



Annual Comprehensive Financial Report and Compliance Reports

**Temple College
Temple, Texas**

**for the Year Ended
August 31, 2024**

TEMPLE COLLEGE

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**TEMPLE COLLEGE
ORGANIZATIONAL DATA
For the Year Ended August 31, 2024**

Board of Trustees

		Term Expires
		<u>May</u>
Mrs. Lydia Santibanez-Farrell	Chairman	2026
Mr. Larry J. Wilkerson	Vice-Chairman	2026
Mr. Harry Adams	Secretary	2028
Mr. John R. Bailey		2030
Dr. Alejandro C. Arroliga, MD, MSc, FCCP, FACP		2030
Mr. Jack Myers		2026
Dr. Mark H. Durham		2028
Dr. Andrejs Avots-Avotins, M.D., Ph.D.		2028
Dr. Hope Koch		2030

Officers

Christina Ponce, Ph.D.	President
Brandon Bozon, CPA	Vice President of Administrative Services & Chief Financial Officer



LOTT, VERNON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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American Institute & Texas Society of
Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Temple College
Temple, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows of Temple College, (the College) as of and for the year ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Change in Accounting Principle

As described in Notes 2 to the financial statements, in fiscal year ending August 31, 2024, the College adopted new accounting guidance, GASB Statement No. 100, Accounting Changes and Error Corrections. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of College's Share of Net Pension Liability, the Schedule of College's Contributions for Pensions, the Schedule of College's Share of Net OPEB Liability, the Schedule of College's Contributions for OPEB, Notes to Required Supplementary Information (RSI) Schedules for Pensions, and Notes to Required Supplementary Information (RSI) Schedules for OPEB 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. The Supplementary Schedules (Schedules A-F), which include the Schedule of Expenditures of Federal Awards (Schedule E) and the Schedule of Expenditures of State Awards (Schedule F), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Supplementary Schedules (Schedules A-F), which include the Schedule of Expenditures of Federal Awards (Schedule E) and the Schedule of Expenditures of State Awards (Schedule F) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Organizational Data (Unaudited) 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 reports dated December 17, 2024, 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 College's internal control over financial reporting and compliance.

Jatt, Vernon & Co. P.C.

Temple, Texas
December 17, 2024

TEMPLE COLLEGE

Management's Discussion and Analysis Exhibit,
Fiscal Year Ended August 31, 2024

This discussion and analysis of Temple College financial statements provides an overview of College financial activities for the year ended August 31, 2024. Management has prepared the financial statements and the related footnote disclosures and this discussion and analysis statement. Responsibility for the completeness and fairness of this information is that of the College management. The current report, for the year ended August 31, 2024, is issued under the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This accounting policy established the reporting format for governmental annual financial statements. The State of Texas elected to adopt these reporting standards in the fiscal year 2001-2002, and Temple College as a component unit of state government converted its financial reporting to the GASB 34 format. The following sections present comparative financial data as called for by the reporting principle.

Financial and Enrollment Highlights

- ◆ Enrollment in the academic/technical programs increased compared to the prior year, increasing from 92,809 semester hours to 95,666 hours.
- ◆ Enrollment revenue in the Workforce and Continuing Education Division, previously referred to as Business and Continuing Education, decreased 8.00% compared to FY 2023.
- ◆ Tuition/Fee totals by resident type for this period were:

	<u>Fall 2023</u>	<u>Fall 2022</u>	<u>Fall 2021</u>
In-District	\$125/semester hour	\$120/semester hour	\$114/semester hour
Out-of-District	\$200/semester hour	\$194/semester hour	\$188/semester hour
Non-Resident	\$361/semester hour	\$350/semester hour	\$350/semester hour

- ◆ Students taking Health Science courses are charged an additional \$80/SCH. This tuition is a 64.00% increase for Health Science programs for resident students compared to general academic and other technical courses.
- ◆ The district property tax rate for FY 2024 decreased from the prior year's rate of \$0.2044/\$100 to \$0.2017/\$100. This rate is the combined debt/maintenance and operations rate.
- ◆ State funding (appropriations) increased in FY24, which is the first year of the biennium.

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The Annual Report

This report consists of three basic financial statements: (1) the Statement of Net Position; (2) the Statement of Revenues, Expenses, and Changes in Net Position; and (3) the Statement of Cash Flows. These three statements provide information on the College as a whole (excluding the Temple College Foundation activities) and present a long-term view of the financial position of the College. One of the most important questions asked about finances is, “Is Temple College as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on total institution activities in a way that helps to answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses can be thought of as Temple College’s operating results.

These two statements report the College’s net position and the changes in net position. The difference between assets and liabilities is one way to measure the financial health or financial position of Temple College. Over time, an increase or decrease in the College net position is one indicator of whether its financial health is improving. However, several non-financial factors are relevant as well, such as the trend and quality of applicants, freshman class size, student retention, faculty use of technology, building condition, campus safety, and quality of student services, to completely assess the overall health of the College.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector institutions. All current year revenues and expenses are reflected regardless of when cash is received or paid.

Financial statements for the College’s component unit, the Temple College Foundation, are issued independent to those of the College but are presented with the College’s basic financial statements.

Statement of Net Position

Cash and short-term investment balances decreased compared to the prior year due to the utilization of short-term investments for construction related expenses.

Receivables include delinquent property taxes, student accounts, Federal, State, and other miscellaneous receivables. Total receivables increased by 15.1% from the prior year tuition and fee receivables increased approximately \$1.1M (19%) due to a combination of a modest enrollment increase and increase in tuition and fees for the 2022-2023 academic year. Federal and State grant accounts receivable increased approximately \$20K (3.70%) compared to FY2023.

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Prepaid expenses (expenses related to next fiscal year) decreased by \$272,500 from FY2023.

Non-Current Assets include Restricted Cash balances and Other Long-Term Investments. Non-Current Assets increased by 93% compared to the prior year, primarily due to increase in Capital Assets and Subscription-based Assets.

NET POSITIONS, END OF YEAR

(In Millions)

Temple College

	<u>8/31/2024</u>	<u>8/31/2023</u>	<u>8/31/2022</u>
Current Assets	126.8	162.1	157.7
Non-Current Assets	109.6	56.8	52.1
Total Assets	<u>236.4</u>	<u>218.9</u>	<u>209.8</u>
Deferred Outflows	<u>7.8</u>	<u>8.7</u>	<u>5.0</u>
Current Liabilities	26.7	16.2	14.2
Non-Current Liabilities	166.4	170.5	173.9
Total Liabilities	<u>193.1</u>	<u>186.7</u>	<u>188.1</u>
Deferred Inflows	<u>9.8</u>	<u>10</u>	<u>6.6</u>
Net Positions:			
Invested in capital assets, net of related debt	43.5	36.3	27.6
Restricted	2.4	2.2	2.6
Unrestricted	(4.5)	(7.6)	(10.1)
Total Net Positions	<u>41.4</u>	<u>30.9</u>	<u>20.1</u>
Increase in Net Positions	<u>10.5</u>	<u>10.8</u>	<u>5.8</u>

As a direct result of the implementation of GASB Statement No. 75, the College no longer has a positive unrestricted net position.

Compensable absences (vacation/sick leave) increased this year to \$1,038,448 and is a material liability to the College.

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Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the annual operating results for the College, as well as all non-operating revenues and expenses. Tuition and fee revenue, net of exemption allowances, increased by 26% in FY 2024. The change is primarily due to a reduction in Tuition and Fee Discount of Title IV. Tuition rates for students increased over the previous year. A significant portion of the tuition structure is a \$13 per SCH use fee. This charge is restricted for payment of debt service costs related to revenue bonds for facility construction and improvements on campus.

State allocations (appropriations) for instructional and support purposes increased in FY24, which is the first year of the biennium; as mentioned in previous financial reports, of the majority of community college funding is now based upon student success points, a type of performance-based funding. As the state legislature moves forward with the evolution of student success points, the College will expect an increased emphasis on student performance, as opposed to headcount enrollment only.

Auxiliary Enterprise revenues consist primarily of commissions from the campus bookstore, vending sales and athletics. These revenues decreased by 43% from the previous year, to \$119,600, largely as a result of fewer donations from Agency Accounts.

The operating revenue category of Grants and Contracts does not include Title IV Grants. Higher Education Emergency Relief (HEERF) funds provided through the federal CARES, CRRSAA and ARP COVID relief acts were fully expended in FY 2023, which is primary reason for the reduction in Federal Grants and Contracts for FY 2024 Private Gifts, Grants and Contracts increased by 26% due in large part to increased Branch Campus Maintenance Tax collections, as well as student success-focused private grants.

Title IV revenue is included in the Non-Operating Revenue section and increased by 12% for FY 2024, primarily due to an increase in PELL grant awards compared to the prior year.

TEMPLE COLLEGE

Operating Expenses

Below is a comparison chart of expenses arranged by the natural classification categories:

OPERATING EXPENSES BY NATURAL CLASSIFICATION
(In Millions)
Temple College

	Year Ended <u>8/31/2024</u>	Year Ended <u>8/31/2023</u>	Year Ended <u>8/31/2022</u>
Operating Expenses			
Salaries:			
Faculty	11.4	10.7	10.3
Staff	10.2	9.7	9.2
Benefits	8.5	6.8	6.2
Other Expenses	16.9	17.6	23.1
Depreciation & Amortization	<u>3.2</u>	<u>2.8</u>	<u>2.2</u>
Total Operating Expenses	<u><u>50.2</u></u>	<u><u>47.6</u></u>	<u><u>51.0</u></u>

Operating expenses by functional area are shown in the following schedule:

OPERATING EXPENSES BY FUNCTION
(In Millions)
Temple College

	Year Ended <u>8/31/2024</u>	Year Ended <u>8/31/2023</u>	Year Ended <u>8/31/2022</u>
Educational & General			
Instruction	17.2	16.2	15.6
Public Service	1.7	1.1	1.5
Academic Support	3.5	3.4	4.7
Student Services	4.4	4.5	3.9
Institutional Support	9.3	7.9	7.5
Operations & Plant Maintenance	3.1	2.7	2.3
Student Aid	<u>6.2</u>	<u>7.3</u>	<u>11.6</u>
Total Educational Activities	<u><u>45.4</u></u>	<u><u>43.1</u></u>	<u><u>47.1</u></u>
Auxiliary Enterprises	1.6	1.7	1.7
Depreciation & Amortization	<u>3.2</u>	<u>2.8</u>	<u>2.2</u>
Total Operating Expenses	<u><u>50.2</u></u>	<u><u>47.6</u></u>	<u><u>51.0</u></u>

TEMPLE COLLEGE

In the schedules of operating expenses shown above, the total expenditures increased by 6% over the prior year.

Depreciation and amortization expense increased as a result of an increase in capital assets during the year, and the implementation of GASB 87 and GASB 96.

The College awarded raises in FY 2024 of 4%.

SALARY INCREASES (%)
(Fall Term)
Temple College

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
4.0%	3.0%	3.0%	0.0%	2.0%	2.0%	2.5%	1.0% to 1.50%	3.0%	2.0%	2.5%

TEMPLE COLLEGE**OPERATING RESULTS FOR THE YEAR**

(In Millions)			
Temple College			
	Year Ended 8/31/2024	Year Ended 8/31/2023	Year Ended 8/31/2022
Operating Revenues			
Tuition & Fees (net of exemptions)	11.5	9.1	11.1
Grants, Contracts & Other	9.6	15.9	18.0
Total Operating Revenues	21.1	25	29.1
Operating Expenses	50.2	47.6	51.0
Net Operating Revenues (Expenses)	(29.1)	(22.6)	(21.9)
Non-Operating Revenues (Expenses)			
State Allocations	11.9	9.3	9.2
Maintenance & Obligation Ad Valorem Taxes	11.1	9.7	8.5
General Obligation Debt Taxes	5.7	5.0	4.7
Federal Revenue, Non-Operating	9.4	8.4	7.2
Gifts	1.2	0.0	0.0
Investment Income	3.4	4.0	0.8
Interest on Capital Related Debt	(3.1)	(3.2)	(2.8)
Other Non-Operating	0.0	0.0	0.0
Total Non-Operating Revenues (Expenses)	39.6	33.2	27.6
Increase (Decrease in Net Position)	10.5	10.6	5.7
Net Position - Beginning of Year	30.9	20.1	14.4
Cumulative effect of change in accounting principle	0.0	0.2	0.0
Net Position - End of Year	41.4	30.9	20.1
Percent Increase/(Decrease)	34.0%	53.7%	39.9%

PROPERTY TAX RATES

(per \$100 value)

Temple College

	Rate/\$100 Value		
	2024	2023	2022
Maintenance	\$ 0.13240	\$ 0.13480	\$ 0.14440
Debt Service	\$ 0.06930	\$ 0.06960	\$ 0.07930
Total	\$ 0.20170	\$ 0.20440	\$ 0.22370

TEMPLE COLLEGE

The net assessed valuation for the district increased for FY 2024 to \$10,292,827,842 from the previous year (FY 2023) amount of \$8,378,991,065. The property tax rate cap for the Temple College district is \$0.25/\$100 valuation. This is the maximum permissible rate for both debt service requirements and operations combined.

Statement of Cash Flows

Another way to assess the health of an institution is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess:

- ◆ an entity's ability to generate future net cash flows;
- ◆ its ability to meet its obligations as they come due; and
- ◆ its needs for external financing.

The College liquidity position increased \$682,812 during this year ended August 31, 2024, as shown in the chart below:

CASH FLOW FOR THE YEAR
(In Millions)
Temple College

	Year Ended <u>8/31/2024</u>	Year Ended <u>8/31/2023</u>	Year Ended <u>8/31/2022</u>
Cash provided (used) by:			
Operating activities	(15.6)	(17.4)	(18.2)
Non-capital financing activities	35.9	30.1	27.3
Capital and related financing activities	(59.0)	(12.7)	(10.2)
Investing activities	<u>39.3</u>	<u>(0.7)</u>	<u>(2.1)</u>
Net Increase (decrease) in cash	0.6	(0.7)	(3.2)
Cash, beginning of the year	<u>1.1</u>	<u>1.8</u>	<u>5.0</u>
Cash, end of the year	<u><u>1.7</u></u>	<u><u>1.1</u></u>	<u><u>1.8</u></u>

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Capital Asset and Debt Administration

On August 31, 2024, the College had \$136.4 million invested in capital assets, net of approximately \$35.5 million in accumulated depreciation.

