

**GRAYSON COLLEGE
DENISON, TEXAS**

**Annual Financial Report
Years Ended August 31, 2022 and 2021**



GRAYSON COLLEGE

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GRAYSON COLLEGE
PRINCIPAL OFFICIALS
For the Year Ended August 31, 2022

Board of Trustees

Officers		Term Expires
Mrs. Jackie Butler	Chairman	2028
Dr. Debbie Plyer	Vice-Chairman	2024
Dr. John Spies	Secretary	2026

Members	Term Expires
Mr. Terrence Steele	2026
Mr. Ronnie Cole	2024
Mr. Jared Johnson	2028
Mrs. Paula Cavender	2024

Principal Administrative and Business Officers

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



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Grayson College
Denison, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Grayson College Grayson College (the "College"), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of August 31, 2022, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Grayson College Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter

The financial statements of the College for the year ended August 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on December 17, 2021.

Responsibilities of Management 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.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College’s basic financial statements. Supplemental Schedules A through D, as required by the Texas Higher Education Coordinating Board’s (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*; the Schedule of Expenditures of Federal Awards, as required by 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 Schedule of Expenditures of State Awards, as required by the Texas Comptroller of Public

To the Board of Trustees
Grayson College

Accounts *Texas Grant Management Standards* (TxGMS), are also presented for additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Supplemental Schedules A through D, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical supplement information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Plano, Texas
December 6, 2022



GRAYSON COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Grayson College's (the "College") financial statements provides an overview of the College's financial activities for the years ended August 31, 2022, 2021 and 2020. Management has prepared the financial statements along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

The College's financial report includes three financial statements: the statement of net position, the statement of revenue, expenses and change in net position, and statement of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. The College's foundation has also been discretely presented within these financial statements in accordance with GASB Statement No. 39; *Determining Whether Certain Organizations are Component Units*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*.

The annual financial report includes the independent auditor's report, the management's discussion and analysis, the basic financial statements, notes to the financial statements, and supplemental information.

Activities of the College are reported as either operating or non-operating in accordance with GASB Statement No. 35. Charges for services are recorded as operating revenues. Essentially all other types of revenue, including state appropriations, property tax levies, and Pell federal grant revenue, are non-operating. The College's reliance on state funding, local property taxes, and the Federal Pell Grant assistance to students results in reporting an operating deficit.

Increases or decreases in net position provide one indication of the financial health of an organization. To assess the overall health of the College, many other non-financial factors need to also be considered, such as trends in enrollment, condition of facilities, success of graduates, and the strength of the faculty and staff.

As of August 31, 2018, Grayson College implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (OPEB). This standard had a profound negative effect on the college's financial statements. The Statement of Revenues, Expenses, and Changes in Net Position for the year ended August 31, 2018 contained a negative restatement of \$30,001,644. While conformity with this statement is necessary to comply with generally accepted accounting principles (GAAP), the financial analysis performed by the college's accreditation agency, Southern Association of Colleges and Schools – Commission on Colleges, and its primary state regulator, the Texas Higher Education Coordinating Board, remove the effect of this statement in order to arrive at the financial condition of institutions of higher education. More information about OPEB can be found in Note 11 to the financial statements.

Financial Highlights

The statement of net position and the statement of revenue, expenses, and changes in net position report information on the College as a whole. These statements report the College's financial position as of August 31, 2022 and 2021 and the change in net position for the years then ended. The College's financial position remained strong at August 31, 2022, with assets and deferred outflows of \$135,722,313 and liabilities and deferred inflows of \$68,887,161. Net position, which represents the residual interest in the College's total assets and deferred outflows of resources after total liabilities and deferred inflows of resources are deducted, increased by \$10,762,020 or 19.2%.

The College's financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. All of the current year's revenue and expenses are recorded as incurred regardless of when cash is received or paid. Revenue and expenses are separated into the categories of operating and non-operating.

GRAYSON COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets			
Current Assets	\$ 50,804,499	\$ 40,286,495	\$ 24,757,365
Capital Assets (Net of Accumulated Depreciation)	74,913,150	76,285,665	78,178,006
Noncurrent Assets	<u>2,187,984</u>	<u>4,176,170</u>	<u>11,672,388</u>
Total Assets	<u>127,905,633</u>	<u>120,748,330</u>	<u>114,607,759</u>
Deferred Outflows of Resources	7,816,680	6,042,632	6,457,851
Liabilities			
Current Liabilities	10,284,224	9,620,980	8,438,725
Noncurrent Liabilities	<u>49,062,537</u>	<u>54,787,474</u>	<u>56,874,303</u>
Total Liabilities	<u>59,346,761</u>	<u>64,408,454</u>	<u>65,313,028</u>
Deferred Inflows of Resources	9,540,400	6,309,376	9,104,466
Net Position			
Unrestricted	7,876,547	(31,372)	(7,242,595)
Restricted - Expendable	5,569,530	5,138,107	4,649,345
Invested in Capital Assets	<u>53,389,075</u>	<u>50,966,397</u>	<u>49,241,366</u>
Total Net Position	<u>\$ 66,835,152</u>	<u>\$ 56,073,132</u>	<u>\$ 46,648,116</u>

The preliminary changes in assets, liabilities, and net position of the College for fiscal year 2022 were the result of the following:

- Current assets increased by \$10.51 million or 26.1%. This was due to a continued increase in cash and cash equivalents including the Higher Education Emergency Relief Fund (HEERF) offsetting previous College expenses, an increase in county ad-valorem of \$1.49 million, and an increasing number of federal and state grants. Additionally, \$1.98 million in certificates of deposits (CD's) were moved from non-current to current assets.
- Capital assets net of accumulated depreciation decreased by \$1.37 million or 1.8% due a reduction of netting capital assets and depreciation.
- Non-current assets decreased by approximately \$1.98 million or 47.6% due to moving CD's of approximately \$1.98 million from non-current assets to current assets.
- Deferred Outflows of Resources is a consumption of net assets that is applicable to a future reporting period. Deferred Outflows of Resources increased by \$1.77 or 29.4% primarily due to OPEB adjustment offset by pension plan contributions and deferred charge on bond refunding. Additional information about the College's Deferred Outflows of Resources can be found in Note 2 to the financial statements.
- Current liabilities increased by \$663,244 or 6.9%. While a decrease in the current portion of bonds payable coupled with a decrease in OPEB liability was realized, an increase in accounts payable offset the decreases.
- Non-current liabilities decreased by a total of \$5.72 million or 10.5%. This was primarily due to a reduction of approximately \$3.60 million in bonds payable and \$2.13 million in OPEB and TRS pension liability.
- Deferred Inflows of Resources is an acquisition of net assets that is applicable to a future reporting period. Deferred Inflows of Resources increased by \$3.23 million of 51.2%. Deferred inflows include \$2.75 million in the College's proportional share of pension liabilities and \$471,096 in OPEB resources. Additional information about the College's Deferred Inflows of Resources can be found in Note 2 to the financial statements.

GRAYSON COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- Net Position includes unrestricted, restricted and invested in capital assets amounts.
- The unrestricted net position is the residual amount of the net position not included in the net investment in capital assets or the restricted net position. Unrestricted net position increased by \$7.90 million.
- Restricted – expendable is the difference between assets, deferred outflows, deferred inflows and liabilities that may have constraints placed on their use. Restricted expendable increased by \$431,423.
- The component of net position titled Invested in Capital Assets is the difference between assets, deferred outflows, deferred inflows and liabilities of funds that consists of capital assets less accumulated depreciation, accumulated amortization, the outstanding balance of debt directly attributable to the acquisition, construction or improvement of those assets, deferred outflows and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt. Invested in Capital Assets increased \$2.42 million
- Total net position increased by \$10,762,020 or 19.2%. This was due to a combination of HEERF funding offsetting expenses, liabilities decreasing, reducing total operating expenses and increasing non-operating revenues.

Operating Revenue

Operating revenue includes charges for all exchange transactions such as tuition and fees, room and board, and the sale of books and supplies. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

Operating Revenue	2022	2021	2020
Net Tuition & Fees	\$ 4,963,631	\$ 5,138,177	\$ 4,978,410
Federal Grants and Contracts	13,958,510	8,224,399	4,401,348
State Grants and Contracts	2,116,159	1,181,796	1,358,732
Non Governmental Grants	147,625	62,697	54,205
Sales and Services of Educational Activities	45,095	6,972	28,740
Auxiliary Income	1,291,464	373,280	533,118
Other Operating Revenues	225,512	209,924	211,436
Total Operating Revenue	\$ 22,747,996	\$ 15,197,245	\$ 11,565,989

Operating revenue changes for fiscal year 2022 were the result of the following:

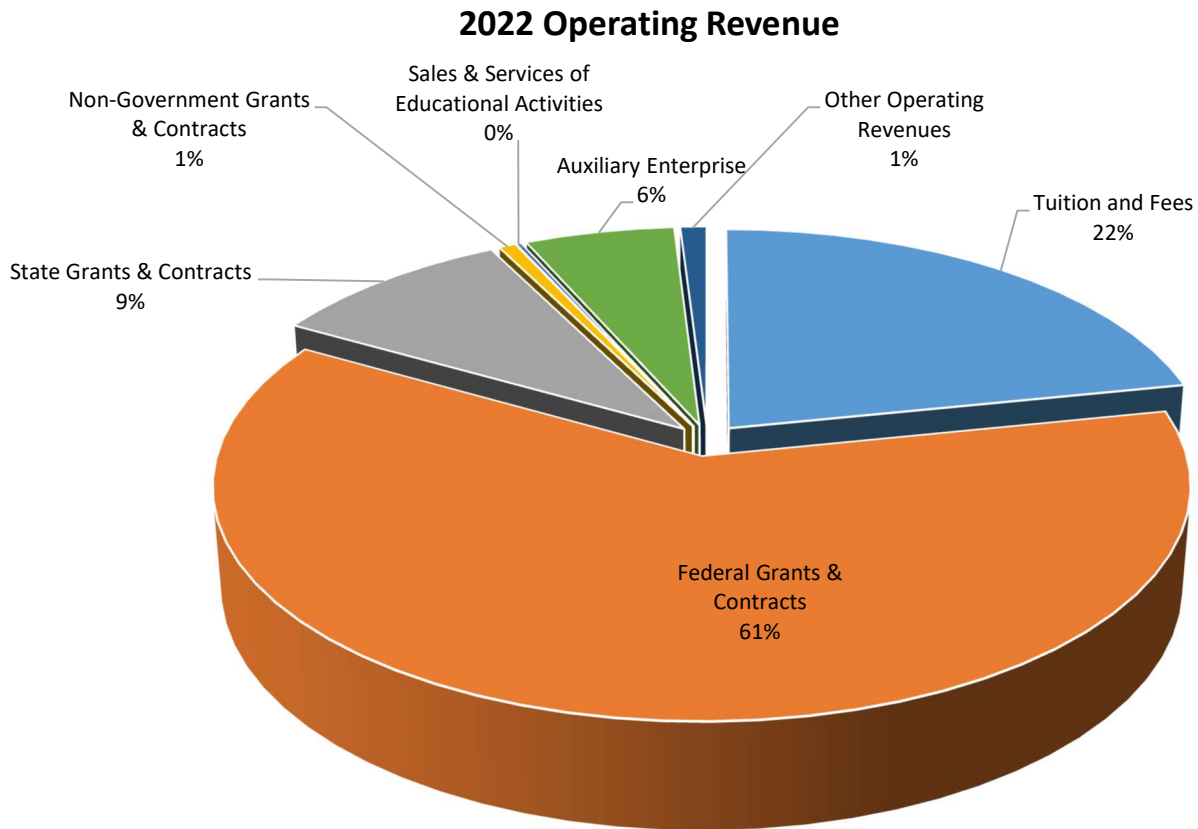
- Net tuition and fees decreased by \$174,546 due to a decrease in enrollment.
- Federal Grants and Contracts increased by \$5.73 million primarily due to HEERF especially the American Rescue Plan (ARP) – HEERF III.
- State grants and Contracts increased by \$934,363. This was primarily due to the additional Center for Workforce Learning (CWL) Skills Development Fund (SDF) and Jobs and Education for Texans (JET) grants.
- Non-Governmental Grants increased by \$84,928 primarily due to the Promise Program.
- Sales and Services of Educational Activities increased by \$38,123 due to COVID subsiding and the public beginning to use Grayson College services once again.
- Auxiliary revenue increased by \$918,184. This was primarily due to moving revenues from a clearing account to the income statement.
- Other Operating Revenues remained relatively unchanged.

GRAYSON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Operating revenue changes for fiscal year 2021 were the result of the following:

- Net tuition and fees increased by \$159,767 due to applying lost revenue collected by Coronavirus Response and Relief Supplemental Appropriations Act 2021 (CRRSAA) – HEERF II to tuition.
- Federal Grants and Contracts increased by \$3.82 million primarily due to HEERF II.
- State Grants and Contracts decreased by \$176,936. State grants are on a biennium basis and generally have less available in the second year. Grayson College is not guaranteed these funds and we must compete for them based upon employer and workforce need. Additionally, higher education was impacted by COVID and grants were limited.
- Non-Governmental grants remained consistent.
- Sales and Services decreased by \$21,768 due to the pandemic and the public facing entities offering limited services.
- Auxiliary income decreased by \$159,838 due to the campus slow recovery from the Coronavirus pandemic and returning to an in-person campus once again.
- Other operating revenues remained relatively unchanged.

The following is a graphic illustration of operating revenues by source for fiscal year 2022



GRAYSON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Operating Expenses

Operating expenses are all the costs necessary to provide services and conduct the programs of the College.

Operating Expenses	2022	2021	2020
Educational Services:			
Instruction	\$ 18,251,333	\$ 14,637,826	\$ 15,432,513
Public Service	890,685	978,810	859,108
Academic Support	2,874,684	2,585,657	2,669,004
Student Services	2,674,076	2,571,769	2,683,175
Institutional Support	9,004,162	7,200,063	6,459,625
Operation and Maintenance of Plant	3,999,012	3,983,031	3,910,463
Scholarships and Fellowships	5,710,102	5,125,663	4,899,981
Auxiliary Enterprises	3,001,808	1,643,566	1,652,185
Depreciation & Amortization	2,584,356	2,557,416	2,602,687
Total Operating Expenses	\$ 48,990,218	\$ 41,283,801	\$ 41,168,741

Operating expense changes for fiscal year 2022 were the result of the following:

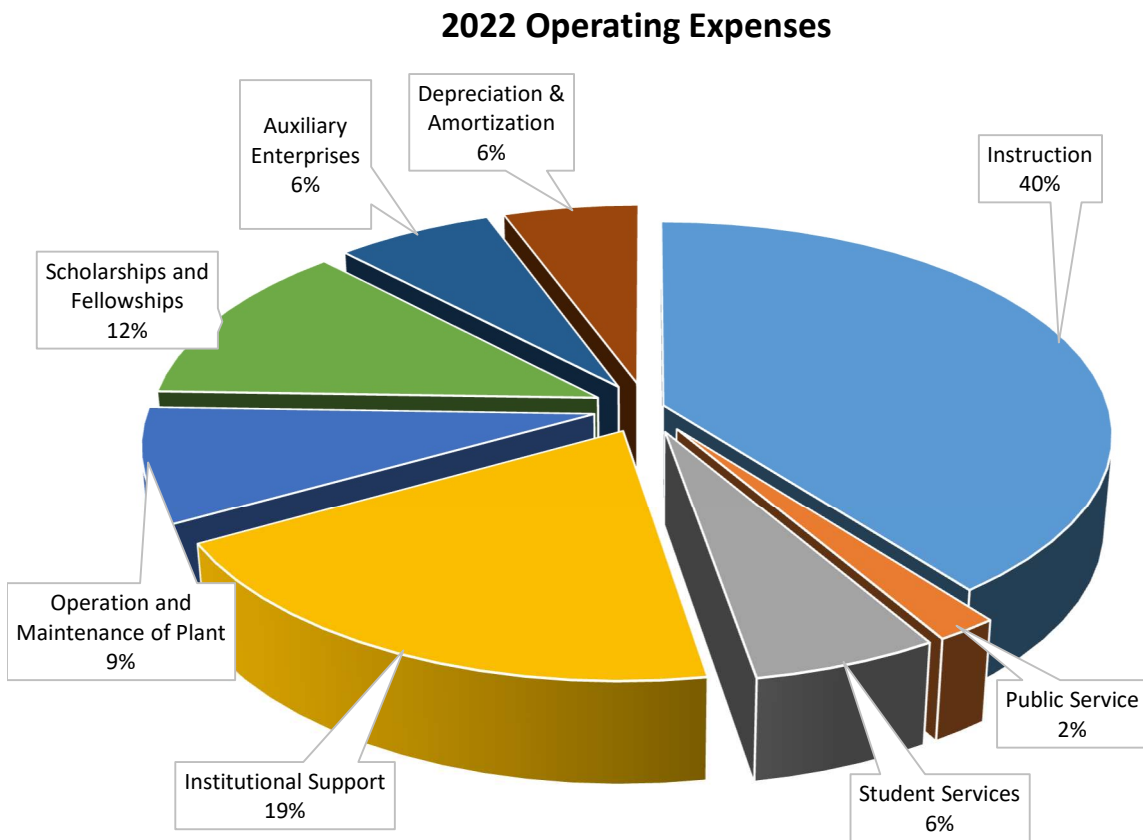
- Instructional expenses increased by \$3.61 million. This was due to an increase of one million in faculty and staff salaries and corresponding fringe benefits as well as \$2.61 million increase in other instructional expenses.
- Public Service expenses decreased by \$88,125 primarily due to a lack of demand.
- Academic Support increased by \$289,027 due to \$232,883 increase in faculty and staff salaries and corresponding fringe benefits along with an increase of \$56,144 in departmental operating expenses.
- Student Services increased by \$102,307 primarily due to an increase in salaries and associated fringe benefits.
- Institutional Support increased by \$1.80 million due to an increase of \$271,000 in salaries and benefits and \$1.53 million of additional HEERF grant expenses including updating Grayson College main campus HVAC system.
- Operation and Maintenance expenses remained relatively unchanged.
- Scholarships and Fellowships increased by \$584,439 primarily due to HEERF payments awarded to Grayson students.
- Auxiliary Enterprises increased by \$1.35 million due to a \$100,000 increase in salaries and benefits as well as moving \$1.34 million of expenses from a clearing account to the income statement.
- Depreciation and Amortization remained relatively unchanged.

