# CENTRAL TEXAS COLLEGE DISTRICT ANNUAL FINANCIAL REPORT August 31, 2013

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# ORGANIZATIONAL DATA for the Fiscal Year 2013

Board of Trustees						
<u>Members</u>	City	Term Expires				
BG (Ret) Rex Weaver, Chair	Killeen, TX	May, 2017				
Jimmy Towers, Vice Chair	Killeen, TX	May, 2019				
Elwood H. Shemwell, Treasurer	Copperas Cove, TX	May, 2019				
Dr. Scott Isdale, Secretary	Belton, TX	May, 2015				
Don R. Armstrong, Member	Killeen, TX	May, 2017				
Mari M. Meyer, Member	Harker Heights, TX	May, 2019				
William L. Shine, Member	Harker Heights, TX	May, 2015				

#### **Key Officers**

Thomas D. Klincar, D.A. Chancellor

Al Erdman Deputy Chancellor, Finance & Administration
Ralph Ford, Ph.D President, Texas Operations & Online Programs
Dana Watson, Ph.D. Deputy Chancellor, Academic & Student Services
Jim Yeonopolus President, Continental & International Operations
Bob Liberty Comptroller



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#### INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

**Board of Trustees** Central Texas College District Killeen, Texas

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Central Texas College District, (the College) as of and for the years ended August 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

# INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION (CONTINUED)

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Central Texas College District as of August 31, 2013 and 2012, and the respective changes in financial position, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### Other Matters

#### Required Supplementary Information

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

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplemental schedules (schedules A through D), as described in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards (schedule E) and schedule of expenditures of state awards (schedule F) are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State of Texas Single Audit Circular, and are also not a required part of the

# INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION (CONTINUED)

financial statements. The supplemental schedules, the schedule of expenditures of federal awards and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The additional information, identified as Schedules G, G-1, and G-2, (marked "unaudited") have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### Other Reporting Required by Government Auditing Standards

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In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2013, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the College's internal control over financial reporting and compliance.

Temple, Texas

November 27, 2013

## Central Texas College District Annual Financial Report Management's Discussion and Analysis For the Year Ended August 31, 2013

This section of the Central Texas College District (the College) annual financial report presents a discussion and analysis of the financial performance of the College during the fiscal year ended August 31, 2013. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with the financial statements and footnotes. This discussion and analysis is designed to focus on current activities, resulting change and current known facts. For management's discussion and analysis, we have presented the previous year's financial information in order to provide a comparison. The financial statements, footnotes and this discussion are the responsibility of management.

#### **BASIC FINANCIAL STATEMENTS**

The basic financial statements are prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities". Three primary statements are required: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

Financial statements for the College's component unit, the Central Texas College Foundation (the Foundation) are issued independent to those of the College but are presented with the College's basic financial statements.

One of the most important questions asked about the College's finances is whether or not the College's financial position has improved as a result of the year's activities. The key to understanding this question is the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The College's net position is one indicator of its financial health. Over time, increases or decreases in net position are one indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

The Statement of Net Position includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating.

Management's Discussion and Analysis For the Year Ended August 31, 2013

The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

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

Required supplementary audited financial information is presented in Schedules A through F. Each of these schedules presents in detail information from the basic financial statements.

Schedules G, G-1 and G-2 are provided to reflect the campus organizational structure of the College. These schedules are not required by GASB and are not audited.

#### FINANCIAL AND ENROLLMENT HIGHLIGHTS

- Cash and Investment levels remained very similar to the previous fiscal year.
- The College's total assets increased approximately \$8.75 million or 3.4% during the fiscal year while total liabilities decreased approximately \$900 thousand or 2.4%. This resulted in an increase to net position of approximately \$9.6 million or 4.4%.
- The college continues to operate multiple federal contracts with revenues in excess of \$21 million.
- Distance Education tuition and fees represent approximately \$23 million or 41% of total tuition and fees. Operating revenues clearly reflect military and distance learning initiatives.
- The College Board of Trustees lowered the local ad valorem tax rate for maintenance and operation from \$.1409/100 in 2012 to \$.1400 in 2013. Due to the continued growth and construction in the college district local ad valorem tax revenue increased slightly even with the reduction in the tax rate. The College's tax rate has decreased or remained constant for more than two decades.

#### **Statement of Net Position**

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. Net position - the difference between assets and liabilities - are one way to measure the financial health of the college.

Management's Discussion and Analysis For the Year Ended August 31, 2013

(In Millions)

