

**Grayson College**  
**Annual Financial Report**  
**Years Ended August 31, 2020 and 2019**

**Grayson College  
Annual Financial Report  
Years Ended August 31, 2020 and 2019**

Table of Contents

	<u>Page</u>	<u>Exhibit / Schedule</u>
Organizational Data .....	1	
Independent Auditors' Report .....	2 - 4	
Management's Discussion and Analysis (Required Supplementary Information) .....	5 - 9	
<b>Basic Financial Statements</b>		
Statement of Net Position .....	10	1
Affiliated Organizations – Statement of Financial Position .....	11	
Statement of Revenues, Expenses, and Changes in Net Position .....	12	2
Affiliated Organizations – Statement of Activities .....	13	
Statement of Cash Flows .....	14 - 15	3
Affiliated Organizations – Statement of Cash Flows .....	16	
Notes to Financial Statements .....	17 - 48	
<b>Required Supplementary Information</b>		
Schedule of the College's Proportionate Share of the Net Pension Liability .....	49	
Schedule of the College's Pension Contributions .....	50	
Schedule of the College's Proportionate Share of the Net OPEB Liability .....	51	
Schedule of the College's OPEB Contributions .....	52	
Notes to Required Supplementary Information .....	53	
<b>Supplementary Schedules and Reports</b>		
Schedule of Operating Revenues .....	54	A
Schedule of Operating Expenses by Object .....	55	B
Schedule of Non-Operating Revenues and Expenses .....	56	C
Schedule of Net Position by Source and Availability .....	57	D
Schedule of Expenditures of Federal Awards .....	58 - 59	E
Schedule of Expenditures of State Awards .....	60	F
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	61 - 62	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular .....	63 - 64	
Schedule of Findings and Questioned Costs .....	65	

**Grayson College  
Annual Financial Report  
Years Ended August 31, 2020 and 2019**

Table of Contents (Continued)

	<u>Page</u>	<u>Exhibit / Schedule</u>
<b>Statistical Supplement (Unaudited)</b>		
Net Position by Component .....	66	
Revenues by Source .....	67	
Program Expenses by Function .....	68	
Tuition and Fees .....	69	
Assessed Value and Taxable Assessed Value of Property .....	70	
State Appropriations per FTSE and Contact Hour .....	71	
Principal Taxpayers .....	72	
Property Tax Levies and Collections .....	73	
Ratios of Outstanding Debt .....	74	
Legal Debt Margin Information .....	75	
Pledged Revenue Coverage .....	76	
Demographic and Economic Statistics - Taxing District .....	77	
Principal Employers .....	78	
Faculty, Staff, and Administrators Statistics .....	79	
Enrollment Details .....	80	
Student Profile .....	81	
Transfers to Senior Texas Institutions .....	82	
Capital Asset Information .....	83	

**Grayson College  
Organizational Data  
For the Fiscal Year 2019 - 2020**

---

**Board of Trustees**

---

Officers

		<u>Term Expires</u>
Mr. Ronnie Cole	Chair	2024
Mrs. Jackie Butler	Vice-Chair	2022
Dr. Debbie Barnes-Plyler	Secretary	2024

Members

Dr. Mack Broiles	2024
Dr. John Spies	2020
Mr. Terrence Steele	2020
Mrs. Krista Hartman	2022

---

**Principal Administrative and Business Officers**

---

Dr. Jeremy McMillen	President
Mr. Giles Brown	Vice President of Business Services
Mr. Gary Paikowski	Vice President of Information Technology
Dr. Dava Washburn	Vice President of Instruction
Mr. Randall Truxal	Executive Director for Grayson College Foundation
Dr. Molly Harris	Dean of Student Affairs

**McClanahan and Holmes, LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

STEVEN W. MOHUNDRO, CPA  
GEORGE H. STRUVE, CPA  
RUSSELL P. WOOD, CPA  
DEBRA J. WILDER, CPA  
TEFFANY A. KAVANAUGH, CPA  
APRIL J. HATFIELD, CPA

228 SIXTH STREET S.E.  
PARIS, TEXAS 75460  
903-784-4316  
FAX 903-784-4310

-----  
304 WEST CHESTNUT  
DENISON, TEXAS 75020  
903-465-6070  
FAX 903-465-6093

-----  
1400 WEST RUSSELL  
BONHAM, TEXAS 75418  
903-583-5574  
FAX 903-583-9453

**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Grayson College  
6101 Grayson Drive  
Denison, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Grayson College (the College) and Grayson College Foundation (the Foundation), a discretely presented component unit, 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.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Grayson College and Grayson College Foundation, a discretely presented component unit, as of August 31, 2020 and 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the College's Proportionate Share of Net Pension Liability, Schedule of the College's Pension Contributions, Schedule of the College's Proportionate Share of the Net OPEB Liability, and Schedule of the College's OPEB Contributions 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 the College's basic financial statements. The accompanying supplementary schedules and statistical supplement 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 is 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 is also not a required part of the basic financial statements. The schedule of expenditures of State of Texas awards, required by the State of Texas Single Audit Circular and the supplemental schedules, is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards, the schedule of expenditures of State of Texas Awards, and the supplementary schedules 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 schedule of expenditures of federal awards, the schedule of expenditures of State of Texas awards, and the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees  
Grayson College

The statistical supplement has 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 January 19, 2021, 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 Grayson 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.

*McClanahan and Holmes, LLP*  
Certified Public Accountants

Bonham, Texas  
January 19, 2021

**GRAYSON COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2020 AND 2019**

Management's discussion and analysis of Grayson College's financial performance provides an overview of the college's financial activities for the fiscal year ended August 31, 2020. It should be read in conjunction with the college's financial statements which follow.

**FINANCIAL HIGHLIGHTS**

- Total assets were stable. They were \$114,885,610 at August 31, 2020 and \$114,812,919 at August 31, 2019.
- Total liabilities were \$70,574,658 at August 31, 2019 and decreased to \$65,590,879 at August 31, 2020.
- Operating revenue increased \$1,292,512, or 12.58%, to \$11,565,989.
- Operating expenses increased \$2,674,705, or 6.95%, to \$41,168,741.
- Net non-operating revenues increased \$1,812,076, or 5.40%, to \$35,345,309.

**CHANGES IN NET POSITION**

Total net position can be thought of as the total wealth of an entity. It is comprised of three major categories:

- **Invested in Capital Assets:** this category represents the portion of the college's wealth that has been dedicated to its campuses, buildings and other fixed, long-term assets.
- **Restricted:** this category contains the portion of net position that must be used for specific purposes. These purposes include grants, financial aid, and debt service.
- **Unrestricted:** this category contains the portion of net position that is not invested in capital assets and is not restricted to specific purposes. It can therefore be used for any legitimate need of the college.

As of August 31, 2018, Grayson College implemented Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*, from the Governmental Accounting Standards Board (GASB). This new standard had a profound negative effect on the college's financial statements. Total net position, and especially unrestricted net position, were particularly affected.

Additionally, Grayson College continued its building program to build facilities during the fiscal year ended August 31, 2020. This program had the effect increasing Net Position Invested in Capital Assets and decreasing Unrestricted Net Position.

As a result of the implementation of GASB Statement 75 and the college's building program:

- Net Position Invested in Capital Assets grew from \$27,620,363 at August 31, 2017 to \$49,241,366 at August 31, 2020, and
- Unrestricted Net Position decreased from \$29,229,579 at August 31, 2017 to \$(7,242,595) at August 31, 2020.

Additional details about Net Position can be found on the Schedule of Net Position by Source and Availability (Schedule D) in the Supplemental Schedules and Reports section of the AFR.

**EXPLANATION OF FINANCIAL STATEMENTS**

The Annual Financial Report consists of a series of financial statements. The core statements are known as *the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position* and *the Statement of Cash Flows*. These statements comply with all the accounting principles issued by the Governmental Accounting Standards Board (GASB) that are currently in effect.



**GRAYSON COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2020 AND 2019**

**EXPLANATION OF FINANCIAL STATEMENTS (Continued)**

The *Statement of Net Position* is similar to a balance sheet in many respects. This financial statement reflects the adoption of GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. In addition to Assets, Liabilities, and Net Position at a particular date of measurement as reported in the past, the format includes “Deferred Outflows of Resources” and “Deferred Inflows of Resources.” Under this new format, Total Assets plus Deferred Outflows of Resources minus Total Liabilities and Deferred Inflows of resources equals Total Net Position.

The *Statement of Revenues, Expenses, and Changes in Net Position* provides information on the change in net position from the end of the prior fiscal year to the end of the current fiscal year by reporting on operating revenues, operating expenses, non-operating revenues and expenses, and other revenues and expenses. Operating income (loss), which is the net of operating revenue and operating expenses, shows the financial result of the college’s operations. Significantly, appropriations from the State of Texas and ad valorem taxes from local property owners are reported in non-operating revenues and expenses because they do not come from services we provide, but rather from taxes on those that do not directly benefit from our services.

The *Statement of Cash Flows* provides relevant information about the cash receipts and cash payments of the college during the fiscal year. The *Statement of Cash Flows* is intended to compliment the accrual basis of accounting used in the financial statements by providing information about financing, capital, and investing activities.

**CONDENSED COMPARATIVE FINANCIAL INFORMATION**

The following statements are condensed presentations of the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Net Position*. These are provided as summaries. For more complete presentations, please see the actual statements shown in following sections of this Annual Financial Report.

**Condensed Statements of Net Position  
August 2020, 2019, and 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Assets</u></b>			
Capital Assets (net of accumulated depreciation)	\$ 78,179,006	\$ 79,811,138	\$ 75,853,245
All Other	<u>36,706,604</u>	<u>35,001,781</u>	<u>38,029,929</u>
Total Assets	<u>114,885,610</u>	<u>114,812,919</u>	<u>113,883,174</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>6,457,851</u>	<u>5,771,008</u>	<u>5,115,046</u>
<b><u>Liabilities</u></b>			
Non-current Liabilities	56,874,303	59,943,683	64,819,660
All other Liabilities	<u>8,716,576</u>	<u>10,630,975</u>	<u>11,418,618</u>
Total Liabilities	<u>65,590,879</u>	<u>70,574,658</u>	<u>76,238,278</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>9,104,466</u>	<u>9,103,710</u>	<u>7,167,057</u>
<b><u>Net Position</u></b>			
Invested in Capital Assets (net of related debt)	49,241,366	47,376,100	40,029,470
Restricted	4,649,345	4,292,804	3,877,242
Unrestricted	<u>( 7,242,595)</u>	<u>( 10,763,345)</u>	<u>( 8,313,827)</u>
Total Net Position	<u>\$ 46,648,116</u>	<u>\$ 40,905,559</u>	<u>\$ 35,592,885</u>

**GRAYSON COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2020 AND 2019**

**Condensed Statements of Revenues, Expenses, and Changes in Net Position  
August 2020, 2019, and 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Operating Revenues</u></b>			
Tuition and Fees (net of discounts)	\$ 4,978,410	\$ 4,683,836	\$ 4,840,486
Operating Grants and Contracts	5,814,285	4,636,941	4,202,851
Auxiliary Enterprises (net of discounts)	533,118	673,930	646,064
Other Operating Revenues	<u>240,176</u>	<u>278,770</u>	<u>313,601</u>
Total Operating Revenues	<u>11,565,989</u>	<u>10,273,477</u>	<u>10,003,002</u>
<b><u>Operating Expenses</u></b>			
Instruction	15,432,513	13,740,140	14,411,123
Public Service	859,108	799,141	962,715
Academic Support	2,669,004	2,337,580	2,297,141
Student Services	2,683,175	2,914,438	3,325,364
Institutional Support	6,459,625	5,713,470	5,394,854
Operation and Maintenance of Plant	3,910,463	4,435,305	3,810,054
Scholarships and Fellowships	4,899,981	3,926,868	4,004,851
Auxiliary Enterprises	1,652,185	1,803,035	1,179,694
Depreciation	<u>2,602,687</u>	<u>2,824,059</u>	<u>2,437,533</u>
Total Operating Expenses	<u>41,168,741</u>	<u>38,494,036</u>	<u>37,823,329</u>
<b><u>Operating Income (Loss)</u></b>	<u>( 29,602,752)</u>	<u>( 28,220,559)</u>	<u>( 27,820,327)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>			
State Appropriations	9,345,954	9,341,582	10,454,983
Ad Valorem Taxes	19,489,021	18,057,926	16,665,559
Net Other Non-operating Revenues (expenses)	<u>6,510,334</u>	<u>6,133,725</u>	<u>5,935,186</u>
Net Non-operating Revenues (expenses)	<u>35,345,309</u>	<u>33,533,233</u>	<u>33,055,728</u>
<b><u>Increase in Net Position</u></b>	<u>5,742,557</u>	<u>5,312,674</u>	<u>5,235,401</u>
<b><u>Net Position – Beginning of Year</u></b>	40,905,559	35,592,885	60,359,128
Restatement due to Implementation of Accounting Pronouncements	<u>-</u>	<u>-</u>	<u>( 30,001,644)</u>
<b><u>Net Position – Beginning of Year (Restated)</u></b>	<u>40,905,559</u>	<u>35,592,885</u>	<u>30,357,484</u>
<b><u>Net Position – End of Year</u></b>	<u>\$ 46,648,116</u>	<u>\$ 40,905,559</u>	<u>\$ 35,592,885</u>

**DISCUSSION OF NET POSITION**

Net position indicates the wealth of a school. It is the remainder when total liabilities and deferred inflows of resources are taken from total assets and deferred outflows of resources. Until fiscal year 2018, Grayson College had enjoyed an increase in net position in each of its recent fiscal years. The implementation of GASB Statement 75 resulted in a significant decrease in net position. There were also prior period adjustments to restate net position to lower amounts. These resulted from the changes in accounting principles contained in GASB Statements 65 and 68. The following chart shows the change in net position in each recent fiscal year.

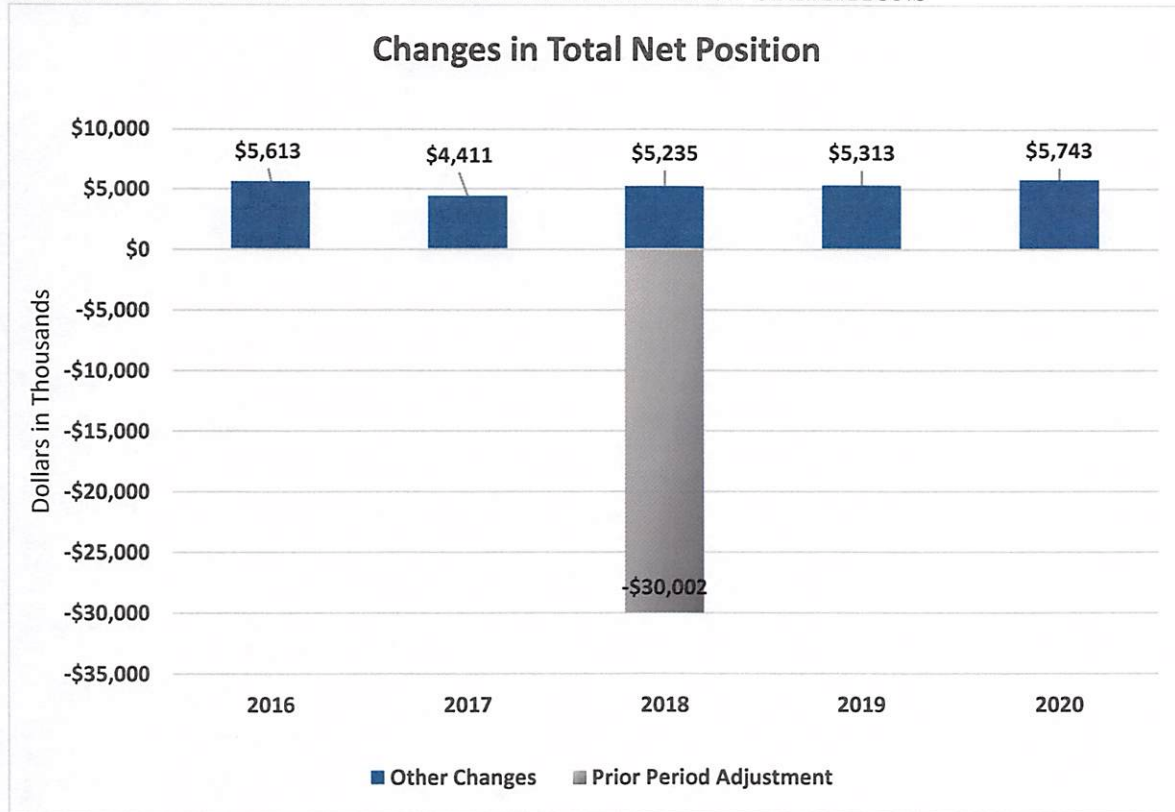
**GRAYSON COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2020 AND 2019**

**DISCUSSION OF NET POSITION (Continued)**

For fiscal year 2019, Grayson College returned to its pattern of generating increases in total net position, and that continued in fiscal year 2020.

No attempt has been made to relate the prior period adjustments to each prior fiscal year.

**DISCUSSION OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**



The chart above illustrates the magnitude of implementing GASB Statement 75.

The primary reserves ratio measures the college's financial strength and flexibility. It is computed by dividing expendable net assets by total expenses. At August 31, 2020, Grayson College's primary reserves ratio was a negative .06 with the implementation of GASB Statement 75, but a positive .67 if the prior period adjustment from GASB 75 is not considered.

The return on net position ratio measures the total economic return during a fiscal year. A positive ratio indicates an increase in net position. The ratio is calculated by dividing the increase in net position by the total net position at the beginning of the fiscal year. For fiscal year 2020, Grayson College's return on net position is 14.04%.

The Grayson College Foundation is a component unit of Grayson College. In accordance with GASB Statement 39, the financial statements of the foundation are presented with those of the college. The prescribed presentation is for the foundation's statement to be presented separately in a format known as a discrete presentation. For fiscal year 2020 the net assets of the foundation increased \$976,304 to \$17,096,459.