Operating expense changes for fiscal year 2021 were the result of the following:

- Instructional expenses decreased by \$794,687. This was due to the pandemic and a reduction in part time salaries and associated benefits due to the lack of demand as well as a reduction in travel and other departmental operating expenditures.
- Public Service expenses increased by \$119,702 primarily due to the pandemic and shifting instruction to online.
- Academic Support decreased by \$83,347 due to reduction in travel and other departmental operating expenditures.
- Student Services decreased by \$111,406 due to the reduction in travel and other departmental operating expenditures.
- Institutional Support increased by \$740,438 due to additional HEERF expenses.
- Operation and Maintenance expenses remained relatively unchanged.
- Scholarships and Fellowships increased by \$225,682 due to HEERF payments awarded to Grayson students.
- Auxiliary Enterprises remained relatively unchanged.
- Depreciation and Amortization remained relatively unchanged.

GRAYSON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The following is a graphic illustration of operating expenses by source for fiscal year 2022.



GRAYSON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Non-Operating Revenue (Expenses)

Non-operating revenue represents all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, ad-valorem for maintenance, operations and general obligation bonds, investment income (including realized and unrealized gains and losses), interest on capital related debt, gifts and non-operating federal grants.

Non-operating revenues (expenses) were comprised of the following:

Non-Operating Revenues (Expenses)	2022	2021	2020
State Appropriations	\$ 8,842,196	\$ 9,101,775	\$ 9,345,954
Ad-Valorem Taxes for M&O	18,977,557	17,487,416	15,972,364
Ad-Valorem Taxes for General Obligation Bonds	3,650,899	3,657,103	3,516,657
Federal Grants and Contracts, Non Operating	5,810,407	5,820,473	7,027,758
Gifts	33,245	13,285	22,634
Investment Income (Net of Investment Expenses)	400,065	304,889	499,521
Interest on Capital Related Debt	(701,313)	(873,369)	(1,039,579)
Gain (Loss) of Disposition of Property	(8,814)	-	-
Total Non-Operating Revenues (Expenses)	\$ 37,004,242	\$ 35,511,572	\$ 35,345,309

Non-operating revenue (expense) changes for fiscal year 2022 were the result of the following factors:

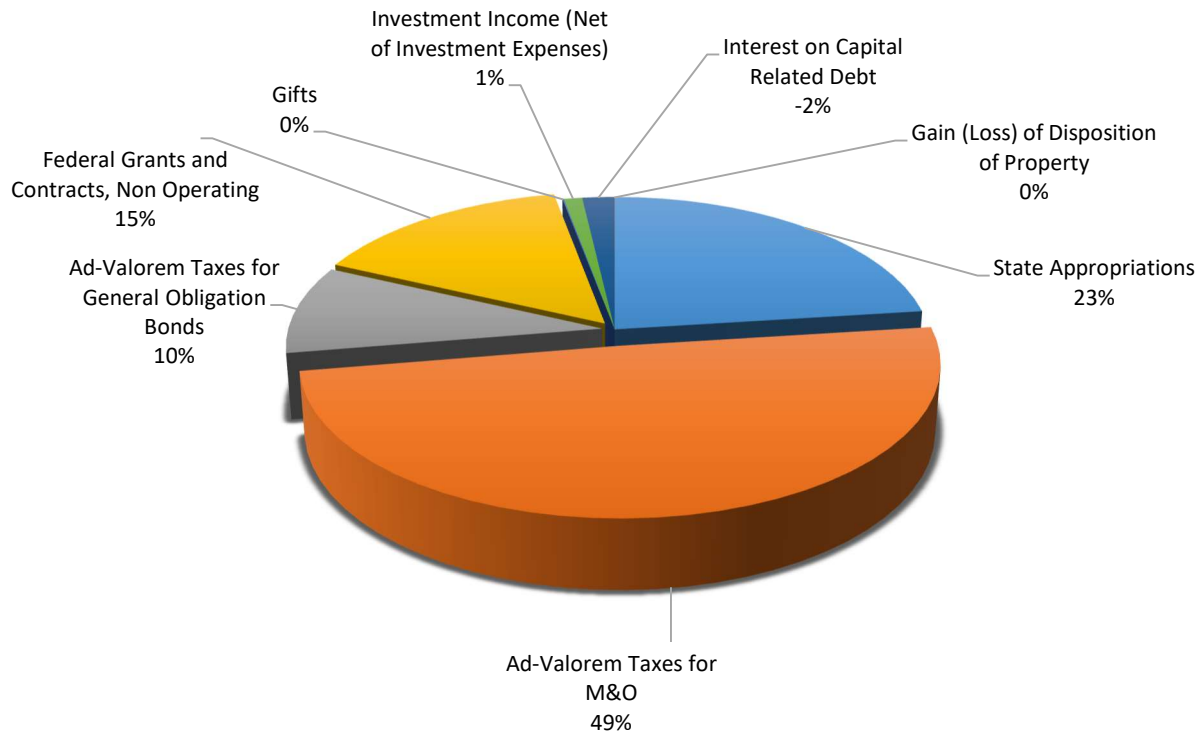
- State appropriations decreased by \$259,579 due to reimbursement benefits, enrollments, and full-time equivalents (FTE) healthcare.
- Ad-Valorem for M&O increased by \$1.49 million due to an increase in property values and low delinquency rate.
- Ad-Valorem for General Obligation Bonds remained relatively unchanged.
- Federal Grants and Contracts, Non-Operating remained relatively unchanged.
- Gifts remained relatively unchanged.
- Investment income (net of investment expenses) increased by \$95,176 primarily due to rising interest rates.
- Interest on Capital Related Debt decreased by \$172,056 due to reducing the outstanding bond balances.
- Gain (loss) of Disposition of Property remained relatively unchanged.

Non-operating revenue (expense) changes for fiscal year 2021 were the result of the following factors:

- State appropriations decreased by \$244,179 due to reimbursement benefits, enrollments, and full-time equivalents (FTE) healthcare.
- Ad-Valorem for M&O increased by \$1.51 million due to an increase in property values and low delinquency rate.
- Ad-Valorem for General Obligation Bonds increased by \$140,446 due to increase valuations as a result of new properties coming on the tax rolls.
- Federal Grants and Contracts, Non-Operating decreased by \$1.20 million due to Coronavirus Aid, Relief, and Economic Security (CARES) Act 2020 – (HEERF I was non-renewed).
- Gifts remained relatively unchanged.
- Investment income (net of investment expense) decreased by \$194,632 primarily due to extremely low interest rates.
- Interest on Capital Related Debt decreased by \$166,210 due to reducing the outstanding bond balances.
- Gain (loss) of Disposition of Property remained relatively unchanged.

The following is a graphic illustration of non-operating revenues by source for fiscal year 2022.

2022 Non-Operating Revenues (Expenses)



GRAYSON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. A cash flow statement tells the user how much cash is entering and leaving the College in a fiscal year. The statement of cash flows also may help users assess the following:

- An entity's ability to generate future net cash flows
- Its ability to meet its obligations as they come due
- Its need for external financing

Cash flows for the year consist of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash (used in) Provided by			
Operating Activities	\$ (20,805,989)	\$ (22,956,269)	\$ (26,924,570)
Noncapital Financing Activities	35,362,465	34,067,121	33,547,810
Capital and Related Financing Activities	(5,819,285)	(5,165,404)	(6,221,163)
Investing Activities	<u>2,388,584</u>	<u>7,806,637</u>	<u>2,745,802</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>11,125,775</u>	<u>13,752,085</u>	<u>3,147,879</u>
Cash and Cash Equivalents - Beginning of Year	<u>35,653,040</u>	<u>21,900,955</u>	<u>18,753,076</u>
Cash and Cash Equivalents - End of Year	<u>\$ 46,778,815</u>	<u>\$ 35,653,040</u>	<u>\$ 21,900,955</u>

Net cash used for operating activities in 2022 totaled \$20.81 million. This was financed by \$35.36 million of net cash flows from non-capital financing activities such as property taxes and state appropriations. Net cash used for capital and related financing activities totaled \$5.82 million. The net result of all cash flows is an increase of \$11.13 million for 2022.

In 2022, Cash flows from operating activities included receipts from students, grants, and contracts in the amount of \$23.64 million less payments to employees, suppliers, scholarships and other cash payments of \$44.45 million for a total outflow of \$20.81 million.

Cash flows from non-capital financing activities include ad-valorem tax revenues, state appropriations, grants and contracts, and gifts less payments to students' organizations leaving a net cash provided by non-capital financing activities in the amount of \$35.36 million which allows the \$20.81 million outflow in operating activities to be covered.

Cash flows from capital and related financing activities include purchases of capital assets in the amount of \$1.22 million and payments on capital debt and leases of \$4.60 million for a total outflow of \$5.82 million.

Cash flows from investing activities include proceeds from sale and maturity of investments in the amount of \$1.98 million and investment earnings of \$400,397 for a total inflow of \$2.39 million.

Net cash used for operating activities in 2021 totaled \$22.96 million. This was financed by \$34.07 million of net cash flows from non-capital financing activities such as property taxes and state appropriations. Net cash used for capital and related financing activities totaled \$5.17 million. The net result of all cash flows is an increase of \$13.75 million for 2021.

In 2021, Cash flows from operating activities included receipts from students, grants, and contracts in the amount of \$14.12 million less payments to employees, suppliers, scholarships and other cash payments of \$37.07 million for a total outflow of \$22.95 million.

GRAYSON COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Cash flows from non-capital financing activities include ad-valorem tax revenues, state appropriations, grants and contracts, and gifts less payments to students' organizations leaving a positive net cash provided by non-capital financing activities in the amount of \$34.06 million which allows the \$22.95 million outflow in operating activities to be covered.

Cash flows from capital and related financing activities include purchases of capital assets in the amount of \$664,075 and payments on capital debt and leases of \$4.50 million for a total outflow of \$5.16 million.

Cash flows from investing activities include proceeds from sale and maturity of investments in the amount of \$11.83 million and investment earnings of \$311,541 less investment purchases of \$4.33 million for a total inflow of \$7.80 million

Capital Asset and Debt Administration

Capital Assets

Capital Assets can be found listed among the non-current assets on the Statement of Net Position. At August 31, 2022, the College had approximately \$74.91 million invested in capital assets, net of accumulated depreciation of \$35.34 million. Capital assets net of accumulated depreciation decreased by \$1.37 million or 1.8% due a reduction of netting capital assets and depreciation. Depreciation charges totaled \$2.58 million.

Looking ahead, Grayson College is abating and demoing properties on the West Campus including the following locations: 3401 McCullum Ave, 3402 McCullum Ave, 3403 McCullum Ave, and 253 Roberts Ave on the West Campus in Denison.

Grayson College has also solicited the services to begin construction on a driveway located on the south campus where it will connect the new Van Alstyne High school to the south campus.

Additional information about the College's capital assets can be found in Note 6.

Debt

Debt can be found among the current and non-current liabilities on the Statement of Net Position. On October 11, 2016, the College issued General Obligation Refunding Bonds, Series 2016 in the amount of \$27,640,000 for the purpose 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, 2022 is \$18,945,000.

On September 22, 2020, the College issued Consolidated Fund Revenue Refunding Bonds, Series 2020 in the amount of \$4,178,000 for the purpose of refunding \$4,090,000 of the College's Consolidated Fund Revenue Refunding Bonds, (Series 2021). Revenues are pledged for the debt service of the bonds. Principal payments from \$577,000 to \$1,377,000 are due beginning on August 15, 2021 through 2024. Semiannual interest payments at an interest rate of 1.07% are due beginning February 15, 2021. The balance outstanding on this bond issue as of August 31, 2022 is \$1,511,000.

Additional information about the College's debt can be found in Note 7.

GRAYSON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors That Will Affect the Future

Grayson College receives funding from three major sources – property taxes, tuition and fees, and state appropriations.

Property taxes provide the largest proportion of revenues for operations.

M&O Ad-Valorem

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>% Change by Year</u>
2022	\$ 18,977,557	8.52%
2021	17,487,416	9.49%
2020	15,972,364	10.22%
2019	14,491,190	12.30%
2018	12,903,863	9.45%

Property taxes have increased over the past five years as taxable values on properties have increased and delinquent rates have decreased. The College is projecting an increase in future projections of property taxes due to the economic impact of Texas Instruments, Global Tech and influx of Texans moving to north Texas.

Although the state of Texas economic condition has improved, recent state appropriation revenues continue to decline.

State Appropriations

<u>Fiscal Year</u>	<u>Operations</u>	<u>% Change by Year</u>
2022	\$ 8,842,196	-2.85%
2021	9,101,775	-2.61%
2020	9,345,954	0.05%
2019	9,341,582	-10.65%
2018	10,454,983	11.41%

With limited growth in revenue, tuition and fees have been increased to maintain programs and services.

Tuition and Fees

<u>Fiscal Year</u>	<u>In-District</u>	<u>% Change by Year</u>
2022	\$ 91	2.25%
2021	89	2.30%
2020	87	0.00%
2019	87	6.10%
2018	82	1.23%

Tuition and Fees

<u>Fiscal Year</u>	<u>Out of District</u>	<u>% Change by Year</u>
2022	\$ 131	2.34%
2021	128	2.40%
2020	125	0.00%
2019	125	4.17%
2018	120	0.84%

GRAYSON COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Tuition and Fees

<u>Fiscal Year</u>	<u>Non Resident</u>	<u>% Change by Year</u>
2022	\$ 181	2.84%
2021	176	2.92%
2020	171	0.00%
2019	171	3.01%
2018	166	0.61%

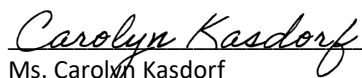
Since 2018, in-state tuition rates have increased \$9.00 per credit hour, or 10.9%. Tuition increases implemented since 2018 have remained consistent with inflation. Tuition charged to Grayson College students remains below the state and national average.

Institutional efforts to increase faculty staff and salaries continue to be a high priority of management. Grayson College realizes an investment in its employees attracts and retains an excellent workforce. Management continues to be strategic with assessing cost cutting initiatives as much as possible. GC continues to maintain affordable tuition for our community while providing outstanding educational programs and services in an inviting learning environment with qualified instructional and support faculty and staff.

Grayson College maintains a healthy reserve. Short-term unanticipated expenses and long-term enrollment declines, and changes in the state appropriation model may threaten that strong position. However, the College expects positive changes in enrollment due to regional growth. Additionally, the state is proposing increased funding in the upcoming year, with a shift in the funding model to more outcomes-based funding focused on meeting workforce needs.

Grayson College maintains strong communication efforts and is prepared for whatever may come. The characteristics that comprise GC's unique student experience will not be compromised. Finally, GC remains the best option for current and prospective students in North Texas.

Additional information concerning the financial statements or the financial status of the College can be obtained by contacting the Vice President for Business Services, Grayson College, 6101 Grayson Dr. Denison, TX 75020.



Ms. Carolyn Kasdorf
Vice President for Business Services and
Chief Financial Officer
Grayson College

BASIC FINANCIAL STATEMENTS



GRAYSON COLLEGE
STATEMENTS OF NET POSITION
August 31, 2022 and 2021

Exhibit 1

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 46,778,815	\$ 35,653,040
Short- Term Investments	254,476	253,306
Receivables (Net of Allowance for Doubtful /Uncollectible Accounts)	3,578,975	4,237,654
Prepaid Expenses	<u>192,233</u>	<u>142,495</u>
Total Current Assets	<u>50,804,499</u>	<u>40,286,495</u>
Noncurrent Assets		
Other Long- Term Investments	2,187,983	4,176,170
Capital Assets (Net of Accumulated Depreciation)	<u>74,913,150</u>	<u>76,285,665</u>
Total Noncurrent Assets	<u>77,101,133</u>	<u>80,461,835</u>
Total Assets	<u>127,905,632</u>	<u>120,748,330</u>
Deferred Outflows of Resources		
Deferred Outflows - Pension Plan	2,587,368	3,332,927
Deferred Outflows - OPEB	4,311,464	1,689,732
Deferred Charge on Bond Refundings	<u>917,848</u>	<u>1,019,973</u>
Total Deferred Outflows of Resources	<u>7,816,680</u>	<u>6,042,632</u>
Liabilities		
Current Liabilities		
Accounts Payable	2,004,592	1,105,509
Accrued Liabilities	523,361	438,697
Compensated Absences	-	50,397
Funds Held for Others	376,522	370,733
Unearned Revenues	3,203,810	2,889,638
Deposits Payable	24,870	23,600
Bonds Payable (Current Portion)	3,599,318	3,897,318
OPEB Liability	<u>551,751</u>	<u>845,088</u>
Total Current Liabilities	<u>10,284,224</u>	<u>9,620,980</u>
Noncurrent Liabilities		
Compensated Absences	206,858	201,588
Bonds Payable (Net of Current Portion)	19,003,744	22,603,062
Pension Liability	3,556,635	7,492,808
OPEB Liability	<u>26,295,300</u>	<u>24,490,016</u>
Total Noncurrent Liabilities	<u>49,062,537</u>	<u>54,787,474</u>
Total Liabilities	<u>59,346,761</u>	<u>64,408,454</u>
Deferred Inflows of Resources		
Deferred Inflows - Pension Plan	4,415,175	1,655,247
Deferred Inflows - OPEB	<u>5,125,225</u>	<u>4,654,129</u>
Total Deferred Inflows of Resources	<u>9,540,400</u>	<u>6,309,376</u>
Net Position		
Net Investment in Capital Assets	53,389,075	50,966,397
Restricted for:		
Expendable:		
Student Financial Aid Programs	403,671	388,992
Instructional Programs	44,324	63,972
Loans	47,598	47,598
Debt Service	5,070,734	4,634,342
Other	3,203	3,203
Unrestricted	<u>7,876,546</u>	<u>(31,372)</u>
Total Net Position (Schedule D)	<u>\$ 66,835,151</u>	<u>\$ 56,073,132</u>

GRAYSON COLLEGE
AFFILIATED ORGANIZATIONS - STATEMENTS OF FINANCIAL POSITION
GRAYSON COLLEGE FOUNDATION
August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 578,792	\$ 147,762
Short-Term Investments	765,518	765,518
Accrued Interest Receivable	21,721	18,160
Current Portion of Notes Receivable	-	4,510
Total Current Assets	<u>1,366,031</u>	<u>935,950</u>
Noncurrent Assets		
Notes Receivable	200,837	198,875
Long-Term Investments	16,265,999	17,828,992
Capital Assets (Net of Accumulated Depreciation)	1,101,294	1,099,775
Total Noncurrent Assets	<u>17,568,130</u>	<u>19,127,642</u>
Total Assets	<u>\$ 18,934,161</u>	<u>\$ 20,063,592</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 4,567	\$ 8,189
Total Current Liabilities	<u>4,567</u>	<u>8,189</u>
Net Assets		
Without Donor Restrictions	324,750	341,218
With Donor Restrictions	18,604,844	19,714,185
Total Net Assets	<u>18,929,594</u>	<u>20,055,403</u>
Total Liabilities and Net Assets	<u>\$ 18,934,161</u>	<u>\$ 20,063,592</u>