Current assets:	<u>2013</u>	<u>2012</u>	% Change	<u>2011</u>
Cash and short-term investments	\$ 98.8	\$ 121.8	(18.9)	\$ 108.8
Receivables	20.4	16.6	22.9	18.4
Inventory, prepaid expenses and other	2.9	3.7	(21.6)	_3.8
Total current assets	$\frac{2.5}{122.1}$	$\frac{3.7}{142.1}$	$\frac{(21.0)}{(14.1)}$	131.0
Non-current assets:				
Restricted Cash	.5	.1	400.0	1.4
Long-term investments	36.5	14.2	157.0	8.0
Capital assets, net of depreciation	101.7	95.7	6.3	96.1
Total non-current assets	138.7	$\frac{110.0}{110.0}$	26.1	105.5
Total assets	<u>260.8</u>	<u>252.1</u>	3.5	<u>236.5</u>
Current liabilities:				
Accounts payable and accrued liabilities	20.4	19.3	5.7	18.4
Deferred revenue	14.0	16.1	(13.0)	16.8
Long-term liabilities - current portion			-	
Total current liabilities	$\frac{.3}{34.7}$	$\frac{.3}{35.7}$	$\overline{(2.8)}$	<u>.3</u> 35.5
Non-current liabilities:				
Long-term liabilities	_1.4	1.3	7.7	1.4
Total liabilities	36.1	$\frac{1.3}{37.0}$	$\frac{7.7}{(2.4)}$	36.9
Net position				
Invested in capital assets, net of related de	ebt 101.7	95.7	6.3	96.0
Restricted	.8	.8	-	.7
Unrestricted	<u>122.2</u>	<u>118.6</u>	<u>3.1</u>	102.9
Total net position	224.7	<u>215.1</u>	4.5	<u>199.6</u>
Total liabilities and net position	\$ <u>260.8</u>	\$ <u>252.1</u>	<u>3.5</u>	<u>236.5</u>

Federal, state and local statutes require certain net positions be restricted for future use. Other net positions are unrestricted; however, a majority of these net positions have been designated or reserved for specific purposes such as: working capital for instructional programs, future construction projects and reserves for insurance and post retirement benefits.

Management's Discussion and Analysis For the Year Ended August 31, 2013

#### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position present the operating results of the college, as well as the non-operating revenues and expenses. Annual ad valorem tax revenues, while budgeted for operations, are considered non-operating revenues in GASB 34-35. Additionally, State appropriations, which previously have been classified as operating revenues, were reclassified as non-operating revenues in accordance with directives from the Texas Higher Education Coordinating Board (THECB). This reclassification is designed to align Texas Community College's financial presentation with that of other States.

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	<u>2013</u>	<u>2012</u>	<u>% Change</u> <u>2011</u>
Operating revenue:			
Net tuition and fees	\$ 55.6	\$ 53.6	3.7 \$ 55.2
Federal Funds	21.5	28.7	(25.1) 28.4
Grants and Contracts	2.1	2.8	(25.0) 2.6
Auxiliary Funds	9.6	10.6	(9.4) 10.2
Other	1.6	<u>1.6</u>	
Total	90.4	97.3	(7.1) 98.1
Operating expenses	142.7	144.6	_(1.3) 148.2
Net operating loss	<u>(52.3</u> )	<u>(47.3</u> )	10.5 (50.0)
Non-operating revenues (expenses)			
State Appropriations	22.4	22.7	(1.3) 24.3
Local ad valorem taxes	11.4	11.3	.9 11.0
Federal Revenue, Non Operating	27.9	28.2	(1.1) 28.3
Investment income	.4	.7	(42.9) .6
Other revenues and expenses	(.2)	(.1)	(100.0) $(.2)$
Total	61.9	62.8	<u>(1.4)</u> <u>64.0</u>
Increase in net position	9.6	15.5	(38.1) 14.0
Net position - Beginning of year	215.1	<u> 199.6</u>	7.8 185.6
Net position - End of year	\$ <u>224.7</u>	\$ <u>215.1</u>	<u>4.5</u> \$ <u>199.6</u>

Management's Discussion and Analysis For the Year Ended August 31, 2013

#### **OPERATING EXPENSES (by functional classification)**

(In Millions)

	<u>2013</u>	2012	% Chang	ge <u>2011</u>
Instruction	\$ 49.1	\$ 53.1	(7.5)	\$ 58.6
Public service	1.5	1.4	7.1	1.3
Academic support	9.5	9.0	5.6	9.0
Student services	12.1	12.3	(1.6)	11.1
Institutional support	19.5	18.1	7.7	18.2
Operation and maintenance of plant	7.8	7.5	4.0	7.3
Depreciation	4.0	3.5	14.3	3.4
Scholarships and related expenses	30.2	30.0	.7	29.9
Auxiliary activities	<u>9.0</u>	<u>9.7</u>	(7.2)	9.4
Total Expenses	\$142.7	\$144.6	(1.3)	\$ 148.2

#### **OPERATING EXPENSES (by natural classification)**

(In Millions)

	<u>2013</u>	<u>2012</u>	% Change	<u>2011</u>
Salaries and wages	\$ 63.0	\$ 65.5	(3.8)	\$ 65.2
State Benefits	2.9	2.8	3.5	4.4
Local Benefits	13.3	12.8	3.9	12.2
Scholarships and related expenses	30.2	29.9	1.0	29.9
Supplies and related expenses	29.4	30.1	(2.3)	33.1
Depreciation	3.9	_3.5	11.4	3.4
-	\$ 142.7	\$144.6	(1.3)	\$148.2

Salaries and wages, which clearly represent the largest operating expense, decreased slightly from the previous fiscal year which is a direct result of sequestration. The college's burden for health insurance and retirement for state eligible employees continues to skyrocket as state funding continues to fall short of actual expenditures.

Management's Discussion and Analysis For the Year Ended August 31, 2013

#### STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also helps users assess the college's ability to generate net cash flows, its ability to meet its obligations as they come due and its need for external financing.