CAPITAL ASSETS, NET OF DEPRECIATION**(In Millions)****TEMPLE COLLEGE**

	Year Ended 8/31/2024	Year Ended 8/31/2023	Year Ended 8/31/2022
Land	\$ 3.8	\$ 3.8	\$ 3.8
Buildings	30.6	30.7	31.5
Land Improvements	4.7	3.1	3.4
Construction in Progress	56.4	6.3	1.3
Furniture & Equipment	5.3	4.8	2.9
Library Materials	0.1	0.2	0.2
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 100.9</u>	<u>\$ 48.9</u>	<u>\$ 43.1</u>

On August 31, 2024, the College had \$8.1 million invested in capital leases, net of approximately \$2.0 million in accumulated amortization.

LEASED ASSET RIGHT OF USE, NET OF AMORTIZATION**(In Millions)****TEMPLE COLLEGE**

	Year Ended 8/31/2024	Year Ended 8/31/2023	Year Ended 8/31/2022
Buildings	\$ 6.0	6.5	7.0
Furniture & Equipment	0.1	0.1	0.2
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 6.1</u>	<u>\$ 6.6</u>	<u>\$ 7.2</u>

At year-end 2024, Temple College had approximately \$126.7 million in debt outstanding, a \$3.0 million decrease from the prior year-end balance of \$129.7 million. The table below summarizes this amount by debt type.

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OUTSTANDING DEBT, AT YEAR-END
Temple College

	<u>8/31/2024</u>	<u>8/31/2023</u>	<u>8/31/2022</u>
Bonds/Capital Leases			
Revenue Bonds	\$ 2,730,000	\$3,580,000	\$ 4,640,000
General Obligation Bonds	116,990,000	118,535,000	119,775,000
Financed Purchases	838,895	890,478	940,078
Capital Leases	<u>6,147,207</u>	<u>6,662,382</u>	<u>7,227,550</u>
TOTAL BONDS/LEASES	<u><u>\$126,706,102</u></u>	<u><u>\$129,667,860</u></u>	<u><u>\$ 132,582,628</u></u>

During FY 2024, all scheduled debt service requirements were paid.

Financed purchases is comprised of the College's lease-purchase agreement with TSTC, financing the purchase of an undivided 50% interest in 56.70 acres of land in Hutto, Texas.

Capital Leases, detailed in Footnote 8, are the result of the implementation of GASB 87.

Economic Factors That Will Affect the Future

COVID-19 brought with it enormous challenges for higher education and the state of Texas. Community college enrollment trends across the state and country have declined, and Temple College was similarly affected. However, the College experienced a rebound in enrollment, with Fall 2023 credit hour enrollment increasing approximately 9% and trending steady for the Fall 2024 semester.

May 22, 2024, the City of Temple experienced two tornadoes on the same day, one as an EF2 and the second as an EF1. Businesses and residents affected by the tornadoes continue to rebuild into FY 2025, with some businesses relocating to temporary sites in order to sustain business operations. While the damage was extensive, particularly on the west side of the city, it is not anticipated to have a long-term negative impact on the economic outlook of Temple.

Despite the elevated interest rate environment, the local real estate market continues to experience healthy growth in both new construction and values, providing a stable ad valorem revenue stream. Several marquee projects announced or broke ground in FY2024, including the SeAH Superalloy Technologies metal manufacturing facility. These projects will continue to fuel the positive economic trends in Temple and Bell County.

The 2023 session of the Texas Legislature held significant, positive changes to the Texas Community College funding model. The new model provided Temple College approximately \$1.35 million in additional funding in fiscal year 2024, and the FAST model greatly expands dual enrollment opportunities for high school students by removing financial barriers for students that

TEMPLE COLLEGE

qualify for free or reduced lunch. The new model also shifts funding to more outcomes-based calculation, providing opportunities for additional funding in future budget cycles.

FINANCIAL STATEMENTS

Temple College

Exhibit 1

Statement of Net Position
August 31, 2024 and August 31, 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ -	\$ -
Short Term Investments	118,843,426	154,742,736
Accounts Receivable (net)	7,791,257	6,770,093
Lease Receivable (net)	169,873	317,504
Interest Receivable	6,311	1,597
Prepaid Expenses	-	272,500
Total Current Assets	126,810,867	162,104,430
Non-Current Assets		
Restricted Cash and Cash Equivalents	1,737,054	1,054,242
Other Long-Term Investments	-	-
Capital Assets (net)(See note 6)	100,907,732	48,871,649
Right-To-Use Assets (net)(See note 6)	6,056,317	6,613,991
Subscription Assets (net)	860,563	255,406
Total Non-Current Assets	109,561,666	56,795,288
Total Assets	\$ 236,372,533	\$ 218,899,718
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	\$ 5,191,899	\$ 5,737,127
Deferred outflows related to OPEB	2,626,010	2,926,967
Total Deferred Outflows of Resources	\$ 7,817,909	\$ 8,664,094
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 8,574,021	\$ 1,716,938
Unearned Revenue	7,938,839	7,745,963
Funds Held for Others	950,395	849,681
Accrued Interest	89,309	57,724
Aribtrage Payable	4,948,555	2,267,714
Right-To-Use - Current Portion	514,858	516,794
Financed Purchases - Current Portion	53,568	51,584
Subscription Liability - Current Portion	284,819	47,253
Bonds Payable - Current Portion	2,760,000	2,395,000
Net OPEB Liability - Current Portion	544,122	551,202
Total Current Liabilities	26,658,486	16,199,853
Non-Current Liabilities		
Accrued Compensable Absences	1,038,448	930,305
Right-To-Use	5,632,349	6,145,588
Financed Purchases	785,327	838,894
Subscription Liability	417,829	31,802
Bonds Payable	130,082,519	133,799,642
Net Pension Liability	9,511,525	8,137,715
Net OPEB Liability	18,909,800	20,650,613
Total Non-Current Liabilities	166,377,797	170,534,559
Total Liabilities	\$ 193,036,283	\$ 186,734,412
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	\$ 1,937,169	\$ 2,963,805
Deferred inflows related to OPEB	7,708,307	6,707,647
Deferred inflows related to Leases	132,293	291,046
Total Deferred Inflows of Resources	\$ 9,777,769	\$ 9,962,498
NET POSITION		
Net Investment in Capiatl Assets	43,482,050	36,326,867
Restricted for:	-	-
Non-expendable	-	-
Expendable		
Student Aid	47,757	53,790
Loan	76,223	86,569
Debt Service	2,870,034	2,681,032
Other	(565,387)	(709,684)
Unrestricted	(4,534,287)	(7,571,672)
Total Net Position (Schedule D)	\$ 41,376,390	\$ 30,866,902

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

Temple College Foundation, Inc.
Statement of Financial Position
August 31, 2023 and August 31, 2022

Exhibit 1-A

	2023	2022
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,176,812	\$ 962,934
Investments	-	-
Investments restricted	-	-
Short-term note receivable, less allowance for uncollectible amounts of \$0 and \$214,350	7,508	42,046
Unconditional promises to give, less allowance for uncollectible promises of \$0	-	-
Prepaid expenses	8,706	1,215
Total Current Assets	<u>1,193,026</u>	<u>1,006,195</u>
Endowment Investments:		
Cash and cash equivalents	238,850	209,360
Investments	7,863,587	7,342,331
Total Endowment Investments	<u>8,102,437</u>	<u>7,551,691</u>
Buildings, furniture, and equipment, net	<u>-</u>	<u>-</u>
Long-term unconditional promises to give, less allowance for uncollectible promises of \$0 and \$0	-	-
Investment in real estate	234,582	234,582
Total Assets	<u>\$ 9,530,045</u>	<u>\$ 8,792,468</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 469,772	\$ 267,908
Accrued vacation payable	-	-
Deferred revenues	26,000	69,250
Total Current Liabilities	<u>495,772</u>	<u>337,158</u>
Long-term Liabilities:		
Notes/Promissory note	-	-
Total Liabilities	<u>495,772</u>	<u>337,158</u>
Net Assets:		
Without Donor Restrictions:		
Operating	1,118,016	1,084,141
Fixed assets	-	-
Total Without Donor Restrictions	<u>1,118,016</u>	<u>1,084,141</u>
With Donor Restrictions	7,916,257	7,371,169
Total Net Assets	<u>9,034,273</u>	<u>8,455,310</u>
Total Liabilities and Net Assets	<u>\$ 9,530,045</u>	<u>\$ 8,792,468</u>

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

Temple College

Exhibit 2

Statement of Revenues, Expenses, and Changes in Net Position
Years Ended August 31, 2024 and August 31, 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Tuition and Fees (Net of Allowances and Discounts \$6,129,418 and \$8,412,075, respectively)	\$ 11,472,235	\$ 9,100,890
Federal Grants and Contracts	2,229,891	9,610,680
State Grants and Contracts	675,283	625,908
Local Gifts, Grants, and Contracts	4,609,167	3,653,935
Sales and Services of Educational Activities	-	-
Auxiliary Enterprises	119,600	170,663
Other Operating Revenues	1,983,329	1,873,671
Total Operating Revenues (Schedule A)	<u>21,089,505</u>	<u>25,035,747</u>
Operating Expenses		
Instruction	17,199,232	16,239,344
Public Service	1,679,114	1,099,927
Academic Support	3,507,970	3,441,921
Student Services	4,350,025	4,438,837
Institutional Support	9,258,345	7,937,443
Operation and Maintenance of Plant	3,072,738	2,747,368
Scholarships and Fellowships	6,227,275	7,302,748
Auxiliary Enterprises	1,648,465	1,657,392
Depreciation	2,318,064	1,872,270
Amortization	909,142	877,972
Total Operating Expenses (Schedule B)	<u>50,170,370</u>	<u>47,615,222</u>
Operating Loss	(29,080,865)	(22,579,475)
Non-Operating Revenues (Expenses)		
State Appropriations	11,881,788	9,318,951
Maintenance Ad Valorem Taxes	11,133,199	9,704,624
Debt Service Ad Valorem Taxes	5,740,322	4,946,263
Federal Revenue, Non-Operating	9,381,736	8,400,913
Gifts	1,237,572	13,000
Investment Income	3,404,744	3,996,201
Interest on Capital Related Debt	(3,086,245)	(3,182,362)
Gain/(Loss) on Disposal of Fixed Assets	(29,906)	(16,985)
Other Non-Operating Revenues	-	48,142
Other Non-Operating Expenses	(72,857)	(9,882)
Net Non-Operating Revenues (Expenses) (Schedule C)	<u>39,590,353</u>	<u>33,218,865</u>
Increase (Decrease) in Net Position	10,509,488	10,639,390
Net Position		
Net Position - Beginning of Year	30,866,902	20,081,027
Cumulative effect of change in accounting principle	-	146,485
Net Position - End of Year	<u><u>\$ 41,376,390</u></u>	<u><u>\$ 30,866,902</u></u>

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

Temple College Foundation, Inc.
Statement of Activities
Year Ended August 31, 2023

Exhibit 2-A

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 7,841	\$ 228,073	\$ 235,914
Special events	215,694	1,812	217,506
Interest and dividends	12,648	258,676	271,324
Gain/(loss) on Sale of Assets	-	138,359	138,359
Unrealized gain/(losses)	-	250,784	250,784
Other Income	15,825	-	15,825
Grant Received on-half of Temple College	-	96,700	96,700
Assets released from restrictions	(21,000)	21,000	-
Total revenues, gains and other support	231,008	995,404	1,226,412
Expenses and Losses			
Programs:			
Scholarship Awards	5,050	312,534	317,584
Special events	92,244	3,397	95,641
Grant paid to Temple College	72,703	96,700	169,403
Total programs	169,997	412,631	582,628
Administration	8,448	26,832	35,280
Other Expenses	18,688	10,853	29,541
Total expenses and losses	197,133	450,316	647,449
Change in net assets	33,875	545,088	578,963
Net assets as of beginning of year	1,084,141	7,371,169	8,455,310
Net assets as of end of year	\$ 1,118,016	\$ 7,916,257	\$ 9,034,273

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

Temple College Foundation, Inc.
Statement of Activities
Year Ended August 31, 2022

Exhibit 2-B

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 32,570	\$ 358,298	\$ 390,868
Special events	73,338	466	73,804
Interest and dividends	736	331,808	332,544
Gain/(loss) on Sale of Assets	-	(73,937)	(73,937)
Unrealized gain/(losses)	-	(1,442,334)	(1,442,334)
Other Income	15	-	15
Grant Received on-half of Temple College	-	340,270	340,270
Assets released from restrictions	-	-	-
Total revenues, gains and other support	106,659	(485,429)	(378,770)
Expenses and Losses			
Programs:			
Scholarship Awards	400	286,339	286,739
Special events	43,851	2,221	46,072
Grant paid to Temple College	-	340,270	340,270
Total programs	44,251	628,830	673,081
Administration	9,538	29,976	39,514
Other Expenses	17,616	4,538	22,154
Total expenses and losses	71,405	663,344	734,749
Change in net assets	35,254	(1,148,773)	(1,113,519)
Net assets as of beginning of year	1,048,887	8,519,942	9,568,829
Net assets as of end of year	\$ 1,084,141	\$ 7,371,169	\$ 8,455,310