GRAYSON COLLEGE
STATEMENTS OF FIDUCIARY NET POSITION
August 31, 2022 and 2021

	<u>Custodial Funds</u> <u>2022</u>	<u>Custodial Funds</u> <u>2021</u>
Assets		
Cash and Cash Equivalents	\$ 324,876	\$ 322,902
Total Assets	<u>\$ 324,876</u>	<u>\$ 322,902</u>
Net Position		
Restricted for:		
Individuals, Organizations and Other Governments	\$ 324,876	\$ 322,902
Total Net Position	<u>\$ 324,876</u>	<u>\$ 322,902</u>

GRAYSON COLLEGE

Exhibit 2

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended August 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Tuition and fees (net of discounts of \$6,184,122 and \$4,417,927)	\$ 4,963,631	\$ 5,138,177
Federal Grants and Contracts	13,958,509	8,224,399
State Grants and Contracts	2,116,159	1,181,796
Non Governmental Grants and Contracts	147,625	62,697
Sales and services of educational activities	45,095	6,972
Auxiliary enterprises (net of discounts of \$920,444 and \$392,876)	1,291,464	373,280
Other operating revenues	225,512	209,924
Total Operating Revenues	<u>22,747,995</u>	<u>15,197,245</u>
Operating Expenses		
Instruction	18,251,333	14,637,826
Public service	890,685	978,810
Academic support	2,874,684	2,585,657
Student services	2,674,076	2,571,769
Institutional support	9,004,163	7,200,063
Operation and maintenance of plant	3,999,012	3,983,031
Scholarships and fellowships	5,710,102	5,125,663
Auxiliary enterprises	3,001,808	1,643,566
Depreciation	2,584,356	2,557,416
Total Operating Expenses	<u>48,990,219</u>	<u>41,283,801</u>
Operating loss	<u>(26,242,224)</u>	<u>(26,086,556)</u>
Nonoperating Revenues (Expenses)		
State appropriations	8,842,196	9,101,775
Ad valorem taxes for maintenance and operations	18,977,558	17,487,416
Ad-Valorem taxes for general obligation bonds	3,650,898	3,657,103
Federal grants and contracts, non-operating	5,810,407	5,820,473
Gifts	33,245	13,285
Investment income	400,065	304,889
Interest on capital asset-related debt	(701,312)	(873,369)
Loss on disposition of property	(8,814)	-
Net Nonoperating Revenues (Expenses)	<u>37,004,243</u>	<u>35,511,572</u>
Increase in net position	10,762,019	9,425,016
Net Position - Beginning of Year	<u>56,073,132</u>	<u>46,648,116</u>
Net Position - End of Year	<u>\$ 66,835,151</u>	<u>\$ 56,073,132</u>

GRAYSON COLLEGE

AFFILIATED ORGANIZATIONS - STATEMENT OF ACTIVITIES

GRAYSON COLLEGE FOUNDATION

For the Year Ended August 31, 2022

With Comparative totals for the August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
Revenues, Gains, and Other Support				
Gifts and Contributions	\$ -	\$ 1,733,212	\$ 1,733,212	\$ 488,422
Gifts in Kind - Grayson College	-	-	-	394,595
Other Grants	-	10,000	10,000	-
Investment Income, Net	(17,987)	(2,288,262)	(2,306,249)	2,890,715
Net Assets Released from Restrictions	564,292	(564,292)	-	-
Total Revenues, Gains, and Other Support	<u>546,305</u>	<u>(1,109,342)</u>	<u>(563,037)</u>	<u>3,773,732</u>
Expenses				
Program Services:				
Salary and Wages	-	-	-	111,695
Services and Supplies	21,253	-	21,253	102,351
Scholarships	472,322	-	472,322	334,589
Total Program Services	<u>493,575</u>	<u>-</u>	<u>493,575</u>	<u>548,635</u>
Supporting Services:				
General Administration:				
Salary Wages	-	-	-	47,553
Services and Supplies	8,501	-	8,501	8,819
Total General Administration	<u>8,501</u>	<u>-</u>	<u>8,501</u>	<u>56,372</u>
Fundraising:				
Salary and Wages	-	-	-	147,162
Services and Supplies	55,258	-	55,258	57,320
Total Fundraising	<u>55,258</u>	<u>-</u>	<u>55,258</u>	<u>204,482</u>
Total Supporting Services	<u>63,759</u>	<u>-</u>	<u>63,759</u>	<u>260,854</u>
Depreciation	<u>5,438</u>	<u>-</u>	<u>5,438</u>	<u>5,299</u>
Total Expenses	<u>562,772</u>	<u>-</u>	<u>562,772</u>	<u>814,788</u>
Change in Net Assets	(16,467)	(1,109,342)	(1,125,809)	2,958,944
Net Assets- Beginning of Year	<u>341,217</u>	<u>19,714,186</u>	<u>20,055,403</u>	<u>17,096,459</u>
Net Assets - End of Year	<u>\$ 324,750</u>	<u>\$ 18,604,844</u>	<u>\$ 18,929,594</u>	<u>\$ 20,055,403</u>

GRAYSON COLLEGE**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION***August 31, 2022 and 2021*

	Custodial Funds	
	2022	2021
Additions		
Contributions	\$ 22,046	\$ 19,004
Dues	126,000	120,000
Total Additions	<u>148,046</u>	<u>139,004</u>
Deductions		
Operating expenses	146,072	93,953
Total Deductions	<u>146,072</u>	<u>93,953</u>
Change in fiduciary net position	1,974	45,051
Total Net Position - (Beginning)	<u>322,902</u>	<u>277,851</u>
Total Net Position - (Ending)	<u>\$ 324,876</u>	<u>\$ 322,902</u>

GRAYSON COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2022 and 2021

Exhibit 3

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Receipts from students and other customers	\$ 6,150,245	\$ 5,713,539
Receipts of grants and contracts	17,495,437	8,407,131
Payments to or on behalf of employees	(23,550,971)	(21,399,705)
Payments to suppliers for goods and services	(14,448,860)	(10,619,304)
Payments of scholarships	(5,710,102)	(5,057,930)
Other cash payments	(741,738)	-
Net Cash Used In Operating Activities	<u>(20,805,989)</u>	<u>(22,956,269)</u>
Cash Flows From Noncapital Financing Activities		
Ad-Valorem tax revenues	22,477,876	21,134,683
Receipts of state appropriations	7,035,148	7,057,777
Receipts of grants and contracts	5,810,407	5,813,272
Receipts from student organizations and other agency transactions	-	390,517
Payments to student organizations and other agency transactions	5,789	(342,413)
Receipts of gifts	33,245	13,285
Net Cash Provided By Noncapital Financing Activities	<u>35,362,465</u>	<u>34,067,121</u>
Cash Flows From Capital And Related Financing Activities		
Purchases of capital assets	(1,220,655)	(664,075)
Payments on capital debt and leases	(4,598,630)	(4,501,329)
Net Cash Used In Capital And Related Financing Activities	<u>(5,819,285)</u>	<u>(5,165,404)</u>
Cash Flows From Investing Activities		
Proceeds from sale and maturity of investments	1,988,187	11,830,096
Investment Earnings	400,397	311,541
Purchase of investments	-	(4,335,000)
Net Cash Provided By Investing Activities	<u>2,388,584</u>	<u>7,806,637</u>
Net change in cash and cash equivalents	11,125,775	13,752,085
Cash and Cash Equivalents - Beginning of Year	<u>35,653,040</u>	<u>21,900,955</u>
Cash and Cash Equivalents - End of Year	<u>\$ 46,778,815</u>	<u>\$ 35,653,040</u>
Reconciliation of Operating Income Loss to Net Cash Used In Operating Activities:		
Operating loss	\$ (26,242,224)	\$ (26,086,556)
Adjustments to reconcile operating income loss to net cash used in operating activities:		
Depreciation	2,584,356	2,557,416
State paid employee benefits	1,807,048	2,007,783
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in receivables, net	807,757	(1,982,652)
(Increase) decrease in prepaid expenses	(49,738)	204,225
(Increase) decrease in deferred outflows of resources	(1,774,048)	72,717
Increase (decrease) in accounts payable	899,083	(158,361)
Increase (decrease) in accrued liabilities	84,664	35,106
Increase (decrease) in accrued compensated absences	(45,127)	(17,658)
Increase (decrease) in unearned revenue	314,172	906,077
Increase (decrease) in deposits payable	1,270	(25,140)
Increase (decrease) in deferred inflows of resources	3,231,024	(2,795,090)
Increase (decrease) in net pension liability	(3,936,173)	611,103
Increase (decrease) in net OPEB liability	1,511,947	1,714,761
Total adjustments	<u>5,436,235</u>	<u>3,130,287</u>
Net Cash Flows Used In Operating Activities	<u>\$ (20,805,989)</u>	<u>\$ (22,956,269)</u>

GRAYSON COLLEGE**AFFILIATED ORGANIZATIONS - STATEMENTS OF CASH FLOWS****GRAYSON COLLEGE FOUNDATION***For the Years Ended August 31, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (1,125,809)	\$ 2,958,944
Adjustments to reconcile change in net position to net cash		
Flows from operating activities:		
Depreciation	5,438	5,299
Donated asset		
Net (gains) losses on investments	2,548	(2,885,385)
Change in operating assets and liabilities:		
Accrued interest receivable	(3,561)	2,648
Accounts payable	(3,622)	(8,724)
Net Cash Flows (Used In) From Operating Activities	<u>(1,125,006)</u>	<u>72,782</u>
Cash Flows from Investing Activities		
Purchases of investments	-	(1,096,510)
Purchases of capital assets	(6,957)	-
Proceeds from sale of investments	1,562,993	761,109
Net Cash Flows Provided By (Used In) Investing Activities	<u>1,556,036</u>	<u>(335,401)</u>
Net change in cash	431,030	(262,619)
Cash - Beginning of Year	<u>147,762</u>	<u>410,381</u>
Cash - End of Year	<u>\$ 578,792</u>	<u>\$ 147,762</u>

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Reporting Entity

Grayson College (the College) was established in 1963, in accordance with the laws of the State of Texas, to serve the education needs of Grayson County and the surrounding areas. The College is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity Omnibus: An Amendment of GASB Statements No. 14 and No. 34*. While the College receives funding from local, state, and federal sources and must comply with the spending, reporting, and record-keeping requirements of these entities, it is not a component unit of any other governmental entity. The accompanying financial statements present the College and its component unit. The discretely presented component unit (described below) is reported separate to emphasize that it is legally separate from the College.

The Grayson College Foundation (the Foundation) is a legally separate, tax-exempt entity organized to solicit and receive support for purposes of developing and extending the facilities of the College and enhancing the educational opportunities of residents in the geographical area the College serves. The College does not control the timing or amount of receipts from the Foundation. The Foundation is considered a component unit of the College and is discretely presented in the College's financial statements due to the following:

- The majority of resources, or income thereon that the Foundation holds and invests, are for the benefit of the College or its constituents.
- The net position of the Foundation compared to the College is significant.
- Substantially all resources held by the Foundation can only be used by, or for the benefit of, the College.
- The Foundation has historically provided resources to the College or its constituents.

The College is reported as a special-purpose government engaged in business-type activities. The significant accounting policies followed by the College in preparing these financial statements are in accordance with the accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements are also in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of the College have been prepared on the accrual basis, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The College distinguishes operating revenues and expenses from non-operating items. The primary consideration in classifying revenues and expenses is how individual transactions are categorized for purposes of preparing the statement of cash flows. Transactions for which cash flows are reported as capital and related financial activities, non-capital financing activities, or investing activities are reported as components of non-operating income. The principal operating revenues of the College result from providing educational services to students, and consist of tuition and fees, as well as sales of auxiliary goods and services (i.e. bookstore merchandise, meals, and housing). Operating expenses include the cost of providing educational services, auxiliary goods and services, and administrative expenses. All revenues and expenses not meeting this definition - including gifts, contributions, and grants from non-exchange and exchange-like transactions - are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as they are needed.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Accounting (continued)

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The Foundation is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31; and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

C. Tuition Discounting

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances and discounts in the statements of revenues, expenses, and changes in net position. Scholarship allowances and discounts are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs are recorded as non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance and discount.

Texas Public Education Grants: Certain tuition amounts must 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 (TEC §56.033). When the award is used by the student for tuition and fees, the College records the amount as tuition discount. If the amount is dispersed directly to the student, the College records the amount 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 students. When the award is used by the student for tuition and fees, the College records the amount as tuition discount. If the amount is dispersed directly to the student, the College records the amount 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 College records the amount as a tuition discount. If the amount is dispersed directly to the student, the College records the amount as a scholarship expense.

D. 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.

E. Cash and Cash Equivalents

The College considers cash and cash equivalents as cash on hand, demand deposits and certificates of deposit.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

F. 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.

G. 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, 2021, was \$20,240,244,000. Exemptions and abatements of \$6,319,329,000 are allowed, resulting in a taxable value of \$13,920,915,000. The tax levy of \$22,125,000 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, 2022 to finance Unrestricted Current Fund operations and debt service for general obligation bonds were \$0.141501 and \$0.02655 per \$100 valuation, respectively.

Property tax collections during the year ended August 31, 2022 were \$21,739,000 for current taxes, \$325,000 for delinquent taxes, penalties, interest, and attorney fees. Tax collections for the year ended August 31, 2022 were 98.3% of the current tax levy.

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.

H. Capital Assets

Capital assets, which include land, collections, buildings, library books, furniture and equipment and other improvements, are defined by the College as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Renovations to buildings and other improvements that significantly increase the value or extend the useful life of such assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend asset 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 following estimated useful lives:

Buildings	50 years
Other improvements	20 years
Library books	8 years
Furniture and equipment	5 - 10 years

I. Unearned Revenue

Unearned revenue relates to student tuition, fees and other revenues received during the current fiscal period for classes or activities to be held in the following period.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

J. Deferred Inflows of Resources

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The College has two items that qualify for reporting in this category:

Deferred inflows of resources for pension - Deferred inflows result primarily from (1) changes in actuarial assumptions; (2) differences between expected and actual actuarial experiences and (3) changes in the College's proportional share of pension liabilities. The pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Deferred inflows of resources for OPEB - Deferred inflows result primarily from (1) changes in actuarial assumptions; (2) differences between expected and actual actuarial experiences and (3) changes in the College's proportional share of OPEB liabilities. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB benefits through the OPEB plan.

K. Deferred Outflows of Resources

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The College has three items that qualify for reporting in this category:

Deferred outflows of resources for refunding - This deferred charge on 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.

Deferred outflows of resources for pension - This deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of (1) differences between projected and actual earnings on pension plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the College's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Deferred outflows of resources for OPEB - This deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of (1) differences between projected and actual earnings on OPEB plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the College's proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with benefits through the OPEB plan.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

L. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined based on the flow of economic resource 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, and 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.

M. 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.

N. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation allowances for receivables, and certain accrued liabilities. Accordingly, the College is aware that actual results could differ from those estimates.

O. Operating and Non-Operating Revenues and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a BTA 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, Title IV grant revenue, and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

P. Implementation of New Standards

GASB Statement No. 87, *Leases*, was issued in June 2017 and was effective for periods beginning after June 15, 2021. This Statement established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The College has evaluated the effects of this standard and has determined that this Statement does not impact the financial statements.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

P. Implementation of New Standards (continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32 was issued in June 2020. This Statement provides guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the Statement were effective immediately whereas the remaining requirements of this Statement are effective for periods beginning after June 15, 2021. The College has evaluated the effects of this standard and has determined that this Statement does not impact to the financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report* was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal years ending after December 15, 2021. Management has evaluated the implementation of this statement and determined that it is not applicable to the College.

Q. Reclassifications

Certain accounts in the prior year financial statements have been classified for comparative purposes to conform to the presentation in the current year financial statements.

Note 3 - Authorized Investments

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such 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 and obligations authorized by statute. The College is also required to follow specific investment practices prescribed by the Public Funds Investment Act (the Act) related to establishment of appropriate investment policies and management reports.

Under its local policy, the College is authorized to invest in (1) obligations of the United States or its agencies, (2) certificates of deposit, (3) savings and loan deposits, (4) prime commercial paper that has a stated maturity of 270 days or less and is rated not less than A-1 or P-1 by at least two nationally recognized credit rating agencies, and (5) investment grade obligations of state and local governments, and public authorities.

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.

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.

GRAYSON COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 3 - Authorized Investments (continued)

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 at August 31, 2022 and 2021, as reported on the Statement of Net Position, consists of the following items:

	<u>2022</u>	<u>2021</u>
Cash - demand deposits	\$ 46,776,115	\$ 35,650,340
Cash - petty cash on hand	<u>2,700</u>	<u>2,700</u>
Total cash deposits	<u>\$ 46,778,815</u>	<u>\$ 35,653,040</u>

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, 2022 and 2021, the College's deposits are not exposed to custodial credit risk.

The following schedule summarizes the College's investments on a recurring basis as of August 31, 2022:

<u>Type of Security</u>	<u>Fair value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>Less Than 1</u>	<u>1 to 2 Years</u>	<u>More than 2</u>
Investment Pools	\$ 254,476	AAA	\$ 254,476	-	-
Certificate of Deposits	2,187,983		-	2,187,983	-
Total Investments	<u>\$ 2,442,459</u>		<u>\$ 254,476</u>	<u>\$ 2,187,983</u>	<u>-</u>

The following schedule summarizes the College's investments on a recurring basis as of August 31, 2021:

<u>Type of Security</u>	<u>Fair value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>Less Than 1</u>	<u>1 to 2 Years</u>	<u>More than 2</u>
Investment Pools	\$ 253,306	AAA	\$ 253,306	-	-
Certificate of Deposits	4,176,170		-	4,176,170	-
Total Investments	<u>\$ 4,429,476</u>		<u>\$ 253,306</u>	<u>\$ 4,176,170</u>	<u>-</u>

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 Pools. 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.

GRAYSON COLLEGE**NOTES TO FINANCIAL STATEMENTS (continued)****Note 4 - Deposits and Investments (continued)**

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. Certificates of Deposits were covered by depository insurance or by pledged securities held in the College's name. Investments in external investment pools are considered unclassified as to credit risk because they are not evidenced securities that exist in physical or book entry form.

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, 2022 and 2021, 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 compliance with the requirements of the Public Funds Investment Act.