(In Millions)					
<u>2013</u>	<u>2012</u>	% Chang	<u>e</u> 2011		
\$(51.7)	\$(41.3)	25.2	\$ (39.2)		
60.8	61.5	(1.1)	61.7		
(9.9)	(3.1)	216.1	(12.8)		
<u>(4.9)</u>	<u>(14.4)</u>	<u>(65.9)</u>	2		
(5.7)	2.7	(311.1)	9.9		
<u>105.0</u>	102.3	2.6_	<u>92.4</u>		
\$ 99.3	\$105.0	(5.4)	\$ 102.3		
	\$(51.7) 60.8 (9.9) (4.9) (5.7) 105.0	2013       2012         \$(51.7)       \$(41.3)         60.8       61.5         (9.9)       (3.1)         (4.9)       (14.4)         (5.7)       2.7         105.0       102.3	\$(51.7) \$(41.3) 25.2 60.8 61.5 (1.1) (9.9) (3.1) 216.1 (4.9) (14.4) (65.9) (5.7) 2.7 (311.1) 105.0 102.3 2.6		

Cash flows from operating activities represents the difference in the incoming and outgoing cash for all educational operations while cash flows from non-capital financing activities represents the collections from local ad valorem taxes, State appropriations and federal, non-operating revenue. The effects of sequestration are shown in this section. Receipts from grants and contracts were down significantly as lower quantities were ordered on government contracts, and payments were delayed due to layoffs in the federal government.

Cash flows from capital and related financing activities represent's the cash paid to contractors during the year for construction projects and for the purchase of other capital assets. The increase in cash used was due to the construction of the new facilities management building and major renovations to the skill center and student center during the fiscal year.

Cash flows for investing activities increased significantly during the year compared to the previous year. This was a result of increasing the college's positions in bonds during the year versus shifting from bonds to certificates of deposits as was done in the previous year. This was done to due to increased rates on bonds and for diversification in investment types.

Management's Discussion and Analysis For the Year Ended August 31, 2013

#### THE YEAR IN REVIEW AND THE WAY AHEAD

The College's overall financial position is very strong. Despite significant financial challenges, the College gained a \$9.6 million increase to net position. While the previous year finished with the best revenue performance in the history of the College, this year sequestration forced a tuition suspension and significant decreases to the number of quantities ordered on our government contracts, decreasing related revenue. In addition the Administration recommended and the Board approved a very modest tuition increase, as well as another decrease in our ad valorem tax rate. Lastly, during this past year, the College made significant investments in programs, facilities and infrastructure, many of which reduced the bottom line. Despite all these challenges, through the hard work of staff and faculty, the College achieved a "bottom line" that would be the envy of most Texas community colleges, as well as those nationwide. Even more important, the resource commitments made during FY2013 have positioned the College to better serve and enable student success both here in Central Texas, in Distance Learning, and in our more than 140 locations around the world.

Perhaps the most pressing challenge confronted during the year was the suspension of tuition assistance to military members in April 2013 related to U.S. Government budget sequestration—a setback of military benefits which had not occurred since 1983. The suspension occurred in the midst of registration for the second eight-week term of 2013. More than 8,000 CTC, military students were adversely affected. Following fast deliberations, CTC committed \$5M in tuition grants to allow currently enrolled military students to continue their enrollments without interruption. CTC was the only college with military student enrollments in the thousands to make this commitment to its students.

A significant event in our overseas operations occurred with the relocation of our headquarters for Europe Campus from recently closed Coleman Barracks in Mannheim, Germany, to an office building in the business park of Kindsbach, Germany, near the U.S. military installations at Ramstein, Vogelweh, Landstuhl, and Sembach, Germany. Within Continental Campus, we opened new sites at Eglin Air Force Base, Florida, and Fort Benning, Georgia. We have also begun conducting recruiting and advisement sessions at the Fort Campbell Education Center, Kentucky, with an aim to open a staffed site on post in 2014. We have expanded classroom instruction throughout the Pacific Far East Campus concurrent with the arrival of the new Campus Dean. Within the service area, our new site director at Marble Falls has succeeded in doubling previous student enrollment during the past year. Concurrent with welcoming a new Campus President for Texas Operations and Online Programs, we are building new relationships and expanding high school dual-credit offerings among the 30 high schools and district superintendents in our 11-county service area. Last year we began a well-received grant program to waive a full academic year's tuition costs for a deserving graduating senior from each of the 30 high schools.

Management's Discussion and Analysis For the Year Ended August 31, 2013

Measuring learning outcomes for our online student enrollment has always required the operation of test centers and proctors. Often such centers are located far from students and they are costly to obtain, equip, staff, and maintain. To ease student access to course exams and reduce costs, CTC was the first college with a globe-spanning online student population to adopt BioSig-ID for individualized remote examination proctoring. Our Distance Education and Educational Technology Department tested, deployed, and supports the BioSig-ID software and 24/7 help desk. BioSig-ID is an innovative student identity verification system that allows CTC to ensure that the student who registers for an online course is the same student who completes the coursework and examinations. To reduce waiting times for admission and first-time course registrations, we succeeded in making the entire process available on-line in time for Spring 2014 Semester.

During the year the College completed and moved in to the new \$6.7 million Facilities Management Complex, which was funded without issuance of College debt. The three building projects will provide much needed space for administration; building and grounds maintenance; custodial services; carpentry and vehicle maintenance; and consolidated storage for chemicals, equipment and materials. The Facilities Management Complex was built to service the current and future needs of Facilities Management. The new complex provides Facilities Management staff with a safe working environment and creates some additional capacity to service the campus as it continues to grow. The Facilities Management Complex is being used as a model for the development of new campus standards including interior office space and design. Through a collaborative effort of staff and faculty, we developed a standard for classroom design and modified three Central Campus classrooms with enabled technologies and ergonomic furniture. These classrooms served as test platforms for the past year. Based on this experience and faculty feedback, two entire classroom buildings are to receive long overdue refurbishment in the summer of 2014.