**GRAYSON COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2020 AND 2019**

**DISCUSSION OF FINANCIAL POSITION AND RESULTS OF OPERATIONS (Continued)**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At August 31, 2020, Grayson College had no construction projects underway. The college has recently completed several major projects which were funded by the college's own resources. Those projects were:

1. Student Success Center and Student Affairs Building project: This project renovated the former Administration Building into the Student Affairs Building which houses student services, financial aid, the business office and human resources. It also created the Student Success Center, which is an administrative/academic building which houses testing and tutoring facilities, executive offices and the boardroom. The result was a consolidation of student services into a "one stop shop" and the concentration of executive offices. The total project is reflected in the fixed asset records at \$9,584,587, of which \$6,053,941 is new construction and \$3,530,646 is remaining capitalization from the former Administration Building.
2. Ralph T. Jones Hall, a new residence hall with 98 beds, is valued at \$6,798,803.
3. The Advanced Manufacturing Laboratory houses a machining program that was developed in cooperation with local manufacturing companies. It is an extension of the Career and Technology Center and is valued at \$1,392,733.
4. The Teaching Distillery adds the distilling process to the college's viticulture/enology program. It is adjacent to the Viticulture Center on the West Extension and is valued at \$1,599,521.

The college does not anticipate any significant construction projects in the near future.

In a transaction that closed on September 22, 2020, the college refinanced the remaining principal of the Consolidated Fund Revenue Bonds, Series 2010. The refunding was accomplished by a private placement and resulted in a \$182,075 savings in debt service over the next four fiscal years.

The college does not anticipate issuing any debt in the foreseeable future.

**OPERATING OUTLOOK**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. There is uncertainty around the breadth and duration of disruptions related to COVID-19, as well as its impact on future operations or restrictions. Changes to the operating environment may be impacted and the future effects of these issues are unknown. The Colleges will closely monitor all revenue sources as the COVID-19 Pandemic continues.

On March 27, 2020 President Trump signed into law the Coronavirus Aid Relief, and Economic Security Act (CARES Act) which provided multiple fund sources for education. Fund sources received by the College include the following:

- |                                         |             |
|-----------------------------------------|-------------|
| 1. CARES Act to go directly to students | \$1,078,922 |
| 2. CARES Act for Institutional support  | 1,078,922   |
| 3. Strengthening Institutions Grant     | 105,675     |

Management is not aware of any additional facts, decisions, or conditions that are expected to have a significant effect on the college's financial position or results of operations.

**CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT**

The financial report is designed to provide citizens, taxpayers, students and other customers, investors and creditors with a general overview of the college's finances and to demonstrate the college's accountability for the money it receives. Requests for additional financial information may be directed to the Vice President for Business Services, Grayson College, Denison, Texas, 75020.

## **Basic Financial Statements**

**Grayson College**  
**Statement of Net Position**  
**August 31, 2020 and 2019**

**Exhibit 1**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 22,178,806	\$ 18,753,076
Short-Term Investments	253,184	2,703,246
Receivables (Net of Allowance for Doubtful /Uncollectible Accounts)	2,256,506	2,062,239
Prepaid Expenses	346,720	15,613
<b>Total Current Assets</b>	<b>25,035,216</b>	<b>23,534,174</b>
<b>Noncurrent Assets</b>		
Other Long-Term Investments	11,671,388	11,467,607
Capital Assets (Net of Accumulated Depreciation)	78,179,006	79,811,138
<b>Total Noncurrent Assets</b>	<b>89,850,394</b>	<b>91,278,745</b>
<b>Total Assets</b>	<b>114,885,610</b>	<b>114,812,919</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows - Pension Plan	3,281,936	4,403,641
Deferred Outflows - OPEB	1,813,440	(160,167)
Deferred Charge on Bond Refundings	1,362,475	1,527,534
<b>Total Deferred Outflows of Resources</b>	<b>6,457,851</b>	<b>5,771,008</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	1,311,974	1,129,513
Construction Contracts Payable	-	722,005
Accrued Liabilities	374,987	404,915
Compensated Absences	61,567	48,039
Funds Held for Others	600,480	748,584
Unearned Revenues	1,983,561	3,556,507
Deposits Payable	48,740	47,065
Bonds Payable (Current Portion)	3,782,457	3,662,457
OPEB Liability	552,810	311,890
<b>Total Current Liabilities</b>	<b>8,716,576</b>	<b>10,630,975</b>
<b>Noncurrent Liabilities</b>		
Compensated Absences	246,268	192,158
Bonds Payable (Net of Current Portion)	26,678,797	30,461,254
Pension Liability	6,881,705	8,399,314
OPEB Liability	23,067,533	20,890,957
<b>Total Noncurrent Liabilities</b>	<b>56,874,303</b>	<b>59,943,683</b>
<b>Total Liabilities</b>	<b>65,590,879</b>	<b>70,574,658</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows - Pension Plan	2,111,102	896,850
Deferred Inflows - OPEB	6,993,364	8,206,860
<b>Total Deferred Inflows of Resources</b>	<b>9,104,466</b>	<b>9,103,710</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	49,241,366	47,376,100
Restricted for:		
Expendable:		
Student Financial Aid Programs	417,132	433,879
Instructional Programs	59,647	57,798
Loans	47,598	47,598
Capital Projects	-	-
Debt Service	4,121,765	3,750,293
Other	3,203	3,236
Unrestricted	(7,242,595)	(10,763,345)
<b>Total Net Position (Schedule D)</b>	<b>\$ 46,648,116</b>	<b>\$ 40,905,559</b>

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

**Grayson College  
Affiliated Organizations  
Statement of Financial Position  
August 31, 2020 and 2019**

	<b>Grayson College Foundation</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 410,381	\$ 502,290
Short-Term Investments	1,032,218	753,681
Accrued Interest Receivable	20,808	22,093
Current Portion of Notes Receivable	4,344	4,442
<b>Total Current Assets</b>	<b>1,467,751</b>	<b>1,282,506</b>
<b>Noncurrent Assets</b>		
Notes Receivable	202,121	205,858
Long-Term Investments	14,338,426	13,531,652
Capital Assets (Net of Accumulated Depreciation)	1,105,074	1,100,373
<b>Total Noncurrent Assets</b>	<b>15,645,621</b>	<b>14,837,883</b>
<b>Total Assets</b>	<b>\$ 17,113,372</b>	<b>\$ 16,120,389</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 16,913	\$ 234
<b>Total Current Liabilities</b>	<b>16,913</b>	<b>234</b>
<b>Total Liabilities</b>	<b>16,913</b>	<b>234</b>
<b>Net Assets</b>		
Without Donor Restrictions	322,857	318,391
With Donor Restrictions	16,773,602	15,801,764
<b>Total Net Assets</b>	<b>17,096,459</b>	<b>16,120,155</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 17,113,372</b>	<b>\$ 16,120,389</b>

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

**Grayson College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Years Ended August 31, 2020 and 2019**

**Exhibit 2**

	<b>2020</b>	<b>2019</b>
<b>Operating Revenues</b>		
Tuition and Fees (Net of Discounts of \$5,521,840 and \$6,189,941)	\$ 4,978,410	\$ 4,683,836
Federal Grants and Contracts	4,401,348	1,511,547
State Grants and Contracts	1,358,732	2,879,950
Non-Governmental Grants and Contracts	54,205	245,444
Sales and Services of Educational Activities	28,740	50,634
Auxiliary Enterprises (Net of Discounts of \$334,094 and \$359,239)	533,118	673,930
Other Operating Revenues	211,436	228,136
<b>Total Operating Revenues (Schedule A)</b>	<b>11,565,989</b>	<b>10,273,477</b>
<b>Operating Expenses</b>		
Instruction	15,432,513	13,740,140
Public Service	859,108	799,141
Academic Support	2,669,004	2,337,580
Student Services	2,683,175	2,914,438
Institutional Support	6,459,625	5,713,470
Operation and Maintenance of Plant	3,910,463	4,435,305
Scholarships and Fellowships	4,899,981	3,926,868
Auxiliary Enterprises	1,652,185	1,803,035
Depreciation	2,602,687	2,824,059
<b>Total Operating Expenses (Schedule B)</b>	<b>41,168,741</b>	<b>38,494,036</b>
<b>Operating Income (Loss)</b>	<b>(29,602,752)</b>	<b>(28,220,559)</b>
<b>Non-Operating Revenues (Expenses)</b>		
State Appropriations	9,345,954	9,341,582
Ad-Valorem Taxes for Maintenance and Operations	15,972,364	14,491,190
Ad-Valorem Taxes for General Obligation Bonds	3,516,657	3,566,736
Federal Grants and Contracts, Non-Operating	7,027,758	6,555,722
Gifts	22,634	37,649
Investment Income (Net of Investment Expenses)	499,521	680,852
Interest on Capital Related Debt	(1,039,579)	(1,140,538)
Other Non-Operating Revenues	-	40
<b>Net Non-Operating Revenues (Expenses) (Schedule C)</b>	<b>35,345,309</b>	<b>33,533,233</b>
<b>Increase in Net Position</b>	<b>5,742,557</b>	<b>5,312,674</b>
<b>Net Position - Beginning of Year</b>	<b>40,905,559</b>	<b>35,592,885</b>
<b>Net Position - End of Year</b>	<b>\$ 46,648,116</b>	<b>\$ 40,905,559</b>

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



**Grayson College  
Affiliated Organizations  
Statement of Activities  
Years Ended August 31, 2020 and 2019**

	Without Donor Restrictions	With Donor Restrictions	Grayson College Foundation	
			Year Ended August 31, 2020	
			With Comparative Totals	
			For the Year Ended August 31, 2019	
			2020	2019
<b>Revenues, Gains, and Other Support</b>				
Gifts and Contributions	\$ -	\$ 518,773	\$ 518,773	\$ 687,908
Gifts - Collections	10,000	-	10,000	900,000
Gifts in Kind - Grayson College	360,956	-	360,956	346,058
Other Grants	-	16,500	16,500	10,000
Investment Income, Net	9,766	1,185,227	1,194,993	307,698
Net Assets Released from Restrictions	758,663	(758,663)	-	-
<b>Total Revenues, Gains, and Other Support</b>	<b>1,139,385</b>	<b>961,837</b>	<b>2,101,222</b>	<b>2,251,664</b>
<b>Expenses</b>				
Program Services:				
Salary and Wages	109,441	-	109,441	104,231
Services and Supplies	184,455	-	184,455	85,760
Scholarships	565,797	-	565,797	507,407
Total Program Services	859,693	-	859,693	697,398
Supporting Services:				
General Administration:				
Salary Wages	43,284	-	43,284	41,328
Services and Supplies	7,258	-	7,258	7,261
Total General Administration	50,542	-	50,542	48,589
Fundraising:				
Salary and Wages	135,652	-	135,652	127,887
Services and Supplies	73,732	-	73,732	71,965
Total Fundraising	209,384	-	209,384	199,852
Total Supporting Services	259,926	-	259,926	248,441
Depreciation	5,299	-	5,299	5,299
<b>Total Expenses</b>	<b>1,124,918</b>	<b>-</b>	<b>1,124,918</b>	<b>951,138</b>
<b>Change in Net Assets</b>	<b>14,467</b>	<b>961,837</b>	<b>976,304</b>	<b>1,300,526</b>
<b>Net Assets - Beginning of Year</b>	<b>1,218,391</b>	<b>14,901,764</b>	<b>16,120,155</b>	<b>14,819,629</b>
<b>Net Assets - End of Year</b>	<b>\$ 1,232,858</b>	<b>\$ 15,863,601</b>	<b>\$ 17,096,459</b>	<b>\$ 16,120,155</b>

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

**Grayson College**  
**Statement of Cash Flows**  
**Years Ended August 31, 2020 and 2019**

**Exhibit 3**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from Students and Other Customers	\$ 3,659,766	\$ 4,759,376
Receipts of Grants and Contracts	6,218,371	5,529,964
Payments to or on Behalf of Employees	(21,111,243)	(21,121,057)
Payments to Suppliers for Goods and Services	(10,645,907)	(8,117,932)
Payments of Scholarships	(4,767,706)	(3,803,147)
<b>Net Cash Flows from Operating Activities</b>	<b>(26,646,719)</b>	<b>(22,752,796)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Ad-Valorem Tax Revenues	19,410,122	17,983,367
Receipts of State Appropriations	7,230,099	7,093,162
Receipts of Grants and Contracts (Nonoperating)	7,033,059	6,549,736
Receipts from Student Organizations and Other Agency Transactions	334,578	592,338
Payments to Student Organizations and Other Agency Transactions	(482,682)	(613,787)
Receipts of Gifts	22,634	37,649
<b>Net Cash Flows from Noncapital Financing Activities</b>	<b>33,547,810</b>	<b>31,642,465</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchases of Capital Assets	(1,692,560)	(8,256,068)
Payment on Capital Debt and Leases	(4,528,603)	(4,529,275)
<b>Net Cash Flows from Capital and Related Financing Activities</b>	<b>(6,221,163)</b>	<b>(12,785,343)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sale and Maturity of Investments	4,835,938	11,052,652
Investment Earnings	499,521	680,852
Purchase of Investments	(2,589,657)	(9,272,748)
<b>Net Cash Flows from Investing Activities</b>	<b>2,745,802</b>	<b>2,460,756</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,425,730</b>	<b>(1,434,918)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>18,753,076</b>	<b>20,187,994</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 22,178,806</b>	<b>\$ 18,753,076</b>

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

**Grayson College**  
**Statement of Cash Flows**  
**Years Ended August 31, 2020 and 2019**

**Exhibit 3**  
**(continued)**

	2020	2019
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Operating Income (Loss)	\$ (29,602,752)	\$ (28,220,559)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Depreciation	2,602,687	2,824,059
State-Paid Employee Benefits	2,251,497	2,183,804
<b>Change in Assets and Liabilities</b>		
Receivables (Net)	(116,581)	(42,720)
Prepaid Expenses	(331,107)	21,882
Deferred Outflows of Resources - Pension Plan	1,121,705	(2,311,798)
Deferred Outflows of Resources - OPEB	(1,973,607)	1,497,116
Accounts Payable	34,357	(53,980)
Accrued Liabilities	(62,915)	302,309
Accrued Compensated Absences	100,625	(9,815)
Unearned Revenues	(1,572,946)	51,833
Deposits Payable	1,675	6,750
Deferred Inflows of Resources - Pension Plan	1,214,252	(587,392)
Deferred Inflows of Resources - OPEB	(1,213,496)	2,524,045
Net Pension Liability	(1,517,609)	3,560,727
Net OPEB Liability	2,417,496	(4,499,057)
Total Adjustments	2,956,033	5,467,763
<b>Net Cash Flows from Operating Activities</b>	<b>\$ (26,646,719)</b>	<b>\$ (22,752,796)</b>

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

**Grayson College  
Affiliated Organizations  
Statement of Cash Flows  
Years Ended August 31, 2020 and 2019**

	<b>Grayson College Foundation</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Position	\$ 976,304	\$ 1,300,526
Adjustments to Reconcile Change in Net Position to Net Cash		
Flows from Operating Activities:		
Depreciation	5,299	5,299
Donated Asset	(10,000)	(900,000)
Net (Gains) Losses on Investments	(1,194,993)	(307,698)
Change in Operating Assets and Liabilities:		
Accrued Interest Receivable	1,285	(21,844)
Accounts Payable	16,679	(4,349)
<b>Net Cash Flows from Operating Activities</b>	<b>(205,426)</b>	<b>71,934</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	(298,808)	(1,084,056)
Proceeds from Sale of Investments	412,325	540,259
<b>Net Cash Flows from Investing Activities</b>	<b>113,517</b>	<b>(543,797)</b>
<b>Cash Flows from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(91,909)</b>	<b>(471,863)</b>
<b>Cash - Beginning of Year</b>	<b>502,290</b>	<b>974,153</b>
<b>Cash - End of Year</b>	<b>\$ 410,381</b>	<b>\$ 502,290</b>

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

**Grayson College**  
**Notes to Financial Statements**  
**August 31, 2020 and 2019**

**NOTE 1 - REPORTING ENTITY**

Grayson College (College) was established in 1963, in accordance with the laws of the State of Texas, to serve the educational needs of Grayson County and the surrounding areas. The Board of Trustees (Board), a seven-member group, has governance responsibilities over all activities related to the College. The Board has decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters of the College.

Generally accepted accounting principles, as established by the Governmental Accounting Standards Board (GASB), defines the financial reporting entity as consisting of (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A primary government is financially accountable for those organizations if the primary government appoints a voting majority of an organization's governing body, and either can impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The College is considered to be a special purpose, primary government involved in business-type activities, in accordance with these standards. While the College receives funding from local, state, and federal agencies and must comply with the spending, reporting, and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity. One organization, the Grayson College Foundation (Foundation) meets the criteria of GASB pronouncements and has been presented as a discrete component unit of the College (see Note 19).

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Guidelines**

The College prepares its financial statements in conformity with accounting principles generally accepted in the United States of America applicable to governmental units in conjunction with the *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* issued by the Texas Higher Education Coordinating Board (Coordinating Board). The College applies all GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities.

The College presents its net position (or equity) into the following three components:

*Net Investment in Capital Assets* – This component consists of capital assets net of accumulated depreciation and reduced by the outstanding debt that is attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – This component includes those assets upon which constraints have been placed on their utilization. Such constraints may be placed externally (by creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This component represents the net position that is available for use to fulfill the educational purposes of the College. It includes all net position that are not classified as “net investment in capital assets” or “restricted.”

**B. Basis of Accounting**

The financial statements of the College are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Revenue Classifications**

The College distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. Other operating revenues include program-specific grants and contributions, sales of auxiliary activities and other miscellaneous income not applicable to any other category. Operating expenses include the costs of sales and services, administrative expenses, and depreciation of capital assets. The operations of the bookstore and cafeteria are performed by a third party contracted by the College.

Non-operating revenues include all revenues that are not classified as operating revenues as discussed above. The major non-operating revenues are state allocations, property taxes, grants, contributions, and investment earnings that are not restricted to a specific program.

**D. Tuition Discounting**

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

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

Texas Grants – Texas Grant funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

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

**E. 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 College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting except that depreciation expense is not budgeted. A copy of the approved budget and subsequent amendments must be filed with the Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

**F. Cash and Cash Equivalents**

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

**G. Investments**

The College's investments are reported at fair value in accordance with accounting standards. The information for determining the fair value of investments is derived from published sources, if available, and from professional investment advisors. Short-term investments have an original maturity greater than three months but less than one year at the time of purchase. Public funds investment pools are also considered to be short-term investments. Long-term investments have an original maturity of greater than one year at the time of purchase.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Property Taxes**

The College's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within the taxing district of the College. The assessed value of the roll on January 1, 2019, was \$17,128,678,109. Exemptions and abatements of \$5,321,699,102 are allowed, resulting in a taxable value of \$11,806,979,007. The tax levy of \$19,298,193 is the result of multiplying the value of the tax roll by the tax rates set by the Board. The tax rates assessed for the year ended August 31, 2020 to finance Unrestricted Current Fund operations and debt service for general obligation bonds were \$0.140684 and \$0.031068 per \$100 valuation, respectively.

