Federal grants to students	(38,725,675)	-	(38,725,675)	-	(34,824,066)
Total Scholarship Allowances and Discounts	(82,939,520)	-	(82,939,520)	(834,012)	(78,206,276)
Total Net Tuition and Fees	22,241,659	-	22,241,659	1,410,803	22,589,007
Additional Operating Revenues:					
Federal grants and contracts	227,053	4,663,875	4,890,928	-	4,660,747
State grants and contracts	89,068	3,992,147	4,081,215	-	4,701,165
Local grants and contracts	6,852,999	1,857,680	8,710,679	-	8,160,205
Non-governmental grants and contracts	33,957	1,310,779	1,344,736	-	2,022,875
General operating revenues	410,905	201,920	612,825	-	665,435
Total Additional Operating Revenues	7,613,982	12,026,401	19,640,383	-	20,210,427
Auxiliary Enterprises:					
Bookstore	-	-	-	483,336	495,226
Food service	-	-	-	474,389	730,546
Vending commissions	-	-	-	127,890	170,891
Other commissions	-	-	-	22,042	22,698
Child care center	-	-	-	191,172	271,274
General conferences	-	-	-	14,298	70,968
Other	-	-	-	42,000	5,000
Total Auxiliary Enterprises	-	-	-	1,355,127	1,766,603
Total Operating Revenues	\$ 29,855,641	\$ 12,026,401	\$ 41,882,042	\$ 2,765,930	\$ 44,566,037
				(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$2,197,623 and \$2,010,486 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended 2020 and 2019, respectively.

South Texas College District
Schedule of Operating Expenses by Object
Year Ended August 31, 2020 (With Totals for the Year Ended August 31, 2019)

Schedule B

	Operating Expenses				FY 2020 Total	FY 2019 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted-Educational Activities						
Instruction	\$ 56,356,350	\$ -	\$ 27,973,931	\$ 3,815,100	\$ 88,145,381	\$ 85,259,937
Public service	584,154	-	163,560	277,019	1,024,733	1,300,824
Academic support	10,152,329	-	5,957,375	2,017,257	18,126,961	19,858,939
Student services	7,326,389	-	4,334,469	1,253,951	12,914,809	13,102,931
Institutional support	12,775,342	-	8,477,972	8,937,369	30,190,683	29,958,714
Operation and maintenance of plant	8,986,392	-	3,420,652	8,012,197	20,419,241	21,534,803
Total Unrestricted Educational Activities	96,180,956	-	50,327,959	24,312,893	170,821,808	171,016,148
Restricted-Educational Activities						
Instruction	534,783	5,357,929	111,568	617,982	6,622,262	6,884,550
Public service	85,447	-	19,727	165,764	270,938	560,172
Academic support	1,042,959	1,079,959	253,116	1,007,416	3,383,450	3,171,460
Student services	471,014	832,806	-	175,595	1,479,415	1,499,356
Institutional support	2,291,450	1,435,828	731,671	320,677	4,779,626	2,293,267
Scholarships and fellowships	-	-	-	29,136,804	29,136,804	27,797,829
Total Restricted Educational Activities	4,425,653	8,706,522	1,116,082	31,424,238	45,672,495	42,206,634
Total Educational Activities	100,606,609	8,706,522	51,444,041	55,737,131	216,494,303	213,222,782
Auxiliary Enterprises	1,189,592	-	565,018	872,689	2,627,299	3,451,000
Depreciation expense-buildings and other real estate improvements	-	-	-	7,784,395	7,784,395	7,769,454
Depreciation expense-books	-	-	-	248,058	248,058	233,793
Depreciation expense-equipment and furniture	-	-	-	4,129,577	4,129,577	4,005,863
Total Operating Expenses	\$ 101,796,201	\$ 8,706,522	\$ 52,009,059	\$ 68,771,850	\$ 231,283,632	\$ 228,682,892
					(Exhibit 2)	(Exhibit 2)

South Texas College District
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2020 (With Totals for the Year Ended August 31, 2019)

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	FY 2020 Total	FY 2019 Total
NON-OPERATING REVENUES:					
State appropriations:					
Education and general state support	\$ 40,877,256	\$ -	\$ -	\$ 40,877,256	\$ 39,166,833
Education and general state support BAT	1,307,616	-	-	1,307,616	1,071,990
State group insurance	-	3,410,085	-	3,410,085	5,401,152
State retirement matching	-	5,301,231	-	5,301,231	3,913,327
Hazlewood reimbursement	53,623	-	-	53,623	54,972
Total State Appropriations	42,238,495	8,711,316	-	50,949,811	49,608,274
Ad-valorem taxes-maintenance and operations	56,146,535	-	-	56,146,535	53,934,103
Ad-valorem taxes-debt service	-	13,571,701	-	13,571,701	14,694,007
Federal revenue, non operating	-	67,836,841	-	67,836,841	59,341,569
Gifts	275,475	-	-	275,475	320,507
Investment income (net of investment expenses)	4,465,255	353,557	53,348	4,872,160	5,572,742
Gain on disposal of capital assets	-	-	-	-	3,790
Insurance proceeds	2,600	-	-	2,600	425,000
Other non-operating revenue	68,527	-	-	68,527	68,526
Total Non-Operating Revenues	103,196,887	90,473,415	53,348	193,723,650	183,968,518
NON-OPERATING EXPENSES:					
Interest on capital related debt	5,841,189	-	-	5,841,189	5,690,864
Loss on disposal of capital assets	42	-	-	42	114,727
Non-capital construction costs	1,163,367	-	-	1,163,367	2,025,830
Bond costs amortization	532,856	-	-	532,856	166,273
Other non-operating expenses	21,973	240,782	-	262,755	246,594
Total Non-Operating Expenses	7,559,427	240,782	-	7,800,209	8,244,288
Net Non-Operating Revenues	\$ 95,637,460	\$ 90,232,633	\$ 53,348	\$ 185,923,441	\$ 175,724,230
				(Exhibit 2)	(Exhibit 2)

South Texas College District
Schedule of Net Position by Source and Availability
Year Ended August 31, 2020 (With Totals for the Year Ended August 31, 2019)

	Detail by Source					FY 2020 Total
	Unrestricted	Restricted		Net Investment in Capital Assets		
		Expendable	Non-Expendable			
Current:						
Unrestricted	\$ 58,763,688	\$ -	\$ -	\$ -	\$ -	\$ 58,763,688
Board designated	34,500,000	-	-	-	-	34,500,000
Restricted						
Student Aid	-	2,917,717	-	-	-	2,917,717
Instructional Programs	-	78,318	-	-	-	78,318
Institutional Activities	-	112,440	-	-	-	112,440
Auxiliary enterprises	4,838,962	-	-	-	-	4,838,962
Loan	-	1,779,010	-	-	-	1,779,010
Endowment:						
True	-	-	339,521	-	-	339,521
Plant:						
Unexpended	30,725,673	-	-	-	-	30,725,673
Renewals & replacements	22,069,598	-	-	-	-	22,069,598
Debt service	-	16,002,125	-	-	-	16,002,125
Investment in plant	-	-	-	205,172,770	-	205,172,770
Total Net Position, August 31, 2020	150,897,921	20,889,610	339,521	205,172,770	-	377,299,822
						(Exhibit 1)
Total Net Position, August 31, 2019	150,845,250	19,956,978	339,500	206,861,404	\$ -	\$ 378,003,132
						(Exhibit 1)
Net Increase (decrease) in Net Position	\$ 52,671	\$ 932,632	\$ 21	\$ (1,688,634)	\$ -	\$ (703,310)
						(Exhibit 2)

Note: The Unexpended Plant Fund is earmarked in the fiscal year 2020 board approved budget for construction projects.
The Renewals & Replacements Plant Fund is earmarked in the fiscal year 2020 board approved budget for deferred maintenance projects.

Schedule D

Available for Current Operations	
Yes	No
\$ 58,763,688	\$ -
-	34,500,000
-	2,917,717
-	78,318
-	112,440
4,838,962	-
-	1,779,010
-	339,521
-	30,725,673
-	22,069,598
-	16,002,125
-	205,172,770
63,602,650	313,697,172
65,355,354	312,647,778
\$ (1,752,704)	\$ 1,049,394

South Texas College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

Schedule E

Federal Grantor/Pass Through Grantor/ Program Title	CFDA Number	Expenditures			Subrecipient Expenditures
		Direct Awards	Pass Through Awards	Total	
U.S. Department of Education					
Direct Programs:					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84.007	\$ 696,614	\$ -	\$ 696,614	\$ -
Federal Work-Study Program	84.033	701,725	-	701,725	-
Federal Pell Grant Program	84.063	58,911,610	-	58,911,610	-
Total Student Financial Assistance Cluster		60,309,949	-	60,309,949	-
Higher Education Institutional Aid	84.031S	106,816	-	106,816	-
Migrant Education High School Equivalency Program	84.141A	72,855	-	72,855	-
Childcare Access Means Parents In School	84.335A	174,675	-	174,675	-
COVID-19 Emergency Funding- Education Stabilization Fund	84.425E	4,372,800	-	4,372,800	-
COVID-19 Emergency Funding- Education Stabilization Fund	84.425F	3,154,092	-	3,154,092	-
Pass-Through From:					
Region One					
Adult and Education Literacy 2318ALA000	84.000	-	91,480	91,480	-
Dallas County Community College District					
Career and Technical Education - Basic Grants to States 21937	84.048	-	631	631	-
Texas Education Agency					
Career and Technical Education - Basic Grants to States SAS # A424-20	84.048A	-	398,262	398,262	-
Texas Higher Education Coordinating Board					
Career and Technical Education-Basic Grants to States 22154	84.048	-	2,066,553	2,066,553	-
Career and Technical Education-Basic Grants to States 21943	84.048	-	47,914	47,914	-
Total Career and Technical Education-Basic Grants to States		-	2,114,467	2,114,467	-
Education Research, Development and Dissemination 15516	84.305H	-	18,262	18,262	-
Texas Workforce Commission					
Adult Education - Basic Grants to States 2319AEL001	84.002A	-	215,647	215,647	-
Adult Education - Basic Grants to States 2319AEL000	84.002A	-	55,705	55,705	-
Total Adult Education - Basic Grants to States		-	271,352	271,352	-
Rehabilitation Services Vocational Rehabilitation Grants to States 3019VRS131	84.126A	-	2,140	2,140	-
Rehabilitation Services Vocational Rehabilitation Grants to States 3020VRS055	84.126A	-	12,829	12,829	-
Total Rehabilitation Services Vocational Rehabilitation Grants to States		-	14,969	14,969	-
Total U.S. Department of Education		68,191,187	2,909,423	71,100,610	-
U.S. Department of Agriculture					
Pass-Through From:					
Texas Department of Agriculture					
Child and Adult Care Food Program 03264	10.558	25,994	-	25,994	-
Total U.S. Department of Agriculture		\$ 25,994	\$ -	\$ 25,994	\$ -

South Texas College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020
(Continued)

Schedule E

Federal Grantor/Pass Through Grantor/ Program Title	CFDA Number	Expenditures			Subrecipient Expenditures
		Direct Awards	Pass Through Awards	Total	
U.S. Department of Commerce					
Direct Programs:					
Economic Development Support for Planning Organizations EDA18AUS3020025	11.302	\$ 30,342	\$ -	\$ 30,342	\$ -
Total U.S. Department of Commerce		30,342	-	30,342	-
U.S. Department of Defense					
Direct Programs:					
Military Spouse Career Advancement	12.000	7,128	-	7,128	-
Total U.S. Department of Defense		7,128	-	7,128	-
U.S. Department of Labor					
Pass-Through From:					
Lower Rio Grande Workforce Development Board Apprenticeship USA Grants 2319ATG000	17.285	-	141,628	141,628	-
Total U.S. Department of Labor		-	141,628	141,628	-
National Foundation on the Arts and the Humanities					
Pass-Through From:					
Institute of Museum and Library Services Grants to States 901788	45.310	-	1,034	1,034	-
Total National Foundation on the Arts and the Humanities		-	1,034	1,034	-
National Science Foundation					
Direct Programs:					
Education and Human Resources 1930525	47.076	57,034	-	57,034	-
Total National Science Foundation		57,034	-	57,034	-
U.S. Department of Health and Human Services					
Pass-Through From:					
Texas Workforce Commission Temporary Assistance for Needy Families 2319SSF001	93.558	-	86,371	86,371	-
Total U.S. Department of Health and Human Services		-	86,371	86,371	-
Total Federal Financial Assistance		\$ 68,311,685	\$ 3,138,456	\$ 71,450,141	\$ -

See accompanying notes to Schedule of Expenditures of Federal Awards

South Texas College
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020
(Continued)

Schedule E

Note 1: Federal Assistance Reconciliation

Other Operating Revenues - Federal Grants and Contracts - per Schedule A	\$ 4,663,875
Add: Indirect/Administrative Cost Recoveries - per Schedule A	227,053
Add: Non-Operating Revenues - Federal Revenue, non-operating - per Schedule C	<u>67,836,841</u>
Total Federal Revenues per Schedule A and C	<u>72,727,769</u>
Reconciling Item:	
Minus Veteran Funds	<u>(1,277,628)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u><u>\$ 71,450,141</u></u>

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 minimus 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	\$ 1,003,721
CFDA 64.125 Vocational and Educational Counseling for Service members and Veterans	\$ 273,907

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 2020.