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

	<u>2022</u>	<u>2021</u>
Cash and Deposits	\$ 48,966,798	\$ 39,829,210
Investments	254,476	253,306
Total Deposits and Investments	<u>\$ 49,221,274</u>	<u>\$ 40,082,516</u>
Cash and Cash Equivalents (Exhibit 1)	\$ 46,778,815	\$ 35,653,040
Short-Term Investments (Exhibit 1)	254,476	253,306
Other Long-Term Investments (Exhibit 1)	<u>2,187,983</u>	<u>4,176,170</u>
Total Deposits and Investments	<u>\$ 49,221,274</u>	<u>\$ 40,082,516</u>

Note 5 - Accounts Receivable

Accounts receivable at August 31, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Tuition and fees	\$ 3,386,032	\$ 2,885,622
Ad valorem property taxes	1,109,979	1,063,412
Federal and state grants	1,794,916	2,784,392
Interest	486	1,988
Auxiliary and other	<u>49,265</u>	<u>47,449</u>
	6,340,678	6,782,863
Less allowance for doubtful accounts	<u>(2,761,703)</u>	<u>(2,545,209)</u>
Accounts receivable, net	<u>\$ 3,578,975</u>	<u>\$ 4,237,654</u>

GRAYSON COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 6 - Capital Assets

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

	Balance September 1, 2021	Additions	Transfers and Retirements	Balance August 31, 2022
Capital Assets, Not Being Depreciated:				
Land	\$ 1,343,562	\$ -	\$ -	\$ 1,343,562
Construction in process	-	46,225	-	46,225
Total Capital Assets, Not Being Depreciated	<u>1,343,562</u>	<u>46,225</u>	<u>-</u>	<u>1,389,787</u>
Capital Assets, Being Depreciated:				
Buildings and building improvements	87,350,967	-	-	87,350,967
Facilities and other improvements	9,398,101	44,550	-	9,442,651
Total Buildings and Other Improvements	96,749,068	44,550	-	96,793,618
Library books	1,301,418	-	-	1,301,418
Furniture and equipment	9,763,081	1,129,880	(126,425)	10,766,536
Total Capital Assets, Being Depreciated	<u>107,813,567</u>	<u>1,174,430</u>	<u>(126,425)</u>	<u>108,861,572</u>
Less Accumulated Depreciation:				
Buildings and building improvements	(19,430,664)	(1,556,911)	-	(20,987,575)
Facilities and other improvements	(4,941,454)	(431,719)	-	(5,373,173)
Total Buildings and Other Real Estate Improvements	(24,372,118)	(1,988,630)	-	(26,360,748)
Library books	(1,114,043)	(23,168)	-	(1,137,211)
Furniture and equipment	(7,385,303)	(572,558)	117,611	(7,840,250)
Total Accumulated Depreciation	<u>(32,871,464)</u>	<u>(2,584,356)</u>	<u>117,611</u>	<u>(35,338,209)</u>
Total Capital Assets, Being Depreciated (Net)	<u>74,942,103</u>	<u>(1,409,926)</u>	<u>(8,814)</u>	<u>73,523,363</u>
Total Capital Assets, Net	<u>\$ 76,285,665</u>	<u>\$ (1,363,701)</u>	<u>\$ (8,814)</u>	<u>\$ 74,913,150</u>

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 6 - Capital Assets (continued)

Capital asset activity for the College for the year ended August 31, 2021 was as follows:

	<u>Balance September 1, 2020</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>Balance August 31, 2021</u>
Capital Assets, Not Being				
Depreciated:				
Land	\$ 1,343,562	\$ -	\$ -	\$ 1,343,562
Total Capital Assets, Not Being				
Depreciated	<u>1,343,562</u>	<u>-</u>	<u>-</u>	<u>1,343,562</u>
 Capital Assets, Being Depreciated:				
Buildings and building				
improvements	87,350,967	-	-	87,350,967
Facilities and other improvements	<u>9,374,226</u>	<u>23,875</u>	<u>-</u>	<u>9,398,101</u>
Total Buildings and Other				
Improvements	96,725,193	23,875	-	96,749,068
Library books	1,301,418	-	-	1,301,418
Furniture and equipment	<u>9,122,881</u>	<u>640,200</u>	<u>-</u>	<u>9,763,081</u>
Total Capital Assets, Being Depreciated	<u>107,149,492</u>	<u>664,075</u>	<u>-</u>	<u>107,813,567</u>
 Less Accumulated Depreciation:				
Buildings and building				
improvements	(17,881,131)	(1,549,533)	-	(19,430,664)
Facilities and other improvements	<u>(4,512,223)</u>	<u>(429,231)</u>	<u>-</u>	<u>(4,941,454)</u>
Total Buildings and Other Real				
Estate Improvements	(22,393,354)	(1,978,764)	-	(24,372,118)
Library books	(1,088,008)	(26,035)	-	(1,114,043)
Furniture and equipment	<u>(6,832,686)</u>	<u>(552,617)</u>	<u>-</u>	<u>(7,385,303)</u>
Total Accumulated Depreciation	<u>(30,314,048)</u>	<u>(2,557,416)</u>	<u>-</u>	<u>(32,871,464)</u>
 Total Capital Assets, Being				
Depreciated (Net)	<u>76,835,444</u>	<u>(1,893,341)</u>	<u>-</u>	<u>74,942,103</u>
 Total Capital Assets, Net	<u>\$ 78,179,006</u>	<u>\$ (1,893,341)</u>	<u>\$ -</u>	<u>\$ 76,285,665</u>

GRAYSON COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 - Long-Term Liabilities

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

	<u>Balance</u> <u>September 1,</u> <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>August 31,</u> <u>2022</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Bonds payable					
General obligation bonds	\$ 21,175,000	\$ -	\$ (2,230,000)	\$ 18,945,000	\$ 2,335,000
Revenue bonds	2,848,000	-	(1,337,000)	1,511,000	934,000
Issuance premiums	<u>2,477,380</u>	<u>-</u>	<u>(330,318)</u>	<u>2,147,062</u>	<u>330,318</u>
Total Bonds Payable	<u>26,500,380</u>	<u>-</u>	<u>(3,897,318)</u>	<u>22,603,062</u>	<u>3,599,318</u>
Other Liabilities:					
Net pension liability	7,492,808	-	(3,936,173)	3,556,635	-
Net OPEB liability	25,335,104	1,511,947	-	26,847,051	551,751
Compensated absences	<u>251,985</u>	<u>-</u>	<u>(45,127)</u>	<u>206,858</u>	<u>-</u>
	<u>\$ 59,580,277</u>	<u>\$ 1,511,947</u>	<u>\$ (7,878,618)</u>	<u>\$ 53,213,606</u>	<u>\$ 4,151,069</u>

Long-term liability activity for the year ended August 31, 2021 was as follows:

	<u>Balance</u> <u>September 1,</u> <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>August 31,</u> <u>2021</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Bonds payable					
General obligation bonds	\$ 23,315,000	\$ -	\$ (2,140,000)	\$ 21,175,000	\$ 2,230,000
Revenue bonds	4,090,000	4,178,000	(5,420,000)	2,848,000	1,337,000
Issuance premiums	<u>3,056,254</u>	<u>-</u>	<u>(578,874)</u>	<u>2,477,380</u>	<u>330,318</u>
Total Bonds Payable	<u>30,461,254</u>	<u>4,178,000</u>	<u>(8,138,874)</u>	<u>26,500,380</u>	<u>3,897,318</u>
Other Liabilities:					
Net pension liability	6,881,705	611,103	-	7,492,808	-
Net OPEB liability	23,620,343	1,714,761	-	25,335,104	845,088
Compensated absences	<u>307,835</u>	<u>203,721</u>	<u>(259,571)</u>	<u>251,985</u>	<u>50,397</u>
	<u>\$ 61,271,137</u>	<u>\$ 6,707,585</u>	<u>\$ (8,398,445)</u>	<u>\$ 59,580,277</u>	<u>\$ 4,792,803</u>

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 - Long-Term Liabilities (continued)

Bonds Payable

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, 2022 is \$18,945,000.

On September 22, 2020, the College issued Consolidated Fund Revenue Refunding Bonds, Series 2020 in the amount of \$4,178,000 for the purpose of refunding \$4,090,000 of the College's Consolidated Fund Revenue Refunding Bonds, (Series 2021). Revenues are pledged for the debt service of the bonds. Principal payments from \$577,000 to \$1,377,000 are due beginning on August 15, 2021 through 2024. Semiannual interest payments at interest rate 1.07% are due beginning February 15, 2021. The balance outstanding on this bond issue as of August 31, 2022 is \$1,511,000.

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

For the Year Ended August 31,	General Obligation Bonds		Revenue Bonds		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 2,335,000	\$ 800,275	\$ 934,000	\$ 16,168	\$ 3,269,000	\$ 816,443
2024	2,455,000	680,525	577,000	6,174	3,032,000	686,699
2025	2,580,000	554,650	-	-	2,580,000	554,650
2026	2,715,000	422,275	-	-	2,715,000	422,275
2027	2,835,000	177,200	-	-	2,835,000	177,200
2028-2030	6,025,000	363,800	-	-	6,025,000	363,800
	<u>\$ 18,945,000</u>	<u>\$ 2,998,725</u>	<u>\$ 1,511,000</u>	<u>\$ 22,342</u>	<u>\$ 20,456,000</u>	<u>\$ 3,021,067</u>

Compensated Absences

The sole component of the compensated absences liability as of August 31, 2022 is accrued annual (vacation) leave for employees. This obligation will be paid by the fund or department for which the employee works at the time of utilization. As of August 31, 2022, \$206,858 is expected to be paid by the Current Unrestricted Fund.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 - Employees' Retirement Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at Annual Comprehensive Financial Report Archived Editions (texas.gov) or by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698.

Benefits Provided

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

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

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.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 - Employees' Retirement Plan (continued)

Contributions (continued)

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

	Contribution Rates		
	Plan Fiscal Year		
	2022	2021	
Member (Employee)	8.00%	7.70%	
District (Employer) / Non-Employer Contributing Entity (State)	7.75%	7.50%	

	Measurement Year (2021)		Fiscal Year (2022)
	Contributions		TRS
	Required and Made	Pension Expense	Contributions
Member (Employee)	\$ 981,659	\$ -	\$ 1,136,908
District (Employer)	589,069	(430,686)	694,352
Non-employer contributing entity (State)	367,091	8,814	407,028

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

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

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 - Employees' Retirement Plan (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected Investment Rate of Return*	7.25%
Municipal Bond Rate*	1.95%
Last Year Ending August 31 in the Projection period (100 Years)	2120
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad HOC post-employment benefit change	None

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

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

Discount Rate

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

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

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

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 - Employees' Retirement Plan (continued)

Discount Rate (continued)

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

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Return (Including Credit Sensitive Investments)	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources, and Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag ³			-0.95%
Total	100.00%		6.90%

¹ Target allocations are based on the FY2021 policy model.

² Capital Market Assumptions come from Aon Hewitt as of August 31, 2021.

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Source: Teacher Retirement System of Texas 2021 Annual Comprehensive Financial Report.

GRAYSON COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 - Employees' Retirement Plan (continued)

Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease	Current	1% Increase
	6.25%	Discount Rate	8.25%
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
District's proportional share of the net pension liability	\$ 7,771,813	\$ 3,556,635	\$ 136,847

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

At August 31, 2022, the College reported a liability of \$3,556,635 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

District's proportional share of the net pension liability	\$ 3,556,635
State's proportionate share of the net pension liability associated with the District	<u>2,204,758</u>
Total	<u>\$ 5,761,393</u>

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

At August 31, 2021, the College's proportion of the collective net pension liability was 0.013966% which was a decrease of 0.000024% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation

Demographic Assumptions

- Assumed rates of pre-retirement and post-disability mortality for all State Agency members, assumes rates of termination and retirement for certain CPO/CO members and assumed salary and aggregate payroll increases have been updated to reflect assumptions adopted by the ERS Trustees since the last valuation date. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 - Employees' Retirement Plan (continued)

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

Changes Since the Prior Actuarial Valuation (continued)

Economic Assumptions

- Assumed per capita health benefit costs, and health benefit costs and retiree contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.
- The Patient-Centered Outcome Research Institute (PCORI) fees payable under the Affordable Care Act have been updated since the previous valuation to reflect IRS Notice 2020-44 published June 8, 2020.
- Assumed inflation has been updated to reflect an assumption adopted by the ERS Trustees since the last valuation date. This new assumption was adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.
- The discount rate was changed from 2.97 percent to 2.20 percent as a result of requirements by GASB Statement 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/ Aa (or equivalent) or higher in effect on the measurement date.

Changes in Benefit Terms Since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, the College recognized pension expense of \$270,591. The College also recognized an additional on-behalf revenue and expense of \$8,814 representing for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,952	\$ (250,390)
Changes of assumptions	1,257,201	(548,032)
Difference between projected and actual earnings on pension plan investments	220,912	(3,203,105)
Changes in proportion and differences between District contributions and proportionate share of contributions	408,951	(413,648)
District contributions subsequent to the measurement date	<u>694,352</u>	<u>-</u>
Total	<u>\$ 2,587,368</u>	<u>\$ (4,415,175)</u>

GRAYSON COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 - Employees' Retirement Plan (continued)

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

Changes Since the Prior Actuarial Valuation (continued)

Deferred outflows of resources resulting from College contributions subsequent to the measurement date in the amount of \$694,352 will be recognized as a reduction of the net pension liability in the year ended August 31, 2023. The net amounts of the College's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u> <u>August 31,</u>	<u>Amount</u>
2023	\$ (374,058)
2024	(473,552)
2025	(768,099)
2026	(888,879)
2027	(10,187)
Thereafter	<u>(7,384)</u>
	<u>\$ (2,522,159)</u>

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.

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 6.65% for both fiscal years 2022 and 2021. 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, 83rd 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 \$108,835 and \$107,391 for the fiscal years ended August 31, 2022 and 2021, 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 \$19,844,358 and \$18,472,779 for the years ended August 31, 2022 and 2021, respectively. The total payroll of employees covered by the TRS was \$14,211,355 and \$12,748,818, and the total payroll of employees covered by the optional retirement program was \$3,503,995 and \$3,464,149 for the fiscal years ended August 31, 2022 and 2021, respectively.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 9 - 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 \$206,858 and \$251,985 is recorded in the financial statements as of August 31, 2022 and 2021, 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 non-instructional 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.

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 10 - 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 \$98,015. Premiums of \$41,509 and \$34,755 for this insurance were allocated to the College for the years ended August 31, 2022 and 2021, respectively.

GRAYSON COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 10 - Risk Management (continued)

The following schedule summarizes the changes in claims liabilities for the years ended August 31, 2021 and 2020:

	<u>2022</u>	<u>2021</u>
Claims Liabilities - Beginning of Year	\$ 88,466	\$ 50,274
Incurred Claims	92,635	82,996
Change in Prior Year Claim Estimates	5,672	(6,742)
Payment on Claims	<u>(85,391)</u>	<u>(38,062)</u>
Claims Liabilities - End of Year	<u>\$ 101,382</u>	<u>\$ 88,466</u>

The claims liability is reported in accrued liabilities in the financial statements and includes \$47,062 and \$42,380 of estimated claims incurred but not reported, as determined actuarially by the administrator at August 31, 2022 and 2020, respectively.

Note 11 - Defined Other Post-Employment Benefits (OPEB)

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS 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.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 11 - Defined Other Post-Employment Benefits (OPEB) (continued)

Contributions

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

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

Maximum Monthly Employer Contribution Retiree Health and Basic Life Premium Fiscal Year FY21		
Retiree only	\$	627
Retiree & Spouse		1,342
Retiree & Children		1,106
Retiree & Family		1,821

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

Premium Contributions by Source Group Benefits Program Plan For the Plan Years Ended August 31, 2022 and 2011		
	2022	2021
Employers	\$ 631,969	\$ 632,317
Members (Employees)	32,308	31,885
Nonemployer Contributing Entity (State of Texas)	158,614	194,461

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 11 - Defined Other Post-Employment Benefits (OPEB) (continued)

Actuarial Assumptions

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

Actuarial Assumptions	
ERS Group Benefits Program Plan	
Valuation date	August 31, 2021
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	2.14%
Note 15 - ERS Group Benefits Program Plan	
Projected annual salary increase (includes inflation)	2.30% to 9.05%
Annual healthcare trend rate	5.25% for FY2023, 5.15% for FY2024, 5.00% for FY 2025, 4.75 for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to 4.30% for 2030 and later years
Inflation assumption rate	2.30%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

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

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 11 - Defined Other Post-Employment Benefits (OPEB) (continued)

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.20%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.14%, which amounted to a decrease of 0.06%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (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.

Changes Since the Prior Actuarial Valuation

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

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was decreased from 2.20% to 2.14% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

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

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

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%.

GRAYSON COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 11 - Defined Other Post-Employment Benefits (OPEB) (continued)

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 2.14% in measuring the net OPEB Liability.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rate	1.14%	2.14%	3.14%
District's proportionate share of the net OPEB liability	\$ 31,975,859	\$ 26,847,051	\$ 22,834,529

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 5.25% and the ultimate rate is 4.3%. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used 5.25% in measuring the net OPEB liability.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Rate	4.25% decreasing to 3.3%	5.25% decreasing to 4.3%	6.25% decreasing to 3.3%
District's proportionate share of the net OPEB liability	\$ 22,481,247	\$ 26,847,051	\$ 32,567,036

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

At August 31, 2022, the College reported a liability of \$26,847,051 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the College. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

District's proportion of the net OPEB liability	0.07483393%
District's proportionate share of the collective net OPEB liability	\$ 26,847,051
State's proportionate share that is associated with the District	<u>18,088,800</u>
	<u>\$ 44,935,851</u>

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

At the measurement date of August 31, 2021, the employer's proportion of the collective net OPEB liability was 0.07483393%, which was a decrease of 0.00183542% from its proportion measured as of August 31, 2020.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 11 - Defined Other Post-Employment Benefits (OPEB) (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

For the fiscal year ended August 31, 2022, the College recognized negative OPEB expense of \$225,726 and an additional negative expense of \$220,699 representing negative OPEB expense incurred by the State on behalf of the College.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (658,528)
Changes of assumptions	1,838,054	(2,990,161)
Difference between projected and actual earnings on OPEB plan investments	4,755	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,056,875	(1,476,536)
District contributions subsequent to the measurement date	<u>411,780</u>	<u>-</u>
Total	<u>\$ 4,311,464</u>	<u>\$ (5,125,225)</u>

The \$411,780 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2023. The net amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending August 31,	Amount
2023	\$ (1,257,278)
2024	(295,904)
2025	232,944
2026	82,689
2027	12,008
	<u>\$ (1,225,541)</u>

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 12 - Voluntary Contributory Pension Plan

The College has a contributory, defined contribution, money-purchase pension plan which is administered by the trust department at a local bank. Any employee who has completed one year of service, has attained age 21, and is actively employed on the last day of the plan year is eligible to participate. In order to participate, the employee must agree to contribute 5% of total compensation to the plan. The College then contributes 8% of total compensation to the plan. The employee is 100% vested in their contributions to the plan. Employer contributions to the plan are vested at 20% after one year of service, and then at the rate of 20% per year of service. College contributions were \$1,057,888 and \$1,033,920 in 2021 and 2020, respectively. Participant contributions were \$661,180 and \$646,600 in 2021 and 2020, respectively.