Reclaiming space made available through the departure of Texas A&M University Central Texas from CTC Building 136, ten classrooms were refurbished for the Continuing Education Department—allowing for the expansion of continuing education enrollment and programs such as Certified Nursing Assistant (CNA) and Massage Therapist. Building 136 allowed Continuing Education to bring all their offerings in one easily accessed facility on the corner of Clear Creek and Central Texas College Drive (renamed from "University Drive" this past year).

Renovation of the Student Center neared completion at the end of this year, giving a home to Student Government, expansion of Academic Studio, a well-equipped student lounge, and a dramatic expansion upgrade for the Culinary Arts program.

In preparation for a reopening of the CTC Police Academy in 2014, a restoration and certification of the long unused shooting range was completed.

In addition to the exciting improvements in creating state-of-the-art learning environments for

Management's Discussion and Analysis For the Year Ended August 31, 2013

students and introducing new programs, we are evolving our workforce to be in compliance with Teacher Retirement System (TRS) and Employee Retirement System (ERS) changes and in anticipation of requirements to be set by the Affordable Care Act. The Adjunct II classification was created as an enhancement of the Adjunct Faculty classification. Unlike the regular Adjunct, Adjunct II instructors are allowed to teach more class sections and will receive TRS benefits. We also created the Full-Time Instructor classification. These are twelve-month, salaried positions with set rates of pay. The instructors will receive full-time benefits to include health insurance and sick time. They will be required to participate in TRS and the Qualified Pension Plan (QPP).

Building upon the successful launch of our new imaging effort that has included logo, slogan, and mascot during the past year (along with a new usage and style guide), we developed radio spots for local media outlets and will continue our image building campaign with the launch of follow-on print and television spots. Another highlight of our imaging effort was our designation as the "Official College of the Army Marathon" in late 2013.

We continue to pursue opportunities to extend instruction to more and varied student populations. A promising new initiative is a CTC collaboration with the Dream Center of California. The Dream Center is a volunteer organization that bridges needs for more than 50,000 individuals and families each month through mobile hunger relief, medical programs, residential rehabilitation programs for teens and adults, a shelter for victims of human trafficking, transitional housing for homeless families, foster care intervention programs, job skills training, life skills counseling, basic education, and more.

CTC is working with the Dream Center to provide basic educational needs. Three Associate of Applied Science degrees have been identified for implementation: Executive Assistant, Medical Coding and Billing, and Network Systems Administrator. Each program will award a certificate after the first year course work has been completed with the potential for earning an associate degree upon completion of a second year. The Dream Center will provide classroom and administrative space. Student tuition is to be covered by assistance from the Dream Center and traditional financial aid programs. The start date for course instruction is July 2014, pending California state licensure and notification to the Southern Association of Colleges and Schools.

Military member enrollments comprise the largest part of our student population around the world. In partnership with Texas Workforce, we administer College Credit for Heroes (CCFH). CCFH garnered White House attention in 2013 for its work converting military training to college credit. CTC applied for and was designated a Veterans Administration Yellow Ribbon College in 2013 in order to lower out-of-pocket college costs for veterans. Both *GI Jobs* and *Military Advanced Education* magazines again recognized us as a top military friendly school, and *Military Times* subsequently listed CTC as the 7<sup>th</sup> ranked "Best for Vets" college in the non-traditional online category. We continue outreach to serve the military community of Fort Bragg, North Carolina—the largest concentration of active duty military members in the United States. With the latest iteration

Management's Discussion and Analysis For the Year Ended August 31, 2013

of the DoD Memorandum of Understanding (MOU) on Education, colleges must be licensed in each state in which they offer classroom instruction, even when instruction is conducted solely on a federal military installation. North Carolina licensure has been elusive, but CTC will receive a state licensing review team from North Carolina on Central Campus in January 2014 as the final stage to gaining licensure. As an interim step, we have leased an office suite in Fayetteville to conduct advisement, testing, and online course registrations to serve our students living in North Carolina.

Finally, though accreditation is a continuous process, we have produced our compliance document detailing all aspects of college operations for submission in early 2014 to the Southern Association of Colleges and Schools Commission on Colleges, in anticipation of our site visit review for reaffirmation of accreditation that will occur in October 2014. The compliance document was produced in a fully digitized, tabbed, linked version for the first time.

As we continue into FY2014, our focus will continue to be providing an affordable, accessible, quality education for our students to enable their success, no matter where they are: here in Texas, across the United States, and around the world.