Note 5: Nonmonetary Federal Assistance.

There were no federal noncash awards in fiscal year 2020.

Note 6: Amounts Passed Through by the District.

The District did not pass-through any amounts in fiscal year 2020.

South Texas College
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2020

Schedule F

Grantor Agency/Program Title	Contract Number	Expenditures			Subrecipient Expenditures
		Direct Awards	Pass Through Awards	Total	
Texas Higher Education Coordinating Board					
Nursing Innovation Grant Program	19556	\$ -	\$ 9,047	\$ 9,047	\$ -
Nursing Shortage Reduction Program		-	82,051	82,051	-
CB Comprehensive College Readiness and Success Models for 60x30TX	17435, 20522	-	89,692	89,692	-
Texas College Work-study Program		-	135,067	135,067	-
Texas Educational Opportunity Grant - Initial Year		-	1,617,595	1,617,595	-
Texas Educational Opportunity Grant - Renewal Year		-	1,049,903	1,049,903	-
State Cert Educational Aide SchP		-	12,195	12,195	-
Work-Study Mentorship Program	22385, 20832	-	90,041	90,041	-
Total Texas Higher Education Coordinating Board		-	3,085,591	3,085,591	-
Texas Association for Education of Young Children					
T.E.A.C.H. Early Childhood Texas		1,575	-	1,575	-
Texas National Guard					
State Tuition Assistance Program		3,775	-	3,775	-
Texas Holocaust and Genocide Commission					
Hate, Hope and Healing: Exploring the Holocaust through Music		2,300	-	2,300	-
Texas Workforce Commission					
Jobs and Education For Texans Grant Program	2318JET003	-	(11,013)	(11,013)	-
Skills Development Small Business	2320SSD001	-	205,612	205,612	-
FY19 Skills for Small Business	2319SSD000	-	65,775	65,775	-
South Texas College in Partnership with a Healthcare Consortium	2318SDF000	-	43,684	43,684	29,045
South Texas College in Partnership with a Manufacturing Consortium	2319SDF000	-	115,600	115,600	-
South Texas College in Partnership with RGV Med, L.L.C.	2319SDF001	-	406,420	406,420	-
Skills Development Funds	2320SDF001	-	82,947	82,947	-
COVID-19 Emergency Funding-Skills Development Fund-Special Initiative	2320COS002	-	78,949	78,949	-
Total Texas Workforce Commission		-	987,974	987,974	29,045
Total State Financial Assistance		\$ 7,650	\$ 4,073,565	\$ 4,081,215	\$ 29,045

See accompanying notes to Schedule of Expenditures of State Awards

South Texas College
Notes to Schedule of Expenditures of State Awards
For the Year Ended August 31, 2020
(Continued)

Schedule F

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A	\$ 3,992,147
Add: Indirect/Administrative Cost Recoveries - per Schedule A	89,068
Total State Revenues per Schedule A	\$ 4,081,215

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 College

The following amounts were passed through to the listed sub-recipients by the college:

Texas Workforce Commission	
South Texas College in Partnership with a Healthcare Consortium	
Laredo College	\$ 1,330
Southwest Texas Junior College	27,715
Total amount passed through by the college	\$ 29,045

Statistical Section

(Unaudited)



**South Texas College District
Comprehensive Annual Financial Report
Fiscal Years Ended August 31, 2020 and 2019**

Statistical Information

This part of South Texas College District’s comprehensive annual 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.

Table of Contents	<u>Page No.</u>
Financial Trends	
<i>Statistical Supplement 1</i> Net Position by Component -----	118-119
<i>Statistical Supplement 2</i> Revenue by Source -----	120-123
<i>Statistical Supplement 3</i> Program Expenses by Function -----	124-127
<i>Statistical Supplement 19</i> Changes In Net Position -----	158-161
<i>These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	
<i>Statistical Supplement 4</i> Tuition and Fees -----	128-129
<i>Statistical Supplement 5</i> Assessed Value and Taxable Assessed Value of Property -----	130-131
<i>Statistical Supplement 6a</i> General Appropriation Act Before Contact Hour Adjustments -----	132-133
<i>Statistical Supplement 6b</i> State Appropriations per FTSE -----	134
<i>Statistical Supplement 6c</i> State Appropriation per Funded Contact Hour -----	135
<i>Statistical Supplement 6d</i> State Appropriation per Student Success Point -Annualized -----	136

**South Texas College District
Comprehensive Annual Financial Report
Fiscal Years Ended August 31, 2020 and 2019**

<i>Statistical Supplement 6e</i>	
Student Success Points (SSP) -----	137
 <i>Statistical Supplement 7</i>	
Principal Taxpayers -----	138-141
 <i>Statistical Supplement 8</i>	
Property Tax Levies and Collections -----	142-143
 <i>Statistical Supplement 20</i>	
Ad Valorem Tax Rates Authorized -----	163
 <i>Statistical Supplement 21</i>	
Property Tax Rates – All Direct and Overlapping Governments -----	164-167

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

Debt Capacity

 <i>Statistical Supplement 9</i>	
Ratios of Outstanding Debt -----	144-145
 <i>Statistical Supplement 10</i>	
Legal Debt Margin Information -----	146
 <i>Statistical Supplement 11</i>	
Pledged Revenue Coverage -----	147
 <i>Statistical Supplement 22</i>	
Computation of Direct and Overlapping Debt -----	168-169

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

 <i>Statistical Supplement 12</i>	
Demographic and Economic Statistics – Taxing District -----	148-149
 <i>Statistical Supplement 13</i>	
Principal Employers -----	150

**South Texas College District
Comprehensive Annual Financial Report
Fiscal Years Ended August 31, 2020 and 2019**

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

Operating and Other Information

<i>Statistical Supplement 14</i>	
Faculty, Staff, and Administrators Statistics -----	151
 <i>Statistical Supplement 15</i>	
Enrollment Details -----	152-153
 <i>Statistical Supplement 16</i>	
Student Profile -----	154-155
 <i>Statistical Supplement 17</i>	
Transfers to Senior Institutions -----	156
 <i>Statistical Supplement 18</i>	
Capital Asset Information -----	157

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

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual 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,			
	2020	2019	2018	2017
Net Position				
Net investment in capital assets	\$ 205,172,770	\$ 206,861,404	\$ 205,569,611	\$ 213,988,457
Restricted expendable	20,889,610	19,956,978	18,748,658	19,145,139
Restricted non-expendable	339,521	339,500	339,472	339,455
Unrestricted	150,897,921	150,845,250	161,722,905	162,922,837
Total Net Position	\$ 377,299,822	\$ 378,003,132	\$ 386,380,647	\$ 396,395,889
Net position, beginning of year	378,003,132	386,380,647	396,395,889	371,277,776
Cumulative effect of change in accounting principle (Note 2) ¹	N/A	N/A	(15,448,970)	N/A
Net position, beginning of year, as restated (Note 2)	378,003,132	386,380,647	380,946,919	371,277,776
Increase (decrease) in net position	\$ (703,310)	\$ (8,377,515)	\$ 5,433,728	\$ 25,118,113

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

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

For the Fiscal Year Ended August 31,

2016	2015	2014	2013	2012	2011
\$ 181,421,943	\$ 170,833,415	\$ 169,028,494	\$ 162,064,429	\$ 156,914,256	\$ 147,207,945
19,790,038	21,990,627	21,972,306	20,325,155	17,978,771	17,161,889
339,449	339,446	339,445	339,444	340,664	346,360
169,726,346	147,038,865	146,201,265	133,119,225	117,854,250	92,402,854
\$ 371,277,776	\$ 340,202,353	\$ 337,541,511	\$ 315,848,253	\$ 293,087,941	\$ 257,119,048
340,202,353	337,541,511 *	315,848,253	293,087,941	257,119,048	229,691,712
N/A	(25,791,345)	(452,726)	N/A	N/A	N/A
340,202,353	311,750,166	315,395,527	293,087,941	257,119,048	229,691,712
\$ 31,075,423	\$ 28,452,187	\$ 22,145,985	\$ 22,760,312	\$ 35,968,893	\$ 27,427,336

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

	For the Fiscal Year Ended August 31,			
	2020	2019	2018	2017
Operating Revenues				
Tuition and fees (net of discounts)	\$ 23,652,462	\$ 22,589,007	\$ 21,657,866	\$ 23,129,705
Federal grants and contracts	4,890,928	4,660,747	4,304,540	4,490,675
State grants and contracts	4,081,215	4,701,165	4,108,972	4,076,652
Local grants and contracts	8,710,679	8,160,205	6,660,734	6,102,604
Non-governmental grants and contracts	1,344,736	2,022,875	2,538,696	2,061,438
Auxiliary enterprises	1,355,127	1,766,603	1,890,180	1,833,407
General operating revenues	612,825	665,435	704,996	603,343
Total Operating Revenues	44,647,972	44,566,037	41,865,984	42,297,824
Non-Operating Revenues				
State appropriations	50,949,811	49,608,274	47,940,649	45,315,830
Ad valorem taxes - maintenance & operations	56,146,535	53,934,103	48,931,234	48,822,561
Ad valorem taxes - debt service	13,571,701	14,694,007	15,656,580	15,652,143
Federal revenue, non-operating	67,836,841	59,341,569	60,276,808	55,666,373
Gifts	275,475	320,507	353,250	252,614
Investment income (net of investment expenses)	4,872,160	5,572,742	3,698,483	2,612,017
Gain on disposal of capital assets	-	3,790	6,547	5,575
Insurance proceeds	2,600	425,000	14,959	149,634
Other non-operating revenues	68,527	68,526	19,732	352,500
Total Non-Operating Revenues	193,723,650	183,968,518	176,898,242	168,829,247
Total Revenues	\$ 238,371,622	\$ 228,534,555	\$ 218,764,226	\$ 211,127,071

For the Fiscal Year Ended August 31,

2016	2015	2014	2013	2012	2011
\$ 21,452,743	\$ 21,373,162	\$ 20,488,244	\$ 21,051,377	\$ 19,583,509	\$ 18,281,708
3,889,497	4,368,574	3,445,294	4,630,302	4,748,007	6,172,207
3,266,315	4,068,944	4,246,315	5,160,704	6,794,060	6,335,567
5,063,983	1,099,573	1,118,054	1,270,376	1,293,135	1,380,691
2,487,482	5,235,358	4,949,832	3,113,960	2,740,134	2,796,686
1,893,838	1,773,325	1,835,353	1,810,240	1,872,734	1,877,501
729,855	1,308,903	645,811	621,264	439,642	545,846
38,783,713	39,227,839	36,728,903	37,658,223	37,471,221	37,390,206
46,077,235	42,858,200	42,766,020	38,977,829	37,017,673	36,676,953
46,781,602	43,951,580	33,983,319	32,403,363	33,244,142	33,798,861
15,016,847	14,105,277	12,291,870	12,030,232	12,276,741	12,187,090
54,858,852	54,881,496	55,351,962	57,151,307	61,950,136	66,972,554
251,022	305,146	323,100	351,843	418,606	309,867
1,034,010	144,206	214,915	389,519	417,074	327,497
12,350	-	-	-	2,793	-
-	24,282	-	-	-	-
-	-	35,840	-	-	-
164,031,918	156,270,186	144,967,026	141,304,093	145,327,165	150,272,823
\$ 202,815,631	\$ 195,498,025	\$ 181,695,929	\$ 178,962,316	\$ 182,798,386	\$ 187,663,029