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

Temple College

Exhibit 3

Statement of Cash Flows

Years Ended August 31, 2024 and August 31, 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	\$ 10,731,474	\$ 9,203,314
Receipts from grants and contracts	9,477,573	16,457,414
Payments to or on behalf of employees	(26,176,992)	(24,874,967)
Payments to suppliers for goods or services	(3,497,055)	(10,945,902)
Payments for scholarships or fellowships	(6,090,227)	(7,267,146)
Net cash provided (used) by operating activities	(15,555,227)	(17,427,287)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from state appropriations	8,523,798	7,056,316
Receipts from non-operating federal revenue	9,381,736	8,400,913
Receipts from ad valorem taxes	16,873,521	14,650,887
Gifts	1,237,572	13,000
Other Payments	(72,857)	(9,882)
Net cash provided by non-capital financing activities	35,943,770	30,111,234
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Issuance of capital debt	625,475	161,247
Purchase of capital assets	(55,340,677)	(7,800,347)
Payments on capital debt and leases - principal	(2,963,640)	(3,243,279)
Payments on capital debt and leases - interest	(4,011,783)	(4,101,410)
Increase/(decrease) in arbitrage rebate payable	2,680,841	2,267,714
Proceeds from the sale of fixed assets	-	6,354
Net cash used in capital and related financing activities	(59,009,784)	(12,709,721)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts from interest on investments	3,404,744	3,996,201
Purchase of investments	(244,259,964)	(31,129,780)
Proceeds from the sale and maturities of investments	280,159,273	26,408,719
Net cash provided by financing activities	39,304,053	(724,860)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	682,812	(750,634)
CASH AND CASH EQUIVALENTS—Beginning of year	1,054,242	1,804,876
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 1,737,054</u>	<u>\$ 1,054,242</u>

Temple College

Exhibit 3

Statement of Cash Flows

Years Ended August 31, 2024 and August 31, 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of operating income (loss) to net cash used by operating activities		
Operating income (loss)	\$ (29,080,865)	\$ (22,579,475)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	2,318,064	1,872,270
Amortization	909,142	877,972
Payments made directly by the state for benefits	3,357,990	2,262,635
Changes in assets and liabilities:		
Accounts Receivable	(1,021,164)	938,837
Lease Receivable	147,631	(317,504)
Interest Receivable	(4,714)	(1,597)
Deferred outflow	846,185	(3,633,331)
Prepaid expenses	272,500	(267,100)
Accounts payable	6,857,083	(219,603)
Funds held for others	100,714	28,650
Unearned revenue	192,876	(278,849)
Compensated absences	108,143	67,656
Accrued liabilities	(374,083)	500,016
Deferred inflow	(184,729)	3,322,136
Net cash provided (used) by operating activities	<u><u>\$ (15,555,227)</u></u>	<u><u>\$ (17,427,287)</u></u>

Temple College
Notes to the Financial Statements
August 31, 2024

1. Reporting Entity

Temple Junior College District was established in 1926, in accordance with the laws of the State of Texas, to serve the educational needs of Temple and the surrounding communities. On April 22, 1996, the name of the Temple Junior College District was changed to Temple College. The College has a campus in Temple, Texas, Taylor, Texas and Hutto, Texas. Temple College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. 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.

2. Summary of Significant Accounting Policies

Reporting Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* and in accordance with generally accepted accounting policies. The College applies all applicable GASB pronouncements and all applicable Financial Accounting Standard Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The College is reported as a special-purpose government engaged in business-type activities.

Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code 56.0333). When the award is used by the student for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, HEA, Program Funds

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

Other Tuition Discounts

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

Temple College
Notes to the Financial Statements
August 31, 2024

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.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for 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. Encumbrances outstanding at year-end that are provided for in subsequent year's budget are reported as designations of net assets since they do not constitute expenditures or liabilities.

Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget must be filed with the Texas Higher Education Coordination Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1st.

Cash and Cash Equivalents

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB.

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB.

Change in Accounting Principle

None

Temple College
Notes to the Financial Statements
August 31, 2024

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. The governing board has designated public fund investment pools to be short-term investments. Long-term investments have an original maturity of greater than one year at the time of purchase.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following lives are used:

Buildings	50 years
Land Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles, and Other Equipment	7-15 years
Telecommunications and Peripheral Equipment	5-6 years

Unearned Revenue

Tuition and fees of \$7,352,797 and \$6,959,807 have been reported as unearned revenues at August 31, 2024 and August 31, 2023, respectively. Grant funds received but not yet earned of \$586,042 and \$786,156 have been reported as unearned revenues at August 31, 2024 and August 31, 2023, respectively.

Pensions

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

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

Temple College
Notes to the Financial Statements
August 31, 2024

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.

Estimates

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

Accounting Changes and Error Corrections

The College has adopted GASB Statement 100, "Accounting Changes and Error Corrections" in FY23-24. The College has no changes in accounting principal, accounting estimates, or changes to/within the college that require a correction of previously issued financial statements.

Operating and Non-Operating Revenue and Expense Policy

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

3. Authorized Investments

Temple 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 Board of Trustees of Temple College has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The investments of the College are in compliance with the Trustee's investment policies.

Temple College
Notes to the Financial Statements
August 31, 2024

4. Deposits and Investments

Cash and Deposits included in Exhibit 1, Statement of Net Position, consists of the items reported below:

Cash and Deposits

	<u>2024</u>	<u>2023</u>
Bank Deposits		
Demand Deposits	\$ 1,733,808	\$ 1,050,996
Time Deposits	<u>-</u>	<u>-</u>
	\$ 1,733,808	\$ 1,050,996
Cash and Cash Equivalents		
Petty Cash on Hand	\$ 3,246	\$ 3,246
Reimbursements in Transit	<u>-</u>	<u>-</u>
	\$ 3,246	\$ 3,246
Total Cash and Cash Equivalents	<u><u>\$ 1,737,054</u></u>	<u><u>\$ 1,054,242</u></u>

Temple College
Notes to the Financial Statements
August 31, 2024

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	<u>Market Value August 31, 2024</u>	<u>Market Value August 31, 2023</u>
Total Cash and Deposits	\$ 1,737,054	\$ 1,054,242
Alliance CD	-	7,138,718
PNC Money Market	20,048	20,048
Alliance Money Market	7,774,412	254,238
Tex Pool	2,293	2,175
Texas Class	23,731,721	147,327,557
State and Local Government Series Securities	87,314,952	-
Total Investments	<u>\$ 118,843,426</u>	<u>\$ 154,742,736</u>
TOTAL DEPOSITS AND INVESTMENTS	<u>\$ 120,580,480</u>	<u>\$ 155,796,978</u>
Cash and Cash Equivalents (Exhibit 1)	-	-
Restricted Cash and Cash Equivalents(Exhibit 1)	1,737,054	1,054,242
Short Term Investments (Exhibit 1)	118,843,426	154,742,736
Other Long Term Investments (Exhibit 1)	<u>-</u>	<u>-</u>
TOTAL DEPOSITS AND INVESTMENTS (Exhibit 1)	<u>\$ 120,580,480</u>	<u>\$ 155,796,978</u>

Temple College
Notes to the Financial Statements
August 31, 2024

As of August 31, 2024, the College had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				<u>N/A</u>
		<u>Less than 1</u>	<u>1 to 2</u>	<u>Greater than 2</u>		
Money Market Account	\$ 7,794,460	\$ 7,794,460				
Investment Pool	23,734,014	\$ 23,734,014	-	-	-	
Certificate of Deposit	-	\$ -	-	-	-	
State and Local Government Series Securities	87,314,952	87,314,952				
Total Fair Value	<u>\$ 118,843,426</u>	<u>\$ 118,843,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

As of August 31, 2023, the College had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				<u>N/A</u>
		<u>Less than 1</u>	<u>1 to 2</u>	<u>Greater than 2</u>		
Money Market Account	\$ 274,286	\$ 274,286				
Investment Pool	147,329,732	147,329,732	-	-	-	
Certificate of Deposit	7,138,718	7,138,718	-	-	-	
Total Fair Value	<u>\$ 154,742,736</u>	<u>\$ 154,742,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

The governing board has designated public fund investment pools comprised of \$23,734,014 and \$147,329,732 at August 31, 2024, and August 31, 2023, respectively, to be short-term investments.

Interest Rate Risk – In accordance with state law and College policy, the College does not purchase any investments with maturities greater than two years.

Credit Risk – In accordance with state law and the College’s investment policy, investments in mutual funds and investment 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.

Concentration of Credit Risk – The College does not place a limit on the amount the College may invest in any one issuer. No individual issuer exceeds 5% of the College’s investments.

5. Derivatives

None.

Temple College
Notes to the Financial Statements
August 31, 2024

6. Capital Assets

Capital assets activity for the year end August 31, 2024 was as follows:

	Balance 9/1/2023	Increases	Decreases	Balance 8/31/2024
<u>Not Depreciated:</u>				
Land	\$ 3,793,005	\$ -	\$ -	\$ 3,793,005
Construction in Process	\$ 6,282,315	\$ 50,087,237	\$ -	\$ 56,369,552
Total Not Depreciated	\$ 10,075,320	\$ 50,087,237	\$ -	\$ 60,162,557
<u>Buildings and Other Capital Assets:</u>				
Buildings	\$ 47,908,901	\$ 723,943	\$ -	\$ 48,632,844
Land Improvements	\$ 9,737,941	\$ 2,040,503	\$ -	\$ 11,778,444
Library Books	\$ 1,663,851	\$ 12,747	\$ 3,902	\$ 1,672,695
Furniture, Machinery, Vehicles, and Other Equipment	\$ 5,784,395	\$ 1,481,314	\$ 48,824	\$ 7,216,886
Telecommunications and Peripheral Equipment	\$ 6,974,881	\$ 38,310	\$ 38,310	\$ 6,974,881
Total Buildings and Other Capital Assets	\$ 72,069,969	\$ 4,296,816	\$ 91,036	\$ 76,275,750
<u>Accumulated Depreciation:</u>				
Buildings	\$ 17,208,839	\$ 810,182	\$ -	\$ 18,019,021
Land Improvements	\$ 6,679,872	\$ 431,331	\$ -	\$ 7,111,203
Library Books	\$ 1,510,495	\$ 25,023	\$ 2,729	\$ 1,532,789
Furniture, Machinery, Vehicles, and Other Equipment	\$ 2,746,602	\$ 646,273	\$ 48,824	\$ 3,344,051
Telecommunications and Peripheral Equipment	\$ 5,127,832	\$ 405,255	\$ 9,577	\$ 5,523,510
Total Accumulated Depreciation	\$ 33,273,640	\$ 2,318,064	\$ 61,130	\$ 35,530,575
Net Other Capital Assets	\$ 38,796,329	\$ 1,978,752	\$ 29,906	\$ 40,745,175
Net Capital Assets	\$ 48,871,649	\$ 52,065,989	\$ 29,906	\$ 100,907,732

Temple College
Notes to the Financial Statements
August 31, 2024

Capital assets activity for the year ended August 31, 2023, was as follows:

	Balance 9/1/2022	Increases	Decreases	Balance 8/31/2023
<u>Not Depreciated:</u>				
Land	\$ 3,793,005	\$ -	\$ -	\$ 3,793,005
Construction in Process	\$ 1,291,425	\$ 4,990,890	\$ -	\$ 6,282,315
Total Not Depreciated	\$ 5,084,430	\$ 4,990,890	\$ -	\$ 10,075,320
<u>Buildings and Other Capital Assets:</u>				
Buildings	\$ 47,908,901	\$ -	\$ -	\$ 47,908,901
Land Improvements	\$ 9,723,571	\$ 14,370	\$ -	\$ 9,737,941
Library Books	\$ 1,720,935	\$ 14,543	\$ 71,627	\$ 1,663,851
Furniture, Machinery, Vehicles, and Other Equipment	\$ 4,211,985	\$ 1,656,293	\$ 83,883	\$ 5,784,395
Telecommunications and Peripheral Equipment	\$ 5,970,384	\$ 1,004,497	\$ -	\$ 6,974,881
Total Buildings and Other Capital Assets	\$ 69,535,776	\$ 2,689,703	\$ 155,509	\$ 72,069,969
<u>Accumulated Depreciation:</u>				
Buildings	\$ 16,408,129	\$ 800,710	\$ -	\$ 17,208,839
Land Improvements	\$ 6,345,977	\$ 333,895	\$ -	\$ 6,679,872
Library Books	\$ 1,547,621	\$ 26,144	\$ 63,270	\$ 1,510,495
Furniture, Machinery, Vehicles, and Other Equipment	\$ 2,412,470	\$ 403,033	\$ 68,900	\$ 2,746,602
Telecommunications and Peripheral Equipment	\$ 4,819,344	\$ 308,488	\$ -	\$ 5,127,832
Total Accumulated Depreciation	\$ 31,533,541	\$ 1,872,270	\$ 132,170	\$ 33,273,640
Net Other Capital Assets	\$ 38,002,235	\$ 817,433	\$ 23,339	\$ 38,796,329
Net Capital Assets	\$ 43,086,665	\$ 5,808,323	\$ 23,339	\$ 48,871,649

Temple College
Notes to the Financial Statements
August 31, 2024

Leased capital asset activity for the year ended August 31, 2024, was as follows:

	Balance 9/1/2023	Increases	Decreases	Balance 8/31/2024
<u>Buildings and Other Leased Capital Assets:</u>				
Buildings	\$ 7,990,167	\$ -	\$ 41,387	\$ 7,948,780
Furniture, Machinery, Vehicles, and Other Equipment	\$ 172,674	\$ -	\$ -	\$ 172,674
Telecommunications and Peripheral Equipment	\$ 203,125	\$ 1,882	\$ 203,124	\$ 1,883
Total Buildings and Other Capital Assets	<u>\$ 8,365,966</u>	<u>\$ 1,882</u>	<u>\$ 244,511</u>	<u>\$ 8,123,337</u>
<u>Accumulated Amortization:</u>				
Buildings	\$ 1,524,886	\$ 503,696	\$ 41,387	\$ 1,987,195
Furniture, Machinery, Vehicles, and Other Equipment	\$ 44,991	\$ 34,535	\$ -	\$ 79,526
Telecommunications and Peripheral Equipment	\$ 182,098	\$ 21,325	\$ 203,124	\$ 299
Total Accumulated Depreciation	<u>\$ 1,751,975</u>	<u>\$ 559,556</u>	<u>\$ 244,511</u>	<u>\$ 2,067,020</u>
Net Leased Capital Asset Right of Use	<u><u>\$ 6,613,991</u></u>	<u><u>\$ (557,674)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,056,317</u></u>