# FINANCIAL STATEMENTS

#### Exhibit 1

# CENTRAL TEXAS COLLEGE DISTRICT STATEMENT OF NET POSITION AUGUST 31, 2013 and AUGUST 31, 2012

ASSETS	FISCAL YEAR 2013		FISCAL YEAR 2012
Current Assets			
Cash and Cash Equivalents	\$ 98,786,777	\$	104,900,141
Short Term Investments	, , , ,	•	16,971,648
Accounts Receivable (net)	20,467,723		16,564,593
Inventories	2,482,430		3,059,706
Prepaid Expenses	397,658		626,206
Total Current Assets	122,134,588		142,122,294
Noncurrent Assets			
Restricted Cash and Cash Equivalents	531,000		119,378
Other Long-Term Investments	36,476,382		14,126,100
Notes Receivable	30,942		30,900
Capital Assets (net) (See Note 6)	101,637,247		95,723,859
Total Noncurrent Assets	138,675,571		110,000,237
Total Assets	260,810,159		252,122,531
LIABILITIES			
Current Liabilities			
Accounts Payable	4,685,074		3,567,088
Accrued Liabilities	15,433,939		15,150,637
Accrued Compensable Absenses-Current Portion	345,813		322,840
Funds Held for Others	336,850		621,877
Deferred Revenues	13,963,820		16,086,004
Total Current Liabilities	34,765,496		35,748,446
Noncurrent Liabilities			
Accrued Compensable Absenses	1,383,254		1,291,360
Total Noncurrent Liabilities	1,383,254		1,291,360
Total Liabilities	36,148,750		37,039,806
<b>NET POSITION</b> as restated (Note 2)			
Invested in Capital Assets, Net of Related Debt Restricted for:	101,637,247		95,723,859
Scholarships and Grants	797,181		810,169
Unrestricted	122,226,981		118,548,697
Total Net Position (Schedule D)	\$ 224,661,409	\$	215,082,725

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

# CENTRAL TEXAS COLLEGE FOUNDATION STATEMENT OF FINANCIAL POSITION AUGUST 31, 2013

Exhibit 1 - A

Assets	UN	NRESTRICTED		TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Cash & Cash Equivalents	\$	47,917	\$	24,259	\$ 9,161	\$ 81,337
Investments				759,683	4,824,454	5,584,137
CSV - Life Insurance			_	89,415		 89,415
Total Assets		47,917	-	873,357	4,833,615	 5,754,889
Liabilities						
Accounts Payable				27,900	134,850	162,750
Total Liabilities			-	27,900	134,850	 162,750
Net Position						
Unrestricted		47,917				47,917
Temporarily Restricted				845,457		845,457
Permanently Restricted					4,698,765	4,698,765
Total Net Position	\$	47,917	\$	845,457	\$ 4,698,765	\$ 5,592,139

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

#### CENTRAL TEXAS COLLEGE DISTRICT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years Ended August 31, 2013 and August 31, 2012

Exhibit 2

Teal's Ended August 31, 2013 and August 31, 2012	FISCAL YEAR 2013	FISCAL YEAR 2012
Operating Revenues		
Tuition and Fees (net of discounts of \$8,464,985 and \$7,964,558, respectively)	\$ 55,626,692	\$ 53,605,497
Federal Grants and Contracts	21,454,391	28,685,699
State Grants and Contracts	680,446	713,525
Non-Governmental Grants and Contracts	1,428,002	2,092,748
Sales of Services of Educational Activities	426,565	402,556
Auxiliary Enterprises ( net of discounts)	9,585,739	10,596,580
General Operating Revenues	1,194,535	1,177,559
Total Operating Revenues (Schedule A)	90,396,370	97,274,164
Operating Expenses		
Instruction	49,098,495	53,066,577
Public Service	1,504,148	1,421,069
Academic Support	9,546,565	8,966,668
Student Services	12,117,520	12,363,879
Institutional Support	19,445,570	18,097,470
Operation and Maintenance of Plant	7,767,449	7,501,308
Scholarships and Fellowships	30,249,163	30,034,335
Auxiliary Enterprises	9,030,153	9,679,263
Depreciation	3,942,448	3,468,399
Total Operating Expenses (Schedule B)	142,701,511	144,598,968
Operating Loss	(52,305,141)	(47,324,804)
Non-Operating Revenues (Expenses)		
State Appropriations	22,415,386	22,687,206
Maintenance Ad Valorem Taxes	11,370,375	11,314,027
Federal Revenue, Non Operating	27,851,764	28,224,998
Investment Income	435,339	705,522
Other Non-Operating Revenues (Expenses)	(189,039)	(165,132)
Net Non-Operating Revenues (Schedule C)	61,883,825	62,766,621
Increase in Net Position	9,578,684	15,441,817
Net Position		
Nct Position - Beginning of Year as restated (Note 2)	215,082,725	199,640,908
Net Position - End of Year	\$ 224,661,409	\$ 215,082,725

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

# CENTRAL TEXAS COLLEGE FOUNDATION STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2013

Exhibit 2-A

FOR THE YEAR ENDED AUGUST 31, 2013	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Revenues, Gains and Other Suport				
Contributions	\$ 29,574	\$ 74,205	\$ 634,755	\$ 738,534
Donated Administrative Support	205,672			205,672
Interest Income		1,449	68,005	69,454
Unrealized/Realized Gains(Loss) on Investment		1,368	422,749	424,117
Other Income		3,222	21,850	25,072
Total Revenues, Gains, Other Support	235,246	80,244	1,147,359	1,462,849
Expenses				
Program				
Scholarships Awarded		57,518	136,965	194,483
Support				
College Support		51,255		51,255
Fund Raising	16,888			16,888
Donated Administrative Support	205,672			205,672
Total Expenses	222,560	108,773	136,965	468,298
Changes in Net Position	12,686	(28,529)	1,010,394	994,551
Net Position at Beginning of Period	35,231	874,746	3,687,611	4,597,588
Transfers		(760)	760	
Net Position at End of Period	\$ 47,917	\$ 845,457	\$ 4,698,765	\$ 5,592,139