Property tax collections during the year ended August 31, 2020 were \$18,866,668 for current taxes, \$204,110 for delinquent taxes, and \$256,790 for penalties, interest, and attorney fees. Tax collections for the year ended August 31, 2020 were 97.8% of the current tax levy. Other taxes (from non-property sources) collected during the year ended August 31, 2020 totaled \$53,319.

Property taxes are due on October 1 each year and become delinquent on February 1. The allowance for uncollectible taxes is based upon historical experience of the College.

**I. Capital Assets**

Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. The College's capitalization policy includes real or personal property with a value equal to or greater than \$5,000 and has an estimated life of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are charged to operating expense in the year in which the expense is incurred. The College reports depreciation under a single-line item as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

Buildings	50 years
Facilities and Other Improvements	20 years
Furniture, Machinery, Vehicles, and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years
Library Books	15 years

The College does not own any collections and has not adopted any specific policies in regard to accounting for collections.

**J. Unearned Revenues**

Tuition, fees, and other revenues received and related to future periods have not been recognized in the current year and have been presented as a liability (unearned revenues) in these financial statements.

**K. Estimates**

The preparation of 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.

**L. Income Taxes**

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no unrelated business income tax liability for the year ended August 31, 2020.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Restricted Resources**

When the College incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.

**N. 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.

**O. Pensions**

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

**P. Operating and Non-Operating Revenue and Expense Policy**

The college distinguishes operating revenues and expenses from non-operating items. The college reports as a business-type activity and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the college's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of food services and the bookstore is not performed by the college.

**NOTE 3 - AUTHORIZED INVESTMENTS**

**Authorized Investments**

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

In accordance with generally accepted accounting principles, inputs to valuation techniques used to measure fair value are prioritized according to a fair value hierarchy, as follows:

Level I - Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level II - Fair values are based on generally indirect information such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level III - Fair values are based on inputs other than quoted prices included within Level I that are unobservable and include the College's own assumptions about pricing.



**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 3 - AUTHORIZED INVESTMENTS (Continued)**

This fair value hierarchy gives the highest priority to Level I inputs and the lowest priority to Level III inputs. The College's certificate of deposit investments are classified in Level I of the hierarchy. The investment pools are measured at amortized cost, and are not required to be reported by levels.

The Foundation, as a nonprofit organization, is not subject to the Public Funds Investment Act. As a result, the Foundation can and does invest in other types of investments, including corporate equities, corporate debt instruments, mutual funds, and common investment trusts investing in corporate equities and debt, and land and other property.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

**Cash and Deposits**

Cash and Deposits at August 31, 2020 and 2019, as reported on the Statement of Net Position (Exhibit 1), consist of the following items:

	2020	2019
Petty Cash	\$ 2,700	\$ 2,700
Bank Deposits:		
Demand Accounts	22,176,106	18,750,376
Total Cash and Deposits	\$ 22,178,806	\$ 18,753,076

*Custodial credit risk* for deposits is the risk that in the event of a bank failure, the College's deposits may not be returned or the College will not be able to recover collateral securities in the possession of an outside party. The College's policy requires deposits to be 100% secured by collateral valued at market less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. At August 31, 2020 and 2019, the College's deposits are not exposed to custodial credit risk.

**Investments**

The following schedule summarizes the College's investments on a recurring basis as of August 31, 2020:

Type of Security	Fair Value	Credit Rating	Investment Maturities (in Years)		
			Less than 1	1 to 2 Years	More than 2
Investment Pools	\$ 253,184	AAA	\$ 253,184	\$ -	\$ -
Certificates of Deposits	11,671,388		-	11,671,388	-
Total Investments	\$11,924,572		\$ 253,184	\$ 11,671,388	\$ -

The following schedule summarizes the College's investments as of August 31, 2019:

Type of Security	Fair Value	Credit Rating	Investment Maturities (in Years)		
			Less than 1	1 to 2 Years	More than 2
Investment Pools	\$ 2,703,246	AAA	\$ 2,703,246	\$ -	\$ -
Certificates of Deposits	11,467,607		-	11,467,607	-
Total Investments	\$14,170,853		\$ 2,703,246	\$ 11,467,607	\$ -

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

The College has investments with the Texas Short-Term Asset Reserve Program (TexStar), an investment pool organized in conformity with the Interlocal Cooperation Act and the Public Funds Investment Act of the Texas Government Code. A governing board manages the business and affairs of TexStar, and it has appointed an advisory board consisting of representatives of participants and other persons who do not have a business relationship with the pool. TexStar operates in a manner consistent with SEC's Rule 2a7 of the Investment Company Act of 1940 and are rated AAA by Standard and Poors. All investments are stated at amortized cost, which generally approximates the fair value of the securities. There are no limitations or restrictions on withdrawals from TexStar. The College's investment in TexStar is not subject to custodial credit risk. TexStar's audited financial statements can be obtained at 1201 Elm Street, Dallas, Texas 75270.

*Credit risk* is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. In accordance with State law and the College's investment policy, investments in mutual funds and external pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A.

*Custodial credit risk* for investments is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The College's policy provides that investments to be purchased must have final maturities of five years or less.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of the College's investments in a single issuer. The College's policy does not place a limit on the amount that may be invested in any one issuer. This risk does not apply to U.S. Government securities or investments in an external investment pool. At August 31, 2020 and 2019, the College did not have a concentration of credit risk in its investment portfolio.

The Public Funds Investment Act (discussed on previous pages) also requires the College to have independent auditors perform test procedures related to investment practices as prescribed by that legislation. The College is in substantial compliance with the requirements of the Public Funds Investment Act.

**Reconciliation**

The following table reconciles Deposits and Investments presented with this note and amounts reported in the Statement of Net Position (Exhibit 1):

	<u>2020</u>	<u>2019</u>
Cash and Deposits	\$ 33,850,194	\$ 30,220,683
Investments	<u>253,184</u>	<u>2,703,246</u>
Total Deposits and Investments	<u>\$ 34,103,378</u>	<u>\$ 32,923,929</u>
Cash and Cash Equivalents (Exhibit 1)	\$ 22,178,806	\$ 18,753,076
Short-Term Investments (Exhibit 1)	253,184	2,703,246
Other Long-Term Investments (Exhibit 1)	<u>11,671,388</u>	<u>11,467,607</u>
Total Deposits and Investments	<u>\$ 34,103,378</u>	<u>\$ 32,923,929</u>

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 5 - RECEIVABLES**

Details of the College's receivables, including the allowance for uncollectible amounts, as of August 31, 2020 and 2019 are as follows:

	2020	Amounts not Expected to be Collected During Subsequent Year 2020	2019	Amounts not Expected to be Collected During Subsequent Year 2019
Accounts Receivable	\$ 12,986	\$ -	\$ 58,334	\$ -
Tuition and Fees Receivable	2,593,185	259,319	2,505,855	250,586
Property Taxes Receivable	1,051,840	229,826	959,018	206,189
Interest Receivable	8,640	-	17,014	-
Loans Receivable	29,739	-	29,739	-
Federal Receivables	967,132	-	322,241	-
State Receivables	<u>136,457</u>	<u>-</u>	<u>514,665</u>	<u>-</u>
Total Receivables	4,799,979	489,145	4,406,866	456,775
Allowance for Uncollectible Accounts	( 2,543,473)	-	( 2,344,627)	-
Totals	<u>\$ 2,256,506</u>	<u>\$ 489,145</u>	<u>\$ 2,062,239</u>	<u>\$ 456,775</u>

**NOTE 6 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The following schedule summarizes the College's deferred outflows of resources and deferred inflows of resources reported in the statement of financial position at August 31, 2020 and 2019:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2020	2019	2020	2019
Pension Plan – Teachers Retirement System of Texas	\$ 3,281,936	\$ 4,403,641	\$ 2,111,102	\$ 896,850
Other Post Employment Benefits	1,813,440	( 160,167)	6,993,364	8,206,860
Deferred Charge on Bond Refundings	<u>1,362,475</u>	<u>1,527,534</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,457,851</u>	<u>\$ 5,771,008</u>	<u>\$ 9,104,466</u>	<u>\$ 9,103,710</u>

The deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The deferrals related to the pension plan are actuarial and other differences arising from the operation of the TRS plan. Depending on the deferral, these items are amortized over a fixed five-year period or over the average expected remaining service life of all members of TRS as of the beginning of the measurement period. More details on the deferred outflows of resources and deferred inflows of resources related to the pension plan are available in Note 9.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 7 - CAPITAL ASSETS**

A summary of the changes in the College's capital assets during the year ended August 31, 2020 is shown below:

	<u>Balance</u> <u>Sept. 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Aug. 31, 2020</u>
<b>Not Depreciated</b>				
Land	\$ 1,343,562	\$ -	\$ -	\$ 1,343,562
Construction in Progress	<u>1,453,348</u>	<u>139,078</u>	<u>1,592,426</u>	<u>-</u>
Total – Not Depreciated	<u>2,796,910</u>	<u>139,078</u>	<u>1,592,426</u>	<u>1,343,562</u>
<b>Other Capital Assets</b>				
Buildings and Improvements	85,341,726	2,009,241	-	87,350,967
Facilities and Other Improvements	9,335,195	39,031	-	9,374,226
Furniture, Vehicles, and Other				
Equipment	8,767,776	365,455	10,350	9,122,881
Library Books	<u>1,280,892</u>	<u>20,526</u>	<u>-</u>	<u>1,301,418</u>
Subtotal	<u>104,725,589</u>	<u>2,434,253</u>	<u>10,350</u>	<u>107,149,492</u>
<b>Accumulated Depreciation</b>				
Buildings and Improvements	16,330,039	1,551,092	-	17,881,131
Facilities and Other Improvements	4,085,179	427,044	-	4,512,223
Furniture, Vehicles, and Other				
Equipment	6,237,156	597,600	2,070	6,832,686
Library Books	<u>1,058,987</u>	<u>29,021</u>	<u>-</u>	<u>1,088,008</u>
Subtotal	<u>27,711,361</u>	<u>2,604,757</u>	<u>2,070</u>	<u>30,314,048</u>
Net – Other Capital Assets	<u>77,014,228</u>	<u>( 170,504)</u>	<u>8,280</u>	<u>76,835,444</u>
Totals	<u>\$ 79,811,138</u>	<u>\$ ( 31,426)</u>	<u>\$ 1,600,706</u>	<u>\$ 78,179,006</u>

A summary of the changes in the College's capital assets for the year ended August 31, 2019 is shown below:

	<u>Balance</u> <u>Sept. 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Aug. 31, 2019</u>
<b>Not Depreciated</b>				
Land	\$ 1,343,562	\$ -	\$ -	\$ 1,343,562
Construction in Progress	<u>2,110,625</u>	<u>5,444,343</u>	<u>6,101,620</u>	<u>1,453,348</u>
Total – Not Depreciated	<u>3,454,187</u>	<u>5,444,343</u>	<u>6,101,620</u>	<u>2,796,910</u>
<b>Other Capital Assets</b>				
Buildings and Improvements	78,906,319	6,435,407	-	85,341,726
Facilities and Other Improvements	9,115,295	219,900	-	9,335,195
Furniture, Vehicles, and Other				
Equipment	8,020,526	747,250	-	8,767,776
Library Books	<u>1,244,219</u>	<u>36,673</u>	<u>-</u>	<u>1,280,892</u>
Subtotal	<u>97,286,359</u>	<u>7,439,230</u>	<u>-</u>	<u>104,725,589</u>
<b>Accumulated Depreciation</b>				
Buildings and Improvements	14,872,579	1,457,460	-	16,330,039
Facilities and Other Improvements	3,622,900	462,279	-	4,085,179
Furniture, Vehicles, and Other				
Equipment	5,365,177	871,979	-	6,237,156
Library Books	<u>1,026,645</u>	<u>32,342</u>	<u>-</u>	<u>1,058,987</u>
Subtotal	<u>24,887,301</u>	<u>2,824,060</u>	<u>-</u>	<u>27,711,361</u>
Net – Other Capital Assets	<u>72,399,058</u>	<u>4,615,170</u>	<u>-</u>	<u>77,014,228</u>
Totals	<u>\$ 75,853,245</u>	<u>\$ 10,059,513</u>	<u>\$ 6,101,620</u>	<u>\$ 79,811,138</u>

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 7 - CAPITAL ASSETS (Continued)**

**Construction in Progress / Construction Commitments**

As of August 31, 2019, the College was involved in the planning and / or construction phase of two projects for the construction, renovation, and improvement to buildings. The estimated total cost of these projects is approximately \$7,859,150, which will be paid from the College's current resources.

Contracts have been executed with an architectural firm and, in some cases, with a general contractor for these projects. The following table summarizes the amounts of these contracts as of August 31, 2020.

<u>Project</u>	<u>Total Contracts as of Aug. 31, 2020</u>	<u>Costs Incurred as of Aug. 31, 2020</u>	<u>Total Contracts as of Aug. 31, 2019</u>	<u>Costs Incurred as of Aug. 31, 2019</u>
<b>New Student Services Center</b>				
Architectural	\$ 365,761	\$ 365,761	\$ 403,706	\$ 356,357
Construction	5,963,288	5,672,881	5,963,288	5,317,094
<b>Teaching Distillery</b>				
Architectural	121,356	121,356	135,994	112,791
Construction	<u>1,408,745</u>	<u>1,408,745</u>	<u>1,319,919</u>	<u>1,283,526</u>
<b>Total</b>	<u>\$ 7,859,150</u>	<u>\$ 7,568,743</u>	<u>\$ 7,822,907</u>	<u>\$ 7,069,738</u>

The above projects were completed at various times during the fiscal year ending August 31, 2020.

**NOTE 8: ACCRUED LIABILITIES**

Details of the College's accrued liabilities as of August 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Salary and Other Employee Benefits	\$ 322,514	\$ 394,131
Interest	<u>52,473</u>	<u>57,299</u>
<b>Total Accrued Liabilities</b>	<u>\$ 374,987</u>	<u>\$ 451,430</u>

**NOTE 9 - LONG-TERM DEBT**

The following schedule summarizes the changes in the long-term indebtedness of the College for the year ended August 31, 2020:

	<u>Balance Sept. 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance Aug. 31, 2020</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 25,385,000	\$ -	\$ 2,070,000	\$ 23,315,000	\$ 2,140,000
Revenue Bonds	5,290,000	-	1,200,000	4,090,000	1,250,000
Unamortized Premium on Bonds	<u>3,448,711</u>	<u>-</u>	<u>392,457</u>	<u>3,056,254</u>	<u>392,457</u>
Total Bonds Payable	34,123,711	-	3,662,457	30,461,254	3,782,457
Compensated Absences	240,197	271,043	203,405	307,835	61,567
Pension Liability	8,399,314	-	1,517,609	6,881,705	-
Other Post Employment Benefits Liability	<u>21,202,847</u>	<u>2,417,496</u>	<u>-</u>	<u>23,620,343</u>	<u>552,810</u>
<b>Totals</b>	<u>\$ 63,966,069</u>	<u>\$ 2,688,539</u>	<u>\$ 5,383,471</u>	<u>\$ 61,271,137</u>	<u>\$ 4,396,834</u>

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 9 - LONG-TERM DEBT (Continued)**

The following schedule summarizes the changes in the long-term indebtedness of the College for the year ended August 31, 2019:

	Balance Sept. 1, 2018	Additions	Retirements	Balance Aug. 31, 2019	Due Within One Year
General Obligation Bonds	\$ 27,390,000	\$ -	\$ 2,005,000	\$ 25,385,000	\$ 2,070,000
Revenue Bonds	6,440,000	-	1,150,000	5,290,000	1,200,000
Unamortized Premium on Bonds	<u>3,841,168</u>	<u>-</u>	<u>392,457</u>	<u>3,448,711</u>	<u>392,457</u>
Total Bonds Payable	37,671,168	-	3,547,457	34,123,711	3,662,457
Compensated Absences	194,323	259,277	213,403	240,197	48,039
Pension Liability	4,838,587	3,560,727	-	8,399,314	-
Other Post Employment Benefits Liability	<u>25,701,904</u>	<u>-</u>	<u>4,499,057</u>	<u>21,202,847</u>	<u>311,890</u>
Totals	<u>\$ 68,405,982</u>	<u>\$ 3,820,004</u>	<u>\$ 8,259,917</u>	<u>\$ 63,966,069</u>	<u>\$ 4,022,386</u>

**Bonds Payable**

The College has the following bond issues outstanding as of August 31, 2020:

On October 1, 2010, the College issued Consolidated Fund Revenue Refunding Bonds, Series 2010 in the amount of \$15,215,000 for the purpose of advance refunding of \$15,560,000 of the College's revenue bonds (Series 2002, 2003, and 2004). Various revenues, including tuition, general use fees, and gross revenues of the College's auxiliary enterprises, are pledged for the debt service of the bonds. Principal payments from \$605,000 to \$1,300,000 are due beginning August 15, 2011 through 2024. Semiannual interest payments ranging from 2% to 4% are due beginning February 15, 2011. The balance outstanding on this bond issue as of August 31, 2020 is \$4,090,000.

On October 11, 2016, the College issued General Obligation Refunding Bonds, Series 2016 in the amount of \$27,640,000 for the purpose of advance refunding \$29,480,000 of the College's general obligation bonds (Series 2007 and 2008). These bonds are payable from a continuing direct annual ad valorem tax levied by the College on all taxable property to provide for the payment of principal and interest. Principal payments from \$250,000 to \$3,070,000 are due beginning on February 15, 2017 through 2029. Semiannual interest payments at interest rates ranging from 3% to 5% are due beginning February 15, 2017. The balance outstanding on this bond issue as of August 31, 2020 is \$23,315,000.