(Continued)

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

	For the Fiscal Year Ended August 31,			
	2020	2019	2018	2017
Operating Revenues				
Tuition and fees (net of discounts)	9.93%	9.88%	9.91%	10.95%
Federal grants and contracts	2.05%	2.04%	1.97%	2.13%
State grants and contracts	1.71%	2.06%	1.88%	1.93%
Local grants and contracts	3.65%	3.57%	3.04%	2.89%
Non-governmental grants and contracts	0.56%	0.89%	1.16%	0.98%
Auxiliary enterprises	0.57%	0.77%	0.86%	0.87%
General operating revenues	0.26%	0.29%	0.32%	0.29%
Total Operating Revenues	18.73%	19.50%	19.14%	20.04%
Non-Operating Revenues				
State appropriations	21.38%	21.71%	21.91%	21.46%
Ad-valorem taxes - maintenance & operations	23.55%	23.60%	22.37%	23.12%
Ad-valorem taxes - debt service	5.69%	6.43%	7.16%	7.41%
Federal revenue, non-operating	28.46%	25.97%	27.55%	26.37%
Gifts	0.12%	0.14%	0.16%	0.12%
Investment income (net of investment expenses)	2.04%	2.44%	1.69%	1.24%
Gain on disposal of capital assets	-	-	-	-
Insurance proceeds	-	0.19%	0.01%	0.07%
Other non-operating revenues	0.03%	0.03%	0.01%	0.17%
Total Non-Operating Revenues	81.27%	80.50%	80.86%	79.96%
Total Revenues	100.00%	100.00%	100.00%	100.00%

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

(Continued)

For the Fiscal Year Ended August 31,

2016	2015	2014	2013	2012	2011
10.58%	10.93%	11.28%	11.76%	10.71%	9.74%
1.92%	2.24%	1.90%	2.59%	2.60%	3.29%
1.61%	2.08%	2.34%	2.88%	3.72%	3.38%
2.50%	0.56%	0.61%	0.71%	0.71%	0.74%
1.22%	2.68%	2.72%	1.74%	1.50%	1.49%
0.93%	0.91%	1.01%	1.01%	1.02%	1.00%
0.36%	0.67%	0.35%	0.35%	0.24%	0.28%
19.12%	20.07%	20.21%	21.04%	20.50%	19.92%
22.72%	21.92%	23.54%	21.78%	20.25%	19.55%
23.07%	22.48%	18.70%	18.11%	18.19%	18.01%
7.40%	7.22%	6.77%	6.72%	6.71%	6.49%
27.05%	28.07%	30.46%	31.93%	33.89%	35.69%
0.12%	0.16%	0.18%	0.20%	0.23%	0.17%
0.51%	0.07%	0.12%	0.22%	0.23%	0.17%
0.01%	-	-	-	-	-
-	0.01%	-	-	-	-
-	-	0.02%	-	-	-
80.88%	79.93%	79.79%	78.96%	79.50%	80.08%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

	For the Fiscal Year Ended August 31,			
	2020	2019	2018	2017
Operating Expenses				
Instruction	\$ 94,767,643	\$ 92,144,487	\$ 77,741,287	\$ 70,879,518
Research	-	-	-	-
Public service	1,295,671	1,860,996	2,276,663	709,252
Academic support	21,510,411	23,030,399	18,306,332	17,101,883
Student services	14,394,224	14,602,287	11,722,551	11,228,508
Institutional support	34,970,309	32,251,981	26,803,724	26,074,788
Operations and maintenance of plant	20,419,241	21,534,803	20,048,333	15,977,257
Scholarships and fellowships	29,136,804	27,797,829	27,412,188	26,028,594
Auxiliary enterprises	2,627,299	3,451,000	3,355,013	2,529,295
Depreciation	12,162,030	12,009,110	9,917,643	7,262,313
Total Operating Expenses	231,283,632	228,682,892	197,583,734	177,791,408
Non-Operating Expenses				
Interest on capital related debt	5,841,189	5,690,864	3,513,058	4,150,374
Loss on sale/disposal/return on capital assets	42	114,727	838,031	5,886
Non-capital construction costs	1,163,367	2,025,830	11,107,175	3,548,465
Bond costs amortization	532,856	166,273	268,803	295,436
Other non-operating expenses	262,755	246,594	84,956	265,017
Total Non-Operating Expenses	7,800,209	8,244,288	15,812,023	8,265,178
Total Expenses	\$ 239,083,841	\$ 236,927,180	\$ 213,395,757	\$ 186,056,587

For the Fiscal Year Ended August 31,

	2016	2015	2014	2013	2012	2011
\$	66,249,496	\$ 60,820,171	\$ 59,447,105	\$ 57,766,578	\$ 53,899,805	\$ 57,359,051
	-	-	-	4,516	67,273	6,303
	912,507	1,205,480	829,711	903,735	736,507	640,673
	16,333,241	15,281,478	13,980,994	12,775,912	11,551,178	12,035,474
	11,477,740	10,969,940	10,403,813	10,090,241	9,681,946	9,939,103
	23,138,061	21,790,954	19,813,088	21,108,957	19,494,885	20,293,881
	14,064,638	13,675,484	12,563,251	9,486,934	9,459,757	10,270,613
	26,432,169	27,815,696	27,692,817	28,724,249	31,873,082	39,320,494
	1,562,463	1,403,408	1,388,717	1,383,521	1,418,145	1,421,243
	6,966,274	6,759,801	6,731,486	6,589,876	6,414,932	6,265,826
	167,136,589	159,722,412	152,850,981	148,834,519	144,597,510	157,552,662
	6,602,765	5,964,767	1,340,664	1,513,884	1,821,871	2,054,633
	-	240,389	10,154	217	-	3,500
	1,911,123	1,731,576	1,715,994	849,455	1,400,934	464,503
	284,829	1,166,614	873,318	566,261	536,677	496,724
	320,767	274,655	208,684	290,477	500,835	396,033
	9,119,484	9,378,001	4,148,813	3,220,294	4,260,317	3,415,392
\$	176,256,073	\$ 169,100,413	\$ 156,999,794	\$ 152,054,813	\$ 148,857,827	\$ 160,968,054

(Continued)

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

	For the Fiscal Year Ended August 31,			
	2020	2019	2018	2017
Operating Expenses				
Instruction	39.63%	38.89%	36.43%	38.10%
Research	-	-	-	-
Public service	0.54%	0.79%	1.07%	0.38%
Academic support	9.00%	9.72%	8.58%	9.19%
Student services	6.02%	6.16%	5.49%	6.04%
Institutional support	14.63%	13.61%	12.56%	14.01%
Operations and maintenance of plant	8.54%	9.09%	9.39%	8.59%
Scholarships and fellowships	12.19%	11.73%	12.85%	13.99%
Auxiliary enterprises	1.10%	1.46%	1.57%	1.36%
Depreciation	5.09%	5.07%	4.65%	3.90%
Total Operating Expenses	96.74%	96.52%	92.59%	95.56%
Non-Operating Expenses				
Interest on capital related debt	2.44%	2.40%	1.65%	2.23%
Loss on sale/disposal/return on capital assets	-	0.05%	0.39%	-
Non-capital construction costs	0.49%	0.86%	5.20%	1.91%
Bond costs amortization	0.22%	0.07%	0.13%	0.16%
Other non-operating expenses	0.11%	0.10%	0.04%	0.14%
Total Non-Operating Expenses	3.26%	3.48%	7.41%	4.44%
Total Expenses	100.00%	100.00%	100.00%	100.00%

Notes:

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

(Continued)

For the Fiscal Year Ended August 31,

2016	2015	2014	2013	2012	2011
37.59%	35.97%	37.86%	37.99%	36.22%	35.63%
-	-	-	-	0.05%	-
0.52%	0.71%	0.53%	0.59%	0.49%	0.40%
9.27%	9.03%	8.91%	8.40%	7.76%	7.48%
6.51%	6.49%	6.63%	6.64%	6.50%	6.17%
13.13%	12.88%	12.62%	13.88%	13.10%	12.61%
7.98%	8.09%	8.00%	6.24%	6.35%	6.38%
15.00%	16.45%	17.64%	18.89%	21.41%	24.43%
0.88%	0.83%	0.88%	0.91%	0.95%	0.88%
3.95%	4.00%	4.29%	4.34%	4.31%	3.89%
94.83%	94.45%	97.36%	97.88%	97.14%	97.87%
3.75%	3.53%	0.85%	1.00%	1.22%	1.28%
-	0.14%	0.01%	-	-	-
1.08%	1.03%	1.09%	0.56%	0.94%	0.29%
0.16%	0.69%	0.56%	0.37%	0.36%	0.31%
0.18%	0.16%	0.13%	0.19%	0.34%	0.25%
5.17%	5.55%	2.64%	2.12%	2.86%	2.13%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Academic Year (Fall)	Registration Fee (per student)	Resident					Student Activity Fee
		Fees per Semester Credit Hour (SCH)					
		In-District Tuition (a)	Out-of-District Tuition (a)	Technology Fee	Learning Support Fee		
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	-	
2011	90/150	67	76	16	12	-	
2010	90/150	63	76	16	12	-	

Academic Year (Fall)	Registration Fee (per student)	Non - Resident					Student Activity Fee
		Fees per Semester Credit Hour (SCH)					
		Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fee	Learning Support Fee		
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	-	
2011	90/150	202	202	16	12	-	
2010	90/125	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
\$ 1,626	\$ 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	-	-
1,230/1,290	1,339/1,399	4.06%	-
1,182/1,217	1,339/1,374	10.06%	8.77%

Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase From Prior Year Out-of-State	Increase From Prior Year International
\$ 3,102	\$ 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	-	-
2,850/2,910	2,850/2,910	-	-
2,850/2,885	2,850/2,885	3.94%	3.94%

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)
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
2011-12	38,076,515,412	8,066,423,089	491,916,984	29,518,175,339
2010-11	38,564,676,317	8,008,313,427	466,703,913	30,089,658,977

Notes:

Property is assessed at fair market value.

Property in each county is reassessed annually.

Exempt property includes exclusions.

(a) Tax rates are per \$100 of Taxable Assessed Value.

Sources:

Hidalgo County Tax Assessor & Collector

Starr County Tax Assessor & Collector

Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Maintenance & Operations (a)	Debt Service (a)	Total (a)
	75.88%	0.1400	0.0333
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
77.52%	0.1100	0.0407	0.1507
78.02%	0.1100	0.0397	0.1497

Statistical Supplement 6a
General Appropriations Act Before Contact Hour Adjustments¹
Last Ten Fiscal Years
(unaudited)

Appropriation Funding Elements	For the Fiscal Year Ended August 31,			
	2020	2019	2018	2017
State Appropriation Contact Hour Funding (CH)	\$ 34,850,456	\$ 34,396,461	\$ 34,397,316	\$ 32,558,148
State Appropriation Student Success Points (SSP)	5,346,394	4,089,966	4,089,967	3,670,735
State Appropriation Core Operations (CO)	680,406	680,406	680,406	500,000
State Appropriation Bachelor of Applied Technology (BAT)	1,307,616	1,071,990	1,071,990	805,107
Total	\$ 42,184,872	\$ 40,238,823	\$ 40,239,679	\$ 37,533,990

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

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

Source:
THECB - Ten Pay Schedule

For the Fiscal Year Ended August 31,

2016	2015	2014*	2013	2012	2011
\$ 33,471,584	\$ 31,439,245	\$ 31,439,245	\$ 33,527,444	\$ 31,810,174	\$ 27,944,746
3,670,736	3,394,950	3,394,950	-	-	-
500,000	500,000	500,000	-	-	-
805,106	562,474	562,474	354,687	355,845	331,297
\$ 38,447,426	\$ 35,896,669	\$ 35,896,669	\$ 33,882,131	\$ 32,166,019	\$ 28,276,043

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

Fiscal Year	State Appropriation (Unrestricted) From Sch C	FTSE ¹	State Appropriation per FTSE
2020	\$ 34,850,456	21,902	\$ 1,591
2019	34,396,461	20,835	1,651
2018	34,397,316	21,619	1,591
2017	32,558,148	21,474	1,516
2016	33,471,584	21,665	1,545
2015	31,439,245	20,585	1,527
2014*	31,439,245	20,306	1,548
2013	33,527,444	19,729	1,699
2012	31,810,174	18,991	1,675
2011	27,944,746	18,904	1,478

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

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

*Formula funding methodology changed is fiscal year 2014.