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

#### CENTRAL TEXAS COLLEGE DISTRICT Exhibit 3 STATEMENT OF CASH FLOWS Years Ended August 31, 2013 and August 31, 2012 Fiscal Year Fiscal Year CASH FLOWS FROM OPERATING ACTIVITIES 2013 2012 Receipts from students and other customers 51,514,434 52,207,630 Receipts from grants and contracts 20,149,793 32,231,854 Payments to suppliers for goods and services (26,444,619) (30, 133, 129)(78,590,610) Payments to or on behalf of employees (78,996,161)(30,147,470)(29,954,603) Payments for scholarships and fellowships Payments for loans issued to students (65,822)(41,804)Receipts from collection of loans to students 67,431 34,118 Other receipts (payments) 11,786,738 13,422,230 Net cash (used) by operating activities (51,730,125)(41,229,865)CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES 21,664,335 21,981,312 Receipts from state appropriations Receipts from Ad valorem taxes 11,370,375 11.314.027 Recepits from non operating federal revenue 28,266,869 28,300,117 (178,388)Payments for collection of taxes (164,115)Receipts from student organizations and other agency transactions 12,879,875 16,238,508 Payments to student organizations and other agency transactions (13,164,901) (16, 148, 105)Other receipts (payments) (3,074)328 Net cash provided (used ) by non-capital financing activities 60,835,091 61,522,072 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES Proceeds from the sale of capital assets 12,949 146,859 Purchases of capital assets (9,876,362) (3,264,540)Net cash provided (used) by capital and related financing activities (9,863,413)(3,117,681)CASH FLOWS FROM INVESTING ACTIVITIES 33,417,959 33,750,194 Proceeds from sales and maturities of investments Recepits from interest on investments 435,339 705.522 (38,796,593)(48,876,271) Purchases of investments Net cash provided (used) by investing activities (4,943,295)(14,420,555) (5,701,742) 2,753,971 Increase (decrease) in cash and cash equivalents 105,019,519 Cash and cash equivalents-September 1 102,265,548 99,317,777 105,019,519 Cash and cash equivalents-August 31 RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: Operating loss (52,305,141)(47,324,804) Adjustments to reconcile operating income to net cash used by operating activities: 3,942,448 3,468,399 Depreciation expense Payments made directly by state for benefits 751,051 705,894 Changes in assets and liabilities Receivables (net) (4,318,234)1,737,702 Inventories 577,275 (74,621)Prepaid expenses 228,548 169,152 1,117,985 (869, 137)Accounts payable 1,766,953 Accrued liabilities 283,302 Compensated absences 114,867 (86,207)Deferred revenues (2,122,184)(714,773)Other Assets (42)(8,423)Net cash provided (used) by operating activities (51,730,125)(41,229,865)

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

#### CENTRAL TEXAS COLLEGE DISTRICT NOTES TO THE FINANCIAL STATEMENTS August 31, 2013

#### 1. Reporting Entity

The Central Texas College District (CTCD) was established in July, 1965, in accordance with the laws of the State of Texas, to serve the educational needs of the public and the surrounding communities. CTCD is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While CTCD 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.

#### **Institutions:**

At August 31, 2013, CTCD is composed of two institutions and is organized by campuses.

Central Texas College - (CTC) - is a two-year community college accredited by the Commission on Colleges of the Southern Association of Colleges and Schools (SACS) to offer associate degrees and certificates of completion. CTC offers instructional programs that include traditional university parallel courses, online courses and degrees, one-year and two-year occupational education and technology programs, general education courses, dual credit programs with area high schools, developmental (remedial) studies, non-credit continuing education courses, literacy education, and workforce development training. In addition, CTC provides comprehensive student developmental services that assist students in defining goals, identifying abilities and interests, and the selection of an appropriate course of study to prepare for the future.

American Preparatory Institute - (API) - is accredited by the Commission on Secondary Schools of the Southern Association of Colleges and Schools to provide pre-secondary and secondary education as well as high school diplomas. API provides a complete curriculum development support staff to provide and maintain materials in basic skills, high school diploma and related programs. It provides the opportunity for adults; both civilian and military, beyond normal public school age to earn a high school diploma from a state and regionally accredited institution. Other API programs include a basic skills education program, pre-college/post high school refresher courses, and special courses.

#### **Texas Campuses:**

<u>The Texas Campuses</u> include the "Central Campus" at Killeen, Texas, the "Fort Hood/Service Area Campus" on the Fort Hood Reservation and the Service Area which includes an eleven county area as defined by the Texas Higher Education Coordinating Board. Administrative services, student services and other types of activities associated with a more traditional junior college campus as well as distance learning are all part of the Texas Campuses. These include a testing center, career guidance, counseling and registration centers, and the primary library facility.

The Fort Hood Campus headquarters is located in facilities on the Fort Hood military installation. Registration, counseling and guidance, and associated types of activities are provided. In addition to serving students who live in rural and isolated small farming communities, the Service Area student population includes men and women who are incarcerated at the Texas Department of Criminal Justice - Institutional Division in Gatesville.

The Texas Campuses conduct programs which are eligible for state funding.

#### **Continental and International Campuses:**

<u>The Navy Campus</u> provides an educational program which includes a full range of academic support courses, technical/vocational education courses and specialized courses of training and instruction as requested by the U.S. Navy.