The principal and interest requirements related to the bonded indebtedness are listed below:

Year Ended August 31,	General Obligation Bonds		Revenue Bonds		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,140,000	\$ 990,650	\$ 1,250,000	\$ 163,600	\$ 3,390,000	\$ 1,154,250
2022	2,230,000	903,250	1,300,000	113,600	3,530,000	1,016,850
2023	2,335,000	800,275	935,000	61,600	3,270,000	861,875
2024	2,455,000	680,525	605,000	24,200	3,060,000	704,725
2025	2,580,000	554,650	-	-	2,580,000	554,650
2026-2029	<u>11,575,000</u>	<u>963,275</u>	<u>-</u>	<u>-</u>	<u>11,575,000</u>	<u>963,275</u>
Total	<u>\$ 25,315,000</u>	<u>\$ 4,892,625</u>	<u>\$ 4,090,000</u>	<u>\$ 363,000</u>	<u>\$ 27,405,000</u>	<u>\$ 5,255,625</u>

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 9 - LONG-TERM DEBT (Continued)**

**Interest Expense**

During the year ended August 31, 2020, the College incurred interest costs of \$1,039,579 on its bonds, notes, and capital leases payable. This entire amount was charged to expense.

During the year ended August 31, 2019, the College incurred interest costs of \$1,140,538 on its bonds, notes, and capital leases payable. This entire amount was charged to expense.

**Compensated Absences**

The sole component of the compensated absences liability as of August 31, 2020 is accrued annual (vacation) leave for employees. See Note 10 for expanded discussion. This obligation will be paid by the fund or department for which the employee works at the time of utilization. As of August 31, 2020, \$307,835 is expected to be paid by the Current Unrestricted Fund. The College believes that approximately \$61,567 of this liability will be paid to employees during the year ending August 31, 2021 and, accordingly, has classified that portion of the liability as a current obligation. The balance of the liability (\$246,268) is considered long-term.

**NOTE 10 - EMPLOYEES' RETIREMENT PLAN**

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas (TRS).

**Teacher Retirement System of Texas**

*Plan Description.* The College participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by TRS and 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.* Detail 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 by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; on the Internet at <https://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; or by calling (512) 542-6592.

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

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 10 - EMPLOYEES' RETIREMENT PLAN (Continued)**

**Teacher Retirement System of Texas (Continued)**

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2019 and 2020 would remain the same.

**Contribution Rates**

	<u>2019</u>	<u>2020</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State of Texas)	6.8%	7.5%
Employers	6.8%	7.5%
College's 2020 Member Contributions	\$ 975,815	
State of Texas 2020 Employer Contributions	\$ 120,807	
State of Texas 2020 On-Behalf Contributions	\$ 829,663	

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools, and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with State Statutes and the General Appropriations Act (GAA).

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

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

In addition to the employer contributions listed above, when employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.



**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 10 - EMPLOYEES' RETIREMENT PLAN (Continued)**

**Teacher Retirement System of Texas (Continued)**

*Actuarial Assumptions.* The total pension liability in the August 31, 2018 actuarial valuation rolled forward to August 31, 2019 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
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August 2019	2.63%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to Maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last Year Ending August 31 in the Projection Period (100 Years)	2116
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05%
Ad Hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the three-year period ending August 31, 2018, and adopted in July 2019.

*Discount Rate.* The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 arithmetic real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2019 are summarized below:

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 10 - EMPLOYEES' RETIREMENT PLAN (Continued)**

**Teacher Retirement System of Texas (Continued)**

<u>Asset Class</u>	<u>FY 2019 Target Allocation*</u> %	<u>New Target Allocation**</u> %	<u>Long-Term Expected Geometric Real Rate of Return***</u>
<b>Global Equity</b>			
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	8.40
<b>Stable Value</b>			
U.S. Treasuries****	11.00	16.00	3.10
Stable Value Hedge Funds	4.00	5.00	4.50
Absolute Return (Including Credit Sensitive Investments)	-	-	-
<b>Real Return</b>			
Global Inflation Linked Bonds****	3.00	-	-
Real Estate	14.00	15.00	8.50
Energy and Natural Resources And Infrastructure	5.00	6.00	7.30
Commodities	-	-	-
<b>Risk Parity</b>			
Risk Parity	5.00	8.00	5.8%/6.5%*****
<b>Asset Allocation Leverage</b>			
Cash	1.0	2.0	2.5
Asset Allocation Leverage	-	(6.0)	2.7
<b>Expected Return</b>		7.23%	

\*FY 2019 Target Allocation based on the Strategic Asset Allocation dated 10/1/2018

\*\*New target allocation based on the Strategic Asset Allocation dated 10/1/2019

\*\*\*10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

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

\*\*\*\*\*5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

Source: Teacher Retirement System of Texas 2019 Comprehensive Annual Financial Report

*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 (8%) in measuring the Net Pension Liability.

	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
College's Proportionate Share of the Net Pension Liability	\$ 10,578,180	\$ 6,881,705	\$ 3,886,847

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 10 - EMPLOYEES' RETIREMENT PLAN (Continued)**

**Teacher Retirement System of Texas (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At August 31, 2020, the College reported a liability of \$6,881,705 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College is as follows:

	2020	2019
College's Proportionate Share of Collective Net Pension Liability	\$ 6,881,705	\$ 8,399,314
State's Proportionate Share that is Associated with the College	4,328,815	3,151,720
<b>Total</b>	<b>\$ 11,210,520</b>	<b>\$ 11,551,034</b>

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 August 31, 2018 rolled forward to August 31, 2019. The College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019 the College's proportion of the collective net pension liability was 0.0132383% which was a decrease of 0.0020214% from its proportion measured as of August 31, 2018.

**Changes Since the Prior Actuarial Valuation.** The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2018.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 6.907 percent as of August 31, 2018 to 7.25 percent as of August 31, 2019.
- The long-term assumed rate of return changed from 7.25 percent to 7.23 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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

For the year ended August 31, 2020, the District recognized pension expense of \$679,996 and revenue of \$679,996 for support provided by the State. For the year ended August 31, 2019, the District recognized pension expense of \$311,936 and revenue of \$311,936 for support provided by the State.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 10 - EMPLOYEES' RETIREMENT PLAN (Continued)**

**Teacher Retirement System of Texas (Continued)**

At August 31, 2020, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2020</u>		<u>2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 28,909	\$ 238,944	\$ 52,354	\$ 206,086
Changes in Actuarial Assumptions	2,135,043	882,301	3,028,357	94,636
Difference Between Projected and Actual Investment Earnings	413,730	344,630	436,506	595,877
Changes in Proportion and Difference Between the College's Contributions and the Proportionate Share of Contributions	583,447	645,227	784,901	251
Contributions Paid to TRS Subsequent to the Measurement Date	<u>120,807</u>	<u>-</u>	<u>101,523</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 3,281,936</u></b>	<b><u>\$ 2,111,102</u></b>	<b><u>\$ 4,403,641</u></b>	<b><u>\$ 896,850</u></b>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (in the amount of \$120,807) will be recognized as a reduction of net pension liability for the year ending August 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended August 31,</u>	<u>Pension Expense Amount</u>
2021	\$ 286,489
2022	217,675
2023	377,247
2024	278,550
2025	( 2,963)
Thereafter	( 106,971)

**Optional Retirement Plan**

*Plan Description.* The State has also established an optional retirement program for institutions of higher education. Participation in the Optional Retirement Program 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, Section 67, and Texas Government Code, Title 8, Subtitle C.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 10 - EMPLOYEES' RETIREMENT PLAN (Continued)**

**Optional Retirement Plan (Continued)**

*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% and by each participant are 6.6% for both fiscal years 2020 and 2019. The College contributes 1.31% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the State has no additional or unfunded liability for this program. Senate Bill 1812, 83<sup>rd</sup> Texas Legislature Regular Session, effective September 1, 2013 limits the amount of the State's contribution to 50% of the College's eligible employees.

*Contribution / Payroll Information.* The retirement expense to the state for the College was \$126,018 and \$108,283 for the fiscal years ended August 31, 2020 and 2019, respectively. This amount represents the portion of expended appropriations made by the Legislature on behalf of the College.

The total payroll for all College employees was \$18,773,953 and \$16,785,924 for the years ended August 31, 2020 and 2019, respectively. The total payroll of employees covered by the TRS was \$12,672,923 and \$10,816,790, and the total payroll of employees covered by the optional retirement program was \$3,934,902 and \$3,830,644 for the fiscal years ended August 31, 2020 and 2019, respectively.

**NOTE 11 - COMPENSATED ABSENCES**

Full-time employees who work twelve months during the year are allowed to accumulate annual leave based upon the number of hours required for the workweek and the number of years employed at the College. For employees with a 35-hour regular workweek, 2.70 hours per bi-weekly payroll are accrued for those employees with less than 15 years of service and 4.04 hours per bi-weekly payroll are accrued for those employees with more than 15 years of service. For employees with a 40-hour regular workweek, 3.08 hours per bi-weekly payroll are accrued for those employees with less than 15 years of service and 4.62 hours per bi-weekly payroll are accrued for those employees with more than 15 or more years of service. The maximum number of hours that may be carried forward to the next fiscal year is 105 and 120 for employees with 35-hour and 40-hour workweeks, respectively. A calculated percentage is applied to part-time contractual employees to determine their accrual rates.

The College has recognized the accrued liability for the unpaid annual leave in the fund in which the employee works. Accrued compensated absences payable of \$307,835 and \$240,197 is recorded in the financial statements as of August 31, 2020 and 2019, respectively. These amounts are payable to the employees (or their beneficiaries) upon termination or death.

Full-time employees who work twelve months during the year are allowed to accumulate sick leave based upon the number of hours required for the workweek. Employees with a 35-hour workweek accrue 2.70 hours per bi-weekly payroll and employees with a 40-hour workweek accrue 3.08 hours per bi-weekly payroll. Sick leave for instructional employees with nine-month or ten-and-one-half month contracts is accrued over the length of the contract. Full-time instructional employees shall accrue a maximum of 480 hours. Full-time noninstructional employees may accrue a maximum of 420 hours for those employees whose regular workweek is 35 hours and 480 hours for those employees whose regular workweek is 40 hours. A calculated percentage is applied to part-time employees to determine their accrual rates. The College's policy is to recognize sick leave when paid. No liability has been recorded in the financial statements since the College's experience indicates the expenditure for sick leave to be minimal.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 11 - COMPENSATED ABSENCES (Continued)**

Additionally, the College has established a sick leave pool to benefit employees who suffer or are affected by a catastrophic injury or illness. Employees may contribute up to ten percent of accumulated sick leave to the pool. Receipt of benefits from the pool is not contingent upon prior contributions. The Human Resource department makes benefit payment decisions. No liability for the sick leave pool has been recorded in these financial statements.

**NOTE 12 - DEFERRED COMPENSATION PROGRAM**

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

**NOTE 13 – OTHER POST-EMPLOYEE BENEFITS (OPEB)**

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

*OPEB Plan Fiduciary Net Position.* Detailed information about the GBP's fiduciary net position is available in the separately issued ERS 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.

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

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 13 – OTHER POST-EMPLOYEE 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 Basic Life Premium Fiscal Year 2019	
Retiree Only	\$ 624.82
Retiree & Spouse	\$ 1,340.82
Retiree & Children	\$ 1,104.22
Retiree & Family	\$ 1,820.22

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

Premium Contributions by Source Group Benefits Program Plan For the Years Ended August 31, 2019 and 2018		
	<u>FY 2019</u>	<u>FY 2018</u>
Grayson College	\$ 2,025,092	\$ 2,078,208
Nonemployer Contribution Entity (State of Texas)	\$ 1,515,402	\$ 1,598,790
Members (Employees)	\$ 509,301	\$ 544,085

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 13 – OTHER POST-EMPLOYEE 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:

Valuation Date	August 31, 2019
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of payroll, open
Remaining Amortization Period	30 years
Asset Valuation Method	N/A
Last Experience Study	7-year period from September 1, 2010 to August 31, 2017
<b>Actuarial Assumptions:</b>	
Discount Rate	2.97%
Projected Annual Salary Increase (includes inflation)	2.5% to 9.5%, including inflation
Annual Healthcare Trend Rate	7.30% for FY2021, 7.40% for FY2022, 7.00% for FY2023, decreasing 0.50% per year to an ultimate rate of 4.50% for FY2028 and later years
Inflation Assumption Rate	2.50%
Ad hoc Postemployment Benefit Changes	None
Mortality Rate:	
Service Retirees, Survivors, and other Inactive Members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disability Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full Ultimate MP Projection Scale from the year 2014

Many of the actuarial assumptions used in the 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.



**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 13 – OTHER POST-EMPLOYEE BENEFITS (OPEB) (Continued)**

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

*Discount Rate.* Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 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 (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

*Discount Rate Sensitivity Analysis.* The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (2.97%) in measuring the net OPEB Liability.

	<u>1% Decrease In Discount Rate (1.97%)</u>	<u>Discount Rate (2.97%)</u>	<u>1% Increase in Discount Rate (3.97%)</u>
Grayson College's Proportionate Share of the Net OPEB Liability:	\$ 28,186,416	\$ 23,620,343	\$ 20,106,915

*Healthcare Trend Rate Sensitivity Analysis.* The initial healthcare trend rate is 7.3% and the ultimate rate is 4.5%. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used in measuring the net OPEB liability.

	<u>1% Decrease in Healthcare Cost Trend Rates (ex. 6.3% to 3.5%)</u>	<u>Current Healthcare Cost Trend Rates (ex. 7.3% to 4.5%)</u>	<u>1% Increase in Healthcare Cost Trend Rates (ex. 8.3% to 5.5%)</u>
Grayson College's Proportionate Share of the Net OPEB Liability:	\$ 19,833,793	\$ 23,620,343	\$ 28,568,496

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 13 – OTHER POST-EMPLOYEE BENEFITS (OPEB) (Continued)**

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* At August 31, 2020, the College reported a liability of \$23,620,343 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College is as follows:

	2020	2019
Grayson College's Proportionate Share of the Collective Net OPEB Liability	\$ 23,620,343	\$ 21,202,847
State's proportionate share that is associated with Grayson College	19,439,170	16,311,598
Total	\$ 43,059,513	\$ 37,514,445

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, 2019 through August 31, 2020.

At August 31, 2020 the College's proportion of the collective net OPEB Liability was 0.06834061 which was a decrease of 0.0031994 from its proportion measured as of August 31, 2019.

For the year ended August 31, 2020, the College recognized OPEB expense of \$22,023 and revenue of \$22,023 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:

- Additional demographic assumptions (aggregate payroll increases and rate of general inflation) to reflect an experience study;
- The percentage of current and future retirees and retirees' spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends;
- Assumptions for administrative expenses, assumed per Capita Health Benefit Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience;
- Effects in short-term expectations and revised assumed rate of general inflation.

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 cost applicable to services obtained at a free-standing emergency facility;
- An elimination of the copayment for virtual visits;
- A copay reduction for Airrosti and for out-of-state participants;
- Elimination of the deductible for in-network services and application of a copayment rather than coinsurance to certain services like primary care and specialist visits.

These minor benefit changes have been reflected in the fiscal year 2019 Assumed Per Capita Health Benefit Costs.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 13 – OTHER POST-EMPLOYEE BENEFITS (OPEB) (Continued)**

At August 31, 2020, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ -	\$ -
Changes in Actuarial Assumptions	1,680,934	614,622
Difference Between Projected and Actual Investment Earnings	9,711	5,278,251
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	( 334,961)	1,100,491
Contributions Paid to ERS Subsequent to the Measurement Date	<u>457,756</u>	<u>-</u>
Total	<u>\$ 1,813,440</u>	<u>\$ 6,993,364</u>

At August 31, 2019, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ -	\$ 776,804
Changes in Actuarial Assumptions	-	7,430,056
Difference Between Projected and Actual Investment Earnings	10,041	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	( 428,004)	-
Contributions Paid to ERS Subsequent to the Measurement Date	<u>257,796</u>	<u>-</u>
Total	<u>\$( 160,167)</u>	<u>\$ 8,206,860</u>

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:

<u>Year ended August 31:</u>	<u>Pension Expense Amount</u>
2021	\$( 1,968,281)
2022	( 1,968,281)
2023	( 1,320,634)
2024	( 439,449)
2025	58,966

**NOTE 14 - TAX ABATEMENT**

The College is authorized by Texas Tax Code 312 to enter into property tax abatement agreements. In accordance with this law, the College has passed a resolution that establishes guidelines and criteria for the administration of its tax abatements. Among other things, the guidelines and criteria specify:

1. That an agreement may not require extraordinary capital improvement financing by the College;
2. That the percentage abated must not be less than 10% nor more than 100% of the appraised value of the property;

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 14 - TAX ABATEMENT (Continued)**

3. That the College will receive an economic impact study which shows that the project and abatement are in the College's economic interest;
4. That taxes may not be abated on equipment that has already been ordered or received;
5. That taxes may not be abated on real property if construction on the property to be abated has already begun; and
6. That the Board of Trustees for the College is the sole judge as to whether the College will enter into an agreement.

The College grants tax abatements to primary employers in conjunction with other local taxing entities for the purpose of stimulating the local economy. The stimulus is quantified by the creation of jobs, the construction of facilities, the purchase of equipment, or a combination of these factors.

The College currently has abatement agreements with Ruiz Food Products, and GlobiTech Incorporated.

The abatement agreements with Ruiz Food Products contains a provision that give the College the right to recapture all tax revenue lost as a result of the agreement in the event that the company fails to perform on any term or covenant of the agreement.

The abatement agreement with GlobiTech Incorporated contains a provision that, in the event GlobiTech defaults on the provisions of the agreement, the College's sole remedy shall be the termination of the agreement. All future abatements under the agreement would cease, but the College would not be allowed to recapture any taxes that were abated prior to the defaults.

The abatement agreement with Ruiz Food Products calls for the company to construct an addition to its facility at an estimated cost of \$10,000,000. It also calls for the company to purchase and install equipment at an estimated cost of \$30,000,000. In exchange, the College agreed to abate the property taxes on the building improvements for six years at rates ranging from 20% to 100%, and to abate property taxes on the equipment for eight years at 50% each year. This abatement began in 2017 and will expire in 2021. For the fiscal year ended August 31, 2020, the College abated \$23,154 in property taxes for Ruiz Food Products.

The abatement agreement with GlobiTech Incorporated calls for the company to construct improvements to its facility at an estimated cost of \$7,500,000. It also calls for the company to purchase and install equipment at an estimated cost of \$26,500,000. In exchange, the College agreed to abate the property taxes on the building improvements for eight years at rates ranging from 50% to 100%, and to abate property taxes on the equipment for five years at rates ranging from 50% to 100%. The abatement will expire December 31, 2020. For the fiscal year ended August 31, 2020, the College abated \$5,211 in property taxes for GlobiTech Incorporated.

In total, Grayson College abated property tax revenue of \$28,365 for the fiscal year ended August 31, 2020.