Leased capital asset activity for the year ended August 31, 2023, was as follows:

	Balance 9/1/2022	Increases	Decreases	Balance 8/31/2023
<u>Buildings and Other Leased Capital Assets:</u>				
Buildings	\$ 7,948,901	\$ 41,387	\$ 121	\$ 7,990,167
Furniture, Machinery, Vehicles, and Other Equipment	\$ 172,702	\$ -	\$ 28	\$ 172,674
Telecommunications and Peripheral Equipment	\$ 203,236	\$ -	\$ 111	\$ 203,125
Total Buildings and Other Capital Assets	<u>\$ 8,324,839</u>	<u>\$ 41,387</u>	<u>\$ 260</u>	<u>\$ 8,365,966</u>
<u>Accumulated Amortization:</u>				
Buildings	\$ 1,001,436	\$ 531,288	\$ 7,838	\$ 1,524,886
Furniture, Machinery, Vehicles, and Other Equipment	\$ 10,458	\$ 34,535	\$ 2	\$ 44,991
Telecommunications and Peripheral Equipment	\$ 121,465	\$ 60,699	\$ 66	\$ 182,098
Total Accumulated Amortization	<u>\$ 1,133,359</u>	<u>\$ 626,522</u>	<u>\$ 7,906</u>	<u>\$ 1,751,975</u>
Net Leased Capital Asset Right of Use	<u><u>\$ 7,191,480</u></u>	<u><u>\$ (585,135)</u></u>	<u><u>(7,646)</u></u>	<u><u>\$ 6,613,991</u></u>

Temple College

Notes to the Financial Statements

August 31, 2024

Software subscription asset activity for the year ended August 31, 2024, was as follows:

	Balance 9/1/2023	GASB 96 Reclassification	Increases	Decreases	Balance 8/31/2024
<u>Software</u>	\$ -				
Software Subscriptions	\$ 624,594		\$ 954,742	\$ 330,693	\$ 1,248,643
Total Software Subscriptions	\$ 624,594	\$ -	\$ 954,742	\$ 330,693	\$ 1,248,643
<u>Accumulated Amortization:</u>					
Software Subscriptions	\$ 369,188	\$ -	\$ 349,585	\$ 330,693	\$ 388,080
Total Accumulated Depreciation	\$ 369,188	\$ -	\$ 349,585	\$ 330,693	\$ 388,080
Net Software Subscription Assets	<u>\$ 255,406</u>	<u>\$ -</u>	<u>\$ 605,157</u>	<u>\$ -</u>	<u>\$ 860,563</u>

Software subscription asset activity for the year ended August 31, 2023, was as follows:

	Balance 9/1/2022	GASB 96 Reclassification	Increases	Decreases	Balance 8/31/2023
<u>Software</u>		\$ 575,690	\$ 126,509	\$ 77,605	\$ 624,594
Software Subscriptions					
Total Software Subscriptions	\$ -	\$ 575,690	\$ 126,509	\$ 77,605	\$ 624,594
<u>Accumulated Amortization:</u>					
Software Subscriptions	\$ -	\$ 187,697	\$ 259,096	\$ 77,605	\$ 369,188
Total Accumulated Depreciation	\$ -	\$ 187,697	\$ 259,096	\$ 77,605	\$ 369,188
Net Software Subscription Assets	<u>\$ -</u>	<u>\$ 387,993</u>	<u>\$ (132,587)</u>	<u>\$ -</u>	<u>\$ 255,406</u>

Temple College
Notes to the Financial Statements
August 31, 2024

7. Long Term Liabilities

Long-term liability activity for the year ended August 31, 2024 was as follows:

	Balance 9/1/2023	GASB 96 Reclassification	Additions	Reductions	Balance 8/31/2024	Current Portion
<u>Bonds</u>						
General obligation bonds	\$ 118,535,000	\$ -	\$ -	\$ 1,545,000	\$ 116,990,000	\$ 1,875,000
General obligation bond premium	14,079,642	-	-	\$ 957,123	13,122,519	-
Revenue bonds	3,580,000	\$ -		\$ 850,000	2,730,000	885,000
Subtotal	<u>\$ 136,194,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,352,123</u>	<u>\$ 132,842,519</u>	<u>\$ 2,760,000</u>
Financed Purchases	890,478	-		51,583	838,895	53,568
Right-To-Use	6,662,382	-	1,882	517,057	6,147,207	514,858
Accrued compensable absences	930,305	-	204,119	95,976	1,038,448	-
Subscription liabilities	79,055	-	623,593	-	702,648	284,819
Net pension liability	8,137,715	-	1,754,572	380,762	9,511,525	-
OPEB liability	21,201,815	-	12,431	1,760,324	19,453,922	544,122
Total long-term liabilities	\$ 174,096,392	\$ -	\$ 2,596,597	\$ 6,157,825	\$ 170,535,164	\$ 4,157,367

Long-term liability activity for the year ended August 31, 2023 was as follows:

	Balance 9/1/2022	GASB 96 Reclassification	Additions	Reductions	Balance 8/31/2023	Current Portion
<u>Bonds</u>						
General obligation bonds	\$ 119,775,000	\$ -	\$ -	\$ 1,240,000	\$ 118,535,000	\$ 1,545,000
General obligation bond premium	15,036,766	-	-	\$ 957,124	14,079,642	-
Revenue bonds	4,640,000	\$ -		\$ 1,060,000	3,580,000	850,000
Subtotal	<u>\$ 139,451,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,257,124</u>	<u>\$ 136,194,642</u>	<u>\$ 2,395,000</u>
Financed Purchases	940,078	-		49,600	890,478	51,584
Right-To-Use	7,227,550	-	41,388	606,556	6,662,382	516,794
Accrued compensable absences	862,648	-	936,276	868,619	930,305	-
Subscription liabilities		246,319	119,859	287,123	79,055	47,253
Net pension liability	3,417,209	-	8,236,685	3,516,179	8,137,715	-
OPEB liability	25,422,305	-	25,458,846	29,679,336	21,201,815	551,202
Total long-term liabilities	\$ 177,321,556	\$ 246,319	\$ 34,793,054	\$ 38,264,537	\$ 174,096,392	\$ 3,561,833

Temple College
Notes to the Financial Statements
August 31, 2024

8. Debt and Lease and Subscription Obligations

For the Year Ended	General Obligation Bonds			Revenue Bonds			Total Bonds			Financed Purchases		
August 31,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	1,875,000	3,759,739	5,634,739	885,000	83,854	968,854	2,760,000	3,843,593	6,603,593	53,568	40,920	94,488
2026	2,545,000	3,719,434	6,264,434	350,000	52,398	402,398	2,895,000	3,771,832	6,666,832	55,882	38,777	94,659
2027	2,965,000	3,653,265	6,618,265	360,000	42,458	402,458	3,325,000	3,695,723	7,020,723	58,197	36,472	94,669
2028	3,230,000	3,574,488	6,804,488	370,000	32,234	402,234	3,600,000	3,606,722	7,206,722	60,842	33,562	94,404
2029	3,500,000	3,493,192	6,993,192	380,000	21,726	401,726	3,880,000	3,514,918	7,394,918	63,818	30,520	94,338
2030-2034	22,660,000	15,394,216	38,054,216	385,000	10,934	395,934	23,045,000	15,405,150	38,450,150	371,006	101,365	472,371
2035-2046	80,215,000	16,684,650	96,899,650	-	-	-	80,215,000	16,684,650	96,899,650	175,582	13,276	188,858
Total	<u>\$ 116,990,000</u>	<u>\$ 50,278,984</u>	<u>\$167,268,984</u>	<u>\$ 2,730,000</u>	<u>\$ 243,604</u>	<u>\$2,973,604</u>	<u>\$119,720,000</u>	<u>\$50,522,588</u>	<u>\$170,242,588</u>	<u>\$ 838,895</u>	<u>\$ 294,892</u>	<u>\$1,133,787</u>

Capital Lease Obligations at August 31, 2024 were as follows:

For the Year Ended	Capital Lease Obligations		
August 31,	Principal	Interest	Total
2025	514,858	112,222	627,080
2026	521,869	102,495	624,364
2027	509,146	92,692	601,838
2028	492,916	83,391	576,307
2029	496,638	74,198	570,836
2030-2034	2,557,874	230,033	2,787,907
2035-2036	<u>1,053,905</u>	<u>24,595</u>	<u>1,078,500</u>
Total	<u>\$ 6,147,206</u>	<u>\$ 719,626</u>	<u>\$ 6,866,832</u>

Leases Payable

For the year ended 8/31/2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the 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. For additional information, refer to the disclosures below.

Temple College
Notes to the Financial Statements
August 31, 2024

On 09/01/2020, Temple College entered into a 40 month lease as Lessee for the use of Dell - Ethernet Switches. An initial lease liability was recorded in the amount of \$63,119. As of 08/31/2024, the value of the lease liability is \$0, and the value of the short-term lease liability is \$0. Temple College is required to make annual fixed payments of \$22,467. The lease has an interest rate of 4.9500%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 08/31/2024 of \$0 with accumulated amortization of \$0 is included with Equipment on the Lease Class activities table found below. Temple College has the option to purchase the Equipment for \$1.

On 09/01/2020, Temple College entered into a 40 month lease as Lessee for the use of Dell - Unity. An initial lease liability was recorded in the amount of \$140,005. As of 08/31/2024, the value of the lease liability is \$0, and the value of the short-term lease liability is \$0. Temple College is required to make annual fixed payments of \$49,755. The lease has an interest rate of 4.9500%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 08/31/2024 of \$0 with accumulated amortization of \$0 is included with Equipment on the Lease Class activities table found below. Temple College has the option to purchase the Equipment for \$1.

On 11/01/2022, Temple College entered into a 12 month lease as Lessee for the use of 1802 S. 1St Street. An initial lease liability was recorded in the amount of \$41,387. As of 08/31/2024, the value of the lease liability is \$0, and the value of the short-term lease liability is \$0. Temple College is required to make monthly variable principal and interest payments of \$3,500 based on a CPI index of 0.00%. The lease has an interest rate of 3.1440%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 08/31/2024 of \$0 with accumulated amortization of \$0 is included with Buildings on the Lease Class activities table found below. Temple College has 5 extension option(s), each for 12 months.

On 09/01/2020, Temple College entered into a 192 month lease as Lessee for the use of Hutto Building. An initial lease liability was recorded in the amount of \$7,948,780. As of 08/31/2024, the value of the lease liability is \$6,057,391, and the value of the short-term lease liability is \$479,687. Temple College is required to make semi-annual fixed payments of \$303,142. The lease has an interest rate of 1.8620%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 08/31/2024 of \$7,948,780 with accumulated amortization of \$1,987,195 is included with Buildings on the Lease Class activities table found below. Temple College has 2 extension option(s), each for 300 months.

On 05/12/2022, Temple College entered into a 60 month lease as Lessee for the use of Affiniti 50 Ultrasound System. An initial lease liability was recorded in the amount of \$172,674. As of 08/31/2024, the value of the lease liability is \$88,197. Temple College is required to make quarterly fixed payments of \$9,083. The lease has an interest rate of 2.1567%. The value of the right to use asset as of 08/31/2024 of \$172,674 with accumulated amortization of \$79,526 is

Temple College
Notes to the Financial Statements
August 31, 2024

included with Equipment on the Lease Class activities table found below.

On 01/12/2024, Temple College entered into a 48 month lease as Lessee for the use of TSYS Credit Card Machine. An initial lease liability was recorded in the amount of \$1,882. As of 08/31/2024, the value of the lease liability is \$1,618, and the value of the short-term lease liability is \$460. Temple College is required to make monthly fixed payments of \$41. The lease has an interest rate of 2.3500%. The Equipment estimated useful life was 60 months as of the contract commencement. The value of the right to use asset as of 08/31/2024 of \$1,882 with accumulated amortization of \$299 is included with Equipment on the Lease Class activities table found below.

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Lease Asset Value	Accumulated Amortization
Buildings	7,948,780	1,987,195
Equipment	174,557	79,825
Total Leases	8,123,337	2,067,020

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	514,858	112,222	627,080
2026	521,869	102,495	624,365
2027	509,146	92,692	601,838
2028	492,916	83,391	576,308
2029	496,638	74,198	570,836
2030 - 2034	2,557,874	230,033	2,787,907
2035 - 2036	1,053,905	24,595	1,078,500
Total Principal Payments	6,147,207	719,626	6,866,834
Cumulative Variance as of Fiscal Year-End	-		
Total Remaining Liability	6,147,207		

Subscriptions Payable

For the year ended 8/31/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 04/17/2023, Temple College entered into a 36 month subscription for the use of Claris Platform. An initial subscription liability was recorded in the amount of \$925. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$925. The subscription has an

Temple College
Notes to the Financial Statements
August 31, 2024

interest rate of 2.3630%. The value of the right to use asset as of 08/31/2024 of \$925 with accumulated amortization of \$423 is included with Software on the Subscription Class activities table found below.

On 10/01/2021, Temple College entered into a 24 month subscription for the use of D2L - Online Learning Platform. An initial subscription liability was recorded in the amount of \$122,536. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$68,766. The subscription has an interest rate of 0.2480%. The value of the right to use asset as of 08/31/2024 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below.

On 06/02/2023, Temple College entered into a 60 month subscription for the use of Fortimanager-VM Subscription License. An initial subscription liability was recorded in the amount of \$1,214. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$1,214. The subscription has an interest rate of 2.3100%. The value of the right to use asset as of 08/31/2024 of \$1,214 with accumulated amortization of \$303 is included with Software on the Subscription Class activities table found below.