Programs and services provided by this campus include ships of the Atlantic and Pacific fleets wherever they are located in the performance of their mission, selected ashore ports and other designated Navy stations. In addition, this campus supervises all federal and state prison programs outside the State of Texas.

The Continental Campus provides an educational program which includes a full range of academic support courses, technical/vocational educational courses, specialized courses of training and instruction as requested by U.S. Army, Navy, Air Force, and Marine Corps installations, including non-credit vocational/technical education and Military Occupational Specialty (MOS) and MOS-Related programs and associated support activities. The geographic area in which services are provided by this campus includes all U.S. military installations in the Continental United States including Alaska and Hawaii. In addition, this campus administers college leadership courses to Air Force Reserve personnel at all locations throughout the United States.

<u>The Europe Campus</u> has its headquarters in Kindsbach, Germany. The Europe Campus provides an educational program which includes a full range of academic support courses, technical/vocational educational courses, specialized courses of training and instruction, MOS and MOS-related programs, and associated support activities. The geographic area in which services are provided by this campus presently includes U.S. military installations in Germany, Italy, Greece, Turkey, United Kingdom, Iceland, Azores, Spain, Belgium, the Sinai, Bosnia, Afghanistan, Djibouti, Egypt, Kosovo, Kuwait, Saudi Arabia, Uzbekistan, Iraq and Qatar.

The Pacific Far East Campus has its headquarters on a U.S. Air Force installation in Yokota, Japan. The Pacific Far East Campus provides an educational program which includes functional skills, technical/vocational education courses, specialized courses of training and instruction as requested by the U.S. Navy, U.S. Marine Corps Pacific, U.S. Forces Korea, Eighth U.S. Army, and Pacific Air Force, including non-credit technical/vocational education. The geographic area served by this campus includes U.S. military installations in Japan, Korea, Okinawa, Diego Garcia and Guam.

Collectively, the Navy, Continental, Europe and Pacific Far East Campuses comprise the Continental and International Campuses of CTCD. Programs and services are provided on a contractual basis or by memorandum of understanding.

#### 2. Summary of Significant Accounting Policies

#### **Reporting Guidelines**

The significant accounting policies followed by CTCD 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*. CTCD applies all applicable GASB pronouncements. CTCD 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 tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

#### Title IV, Higher Education Act Program Funds

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

#### Other Tuition Discounts

CTCD 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.

#### **Basis of Accounting**

The financial statements of CTCD 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.

#### **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 District's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library and Governor's Office of Budget and Planning by December 1.

#### **Cash and Cash Equivalents**

CTCD'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.

#### **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. Long-term investments have an original maturity of greater than one year at the time of purchase.

#### **Inventories**

Inventories consist of consumable office supplies, physical plant supplies and bookstore stock. Inventories are valued by the first in, first out method and are charged to expense as consumed.

#### **Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, CTCD'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. Renovations of \$100,000 to buildings, infrastructure and land improvements that significantly increase the value or extend the useful

life of the structure are capitalized. 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. The following lives are used:

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

#### **Deferred Revenue**

Tuition and fees of \$13,963,820 and \$16,086,004 have been reported as deferred revenues at August 31, 2013 and August 31, 2012 respectively.

#### **Related Intra-District Transactions**

In order to provide effective and efficient operation and management of the various operating units and campuses of CTCD, policy, executive direction, and administrative control functions are performed by the Central Texas College Systems. Each campus shares the cost of operation of this administrative function.

Similarly, each Continental and International Campus shares the administrative costs associated with the operation of a specific educational program at that campus.

#### **Contractual Services**

Substantially all training programs and other services under contractual agreements with various U.S. military and other organizations are accounted for as operating revenues. All such activity conducted by CTCD is paid on a reimbursement basis in that CTCD presents claims for payment after services have been provided. Most of these contracts include separate funding of indirect costs.

Expenditures made under certain contractual arrangements are accounted for as operating expenses. Excess revenues or expenditures from such activities, indirect cost recoveries, and any receivables related to services which have been provided as of the net position date are included in operations.

#### Reclassifications

Certain comparative data have been reclassified to present such amounts in a manner consistent with the current year's financial statements.

#### **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.

#### **Operating and Non-Operating Revenue and Expense Policy**

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

#### **Prior Year Restatement**

The college determined that Accounts Receivable reported for August 31, 2012 was overstated. This resulted from an accounting error where an entry was posted in reverse. As a result, accounts receivable and tuition and fee revenue were both overstated by \$1,915,094. The correction to this error has resulted in a restatement of the Exhibits 1 and 2 for August 31, 2012.

Net Position as of 8/31/12 as originally presented	\$ 216,997,819
Restatement for Accounts Receivable	(1,915,094)
Net Position as of 8/31/12 as restated	\$ 215,082,725

#### 3. Authorized Investments

The Central Texas College District is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations 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 Central Texas College District 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 District are in compliance with the Trustees' investment policies. In addition, there were no instances of non-compliance with regards to the Public Funds Investment Act.