Source:
CBM004/CBM001 and CBM00C/CBM00A.

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

Fiscal Year	CH - State Appropriation (Unrestricted) ¹	Academic Contact Hours	Technical Contact Hours	Continuing Education Contact Hours	Total Funded Contact Hours ²	CH- State Appropriation per Funded Contact Hour
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
2012	31,810,174	8,112,432	3,076,192	219,989	11,408,613	2.79
2011	27,944,746	8,185,840	2,902,848	176,179	11,264,867	2.48

Note:

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

¹State Funded Contact Hour Appropriations as it appears in schedule 6a.

²Contact 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

Statistical Supplement 6d
State Appropriation per Student Success Point - Annualized
Last Seven Fiscal Years¹
(unaudited)

Fiscal Year	SSP - State Appropriation (unrestricted) ²	Year Average Student Success Points	Appropriation per Success Point
2020	\$ 5,346,394	52,796	\$ 101.27
2019	4,089,966	53,382	76.62
2018	4,089,967	53,823	75.99
2017	3,670,735	51,888	70.74
2016	3,670,736	50,659	72.46
2015	3,394,950	45,191	75.12
2014*	3,394,950	45,173	75.15

Note: □

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

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

²State 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 points. As such, 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 Seven Fiscal Years¹
(Unaudited)

Success Point Elements ²	For the Fiscal Year Ended August 31,						
	2020	2019	2018	2017	2016	2015	2014*
Math Readiness	1,888	1,467	1,867	1,939	1,857	1,289	1,307
Read Readiness	797	1,266	1,655	1,658	1,470	1,229	1,488
Write Readiness	699	608	1,058	1,618	1,516	1,222	1,650
Students Who Pass FCL Math Course	6,402	6,758	6,586	6,370	6,251	5,654	5,673
Students Who Pass FCL Read Course	4,097	8,894	8,520	8,048	8,016	7,366	5,894
Students Who Pass FCL Write Course	3,455	7,503	7,151	6,776	6,801	6,261	5,545
Students Who Complete 15 SCH	10,048	10,192	9,919	9,861	10,364	8,574	9,911
Students Who Complete 30 SCH	6,438	6,997	6,807	6,423	6,083	5,011	5,798
Student Transfers to a 4-Yr Inst	5,772	2,962	3,037	3,029	2,592	3,202	3,017
Degrees, CCCs, or Certs (Unduplicated)	8,990	5,234	5,416	4,309	3,760	3,428	2,987
Degrees or Certs in Critical Fields	4,210	1,501	1,807	1,857	1,949	1,955	1,903
Total Annual Success Points	52,796	53,382	53,823	51,888	50,659	45,191	45,173

Note:

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

¹Appropriations 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.

²These are annual SSP, not 3-year rolling averages for year 2019 and prior.

*Formula funding methodology changed in fiscal year 2014.

Source:

THECB - Accountability System

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

Taxpayer ¹	Type of Business	Taxable Assessed Value (TAV) by Tax Year			
		2020	2019	2018	2017
AEP Texas Inc.	Electric Utility	\$ 504,873,150	\$ 404,804,330	\$ 352,495,470	\$ -
EDP Renewables NA-Los Mirasole	Electric Utility	258,825,660	283,318,230	234,782,400	-
Merit Energy Company	Electric Utility	172,941,689	159,177,822	230,641,575	-
Simon Property Group - McAllen No.2	Development	170,193,064	135,839,131	154,055,359	121,013,266
Merit Energy LTD	Electric Utility	135,619,580	132,743,560	-	-
CPG Mercedes LP	Real Estate	115,000,000	89,891,425	79,979,184	71,900,000
H. E. Butt Grocery Company	Grocery Chain	104,625,471	104,522,304	114,446,193	106,142,740
Electric Transmission of Texas	Electric Utility	97,727,750	103,752,010	100,423,530	-
AEP Electric Transmission of Texas	Electric Utility	77,366,680	75,178,960	84,059,570	-
NET Mexico Pipeline Partners LLC	Pipeline	75,256,980	79,214,920	68,130,000	61,062,170
South Texas Elec Coop-Red Gate	Electric Utility	70,814,340	153,130,490	153,130,490	71,187,500
McAllen Levcal LLC	Development	63,301,789	60,056,707	58,275,372	-
Big Sky Commercial Property	Commercial	61,006,197	61,421,881	-	-
Magic Valley Electric Co-op	Electric Utility	57,138,160	56,017,320	-	-
Rio Grande Regional Hospital	Hospital	55,249,830	-	-	54,728,656
Frontera Generation LTD Partnership	Land & Improvements	-	56,052,250	57,631,060	61,378,270
Los Vientos Windpower IV, LLC	Electric Utility	-	-	308,100,000	-
Los Vientos Windpower III, LLC	Electric Utility	-	-	287,000,000	325,864,600
Los Vientos Windpower V, LLC	Electric Utility	-	-	146,599,970	86,150,000
AEP Texas Central Co.	Electric Utility	-	-	-	294,465,210
OXY USA Inc.	Oil & Gas	-	-	-	120,816,900
Walmart Stores	Retail Store	-	-	-	58,267,204
Calpine Const Fin (Magic VY GN)	Electric Utility	-	-	-	54,720,720
Day Surgery at Renaissance LLC	Healthcare	-	-	-	49,580,969
Southwestern Bell Telephone	Utility	-	-	-	48,706,030
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	-	-	-	-
Chevron U.S.A. Inc.	Oil & Gas	-	-	-	-
Kerr-McGee Oil & Gas Onshore	Oil & Gas	-	-	-	-
Shell Western E&G Inc.	Oil & Gas	-	-	-	-
Smith Production Inc.	Oil & Gas	-	-	-	-
Total		2,019,940,340	1,955,121,340	2,429,750,173	1,585,984,235
Total Taxable Assessed Value		\$ 40,256,755,406	\$ 38,381,832,847	\$ 36,596,147,819	\$ 34,902,217,340

¹ Includes both Starr and Hidalgo Counties

Sources:
First Southwest Company: Table 5 - Fifteen Largest Taxpayers, pg. 4
South Texas College District CAFR (Fiscal Year Ended August 31, 2019): Note 18 - Ad Valorem Tax

Taxable Assessed Value (TAV) by Tax Year

2016	2015	2014	2013	2012	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
115,303,024	85,303,024	61,802,878	51,503,892	50,708,897	50,944,799
-	-	-	-	-	-
71,900,000	71,900,000	59,259,989	59,589,853	59,589,853	60,625,220
105,032,930	104,974,764	99,587,906	97,514,949	100,817,846	114,289,734
-	-	-	-	-	-
-	-	-	-	-	-
50,433,870	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
54,415,269	54,415,269	56,328,437	56,871,910	52,965,623	66,677,559
60,508,140	67,964,220	63,178,400	69,157,000	70,561,190	82,100,300
-	-	-	-	-	-
227,904,960	-	-	-	-	-
-	-	-	-	-	-
294,682,640	261,746,510	240,344,300	193,373,940	186,023,180	174,591,370
379,446,207	480,051,211	417,907,900	379,637,700	570,009,910	-
83,501,468	111,616,706	110,650,697	87,206,008	85,068,298	104,810,618
61,014,790	65,093,830	64,184,330	73,089,400	69,200,480	87,490,000
94,283,759	96,644,921	87,177,604	88,878,995	-	-
-	51,319,700	53,302,090	54,950,030	70,080,780	93,005,380
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	54,844,645	83,905,804
-	41,915,932	-	-	-	-
-	-	86,226,095	110,119,062	123,772,278	233,251,590
-	-	62,055,660	78,265,270	66,012,120	-
-	-	-	-	52,344,210	194,500,240
-	-	-	-	48,146,650	107,433,880
-	-	-	-	-	697,953,120
-	-	-	-	-	153,359,110
1,772,855,189	1,671,299,393	1,571,194,120	1,505,421,143	1,660,145,960	2,304,938,724
\$ 33,304,492,691	\$ 30,965,159,425	\$ 30,246,199,691	\$ 29,645,534,071	\$ 29,518,175,339	\$ 30,089,658,977

(Continued)

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

Taxpayer ¹	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year			
		2020	2019	2018	2017
AEP Texas Inc.	Electric Utility	1.25%	1.05%	0.96%	-
EDP Renewables NA-Los Mirasole	Electric Utility	0.64%	0.74%	0.64%	-
Merit Energy Company	Electric Utility	0.43%	0.41%	0.63%	-
Simon Property Group - McAllen No.2	Development	0.42%	0.35%	0.42%	0.35%
Merit Energy LTD	Electric Utility	0.34%	0.35%	-	-
CPG Mercedes LP	Real Estate	0.29%	0.23%	0.22%	0.21%
H. E. Butt Grocery Company	Grocery Chain	0.26%	0.27%	0.31%	0.30%
Electric Transmission of Texas	Electric Utility	0.24%	0.27%	0.27%	-
AEP Electric Transmission of Texas	Electric Utility	0.19%	0.20%	0.23%	-
NET Mexico Pipeline Partners LLC	Pipeline	0.19%	0.21%	0.19%	0.17%
South Texas Elec Coop-Red Gate	Electric Utility	0.18%	0.40%	0.42%	0.20%
McAllen Levcal LLC	Development	0.16%	0.16%	0.16%	-
Big Sky Commercial Property	Commercial	0.15%	0.16%	-	-
Magic Valley Electric Co-op	Electric Utility	0.14%	0.15%	-	-
Rio Grande Regional Hospital	Hospital	0.14%	-	-	0.16%
Frontera Generation LTD Ptnshp	Land & Improvements	-	0.15%	0.16%	0.18%
Los Vientos Windpower IV, LLC	Electric Utility	-	-	0.84%	-
Los Vientos Windpower III, LLC	Electric Utility	-	-	0.78%	0.93%
Los Vientos Windpower V, LLC	Electric Utility	-	-	0.40%	0.25%
AEP Texas Central Co.	Electric Utility	-	-	-	0.84%
OXY USA Inc.	Oil & Gas	-	-	-	0.35%
Walmart Stores	Retail Store	-	-	-	0.17%
Calpine Const Fin (Magic VY GN)	Electric Utility	-	-	-	0.16%
Day Surgery at Renaissance LLC	Healthcare	-	-	-	0.14%
Southwestern Bell Telephone	Utility	-	-	-	0.14%
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	-	-	-	-
Chevron U.S.A. Inc.	Oil & Gas	-	-	-	-
Kerr-McGee Oil & Gas Onshore	Oil & Gas	-	-	-	-
Shell Western E&G Inc.	Oil & Gas	-	-	-	-
Smith Production Inc.	Oil & Gas	-	-	-	-
Total		5.02%	5.10%	6.63%	4.55%

¹ Includes both Starr and Hidalgo Counties

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

(Continued)

% of Taxable Assessed Value (TAV) by Tax Year

2016	2015	2014	2013	2012	2011
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
0.35%	0.28%	0.20%	0.17%	0.17%	0.17%
-	-	-	-	-	-
0.22%	0.23%	0.20%	0.20%	0.20%	0.20%
0.32%	0.34%	0.33%	0.33%	0.34%	0.38%
-	-	-	-	-	-
-	-	-	-	-	-
0.15%	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
0.16%	0.18%	0.19%	0.19%	0.18%	0.22%
0.18%	0.22%	0.21%	0.23%	0.24%	0.27%
-	-	-	-	-	-
0.68%	-	-	-	-	-
-	-	-	-	-	-
0.88%	0.85%	0.79%	0.65%	0.63%	0.58%
1.14%	1.55%	1.38%	1.28%	1.93%	-
0.25%	0.36%	0.37%	0.29%	0.29%	0.35%
0.18%	0.21%	0.21%	0.25%	0.23%	0.29%
0.28%	0.31%	0.29%	0.30%	-	-
-	0.17%	0.18%	0.19%	0.24%	0.31%
0.19%	0.22%	0.19%	0.17%	-	-
0.19%	0.21%	-	-	-	-
0.14%	0.15%	0.17%	0.18%	0.19%	0.28%
-	0.14%	-	-	-	-
-	-	0.29%	0.37%	0.42%	0.77%
-	-	0.21%	0.26%	0.22%	-
-	-	-	-	0.18%	0.64%
-	-	-	-	0.16%	0.36%
-	-	-	-	-	2.31%
-	-	-	-	-	0.51%
5.31%	5.42%	5.21%	5.06%	5.62%	7.64%