**NOTE 15 - PENDING LAWSUITS AND CLAIMS**

As of August 31, 2020, there are no known material lawsuits and claims pending or threatened against the College.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 16 - CONTRACT AND GRANT AWARDS**

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years August 31, 2020 and 2019 for which monies have not been received nor funds expended totaled \$5,750,765 and \$3,972,272, respectively. Of these amounts, \$4,337,890 and \$2,531,996 were from Federal Contract and Grant Awards; and \$1,412,875 and \$1,440,276 were from State Contract and Grant Awards for the fiscal years ended August 31, 2020 and 2019, respectively.

The College receives a portion of its revenues from government grants and contracts, all of which are subject to audit by federal and state agencies. The determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the respective agencies. As a result, there exists a contingency to refund any amount received in excess of allowable costs. The amount, if any, of expenses which may be disallowed by the grantor agencies cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

**NOTE 17 - RISK MANAGEMENT**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except for workers' compensation insurance, the College carries commercial insurance for all risks of loss. The College accounts for risk management issues in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

The College participates in the Workers' Compensation Fund of the Texas Educational Insurance Association (Fund) administered by Claims Administrative Services, Inc. The College is responsible for the payment of all claims until a certain threshold is reached. Whenever the claims exceed the threshold, a commercial insurance policy pays the excess claims. The Fund's specific retention of loss is \$1,000,000, with an aggregate limit of \$5,000,000; the College's maximum fund loss is \$95,634. Premiums of \$35,308 and \$31,634 for this insurance were allocated to the College for the years ended August 31, 2020 and 2019, respectively.

The following schedule summarizes the changes in claims liabilities for the years ended August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Claims Liabilities – Beginning of Year	\$ 118,688	\$ 96,343
Incurred Claims	10,709	75,966
Change in Prior Year Claim Estimates	6,697	( 29,187)
Payment on Claims	<u>( 85,820)</u>	<u>( 24,434)</u>
Claims Liabilities – End of Year	<u>\$ 50,274</u>	<u>\$ 118,688</u>

The claims liability is reported in accrued liabilities in the financial statements and includes \$32,494 and \$30,403 of estimated claims incurred but not reported, as determined actuarially by the administrator at August 31, 2020 and 2019, respectively.

**NOTE 18 – RELATED PARTY**

A board member of Grayson College is the spouse to the owner of the construction company performing multiple projects throughout the year. Said board member abstained from discussions and votes related to construction projects.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 19 - SUBSEQUENT EVENTS**

In September 2020, the College issued Consolidated Fund Revenue Refunding Bonds, Series 2020 in the amount of \$4,178,000. These bonds will provide moneys for the refunding of the College's Consolidated Fund Revenue Bonds, Series 2010. Series 2010 bonds totaling \$4,090,000 will be retired on October 1, 2020. This refunding will reduce the College's debt service requirements over the next four years by approximately \$182,075. Subsequent events have been evaluated through January 19, 2021, which is the date the financial statements were available to be issued.

**NOTE 20 - GRAYSON COLLEGE FOUNDATION - DISCRETE COMPONENT UNIT**

The Foundation was established as a separate nonprofit organization in 1991 to raise funds to provide student scholarships and assistance in the development and growth of the College. Under GASB standards, the Foundation is a component unit of the College because: 1) the College provides financial resources to the Foundation and the economic resources received or held by the Foundation are entirely or almost entirely for the direct benefit of the College; 2) the College is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the Foundation; and 3) the economic resources held by the Foundation that the College is entitled to or has the ability to otherwise access are significant to the College.

Accordingly, the Foundation's financial statements are included in the College's annual report as a discrete component unit (see table of contents). Separate financial statements of the Foundation are not prepared; therefore, selected disclosures are included in the College's financial statements.

**GENERAL AND SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Foundation maintains its accounts in accordance with the principles of fund accounting. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund. For reporting purposes, however, the Foundation classifies net position and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net position of the Foundation and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor (or certain grant) restrictions. The governing board may designate from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

**Net Assets with Donor Restrictions** – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Cash and Cash Equivalents** – For purposes of reporting cash flows, the Foundation considers all bank deposits, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature or other long-term purposes are excluded from this definition.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 20 - GRAYSON COLLEGE FOUNDATION - DISCRETE COMPONENT UNIT (Continued)**

**GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. The carrying amounts of other investments (real estate) are based upon the historical cost of those investments. Realized and unrealized gains and losses are reported in the statement of activities.

In accordance with generally accepted accounting principles, investment in financial and nonfinancial assets are reported in a three-tiered hierarchy as follows:

Level I – Assets are based on quoted prices or unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the Foundation's year end.

Level II – Assets are based on other than quoted prices or adjusted quoted prices of similar assets or liabilities in markets that are not active.

Level III – Assets are based on unobservable inputs and shall reflect the Foundation's own assumptions about the assets or liabilities.

This fair value hierarchy gives the highest priority to Level I assets and the lowest priority to Level III assets.

**Capital Assets and Depreciation**

Capital assets are recorded at cost or at estimated fair market value at the date of the gift if donated. Such donations are reported without donor restrictions support unless the donor has restricted the asset to a specific purpose. Assets donated with specific restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies with donor restrictions net assets to without donor restrictions net assets at that time.

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. The estimated net assets useful lives are fifty years for buildings and improvements and ten years for equipment.

Collections: In accordance with guidance issued by the Texas Comptroller of Public Accounts, collections are capitalized but not depreciated. Collections are valued at their historical cost or fair value at the date of donation. The Foundation has a statue which it capitalizes as a collection. This collection is not depreciated due to the inexhaustible nature of this asset.

**Contributions**

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

**Contributed Services**

The services of the Foundation employees and certain operating costs have been donated by the College. The estimated value of these contributed services is \$360,956 and \$346,058 for the years ended August 31, 2020 and 2019, respectively, and has been included in revenues and expenses in the accompanying financial statements.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 20 - GRAYSON COLLEGE FOUNDATION - DISCRETE COMPONENT UNIT (Continued)**

**GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Concentration of Credit Risk**

The Foundation maintains its cash and cash equivalents in bank deposit accounts which frequently exceed federally insured limits. However, the Foundation does not believe that it is exposed to any significant credit risk in connection with these accounts.

**Functional Allocation of Expenses**

The costs of program, support services, and fundraising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs, support services, and fundraising activities benefited on the basis of estimates of time and effort.

**Federal Income Taxes**

The income of the Foundation, except for unrelated business income, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation had no unrelated business income during the years ended August 31, 2020 and 2019.

**Use of Estimates**

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

**New Accounting Pronouncements**

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly.

In June 2018, the FASB issued Accounting Standards ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU assists entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. The standard was adopted prospectively by the Foundation during the current fiscal year. The implementation of this standard did not significantly impact the Foundation's financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customer. The guidance clarifies the principles for recognizing revenue from contracts with customers. The guidance requires the Foundation to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. Management is in the process of evaluating the impact of the amended revenue recognition guidance, but it is not expected to have a significant impact on the Foundation's financial statements.

In June 2020, the FASB issued ASU 2020-05 Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842). As allowed by the pronouncement, the Foundation has elected to defer the implementation dates of ASU 2014-09 for one year. As such ASU 2014-09 will be effective for the fiscal year ended August 31, 2021.



**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 20 - GRAYSON COLLEGE FOUNDATION - DISCRETE COMPONENT UNIT (Continued)**

**GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Risks and Uncertainties**

The Foundation invests in various investment securities which are inherently exposed to various risks such as interest rate fluctuations, and market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

**Investments**

Net investment income consists of the following for the years ended August 31:

	<u>2020</u>	<u>2019</u>
Interest, Dividends, and Royalties	\$ 324,770	\$ 375,308
Realized Gains	567,145	382,525
Unrealized Gains (Losses)	400,674	( 348,839)
Less: Investment Management and Custodial Fees	<u>( 97,596)</u>	<u>( 101,296)</u>
Total Investment Income, Net	<u>\$ 1,194,993</u>	<u>\$ 307,698</u>

The following schedule summarizes the Foundation's investments on a recurring basis as of August 31, 2020 and 2019:

<u>Type of Security</u>	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Government Securities	\$ 1,382,319	\$ 1,483,408	\$ 1,331,388	\$ 1,430,561
U.S. Government Agency Securities	927,326	958,424	844,473	856,660
Equity Securities	7,260,399	8,362,689	7,362,234	7,956,900
Corporate Obligations	1,655,191	1,760,157	1,478,477	1,549,520
Alternate Investments	1,670,395	1,773,748	1,712,826	1,738,011
Money Market and Investment Pools	744,370	744,370	474,338	474,338
Certificates of Deposit	<u>287,848</u>	<u>287,848</u>	<u>279,343</u>	<u>279,343</u>
Total Investments	<u>\$ 13,927,848</u>	<u>\$ 15,370,644</u>	<u>\$ 13,483,079</u>	<u>\$ 14,285,333</u>

All of the Foundation's investments are Level I investments.

**Liquidity and Availability of Resources**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use or without requiring specific action of the Board, within one year of the date of the statements of financial position as of August 31, 2020 and 2019, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 410,381	\$ 502,290
Investments	<u>15,370,644</u>	<u>14,285,333</u>
	15,781,025	14,787,623
Donor-Restricted Funds	<u>15,563,241</u>	<u>14,669,606</u>
Financial Assets Available to Meet General Expenditure Needs Within One Year	<u>\$ 127,784</u>	<u>\$ 118,017</u>

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 20 - GRAYSON COLLEGE FOUNDATION - DISCRETE COMPONENT UNIT (Continued)**

**GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

The following schedule summarizes the Foundation's capital assets as of August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ -	\$ -
Collections	910,000	900,000
Building and Improvements	246,217	246,217
Facilities and Other Improvements	17,345	17,345
Less:		
Accumulated Depreciation	( 68,488)	( 63,189)
Net Capital Assets	<u>\$ 1,105,074</u>	<u>\$ 1,100,373</u>

**Note Receivable**

A \$212,569 note from Gabriel N. Parker was entered into on August 30, 2019. The note is payable in monthly installments of \$1,077 including interest of 4.5%. A final payment of all unpaid principal and accrued interest is due at maturity on September 1, 2028. The note is secured by real estate and equipment.

	<u>2020</u>	<u>2019</u>
	\$ 206,465	\$ 210,300
Less: Current Portion	<u>4,344</u>	<u>4,442</u>
Total Due After One Year	<u>\$ 202,121</u>	<u>\$ 205,858</u>
Accrued Interest Receivable on Note Receivable at August 31	<u>\$ -</u>	<u>\$ -</u>

At August 31, 2020, the allowance was \$0 as there are no doubts to collectability.

**Endowment Funds**

The Foundation has donor restricted endowments that are to be used only for identified scholarships and other identified purposes and that are maintained in accordance with explicit donor stipulations. The Board of Trustees of the Foundation has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of gifts to donor Restricted Endowments as of the date of the gift, absent explicit donor stipulations to the contrary. The Foundation interprets the definition of donor-restricted endowments to include the original value of gifts to an endowment and subsequent gifts donated to the fund, (including promises to give net of discount and allowance for doubtful accounts) (a) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by TUPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 20 - GRAYSON COLLEGE FOUNDATION - DISCRETE COMPONENT UNIT (Continued)**

**GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Endowment Funds (Continued)**

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment funds are maintained in an investment account which is managed by an independent financial firm that follows guidance provided in the investment policy approved by the Board of Trustees.

As of August 31, 2020 and 2019, Donor Restricted Endowment Funds were as follows:

	August 31,	
	2020	2019
Donor-Restricted Endowment Fund:		
Original Donor-Restricted Gift		
Amount and Amounts Required to be		
Maintained in Perpetuity by Donor	\$ 8,317,238	\$ 8,012,077
Accumulated Investment Gains	4,701,403	4,148,091
<b>Total Funds</b>	<b>\$ 13,018,641</b>	<b>\$ 12,160,168</b>

**Funds with Deficiencies**

In accordance with accounting standards, the Foundation considers an endowment to be deficient (underwater funds) if its fair value is less than the sum of (a) the original value of initial and subsequent gifts donated to the endowment and (b) any donor imposed accumulations to the endowment that must be maintained in perpetuity. The Foundation has interpreted TUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of August 31, 2020 and 2019, there were no endowment funds with deficiencies.

**Investment and Spending Policies**

The primary goals of the endowments are as follows: (1) Provide the highest sustainable, consistent flow of funds to support the activities of the Foundation or those designated by the donor, (2) Protect the future purchasing power of the principal of the endowed funds by reserving an appropriate portion of investment return to offset the cumulative effects of inflation and provide future real growth of the Foundation assets, and (3) Manage the spending distribution over time to reduce, as far as possible, annual variations in the level of support provided by the Foundation.

The Investment Committee of the Foundation outlines the asset allocations, permissible investments and objectives of the portfolios in the Investment Policy.

**Grayson College**  
**Notes to Financial Statements (continued)**  
**August 31, 2020 and 2019**

**NOTE 20 - GRAYSON COLLEGE FOUNDATION - DISCRETE COMPONENT UNIT (Continued)**

**GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Endowment Funds (Continued)**

**Investment and Spending Policies (continued)**

Changes in Endowment net assets for the years ended August 31, 2020 and 2019 are as follows:

	<u>August 31,</u>	
	<u>2020</u>	<u>2019</u>
Endowment Net Assets, Beginning of Year	\$ 12,160,168	\$ 11,942,531
Investment Income, Net	1,012,751	266,902
Contributions	305,161	334,975
Transfer and Reclassification	-	-
Net Assets Released from Restrictions	<u>( 459,439)</u>	<u>( 384,240)</u>
Endowment Net Assets, End of Year	<u>\$ 13,018,641</u>	<u>\$ 12,160,168</u>

**Subsequent Events**

Subsequent events have been evaluated through January 19, 2021, which is the date the financial statements were available to be issued.

**Required Supplementary Information**

**Grayson County College**  
**Schedule of the College's Proportionate Share of the Net Pension Liability**  
**Year Ended August 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's Proportion of Net Pension Liability (Asset)	0.0132383%	0.0152597%	0.0151326%	0.0139783%	0.0123200%	0.0110746%
College's Proportionate Share of Net Pension Liability (Asset)	\$ 6,881,705	\$ 8,399,314	\$ 4,838,587	\$ 5,282,192	\$ 4,354,956	\$ 2,958,179
State's Proportionate Share of the Net Pension Liability (Asset) Associated with Grayson College	<u>4,328,815</u>	<u>3,151,720</u>	<u>1,963,721</u>	<u>2,299,826</u>	<u>2,991,911</u>	<u>3,146,824</u>
<b>Total</b>	<b><u>\$11,210,520</u></b>	<b><u>\$11,551,034</u></b>	<b><u>\$ 6,802,308</u></b>	<b><u>\$ 7,582,018</u></b>	<b><u>\$ 7,346,867</u></b>	<b><u>\$ 6,105,003</u></b>
College's Covered-Employee Payroll	\$12,672,923	\$10,816,790	\$10,496,293	\$ 9,423,102	\$ 8,689,765	\$ 8,122,358
College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	54.30%	77.65%	46.10%	56.06%	50.12%	36.42%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

**Grayson County College**  
**Schedule of the College's Pension Contributions**  
**Year Ended August 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$ 120,807	\$ 101,523	\$ 111,796	\$ 416,084	\$ 423,293	\$ 369,525
Contribution in Relation to the Contractually Required Contribution	<u>120,807</u>	<u>101,523</u>	<u>111,796</u>	<u>416,084</u>	<u>423,293</u>	<u>369,525</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's Covered-Employee Payroll	\$12,672,923	\$10,816,790	\$10,496,293	\$ 9,852,740	\$ 9,423,102	\$ 8,689,765
Contributions as a Percentage of Covered-Employee Payroll	0.95%	0.94%	1.07%	4.22%	4.49%	4.25%

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

**Grayson County College**  
**Schedule of the College's Proportionate Share of**  
**the Net OPEB Liability**  
**Year Ended August 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
College's Proportion of the Net OPEB Liability (Asset)	0.06834061%	0.07154001%	0.07543185%
College's Proportionate Share of the Net OPEB Liability (Asset)	\$ 23,620,343	\$ 21,202,847	\$ 25,701,904
State's Proportionate Share of the Net OPEB Liability (asset) Associated with Grayson College	<u>19,439,170</u>	<u>16,311,598</u>	<u>22,772,641</u>
<b>Total</b>	<u><b>\$ 43,059,513</b></u>	<u><b>\$ 37,514,445</b></u>	<u><b>\$ 48,474,545</b></u>
College's Covered-Employee Payroll	<u>\$ 16,143,250</u>	<u>\$ 14,647,686</u>	<u>\$ 13,617,571</u>
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	<u>146.32%</u>	<u>144.75%</u>	<u>188.74%</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.17%	1.27%	2.04%

**Note:** Only three years of data are presented in accordance with GASB #75, Paragraph 2458. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."



**Grayson County College**  
**Schedule of the College's OPEB Contributions**  
**Year Ended August 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
College's Required Contributions	\$ 682,199	\$ 686,659	\$ 697,350
Contribution in Relation to the Contractually Required Contribution	<u>682,199</u>	<u>686,659</u>	<u>697,350</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's Covered-Employee Payroll	\$ 16,143,250	\$ 14,647,686	\$ 13,617,571
Contributions as a Percentage of Covered-Employee Payroll	4.23%	4.69%	5.12%

**Note:** Only three years of data are presented in accordance with GASB #75, Paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**GRAYSON COLLEGE**  
**Notes to Required Supplementary Information**  
**August 31, 2020**

**Defined Benefit Pension Plan**

**Changes of Benefit Terms**

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

**Changes of Assumptions**

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

**Defined Benefit OPEB Plan**

**Changes of Benefit Terms**

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.

**Changes of Assumptions**

The following assumptions have been changed since the previous valuation:

*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.