On 07/31/2023, Temple College entered into a 36 month subscription for the use of templejc.edu. An initial subscription liability was recorded in the amount of \$231. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$231. The subscription has an interest rate of 3.1020%. The value of the right to use asset as of 08/31/2024 of \$231 with accumulated amortization of \$86 is included with Software on the Subscription Class activities table found below.

On 07/25/2022, Temple College entered into a 36 month subscription for the use of Self Study Software. An initial subscription liability was recorded in the amount of \$25,080. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$25,080. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 08/31/2024 of \$25,080 with accumulated amortization of \$17,556 is included with Software on the Subscription Class activities table found below.

On 09/01/2021, Temple College entered into a 47 month subscription for the use of Blackbaud Software and Services. An initial subscription liability was recorded in the amount of \$12,634. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$4,250. The subscription has an interest rate of 0.4570%. The value of the right to use asset as of 08/31/2024 of \$12,634 with accumulated amortization of \$9,677 is included with Software on the Subscription Class activities table found below.

Temple College
Notes to the Financial Statements
August 31, 2024

On 06/30/2022, Temple College entered into a 36 month subscription for the use of Community College Engage. An initial subscription liability was recorded in the amount of \$36,809. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$11,803. The subscription has an interest rate of 2.0150%. The value of the right to use asset as of 08/31/2024 of \$36,809 with accumulated amortization of \$27,353 is included with Software on the Subscription Class activities table found below.

On 04/29/2022, Temple College entered into a 36 month subscription for the use of VMware Software. An initial subscription liability was recorded in the amount of \$33,392. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$33,392. The subscription has an interest rate of 2.0150%. The value of the right to use asset as of 08/31/2024 of \$33,392 with accumulated amortization of \$26,033 is included with Software on the Subscription Class activities table found below.

On 09/01/2021, Temple College entered into a 33 month subscription for the use of VMware Carbon Black. An initial subscription liability was recorded in the amount of \$74,815. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$75,000. The subscription has an interest rate of 0.3150%. The value of the right to use asset as of 08/31/2024 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below.

On 02/06/2023, Temple College entered into a 36 month subscription for the use of .COM Domain Registration. An initial subscription liability was recorded in the amount of \$70. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$70. The subscription has an interest rate of 2.6560%. The value of the right to use asset as of 08/31/2024 of \$70 with accumulated amortization of \$37 is included with Software on the Subscription Class activities table found below.

On 02/06/2023, Temple College entered into a 36 month subscription for the use of Standard SSL. An initial subscription liability was recorded in the amount of \$210. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$210. The subscription has an interest rate of 2.6560%. The value of the right to use asset as of 08/31/2024 of \$210 with accumulated amortization of \$110 is included with Software on the Subscription Class activities table found below.

On 06/01/2023, Temple College entered into a 36 month subscription for the use of PMAM SaaS Human Capital Management Platform. An initial subscription liability was recorded in the amount of \$18,795. As of 08/31/2024, the value of the subscription liability is \$6,264, and the value of the short-term subscription liability is \$6,264. Temple College is required to make annual fixed payments of \$6,412. The subscription has an interest rate of 2.3630%. The value of the right to use

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asset as of 08/31/2024 of \$18,795 with accumulated amortization of \$7,831 is included with Software on the Subscription Class activities table found below.

On 07/15/2022, Temple College entered into a 24 month subscription for the use of Signal Vine Text Messaging Platform. An initial subscription liability was recorded in the amount of \$24,950. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$12,600. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 08/31/2024 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below.

On 09/01/2021, Temple College entered into a 25 month subscription for the use of TouchNet Annual Subscription Service. An initial subscription liability was recorded in the amount of \$108,392. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$54,265. The subscription has an interest rate of 0.2180%. The value of the right to use asset as of 08/31/2024 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below.

On 09/01/2021, Temple College entered into a 60 month subscription for the use of Flinn's Online Chemventory License. An initial subscription liability was recorded in the amount of \$349. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$349. The subscription has an interest rate of 0.5770%. The value of the right to use asset as of 08/31/2024 of \$349 with accumulated amortization of \$209 is included with Software on the Subscription Class activities table found below. Temple College had a termination period of 1 month as of the subscription commencement.

On 06/28/2023, Temple College entered into a 36 month subscription for the use of Mobile Queuing Platform. An initial subscription liability was recorded in the amount of \$23,535. As of 08/31/2024, the value of the subscription liability is \$8,706, and the value of the short-term subscription liability is \$8,706. Temple College is required to make annual fixed payments of \$8,929. The subscription has an interest rate of 2.5600%. The value of the right to use asset as of 08/31/2024 of \$26,892 with accumulated amortization of \$9,897 is included with Software on the Subscription Class activities table found below. Temple College has 2 extension option(s), each for 12 months.

On 05/30/2023, Temple College entered into a 36 month subscription for the use of Qless - Single Sign On. An initial subscription liability was recorded in the amount of \$3,488. As of 08/31/2024, the value of the subscription liability is \$2,311, and the value of the short-term subscription liability is \$1,141. Temple College is required to make annual fixed payments of \$1,200. The subscription has an interest rate of 2.5600%. The value of the right to use asset as of 08/31/2024 of \$3,488 with accumulated amortization of \$1,457 is included with Software on the Subscription Class activities

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table found below. Temple College has 2 extension option(s), each for 12 months.

On 07/07/2022, Temple College entered into a 48 month subscription for the use of Zoom Platform. An initial subscription liability was recorded in the amount of \$59,127. As of 08/31/2024, the value of the subscription liability is \$15,384, and the value of the short-term subscription liability is \$15,384. Temple College is required to make annual fixed payments of \$13,886. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 08/31/2024 of \$59,127 with accumulated amortization of \$31,781 is included with Software on the Subscription Class activities table found below. Temple College has 1 extension option(s), each for 24 months.

On 02/22/2023, Temple College entered into a 36 month subscription for the use of Microsoft Software. An initial subscription liability was recorded in the amount of \$63,941. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$63,941. The subscription has an interest rate of 2.6560%. The value of the right to use asset as of 08/31/2024 of \$63,941 with accumulated amortization of \$32,503 is included with Software on the Subscription Class activities table found below.

On 05/01/2023, Temple College entered into a 24 month subscription for the use of 2022 Renewal Membership. An initial subscription liability was recorded in the amount of \$0. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$0. The subscription has an interest rate of 2.4700%. The value of the right to use asset as of 08/31/2024 of \$5,400 with accumulated amortization of \$3,600 is included with Software on the Subscription Class activities table found below.

On 12/01/2022, Temple College entered into a 36 month subscription for the use of Higher Ed License. An initial subscription liability was recorded in the amount of \$7,450. As of 08/31/2024, the value of the subscription liability is \$0, and the value of the short-term subscription liability is \$0. Temple College is required to make annual fixed payments of \$7,450. The subscription has an interest rate of 3.2380%. The value of the right to use asset as of 08/31/2024 of \$7,450 with accumulated amortization of \$4,346 is included with Software on the Subscription Class activities table found below. The Vendor had a termination period of 1 month as of the subscription commencement.

On 10/02/2023, Temple College entered into a 60 month subscription for the use of TouchNet Annual Subscription Service Copy. An initial subscription liability was recorded in the amount of \$252,842. As of 08/31/2024, the value of the subscription liability is \$199,268, and the value of the short-term subscription liability is \$47,269. Temple College is required to make annual fixed payments of \$54,265. The subscription has an interest rate of 3.5110%. The value of the right to use asset as of 08/31/2024 of \$252,842 with accumulated amortization of \$46,240 is included with Software on the Subscription Class activities table found below.

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On 03/07/2024, Temple College entered into a 60 month subscription for the use of ReadSpeaker webReader. An initial subscription liability was recorded in the amount of \$21,506. As of 08/31/2024, the value of the subscription liability is \$17,006, and the value of the short-term subscription liability is \$4,107. Temple College is required to make annual fixed payments of \$4,500. The subscription has an interest rate of 2.3120%. The value of the right to use asset as of 08/31/2024 of \$21,506 with accumulated amortization of \$2,079 is included with Software on the Subscription Class activities table found below.

On 12/04/2023, Temple College entered into a 60 month subscription for the use of Panopto Recording Utility & Web Hosting. An initial subscription liability was recorded in the amount of \$73,642. As of 08/31/2024, the value of the subscription liability is \$62,142, and the value of the short-term subscription liability is \$12,818. Temple College is required to make annual fixed payments of \$11,500. The subscription has an interest rate of 3.5110%. The value of the right to use asset as of 08/31/2024 of \$73,642 with accumulated amortization of \$10,942 is included with Software on the Subscription Class activities table found below. Temple College has 1 extension option(s), each for 24 months.

On 10/01/2023, Temple College entered into a 24 month subscription for the use of D2L Ltd 1. An initial subscription liability was recorded in the amount of \$15,786. As of 08/31/2024, the value of the subscription liability is \$9,271, and the value of the short-term subscription liability is \$9,271. Temple College is required to make annual fixed payments of \$6,515. The subscription has an interest rate of 3.7420%. The value of the right to use asset as of 08/31/2024 of \$15,786 with accumulated amortization of \$7,235 is included with Software on the Subscription Class activities table found below.

On 09/01/2023, Temple College entered into a 36 month subscription for the use of Adobe Sign for Ent ProSvcs Copy. An initial subscription liability was recorded in the amount of \$80,488. As of 08/31/2024, the value of the subscription liability is \$52,888, and the value of the short-term subscription liability is \$26,066. Temple College is required to make annual fixed payments of \$27,600. The subscription has an interest rate of 2.9010%. The value of the right to use asset as of 08/31/2024 of \$80,488 with accumulated amortization of \$26,829 is included with Software on the Subscription Class activities table found below.

On 07/01/2023, Temple College entered into a 60 month subscription for the use of Axon Enterprise Body Cams & Tasers. An initial subscription liability was recorded in the amount of \$55,890. As of 08/31/2024, the value of the subscription liability is \$31,989, and the value of the short-term subscription liability is \$7,720. Temple College is required to make annual fixed payments of \$8,536. Additionally, there are one-time other reasonably certain payments of \$15,730. The subscription has an interest rate of 2.7360%. The value of the right to use asset as of 08/31/2024 of \$55,890 with accumulated amortization of \$13,041 is included with Software on the Subscription Class activities table found below.

On 12/12/2023, Temple College entered into a 36 month subscription for the use of DataDefense FortiEDR. An initial subscription liability was recorded in the amount of \$452,482. As of

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08/31/2024, the value of the subscription liability is \$297,419, and the value of the short-term subscription liability is \$146,073. Temple College is required to make annual fixed payments of \$156,842. The subscription has an interest rate of 3.6310%. The value of the right to use asset as of 08/31/2024 of \$452,482 with accumulated amortization of \$108,512 is included with Software on the Subscription Class activities table found below.

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Subscription Asset Value	Accumulated Amortization
Software	1,248,643	388,080
Total Subscriptions	1,248,643	388,080

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	284,818	23,780	308,598
2026	253,609	14,334	267,944
2027	79,767	5,534	85,301
2028	84,453	2,848	87,301
Total Principal Payments	702,648	46,496	749,144
Cumulative Variance as of Fiscal Year	-		
Total Remaining Liability	702,648		

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9. Bonds Payable

Bonds payable at August 31, 2024 are comprised of the following individual issues:

\$10,000,000 Revenue and Refunding Bonds, Series 2006, issued 12-21-06, due in installments of \$140,000 to \$545,000 from 7-1-09 through 7-1-25; interest at 4.00% to provide funds to acquire, purchase, construct, improve, enlarge, equip, operate and/or maintain any property, buildings, structures, activities, operations, or facilities of any nature; to refund Series 1996 bonds maturing 2013 through 2015, 2018 and 2021 inclusive on aggregate principal amount of \$3,540,000; for funding a reserve fund paying costs of issuance related to bonds; to refund Series 2000 maturing 7-1-13 through 7-1-25 in aggregate principal amount of \$3,885,000.	545,000
\$7,500,000 Limited Tax School Building and Equipment, Bonds Series 2007, issued 2-27-07, due in installments of \$155,000 to \$535,000, from 7-1-08 to 7-1-27; interest at 3.980% to provide funds for construction and equipment of school buildings, including a new science building and renovations to existing facilities of the district.	1,545,000
\$4,120,000 Revenue Bonds, Series 2015 issued 12-10-15, due in installments of \$185,000 to \$385,000 from 7-1-17 through 7-1-30, interest at 2.84%; to provide funds to acquire, purchase, construct, improve, enlarge, equip, operate and/or maintain any property, buildings, structures, activities, operations or facilities, or any nature and paying cost of issuance with the bonds, secured by a pledge of certain revenues.	2,185,000
\$8,900,000 Limited Tax Refunding Bonds, Series 2020 issued on 7-01-2020, due in installments of \$765,000 to \$855,000 through 8-31-2031, interest at 1.12% to provide funds for refunding of Series 2010 in the aggregate amount of \$8,900,000.	5,790,000
\$109,935,000 Limited Tax Bonds, Series 2021 issued on 8-31-21, due in installments of \$280,000 to \$7,835,000 through 8-31-2046, interest at 3.22%, to provide funds to construct, improve, enlarge, equip buildings and structures.	109,655,000
	<u>\$ 119,720,000</u>

All authorized bonds were issued for each series.

For the year ended August 31, 2024 the College was in compliance with all significant covenants and restrictions that are contained in the various bond indentures. Revenues pledged for retirement of Revenue Bonds consist of tuition, fees and various auxiliary income.

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10. Advance Refunding Bonds General Obligation Bond Issue

Not applicable.

11. Defeased Bonds Outstanding

Not Applicable.

12. Short-term Debt

None.