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
2020	\$ 68,722,111	\$ 12,810	\$ 68,734,921	\$ 65,210,474	94.87%
2019	67,294,780	6,812	67,301,592	63,995,664	95.09%
2018	66,558,586	497,671	67,056,257	63,658,716	94.93%
2017	63,195,313	(18,294)	63,177,019	59,624,975	94.38%
2016	60,279,269	114,891	60,394,160	57,139,510	94.61%
2015	56,134,038	626,961	56,760,999	53,732,185	94.66%
2014	45,078,972	40,578	45,119,550	42,542,880	94.29%
2013	44,351,826	(148,240)	44,203,586	41,562,746	94.03%
2012	44,227,775	(145,505)	44,082,270	41,368,696	93.84%
2011	44,806,807	(78,134)	44,728,673	41,594,864	92.99%

Notes:

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

*Includes rollback total collections

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

Source:

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

Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Penalty & Interest Collections (f)	Total Collections	Cumulative Collections of Adjusted Levy
\$ -	\$ -	\$ 720,975	\$ 65,931,449	95.92%
-	1,494,357	348,334	65,838,355	97.83%
1,625,276	468,465 *	168,141 *	65,920,600	98.31%
2,270,350 *	253,066	116,165	62,264,556	98.56%
2,336,944	141,157	79,800	59,697,411	98.85%
2,282,224	83,597	53,523	56,151,529	98.93%
2,034,036	51,726	38,548	44,667,190	99.00%
2,181,345	38,472	33,262	43,815,826	99.12%
2,246,746	31,963	30,919	43,678,323	99.08%
2,637,355	25,731	27,805	44,285,755	99.01%

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

	For the Year Ended August 31,			
	2020	2019	2018	2017
General Bonded Debt				
General obligation bonds	\$ 143,183,241	\$ 148,812,889	\$ 156,832,917	\$ 167,532,403
Less: Funds restricted for debt service	(16,002,125)	(15,817,687)	(14,017,689)	(14,329,738)
Net General Bonded Debt	\$ 127,181,116	\$ 132,995,202	\$ 142,815,228	\$ 153,202,665
Total Outstanding Debt	\$ 143,183,241	\$ 148,812,889	\$ 156,832,917	\$ 167,532,403

General Bonded Debt Ratios

Per Capita (a)	\$ 118.12	\$ 126.59	\$ 139.35	\$ 153.34
Per FTSE (b)	5,807	6,383	6,606	7,134
As a percentage of taxable assessed value (c)	0.32%	0.35%	0.39%	0.44%
As a percentage of personal income (d)	0.45%	0.50%	0.57%	0.62%

Total Outstanding Debt Ratios

Per Capita (a)	\$ 132.98	\$ 141.64	\$ 153.02	\$ 167.69
Per FTSE (b)	6,537	7,142	7,254	7,802
As a percentage of taxable assessed value (c)	0.36%	0.39%	0.43%	0.48%
As a percentage of personal income (d)	0.50%	0.56%	0.63%	0.68%

Notes:

- (a) Ratio 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,

2016	2015	2014	2013	2012	2011
\$ 178,297,054	\$ 188,761,705	\$ 97,817,879	\$ 47,249,685	\$ 56,569,741	\$ 65,994,008
(15,223,843)	(17,161,084)	(17,635,362)	(16,294,897)	(14,493,499)	(13,204,788)
\$ 163,073,211	\$ 171,600,621	\$ 80,182,517	\$ 30,954,788	\$ 42,076,242	\$ 52,789,220
\$ 178,297,054	\$ 188,761,705	\$ 97,817,879	\$ 47,249,685	\$ 56,569,741	\$ 65,994,008

\$ 179.27	\$ 191.20	\$ 90.61	\$ 35.43	\$ 48.87	\$ 62.23
7,527	8,336	3,949	1,569	2,216	2,792
0.49%	0.55%	0.27%	0.10%	0.14%	0.18%
0.76%	0.87%	0.43%	0.17%	0.35%	0.62%

\$ 196.01	\$ 210.33	\$ 110.54	\$ 54.08	\$ 65.70	\$ 77.80
8,230	9,170	4,817	2,395	2,979	3,491
0.54%	0.61%	0.32%	0.16%	0.19%	0.22%
0.83%	0.96%	0.52%	0.26%	0.47%	0.77%

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
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	(15,817,687)	176,091,477	(13,728,356)	162,363,121	(1.09%)
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%)
2012	29,518,175,339	147,590,877	(14,493,499)	133,097,378	(11,151,900)	121,945,478	(2.26%)
2011	30,089,658,977	150,448,295	(13,204,788)	137,243,507	(11,148,943)	126,094,565	(1.37%)

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)
2020	1,076,737 (7)	\$ 39,165 (8)	\$ 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)
2012	860,992 (2)	32,471 (5)	24,741 (5)	28,606	16,272 (1)	11,980 (1)
2011	848,228 (2)	33,558 (4)	19,931 (4)	26,745	12,056 (4)	8,099 (4)

Sources:

- (1) Texas Labor Market Information (TWC)
- (2) Office of the State Demographer
- (3) Starr County Data
- (4) Economic Development Intelligence System
- (5) Zoom Prospector
- (6) FRED Economic Data & Research 2016 - Federal Reserve Bank of St. Louis
- (7) Hilltop Securities
- (8) Datausa.Hidalgo 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)
\$ 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)
14,126	12,162,373	11.70% (1)	14.70% (1)	13.20% (1)	7.05% (1)	8.20% (1)
10,078	8,548,442	12.60% (1)	16.80% (1)	14.70% (1)	8.50% (1)	9.10% (1)

Statistical Supplement 13
Principal Employers
(unaudited)

Employer	2020		Employer	2011	
	Number of Employees	Percentage of Total Employment		Number of Employees	Percentage of Total Employment
H-E-B ¹ *	5,861	1.73%	H-E-B	4,339	1.76%
University of Texas Rio Grande Va	5,822	1.72%	P.S.J.A. Independent School Distr	4,305	1.75%
Wal-Mart*	5,378	1.59%	Wal-Mart	3,791	1.54%
Edinburg Consolidated I.S.D.	4,878	1.44%	Edinburg Consolidated I.S.D.	3,690	1.50%
Doctor's Hospital at Renaissance	4,600	1.36%	McAllen Consolidated I.S.D.	3,685	1.49%
Pharr-San Juan-Alamo I.S.D.	4,370	1.29%	Hidalgo County	3,113	1.26%
La Joya ISD	4,214	1.25%	Edinburg Regional Medical Cent	3,075	1.25%
Hidalgo County ²	4,135	1.22%	University of Texas - Pan Americ	2,921	1.18%
McAllen Independent School Distric	3,265	0.97%	Weslaco I.S.D.	2,887	1.17%
South Texas Health System	2,500	0.74%	McAllen Medical Center	2,870	1.16%
Total	45,023	13.32%	Total	34,676	14.06%

Note:

Total employment as of August 2020 for the district was 338,116. Based on latest economic indicators, provided by the Texas Workforce Commission for Texas Labor Market Information.

¹ Includes Hidalgo County and Starr County. Starr County data not found for 2019, used 2016.

² 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 2019 CAFR

Starr County Industrial Foundation

South Texas College 2011 CAFR

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Faculty										
Full-time	657	642	623	590	593	538	533	517	500	502
Part-time	525	540	536	583	536	522	519	493	475	468
Total	1,182	1,182	1,159	1,173	1,129	1,060	1,052	1,010	975	970
Percent										
Full-time	55.6%	54.3%	53.8%	50.3%	52.5%	50.8%	50.7%	51.2%	51.3%	51.8%
Part-time	44.4%	45.7%	46.2%	49.7%	47.5%	49.2%	49.3%	48.8%	48.7%	48.2%
Staff and Administrators										
Full-time	1,142	1,147	1,078	918	877	852	827	768	704	660
Part-time	806	909	827	855	857	933	902	924	911	904
Total	1,948	2,056	1,905	1,773	1,734	1,785	1,729	1,692	1,615	1,564
Percent										
Full-time	58.6%	55.8%	56.6%	51.8%	50.6%	47.7%	47.8%	45.4%	43.6%	42.2%
Part-time	41.4%	44.2%	43.4%	48.2%	49.4%	52.3%	52.2%	54.6%	56.4%	57.8%
Total										
Full-time	1,799	1,789	1,701	1,508	1,470	1,390	1,360	1,285	1,204	1,162
Part-time	1,331	1,449	1,363	1,438	1,393	1,455	1,421	1,417	1,386	1,372
Total	3,130	3,238	3,064	2,946	2,863	2,845	2,781	2,702	2,590	2,534
Percent										
Full-time	57.5%	55.3%	55.5%	51.2%	51.3%	48.9%	48.9%	47.6%	46.5%	45.9%
Part-time	42.5%	44.7%	44.5%	48.8%	48.7%	51.1%	51.1%	52.4%	53.5%	54.1%
FTSE per Full-time Faculty	33.3	32.5	34.7	36.4	36.5	38.3	38.1	38.2	38.0	37.7
FTSE per Full-time Staff member	19.2	18.2	20.1	23.4	24.7	24.2	24.6	25.7	27.0	28.6
FTSE*	21,902	20,835	21,619	21,474	21,665	20,585	20,306	19,729	18,991	18,904
Average Annual Faculty Salary	\$75,002	\$75,221	\$77,178	\$74,689	\$70,691	\$72,614	\$72,163	\$71,495	\$71,840	\$75,676

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)

Student Classification	Academic									
	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	21,057	64.84%	20,131	63.63%	19,830	63.21%	22,276	67.41%	23,509	69.16%
31-60 hours	8,829	27.18%	9,076	28.69%	9,335	29.75%	8,884	26.89%	8,549	25.15%
> 60 hours	2,592	7.98%	2,433	7.68%	2,209	7.04%	1,884	5.70%	1,936	5.69%
Total	32,478	100.00%	31,640	100.00%	31,374	100.00%	33,044	100.00%	33,994	100.00%

Semester Hour Load	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	186	0.57%	171	0.54%	129	0.41%	132	0.40%	83	0.24%
3-5 semester hours	7,033	21.65%	7,149	22.59%	7,168	22.85%	8,906	26.95%	9,918	29.18%
6-8 semester hours	8,819	27.17%	8,483	26.81%	8,079	25.75%	8,408	25.44%	8,376	24.64%
9-11 semester hours	6,892	21.22%	6,891	21.78%	6,812	21.71%	6,531	19.76%	6,465	19.02%
12-14 semester hours	8,305	25.57%	7,694	24.32%	7,914	25.22%	7,673	23.22%	7,686	22.61%
15-17 semester hours	1,131	3.48%	1,156	3.65%	1,151	3.67%	1,236	3.74%	1,300	3.82%
18 & over	112	0.34%	96	0.31%	121	0.39%	158	0.49%	166	0.49%
Total	32,478	100.00%	31,640	100.00%	31,374	100.00%	33,044	100.00%	33,994	100.00%

Average course load 8.55 8.49 8.57 8.28 7.58

Tuition Status	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Resident (in-district)	30,498	93.90%	29,691	93.84%	29,364	93.59%	30,925	93.59%	31,881	93.78%
Resident (out-of-district)	894	2.75%	814	2.57%	756	2.41%	738	2.23%	682	2.01%
Non-Resident Tuition	1,086	3.35%	1,135	3.59%	1,254	4.00%	1,381	4.18%	1,431	4.21%
Total	32,478	100.00%	31,640	100.00%	31,374	100.00%	33,044	100.00%	33,994	100.00%

Source:
CBM001

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

Student Classification (Contact Hours)	Continuing Education									
	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Continuing Education (CE)	1,464	100.00%	1,199	100.00%	1,364	100.00%	1,124	100.00%	1,426	21.43%
CE Not State Funded	-	-	-	-	-	-	-	-	5,229	78.57%
Inter-Institutional	-	-	-	-	-	-	-	-	-	-
Total	1,464	100.00%	1,199	100.00%	1,364	100.00%	1,124	100.00%	6,655	100.00%