Note 13 - Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B). The College had no unrelated business income tax liability for 2022 or 2021.

The Foundation is an organization generally exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

Note 14 - Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the College expects any such amounts to be immaterial.

Note 15 - Grants and Contracts

Contract and grant revenues are recognized in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. For contract and grant awards, funds expended but not collected are reported as accounts receivable in the accompanying Statements of Net Position. Contract and grant awards that are not yet funded and for which the College has not yet performed services are not included in the financial statements.

Note 16 - Transactions with Component Unit

The Foundation made contributions to the College in the amount of \$500,923 in fiscal year 2022, including scholarships of \$472,322, and \$28,601 in support of various other activities at the College. The Foundation made contributions to the College in the amount of \$374,152 in fiscal year 2021, including scholarships of \$334,589, and \$39,563 in support of various other activities at the College.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 17 - Tax Abatements

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;
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 amount to be abated is determined by the number and type of jobs to be created, the amount of taxable value to be created by new construction or equipment, or a combination of these factors.

The College currently has a single tax abatement agreement with Ruiz Food Products, and it calls for the company to purchase and install equipment at an estimated cost of \$30,000,000. The agreement began in 2014 and ran through 2021, and abates taxes at 50% each year.

The abatement agreement contains a provision that, gives 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. In total, Grayson College abated property tax revenue of \$14,677 for the fiscal year ended August 31, 2021.

Note 18 - Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AI CPA 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., multiyear awards, or funds awarded during fiscal years August 31, 2022 and 2021 for which monies have not been received nor funds expended totaled \$7,311,680 and \$9,774,584, respectively. Of these amounts, \$6,024,375 and \$9,583,368 were from Federal Contract and Grant Awards; and \$1,287,305 and \$191,216 were from State Contract and Grant Awards for the fiscal years ended August 31, 2022 and 2021, 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.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 19 - Pending Lawsuits and Claims

As of August 31, 2022, there are no known material lawsuits and claims pending or threatened against the College.

Note 20 - Related Party

A board member of Grayson College is the spouse to the owner of a construction company that periodically performs projects for the College. Said board member abstains from discussions and votes related to construction projects.

Note 21 - Grayson College Foundation

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 discretely presented 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.

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)

Note 21 - Grayson College Foundation (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.

Revenue and Revenue Recognition

Revenue is recognized when earned. The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promise to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions received with donor stipulations that limit their use are recorded as restricted support.

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.

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 21 - Grayson College Foundation (continued)

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 \$384,731 and \$394,595 for the years ended August 31, 2022 and 2021, respectively, and has been included in revenues and expenses in the accompanying financial statements.

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, 2022 and 2021.

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.

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>2022</u>	<u>2021</u>
Interest, Dividends, and Royalties	\$ 883,831	\$ 550,366
Realized Gains (Losses)	1,186,185	1,077,681
Unrealized Gains (Losses)	(4,248,593)	1,383,363
Less: Investment Management and Custodial Fees	<u>(127,672)</u>	<u>(120,695)</u>
Total Investment Income, Net	<u>\$ (2,306,249)</u>	<u>\$ 2,890,715</u>

GRAYSON COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 21 - Grayson College Foundation (continued)

Investments (continued)

The following schedule summarizes the Foundation's investment on a recurring basis as of August 31, 2022 and 2021:

Type of Security	2022		2021	
	Cost	Fair Value	Cost	Fair Value
U.S. Government Securities	\$ 2,234,319	\$ 2,112,725	\$ 1,629,276	\$ 1,651,469
U.S. Government Agency Securities	1,406,150	1,244,333	951,104	970,507
Equity Securities	9,759,765	9,516,179	8,678,417	11,614,869
Corporate Obligations	1,799,627	1,528,184	1,620,393	1,660,347
Alternate Investments	1,800,880	1,785,694	1,727,910	1,931,800
Money Market and Investment Pools	844,402	844,402	765,518	765,518
Total Investments	<u>\$ 17,845,143</u>	<u>\$ 17,031,517</u>	<u>\$ 15,372,618</u>	<u>\$ 18,594,510</u>

All of the Foundation's investments are Level 1 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, 2022 and 2021, are comprised of the following:

	2022	2021
Cash and Cash Equivalents	\$ 578,792	\$ 147,762
Investments	<u>17,031,517</u>	<u>18,594,510</u>
	17,610,309	18,742,272
Donor-Restricted Funds	<u>(17,476,853)</u>	<u>(18,590,828)</u>
Financial Assets Available to Meet General Expenditures Needs Within One Year	<u>\$ 133,456</u>	<u>\$ 151,444</u>

Capital Assets

The following schedule summarizes the Foundation's capital assets as of August 31, 2022 and 2021:

	2022	2021
Collections	\$ 910,000	\$ 910,000
Building and Improvements	253,175	246,217
Facilities and Other Improvements	<u>17,345</u>	<u>17,345</u>
	1,180,520	1,173,562
Less: Accumulated Depreciation	<u>(79,226)</u>	<u>(73,787)</u>
Net Capital Assets	<u>\$ 1,101,294</u>	<u>\$ 1,099,775</u>

GRAYSON COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 21 - Grayson College Foundation (continued)

Notes Receivable

The following schedule summarizes the Foundation’s capital assets as of August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
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.	\$ 200,837	\$ 203,385
Less: Current Portion	<u>-</u>	<u>4,510</u>
Total Due After One Year	<u>\$ 200,837</u>	<u>\$ 198,875</u>

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 (TUPMIF A) 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 TUPMIF A. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 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, 2022 and 2021, Donor Restricted Endowment Funds were as follows:

	<u>2022</u>	<u>2021</u>
Donor-Restricted Endowment Fund:		
Original Donor Restricted Gift		
Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ 10,068,875	\$ 8,580,805
Accumulated Investment Gains	<u>4,563,996</u>	<u>6,886,579</u>
Total Funds	<u>\$ 14,632,871</u>	<u>\$ 15,467,384</u>

GRAYSON COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 21 - Grayson College Foundation (continued)

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 TUPMIF A to permit spending from underwater endowments in accordance with prudent measures required under law. As of August 31, 2022 and 2021, 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.

Changes in Endowment net assets for the years ended August 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Endowment Net Assets, Beginning of Year	\$ 15,467,384	\$ 13,018,641
Investment Income, Net	(1,962,215)	263,567
Contributions	1,488,069	2,404,292
Transfer and Reclassification		
Net Assets Released from Restrictions	<u>(360,367)</u>	<u>(219,116)</u>
Endowment Net Asset, End of Year	<u>\$ 14,632,871</u>	<u>\$ 15,467,384</u>

Subsequent Events

Subsequent events have been evaluated through December 6, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

GRAYSON COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Teachers Retirement System of Texas

For the Last Eight Measurement Years Ended August 31st

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
College's proportion of the net pension liability	0.0139660%	0.0139901%	0.0132383%	0.0152597%
College's proportionate share of the net pension liability	\$ 3,556,635	\$ 7,492,808	\$ 6,881,705	\$ 8,399,314
State's proportionate share of the net pension liability associated with the College	<u>2,204,758</u>	<u>4,823,621</u>	<u>4,328,815</u>	<u>3,151,720</u>
Total	<u>\$ 5,761,393</u>	<u>\$ 12,316,429</u>	<u>\$ 11,210,520</u>	<u>\$ 11,551,034</u>
College's covered payroll (for Measurement Year)	\$ 14,211,355	\$ 12,748,818	\$ 12,672,923	\$ 10,816,790
College's proportionate share of the net pension liability as a percentage of its covered payroll	25.0%	58.8%	54.3%	77.7%
Plan fiduciary net position as a percentage of the total pension liability*	88.79%	75.54%	75.24%	73.74%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College's proportion of the net pension liability	0.0151326%	0.0139783%	0.0123200%	0.0110746%
College's proportionate share of the net pension liability	\$ 4,838,587	\$ 5,282,192	\$ 4,354,956	\$ 2,958,179
State's proportionate share of the net pension liability associated with the College	<u>1,963,721</u>	<u>2,299,826</u>	<u>2,991,911</u>	<u>3,146,824</u>
Total	<u>\$ 6,802,308</u>	<u>\$ 7,582,018</u>	<u>\$ 7,346,867</u>	<u>\$ 6,105,003</u>
College's covered payroll (for Measurement Year)	\$ 10,496,293	\$ 9,423,102	\$ 8,689,765	\$ 8,122,358
College's proportionate share of the net pension liability as a percentage of its covered payroll	46.1%	56.1%	50.1%	36.4%
Plan fiduciary net position as a percentage of the total pension liability*	82.17%	78.00%	78.43%	83.25%

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2014. Net pension liability and related ratios will be presented prospectively as data becomes available.

GRAYSON COLLEGE
SCHEDULE OF COLLEGE PENSION CONTRIBUTIONS
Teachers Retirement System of Texas
For the Last Eight Fiscal Years Ended August 31st

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contributions	\$ 411,778	\$ 589,069	\$ 575,741	\$ 492,476
Contributions in relation to the contractual required contributions	<u>411,778</u>	<u>589,069</u>	<u>575,741</u>	<u>492,476</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 14,211,355	\$ 12,748,818	\$ 12,672,923	\$ 10,816,790
Contributions as a percentage of covered payroll	2.90%	4.62%	4.54%	4.55%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 487,408	\$ 416,084	\$ 423,293	\$ 369,525
Contributions in relation to the contractual required contributions	<u>487,408</u>	<u>416,084</u>	<u>423,293</u>	<u>369,525</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 10,496,293	\$ 9,852,740	\$ 9,423,102	\$ 8,689,765
Contributions as a percentage of covered payroll	4.64%	4.22%	4.49%	4.25%

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2014. Additional years will be presented prospectively as data becomes available.

GRAYSON COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Employee Retirement System of Texas - State Retiree Health Plan
For the Last Five Measurement Years Ended August 31st

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
College's proportion of the net OPEB liability	0.07483393%	0.07666935%	0.06834061%	0.07154001%
College's proportionate share of the net OPEB liability	\$ 26,847,051	\$ 25,335,104	\$ 23,620,343	\$ 21,202,847
State's proportionate share of the net OPEB liability associated with the College	<u>18,088,800</u>	<u>16,657,724</u>	<u>19,439,170</u>	<u>16,311,598</u>
Total	<u>\$ 44,935,851</u>	<u>\$ 41,992,828</u>	<u>\$ 43,059,513</u>	<u>\$ 37,514,445</u>
College's covered employee payroll (for Measurement Year)	\$ 16,812,072	\$ 16,055,144	\$ 16,143,250	\$ 14,647,686
College's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	159.7%	157.8%	146.3%	144.8%
Plan fiduciary net position as a percentage of the total OPEB liability*	0.38%	0.32%	0.17%	1.27%
	<u>2017</u>			
College's proportion of the net OPEB liability	0.07543185%			
College's proportionate share of the net OPEB liability	\$ 25,701,904			
State's proportionate share of the net OPEB liability associated with the College	<u>22,722,641</u>			
Total	<u>\$ 48,424,545</u>			
College's covered employee payroll (for Measurement Year)	\$ 13,617,571			
College's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	188.7%			
Plan fiduciary net position as a percentage of the total OPEB liability*	2.04%			

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2017. Net OPEB liability and related ratios will be presented prospectively as data becomes available.

* Per ERS' ACFR

GRAYSON COLLEGE**SCHEDULE OF COLLEGE OPEB CONTRIBUTIONS**

**Employee Retirement System of Texas - State Retiree Health Plan
For the Last Five Fiscal Years Ended August 31st**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 708,065	\$ 690,203	\$ 682,199
Contributions in relation to the contractual required contributions	<u>\$ 708,065</u>	<u>690,203</u>	<u>682,199</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 16,812,072	\$ 16,055,144	\$ 16,143,250
Contributions as a percentage of covered employee-payroll	4.21%	4.30%	4.23%
	<u>2019</u>	<u>2018</u>	
Contractually required contributions	\$ 686,659	\$ 698,350	
Contributions in relation to the contractual required contributions	<u>686,659</u>	<u>698,350</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
College's covered-employee payroll	\$ 14,647,686	\$ 13,617,571	
Contributions as a percentage of covered employee-payroll	4.69%	5.13%	

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2017. Additional years will be presented prospectively as data becomes available.

GRAYSON COLLEGE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended August 31, 2022

Defined Benefit Pension Plan

Changes of Benefit Terms

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

Changes of Assumptions

- The discount rate was changed from 2.97 percent to 2.20 percent as a result of requirements by GASB Statement 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.

Defined Benefit OPEB Plan

Changes of Benefit Terms

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

Changes in Assumptions or Other Inputs

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was decreased from 2.20% to 2.14% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

SUPPLEMENTARY INFORMATION



GRAYSON COLLEGE
SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2022
(With Totals for the Year Ended August 31, 2021)

Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Total	
					2022	2021
Tuition and Fees						
Tuition:						
State funded credit courses:						
In-district resident tuition	\$ 3,774,577	\$ -	\$ 3,774,577	\$ -	\$ 3,774,577	\$ 3,539,650
Out-of-district resident tuition	1,654,739	-	1,654,739	-	1,654,739	1,639,739
Non-resident tuition	125,647	-	125,647	-	125,647	131,419
TPEG*	301,990	-	301,990	-	301,990	286,266
Non-state funded educational programs	<u>1,370,064</u>	<u>-</u>	<u>1,370,064</u>	<u>-</u>	<u>1,370,064</u>	<u>373,116</u>
Total Tuition	<u>7,227,017</u>	<u>-</u>	<u>7,227,017</u>	<u>-</u>	<u>7,227,017</u>	<u>5,970,190</u>
Fees:						
General fees	1,780,047	-	1,780,047	-	1,780,047	1,625,016
Student services fees	-	-	-	946,532	946,532	945,115
Technology fees	378,706	-	378,706	-	378,706	378,042
Laboratory fees	280,461	-	280,461	-	280,461	291,436
Course fees	218,406	-	218,406	-	218,406	-
Other fees	<u>316,584</u>	<u>-</u>	<u>316,584</u>	<u>-</u>	<u>316,584</u>	<u>346,305</u>
Total Fees	<u>2,974,204</u>	<u>-</u>	<u>2,974,204</u>	<u>946,532</u>	<u>3,920,736</u>	<u>3,585,914</u>
Scholarship Allowances and Discounts:						
Bad debt allowances	(359,030)	-	(359,030)	-	(359,030)	(9,044)
Tuition discounts	(114,935)	-	(114,935)	(17,174)	(132,109)	(85,852)
Scholarship allowances	(440,220)	-	(440,220)	(119,280)	(559,500)	(373,179)
Remissions and exemptions	(506,423)	-	(506,423)	(52,354)	(558,777)	(509,822)
TPEG allowances	(248,415)	-	(248,415)	-	(248,415)	(269,146)
Federal grants to students	(2,063,859)	-	(2,063,859)	(286,647)	(2,350,506)	(2,387,256)
Other federal grants	-	(351,252)	(351,252)	-	(351,252)	-
State grants to students	<u>(439,374)</u>	<u>(1,111,930)</u>	<u>(1,551,304)</u>	<u>(73,229)</u>	<u>(1,624,533)</u>	<u>(783,628)</u>
Total Scholarship Allowances and Discounts	<u>(4,172,256)</u>	<u>(1,463,182)</u>	<u>(5,635,438)</u>	<u>(548,684)</u>	<u>(6,184,122)</u>	<u>(4,417,927)</u>
Total Net Tuition and Fees	<u>6,028,965</u>	<u>(1,463,182)</u>	<u>4,565,783</u>	<u>397,848</u>	<u>4,963,631</u>	<u>5,138,177</u>
Additional Operating Revenues:						
Federal grants and contracts	8,180	13,950,329	13,958,509	-	13,958,509	8,224,399
State grants and contracts	-	2,116,159	2,116,159	-	2,116,159	1,181,796
Non-governmental grants and contracts	-	147,625	147,625	-	147,625	62,697
Sales and services of educational activities	45,095	-	45,095	-	45,095	6,973
Other operating revenues	<u>225,512</u>	<u>-</u>	<u>225,512</u>	<u>-</u>	<u>225,512</u>	<u>209,923</u>
Total Additional Operating Revenues	<u>278,787</u>	<u>16,214,113</u>	<u>16,492,900</u>	<u>-</u>	<u>16,492,900</u>	<u>9,685,788</u>
Auxiliary Enterprises:						
Residential Life (net of discounts of \$350,611)	-	-	-	468,280	468,280	316,049
Bookstore (net of discounts \$569,833)	-	-	-	823,184	823,184	57,231
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,291,464</u>	<u>1,291,464</u>	<u>373,280</u>
Total Operating Revenues	<u>\$ 6,307,752</u>	<u>\$ 14,750,931</u>	<u>\$ 21,058,683</u>	<u>\$ 1,689,312</u>	<u>\$ 22,747,995</u>	<u>\$ 15,197,245</u>

GRAYSON COLLEGE

Schedule B

SCHEDULE OF OPERATING EXPENSES BY OBJECT

For the Year Ended August 31, 2022

(With Totals for the Year Ended August 31, 2021)

	Operating Expenses				Total	
	Salaries and Wages	Benefits		Other Expenses	2022	2021
		State	Local			
Unrestricted - Educational Activities:						
Instruction	\$ 8,747,917	\$ -	\$ 1,114,028	\$ 958,519	\$ 10,820,464	\$ 10,979,454
Public service	372,407	-	49,197	91,376	512,980	547,904
Academic support	1,767,157	-	341,646	590,236	2,699,039	2,397,127
Student services	1,434,673	-	273,327	267,423	1,975,423	1,894,647
Institutional support	2,769,175	-	535,240	2,726,819	6,031,234	5,637,759
Operation and maintenance of plant	995,460	-	476,023	2,452,777	3,924,260	3,879,444
Total Unrestricted - Educational Activities	16,086,789	-	2,789,461	7,087,150	25,963,400	25,336,335
Restricted - Educational Activities:						
Instruction	2,327,649	1,099,047	513,449	3,490,724	7,430,869	3,658,372
Public service	238,742	62,524	63,960	12,479	377,705	430,906
Academic support	-	175,645	-	-	175,645	188,531
Student services	361,752	178,536	120,217	38,148	698,653	677,121
Institutional support	162,545	291,296	36,625	2,482,463	2,972,929	1,562,303
Operation and maintenance of plant	-	-	-	74,752	74,752	103,588
Scholarships and fellowships	90,112	-	-	5,619,990	5,710,102	5,125,663
Total Restricted - Educational Activities	3,180,800	1,807,048	734,251	11,718,556	17,440,655	11,746,484
Total Educational Activities	19,267,589	1,807,048	3,523,712	18,805,706	43,404,055	37,082,819
Auxiliary Enterprises	576,770	-	222,437	2,202,601	3,001,808	1,643,566
Depreciation Expense:						
Buildings and other improvements	-	-	-	1,988,631	1,988,631	1,978,763
Equipment and furniture	-	-	-	595,725	595,725	578,653
Total Depreciation Expense	-	-	-	2,584,356	2,584,356	2,557,416
Total Operating Expenses	\$ 19,844,359	\$ 1,807,048	\$ 3,746,149	\$ 23,592,663	\$ 48,990,219	\$ 41,283,801

See accompanying independent auditor's report.