**Supplementary Schedules and Reports**

**Grayson College**  
**Schedule of Operating Revenues**  
**Year Ended August 31, 2020**  
**With Memorandum Totals for the Year Ended August 31, 2019**

**Schedule A**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Totals	
					2020	2019
<b>Tuition</b>						
<b>State Funded Courses</b>						
In-District Resident Tuition	\$4,087,293	\$ -	\$ 4,087,293	\$ -	\$ 4,087,293	\$ 4,400,073
Out-of-District Resident Tuition	1,620,348	-	1,620,348	-	1,620,348	1,470,262
Non-Resident Tuition	179,680	-	179,680	-	179,680	196,262
TPEG *	310,924	-	310,924	-	310,924	336,515
Non-State Funded Educational Programs	457,912	-	457,912	-	457,912	852,323
<b>Total Tuition</b>	<b>6,656,157</b>	<b>-</b>	<b>6,656,157</b>	<b>-</b>	<b>6,656,157</b>	<b>7,255,435</b>
<b>Fees</b>						
General Fee	1,677,583	-	1,677,583	-	1,677,583	1,460,567
Student Service Fee	-	-	-	1,074,295	1,074,295	1,042,756
Technology Fee	430,173	-	430,173	-	430,173	417,328
Laboratory Fee	288,103	-	288,103	-	288,103	331,046
Other	373,939	-	373,939	-	373,939	366,645
<b>Total Fees</b>	<b>2,769,798</b>	<b>-</b>	<b>2,769,798</b>	<b>1,074,295</b>	<b>3,844,093</b>	<b>3,618,342</b>
<b>Scholarship Allowances and Discounts</b>						
Bad Debt Allowances	(201,253)	-	(201,253)	-	(201,253)	(176,627)
Tuition Discounts	(141,429)	-	(141,429)	-	(141,429)	(140,004)
Scholarship Allowances	(362,409)	-	(362,409)	(61,751)	(424,160)	(346,919)
Remissions and Exemptions	(535,597)	-	(535,597)	(41,032)	(576,629)	(565,432)
TPEG Allowances	(253,611)	-	(253,611)	-	(253,611)	(299,135)
Federal Grants to Students	(2,547,569)	-	(2,547,569)	(370,011)	(2,917,580)	(2,691,420)
Other Federal Grants	(8,402)	(20,199)	(28,601)	(4,925)	(33,526)	(2,010)
State Grants to Students	(139,321)	(807,332)	(946,653)	(26,999)	(973,652)	(1,968,394)
<b>Total Scholarship Allowances and Discounts</b>	<b>(4,189,591)</b>	<b>(827,531)</b>	<b>(5,017,122)</b>	<b>(504,718)</b>	<b>(5,521,840)</b>	<b>(6,189,941)</b>
<b>Total Net Tuition and Fees</b>	<b>5,236,364</b>	<b>(827,531)</b>	<b>4,408,833</b>	<b>569,577</b>	<b>4,978,410</b>	<b>4,683,836</b>
<b>Other Operating Revenues</b>						
Federal Grants and Contracts	9,150	4,392,198	4,401,348	-	4,401,348	1,511,547
State Grants and Contracts	-	1,358,732	1,358,732	-	1,358,732	2,879,950
Non-Governmental Grants and Contracts	-	54,205	54,205	-	54,205	245,444
Sales and Services of Educational Activities	28,740	-	28,740	-	28,740	50,634
Other Operating Revenues	210,302	-	210,302	1,134	211,436	228,136
<b>Total Other Operating Revenues</b>	<b>248,192</b>	<b>5,805,135</b>	<b>6,053,327</b>	<b>1,134</b>	<b>6,054,461</b>	<b>4,915,711</b>
<b>Auxiliary Enterprises</b>						
Residential Life (Net of Discounts of \$33,094)	-	-	-	372,299	372,299	413,173
Bookstore (Net of Discounts of \$0)	-	-	-	160,039	160,039	258,797
Athletics	-	-	-	780	780	1,960
<b>Total Net Auxiliary Enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>533,118</b>	<b>533,118</b>	<b>673,930</b>
<b>Total Operating Revenues</b>	<b>\$5,484,556</b>	<b>\$4,977,604</b>	<b>\$10,462,160</b>	<b>\$1,103,829</b>	<b>\$11,565,989</b>	<b>\$10,273,477</b>
					(Exhibit 2)	(Exhibit 2)

\* In accordance with Education Code 56.033, \$310,924 of tuition was set aside for Texas Public Education Grants (TPEG).

**Grayson College**  
**Schedule of Operating Expenses by Object**  
**Year Ended August 31, 2020**  
**With Memorandum Totals for the Year Ended August 31, 2019**

**Schedule B**

	Operating Expenses					Totals	
	Salaries and Wages	Benefits			Other Expenses	2020	2019
		State Benefits	Local Benefits				
<b>EDUCATIONAL ACTIVITIES</b>							
<b>Unrestricted</b>							
Instruction	\$ 8,932,188	\$ -	\$1,801,035	\$ 855,903	\$11,589,126	\$11,091,150	
Public Service	365,137	-	103,811	29,255	498,203	517,966	
Academic Support	1,593,002	-	403,917	462,020	2,458,939	2,153,922	
Student Services	1,441,071	-	368,779	213,634	2,023,484	2,242,948	
Institutional Support	2,652,564	-	675,818	2,320,047	5,648,429	5,354,060	
Operation and Maintenance of Plant	1,026,066	-	634,585	2,189,994	3,850,645	4,435,305	
<b>Total Unrestricted</b>	<b>16,010,028</b>	<b>-</b>	<b>3,987,945</b>	<b>6,070,853</b>	<b>26,068,826</b>	<b>25,795,351</b>	
<b>Restricted</b>							
Instruction	1,510,548	1,376,114	315,007	641,718	3,843,387	2,648,990	
Public Service	212,184	76,101	58,103	14,517	360,905	281,175	
Academic Support	-	210,065	-	-	210,065	183,658	
Student Services	276,705	226,501	86,464	70,021	659,691	671,490	
Institutional Support	98,840	362,716	17,506	332,134	811,196	359,410	
Operation and Maintenance of Plant	-	-	-	59,818	59,818	-	
Scholarships and Fellowships	132,275	-	-	4,767,706	4,899,981	3,926,868	
<b>Total Restricted</b>	<b>2,230,552</b>	<b>2,251,497</b>	<b>477,080</b>	<b>5,885,914</b>	<b>10,845,043</b>	<b>8,071,591</b>	
<b>Total Educational Activities</b>	<b>18,240,580</b>	<b>2,251,497</b>	<b>4,465,025</b>	<b>11,956,767</b>	<b>36,913,869</b>	<b>33,866,942</b>	
<b>Auxiliary Enterprises</b>	<b>533,374</b>	<b>-</b>	<b>273,129</b>	<b>845,682</b>	<b>1,652,185</b>	<b>1,803,035</b>	
<b>Depreciation Expense</b>							
Buildings and Other Improvements	-	-	-	1,978,136	1,978,136	1,922,372	
Equipment and Furniture	-	-	-	624,551	624,551	901,687	
<b>Total</b>	<b>\$18,773,954</b>	<b>\$2,251,497</b>	<b>\$4,738,154</b>	<b>\$15,405,136</b>	<b>\$41,168,741</b>	<b>\$38,494,036</b>	
					<b>(Exhibit 2)</b>	<b>(Exhibit 2)</b>	

**Grayson College**  
**Schedule of Non-Operating Revenues and Expenses**  
**Year Ended August 31, 2020**  
**With Memorandum Totals for the Year Ended August 31, 2019**

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	Totals	
				2020	2019
<b>Non-Operating Revenues</b>					
<b>State Appropriations</b>					
Education and General State Support	\$ 7,094,457	\$ -	\$ -	\$ 7,094,457	\$ 7,157,778
State Group Insurance	-	1,445,483	-	1,445,483	1,763,585
State Retirement Matching	-	806,014	-	806,014	420,219
Total State Appropriations	<u>7,094,457</u>	<u>2,251,497</u>	<u>-</u>	<u>9,345,954</u>	<u>9,341,582</u>
Ad-Valorem Taxes for Maintenance and Operations	15,972,364	-	-	15,972,364	14,491,190
Ad-Valorem Taxes for General Obligation Bonds	3,516,657	-	-	3,516,657	3,566,736
Federal Grants and Contracts, Non-Operating	-	7,027,758	-	7,027,758	6,555,722
Gifts	22,634	-	-	22,634	37,649
Investment Income (Net of Investment Expenses)	498,243	1,278	-	499,521	680,852
Gain on Disposition of Property	-	-	-	-	40
<b>Total Non-Operating Revenues</b>	<u>27,104,355</u>	<u>9,280,533</u>	<u>-</u>	<u>36,384,888</u>	<u>34,673,771</u>
<b>Non-Operating Expenses</b>					
Interest on Capital-Related Debt	1,039,579	-	-	1,039,579	1,140,538
Loss on Disposition of Property	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<u>1,039,579</u>	<u>-</u>	<u>-</u>	<u>1,039,579</u>	<u>1,140,538</u>
<b>Net Non-Operating Revenues</b>	<u>\$ 26,064,776</u>	<u>\$ 9,280,533</u>	<u>\$ -</u>	<u>\$ 35,345,309</u> (Exhibit 2)	<u>\$ 33,533,233</u> (Exhibit 2)

**Grayson College**  
**Schedule of Net Position by Source and Availability**  
**Year Ended August 31, 2020**  
**With Memorandum Totals for the Year Ended August 31, 2019**

**Schedule D**

	Detail by Source				Available for Current Operations		
	Unrestricted	Restricted		Net Investment in Capital Assets	Total	Yes	No
		Expendable	Non-Expendable				
<b>Current Funds:</b>							
Unrestricted	\$ (8,861,321)	\$ -	\$ -	\$ -	\$ (8,861,321)	\$ (8,861,321)	\$ -
Restricted	-	479,982	-	-	479,982	-	479,982
Auxiliary Enterprises	1,618,726	-	-	-	1,618,726	1,618,726	-
<b>Loan Funds</b>	-	47,598	-	-	47,598	-	47,598
<b>Plant Funds:</b>							
Renewals and Replacements	-	-	-	-	-	-	-
Debt Service	-	4,121,765	-	-	4,121,765	-	4,121,765
Investment in Plant	-	-	-	49,241,366	49,241,366	-	49,241,366
<b>Total Net Position - August 31, 2020</b>	<u>(7,242,595)</u>	<u>4,649,345</u>	<u>-</u>	<u>49,241,366</u>	<u>46,648,116</u> <b>(Exhibit 1)</b>	<u>(7,242,595)</u>	<u>53,890,711</u>
<b>Total Net Position - August 31, 2019</b>	<u>(10,763,345)</u>	<u>4,292,804</u>	<u>-</u>	<u>47,376,100</u>	<u>40,905,559</u> <b>(Exhibit 1)</b>	<u>(10,763,345)</u>	<u>51,668,904</u>
<b>Net Increase (Decrease) in Net Position</b>	<u>\$ 3,520,750</u>	<u>\$ 356,541</u>	<u>\$ -</u>	<u>\$ 1,865,266</u>	<u>\$ 5,742,557</u> <b>(Exhibit 2)</b>	<u>\$ 3,520,750</u>	<u>\$ 2,221,807</u>

**Grayson College**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended August 31, 2020**

Schedule E

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<b>U.S. Department of Labor</b>			
Passed through Texas Workforce Commission: WIOA Dislocated Worker Formula	17.278		\$ 39,043
Total U.S. Department of Labor			<u>39,043</u>
<b>National Science Foundation</b>			
Direct Programs:			
Education and Human Resources	47.076	1663851	<u>33,934</u>
Total National Science Foundation			<u>33,934</u>
<b>U.S. Small Business Administration</b>			
Passed through Dallas County Community College District:			
Small Business Development Center (SBDC)	59.037	SBAHQ-19-B-0021	22,034
Small Business Development Center (SBDC)	59.037	SBAHQ-20-B-0014	<u>163,104</u>
Subtotal - Small Business Development Center (SBDC)			<u>185,138</u>
Total U.S. Small Business Administration			<u>185,138</u>
<b>U.S. Department of Education</b>			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Education Opportunity Grant (FSEOG)	84.007		<u>131,186</u>
Federal Workstudy Program	84.033		<u>112,515</u>
Federal Pell Grant Program	84.063		<u>6,793,207</u>
Direct Student Loans	84.268		<u>3,160,717</u>
Total Student Financial Aid Cluster			<u>10,197,625</u>
TRIO Student Support Services	84.042A		<u>246,300</u>
COVID-19: Federal Education Stabilization Fund			
Higher Education Emergency Relief Fund Student Aid Portion	84.425E		709,000
Higher Education Emergency Relief Fund Institutional Portion	84.425F		<u>490,753</u>
Total COVID-19 Federal Education Stabilization Fund			<u>1,199,753</u>
Department of Education			
Adult Education - Basic Grants to States			
Adult Education - Basic Grants to States	84.002A	0418ALAB04	1,316,124
Adult Education - Workforce Integration Initiative	84.002A	2520AEL001	554
Adult Education - Workforce Integration Initiative	84.002A	0420AEL005	10,095
Adult Education - Capacity Build	84.002A	0418ALA004	290,266
Adult Education - Basic Grants to States	84.002A	2518ALAB00	499,470
Adult Education - Basic Grants to States	84.002A	2518ALAC00	36,308
Adult Education - Local Performance Quality Improvement	84.002A	2519PQ1001	29,910
Adult Education - Local Performance Quality Improvement	84.002A	2520PQ1001	4,965
Adult Education - Performance Based Funding	84.002A	0418ALAB04	<u>6,281</u>
Total Adult Education - Basic Grants to States			<u>2,193,973</u>
Passed through Texas Higher Education Coordinating Board:			
Career and Technical Education - Basic Grants to States	84.048		<u>434,239</u>
Total U.S. Department of Education			<u>14,271,890</u>
<b>U.S. Department of Environmental Protection Agency</b>			
Passed through Texas Workforce Commission:			
Brownfields Multipurpose Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	2516AELB01	<u>59,818</u>
Total U.S. Department of Environmental Protection Agency			<u>59,818</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 14,589,823</u>



**Grayson College**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended August 31, 2020**

Schedule E  
(continued)

**Note 1: Federal Assistance Reconciliation**

Federal Grants and Contracts per Schedule A	\$ 4,401,348
Federal Grants and Contracts, Non-operating per Schedule C	7,027,758
Reconciling Items:	
Direct Student Loans	3,160,717
<b>Total Federal Revenues per Schedule of Expenditures of Federal Awards</b>	<b>\$ 14,589,823</b>

**Note 2: Significant Accounting Policies Used in Preparing the Schedule**

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

**Note 3: Expenditures Not Subject to Single Audit**

None

**Note 4: Student Loans Processed and Administrative Costs Recovered - If Not Included in Schedule**

Federal Grantor and CFDA Number Program Name	New Loans Processed	Administrative Costs Recovered	Total Loans Processed and Admin. Costs Recovered
None			

**Note 5: Nonmonetary Federal Assistance Received**

None

**Note 6: Amounts Passed-Through by the College**

None

**Grayson College**  
**Schedule of Expenditures of State Awards**  
**Year Ended August 31, 2020**

**Schedule F**

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board		
College Work Study Program (2019-2020)		\$ 14,849
Work Study Mentorship		12,001
Student Financial Aid (Texas Educational Opportunity Grant)		262,987
College Readiness and Success Models for 60 X 30		60,962
<b>Total Passed through Texas Higher Education Coordinating Board</b>		<b>350,799</b>
Dallas County Community College District		
Small Business Development Center (SBDC) 2018-2019	SBAHQ-17-B-0020	11,670
Small Business Development Center (SBDC) 2019-2020	SBAHQ-20-B-0014	87,962
<b>Total Passed through Dallas County Community College District</b>		<b>99,632</b>
Texas Workforce Commission		
Skills Development Fund	2518SDF002	118,517
Skills Development Fund	2518SDF003	428,699
Skills Development Fund	2519SDF001	244,022
Skills Development Fund	2520SDF001	3,370
Skills Development Fund	2520CO5001	89,166
Adult Education - Professional Development	2518ALAB00	8,557
Adult Education - Professional Development	0418ALAB04	12,987
Skills for Small Business	2518SSD000	2,983
<b>Total Passed through Texas Workforce Commission</b>		<b>908,301</b>
Total State Financial Assistance		<b>\$ 1,358,732</b>
<b>Note 1: State Assistance Reconciliation</b>		
State Grants and Contracts per Schedule A		\$ 1,358,732
Reconciling Items:		
None		-
<b>Total Expenditures per Schedule of State Financial Assistance</b>		<b>\$ 1,358,732</b>

**Note 2: Significant Accounting Policies Used in Preparing the Schedule**

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

**McClanahan and Holmes, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA  
GEORGE H. STRUVE, CPA  
RUSSELL P. WOOD, CPA  
DEBRA J. WILDER, CPA  
TEFFANY A. KAVANAUGH, CPA  
APRIL J. HATFIELD, CPA

228 SIXTH STREET S.E.  
PARIS, TEXAS 75460  
903-784-4316  
FAX 903-784-4310

-----  
304 WEST CHESTNUT  
DENISON, TEXAS 75020  
903-465-6070  
FAX 903-465-6093

-----  
1400 WEST RUSSELL  
BONHAM, TEXAS 75418  
903-583-5574  
FAX 903-583-9453

**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
Grayson College  
6101 Grayson Drive  
Denison, Texas

**Members of the Board:**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Grayson College (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, and have issued our report thereon dated January 19, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of the 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.

Board of Trustees  
Grayson College

### **Compliance and Other Matters**

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

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

We have performed tests designed to verify the College's compliance with the requirements of Public Funds Investment Act (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. During the year ended August 31, 2020, no instance of non-compliance with the Act was found.

### **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.

*McClanahan and Holmes, LLP*  
Certified Public Accountants

Bonham, Texas  
January 19, 2021

**McClanahan and Holmes, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA  
GEORGE H. STRUVE, CPA  
RUSSELL P. WOOD, CPA  
DEBRA J. WILDER, CPA  
TEFFANY A. KAVANAUGH, CPA  
APRIL J. HATFIELD, CPA

228 SIXTH STREET S.E.  
PARIS, TEXAS 75460  
903-784-4316  
FAX 903-784-4310

-----  
304 WEST CHESTNUT  
DENISON, TEXAS 75020  
903-465-6070  
FAX 903-465-6093

-----  
1400 WEST RUSSELL  
BONHAM, TEXAS 75418  
903-583-5574  
FAX 903-583-9453

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over  
Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular**

Board of Trustees  
Grayson College  
6101 Grayson Drive  
Denison, Texas

Members of the Board:

**Report on Compliance for Each Major Federal and State Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the College's major federal and 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; the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas Single Audit Circular. Those standards, the Uniform Guidance, 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 federal or 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 federal and state program. However, our audit does not provide a legal determination of the College's compliance.