Contact Hour Load	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	-	-	-	-	55	4.03%	-	-	-	-
3-5 semester hours	-	-	-	-	-	-	-	-	1	0.01%
6-8 semester hours	129	8.81%	130	10.84%	129	9.46%	39	3.47%	67	1.01%
9-11 semester hours	128	8.74%	16	1.33%	49	3.59%	4	0.36%	39	0.59%
12-14 semester hours	95	6.49%	141	11.76%	124	9.09%	150	13.35%	238	3.58%
15-17 semester hours	59	4.03%	108	9.01%	66	4.84%	3	0.27%	27	0.40%
18 & over	1,053	71.93%	804	67.06%	941	68.99%	928	82.55%	6,283	94.41%
Total	1,464	100.00%	1,199	100.00%	1,364	100.00%	1,124	100.00%	6,655	100.00%

Average course load 39.37 46.43 44.71 55.69 66.05

Tuition Status	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	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	1,464	100.00%	1,199	100.00%	1,364	100.00%	1,124	100.00%	6,655	100.00%
Total	1,464	100.00%	1,199	100.00%	1,364	100.00%	1,124	100.00%	6,655	100.00%

Source:
CBM00A

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

Academic

Gender	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	18,487	56.92%	17,862	56.45%	17,421	55.53%	18,304	55.39%	18,999	55.89%
Male	13,991	43.08%	13,778	43.55%	13,953	44.47%	14,740	44.61%	14,995	44.11%
Total	32,478	100.00%	31,640	100.00%	31,374	100.00%	33,044	100.00%	33,994	100.00%

Ethnic Origin	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	738	2.27%	702	2.22%	756	2.41%	920	2.78%	979	2.88%
Hispanic	31,010	95.49%	30,107	95.15%	29,668	94.56%	31,130	94.21%	31,865	93.74%
African American	118	0.36%	94	0.30%	97	0.31%	84	0.25%	85	0.25%
Asian	237	0.73%	258	0.82%	282	0.90%	285	0.86%	265	0.78%
Foreign	79	0.24%	79	0.25%	107	0.34%	114	0.34%	100	0.29%
Native American	21	0.06%	18	0.06%	19	0.06%	16	0.05%	18	0.05%
Unknown	275	0.85%	382	1.21%	445	1.42%	495	1.51%	682	2.01%
Total	32,478	100.00%	31,640	100.00%	31,374	100.00%	33,044	100.00%	33,994	100.00%

Age	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	13,346	41.09%	12,652	39.99%	11,456	36.51%	13,404	40.56%	14,501	42.66%
18 - 21	11,467	35.31%	11,111	35.12%	11,518	36.71%	11,258	34.07%	10,955	32.22%
22 - 24	2,767	8.52%	2,886	9.12%	3,209	10.23%	3,151	9.54%	3,164	9.31%
25 - 35	3,471	10.69%	3,567	11.27%	3,748	11.95%	3,827	11.58%	3,901	11.48%
36 - 50	1,290	3.97%	1,283	4.05%	1,298	4.14%	1,265	3.83%	1,309	3.85%
51 & over	137	0.42%	141	0.45%	145	0.46%	139	0.42%	164	0.48%
Total	32,478	100.00%	31,640	100.00%	31,374	100.00%	33,044	100.00%	33,994	100.00%

Average Age 20.6 20.4 20.7 20.4 20.3

Source:
CBM001

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

Continuing Education

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	905	61.82%	816	68.06%	842	61.73%	785	69.84%	3,613	54.29%
Male	559	38.18%	383	31.94%	522	38.27%	339	30.16%	3,042	45.71%
Total	1,464	100.00%	1,199	100.00%	1,364	100.00%	1,124	100.00%	6,655	100.00%

Ethnic Origin	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	13	0.89%	20	1.67%	17	1.25%	20	1.78%	148	2.22%
Hispanic	1,100	75.14%	1,031	85.99%	1,183	86.73%	752	66.90%	3,688	55.42%
African American	1	0.07%	1	0.08%	3	0.22%	-	-	11	0.16%
Asian	3	0.20%	3	0.26%	6	0.44%	5	0.44%	10	0.15%
Foreign	-	0.00%	1	0.08%	1	0.07%	-	-	-	-
Native American	-	0.00%	1	0.08%	-	-	-	-	3	0.05%
Unknown	347	23.70%	142	11.84%	154	11.29%	347	30.88%	2,795	42.00%
Total	1,464	100.00%	1,199	100.00%	1,364	100.00%	1,124	100.00%	6,655	100.00%

Age	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	74	5.05%	18	1.50%	-	0.00%	2	0.18%	5,159	77.52%
18 - 21	142	9.70%	111	9.26%	107	7.84%	145	12.90%	447	6.72%
22 - 24	87	5.94%	80	6.67%	78	5.72%	86	7.65%	129	1.94%
25 - 35	324	22.13%	301	25.10%	409	29.99%	338	30.07%	323	4.85%
36 - 50	565	38.59%	487	40.62%	542	39.74%	431	38.35%	461	6.93%
51 & over	272	18.57%	202	16.85%	228	16.71%	122	10.85%	136	2.04%
Unknown	-	-	-	-	-	-	-	-	-	-
Total	1,464	100.00%	1,199	100.00%	1,364	100.00%	1,124	100.00%	6,655	100.00%

Average Age 38.0 38.0 38.0 36.0 19.0

Source:
CBM00A

Statistical Supplement 17
Transfers to Senior Institutions
Students as of Fall 2019

(includes only the top 25 public senior colleges in Texas)
(unaudited)

	Transfer Student Count	Transfer Student Count	Transfer* Student Count	Total of All Sample Transfer Students	% of All Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 The University of Texas - Rio Grande Valley	2,899	310	-	3,209	54.72%
2 South Texas College	530	586	-	1,116	19.03%
3 Texas A&M University	294	20	-	314	5.35%
4 Texas A&M University - Kingsville	184	16	-	200	3.41%
5 The University of Texas at San Antonio	174	19	-	193	3.29%
6 The University of Texas at Austin	166	14	-	180	3.07%
7 Texas State University	138	24	-	162	2.76%
8 Texas A&M University - Corpus Christi	72	7	-	79	1.35%
9 Texas A&M International University	54	7	-	61	1.04%
10 University of Houston	44	2	-	46	0.78%
11 Sam Houston State University	30	-	-	30	0.51%
12 Texas State Technical College - Harlingen	30	21	-	51	0.87%
13 The University of Texas at Arlington	26	19	-	45	0.77%
14 Texas A&M University System Health Science Center	23	1	-	24	0.41%
15 Texas Tech University	21	5	-	26	0.44%
16 University of North Texas	20	2	-	22	0.38%
17 Austin Community College	18	3	-	21	0.36%
18 Blinn College District	13	1	-	14	0.24%
19 Lamar University	11	1	-	12	0.20%
20 Stephen F. Austin State University	9	1	-	10	0.17%
21 ACCD - Northwest Vista College	8	5	-	13	0.22%
22 ACCD - San Antonio College	8	1	-	9	0.15%
23 The University of Texas at Dallas	8	-	-	8	0.14%
24 Texas Southmost College	6	5	-	11	0.19%
25 University of Houston - Victoria	6	2	-	8	0.14%
Total	4,792	1,072	-	5,864	100.00%

Notes:

Student count for South Texas College represents graduates or completers who have returned to pursue additional education at same institution.
In addition to the 4,792 Academy Students, 105 were transferred to 49 other Senior Institutions.
In addition to the 1,072 Technical Students, 41 were transferred to 25 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				
	2020	2019	2018	2017	2016
Academic buildings	33	32	32	24	23
Square footage	1,332,310	1,366,431	1,366,431	963,682	949,435
Academic portable buildings	36	38	33	35	35
Square footage	53,643	56,811	50,278	53,446	53,446
Libraries	3	4	4	3	3
Square footage	121,311	135,152	135,152	105,507	105,507
Libraries portable buildings	1	-	-	-	-
Square footage	1,504				
Number of volumes	133,686	138,082	139,047	143,535	141,913
Administrative and support buildings	16	14	14	13	13
Square footage	387,260	339,298	339,298	294,733	305,970
Administrative and support portable buildings	18	16	16	14	14
Square footage	24,892	21,724	21,724	18,556	18,556
Dining facilities	5	5	5	5	5
Square footage	20,479	20,479	20,479	15,343	15,343
Average daily customers*	935	755	683	902	993
Fitness facilities	2	2	2	2	2
Square footage	37,432	37,432	37,432	37,432	37,432
Plant facilities	4	4	4	2	1
Square footage	26,592	26,592	26,592	18,747	11,754
Transportation					
Automobiles	2	2	2	2	-
Automobiles - instructional	16	20	20	20	25
Light trucks/vans	70	67	63	56	41
Light trucks/vans - instructional	18	18	19	19	23
Heavy trucks/backhoe	10	12	6	5	3
Heavy trucks/backhoe - instructional	7	5	5	5	5
Golf and forklift	63	72	59	38	29
Trailer	1	1	3	3	1
Shuttle buses	8	8	7	6	6

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

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,			
	2020	2019	2018	2017
Operating Revenues				
Tuition and fees (net of discounts)	\$ 23,652,462	\$ 22,589,007	\$ 21,657,866	\$ 23,129,705
Federal grants and contracts	4,890,928	4,660,747	4,304,540	4,490,675
State grants and contracts	4,081,215	4,701,165	4,108,972	4,076,652
Local grants and contracts	8,710,679	8,160,205	6,660,734	6,102,604
Non-governmental grants and contracts	1,344,736	2,022,875	2,538,696	2,061,438
Auxiliary enterprises	1,355,127	1,766,603	1,890,180	1,833,407
General operating revenues	612,825	665,435	704,996	603,343
Total Operating Revenues	44,647,972	44,566,037	41,865,984	42,297,824
Operating Expenses				
Instruction	94,767,643	92,144,487	77,741,287	70,879,518
Research	-	-	-	-
Public service	1,295,671	1,860,996	2,276,663	709,252
Academic support	21,510,411	23,030,399	18,306,332	17,101,883
Student services	14,394,224	14,602,287	11,722,551	11,228,508
Institutional support	34,970,309	32,251,981	26,803,724	26,074,788
Operations and maintenance of plant	20,419,241	21,534,803	20,048,333	15,977,257
Scholarships and fellowships	29,136,804	27,797,829	27,412,188	26,028,594
Auxiliary enterprises	2,627,299	3,451,000	3,355,013	2,529,295
Depreciation	12,162,030	12,009,110	9,917,643	7,262,313
Total Operating Expenses	231,283,632	228,682,892	197,583,734	177,791,408
Operating Loss	\$ (186,635,660)	\$ (184,116,855)	\$ (155,717,750)	\$ (135,493,584)

For the Fiscal Year Ended August 31,

2016	2015	2014	2013	2012	2011
\$ 21,452,743	\$ 21,373,162	\$ 20,488,244	\$ 21,051,377	\$ 19,583,509	\$ 18,281,708
3,889,497	4,368,574	3,445,294	4,630,302	4,748,007	6,172,207
3,266,315	4,068,944	4,246,315	5,160,704	6,794,060	6,335,567
5,063,983	1,099,573	1,118,054	1,270,376	1,293,135	1,380,691
2,487,482	5,235,358	4,949,832	3,113,960	2,740,134	2,796,686
1,893,838	1,773,325	1,835,353	1,810,240	1,872,734	1,877,501
729,855	1,308,903	645,811	621,264	439,642	545,846
38,783,713	39,227,839	36,728,903	37,658,223	37,471,221	37,390,206
66,249,496	60,820,171	59,447,105	57,766,578	53,899,805	57,359,051
-	-	-	4,516	67,273	6,303
912,507	1,205,480	829,711	903,735	736,507	640,673
16,333,241	15,281,478	13,980,994	12,775,912	11,551,178	12,035,474
11,477,740	10,969,940	10,403,813	10,090,241	9,681,946	9,939,103
23,138,061	21,790,954	19,813,088	21,108,957	19,494,885	20,293,881
14,064,638	13,675,484	12,563,251	9,486,934	9,459,757	10,270,613
26,432,169	27,815,696	27,692,817	28,724,249	31,873,082	39,320,494
1,562,463	1,403,408	1,388,717	1,383,521	1,418,145	1,421,243
6,966,274	6,759,801	6,731,486	6,589,876	6,414,932	6,265,826
167,136,589	159,722,412	152,850,981	148,834,519	144,597,510	157,552,662
\$ (128,352,876)	\$ (120,494,573)	\$ (116,122,078)	\$ (111,176,296)	\$ (107,126,289)	\$ (120,162,456)