13. Employees' Retirement Plan

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

Teacher Retirement System of Texas

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

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

Pension Plan Fiduciary Net Position. Detailed information about the TRS's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained from on the Internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2023.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment,

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or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action action.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025. *Contribution Rates can be found in the TRS 2023 ACFR, Note 11.D.1, on page 85.*

Contribution Rates

	<u>2024</u>	<u>2023</u>
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	8.0%	7.5%
Employers	8.0%	7.5%
Temple College - 2023 Employer Contributions		\$560,072
Temple College - 2023 NECE On-Behalf Contributions		\$505,182
Temple College - 2023 Member Contributions		\$550,623

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:

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- 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, there are two additional surcharges an employer is subject to.

- 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.
- All public schools, charter schools and regional education service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in 2025.

Actuarial Assumptions. The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2023 TRS ACFR, Note 11.F.1, page 90.*

• Valuation Date	August 31, 2022 rolled forward to August 31, 2023
• Actuarial Cost Method	Individual Entry Age Normal
• Asset Valuation Method	Fair Value
• Single Discount Rate	7.0%
• Long-term expected Investment Rate of Return	7.0%
• Municipal Bond Rate as of August 2022	4.13%
• Last year ending August 31 in Projection Period	2122
• Inflation	2.30%
• Salary Increases including inflation	2.95% to 8.95%
• Ad hoc post-employment benefit changes	None

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

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Discount Rate. A single discount rate of 7.0 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.0 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 increasing to 9.56 in fiscal year 2025 and thereafter.

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

The long-term rate of return on pension plan investments is 7.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2023 (see page 62 of the ERS ACFR) are summarized below:

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Asset Class	FY 23 Target Allocation %	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long- Term Portfolio Returns
Global Equity			
U.S.	18%	4.00%	1.00%
Non-U.S. Developed	13%	4.50%	0.90%
Emerging Markets	9%	4.80%	0.70%
Directional Hedge Funds	0%	0.00%	0.00%
Private Equity	14%	7.70%	1.50%
Stable Value			
U.S. Treasuries	16%	2.50%	0.50%
Absolute Return	0%	3.60%	0.00%
Stable Value Hedge Funds	5%	4.10%	0.20%
Real Return			
Real Assets	15%	4.90%	1.10%
Energy and Natural Resources	6%	4.80%	0.40%
Commodities	0%	4.40%	0.00%
Risk Parity			
Risk Parity	8%	4.50%	0.40%
Asset Allocation Leverage			
Cash	2%	3.70%	0.00%
Asset Allocation Leverage	-6%	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag			-0.90%
Total	100%	57.90%	8.00%

Source: TRS 2023 Annual Comprehensive Report, page 62, Table 3.A.1

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Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability. *The discount rate can be found in the 2023 TRS ACFR.*

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Temple College's proportionate share of the net pension liability:	\$14,220,257	\$9,511,525	\$5,596,212

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2023, Temple College reported a liability of \$9,511,525 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:

Temple College's proportionate share of the collective net pension liability	\$9,511,525
State's proportionate share that is associated with Temple College	<u>\$6,750,884</u>
Total	<u><u>\$16,262,409</u></u>

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

At the measurement date of August 31, 2023, the employer's proportion of the collective net pension liability was 0.0138469597%, an increase from 0.0137073725%, its proportion measured as of August 31, 2022.

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Changes Since the Prior Actuarial Valuation:

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

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

For the year ended August 31, 2024, Temple College recognized pension expense of \$1,019,325 and revenue of \$1,019,325 for support provided by the State.

At August 31, 2024, Temple 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
Record proportionate share of collective deferred outflows/inflow for the difference between expected and actual experiences.	\$338,899	\$115,174
Changes in actuarial assumptions	\$899,604	\$220,154
Differences between projected and actual investment earnings.	\$2,972,064	\$0
Record proportionate share of collective deferred inflows for the difference in projected and actual investment earnings.	\$0	\$1,587,906
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	\$197,323	\$13,935
Contributions paid to TRS subsequent to the measurement date	\$784,009	\$0
Total	\$5,191,899	\$1,937,169

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

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<u>Year Ended August 31:</u>	<u>Pension Expense Amount</u>
2024	535,958
2025	339,117
2026	1,186,007
2027	366,917
2028	42,722
Thereafter	-

Optional Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.6% (state = 3.3%, local = 3.3%) and 6.65%, respectively. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. SB 1812, effective September 1, 2013, limits the amount of the State's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the State for the College was \$109,846 and \$111,343 for the fiscal years ended August 31, 2024 and 2023, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all College employees was \$21,543,000 and \$20,319,733 for fiscal years 2024 and 2023 respectively. The total payroll of employees covered by the Teacher Retirement System was \$15,949,847 and \$15,184,320 and the total payroll of employees covered by the Optional Retirement System was \$3,442,605 and \$3,541,984 for fiscal years 2024 and 2023, respectively.

14. Deferred Compensation Program

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The Plan is through AIG through the State.

As of August 31, 2024, the College had 4 employees participating in the program. These 4 employees were vested as of August 31, 2024. A total of \$31,618 in contributions was invested in the plan during the fiscal year. The funds are invested in Empower Retirement in each of the employee's account and are not a liability to Temple College.

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15. Compensable Absences

Exempt full-time staff and 12 month faculty earn annual leave from 8 to 12 hours per month depending on the number of years employed with Temple College. Non-exempt full-time staff earn the same annual leave total as exempt, but the monthly accrual is prorated based upon hours worked each month. The College's policy is that an employee may carry his/her accrued leave forward with proper approval. Employees who terminate employment for whatever reason are entitled to payment for all accumulated annual leave up to a maximum of one year's worth of accumulation. The College recognized the accrued liability for the unpaid annual leave in the amount of \$467,155 and \$426,176 for fiscal years 2024 and 2023, respectively.

Sick leave for exempt full-time staff and 12 month faculty is earned at a rate of 8 hours per month, with a maximum of 1,040 hours. Non-exempt full-time staff earn the same annual sick leave total as exempt, but the monthly accrual is prorated based upon hours worked each month. Sick leave use is allowed when an employee misses work due to illness or immediate family illness. Employees who terminate employment for whatever reason or upon death of the employee, in which the funds are paid to the estate of the employee, are entitled to payment of 173.33 hours provided the employee has worked 10 or more years of full-time employment at Temple College. The maximum sick leave that may be paid to the employee at termination of employment, or the employee's estate, is 173.33 hours. The College recognized the accrued liability for the unpaid sick leave in the amount of \$571,293 and \$504,129 for fiscal years 2024 and 2023, respectively.

16. Pending Lawsuits and Claims

As of August 31, 2024, there were no pending lawsuits or claims against the College.

Temple College
Notes to the Financial Statements
August 31, 2024

17. Disaggregation of Receivables and Payable Balances

Receivables

Receivables at August 31, 2024 and 2023 were as follows:

	2024	2023
Student Receivables	\$ 7,017,222	\$5,904,123
Taxes Receivable	515,521	430,984
Federal Receivable	549,202	519,181
State Receivable	16,222	26,147
Lease Receivable	-	-
Other Receivable	847,514	684,943
Subtotal	\$ 8,945,681	\$ 7,565,378
Less: Allowance for Doubtful Accounts	(1,154,424)	(795,285)
Total Receivables	<u>\$ 7,791,257</u>	<u>\$ 6,770,093</u>

Payables

Payables at August 31, 2024 and 2023, were as follows:

	2024	2023
Vendors Payable	\$ 8,038,596	\$955,956
Salaries & Benefits Payable	461,500	440,936
Students Payable	73,925	320,046
Total Payables	<u>\$8,574,021</u>	<u>\$ 1,716,938</u>

Leases Receivable

For the year ended 8/31/2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the 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. For additional information, refer to the disclosures below.

On 07/01/2023, Temple College entered into a 24 month lease as Lessor for the use of Baylor Scott & White Temple College Sim Center. An initial lease receivable was recorded in the amount of \$317,504.

Temple College
Notes to the Financial Statements
August 31, 2024

As of 08/31/2024, the value of the lease receivable is \$169,873 and the value of the short-term lease receivable is \$169,873. The lessee is required to make annual fixed payments of \$650,000. The lease has an interest rate of 3.0180%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 08/31/2024 was \$132,293, and Temple College recognized lease revenue of \$158,752 during the fiscal year. The lessee has 1 extension option(s), each for 12 months. The lessee had a termination period of 3 months as of the lease commencement. Temple College had a termination period of 3 months as of the lease commencement.

Principal and Interest Expected to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	169,873	5,127	175,000
Total Principal Payments	169,873		
Cumulative Variance as of Fiscal Year-End	-		
Total Remaining Receivable	169,873		

18. Funds Held in Trust by Others

None.

19. Contracts and Grant Awards

Contract and grants awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal and non-federal contracts and grant awards, funds 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. For any grant awarded in FY 2024 in which funding was provided to the college in advance of expenditures, the unexpended portion is included on the financial statements as Unearned Revenue. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2024 and 2023 for which monies have not been received nor funds expended totaled \$4,629,087 and \$7,431,956. Of these amounts, \$4,629,087 and \$7,431,956 were from Federal Contract and Grant Awards.

20. Self-Insured Plans

The College participates in self-insured worker's compensation and unemployment compensation plans. Employee health insurance is offered through the State of Texas Employee Retirement System group plan. The Worker's Compensation plan is a self-insured group comprised of approximately fifteen (15) state community colleges and a loss fund is set up on the College books to record the estimated exposure each year. Unemployment claims are managed by the Texas Workforce Commission and payments are made on a claims-made basis.

Temple College
Notes to the Financial Statements
August 31, 2024

21. Post-Retirement Health Care & Life Insurance Benefits

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was \$924 per month for the year ended August 31, 2024 (\$924 per month for 2023) and totaled \$2,170,730 for 2024 (\$1,686,725 for 2023). The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees.

22. Ad Valorem Tax

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the College's taxing district.

	<u>2024</u>			<u>2023</u>		
	<u>Current</u>	<u>Debt</u>	<u>Total</u>	<u>Current</u>	<u>Debt</u>	<u>Total</u>
	<u>Operations</u>	<u>Service</u>		<u>Operations</u>	<u>Service</u>	
Authorized						
Tax Rate per						
\$100 valuation	\$ -	\$ -	\$ 0.2500	\$ -	\$ -	\$ 0.2500
Assessed						
Tax Rate per						
\$100 valuation	\$ 0.13240	\$ 0.06930	\$ 0.20170	\$ 0.13480	\$ 0.06960	\$ 0.20440

Taxes levied for the year ended August 31, 2024 and 2023 amounted to \$19,467,971 and \$16,731,633, respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

	<u>2024</u>			<u>2023</u>		
	<u>Current</u>	<u>Debt</u>	<u>Total</u>	<u>Current</u>	<u>Debt</u>	<u>Total</u>
	<u>Operations</u>	<u>Service</u>		<u>Operations</u>	<u>Service</u>	
Current Tax Collected	\$ 12,429,684	\$ 6,488,101	\$ 18,917,784	\$ 10,706,520	\$ 5,519,369	\$ 16,225,889
Delinquent Taxes Collected	58,943	25,646	84,590	30,075	13,931	44,006
Penalties & Interest Collected	<u>75,222</u>	<u>37,701</u>	<u>112,923</u>	<u>66,713</u>	<u>32,612</u>	<u>99,325</u>
Total Collections	<u>\$ 12,563,849</u>	<u>\$ 6,551,448</u>	<u>\$ 19,115,297</u>	<u>\$ 10,803,308</u>	<u>\$ 5,565,912</u>	<u>\$ 16,369,220</u>

Temple College
Notes to the Financial Statements
August 31, 2024

Tax collections for the year ended August 31, 2024 and 2023 were 99% and 98% respectively of the current year tax levy. Allowance for the uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service. The College remitted payments of \$2,248,281 and \$1,725,077 in fiscal year 2024 and 2023, respectively, for taxes collected on behalf of the Temple Tax Increment Reinvestment Zone.

Tax Abatements

The city of Temple entered into abatement agreements that reduced ad valorem tax payable on real property improvements. The total abated for FY 2024 was \$209,422,778, resulting in \$422,406 of forgone revenue, based on the College's tax rate of \$0.20170 per \$100 of value.

23. Branch Campus Maintenance Tax

A branch campus maintenance tax has been established by election and levied by Hutto Independent School District in Williamson County, Texas. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in Hutto Independent School District. Collections are transferred to the College to be used for the operation of a Branch Campus at Hutto. This revenue is reported under Local Grants and Contracts.

<u>County or I.S.D.</u>	<u>Collections (including penalties and interest)</u>	
	<u>FY 2024</u>	<u>FY 2023</u>
Hutto I.S.D.	\$ 3,437,549	\$ 2,945,921

24. Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc Organizations. The College had no unrelated business income tax liability for the years ended August 31, 2024 and 2023.

25. Component Units

Temple College Foundation – Discrete Component Unit

Temple College Foundation (the Foundation) was established as a separate nonprofit organization in 1982, for the purpose of providing student scholarships and assistance in the development and growth of the College. Under Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units, the Foundation is a component unit of the College because:

Temple College
Notes to the Financial Statements
August 31, 2024

- The College provides financial support to the Foundation and the economic resources received or held by the Foundation are entirely for the benefit of the College.

Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit (see table of contents). Complete financial statements of Temple College Foundation can be obtained from the administrative office of the Foundation.

26. Related Parties (Not a Component Unit)

Not applicable.

27. Subsequent Events

The College's management has evaluated subsequent events through December 17, 2024, the date which the financial statements were available issue.

28. Other Postemployment Benefits (OPEB)

Plan Description. Temple 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 Annual Comprehensive Financial Report (ACFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

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

Contributions. Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by

Temple College
Notes to the Financial Statements
August 31, 2024

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.

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.