### Opinion on Each Major Federal and State Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and 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 federal and 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 federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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 federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or 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 federal or 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 the 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 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

*McClanahan and Holmes, LLP*  
Certified Public Accountants

Bonham, Texas  
January 19, 2021

**Grayson College**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended August 31, 2020**

**Part I Summary of Auditor's Results**

Financial Statements

Type of Auditor's Report Issued on the Financial Statements	Unmodified
Internal Control Findings Disclosed in the Audit of the Financial Statements	
Material Weaknesses Identified	No
Significant Deficiencies Identified that are not Considered to be Material Weaknesses	None Reported
Noncompliance Material to the Financial Statements	None

Federal and State Awards

Internal Control Findings Disclosed in the Audit of Major Programs	
Material Weaknesses Identified	No
Significant Deficiencies Identified that are not Considered to be Material Weaknesses	None Reported
Type of Auditor's Report on Compliance for Major Programs	Unmodified
Did the Audit Disclose Findings Required to be Reported under 2 CFR 200.516(a)	No
Major Programs - Federal	
Student Financial Aid Programs Cluster	
Federal Supplemental Educational Opportunity Grant (FSEOG)	CFDA #84.007
Federal Workstudy Program	CFDA #84.033
Federal Pell Grant Program	CFDA #84.063
Federal Direct Student Loan Program	CFDA #84.268
Adult Basic Education ( Section 231)	CFDA #84.002A
Covid-19 Federal Education Stabilization Fund	
Higher Education Emergency Relief Fund Student Aid Portion	CFDA#84.425E
Higher Education Emergency Relief Fund Institutional Portion	CFDA#84.425F
Major Programs - State	
Skills Development Grants	
Skills Development Fund (2518SDF002)	
Skills Development Fund (2518SDF003)	
Skills Development Fund (2519SDF001)	
Skills Development Fund (2520SDF001)	
Skills Development Fund (2520COS001)	
Dollar Threshold Used to Distinguish Between Type A and Type B Programs	
Federal - \$750,000	
State - \$300,000	
Auditee Qualified as Low-Risk Auditee	Yes

**Part II Findings Related to the Financial Statements**

None

**Part III Findings and Questioned Costs Related to the Federal and State Awards**

None

**Part IV Prior Year Findings**

None

**Statistical Supplement**  
**(Unaudited)**



**Grayson College**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	For the Fiscal Year Ended August 31,									
	(amounts expressed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net Investment in Capital Assets	\$ 49,241	\$ 47,376	\$ 40,030	\$ 27,620	\$ 25,065	\$ 23,451	\$ 21,019	\$ 18,670	\$ 15,298	\$ 13,420
Restricted - Expendable	4,649	4,293	3,877	3,509	3,138	2,962	2,748	2,360	2,713	3,359
Unrestricted	(7,242)	(10,763)	(8,314)	29,230	27,710	23,888	26,087	25,653	25,107	21,990
Total Primary Government Net Position	<u>\$ 46,648</u>	<u>\$ 40,906</u>	<u>\$ 35,593</u>	<u>\$ 60,359</u>	<u>\$ 55,913</u>	<u>\$ 50,301</u>	<u>\$ 49,854</u>	<u>\$ 46,683</u>	<u>\$ 43,118</u>	<u>\$ 38,769</u>

**Grayson College**  
**Revenues by Source**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	For the Fiscal Year Ended August 31,									
	(amounts expressed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition and Fees (Net of Discounts)	\$ 4,978	\$ 4,684	\$ 4,840	\$ 4,766	\$ 5,540	\$ 4,671	\$ 4,795	\$ 4,877	\$ 4,923	\$ 4,591
Governmental Grants and Contracts										
Federal Grants and Contracts	4,401	1,511	1,442	1,544	1,275	1,052	1,112	1,246	1,833	1,223
State Grants and Contracts	1,359	2,880	2,518	1,567	1,790	1,759	1,549	999	1,365	1,671
Non-Governmental Grants and Contracts	54	245	243	249	251	354	360	282	247	309
Sales & Services of Educational Activities	29	51	50	51	51	45	49	51	49	47
Auxiliary Enterprises	533	674	646	628	725	869	1,549	1,860	1,701	2,082
Other Operating Revenue	212	228	264	200	221	153	273	200	181	240
Total Operating Revenues	<u>11,566</u>	<u>10,273</u>	<u>10,003</u>	<u>9,005</u>	<u>9,853</u>	<u>8,903</u>	<u>9,687</u>	<u>9,515</u>	<u>10,299</u>	<u>10,163</u>
State Appropriations	9,346	9,341	10,455	9,384	9,462	9,210	9,427	8,967	9,002	9,038
Ad Valorem Taxes	19,489	18,058	16,665	15,700	14,967	13,996	13,044	12,823	12,579	12,550
Federal Revenue, Non-Operating	7,028	6,556	6,598	6,862	7,641	8,493	9,228	9,745	11,188	11,802
Gifts	22	38	54	35	24	116	-	-	-	-
Investment Income	505	681	443	218	164	130	81	65	93	136
Gain on Disposition of Fixed Assets	-	-	-	-	70	-	-	-	-	-
Other Non-Operating Revenues	-	-	-	-	-	-	1	-	-	-
Total Non-Operating Revenues	<u>36,390</u>	<u>34,674</u>	<u>34,215</u>	<u>32,199</u>	<u>32,328</u>	<u>31,945</u>	<u>31,781</u>	<u>31,600</u>	<u>32,862</u>	<u>33,526</u>
Total Revenues	<u>\$ 47,956</u>	<u>\$ 44,947</u>	<u>\$ 44,218</u>	<u>\$ 41,204</u>	<u>\$ 42,181</u>	<u>\$ 40,848</u>	<u>\$ 41,468</u>	<u>\$ 41,115</u>	<u>\$ 43,161</u>	<u>\$ 43,689</u>

**Grayson College**  
**Program Expenses by Function**  
**Last Ten Fiscal Years**  
**(Unaudited)**

For the Fiscal Year Ended August 31,

(amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	\$ 15,433	\$ 13,740	\$ 14,411	\$ 13,272	\$ 13,419	\$ 13,007	\$ 12,953	\$ 12,660	\$ 13,236	\$ 13,088
Public Service	859	799	963	734	729	766	599	597	631	694
Academic Support	2,669	2,338	2,297	1,935	1,794	1,775	1,823	1,618	1,512	1,490
Student Services	2,683	2,914	3,325	2,945	2,764	2,752	2,632	2,218	2,155	2,264
Institutional Support	6,460	5,714	5,395	4,777	4,333	4,226	3,878	3,805	3,899	3,731
Operation and Maintenance of Plant	3,910	4,435	3,810	4,030	3,170	3,146	3,497	4,375	3,073	4,421
Scholarships and Fellowships	4,900	3,927	4,005	4,110	5,071	5,831	5,012	5,451	6,511	7,469
Auxiliary Enterprises	1,652	1,803	1,180	1,253	1,182	1,369	3,636	3,716	3,590	4,151
Depreciation Expense	2,603	2,824	2,437	2,308	2,302	2,229	2,096	2,047	1,990	1,790
Total Operating Expenses	<u>41,169</u>	<u>38,494</u>	<u>37,823</u>	<u>35,364</u>	<u>34,764</u>	<u>35,101</u>	<u>36,126</u>	<u>36,487</u>	<u>36,597</u>	<u>39,098</u>
Interest on Capital Related Debt	1,044	1,141	1,155	1,380	1,804	1,914	1,999	2,160	2,227	2,332
Loss on Disposal of Fixed Assets	-	-	5	15	-	2	-	21	-	36
Total Nonoperating Expenses	<u>1,044</u>	<u>1,141</u>	<u>1,160</u>	<u>1,395</u>	<u>1,804</u>	<u>1,916</u>	<u>1,999</u>	<u>2,181</u>	<u>2,227</u>	<u>2,368</u>
Total Expenses	<u>\$ 42,213</u>	<u>\$ 39,635</u>	<u>\$ 38,983</u>	<u>\$ 36,759</u>	<u>\$ 36,568</u>	<u>\$ 37,017</u>	<u>\$ 38,125</u>	<u>\$ 38,668</u>	<u>\$ 38,824</u>	<u>\$ 41,466</u>

**Grayson College  
Tuition and Fees  
Last Ten Academic Years  
(Unaudited)**

Resident Fees per Semester Credit Hour (SCH)
-------------------------------------------------

Academic Year (Fall)	Fees per student			In-District Tuition	Out-of District Tuition	General Fee	Student Service Fee	Technology Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District
	Matriculation Fee	Student ID Fee	International Fee								
2019	\$ 10	\$ 6	\$ -	\$ 50	\$ 88	\$ 19.50	\$ 12.50	\$ 5	\$ 1,060	\$ 1,516	2.32%
2018	10	6	-	50	88	17.50	12.50	5	1,036	1,492	2.37%
2017	10	6	-	50	88	21	7	5	1,012	1,468	2.85%
2016	10	2	-	49	87	20	7	5	984	1,440	5.13%
2015	10	2	-	49	87	16	7	5	936	1,392	13.04%
2014	10	2	-	49	87	12	7	-	828	1,284	9.52%
2013	10	2	-	47	87	8	7	-	756	1,236	3.28%
2012	10	2	-	45	80	8	7	-	732	1,152	15.09%
2011	10	2	-	42	74	8	2	-	636	1,020	10.42%
2010	10	2	-	37	64	8	2	-	576	900	4.35%

Non-Resident Fees per Semester Credit Hour (SCH)
-----------------------------------------------------

Academic Year (Fall)	Fees per student			Non-Resident Tuition Out of State	Non-Resident Tuition International	General Fee	Student Service Fee	Technology Fee	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State
	Matriculation Fee	Student ID Fee	International Fee								
2019	\$ 10	\$ 6	\$ 225	\$ 134	\$ 134	\$ 19.50	\$ 12.50	\$ 5	\$ 2,068	\$ 2,293	1.17%
2018	10	6	225	134	134	17.50	12.50	5	2,044	2,269	1.19%
2017	10	6	225	134	134	21	7	5	2,020	2,245	1.41%
2016	10	2	225	133	133	20	7	5	1,992	2,217	2.47%
2015	10	2	225	133	133	16	7	-	1,944	2,109	5.88%
2014	10	2	225	133	133	12	7	-	1,836	2,061	2.68%
2013	10	2	225	133	133	8	7	-	1,788	2,013	2.76%
2012	10	2	225	129	129	8	7	-	1,740	1,965	8.21%
2011	10	2	225	123	123	8	2	-	1,608	1,833	8.06%
2010	10	2	225	113	113	8	2	-	1,488	1,713	8.77%

**Grayson College**  
**Assessed Value and Taxable Assessed Value of Property**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	(amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2019 - 2020	\$ 17,128,678	\$ 5,321,699	\$ 11,806,979	68.93%	0.14068	0.03107	0.17175
2018 - 2019	15,286,165	4,839,276	10,446,889	68.34%	0.14239	0.03494	0.17733
2017 - 2018	13,842,348	4,331,865	9,510,483	68.71%	0.14034	0.04086	0.18120
2016 - 2017	12,705,357	3,860,473	8,844,884	69.62%	0.13612	0.04518	0.18130
2015 - 2016	12,029,730	3,691,533	8,338,197	69.31%	0.13384	0.04756	0.18140
2014 - 2015	11,303,968	3,527,285	7,776,683	68.80%	0.13059	0.05091	0.18150
2013 - 2014	10,501,985	3,184,658	7,317,327	69.68%	0.12925	0.05236	0.18161
2012 - 2013	10,359,392	3,175,512	7,183,880	69.35%	0.13060	0.05120	0.18180
2011 - 2012	10,239,690	3,168,077	7,071,613	69.06%	0.13617	0.04563	0.18180
2010 - 2011	10,223,678	3,088,600	7,135,078	69.79%	0.13300	0.04880	0.18180

Source: Local Appraisal District

Notes: Property is assessed at full market value

(a) per \$100 Taxable Assessed Valuation

**Grayson College**  
**State Appropriations per FTSE and Contact Hour**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	State Appropriation (amounts expressed in thousands)	Appropriation per FTSE		Appropriation per Contact Hour			State Appropriation per Contact Hour
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	
2019 - 2020	\$ 7,094	3,540	\$ 2,004	1,027	674	1,701	\$ 4.17
2018 - 2019	7,158	3,447	2,077	1,107	695	1,802	3.97
2017 - 2018	7,158	3,467	2,065	1,147	658	1,805	3.97
2016 - 2017	7,583	3,601	2,106	1,172	722	1,894	4.00
2015 - 2016	7,572	3,803	1,991	1,214	827	2,041	3.71
2014 - 2015	7,502	3,971	1,889	1,248	837	2,085	3.60
2013 - 2014	7,502	4,322	1,736	1,283	962	2,245	3.34
2012 - 2013	7,499	4,382	1,711	1,364	850	2,214	3.39
2011 - 2012	7,576	4,711	1,608	1,509	936	2,445	3.10
2010 - 2011	6,912	4,966	1,392	1,643	932	2,575	2.68

**Note:**

FTSE is defined as the number of full-time students plus total hours taken by part-time students divided by 24.

(a) Source: CBM001

(b) Source: CBM00A

**Grayson College  
Principal Taxpayers  
Last Ten Years  
(Unaudited)**

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Panda Sherman Power LLC	Energy	\$ 247,789	\$ 250,841	\$ 242,310	\$ 276,203	\$ 309,565	\$ 396,130	\$ 261,142	\$ -	\$ -	\$ -
UHS of Texoma, Inc.	Hospital	154,531	140,000	125,000	106,000	106,000	107,474	78,111	30,001	30,251	30,251
Oncor Electric	Utility	128,574	112,257	95,854	95,489	96,131	94,632	75,454	70,708	67,556	65,690
Seaway Crude Pipeline LP	Energy	99,141	90,283	-	-	-	-	-	-	-	-
Finisar Sherman RE Hold Co, LLC	Manufacturing	93,244	83,784	-	-	-	-	-	-	-	-
Texas Instruments	Manufacturing	90,238	-	-	-	-	31,326	34,413	-	-	-
Finisar Corp	Manufacturing	72,122	65,452	-	-	-	-	-	-	-	-
Tyson Fresh Meats Inc.	Food	64,297	49,211	46,264	40,390	-	-	-	-	-	-
Union Pacific Railroad	Transportation	51,621	47,636	47,174	43,470	49,407	47,257	42,079	41,162	33,596	33,616
JMCR Sherman Town Center LP	Retail	47,159	46,323	46,323	60,662	55,133	49,343	47,955	46,291	45,316	44,295
Globitech Incorporated	Manufacturing	-	50,148	48,470	-	-	-	-	-	49,626	-
Sherman Commons	Retail	-	-	39,084	37,934	-	-	-	-	-	-
BNSF Railway Co	Transportation	-	-	38,855	34,745	34,359	30,582	-	29,067	-	-
Gulf Crossing Pipeline Co	Energy	-	-	36,084	36,279	38,379	39,859	36,586	35,429	46,723	51,810
Caterpillar Global	Manufacturing	-	-	-	45,761	85,964	50,645	55,699	-	-	-
Ruiz Foods	Food	-	-	-	-	33,336	-	-	-	-	-
Heritage Park	Hospital	-	-	-	-	33,288	-	-	-	-	-
Silver Creek Oil & Gas LLC	Energy	-	-	-	-	-	33,850	-	-	-	-
Jetta Operating Co. Inc.	Energy	-	-	-	-	-	-	37,095	47,525	31,638	-
XTO Energy, Inc.	Utility	-	-	-	-	-	-	34,020	39,835	43,979	41,227
Kwikset Corporation	Manufacturing	-	-	-	-	-	-	-	32,446	28,907	29,004
Sherman Grayson Hospital LLC	Hospital	-	-	-	-	-	-	-	30,816	42,530	42,333
Universal Health Services	Medical	-	-	-	-	-	-	-	-	-	40,080
Energy Transfer Fuel LP	Energy	-	-	-	-	-	-	-	-	-	28,126
Verizon Southwest	Utility	-	-	-	-	-	-	-	-	-	-
MEMC Southwest, Inc.	Manufacturing	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>		<b>\$ 1,048,716</b>	<b>\$ 935,935</b>	<b>\$ 765,418</b>	<b>\$ 776,933</b>	<b>\$ 841,562</b>	<b>\$ 881,098</b>	<b>\$ 702,554</b>	<b>\$ 403,280</b>	<b>\$ 420,122</b>	<b>\$ 406,432</b>
<b>Total Taxable Assessed Value</b>		<b>\$11,806,979</b>	<b>\$10,446,889</b>	<b>\$ 9,510,483</b>	<b>\$ 8,844,884</b>	<b>\$ 8,338,197</b>	<b>\$ 7,776,683</b>	<b>\$ 7,317,327</b>	<b>\$ 7,183,880</b>	<b>\$ 7,071,613</b>	<b>\$ 7,135,078</b>

**Grayson College**  
**Property Tax Levies and Collections**  
**Last Ten Tax Years**  
**(Unaudited)**

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (C + D + E)	Cumulative Collections of Adjusted Levy
2020	\$ 19,298	\$ (37)	\$ 19,261	\$ 18,859	97.91%	\$ -	\$ -	\$ 18,859	97.91%
2019	17,801	(38)	17,763	17,385	97.87%	-	134	17,519	98.63%
2018	16,595	(10)	16,585	16,242	97.93%	163	32	16,437	99.11%
2017	15,494	(3)	15,491	15,173	97.95%	87	14	15,274	98.60%
2016	14,644	(1)	14,643	14,012	95.69%	71	7	14,090	96.22%
2015	13,680	-	13,680	13,442	98.26%	(13)	5	13,434	98.20%
2014	12,825	6	12,831	12,546	97.78%	5	3	12,554	97.84%
2013	12,566	-	12,566	12,217	97.22%	4	3	12,224	97.28%
2012	12,384	-	12,384	11,973	96.68%	3	2	11,978	96.72%
2011	12,350	-	12,350	11,903	96.38%	2	2	11,907	96.41%

Amounts expressed in thousands

Source: Local Tax Assessor Collector and College records

(a) As reported in the 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 penalties and interest

(d) Represents cumulative collections of prior years not collected in the current year or the year of levy.

(e) Represents current year collections of prior year levies.