GRAYSON COLLEGE

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

For the Year Ended August 31, 2022

(With Totals for the Year Ended August 31, 2021)

	Unrestricted	Restricted	Auxiliary Enterprises	Total	
				2022	2021
Nonoperating Revenues:					
State Appropriations:					
Education and general state support	\$ 7,035,148	\$ -	\$ -	\$ 7,035,148	\$ 7,093,992
State group insurance	-	1,282,370	-	1,282,370	1,320,218
State retirement matching	-	524,678	-	524,678	687,565
Total State Appropriations	7,035,148	1,807,048	-	8,842,196	9,101,775
Maintenance ad valorem taxes	18,977,558	-	-	18,977,558	17,487,416
General obligation bonds ad valorem taxes	3,650,898	-	-	3,650,898	3,657,103
Federal grants and contracts	-	5,810,407	-	5,810,407	5,820,473
Gifts and donations	33,245	-	-	33,245	13,285
Investment income	398,274	1,791	-	400,065	304,889
Total Nonoperating Revenues	30,095,123	7,619,246	-	37,714,369	36,384,941
Nonoperating Expenses:					
Interest on capital related debt	701,312	-	-	701,312	873,369
Loss on disposition of property	8,814	-	-	8,814	-
Total Nonoperating Expenses	710,126	-	-	710,126	873,369
Net Nonoperating Revenues	\$ 29,384,997	\$ 7,619,246	\$ -	\$ 37,004,243	\$ 35,511,572

GRAYSON COLLEGE

Schedule D

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

For the Year Ended August 31, 2022

	Detail by Source				Available for Current Operation	
	Unrestricted	Restricted - Expendable	Net Investment	Total	Yes	No
			in Capital Assets			
Current:						
Unrestricted	\$ 5,239,793	\$ -	\$ -	\$ 5,239,793	\$ 5,239,793	\$ -
Restricted	-	451,198	-	451,198	-	451,198
Auxiliary Enterprises	636,753	-	-	636,753	636,753	-
Loan funds	-	47,598	-	47,598	-	47,598
Plant funds:						
Renewals and Replacements	2,000,000	-	-	2,000,000	2,000,000	-
Debt service	-	5,070,734	-	5,070,734	-	5,070,734
Investment in plant	-	-	53,389,075	53,389,075	-	53,389,075
Total net position, August 31, 2022	7,876,546	5,569,530	53,389,075	66,835,151	7,876,546	58,958,605
Total net position, August 31, 2021	(31,372)	5,138,107	50,966,397	56,073,132	(31,372)	56,104,504
Net increase (decrease) in net position	\$ 7,907,918	\$ 431,423	\$ 2,422,678	\$ 10,762,019	\$ 7,907,918	\$ 2,854,101

STATISTICAL SECTION

Financial Trends Information

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

- Net Position by Component
- Revenues by Source
- Expenses by Function and Changes in Net Position

Revenue Capacity Information

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its primary revenues.

- Tuition and Fees
- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Taxpayers
- Property Tax Levies and Collections

Debt Capacity Information

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

- Ratios of Outstanding Debt
- Legal Debt Margin Information
- Pledged Revenue Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with each other.

- Demographic and Economic Statistics
- Principal Employers

Operating Information

These schedules contain other information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

- State Appropriation per Full-Time Student Equivalents and Contact Hour Faculty, Staff, and Administrators Statistics
- Enrollment Details
- Student Profile
- Transfers to Senior Institutions
- Capital Asset Information

GRAYSON COLLEGE
NET POSITION BY COMPONENT (UNAUDITED)
LAST TEN FISCAL YEARS

Table 1
Page 1 of 2

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net investment in capital assets	\$ 53,389	\$ 50,966	\$ 49,241	\$ 47,376	\$ 40,030
Restricted	5,570	5,138	4,649	4,293	3,877
Unrestricted	<u>7,876</u>	<u>(31)</u>	<u>(7,242)</u>	<u>(10,763)</u>	<u>(8,314)</u>
Total Net Position	<u><u>\$ 66,835</u></u>	<u><u>\$ 56,073</u></u>	<u><u>\$ 46,648</u></u>	<u><u>\$ 40,906</u></u>	<u><u>\$ 35,593</u></u>

GRAYSON COLLEGE
NET POSITION BY COMPONENT (UNAUDITED)
LAST TEN FISCAL YEARS

Table 1
Page 2 of 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net investment in capital assets	\$ 27,620	\$ 25,065	\$ 23,451	\$ 21,019	\$ 18,670
Restricted	3,509	3,138	2,962	2,748	2,360
Unrestricted	<u>29,230</u>	<u>27,710</u>	<u>23,888</u>	<u>26,087</u>	<u>25,653</u>
Total Net Position	<u>\$ 60,359</u>	<u>\$ 55,913</u>	<u>\$ 50,301</u>	<u>\$ 49,854</u>	<u>\$ 46,683</u>

GRAYSON COLLEGE
REVENUES BY SOURCE (UNAUDITED)
LAST TEN FISCAL YEARS

Table 2
Page 1 of 2

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tuition and fees (net of discounts)	\$ 4,964	\$ 5,138	\$ 4,978	\$ 4,684	\$ 4,840
Governmental grants and contracts:					
Federal grants and contracts	13,959	8,224	4,401	1,511	1,442
State grants and contracts	2,116	1,182	1,359	2,880	2,518
Non-Governmental grants and contracts	148	63	54	245	243
Sales and services of educational activities	45	7	29	51	50
Auxiliary enterprises	1,291	373	533	674	646
Other operating revenues	225	210	212	228	264
Total Operating Revenues	<u>22,748</u>	<u>15,197</u>	<u>11,566</u>	<u>10,273</u>	<u>10,003</u>
State appropriations	8,842	9,102	9,346	9,341	10,455
Ad valorem taxes	22,629	21,145	19,489	18,058	16,665
Federal revenue, non-operating	5,810	5,820	7,028	6,556	6,598
Gifts	33	13	22	38	54
Investment income	400	305	505	681	443
Gain on disposition of fixed assets	-	-	-	-	-
Other non-operating revenues	-	-	-	-	-
Total Non-Operating Revenues	<u>37,714</u>	<u>36,385</u>	<u>36,390</u>	<u>34,674</u>	<u>34,215</u>
Total Revenues	<u>\$60,462</u>	<u>\$ 51,582</u>	<u>\$ 47,956</u>	<u>\$ 44,947</u>	<u>\$ 44,218</u>

GRAYSON COLLEGE
REVENUES BY SOURCE (UNAUDITED)
LAST TEN FISCAL YEARS

Table 2
Page 2 of 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tuition and fees (net of discounts)	\$ 4,766	\$ 5,540	\$ 4,671	\$ 4,814	\$ 4,877
Governmental grants and contracts:					
Federal grants and contracts	1,544	1,275	1,052	1,090	1,246
State grants and contracts	1,567	1,790	1,759	1,527	999
Non-Governmental grants and contracts	249	251	354	360	282
Sales and services of educational activities	51	51	45	49	51
Auxiliary enterprises	628	725	869	1,549	1,860
Other operating revenues	200	221	153	273	200
Total Operating Revenues	<u>9,005</u>	<u>9,853</u>	<u>8,903</u>	<u>9,662</u>	<u>9,515</u>
State appropriations	9,384	9,462	9,210	9,427	8,967
Ad valorem taxes	15,700	14,967	13,996	13,044	12,823
Federal revenue, non-operating	6,862	7,641	8,493	9,228	9,745
Gifts	35	24	116	-	-
Investment income	218	164	130	81	65
Gain (loss) on disposition of fixed assets	-	70	-	-	-
Other non-operating revenues	-	-	-	1	-
Total Non-Operating Revenues	<u>32,199</u>	<u>32,328</u>	<u>31,945</u>	<u>31,781</u>	<u>31,600</u>
Total Revenues	<u>\$ 41,204</u>	<u>\$ 42,181</u>	<u>\$ 40,848</u>	<u>\$ 41,443</u>	<u>\$ 41,115</u>

GRAYSON COLLEGE
PROGRAM EXPENSES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Table 3
Page 1 of 2

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Instruction	\$ 18,251	\$ 14,638	\$ 15,433	\$ 13,740	\$ 14,411
Public service	891	979	859	799	963
Academic support	2,875	2,586	2,669	2,338	2,297
Student services	2,674	2,572	2,683	2,914	3,325
Institutional support	9,004	7,200	6,460	5,714	5,395
Operation and maintenance of plant	3,999	3,983	3,910	4,435	3,810
Scholarships and fellowships	5,710	5,126	4,900	3,927	4,005
Auxiliary enterprises	3,002	1,643	1,652	1,803	1,180
Depreciation	<u>2,584</u>	<u>2,557</u>	<u>2,603</u>	<u>2,824</u>	<u>2,437</u>
Total Operating Expenses	<u>48,990</u>	<u>41,284</u>	<u>41,169</u>	<u>38,494</u>	<u>37,823</u>
Interest on capital related debt	701	873	1,044	1,141	1,155
Loss on disposal of fixed assets	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Total Non-Operating Expenses	<u>710</u>	<u>873</u>	<u>1,044</u>	<u>1,141</u>	<u>1,160</u>
Total Expenses	<u><u>\$ 49,700</u></u>	<u><u>\$ 42,157</u></u>	<u><u>\$ 42,213</u></u>	<u><u>\$ 39,635</u></u>	<u><u>\$ 38,983</u></u>

GRAYSON COLLEGE
PROGRAM EXPENSES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Table 3
Page 2 of 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Instruction	\$ 13,272	\$ 14,159	\$ 13,007	\$ 13,159	\$ 12,660
Public service	734	729	766	599	597
Academic support	1,935	1,794	1,775	1,823	1,618
Student services	2,945	2,764	2,752	2,632	2,218
Institutional support	4,777	4,333	4,226	3,857	3,805
Operation and maintenance of plant	4,030	3,170	3,146	3,322	4,375
Scholarships and fellowships	4,110	4,333	5,831	5,012	5,451
Auxiliary enterprises	1,253	1,182	1,369	3,636	3,716
Depreciation	<u>2,308</u>	<u>2,302</u>	<u>2,229</u>	<u>2,096</u>	<u>2,047</u>
Total Operating Expenses	<u>35,364</u>	<u>34,766</u>	<u>35,101</u>	<u>36,136</u>	<u>36,487</u>
Interest on capital related debt	1,380	1,804	1,914	1,999	2,160
Loss on disposal of fixed assets	<u>15</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>21</u>
Total Non-Operating Expenses	<u>1,395</u>	<u>1,804</u>	<u>1,916</u>	<u>1,999</u>	<u>2,181</u>
Total Expenses	<u><u>\$ 36,759</u></u>	<u><u>\$ 36,570</u></u>	<u><u>\$ 37,017</u></u>	<u><u>\$ 38,135</u></u>	<u><u>\$ 38,668</u></u>

GRAYSON COLLEGE
TUITION AND FEES
LAST TEN FISCAL YEARS (UNAUDITED)

Table 4
Page 1 of 4

Resident Students (1)

Fiscal Year (Fall)	Tuition		Matriculation Fee	Student ID Fee	General Fee	Student Service Fee	Technology Fee
	In-District	Out-of-District					
2021	\$ 50.00	\$ 90.00	\$ 20.00	\$ 6.00	\$ 23.50	\$ 12.50	\$ 5.00
2020	50.00	89.00	20.00	6.00	21.50	12.50	5.00
2019	50.00	88.00	10.00	6.00	19.50	12.50	5.00
2018	50.00	88.00	10.00	6.00	17.50	12.50	5.00
2017	50.00	88.00	10.00	6.00	21.00	7.00	5.00
2016	49.00	87.00	10.00	2.00	20.00	7.00	5.00
2015	49.00	87.00	10.00	2.00	16.00	7.00	5.00
2014	49.00	87.00	10.00	2.00	12.00	7.00	-
2013	47.00	87.00	10.00	2.00	8.00	7.00	-
2012	45.00	80.00	10.00	2.00	8.00	7.00	-

GRAYSON COLLEGE
TUITION AND FEES
LAST TEN FISCAL YEARS (UNAUDITED)

Table 4
Page 2 of 4

Resident Students (1)

Fiscal Year (Fall)	Total Cost		Increase from Prior Year	
	In-District	Out-of-District	In-District	Out-of-District
2021	\$ 1,118	\$ 1,598	2.19%	2.30%
2020	1,094	1,562	3.21%	3.03%
2019	1,060	1,516	2.32%	1.61%
2018	1,036	1,492	2.37%	1.63%
2017	1,012	1,468	2.85%	1.94%
2016	984	1,440	5.13%	3.45%
2015	936	1,392	13.04%	8.41%
2014	828	1,284	9.52%	3.88%
2013	756	1,236	3.28%	7.29%
2012	732	1,152	15.09%	12.94%

GRAYSON COLLEGE
TUITION AND FEES
LAST TEN FISCAL YEARS (UNAUDITED)

Table 4
Page 3 of 4

Non-Resident Students (1)

Fiscal Year (Fall)	Out-of-State Tuition	International Tuition	International Fee	Matriculation Fee	Student ID Fee	General Fee
2021	\$ 140.00	\$ 140.00	\$ 225.00	\$ 20.00	\$ 6.00	\$ 23.50
2020	137.00	137.00	225.00	20.00	6.00	21.50
2019	134.00	134.00	225.00	10.00	6.00	19.50
2018	134.00	134.00	225.00	10.00	6.00	17.50
2017	134.00	134.00	225.00	10.00	6.00	21.00
2016	133.00	133.00	225.00	10.00	2.00	20.00
2015	133.00	133.00	225.00	10.00	2.00	16.00
2014	133.00	133.00	225.00	10.00	2.00	12.00
2013	133.00	133.00	225.00	10.00	2.00	8.00
2012	129.00	129.00	225.00	10.00	2.00	8.00

(1) Based on twelve semester credit hour load.

GRAYSON COLLEGE
TUITION AND FEES
LAST TEN FISCAL YEARS (UNAUDITED)

Table 4
Page 4 of 4

Non-Resident Students (1)

Fiscal Year (Fall)	Student Service Fee	Technology Fee	Out of State Total Cost	Increase from Prior Year
2021	\$ 12.50	\$ 5.00	\$ 2,198.00	2.81%
2020	12.50	5.00	2,138.00	3.38%
2019	12.50	5.00	2,068.00	1.17%
2018	12.50	5.00	2,044.00	1.19%
2017	7.00	5.00	2,020.00	1.41%
2016	7.00	5.00	1,992.00	2.47%
2015	7.00	5.00	1,944.00	5.88%
2014	7.00	-	1,836.00	2.68%
2013	7.00	-	1,788.00	6.29%
2012	7.00	-	1,740.00	7.29%

(1) Based on twelve semester credit hour load.

GRAYSON COLLEGE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (UNAUDITED)

Table 5
Page 1 of 2

Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value	Ratio of Taxable Value to Assessed Value
2022	\$ 20,240,244	\$ 6,319,329	\$ 13,920,915	68.78%
2021	18,521,922	5,740,906	12,781,016	69.00%
2020	17,128,678	5,321,699	11,806,979	68.93%
2019	15,286,165	4,839,276	10,446,889	68.34%
2018	13,842,348	4,331,865	9,530,483	68.85%
2017	12,705,357	3,860,473	8,844,884	69.62%
2016	12,029,730	3,691,533	8,338,197	69.31%
2015	11,303,968	3,527,285	7,776,683	68.80%
2014	10,501,985	3,184,658	7,317,327	69.68%
2013	10,359,392	3,175,512	7,183,880	69.35%

Source: Local Appraisal District

Notes: Property is assessed at full market value.
 (1) per \$100 taxable assessed valuation

GRAYSON COLLEGE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (UNAUDITED)

Table 5
Page 2 of 2

Fiscal Year	Direct Rates (1)		
	Maintenance and Operations	Debt Service	Total
2022	0.14150	0.02655	0.16805
2021	0.14150	0.02957	0.17107
2020	0.14068	0.03107	0.17175
2019	0.14239	0.03494	0.17733
2018	0.14034	0.04086	0.18120
2017	0.13612	0.04518	0.18130
2016	0.13384	0.04756	0.18140
2015	0.13059	0.05091	0.18150
2014	0.12925	0.05236	0.18161
2013	0.13060	0.05120	0.18180

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(1) per \$100 taxable assessed valuation

GRAYSON COLLEGE
STATE APPROPRIATION PER FULL-TIME STUDENT EQUIVALENT AND CONTACT HOUR
LAST TEN FISCAL YEARS (UNAUDITED)

Table 6
Page 1 of 2

Fiscal Year	State Appropriation	Appropriation per FTSE	
		FTSE (a)	State Appropriation per FTSE
2022	\$ 7,035	3,131	\$ 2,247
2021	7,094	3,122	2,272
2020	7,094	3,540	2,004
2019	7,158	3,447	2,077
2018	7,158	3,467	2,065
2017	7,583	3,601	2,106
2016	7,572	3,803	1,991
2015	7,502	3,971	1,889
2014	7,502	4,322	1,736
2013	7,499	4,382	1,711

Note: Full-time student equivalent (FTSE) is defined as the number of full-time students plus the total hours taken by part-time students divided by 12.

(a) Source: CBM001

(b) Source: CBM00A

GRAYSON COLLEGE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS (UNAUDITED)

Table 6
Page 2 of 2

Fiscal Year	Appropriation per Contact Hour			State Appropriation per Contact Hour
	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	
2022	953	663	1,616	\$ 4.35
2021	1,107	695	1,802	3.94
2020	1,027	674	1,701	4.17
2019	1,107	695	1,802	3.97
2018	1,147	658	1,805	3.97
2017	1,172	722	1,894	4.00
2016	1,214	827	2,041	3.71
2015	1,248	837	2,085	3.60
2014	1,283	962	2,245	3.34
2013	1,364	850	2,214	3.39

Note: Full-time student equivalent (FTSE) is defined as the number of full-time students plus the total hours taken by part-time students divided by 12.