Retiree Health and Basic Life Premium
Fiscal Year 2023

Retiree only	\$624.82
Retiree & spouse	\$1,340.82
Retiree & children	\$1,104.22
Retiree & family	\$1,820.22

Source: ERS 2023-ACFR, page 81

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 Years Ended August 31, 2023 and 2022

	<u>FY 2023</u>	<u>FY 2022</u>
Employers	\$801,018,586	\$699,999,453
Members (Employees)	\$181,951,869	\$190,659,955
Nonemployer Contributing Entity (State of Texas)	\$42,250,455	\$36,750,724

Source: ERS FY 2023 Annual Comprehensive Financial Report, page 81

Temple College
Notes to the Financial Statements
August 31, 2024

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

Actuarial Assumptions
ERS Group Benefits Program Plan

Valuation date	August 31, 2023
Actuarial cost method	Entry age
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	3.81%
Projected annual salary increase (includes inflation)	2.30% to 8.95%
Annual healthcare trend rate	5.60% for 2025, 5.30% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2032 and later years.
Inflation assumption rate	2.30%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Table based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021.
Disability retirees	
	Table based on TRS experience with Ultimate MP Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of four per 100 males members and two per 100 female members.
Active members	
	Sex Distinct Pub-2010 Amount- Wighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP Projections Scale from year 2010.

Temple College
Notes to the Financial Statements
August 31, 2024

Source: 2023 ERS ACFR (page 82, figure 22; page 96, figure 2)

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 2022 to require that all funds in the plan be invested in cash and cash equivalent securities.

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the *beginning* of the measurement year was 3.59%. The discount rate used to measure the total OPEB liability as of the *end* of the measurement year was 3.81%, which amounted to an increase of .22%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used 3.81% in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (2.81%)	Discount Rate (3.81%)	1% Increase in Discount Rate (4.81%)
Temple College's proportionate share of the net OPEB liability:	\$22,572,199	\$19,453,922	\$16,943,817

Source: 2023 ERS ACFR (PDF page 83, figure 25)

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 5.60% and the ultimate rate is 4.30%. 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 (5.60%) in measuring the net OPEB liability.

Temple College
Notes to the Financial Statements
August 31, 2024

	1% Decrease (Health Select: 4.60% decreasing to 3.30%; Health Select Medicare Advantage: 15.40% to 3.30%; Pharmacy: 9% decreasing to 3.30%)	Current Healthcare Cost Trend Rates (5.60 decreasing to 4.30%; Health Select Medicare Advantage: 16.40% to 4.30%; Pharmacy: 10% decreasing to	1% Increase(Health Select: 6.60% decreasing to 5.30%; Health Select Medicare Advantage: 17.40% to 5.30%; Pharmacy: 11.00% decreasing to 5.30%)
Temple College's proportionate share of the net OPEB liability:	\$16,732,126,058	\$19,453,922	\$22,908,107,475

Source: 2023 ERS ACFR (PDF page 84, figure 26)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2024, the College reported a liability of \$19,453,922 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

Temple College's Proportionate share of the collective net OPEB liability	\$19,453,922
State's proportionate share that is associated with Temple College	<u>\$15,111,465</u>
Total	<u>\$34,565,387</u>

The net OPEB liability was measured as of August 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The 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, 2022, thru August 31, 2023.

At the measurement date of August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.07280919%. The proportion measured as of August 31, 2022 was 0.07442637%

For the year ended August 31, 2024 the College recognized OPEB expense of \$448,461 and revenue of \$448,461 for support provided by the State.

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

Temple College
Notes to the Financial Statements
August 31, 2024

Demographic Assumptions:

- 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 participate in the plan at the earliest date at which coverage can commence.
- The percentage of future retirees assumed to cover dependent children.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Percentage of Higher Education vested terminated members assumed to have terminated less than one year before valuation date.
- The Patient-Centered Outcome Research Institute fee payable under the Affordable Care Act have been updated to reflect recent plan experience and expected trends.

Economic Assumptions:

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	-	514,537
Changes in actuarial assumptions	648,926	6,075,375
Differences between projected and actual investment earnings	1,572	-
Record CY effect of changes in proportion and contribution difference.	1,543,777	1,118,395
Contributions paid to ERS subsequent to the measurement date	431,735	-
Total	2,626,010	7,708,307

Temple College
Notes to the Financial Statements
August 31, 2024

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

<u>Year Ended August 31:</u>	<u>OPEB Expense Amount</u>
2025	(\$1,518,753)
2026	(\$1,462,423)
2027	(\$1,253,898)
2028	(\$1,042,499)
2029	(\$236,460)
Thereafter	\$0

29. Arbitrage Rebate Payable

As of August 31, 2024, the College had earned cumulative interest earnings on the unspent proceeds from its 2021 GO Bond of \$10,248,788. Cumulative interest earnings allowable as of August 31, 2024 were \$5,300,233. An arbitrage rebate liability of \$4,948,555 to account for the excess interest earnings that will be owed to the Federal Government upon the College's first, five-year arbitrage rebate filing with the IRS.

REQUIRED SUPPLEMENTARY INFORMATION (RSI) SCHEDULES

Temple College
Schedule of Temple College's Proportionate Share of Net Pension Liability
Last 10 Fiscal Years

Table 1

Fiscal year ending August 31*	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Temple College's proportionate share of collective net pension liability	0.0138470%	0.0137074%	0.0134185%	0.0132836%	0.0127827%	0.0131811%	0.0131811%	0.0135721%	0.0129650%	0.0152423%
Temple College's proportionate share of collective net pension liability	\$ 9,511,525	\$ 8,137,715	\$ 3,417,209	\$ 7,186,467	\$ 6,905,246	\$ 7,035,911	\$ 4,214,600	\$ 5,128,695	\$ 4,582,955	\$ 4,071,429
State's proportionate share of net pension liability associated with Temple College	\$ 6,750,884	\$ 5,804,094	\$ 2,593,302	\$ 5,545,677	\$ 5,381,589	\$ 5,571,884	\$ 3,320,711	\$ 3,888,063	\$ 3,650,257	\$ 3,089,213
Total	\$ 16,262,409	\$ 13,941,809	\$ 6,010,511	\$ 12,732,144	\$ 12,286,835	\$ 12,607,795	\$ 7,535,311	\$ 9,016,758	\$ 8,233,212	\$ 7,160,642
Temple College's covered payroll amount	\$ 15,949,847	\$ 15,184,320	\$ 13,960,525	\$ 11,436,915	\$ 12,911,471	\$ 12,189,962	\$ 11,344,956	\$ 9,983,630	\$ 9,479,586	\$ 8,940,730
TC's proportionate share of collective net pension liability as a percentage of covered payroll	59.6%	53.6%	24.5%	62.8%	53.5%	57.7%	37.1%	51.4%	48.3%	45.5%
Plan fiduciary net position as percentage of total pension liability	73.15%	69.74%	76.06%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

The accompanying notes are an integral part of the supplementary information schedules.

Temple College
Schedule of Temple College's Contributions
Last 10 Fiscal Years

Table 2

Fiscal year ending August 31*	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Legally required contributions	\$ 550,623	\$ 740,995	\$ 697,228	\$ 590,375	\$ 557,413	\$ 468,023	\$ 685,052	\$ 678,887	\$ 644,612	\$ 607,970
Actual contributions	\$ 550,623	\$ 740,995	\$ 697,228	\$ 590,375	\$ 557,413	\$ 468,023	\$ 685,052	\$ 678,887	\$ 644,612	\$ 607,970
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Temple College's covered payroll amount	\$ 15,949,847	\$ 15,184,320	\$ 13,960,525	\$ 11,436,915	\$ 12,911,471	\$ 12,189,962	\$ 11,344,956	\$ 9,983,630	\$ 9,479,586	\$ 8,940,730
Contributions as a percentage of covered payroll	3.5%	4.9%	5.0%	5.2%	4.3%	3.8%	6.0%	6.8%	6.8%	6.8%

*The amounts presented above are as of TC's respective fiscal year-end

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

The accompanying notes are an integral part of the supplementary information schedules.

Temple College
Schedule of Temple College's Proportionate Share of Net OPEB Liability
Last 7 Fiscal Years**

Table 3

Fiscal year ending August 31*	2024	2023	2022	2021	2020	2019	2018
Temple College's proportionate share of collective net OPEB liability	0.0728092%	0.0744264%	0.0708626%	0.0672540%	0.0714477%	0.0665843%	0.0619039%
Temple College's proportionate share of collective net OPEB liability	\$ 19,453,922	\$ 21,201,815	\$ 25,422,305	\$ 22,223,953	\$ 24,694,220	\$ 19,734,095	\$ 21,092,529
State's proportionate share of net OPEB liability associated with Temple College	\$ 15,111,465	\$ 16,295,840	\$ 20,192,644	\$ 18,595,124	\$ 18,473,847	\$ 15,567,749	\$ 16,628,986
Total	\$ 34,565,387	\$ 37,497,655	\$ 45,614,949	\$ 40,819,077	\$ 43,168,067	\$ 35,301,844	\$ 37,721,515
Temple College's covered payroll amount	\$ 21,543,000	\$ 20,319,733	\$ 19,483,854	\$ 18,246,840	\$ 19,037,679	\$ 18,133,360	\$ 15,742,739
TC's proportionate share of collective net OPEB liability as a percentage of covered payroll	90.3%	104.3%	130.5%	121.8%	129.7%	108.8%	134.0%
Plan fiduciary net position as percentage of total OPEB liability	0.57%	0.38%	0.32%	0.17%	0.17%	1.27%	2.04%

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

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

The accompanying notes are an integral part of the supplementary information schedules.

Temple College
Schedule of Temple College's Contributions
Last 7 Fiscal Years**

Table 4

Fiscal year ending August 31*	2024	2023	2022	2021	2020	2019	2018
Legally required contributions	\$ 331,202	\$ 390,844	\$ 452,347	\$ 426,894	\$ 392,973	\$ 579,000	\$ 2,256,524
Actual contributions	\$ 331,202	\$ 390,844	\$ 452,347	\$ 426,894	\$ 392,973	\$ 579,000	\$ 2,256,524
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Temple College's covered payroll amount	\$ 21,543,000	\$ 20,319,733	\$ 19,483,854	\$ 18,246,840	\$ 19,037,679	\$ 18,133,360	\$ 15,742,739
Contributions as a percentage of covered payroll	1.5%	1.9%	2.3%	2.3%	2.1%	3.2%	14.3%

*The amounts presented above are as of TC's respective fiscal year-end

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

The accompanying notes are an integral part of the supplementary information schedules.

Temple College
Notes to Required Supplementary Information
For the Year Ended August, 31, 2024

Pensions

1. Changes of Benefit Terms since prior Measurement Date included:

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expect to have a significant impact on plan costs for FY2024, are provided for in the FY2024 Assumed Per Capital Health Benefit Costs.

2. Changes in Assumptions:

The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability.

OPEB

1. Change 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 FY2024, are provided for in the FY2024 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

2. Changes of Assumptions

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

- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest data at which coverage can commence.
- Proportion of future retirees assumed to cover dependent children.
- The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Assumed Per Capital Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent health plan experiences and its effects on our short-term expectations.

Item 4-B

- The Patient-Centered Outcomes Research Institute Fee payable under the Affordable Care Act and the rate of future increases in the fee have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was changed from 3.59% as of August 31, 2022 to 3.81% as of August 31, 2023 as a result of requirements by GASB No. 74 to utilize the yield or index rate of 20-years, tax-exempt general obligation municipal bond rates AA/As (or equivalent) or higher in effect on the measurement date.

SUPPLEMENTARY SCHEDULES

Temple College

Schedule A

Schedule of Operating Revenues

For the Year Ended August 31, 2024 (with Memorandum Totals for the Year Ended August 31, 2023)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational</u>	<u>Auxiliary Enterprises</u>	<u>2024 Total</u>	<u>2023 Total</u>
Tuition						
State funded courses						
District tuition	\$ 6,715,502	\$ -	\$ 6,715,502	\$ -	\$ 6,715,502	\$ 6,665,733
Out-of-district tuition	3,770,662	-	3,770,662	-	3,770,662	4,117,659
Non-resident tuition	588,436	-	588,436	-	588,436	381,558
Health science tuition	693,188	-	693,188	-	693,188	611,601
TPEG-Credit (set aside) *	-	399,376	399,376	-	399,376	427,984
State funded continuing education	695,185	-	695,185	-	695,185	810,493
Non-state funded continuing education	105,208	-	105,208	-	105,208	59,499
Total Tuition	12,568,181	399,376	12,967,557	-	12,967,557	13,074,527
Fees						
General fee	2,007,626	-	2,007,626	-	2,007,626	1,680,924
Laboratory fee	183,382	-	183,382	-	183,382	157,712
Other fees	2,443,088	-	2,443,088	-	2,443,088	2,599,802
Total Fees	4,634,096	-	4,634,096	-	4,634,096	4,438,438
Scholarships Allowances and Discounts						
Remissions, exemptions, waivers - state	(1,178,806)	-	(1,178,806)	-	(1,178,806)	(834,536)
Remissions, exemptions, waivers - local	(1,027,993)	-	(1,027,993)	-	(1,027,993)	(1,788,824)
TPEG discounts	-	-	-	-	-	(222,252)
Title IV federal grants discounts	(3,509,327)	-	(3,509,327)	-	(3,509,327)	(5,138,976)
Texas grants I & II discounts	(189,115)	-	(189,115)	-	(189,115)	(132,805)
Other local discounts	(224,177)	-	(224,177)	-	(224,177)	(294,682)
Total Scholarship Allowances	(6,129,418)	-	(6,129,418)	-	(6,129,418)	(8,412,075)
Total Net Tuition and Fees	11,072,859	399,376	11,472,235	-	11,472,235	9,100,890
Additional Operating Revenues						
Federal grants and contracts	-	2,229,891	2,229,891	-	2,229,891	9,610,680
State grants and contracts	-	675,283	675,283	-	675,283	625,908
Local gifts, grants, and contracts	3,564,327	1,044,840	4,609,167	-	4,609,167	3,653,935
Sales and services of educational activities	-	-	-	-	-	-
General operating revenue	1,849,186	134,143	1,983,329	-	1,983,329	1,873,671
Total Additional Operating Revenue	5,413,513	4,084,157	9,497,670	-	9,497,670	15,764,194
Auxiliary Enterprises						
Miscellaneous income	-	-	-	119,600	119,600	170,663
Total Auxiliary Enterprises	-	-	-	119,600	119,600	170,663
Total Operating Revenues	\$ 16,486,372	\$ 4,483,533	\$ 20,969,905	\$ 119,600	\$ 21,089,505	\$ 25,035,747
					(Exhibit 2)	(Exhibit 2)

*In accordance with Education Code 56.033, \$399,376 and \$427,984 for years August 31, 2024 and 2023, respectively, of tuition was set aside for Texas Public Education grants (TPEG).