(Continued)

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

	For the Fiscal Year Ended August 31,			
	2020	2019	2018	2017
Non-Operating Revenues (Expenses)				
State appropriations	\$ 50,949,811	\$ 49,608,274	\$ 47,940,649	\$ 45,315,830
Ad-valorem taxes				
Taxes for maintenance & operations	56,146,535	53,934,103	48,931,234	48,822,561
Taxes for debt service	13,571,701	14,694,007	15,656,580	15,652,143
Federal revenue, non-operating	67,836,841	59,341,569	60,276,808	55,666,373
Gifts	275,475	320,507	353,250	252,614
Investment income (net of investment expenses)	4,872,160	5,572,742	3,698,483	2,612,017
Insurance proceeds	2,600	425,000	14,959	149,634
Interest and capital related debt	(5,841,189)	(5,690,864)	(3,513,058)	(4,150,374)
Gain on disposal of capital assets	-	3,790	6,547	5,575
Loss on sale/disposal/return on capital assets	(42)	(114,727)	(838,031)	(5,886)
Non-capital construction costs	(1,163,367)	(2,025,830)	(11,107,175)	(3,548,465)
Bond costs amortization	(532,856)	(166,273)	(268,803)	(295,436)
Other non-operating revenues (expenses)	(194,228)	(178,068)	(65,224)	87,483
Net Non-Operating Revenues (Expenses)	185,923,441	175,724,230	161,086,219	160,564,069
Income before contributions, endowment and extraordinary item	(712,219)	(8,392,625)	5,368,469	25,070,485
Capital contributions	8,909	15,110	65,259	47,629
Additions (deductions) to permanent and term endowment	-	-	-	-
Extraordinary item	-	-	-	-
Increase in net position	(703,310)	(8,377,515)	5,433,728	25,118,114
Net position - beginning of year, as restated	378,003,132	386,380,647	396,395,889	371,277,775
Cumulative effect of change in accounting principle	-	-	(15,448,970)	-
Net Position - End of Year	\$ 377,299,822	\$ 378,003,132	\$ 386,380,647	\$ 396,395,889

(Continued)

For the Fiscal Year Ended August 31,					
2016	2015	2014	2013	2012	2011
\$ 46,077,235	\$ 42,858,200	\$ 42,766,020	\$ 38,977,829	\$ 37,017,673	\$ 36,676,953
46,781,602	43,951,580	33,983,319	32,403,363	33,244,142	33,798,861
15,016,847	14,105,277	12,291,870	12,030,232	12,276,741	12,187,090
54,858,852	54,881,496	55,351,962	57,151,307	61,950,136	66,972,554
251,022	305,146	323,100	351,843	418,606	309,867
1,034,010	144,206	214,915	389,519	417,074	327,497
-	24,282	-	-	-	-
(6,602,765)	(5,964,767)	(1,340,664)	(1,513,884)	(1,821,871)	(2,054,633)
12,350	-	-	-	2,793	-
-	(240,389)	(10,154)	(217)	-	(3,500)
(1,911,123)	(1,731,576)	(1,715,994)	(849,455)	(1,400,934)	(464,503)
(284,829)	(1,166,614)	(873,318)	(566,261)	(536,677)	(496,724)
(320,767)	(274,655)	(172,844)	(290,477)	(500,835)	(396,033)
154,912,434	146,892,186	140,818,213	138,083,799	141,066,848	146,857,430
26,559,559	26,397,613	24,696,134	26,907,503	33,940,559	26,694,975
4,515,864	66,908	105,190	83,298	22,740	732,061
-	-	-	-	(4,700)	300
-	1,987,665	(2,655,340)	(4,230,489)	2,010,294	-
31,075,423	28,452,186	22,145,984	22,760,312	35,968,893	27,427,336
340,202,352	337,541,511	315,848,253	293,087,941	257,119,048	229,691,712
-	(25,791,345)	(452,726)	-	-	-
\$ 371,277,775	\$ 340,202,352	\$ 337,541,511	\$ 315,848,253	\$ 293,087,941	\$ 257,119,048

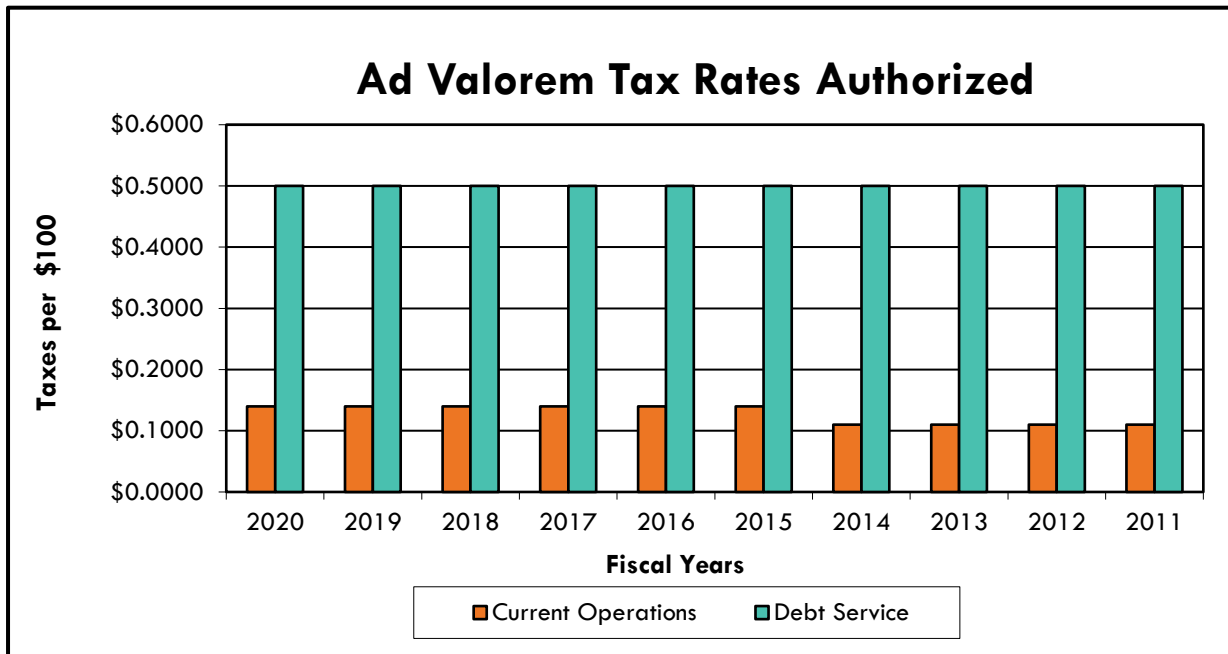


SOUTH TEXAS COLLEGE

This page intentionally left blank.

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

Fiscal Year	Current Operations	Debt Service	Total
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
2012	0.1100	0.5000	0.6100
2011	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 2019	Tax Year 2018	Tax Year 2017	Tax Year 2016
South Texas College	100.00%	\$0.173300	\$0.178000	\$0.185000	\$0.185000
HIDALGO COUNTY					
Cities:					
Alamo	100.00%	0.581700	0.581700	0.556500	0.581000
Alton	-	0.444000	0.444000	0.444000	0.449000
Donna	100.00%	0.788855	0.798855	0.798855	0.982828
Edcouch	-	0.965400	0.968700	0.915400	0.928600
Edinburg	100.00%	0.680000	0.635000	0.635000	0.635000
Elsa	-	0.883200	0.882200	0.901800	0.917700
Granjeno	-	0.460700	0.460700	0.446900	0.441900
Hidalgo	100.00%	0.351400	0.351400	0.351400	0.351400
La Joya	100.00%	0.590400	0.566800	0.525100	0.539400
La Villa	100.00%	0.792900	0.783600	0.783600	0.783600
McAllen	100.00%	0.495677	0.479234	0.476300	0.476300
Mercedes	100.00%	0.745000	0.745000	0.745000	0.745000
Mission	100.00%	0.521200	0.486200	0.486200	0.496200
Palmview	-	0.500100	0.500100	0.500100	0.475100
Penitas	100.00%	0.556200	0.556200	0.556200	0.506000
Pharr	100.00%	0.717600	0.649000	0.649000	0.654000
Progreso	100.00%	0.842900	0.812900	0.784000	0.796100
San Juan	100.00%	0.699300	0.699300	0.699300	0.699300
Sullivan City	-	0.500000	0.500000	0.500000	0.460600
Weslaco	100.00%	0.696700	0.666700	0.666700	0.666700
School Districts:					
Donna ISD	100.00%	1.226700	1.258200	1.258200	1.258200
Edcouch-Elsa ISD	100.00%	1.258000	1.258000	1.258000	1.258000
Edinburg CISD	97.76%	1.138200	1.239800	1.239800	1.239800
Hidalgo ISD	100.00%	1.296300	1.470000	1.470000	1.490000
La Joya ISD	100.00%	1.311000	1.311000	1.311000	1.311000
La Villa ISD	100.00%	1.483800	1.483800	1.303800	1.303800
Lyford CISD	3.45%	1.228400	1.320000	1.310000	1.280000
McAllen ISD	100.00%	1.152800	1.155000	1.155000	1.155000
Mercedes ISD	100.00%	1.278400	1.380000	1.380000	1.380000
Mission CISD	100.00%	1.239550	1.339800	1.350200	1.358200
Monte Alto ISD	100.00%	1.350000	1.350000	1.350000	1.350000
PSJA ISD	100.00%	1.272500	1.379200	1.389200	1.399200
Progreso ISD	100.00%	1.320000	1.390000	1.390000	1.390000
Sharyland ISD	100.00%	1.298700	1.375500	1.375500	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%	1.068700	1.159700	1.159700	1.139700

Tax Year 2015	Tax Year 2014	Tax Year 2013	Tax Year 2012	Tax Year 2011	Tax Year 2010
\$0.185000	\$0.185000	\$0.150000	\$0.150700	\$0.150700	\$0.149700
0.588100	0.598970	0.598970	0.598970	0.585480	0.591910
0.454000	0.459100	0.462400	0.479900	0.482500	0.485000
0.982828	1.142421	1.252376	1.252300	1.252300	1.125979
0.928600	0.928600	0.970500	0.999900	0.884200	0.854200
0.635000	0.635000	0.635000	0.635000	0.635000	0.635000
0.856600	0.986700	0.991600	0.990000	0.990000	0.904200
0.425100	0.423000	0.425300	0.425300	0.425300	0.375700
0.351400	0.351400	0.351400	0.351400	0.351400	0.351400
0.543500	0.570000	0.567800	0.567800	0.545200	0.532300
0.783600	0.783600	0.783600	0.783600	0.622400	0.623400
0.476300	0.476300	0.431300	0.431300	0.431300	0.421300
0.755000	0.760000	0.775000	0.785000	0.785000	0.790000
0.498800	0.518800	0.528800	0.528800	0.538800	0.556600
0.475100	0.479000	0.466500	0.466500	0.460000	0.453400
0.506000	0.459500	0.434500	0.410000	0.362500	0.329600
0.654000	0.680000	0.680000	0.680000	0.680000	0.680000
0.806100	0.793000	0.812600	0.538900	0.499900	0.455300
0.699300	0.699300	0.738600	0.738600	0.738600	0.738600
0.466800	0.447800	0.416000	0.383800	0.353500	0.322000
0.676700	0.676700	0.686700	0.696700	0.696700	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
1.530000	1.530000	1.556400	1.556400	1.586400	1.586400
1.311000	1.311000	1.311000	1.311000	1.311000	1.311000
1.303800	1.303800	1.303800	1.303800	1.303800	1.224800
1.280000	1.280000	1.220000	1.330000	1.330000	0.000000
1.155000	1.165000	1.165000	1.165000	1.165000	1.165000
1.380000	1.380000	1.290000	1.290000	1.290000	1.290000
1.367200	1.330000	1.300000	1.300000	1.300000	1.300000
1.350000	1.350000	1.350000	1.350000	1.350000	1.350000
1.399200	1.359200	1.359200	1.359200	1.359200	1.359200
1.370000	1.370000	1.327500	1.370000	1.430000	1.430000
1.335500	1.335500	1.285500	1.285500	1.200000	1.200000
0.049200	0.049200	0.049200	0.049200	0.049200	0.049200
1.277000	1.277000	1.277000	1.277000	1.317000	1.317000
1.139700	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 2019	Tax Year 2018	Tax Year 2017	Tax Year 2016
HIDALGO COUNTY					
Special Districts:					
Hidalgo County	100.00%	0.575000	0.580000	0.580000	0.590000
Drainage District #1	99.62%	0.105100	0.095100	0.095100	0.095100
EMS District #1	-	0.020000	0.019400	0.017600	0.020000
EMS District #2	-	0.036000	0.036000	0.038000	0.038000
EMS District #3	-	0.024500	0.025700	0.028500	0.030000
EMS District #4	-	0.025300	0.025200	0.025400	0.027200
Donna Irrigation #1	-	0.210000	0.210000	0.210000	0.210000
Delta Lake Irrigation	-	0.550000	0.550000	0.555000	0.550000
Engleman Water District #6	-	0.000000	0.000000	0.000000	0.000000
Kennedy County GCD	-	0.012800	0.015300	0.015300	0.015300
Brush County GCD	-	0.020700	0.024000	0.024500	0.026020
Red Sands Groundwater CD	-	0.152800	0.152800	0.169000	0.169000
STARR COUNTY					
Cities:					
Escobares City	-	0.500417	0.432025	0.432025	0.403517
Rio Grande City	100.00%	0.507579	0.497579	0.497579	0.497579
Roma	100.00%	0.605435	0.531372	0.531372	0.523055
School Districts					
Rio Grande City CISD	100.00%	1.322400	1.359200	1.430900	1.451400
Roma ISD	100.00%	1.445790	1.561950	1.484000	1.569390
San Isidro ISD	-	1.176300	1.280000	1.290800	1.295000
Special Districts:					
Starr County	100.00%	0.538400	0.531900	0.545800	0.545800
F&M & FC	-	0.240000	0.246500	0.232600	0.232600
Starr County Memorial Hospital District	-	0.264146	0.268163	0.268163	0.277314