(a) Source: CBM001

(b) Source: CBM00A

GRAYSON COLLEGE
PRINCIPAL TAXPAYERS
LAST TEN FISCAL YEARS (UNAUDITED)

Table 7
Page 1 of 2

Taxpayer	Type of Business	Taxable Assessed Value				
		2022	2021	2020	2019	2018
Panda Sherman Power LLC	Energy	\$ 270,407	\$ 248,027	\$ 247,789	\$ 250,841	\$ 242,310
UHS of Texoma, Inc	Hospital	189,504	162,771	154,531	140,000	125,000
Oncor Electric	Utility	144,075	138,109	128,574	112,257	95,854
Seaway Crude Pipeline LP	Energy	96,819	104,363	99,141	90,283	-
Finisar Sherman RE HoldCo LLC	Manufacturing	86,316	86,484	93,244	83,784	-
Caterpillar Global	Manufacturing	61,957	-	-	-	-
Union Pacific Railroad	Transportation	60,266	54,865	51,621	47,636	47,174
Universal Health Services	Medical	55,309	51,313	-	-	-
JMCR/Sherman Town Center LP	Retail	53,463	47,381	47,159	46,323	46,323
Tyson Fresh Meats Inc	Food	52,444	-	64,297	49,211	46,264
Texas Instruments	Manufacturing	-	60,970	90,238	-	-
Finisar Corp	Manufacturing	-	55,954	72,122	65,452	-
Globitech Incorporated	Manufacturing	-	-	-	50,148	48,470
Sherman Commons	Retail	-	-	-	-	39,084
BNSF Railway Co	Transportation	-	-	-	-	38,855
Gulf Crossing Pipeline Co	Energy	-	-	-	-	36,084
Ruiz Foods	Food	-	-	-	-	-
Heritage Park	Hospital	-	-	-	-	-
Silver Creek Oil & Gas LLC	Energy	-	-	-	-	-
Jetta Operating Co, Inc	Energy	-	-	-	-	-
XTO Energy, Inc.	Utility	-	-	-	-	-
Kwikset Corporation	Manufacturing	-	-	-	-	-
Sherman Grayson Hospital LLC	Hospital	-	-	-	-	-
Totals		<u>\$ 1,070,560</u>	<u>\$ 1,010,237</u>	<u>\$ 1,048,716</u>	<u>\$ 935,935</u>	<u>\$ 765,418</u>
Net taxable assessed value		<u>\$ 13,920,915</u>	<u>\$ 12,781,016</u>	<u>\$ 11,806,979</u>	<u>\$ 10,446,889</u>	<u>\$ 9,530,483</u>

GRAYSON COLLEGE
PRINCIPAL TAXPAYERS
LAST TEN FISCAL YEARS (UNAUDITED)

Table 7
Page 2 of 2

Taxpayer	Type of Business	Taxable Assessed Value				
		2017	2016	2015	2014	2013
Panda Sherman Power LLC	Energy	\$ 276,203	\$ 309,565	\$ 396,130	\$ 261,142	\$ -
UHS of Texoma, Inc	Hospital	106,000	106,000	107,474	78,111	30,001
Oncor Electric	Utility	95,489	96,131	94,632	75,454	70,708
Seaway Crude Pipeline LP	Energy	-	-	-	-	-
Finisar Sherman RE HoldCo LLC	Manufacturing	-	-	-	-	-
Caterpillar Global	Manufacturing	45,761	85,964	50,645	55,699	-
Union Pacific Railroad	Transportation	43,470	49,407	47,257	42,079	41,162
Universal Health Services	Medical	-	-	-	-	-
JMCR/Sherman Town Center LP	Retail	60,662	55,133	49,343	47,955	46,291
Tyson Fresh Meats Inc	Food	40,390	-	-	-	-
Texas Instruments	Manufacturing	-	-	31,326	34,413	-
Finisar Corp	Manufacturing	-	-	-	-	-
Globitech Incorporated	Manufacturing	-	-	-	-	-
Sherman Commons	Retail	37,934	-	-	-	-
BNSF Railway Co	Transportation	34,745	34,359	30,582	-	29,067
Gulf Crossing Pipeline Co	Energy	36,279	38,379	39,859	36,586	35,429
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
XTO Energy, Inc.	Utility	-	-	-	34,020	39,835
Kwikset Corporation	Manufacturing	-	-	-	-	32,446
Sherman Grayson Hospital LLC	Hospital	-	-	-	-	30,816
Totals		\$ 776,933	\$ 841,562	\$ 881,098	\$ 702,554	\$ 403,280
Net taxable assessed value		\$8,844,884	\$8,338,197	\$7,776,683	\$7,317,327	\$7,183,880

GRAYSON COLLEGE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)

Table 8
Page 1 of 2

Fiscal Year	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percent
2022	\$ 22,186	\$ (61)	22,125	\$ 21,739	98.26%
2021	20,831	(79)	20,752	20,406	98.33%
2020	19,298	(80)	19,218	18,859	98.13%
2019	17,801	(114)	17,687	17,385	98.29%
2018	16,595	(65)	16,530	16,242	98.26%
2017	15,494	(47)	15,447	15,173	98.23%
2016	14,644	(44)	14,600	14,281	97.82%
2015	13,680	(10)	13,670	13,442	98.33%
2014	12,825	(15)	12,810	12,546	97.94%
2013	12,566	(49)	12,517	12,217	97.60%

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 for the year of levy.

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

GRAYSON COLLEGE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)

Table 8
Page 2 of 2

Fiscal Year	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2022	\$ -	\$ -	21,739	98.26%
2021	-	177	20,583	99.19%
2020	204	48	19,111	99.44%
2019	60	23	17,468	98.76%
2018	24	15	16,281	98.49%
2017	13	9	15,195	98.37%
2016	9	7	14,297	97.92%
2015	6	4	13,452	98.41%
2014	5	4	12,555	98.01%
2013	4	2	12,223	97.65%

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

GRAYSON COLLEGE
RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS (UNAUDITED)

Table 9
Page 1 of 2

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Bonded Debt					
General obligation bonds	\$ 18,945	\$ 21,175	\$ 23,315	\$ 25,385	\$ 27,390
Less: Funds restricted for debt service	<u>(5,071.00)</u>	<u>(4,634)</u>	<u>(4,122)</u>	<u>(3,750)</u>	<u>(3,325)</u>
Net General Bonded Debt	13,874	16,541	19,193	21,635	24,065
Other Debt					
Revenue bonds	1,511	2,848	4,090	5,290	6,440
Notes and capital leases	-	-	-	-	-
Total Outstanding Debt	<u>\$ 15,385</u>	<u>\$ 19,389</u>	<u>\$ 23,283</u>	<u>\$ 26,925</u>	<u>\$ 30,505</u>
General Bonded Debt Ratios					
Per capita	\$ 100	\$ 122	\$ 141	\$ 161	\$ 184
Per FTSE	4,431	5,298	5,422	6,276	6,941
As a percentage of taxable assessed value	0.10%	0.13%	0.16%	0.21%	0.25%
Total Outstanding Debt Ratios					
Per capita	\$ 110	\$ 143	\$ 171	\$ 201	\$ 233
Per FTSE	4,914	6,210	6,577	7,811	8,799
As a percentage of taxable assessed value	0.11%	0.15%	0.20%	0.26%	0.32%

Notes:

Ratios calculated using population and TAB from corresponding fiscal year.

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

GRAYSON COLLEGE
RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS (UNAUDITED)

Table 9
Page 2 of 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 (1)</u>
General Bonded Debt					
General obligation bonds	\$ 29,495	\$ 33,615	\$ 35,570	\$ 37,455	\$ 39,145
Less: Funds restricted for debt service	<u>(2,913)</u>	<u>(2,351)</u>	<u>(1,915)</u>	<u>(1,487)</u>	<u>(1,080)</u>
Net General Bonded Debt	26,582	31,264	33,655	35,968	38,065
Other Debt					
Revenue bonds	7,540	8,605	9,640	10,780	11,900
Notes and capital leases	<u>-</u>	<u>-</u>	<u>62</u>	<u>103</u>	<u>141</u>
Total Outstanding Debt	<u>\$ 34,122</u>	<u>\$ 39,869</u>	<u>\$ 43,357</u>	<u>\$ 46,851</u>	<u>\$ 50,106</u>
General Bonded Debt Ratios					
Per capita	\$ 207	\$ 249	\$ 272	\$ 294	\$ 312
Per FTSE	7,382	8,221	8,475	8,322	8,687
As a percentage of taxable assessed value	0.30%	0.37%	0.43%	0.49%	0.53%
Total Outstanding Debt Ratios					
Per capita	\$ 266	\$ 318	\$ 351	\$ 383	\$ 411
Per FTSE	9,476	10,484	10,918	10,840	11,435
As a percentage of taxable assessed value	0.39%	0.48%	0.56%	0.64%	0.70%

Notes:

Ratios calculated using population and TAB 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)

Table 10
Page 1 of 2

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Taxable Assessed Value	<u>\$ 13,920,915</u>	<u>\$ 12,781,016</u>	<u>\$ 11,806,979</u>	<u>\$ 10,446,889</u>	<u>\$ 9,530,483</u>
General Obligation Bonds					
Statutory tax levy limit for debt service	\$ 69,605	\$ 63,905	\$ 59,035	\$ 52,234	\$ 47,652
Less funds restricted for repayment of General Obligation bonds	<u>5,071</u>	<u>4,634</u>	<u>4,122</u>	<u>3,750</u>	<u>3,325</u>
Total Net General Obligation Bonds	64,534	59,271	54,913	48,484	44,327
Current year debt service requirements	<u>2,799</u>	<u>2,797</u>	<u>2,801</u>	<u>2,798</u>	<u>2,972</u>
Excess of statutory limit for debt service over current requirements	<u>\$ 61,735</u>	<u>\$ 56,474</u>	<u>\$ 52,112</u>	<u>\$ 45,686</u>	<u>\$ 41,355</u>
Net current requirements as a percentage of statutory limit	-3.26%	-2.87%	-2.24%	-1.82%	-0.74%

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

GRAYSON COLLEGE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

Table 10
Page 2 of 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Taxable Assessed Value	<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>
General Obligation Bonds					
Statutory tax levy limit for debt service	\$ 44,224	\$ 41,691	\$ 38,883	\$ 36,587	\$ 35,919
Less funds restricted for repayment of General Obligation bonds	<u>2,913</u>	<u>2,351</u>	<u>1,915</u>	<u>1,487</u>	<u>1,080</u>
Total net general obligation bonds	41,311	39,340	36,968	35,100	34,839
Current year debt service requirements	<u>3,348</u>	<u>3,419</u>	<u>3,408</u>	<u>3,276</u>	<u>3,228</u>
Excess of statutory limit for debt service over current requirements	<u>\$ 37,963</u>	<u>\$ 35,921</u>	<u>\$ 33,560</u>	<u>\$ 31,824</u>	<u>\$ 31,611</u>
Net current requirements as a percentage of statutory limit	0.98%	2.56%	3.84%	4.89%	5.98%

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

GRAYSON COLLEGE
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS (UNAUDITED)

Table 11
Page 1 of 2

Pledged Revenues (\$000 omitted)										
Fiscal Year	General		Student			Registration Fees	Course Fees	Laboratory Fees	Community Education	
	Tuition	Use Fee	Service Fee	Technology Fee	Education Fees					
2022	\$ 1,464	\$ 1,780	\$ 947	\$ 379	\$ 317	\$ 218	\$ 280	\$ 1,370		
2021	1,399	1,625	945	378	346	-	291	373		
2020	1,550	1,678	1,074	430	374	-	288	458		
2019	1,601	1,461	1,043	417	367	-	331	852		
2018	1,500	1,755	585	418	287	-	341	697		
2017	1,515	1,718	604	431	223	-	391	347		
2016	1,630	1,490	652	466	346	-	397	476		
2015	1,653	1,151	671	-	257	-	306	310		
2014	1,725	832	728	-	261	-	345	53		
2013	1,622	845	740	-	288	-	328	74		

GRAYSON COLLEGE
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS (UNAUDITED)

Table 11
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Fiscal Year	Pledged Revenues (\$000 omitted)			Debt Service Requirements (\$000 omitted)			Coverage Ratio
	Investment Income	Auxilliary Enterprises	Total	Principal	Interest	Total	
2022	\$ 398	\$ 2,212	\$ 9,365	\$ 1,337	\$ 30	\$ 1,367	6.85
2021	303	766	6,426	1,330	51	1,381	4.65
2020	506	867	7,225	1,200	147	1,347	5.36
2019	685	1,033	7,790	1,150	193	1,343	5.80
2018	401	879	6,863	1,100	238	1,338	5.13
2017	201	836	6,266	1,065	262	1,327	4.72
2016	158	955	6,570	1,035	301	1,336	4.92
2015	128	858	5,334	1,140	335	1,475	3.62
2014	77	2,814	6,835	1,120	358	1,478	4.62
2013	57	3,298	7,252	1,095	380	1,475	4.92



GRAYSON COLLEGE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS (UNAUDITED)

Table 12

<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>
2021	139,336	\$ 7,253,087,000	\$ 52,055	4.6%
2020	135,543	6,507,177,000	47,045	5.9%
2019	136,212	2,991,490,000	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%

Sources:

Grayson County Profile (txcip.org)

GRAYSON COLLEGE
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS (UNAUDITED)

Table 13
Page 1 of 2

Employer	2022	
	Number of Employees	Percentage of Total Employment
Texoma Medical Center	4,000 - 4,250	6.58%
Tyson Fresh Meats	1,700 - 1,950	2.91%
Sherman ISD	1,100 - 1,350	1.95%
RUIZ Foods	1,100 - 1,350	1.95%
Walmart	900 - 1,150	1.63%
CIGNA	800 - 1,050	1.47%
Denison ISD	700 - 950	1.35%
Carrus Specialty Hospital	650 - 950	1.28%
Texas Instruments	600 - 850	1.16%
Coherent (formely Finisar)	550 - 800	1.08%

Source:

Texas Workforce Commission

Notes:

Percentages are calculated using the midpoints of the ranges

GRAYSON COLLEGE
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS (UNAUDITED)

Table 13
Page 2 of 2

Employer	2013	
	Number of Employees	Percentage of Total Employment
Tyson Fresh Meats	1,400 - 1,650	2.84%
Texoma Health Care Systems	1,350 - 1,600	2.75%
Texas Instruments	1,200 - 1,450	2.47%
Wilson N. Jones Regional Health Systems	1,000 - 1,250	2.10%
Sherman ISD	900 - 1,150	1.91%
CIGNA Company	1,200 - 1,450	2.38%
Ruiz Foods	700 - 950	1.54%
Denison ISD	600 - 850	1.35%
Grayson County	500 - 750	1.17%
Trailblazer Health Enterprises	500 - 750	1.17%

GRAYSON COLLEGE
FACULTY, STAFF AND ADMINISTRATORS STATISTICS
LAST TEN FISCAL YEARS (UNAUDITED)

Table 14
Page 1 of 2

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Faculty					
Full-Time	113	116	112	114	109
Part-Time	<u>72</u>	<u>72</u>	<u>82</u>	<u>104</u>	<u>143</u>
Total	<u><u>185</u></u>	<u><u>188</u></u>	<u><u>194</u></u>	<u><u>218</u></u>	<u><u>252</u></u>
Full-Time	61.1%	61.7%	57.7%	52.3%	43.3%
Part-Time	<u>38.9%</u>	<u>38.3%</u>	<u>42.3%</u>	<u>47.7%</u>	<u>56.7%</u>
Total	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>
Average Annual					
Faculty Salary	<u>\$ 58,431</u>	<u>\$ 58,431</u>	<u>\$ 58,849</u>	<u>\$ 57,407</u>	<u>\$ 55,309</u>
Staff and Administrators					
Full-Time	183	196	188	170	163
Part-Time	<u>190</u>	<u>220</u>	<u>197</u>	<u>251</u>	<u>258</u>
Total	<u><u>373</u></u>	<u><u>416</u></u>	<u><u>385</u></u>	<u><u>421</u></u>	<u><u>421</u></u>
Full-Time	49.1%	47.1%	48.8%	40.4%	38.7%
Part-Time	<u>50.9%</u>	<u>52.9%</u>	<u>51.2%</u>	<u>59.6%</u>	<u>61.3%</u>
Total	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>
FTSE per Full-Time Faculty	27.6	26.9	31.6	30.2	31.8
FTSE per Full-Time Staff Member	17.1	15.9	18.8	20.3	21.3

GRAYSON COLLEGE
FACULTY, STAFF AND ADMINISTRATORS STATISTICS
LAST TEN FISCAL YEARS (UNAUDITED)

Table 14
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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Faculty					
Full-Time	108	108	108	100	98
Part-Time	<u>169</u>	<u>150</u>	<u>131</u>	<u>143</u>	<u>135</u>
Total	<u><u>277</u></u>	<u><u>258</u></u>	<u><u>239</u></u>	<u><u>243</u></u>	<u><u>233</u></u>
Full-Time	39.0%	41.9%	45.2%	41.2%	42.1%
Part-Time	<u>61.0%</u>	<u>58.1%</u>	<u>54.8%</u>	<u>58.8%</u>	<u>57.9%</u>
Total	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>
Average Annual Faculty Salary					
	<u>\$ 55,477</u>	<u>\$ 55,085</u>	<u>\$ 54,443</u>	<u>\$ 53,822</u>	<u>\$ 53,725</u>
Staff and Administrators					
Full-Time	151	146	136	135	132
Part-Time	<u>226</u>	<u>219</u>	<u>204</u>	<u>203</u>	<u>198</u>
Total	<u><u>377</u></u>	<u><u>365</u></u>	<u><u>340</u></u>	<u><u>338</u></u>	<u><u>330</u></u>
Full-Time	40.1%	40.0%	40.0%	39.9%	40.0%
Part-Time	<u>59.9%</u>	<u>60.0%</u>	<u>60.0%</u>	<u>60.1%</u>	<u>60.0%</u>
Total	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>
FTSE per Full-Time Faculty	33.3	35.2	36.8	43.2	44.7
FTSE per Full-Time Staff Member	23.8	26.0	29.2	32.0	33.2

GRAYSON COLLEGE
ENROLLMENT DETAILS
LAST SIX FISCAL YEARS (UNAUDITED)