Temple College

Schedule B

Schedule of Operating Expenses by Object

Year Ended August 31, 2024 (with Memorandum Totals for the Year Ended August 31, 2023)

	Operating Expenses				<u>2024</u>	<u>2023</u>
	<u>Salaries & Wages</u>	<u>State Benefits</u>	<u>Local Benefits</u>	<u>Other Expenses</u>		
Unrestricted-Educational Activities						
Instruction	\$ 11,144,057	\$ -	\$ 4,353,142	\$ 1,174,660	\$ 16,671,859	\$ 14,552,373
Public Service	145,609	-	45,296	23,812	214,717	204,796
Academic Support	1,753,955	-	707,792	873,653	3,335,400	3,398,447
Student Services	1,940,937	-	954,816	267,163	3,162,916	2,922,592
Institutional Support	3,798,865	-	1,745,807	3,646,075	9,190,747	7,681,304
Operation and Maintenance of Plant	705,956	-	465,407	1,901,375	3,072,738	2,747,368
Total Unrestricted Educational Activities	19,489,379	-	8,272,260	7,886,738	35,648,377	31,506,880
Restricted-Educational Activities						
Instruction	270,786	-	82,100	174,487	527,373	1,686,971
Public Service	490,431	-	23,402	950,564	1,464,397	895,131
Academic Support	108,327	-	12,627	51,616	172,570	43,474
Student Services	625,069	-	11,046	550,994	1,187,109	1,516,245
Institutional Support	39,435	-	19,030	9,133	67,598	256,139
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships & Fellowships	-	-	-	6,227,275	6,227,275	7,302,748
Total Restricted Educational Activities	1,534,048	-	148,205	7,964,069	9,646,322	11,700,708
Total Educational Activities	21,023,427	-	8,420,465	15,850,807	45,294,699	43,207,588
Auxiliary Enterprises	518,046	-	127,313	1,003,106	1,648,465	1,657,392
Depreciation of Building and Improvements	-	-	-	2,293,041	2,293,041	1,846,126
Depreciation of Equipment & Furniture	-	-	-	25,023	25,023	26,144
Amortization of Capital Lease Assets	-	-	-	559,557	559,557	618,876
Amortization of Capital Subscription Assets	-	-	-	349,585	349,585	259,096
TOTAL OPERATING EXPENSES	\$ 21,541,473	\$ -	\$ 8,547,778	\$ 20,081,119	\$ 50,170,370	\$ 47,615,222
					(Exhibit 2)	(Exhibit 2)

Temple College

Schedule C

Schedule of Non-Operating Revenues and Expenses

Year Ended August 31, 2024 (with Memorandum Totals for the Year Ended August 31, 2023)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2024 Total</u>	<u>2023 Total</u>
Non-Operating Revenues					
State Appropriations:					
Education and General State Support	\$ 8,374,879	\$ -	\$ -	\$ 8,374,879	\$ 7,027,187
State Group Insurance	-	1,664,987	-	1,664,987	1,094,328
State Retirement Matching	-	1,693,003	-	1,693,003	1,168,307
Professional Nursing Growth Shortage	-	-	-	-	-
Professional Nursing Over 70%	-	-	-	-	-
Small Institution, Article IX and Supplemental	148,919	-	-	148,919	29,129
Total State Appropriations	8,523,798	3,357,990	-	11,881,788	9,318,951
Maintenance Ad Valorem Taxes	11,133,199	-	-	11,133,199	9,704,624
Debt Service Ad Valorem Taxes	5,740,322	-	-	5,740,322	4,946,263
Federal Revenue, Non-Operating	-	9,381,736	-	9,381,736	8,400,913
Gifts	1,237,572	-	-	1,237,572	13,000
Investment Income	3,404,744	-	-	3,404,744	3,996,201
Other Non-Operating Revenue	-	-	-	-	48,142
Total Non-Operating Revenues	30,039,635	12,739,726	-	42,779,361	36,428,094
Non-Operating Expenses					
Interest on Capital Related Debt	3,086,245	-	-	3,086,245	3,182,362
Loss on Disposal of Capital Assets	29,906	-	-	29,906	16,985
Other Non-Operating Expense	53,829	19,028	-	72,857	9,882
Total Non-Operating Expenses	3,169,980	19,028	-	3,189,008	3,209,229
Net Non-Operating Revenues	\$ 26,869,655	\$ 12,720,698	\$ -	\$ 39,590,353	\$ 33,218,865
				(Exhibit 2)	(Exhibit 2)

Temple College

Schedule D

Schedule of Net Position by Source and Availability

Year Ended August 31, 2024 (with Memorandum Totals for the Year Ended August 31, 2023)

	Detail by Source					Available for Current Operations		
	Restricted					Yes	No	
	<u>Unrestricted</u>	<u>Expendable</u>	<u>Non-Expendable</u>	<u>Net Investment in Capital Assets</u>	<u>Total</u>			
Current:								
Unrestricted	\$ (15,754,196)	\$ -	\$ -	\$ -	\$ (15,754,196)	\$ (15,754,196)	\$ -	
Board designated	3,232,200	-	-	-	3,232,200	3,232,200	-	
Student Aid	-	47,757	-	-	47,757	-	47,757	
Auxiliary enterprises	(938,376)	-	-	-	(938,376)	(938,376)	-	
Other	-	(565,387)	-	-	(565,387)	-	(565,387)	
Loan	-	76,223	-	-	76,223	-	76,223	
Plant								
Unexpended	7,568,261	-	-	-	7,568,261	-	7,568,261	
Renewals	1,357,824	-	-	-	1,357,824	-	1,357,824	
Debt service	-	2,870,034	-	-	2,870,034	-	2,870,034	
Investment in plant	-	-	-	43,482,050	43,482,050	-	43,482,050	
Total Net Position, August 31, 2024	\$ (4,534,287)	\$ 2,428,627	\$ -	\$ 43,482,050	\$ 41,376,390	\$ (13,460,372)	\$ 54,836,762	
					(Exhibit 1)			
Total Net Position, August 31, 2023	(7,571,672)	2,111,707	-	36,326,867	30,866,902	(13,666,397)	44,533,299	
Prior Period Adjustment - Change in accounting Principle	-				-	-		
Total Net Position, September 1, 2023	(7,571,672)	2,111,707	-	36,326,867	30,866,902	(13,666,397)	44,533,299	
					(Exhibit 1)			
Net Increase (Decrease) in Net Position	\$ 3,037,385	\$ 316,920	\$ -	\$ 7,155,183	\$ 10,509,488	\$ 206,025	\$ 10,303,463	
					(Exhibit 2)			

Temple College

Schedule E

Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2024

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number (ALN)</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures & Pass Through Disbursements</u>
U.S. Department of Education				
Direct Programs:				
Student Financial Aid Cluster:				
SEOG	84.007			\$ 149,312
Federal College Workstudy Program	84.033			149,283
Federal PELL Grant	84.063			9,083,141
Wm D Ford Direct Loans	84.268			7,953,539
Total Student Financial Aid Cluster				<u>17,335,275</u>
Education Stabilization Fund:				
CARES Growing Resilience through Information Tech	84.425P			9,607
Total Education Stabilization Fund				<u>9,607</u>
Higher Education Opportunity Act				
Creating a Culture of STEM	84.031C	P031C210167		701,068
Total Higher Education Opportunity Act				<u>701,068</u>
Total Direct Programs				18,045,950
Pass-Through From:				
Texas Workforce Commission				
Adult Education and Literacy	84.002A	2618ALAE01		364,062
Adult Education and Literacy	84.002A	2618ALAF01		523,850
Adult Education and Literacy	84.002A	2924ALA033		198,775
Subtotal ALN 84.002A				<u>1,086,687</u>
Texas Higher Education Coordinating Board				
Carl Perkins Vocational Educ.- Basic	84.048	234202071		206,890
Carl Perkins State Leadership	84.048	234202071		94,797
Carl Perkins Non-Traditional	84.048	234202071		44,989
Total ALN 84.048				<u>346,676</u>
Texas Higher Education Coordinating Board				
GEER - Accelerating Student Success Implementation	84.425C	28412		32,526
TRUE Med Assistant Grant	84.425C	00311		53,327
Total ALN 84.425				<u>85,853</u>
Total U. S. Department of Education				19,565,166
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ <u>19,565,166</u>

Notes to Schedule on Following Page.

Temple College

Schedule E

Notes to Schedule of Expenditures of Federal Awards
Year Ended August 31, 2024

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts Revenue - per Schedule A	\$ 2,229,891
Add: Non-Operating Federal Revenue from Schedule C	9,381,736
Add: Wm. D. Ford Direct Loans	7,953,539
Add: GEER - Texas Reskilling Support Fund revenue received in FY 2022 and expended in FY 2023	-
Add: GEER - Texas Reskilling Support Fund return of unexpended funds received in FY 2022	-
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 19,565,166</u>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds, which have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the year. Some amounts reported in the schedule may differ from amounts used in the preparation of the 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 all applicable guidelines issued by various entities in the preparation of the schedule.

Note 3: Expenditures Not Subject to Federal Single Audit

None

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

None

Note 5: Nonmonetary Federal Assistance Received

None

Note 6: Amounts Passed Through by the College

The following amounts were passed through to the listed sub-recipients by the College.

U.S. Department of Education

GEER Reskilling (ALN 84.425)

Central Texas College & Texas A&M University Central Texas

\$ -

Creating a Culture of STEM (ALN 84.031C)

Texas A&M University Central Texas

\$ 149,060

Total amount passed through by the College

\$ 149,060

Temple College**Schedule F****Schedule of Expenditures of State Awards
For the Year Ended August 31, 2024**

<u>State Grantor/Program Title</u>	<u>Contract Number</u>	<u>Expenditures</u>
Texas Workforce Commission		
Skills Development - Skills for Small Businesses	2621SDF002	17,160
Total Texas Workforce Commission		\$ 17,160
Texas Higher Education Coordinating Board		
Student Services Division		
Texas Grant Program-Texas Grant II TEOG Initial		386,833
Texas Grant Program-Texas Grant II TEOG Renewal		110,698
Texas College Work Study		32,537
Nursing Shortage Reduction Program	28853	72,459
Nursing Innov Grant (NIGP)		24,808
Total Texas Higher Education Coordinating Board		627,335
TOTAL STATE FINANCIAL ASSISTANCE		\$ 644,495

Note 1: State Assistance Reconciliation

State Revenue - per Schedule A:	
State Grants and Contracts	675,283
State Appropriations - per Schedule C:	
Professional Nursing Shortage Reduction	-
Professional Nursing Growth Shortage Over 70%	-
Reconciling Items	
Expenditure of Prior Award - Professional Nursing Growth Shortage over 70%	(100,490)
Revenues Deferred - Nursing Shortage Reduction Program	72,459
Return of Funds - Texas College Work Study	-
Return of Funds - Texas Work Study Mentorship	(2,757)
	\$ 644,495

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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

AUDITORS' REPORTS ON CONTROLS AND COMPLIANCE



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

Board of Trustees
Temple College
Temple, 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, as listed in table of contents, of Temple College (the "College"), as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 17, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College'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.

**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* (CONTINUED)**

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), 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* or the Public Funds Investment Act (Chapter 2256, Texas Government Code).

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 College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Temple, Texas
December 17, 2024



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

Board of Trustees
Temple College
Temple, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

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

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

Jatt, Vernon & Co. P.C.

Temple, Texas
December 17, 2024

TEMPLE COLLEGE**Schedule of Findings and Questioned Costs
August 31, 2024****I. Summary of Audit Results****Financial Statements**

1. Type of auditor's report issued: unmodified
2. Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiencies identified that are not
considered to be material weakness(es)? _____ yes X none reported
3. Noncompliance material to financial statements
noted? _____ yes X no

Federal Awards

4. Internal control over major programs:
Material weakness(es) identified? _____ yes X no
Significant deficiencies identified that are not
considered to be material weakness(es)? _____ yes X none reported
5. Type of auditor's report issued on compliance for
major programs: unmodified
6. Any audit findings disclosed that are required to
be reported in accordance with section 200.516(a)
of the Uniform Guidance and Uniform Grant
Management Standards? _____ yes X no
7. Identification of major programs:

<u>Name of Federal Programs</u>	<u>Federal ALN</u>	<u>Name of State Program</u>
U.S. Department of Education		N/A – State financial assistance was less than \$750,000 in fiscal year ending August 31, 2024.
<i>Student Financial Aid Cluster:</i>		
Supplemental Education		
Opportunity Grant	84.007	
Federal College Work-Study		
Program	84.033	
Federal Pell Grant Program	84.063	
William D Ford Direct Loans	84.268	
Higher Education Opportunity Act		
Creating a Culture of STEM	84.031C	
Carl Perkins Vocational Education-Basic	84.048	
Carl Perkins State Leadership	84.048	
Carl Perkins Non-Traditional	84.048	

TEMPLE COLLEGE

Schedule of Findings and Questioned Costs (Continued)
August 31, 2024

8. Dollar threshold used to distinguish between
type A and type B Programs (Federal): \$750,000

9. Auditee qualified as low-risk auditee? X yes no

II. Financial Statement Findings
None.

III. Federal Awards Findings and
Questioned Costs
None.