*Municipal Advisory Council of Texas

Sources:
Hidalgo County Appraisal District
Starr County Appraisal District

(Continued)

Tax Year 2015	Tax Year 2014	Tax Year 2013	Tax Year 2012	Tax Year 2011	Tax Year 2010
0.590000	0.590000	0.590000	0.590000	0.590000	0.590000
0.095100	0.095700	0.095700	0.075000	0.073300	0.072500
0.185000	0.016500	0.015400	0.014300	0.013400	0.013400
0.036100	0.036100	0.036100	0.036100	0.033600	0.031100
0.030000	0.030000	0.030000	0.030000	0.010000	0.008800
0.027200	0.272000	0.026700	0.026200	0.024500	0.024500
0.210000	0.210000	0.210000	0.210000	0.210000	0.210000
0.550000	0.550000	0.580000	0.580000	0.510000	0.510000
0.000000	0.000000	0.000000	0.230000	0.220000	0.220000
0.015300	0.015300	0.015300	0.015300	0.015300	0.012500
0.026020	0.026020	0.027000	0.029894	0.030000	0.000000
0.169000	0.169000	0.169000	0.169000	0.169000	0.000000
0.403517	0.403517	0.364809	0.340000	0.340000	0.322050
0.514749	0.514749	0.514080	0.514160	0.507459	0.506460
0.523055	0.523055	0.519030	0.516500	0.508710	0.508710
1.438400	1.447200	1.440600	1.442600	1.479500	1.489500
1.553660	1.459090	1.459090	1.459090	1.459920	1.464760
1.271800	1.260000	1.130000	1.130000	1.040000	1.030000
0.561000	0.561700	0.524600	0.551100	0.510100	0.460100
0.217400	0.217400	0.254600	0.228100	0.189100	0.239100
0.248092	0.262775	0.256915	0.251238	0.237531	0.204604

Statistical Supplement 22
Computation of Direct and Overlapping Debt
August 31, 2020
(unaudited)

Taxing Body	Debt Amount		As of	Percent Overlapping	Overlapping Amount
Alamo, City of	\$ 11,270,000 *		08/31/2020	100.00%	\$ 11,270,000
Donna ISD	58,550,000 *		08/31/2020	100.00%	58,550,000
Donna, City of	50,185,000 *		08/31/2020	100.00%	50,185,000
Edcouch-Elsa ISD	35,126,862 *		08/31/2020	100.00%	35,126,862
Edinburg CISD	106,705,000 *		08/31/2020	98.01%	104,581,571
Edinburg, City of	70,315,000 *		08/31/2020	100.00%	70,315,000
Hidalgo County	338,130,000 *		08/31/2020	100.00%	338,130,000
Hidalgo County DD #1	183,725,000 *		08/31/2020	99.62%	183,026,845
Hidalgo ISD	27,314,000 *		08/31/2020	100.00%	27,314,000
Hidalgo, City of	2,645,000 *		08/31/2020	100.00%	2,645,000
La Joya ISD	234,777,680 *		08/31/2020	100.00%	234,777,680
La Joya, City of	-		08/31/2020	100.00%	-
La Villa ISD	9,825,000 *		08/31/2020	100.00%	9,825,000
La Villa, City of	3,440,000 *		08/31/2020	100.00%	3,440,000
Lyford CISD	4,120,000 *		08/31/2020	3.45%	142,140
McAllen ISD	96,746,000 *		08/31/2020	100.00%	96,746,000
McAllen, City of	101,560,000 *		08/31/2020	100.00%	101,560,000
Mercedes ISD	54,599,040 *		08/31/2020	100.00%	54,599,040
Mercedes, City of	23,470,000 *		08/31/2020	100.00%	23,470,000
Mission CISD	113,468,000 *		08/31/2020	100.00%	113,468,000
Mission, City of	39,840,000 *		08/31/2020	100.00%	39,840,000
Monte Alto ISD	12,805,000 *		08/31/2020	100.00%	12,805,000
Penitas, City of	5,176,000 *		08/31/2020	100.00%	5,176,000
Pharr, City of	90,607,495 *		08/31/2020	100.00%	90,607,495
Pharr-San Juan-Alamo ISD	303,975,000 *		08/31/2020	100.00%	303,975,000
Progreso ISD	20,110,000 *		08/31/2020	100.00%	20,110,000
Progreso, City of	1,548,000 *		08/31/2020	100.00%	1,548,000
Rio Grande City CISD	93,010,000 *		08/31/2020	100.00%	93,010,000
Rio Grande City, City of	36,480,000 *		08/31/2020	100.00%	36,480,000
Roma ISD	65,945,000 *		08/31/2020	100.00%	65,945,000
San Juan, City of	29,875,000 *		08/31/2020	100.00%	29,875,000

Taxing Body	Debt Amount		As of	Percent Overlapping	Overlapping Amount
Sharyland ISD	97,290,000 *		08/31/2020	100.00%	97,290,000
Starr County	458,333 *		08/31/2020	100.00%	458,333
Valley View ISD	39,040,000 *		08/31/2020	100.00%	39,040,000
Weslaco ISD	68,634,719 *		08/31/2020	100.00%	68,634,719
Weslaco, City of	68,315,000 *		08/31/2020	100.00%	68,315,000
Total Net Overlapping Debt					2,492,281,685
South Texas College			08/31/2020		128,814,693
Total Direct and Overlapping Debt					\$ 2,621,096,378

*Gross Debt

Source:
Municipal Advisory Council of Texas



SOUTH TEXAS COLLEGE

This page intentionally left blank.

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, 2020, 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 11, 2020.

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) to determine the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-1.

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.

Cary Riggs & Ingram, L.L.C.

McAllen, Texas

December 11, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH 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 Each Major Federal Program

We have audited South Texas College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2020. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, South Texas College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control over Compliance

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

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

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

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

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

McAllen, Texas
December 11, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH STATE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

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

Report on Compliance for Each Major State Program

We have audited South Texas College's (the College) compliance with the types of compliance requirements described in the State Comptroller's Office, Uniform Grant Management Standards that could have a direct and material effect on each of the College's major State programs for the year ended August 31, 2020. The College's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the State of Texas Single Audit Circular. Those standards and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, South Texas College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended August 31, 2020.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Cary Riggs & Ingram, L.L.C.

McAllen, Texas
December 11, 2020

SOUTH TEXAS COLLEGE
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2020

Section I – Summary of Auditors’ Results

A. Financial Statement Audit

1. Type of Auditors’ report issued on the basic financial statements: **Unmodified**
2. Internal control over financial reporting:
 - Material weaknesses identified? **No**
 - Significant deficiencies identified? **No**
3. Noncompliance material to the basic financial statements noted? **No**

B. Audit of Federal Awards

1. Type of Auditors’ report issued on compliance for major federal programs: **Unmodified**
2. Internal control over major programs:
 - Material weaknesses identified? **No**
 - Significant deficiencies identified? **No**
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? **No**
4. Identification of major programs:

<u>CFDA number</u>	<u>Name of federal program or cluster</u>
	Student Financial Assistance Cluster
84.007	FSEOG
84.033	Federal College Work Study
84.063	Pell Grant
84.425E	Education Stabilization Fund – Student Portion
84.425F	Education Stabilization Fund – Institutional Portion

5. The dollar threshold used to identify Type A programs: **\$2,143,504**
6. Auditee qualified as a low-risk auditee under the Uniform Guidance: **Yes**

C. Audit of State Awards

1. Type of Auditors’ report issued on compliance for major state programs: **Unmodified**

SOUTH TEXAS COLLEGE
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2020

2. Internal control over major programs:
 - Material weaknesses identified? **No**
 - Significant deficiencies identified? **No**
3. Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular? **No**
4. Identification of major programs:
Name of state program or cluster
Skills Development Fund
Skills Development Small Business
Nursing Shortage Reduction Program
5. The dollar threshold used to identify Type A programs: **\$300,000**
6. Auditee qualified as a low-risk auditee under the State of Texas Single Audit Circular: **No**

Section II – Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

Current Year Findings and Responses

Finding 2020-1: Compliance with Enrollment Reporting Requirements

Criteria: Per 34 CFR 690.83(b)(2) schools are required to report enrollment data to the National Student Loan Data System (NSLDS) at least once every 60 days and are required to certify the enrollment status of all students who appear on the NSLDS enrollment roster sent to the school or its third party servicer.

Condition: A change in a students' enrollment status was not properly reported to the Clearinghouse (third party servicer) for reporting to NSLDS. A sample of 40 students with status changes was selected for audit from a population of 22,698 students with status changes. The test found one student whose change in enrollment status was not reported to the Clearinghouse for reporting to NSLDS in a timely manner.

Cause: Students who have their degree posted to their record after the graduation enrollment status report is sent to the Clearinghouse for the term are not reported to the NSLDS in a timely manner.

Effect: Students' change in enrollment status was not reported in a timely manner, which results in inaccurate information supplied to NSLDS through its third party servicer.

Recommendation(s): Management should improve its processes in place to track reporting of students with status changes in order to ensure information is submitted in an accurate and timely manner to its third party service provider for reporting to NSLDS.

SOUTH TEXAS COLLEGE
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2020

Views of responsible officials: Management is in agreement with this finding and the recommended procedures will be implemented.

Section III – Federal Award Findings and Responses

None

Section IV – State Award Findings and Responses

None

SOUTH TEXAS COLLEGE
Schedule of Findings and Questioned Costs
Status of Prior Year Findings
For the Year Ended August 31, 2020

Financial Statement Findings:

None

Federal Award Findings:

None

State Award Findings:

None



P.O. Box 9701
McAllen, Tx 78502-9701

Office of Enrollment Services
3201 W. Pecan Blvd. McAllen, Tx 78501

Phone: (956) 872-3439
Fax: (956) 872-6461

Financial Statement Findings:

Finding 2020-1: Compliance with Enrollment Reporting Requirements

Corrective Action Plan of Management: The office of admissions and records has implemented a process which addresses how manual entries or service ticket requests are made with National Student Clearinghouse (NSC) after NSC has certified our graduation report. In addition, as a secondary step, an exception monthly report designed to identify any missed late awards will be reviewed to ensure graduate records are updated with NSC in a timely manner.

Estimated Completion Date: December 31, 2020

Contact Person: Miguel Carranza, Associate Dean SFS, Tng & VA

Federal Award Findings:

None

State Award Findings:

None



SOUTH TEXAS COLLEGE

This page intentionally left blank.



SOUTH TEXAS COLLEGE



An Education of Mind & Heart.