Table 15
Page 1 of 2

	<u>Fall 2021</u>		<u>Fall 2020</u>		<u>Fall 2019</u>		<u>Fall 2018</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
<u>Student Classification</u>								
00-30 hours	2,585	65.41%	2,581	62.83%	3,000	66.77%	2,790	65.13%
31-60 hours	858	21.71%	931	22.66%	929	20.68%	1,167	27.24%
> 60 hours	509	12.88%	596	14.51%	564	12.55%	327	7.63%
Total	3,952	100.00%	4,108	100.00%	4,493	100.00%	4,284	100.00%
<u>Semester Hour Load</u>								
Less than 3	40	1.01%	51	1.24%	18	0.40%	23	0.54%
3-5 semester hours	835	21.13%	925	22.52%	967	21.52%	814	19.00%
6-8 semester hours	1,081	27.35%	1,133	27.58%	1,246	27.73%	1,323	30.88%
9-11 semester hours	670	16.95%	664	16.16%	689	15.33%	663	15.48%
12-14 semester hours	925	23.41%	922	22.44%	1,113	24.77%	1,057	24.67%
15-17 semester hours	303	7.67%	324	7.89%	349	7.77%	353	8.24%
18 & over	98	2.48%	89	2.17%	111	2.47%	51	1.19%
Total	3,952	100.00%	4,108	100.00%	4,493	100.00%	4,284	100.00%
<u>Tuition Status</u>								
Texas Resident (in-District)	2,961	74.92%	3,447	83.91%	3,754	83.55%	3,558	83.05%
Texas Resident (out-of-District)	801	20.27%	542	13.19%	574	12.78%	651	15.20%
Non-Resident Tuition	190	4.81%	119	2.90%	165	3.67%	75	1.75%
Total	3,952	100.00%	4,108	100.00%	4,493	100.00%	4,284	100.00%

GRAYSON COLLEGE
ENROLLMENT DETAILS
LAST SIX FISCAL YEARS (UNAUDITED)

Table 15
Page 2 of 2

	<u>Fall 2017</u>		<u>Fall 2016</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
<u>Student Classification</u>				
00-30 hours	2,786	63.28%	2,885	63.80%
31-60 hours	998	22.67%	1,017	22.49%
> 60 hours	<u>619</u>	<u>14.06%</u>	<u>620</u>	<u>13.71%</u>
Total	<u><u>4,403</u></u>	<u><u>100.00%</u></u>	<u><u>4,522</u></u>	<u><u>100.00%</u></u>
<u>Semester Hour Load</u>				
Less than 3	13	0.30%	12	0.27%
3-5 semester hours	833	18.92%	867	19.17%
6-8 semester hours	1,265	28.73%	1,246	27.55%
9-11 semester hours	673	15.29%	700	15.48%
12-14 semester hours	1,123	25.51%	1,196	26.45%
15-17 semester hours	408	9.27%	428	9.46%
18 & over	<u>88</u>	<u>2.00%</u>	<u>73</u>	<u>1.61%</u>
Total	<u><u>4,403</u></u>	<u><u>100.00%</u></u>	<u><u>4,522</u></u>	<u><u>100.00%</u></u>
<u>Tuition Status</u>				
Texas Resident (in-District)	3,161	71.79%	3,493	77.24%
Texas Resident (out-of-District)	1,052	23.89%	869	19.22%
Non-Resident Tuition	<u>190</u>	<u>4.32%</u>	<u>160</u>	<u>3.54%</u>
Total	<u><u>4,403</u></u>	<u><u>100.00%</u></u>	<u><u>4,522</u></u>	<u><u>100.00%</u></u>

GRAYSON COLLEGE
STUDENT PROFILE
LAST SIX FISCAL YEARS (UNAUDITED)

Table 16
Page 1 of 2

Gender	Fall 2021		Fall 2020		Fall 2019		Fall 2018	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	2,449	61.97%	2,582	62.85%	2,711	60.34%	2,614	61.02%
Male	1,503	38.03%	1,526	37.15%	1,782	39.66%	1,670	38.98%
Total	3,952	100.00%	4,108	100.00%	4,493	100.00%	4,284	100.00%
Ethnic Origin								
White	2,659	67.28%	2,791	67.94%	3,124	69.53%	2,989	69.77%
African American	646	16.35%	621	15.12%	580	12.91%	415	9.69%
Hispanic	337	8.53%	364	8.86%	356	7.92%	349	8.15%
Multi-Racial	22	0.56%	35	0.85%	81	1.80%	222	5.18%
Native American	182	4.61%	178	4.33%	217	4.83%	203	4.74%
International	9	0.23%	23	0.56%	34	0.76%	32	0.75%
Asian	84	2.13%	82	2.00%	79	1.76%	74	1.73%
Native Hawaiian or Pacific Islander	13	0.33%	14	0.34%	22	0.49%	-	0.00%
Total	3,952	100.00%	4,108	100.00%	4,493	100.00%	4,284	100.00%
Age								
Under 18	599	15.16%	557	13.56%	489	10.88%	1,118	26.10%
18 - 21	1,780	45.04%	1,877	45.69%	2,109	46.94%	1,589	37.09%
22 - 24	483	12.22%	467	11.37%	550	12.24%	406	9.48%
25 - 29	390	9.87%	438	10.66%	450	10.02%	384	8.96%
30-34	258	6.53%	272	6.62%	312	6.94%	280	6.54%
35-50	354	8.96%	386	9.40%	473	10.53%	417	9.73%
51 & over	88	2.23%	111	2.70%	110	2.45%	90	2.10%
Total	3,952	100.00%	4,108	100.00%	4,493	100.00%	4,284	100.00%
Average Age	24		24		24		25	

GRAYSON COLLEGE
STUDENT PROFILE
LAST SIX FISCAL YEARS (UNAUDITED)

Table 16
Page 2 of 2

Gender	Fall 2017		Fall 2016	
	Number	Percent	Number	Percent
Female	2,650	60.19%	2,702	59.75%
Male	1,753	39.81%	1,820	40.25%
Total	4,403	100.00%	4,522	100.00%
Ethnic Origin				
White	3,172	72.04%	3,246	71.78%
African American	542	12.31%	595	13.16%
Hispanic	304	6.90%	325	7.19%
Multi-Racial	98	2.23%	143	3.16%
Native American	194	4.41%	145	3.21%
International	32	0.73%	27	0.60%
Asian	61	1.39%	41	0.91%
Native Hawaiian or Pacific Islander	-	0.00%	-	0.00%
Total	4,403	100.00%	4,522	100.00%
Age				
Under 18	1,119	25.41%	1,057	23.37%
18 - 21	1,612	36.61%	1,646	36.40%
22 - 24	415	9.43%	489	10.81%
25 - 29	432	9.81%	478	10.57%
30-34	289	6.56%	297	6.57%
35-50	428	9.72%	440	9.73%
51 & over	108	2.45%	115	2.54%
Total	4,403	100.00%	4,522	100.00%
Average Age	25		24	

GRAYSON COLLEGE

TRANSFERS TO SENIOR INSTITUTIONS

**2020 – 2021 GRADUATES, COMPLETERS AND NON-RETURNERS
(UNAUDITED)**

Table 17

Name	Transfer Student Count Academic	Transfer Student Count Technical	Total of all Sample Transfer Students	% of all Sample Transfer Students
1 Angelo State University	3	-	3	0.86%
2 Lamar University	2	-	2	0.57%
3 Midwestern State University	5	1	6	1.72%
4 Sam Houston State University	2	2	4	1.15%
5 Stephen F. Austin State University	6	1	7	2.01%
6 Tarleton State University	18	5	23	6.61%
7 Texas A & M University	31	2	33	9.48%
8 Texas A & M University- Commerce	20	23	43	12.36%
9 Texas A & M University- Kingsville	-	1	1	0.29%
10 Texas A & M University- San Antonio	1	-	1	0.29%
11 Texas A & M University- Texarkana	1	1	2	0.57%
12 Texas A & M University at Galveston	2	-	2	0.57%
13 Texas State University	12	6	18	5.17%
14 Texas Tech University	36	8	44	12.64%
15 Texas Woman's University	19	8	27	7.76%
16 The University of Texas at Arlington	5	5	10	2.87%
17 The University of Texas at Austin	10	1	11	3.16%
18 The University of Texas at Dallas	9	5	14	4.02%
19 The University of Texas at El Paso	-	1	1	0.29%
20 The University of Texas Health Science Center at Houston	-	1	1	0.29%
21 The University of Texas at San Antonio	-	1	1	0.29%
22 The University of Texas Health Science Center at San Antonio	-	1	1	0.29%
23 The University of Texas at Tyler	7	7	14	4.02%
24 University of Houston	3	-	3	0.86%
25 University of Houston-Clear Lake	1	-	1	0.29%
26 University of Houston Victoria	-	1	1	0.29%
27 University of North Texas	48	20	68	19.54%
28 University of North Texas at Dallas	2	1	3	0.86%
29 West Texas A & M University	3	-	3	0.86%
Totals	246	102	348	100.00%

GRAYSON COLLEGE
CAPITAL ASSET INFORMATION
LAST SIX FISCAL YEARS (UNAUDITED)

Table 18

	2022	2021	2020	2019	2018	2017
Academic buildings	22	22	22	22	22	21
Square footage (in thousands)	437,316	437,316	437,316	433,260	433,260	426,515
Libraries	1	1	1	1	1	1
Square footage (in thousands)	18,503	18,503	18,503	18,503	18,503	18,503
Number of Volumes (in thousands)	51,800	51,800	51,800	51,800	51,800	51,800
Administrative and support buildings	4	4	4	4	3	3
Square footage (in thousands)	61,385	61,385	61,385	61,385	39,953	39,953
Dormitories/Apartments	3	3	3	3	3	2
Square footage (in thousands)	82,589	82,589	82,589	82,589	82,589	51,121
Number of Beds	379	379	379	379	379	180
Golf Course	2	2	2	2	2	2
Square footage (in thousands)	4,122	4,122	4,122	4,122	4,122	4,122
Dining Facilities	1	1	1	1	1	1
Square footage (in thousands)	9,750	9,750	9,750	9,750	9,750	9,750
Average daily customers	300	300	300	300	300	300
Athletic Facilities	4	4	4	4	4	4
Square footage (in thousands)	30,003	30,003	30,003	30,003	30,003	30,003
Gymnasiums	1	1	1	1	1	1
Baseball Field	1	1	1	1	1	1
Softball Field	1	1	1	1	1	1
Batting Cage	1	1	1	1	1	1
Plant Facilities	3	3	3	3	3	3
Square footage (in thousands)	6,797	6,797	6,797	6,797	6,797	6,797
Transportation						
Cars	1	1	1	1	1	3
Light Trucks/Vans	11	11	11	11	11	16
Buses	3	3	2	2	2	2



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



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

To the Board of Trustees
Grayson College
Denison, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Grayson College (the “College”), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated December 6, 2022. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation.

Internal Control Over Financial Reporting

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

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

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

To the 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*.

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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive style with a large, stylized "P" for "Penn".

Plano, Texas
December 6, 2022

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDNACE
AND THE TEXAS GRANT MANAGEMENT STANDARDS**

To the Board of Trustees
Grayson College
Denison, Texas

Report on Compliance for Each Major Federal and State Program

Opinion On Each Major Program

We have audited Grayson College (the “College”) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the Texas Comptroller of Public Accounts *Texas Grant Management Standards* (TxGMS) 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, 2022. 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.

In our opinion, the College’s complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the TxGMS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

To the Board of Trustees
Grayson College

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

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

Whitley Penn LLP

Plano, Texas
December 6, 2022

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) ?	No

Identification of major programs:

<u>Name of Program or Cluster - Federal</u>	<u>Assistance Listing Number (ALN)</u>
US Department of Education	
<i>Covid-19 Higher Education Emergency Relief Fund Student Aid Portion</i>	84.425E
<i>Covid-19 Higher Education Emergency Relief Fund Institutional Portion</i>	84.425F
<i>Covid-19 Higher Education Emergency Relief Fund Strengthening Institutional</i>	84.425P
<i>Covid-19 Higher Education Emergency Relief Fund Governor's Emergency Education Relief</i>	84.425C
<i>Covid-19 Higher Education Emergency Relief Fund Governor's Emergency Education Relief Texas Educational Opportunity Grant</i>	84.425C
<i>Covid-19 Higher Education Emergency Relief Fund Governor's Emergency Education Relief Reskill Grant</i>	84.425C
<u>Name of Program or Cluster - State</u>	
<i>TWC Skills Development Fund</i>	N/A

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Dollar Threshold Considered Between Type A and Type B State Programs	\$750,000
Auditee qualified as low risk auditee?	Yes

II - Financial Statement Findings

None noted.

III - Federal Award Findings and Questioned Costs

None noted.

IV - State Award Findings and Questioned Costs

None noted.

GRAYSON COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2022

Schedule E

Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass Through Grantor Number	Federal Expenditures
National Science Foundation			
Direct Programs:			
<i>Education and Human Resources</i>	47.076		\$ 136,239
Total National Science Foundation			136,239
U.S. Small Business Administration			
Passed through Dallas County Community College District:			
<i>Small Business Development Center (SBDC)</i>	59.037	SBAHQ-21-B-0038	22,646
<i>Small Business Development Center (SBDC)</i>	59.037	SBAHQ-21-C-0059	98,900
<i>Small Business Development Center (SBDC)</i>	59.037	SBAHQ-22-B-0006	117,928
<i>Total ALN 59.037</i>			<u>239,474</u>
Total U.S. Small Business Administration			239,474
U.S. Department of Education			
Direct Programs:			
<i>Opportunity Grant (FSEOG)</i>	84.007		150,618
<i>Federal Workstudy Program</i>	84.033		70,292
<i>Federal Pell Grant Program</i>	84.063		5,597,678
<i>Direct Student Loans</i>	84.268		<u>2,267,911</u>
<i>Total Student Financial Aid Cluster (ALN 84.007, 84.033, 84.063, 84.268)</i>			<u>8,086,499</u>
<i>TRIO Student Support Services</i>	84.042A		271,050
<i>Covid-19 Higher Education Emergency Relief Fund Student Aid Portion</i>	84.425E		3,662,403
<i>Covid-19 Higher Education Emergency Relief Fund Institutional Portion</i>	84.425F		3,137,656
<i>Covid-19 Higher Education Emergency Relief Fund Strengthening Institutional</i>	84.425P		1,049,287
Passed through Texas Higher Education Coordinating Board:			
<i>Covid-19 Higher Education Emergency Relief Fund Governor's Emergency Education Relief</i>	84.425C		1,625,839
<i>Covid-19 Higher Education Emergency Relief Fund Governor's Emergency Education Relief Texas Educational Opportunity Grant</i>	84.425C		521,801
<i>Covid-19 Higher Education Emergency Relief Fund Governor's Emergency Education Relief Reskill Grant</i>	84.425C		<u>435,680</u>
<i>Total ALN 84.425</i>			<u>10,432,666</u>
<i>Adult Education - Basic Grants</i>	84.002A	2518ALAC00	42,724
<i>Adult Education - Basic Grants</i>	84.002A	0418ALAC04	219,680
<i>Adult Education - Basic Grants</i>	84.002A	2518ALAD00	542,964
<i>Adult Education - Basic Grants</i>	84.002A	0419ALAD01	<u>1,362,803</u>
<i>Total ALN 84.002</i>			<u>2,168,171</u>
<i>Career and Technical Education - Basic Grants to States</i>	84.048		<u>622,794</u>
Total U.S. Department of Education			21,581,180
U.S. Department of Environmental Protection Agency			
Passed through Texas Workforce Commission:			
<i>Brownfields Multipurpose Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements</i>	66.818		<u>74,752</u>
Total U.S. Department of Environmental Protection Agency			74,752
U.S. Department of Justice			
Passed through Grayson County:			
<i>Covid-19 Emergency Supplemental Funding Program</i>	16.034		<u>5,183</u>
Total Department of Justice			5,183
Total Expenditures of Federal Awards			\$ 22,036,828

GRAYSON COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2022

Note 1 - Federal Revenue Reconciliation

Federal revenues for the year ended August 31, 2022 are reported in the basic financial statements as follows:

Federal grants and contracts per Schedule A	\$ 13,958,510
Federal grants and contracts, non-operating per Schedule C	5,810,407
Reconciling Items:	
Direct Student Loans	<u>2,267,911</u>
Total per Schedule of Expenditures Federal Awards	<u>\$ 22,036,828</u>

Note 2 - Summary of Significant Accounting Policies

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.

GRAYSON COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2022

Schedule F

Grantor/Pass-Through Grantor/ Program Title	Grant Contract Number	Indirect Costs and Expenditures
Texas Higher Education Coordinating Board		
<i>College Work Study Program (2020-2021)</i>		\$ 15,914
<i>Work Study Mentorship</i>		7,253
<i>Student Financial Aid (Texas Educational Opportunity Grant)</i>		292,229
<i>Educational Aid</i>		4,380
<i>Nursing Shortage Reduction</i>		127,366
<i>College Readiness and Success Models for 60 X 30</i>		26,146
Total Passed Through Texas Higher Education Coordinating Board		<u>473,288</u>
Dallas County Community College District		
<i>Small Business Development Center (SBDC) 2020-2021</i>	SBAHQ-21-B-0038	820
<i>Small Business Development Center (SBDC) 2021-2022</i>	SBAHQ-22-B-0006	74,887
Total Passed Through Dallas County Community College District		<u>75,707</u>
Texas Workforce Commission		
<i>Skills Development Fund</i>	2520SDF001	(30)
<i>Skills Development Fund</i>	2520COS001	143,868
<i>Skills Development Fund</i>	2521SDF001	115,537
<i>Skills Development Fund</i>	2521SDF002	371,248
<i>Skills Development Fund</i>	2521SDF003	650,783
<i>Skills for Small Business</i>	2521SSD001	(287)
<i>Self Sufficiency Fund</i>	2522SSF001	41,862
<i>Adult Education - Professional Development</i>	2518ALAD00	11,810
<i>Adult Education - Professional Development</i>	0419ALAD01	35,499
<i>Jobs and Education for Texans</i>	2521JET001	196,874
Total Passed Through Texas Workforce Commission		<u>1,567,164</u>
Total Expenditures of State Awards		<u>\$ 2,116,159</u>

GRAYSON COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended August 31, 2022

Note 1 - State Revenue Reconciliation

State revenues for the year ended August 31, 2022 are reported in the basic financial statements as follows:

State grants and contracts per Schedule A	\$ 2,116,159
Reconciling Items	<u>-</u>
Total per Schedule of State Expenditures	<u>\$ 2,116,159</u>

Note 2 - Summary of Significant Accounting Policies

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.

GRAYSON COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended August 31, 2022

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings". The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The Summary Schedule of Prior Audit Findings for the year ended August 31, 2022 has been prepared to address these responsibilities.

I. Prior Audit Findings

Not Applicable.

GRAYSON COLLEGE
CORRECTIVE ACTION PLAN
Year Ended August 31, 2022

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

As part of this responsibility, the College's corrective action plans are presented below.

I. Corrective Action Plan

Not Applicable.