**Grayson College**  
**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**  
**(Unaudited)**

For the Year Ended August 31 (amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Bonded Debt</b>										
General Obligation Bonds	\$ 23,315	\$ 25,385	\$ 27,390	\$ 29,495	\$ 33,615	\$ 35,570	\$ 37,455	\$ 39,145	\$ 40,720	\$ 42,155
Less: Funds Restricted for Debt Service	(4,122)	(3,750)	(3,325)	(2,913)	(2,351)	(1,915)	(1,487)	(1,080)	(794)	(784)
<b>Net General Bonded Debt</b>	<b>19,193</b>	<b>21,635</b>	<b>24,065</b>	<b>26,582</b>	<b>31,264</b>	<b>33,655</b>	<b>35,968</b>	<b>38,065</b>	<b>39,926</b>	<b>41,371</b>
<b>Other Debt</b>										
Revenue Bonds	4,090	5,290	6,440	7,540	8,605	9,640	10,780	11,900	12,995	14,065
Notes and Capital Leases	-	-	-	-	-	62	103	141	180	217
<b>Total Outstanding Debt</b>	<b>\$ 23,283</b>	<b>\$ 26,925</b>	<b>\$ 30,505</b>	<b>\$ 34,122</b>	<b>\$ 39,869</b>	<b>\$ 43,357</b>	<b>\$ 46,851</b>	<b>\$ 50,106</b>	<b>\$ 53,101</b>	<b>\$ 55,653</b>
<b>General Bonded Debt Ratios</b>										
Per Capita	\$ 140.91	\$ 161.47	\$ 187.66	\$ 202.70	\$ 249.18	\$ 272.44	\$ 293.97	\$ 312.17	\$ 328.83	\$ 342.26
Per FTSE	5,422	6,276	6,683	7,667	8,002	8,475	8,322	8,687	8,475	8,331
As a percentage of Taxable Assessed Value	0.16%	0.21%	0.27%	0.28%	0.37%	0.43%	0.49%	0.53%	0.56%	0.58%
<b>Total Outstanding Debt Ratios</b>										
Per Capita	\$ 170.93	\$ 200.95	\$ 237.88	\$ 260.20	\$ 317.76	\$ 350.97	\$ 382.92	\$ 410.92	\$ 437.34	\$ 460.41
Per FTSE	6,577	7,811	8,471	9,842	10,205	10,918	10,840	11,435	11,272	11,207
As a Percentage of Taxable Assessed Value	0.20%	0.26%	0.34%	0.36%	0.48%	0.56%	0.64%	0.70%	0.75%	0.78%

Notes:

Ratios calculated using population and TAV from corresponding fiscal year.

Debt per student ratios calculated using full-time equivalent enrollment for corresponding fiscal year.

**Grayson College  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(Unaudited)**

For the Year Ended August 31 (amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Taxable Assessed Value	<u>\$ 11,806,979</u>	<u>\$ 10,446,889</u>	<u>\$ 9,530,483</u>	<u>\$ 8,844,884</u>	<u>\$ 8,338,197</u>	<u>\$ 7,776,683</u>	<u>\$ 7,317,327</u>	<u>\$ 7,183,880</u>	<u>\$ 7,071,613</u>	<u>\$ 7,135,078</u>
<b>General Obligations Bonds</b>										
Statutory Tax Levy Limit for Debt Service	\$ 59,035	\$ 52,234	\$ 47,652	\$ 44,224	\$ 41,691	\$ 38,883	\$ 36,587	\$ 35,919	\$ 35,358	\$ 35,675
Less Funds Restricted for Repayment of General Obligation Bonds	<u>4,122</u>	<u>3,750</u>	<u>3,325</u>	<u>2,913</u>	<u>2,351</u>	<u>1,915</u>	<u>1,487</u>	<u>1,080</u>	<u>794</u>	<u>875</u>
Total Net General Obligation Debt	54,913	48,484	44,327	41,311	39,340	36,968	35,100	34,839	34,564	34,800
Current Year Debt Service Requirements	<u>2,801</u>	<u>2,798</u>	<u>2,972</u>	<u>3,348</u>	<u>3,419</u>	<u>3,408</u>	<u>3,276</u>	<u>3,228</u>	<u>3,148</u>	<u>3,078</u>
Excess of Statutory Limit for Debt Service over Current Requirements	<u>\$ 52,112</u>	<u>\$ 45,686</u>	<u>\$ 41,355</u>	<u>\$ 37,963</u>	<u>\$ 35,921</u>	<u>\$ 33,560</u>	<u>\$ 31,824</u>	<u>\$ 31,611</u>	<u>\$ 31,416</u>	<u>\$ 31,722</u>
Net Current Requirements as a % of Statutory Limit	<u>-2.24%</u>	<u>-1.82%</u>	<u>-0.74%</u>	<u>0.98%</u>	<u>2.56%</u>	<u>3.84%</u>	<u>4.89%</u>	<u>5.98%</u>	<u>6.66%</u>	<u>6.18%</u>

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.

**Grayson College**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year Ended August 31,	Pledged Revenues (\$000 omitted)											Debt Service Requirements (\$000 omitted)			Coverage Ratio
	Tuition	General Use Fee	Student Service Fee	Technology Fee	Registration Fees	Laboratory Fees	Community Education Fees	Investment Income	Auxiliary Enterprises	Total	Principal	Interest	Total		
2020	\$ 1,550	\$ 1,678	\$ 1,074	\$ 430	\$ 374	\$ 288	\$ 458	\$ 506	\$ 504	\$ 6,862	\$ 1,200	\$ 147	\$ 1,347	5.09	
2019	1,601	1,461	1,043	417	367	331	852	685	660	7,417	1,150	193	1,343	5.52	
2018	1,500	1,755	585	418	287	341	697	401	540	6,524	1,100	238	1,338	4.88	
2017	1,515	1,718	604	431	223	391	347	201	502	5,932	1,065	262	1,327	4.47	
2016	1,630	1,490	652	466	346	397	476	158	697	6,312	1,035	301	1,336	4.72	
2015	1,653	1,151	671	-	257	306	310	128	829	5,305	1,140	335	1,475	3.60	
2014	1,725	832	728	-	261	345	53	77	2,814	6,835	1,120	358	1,478	4.62	
2013	1,622	845	740	-	288	328	74	57	3,298	7,252	1,095	380	1,475	4.92	
2012	1,781	915	529	-	309	311	107	72	3,315	7,339	1,070	401	1,471	4.99	
2011	1,661	968	242	-	334	357	112	113	3,590	7,377	1,150	464	1,614	4.57	

**Grayson College**  
**Demographic and Economic Statistics - Taxing District**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Calendar Year</u>	<u>District Population</u>	<u>District Personal Income</u>	<u>District Personal Income per Capita</u>	<u>District Unemployment Rate</u>
2019	136,212	\$ 5,991,490,000	\$ 43,987	3.1%
2018	133,991	5,653,755,000	42,195	3.3%
2017	131,140	5,409,499,000	41,250	3.5%
2016	128,235	5,162,730,000	40,216	3.8%
2015	125,467	4,915,961,000	39,181	4.0%
2014	123,534	4,575,002,000	37,034	4.8%
2013	122,353	4,416,638,000	36,098	6.6%
2012	121,935	4,225,608,000	34,655	7.2%
2011	121,419	4,055,831,000	33,404	8.3%
2010	120,877	3,848,851,000	31,841	8.4%

(a) Information is not yet available

**Sources:**

Population from U.S. Bureau of Census

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

**Grayson College  
Principal Employers  
Current Year and Nine Years Prior  
(Unaudited)**

Current Fiscal Year			Nine Years Prior		
Employer	Number of Employees	Percentage of Total County Employment	Employer	Number of Employees	Percentage of Total County Employment
Texoma Health Care Systems	3,500 - 3,749	5.63%	Tyson Fresh Meats	1,250 - 1,499	2.85%
Tyson Fresh Meats	1,500 - 1,749	2.81%	Texoma Health Care Systems	1,250 - 1,499	2.49%
Ruiz Foods	1,000 - 1,249	1.79%	Sherman ISD	1,000 - 1,249	2.05%
Sherman ISD	1,000 - 1,249	1.76%	Wilson N. Jones Regional Health Systems	1,000 - 1,249	1.90%
Walmart/Sam's	750 - 999	1.45%	Texas Instruments	750 - 999	1.71%
CIGNA Company	500 - 749	1.13%	CIGNA Company	750 - 999	1.43%
Denison ISD	500 - 749	1.09%	Ruiz Foods	500 - 749	1.33%
Texas Instruments	500 - 749	0.97%	Denison ISD	500 - 749	1.15%
Grayson County	500 - 749	0.90%	City of Sherman	250 - 499	0.86%
Finisar	500 - 749	0.80%	Total	<u>7,250 - 9,491</u>	
Total	<u>10,250 - 12,740</u>				

**Source:**  
Texas Workforce Commission

**Notes:**  
Percentages are calculated using the midpoints of the ranges.

**Grayson College**  
**Faculty, Staff and Administrators Statistics**  
**Last Ten Tax Years**  
**(Unaudited)**

For the Year Ended August 31,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Faculty</b>										
Full-Time	112	114	109	108	108	108	100	98	97	97
Part-Time	82	104	143	169	150	131	143	135	154	150
Total	194	218	252	277	258	239	243	233	251	247
<b>Percent</b>										
Full-Time	57.7%	52.3%	43.3%	39.0%	41.9%	45.2%	41.2%	42.1%	38.6%	39.3%
Part-Time	42.3%	47.7%	56.7%	61.0%	58.1%	54.8%	58.8%	57.9%	61.4%	60.7%
<b>Staff and Administrators</b>										
Full-Time	188	170	163	151	146	136	135	132	129	136
Part-Time	197	251	258	-	-	-	-	-	-	-
Total	385	421	421	151	146	136	135	132	129	136
<b>Percent</b>										
Full-Time	48.8%	40.4%	38.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Part-Time	51.2%	59.6%	61.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FTSE per Full-Time Faculty	31.6	30.2	31.8	35.2	35.2	36.8	43.2	44.7	48.6	51.2
FTSE per Full-Time Staff Member	18.8	20.3	21.3	25.2	26.0	29.2	32.0	33.2	36.5	36.5
Average Annual Faculty Salary	\$ 58,849	\$ 57,407	\$ 55,309	\$ 55,477	\$ 55,085	\$ 54,443	\$ 53,822	\$ 53,725	\$ 53,695	\$ 54,762

**Grayson College  
Enrollment Details  
Last Five Fiscal Years  
(Unaudited)**

<u>Student Classification</u>	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	3,000	66.77%	2,790	65.13%	2,786	63.27%	2,885	63.80%	2,903	61.54%
31-60 hours	929	20.68%	1,167	27.24%	998	22.67%	1,017	22.49%	1,075	22.79%
> 60 hours	564	12.55%	327	7.63%	619	14.06%	620	13.71%	739	15.67%
<b>Total</b>	<b>4,493</b>	<b>100.00%</b>	<b>4,284</b>	<b>100.00%</b>	<b>4,403</b>	<b>100.00%</b>	<b>4,522</b>	<b>100.00%</b>	<b>4,717</b>	<b>100.00%</b>

<u>Semester Hour Load</u>	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	18	0.40%	23	0.54%	13	0.30%	12	0.27%	619	13.12%
3-5 semester hours	967	21.52%	814	19.00%	833	18.92%	867	19.17%	1,009	21.39%
6-8 semester hours	1,246	27.74%	1,323	30.88%	1,265	28.72%	1,246	27.55%	1,248	26.46%
9-11 semester hours	689	15.33%	663	15.48%	673	15.29%	700	15.48%	719	15.24%
12-14 semester hours	1,113	24.77%	1,057	24.67%	1,123	25.50%	1,196	26.45%	831	17.62%
15-17 semester hours	349	7.77%	353	8.24%	408	9.27%	428	9.46%	245	5.19%
18 & over	111	2.47%	51	1.19%	88	2.00%	73	1.62%	46	0.98%
<b>Total</b>	<b>4,493</b>	<b>100.00%</b>	<b>4,284</b>	<b>100.00%</b>	<b>4,403</b>	<b>100.00%</b>	<b>4,522</b>	<b>100.00%</b>	<b>4,717</b>	<b>100.00%</b>

<u>Tuition Status</u>	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	3,754	83.55%	3,558	83.05%	3,161	71.79%	3,493	77.24%	3,557	75.41%
Texas Resident (Out-of-District)	574	12.78%	651	15.20%	1,052	23.89%	869	19.22%	1,027	21.77%
Non-Resident Tuition	165	3.67%	75	1.75%	190	4.32%	160	3.54%	133	2.82%
<b>Total</b>	<b>4,493</b>	<b>100.00%</b>	<b>4,284</b>	<b>100.00%</b>	<b>4,403</b>	<b>100.00%</b>	<b>4,522</b>	<b>100.00%</b>	<b>4,717</b>	<b>100.00%</b>

**Grayson College  
Student Profile  
Last Five Fiscal Years  
(Unaudited)**

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	2,711	60.34%	2,614	61.02%	2,650	60.19%	2,702	59.75%	2,778	58.89%
Male	1,782	39.66%	1,670	38.98%	1,753	39.81%	1,820	40.25%	1,939	41.11%
Total	<u>4,493</u>	<u>100.00%</u>	<u>4,284</u>	<u>100.00%</u>	<u>4,403</u>	<u>100.00%</u>	<u>4,522</u>	<u>100.00%</u>	<u>4,717</u>	<u>100.00%</u>

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
White	3,124	69.53%	2,989	69.76%	3,172	72.03%	3,246	71.77%	3,389	71.84%
African American	580	12.91%	415	9.69%	542	12.31%	595	13.16%	634	13.44%
Hispanic	356	7.92%	349	8.15%	304	6.90%	325	7.19%	313	6.64%
Multi-Racial	81	1.80%	222	5.18%	98	2.23%	143	3.16%	181	3.84%
Native American	217	4.83%	203	4.74%	194	4.41%	145	3.21%	123	2.61%
International	34	0.76%	32	0.75%	32	0.73%	27	0.60%	27	0.57%
Asian	79	1.76%	74	1.73%	61	1.39%	41	0.91%	50	1.06%
Native Hawaiian or Pacific Islander	22	0.49%	-	-	-	-	-	-	-	0.00%
Total	<u>4,493</u>	<u>100.00%</u>	<u>4,284</u>	<u>100.00%</u>	<u>4,403</u>	<u>100.00%</u>	<u>4,522</u>	<u>100.00%</u>	<u>4,717</u>	<u>100.00%</u>

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
Under 18	489	10.88%	1,118	26.10%	1,119	25.42%	1,057	23.38%	966	20.47%
18-21	2,109	46.94%	1,589	37.09%	1,612	36.61%	1,646	36.40%	1,632	34.60%
22-24	550	12.24%	406	9.48%	415	9.43%	489	10.81%	530	11.24%
25-29	450	10.02%	384	8.96%	432	9.81%	478	10.57%	533	11.30%
30-34	312	6.94%	280	6.54%	289	6.56%	297	6.57%	348	7.38%
35-50	473	10.53%	417	9.73%	428	9.72%	440	9.73%	556	11.79%
51 & over	110	2.45%	90	2.10%	108	2.45%	115	2.54%	152	3.22%
Total	<u>4,493</u>	<u>100.00%</u>	<u>4,284</u>	<u>100.00%</u>	<u>4,403</u>	<u>100.00%</u>	<u>4,522</u>	<u>100.00%</u>	<u>4,717</u>	<u>100.00%</u>

Average Age	24	25	25	24	26
-------------	----	----	----	----	----



**Grayson College**  
**Transfers to Senior Texas Institutions**  
**2018 - 2019 Graduates, Completers and Non-Returners**  
**(Unaudited)**

Institution	Transfer Student Count Academic	Transfer Student Count Technical	Total of all Sample Transfer Students	% of all Sample Transfer Students
Angelo State University	2	1	3	0.69%
Lamar University	1	-	1	0.23%
Midwestern State University	16	1	17	3.91%
Sam Houston State University	4	-	4	0.92%
Stephen F. Austin State University	9	-	9	2.07%
Tarleton State University	25	5	30	6.90%
Texas A & M International University	-	1	1	0.23%
Texas A & M University	29	2	31	7.13%
Texas A & M University at Commerce	49	20	69	15.82%
Texas A & M University at Corpus Christi	1	-	1	0.23%
Texas A & M University at Galveston	1	-	1	0.23%
Texas Southern University	1	-	1	0.23%
Texas State University	18	4	22	5.06%
Texas Tech University	41	7	48	11.03%
Texas Woman's University	28	5	33	7.60%
The University of Texas at Arlington	20	8	28	6.45%
The University of Texas at Austin	11	1	12	2.76%
The University of Texas at Dallas	11	3	14	3.22%
The University of Texas at San Antonio	2	-	2	0.46%
The University of Texas at Tyler	3	10	13	2.99%
The University of Texas of the Permian Basin	1	1	2	0.46%
University of Houston	2	1	3	0.69%
University of Houston -Downtown	1	-	1	0.23%
University of North Texas	62	24	86	19.77%
West Texas A & M University	2	1	3	0.69%
<b>Totals</b>	<b>340</b>	<b>95</b>	<b>435</b>	<b>100.00%</b>

**Grayson College**  
**Capital Asset Information**  
**Fiscal Years 2016 to 2020**  
**(Unaudited)**

	Fiscal Year				
	2020	2019	2018	2017	2016
Academic Buildings	22	22	22	21	21
Square Footage	437,316	433,260	433,260	426,515	426,515
Libraries	1	1	1	1	1
Square Footage	18,503	18,503	18,503	18,503	18,503
Number of Volumes	51,800	51,800	51,800	51,800	51,800
Administrative and Support Buildings	4	4	3	3	3
Square Footage	61,385	61,385	39,953	39,953	39,953
Dormitories	3	3	3	2	2
Square Footage	82,589	82,589	82,589	51,121	51,121
Number of Beds	379	379	379	180	180
Golf Course	2	2	2	2	2
Square Footage	4,122	4,122	4,122	4,122	4,122
Dining Facilities	1	1	1	1	1
Square Footage	9,750	9,750	9,750	9,750	9,750
Average Daily Customers	300	300	300	300	300
Athletic Facilities	4	4	4	4	4
Square Footage	30,003	30,003	30,003	30,003	30,003
Gymnasiums	1	1	1	1	1
Baseball Field	1	1	1	1	1
Softball Field	1	1	1	1	1
Batting Cage	1	1	1	1	1
Plant Facilities	3	3	3	3	3
Square Footage	6,797	6,797	6,797	6,797	6,797
Transportation					
Cars	1	1	1	3	3
Light Trucks/Vans	11	11	11	16	16
Buses	2	2	2	2	2