## 4. Deposits and Investments

Cash and Deposits included and reported on Exhibit 1, Statement of Net Position; consist of the items reported below:

#### **Cash and Deposits**

	Fiscal Year 2013	Fiscal Year 2012
Bank Deposits		*
Demand Deposits	\$ 2,279,638 2,279,638	\$ 6,068,955 6,068,955
Cash and Cash Equivalents		
Petty Cash on Hand	22,333	22,645
Certificates of Deposit	60,000,000	58,500,000
Tex Pool	24,536,812	26,004,407
Tex Star	3,205,566	3,202,032
Texas Term	9,168,788	11,159,040
Corporate Stock	104,640	62,440
•	97,038,139	98,950,564
Total Cash and Deposits	\$ 99,317,777	\$105,019,519

#### **Reconciliation of Deposits and Investments to Exhibit 1**

	Market	Market
	Value	Value
	August 31, 2013	August 31, 2012
U.S. Government Securities	\$ 27,760,050	\$ 14,126,100
Municipal Obligations	6,690,394	Ψ 14,120,100
1 6	, ,	
U.S. State Agency Securities	2,025,938	460=4640
Commercial Paper		<u>16,971,648</u>
Totals	36,476,382	<u>31,097,748</u>
Total Cash and Deposits	99,317,777	105,019,519
Total Investments	36,476,382	31,097,748
Total Deposits and Investments	135,794,159	136,117,267
Cash and Cash Equivalents (Exhibit 1)	98,786,777	104,900,141
Restricted Cash (Exhibit 1)	531,000	119,378
Investments (Exhibit 1)	36,476,382	31,097,748
Total Deposits and Investments	\$ <u>135,794,159</u>	\$ <u>136,117,267</u>

#### Reconciliation of Deposits and Investments to Exhibit 1-A

	Market	Market
	Value	Value
	August 31, 2013	August 31, 2012
Uncategorized Investments		
Common Fund - Bond Fund	\$ 1,325,528	\$ 1,145,964
Common Fund - Equity Fund	3,260,802	2,392,944
Common Fund - Fixed Income	690,888	654,408
Common Fund - Real Estate Securities Fund	306,919	<u>289,287</u>
Totals	5,584,137	<u>4,482,603</u>
Total Cash and Deposits	81,337	139,272
Total Investments	<u>5,584,137</u>	<u>4,482,603</u>
Total Deposits and Investments	<u>5,665,474</u>	<u>4,621,875</u>
Cash and Cash Equivalents (Exhibit 1-A)	81,337	139,272
Investments (Exhibit 1- A)	5,584,137	4,482,603
Total Deposits and Investments	\$ <u>5,665,474</u>	\$ <u>4,621,875</u>

As of August 31, 2013 CTCD had the following investments and maturities:

		Investment Maturities (in Years)				
	Fair Value	Less than 1	1 to 2	2 to 3		
U.S. Government Securities	\$ 27,760,050	\$	\$ 3,054,600	\$ 24,705,450		
Municipal Obligations	6,690,394		4,399,102	2,291,292		
U.S. State Agency Securities	2,025,938			2,025,938		
Total Fair Value	\$ 36,476,382	\$	\$ 7,453,702	\$ 29,022,680		

**Interest Rate Risk** In accordance with state law and CTCD policy, CTCD does not purchase any investments with maturities greater than 10 years.

**Credit Risk** In accordance with state law and CTCD'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 CTCD does not place a limit on the amount that may be invested in any one issuer. More than 5% of CTCD's investments are in FNMA (60%), FHLB (12%), Frisco Texas Municipal Obligation (11%) and Texas Transportation Commission (6%).

## 5. Derivatives

None

## 6. Capital Assets

Capital assets activity for the year ended August 31, 2013 was as follows:

		lance as of ember 1, 2012	Increases	Decreases	Balance as of August 31, 2013
Not Depreciated:					
Land	\$	896,168			896,168
Construction in Progress		1,050,425	8,365,059	135,713	9,279,771
Subtotal		1,946,593	8,365,059	135,713	10,175,939
Buildings and Other					
Capital Assets:					
Buildings	1 1	15,882,319	273,898		116,156,217
Land Improvements	_	9,636,104			9,636,104
Total Buildings and Other					
Real Estate Improvement	nts 1	25,518,423	273,898		125,792,321
Library Books		2,186,149	59,213	12,849	2,232,513
Furniture, Machinery,					
Vehicles, &					
Other Equipment		9,283,970	850,134	123,049	10,011,055
Telecommunications &					
Peripheral Equipment	_	8,789,231	<u>511,025</u>	<u>98,750</u>	<u>9,201,506</u>
Total Buildings and Other					
Capital Assets	<u>1</u> 4	<u>15,777,773</u>	1,694,270	234,648	<u>147,237,395</u>
Accumulated Depreciation:					
Buildings	(3	32,469,708)	(2,088,839)		(34,558,547)
Land Improvements	(	4,134,340)	( 425,335)		<u>( 4,559,675)</u>
Total Buildings and Other					
Real Estate Improvements	,	36,604,048)	(2,514,174)		(39,118,222)
Library Books	(	2,060,410)	(44,020)		(2,104,430)
Furniture, Machinery, Vehicles & Other					
	(	6 402 000)	( 654 201)	68,118	(6,000,072)
Equipment Telecommunications &	(	6,403,900)	( 654,291)	00,118	(6,990,073)
Peripheral Equipment	(	6,932,149)	( 729,963)	98,750	(7,563,362)
Total Accumulated Depr	_	52,000,507)	(3,942,448)	<u>98,730</u> 	$\frac{(-7,303,302)}{(55,776,087)}$
-	_		·	·	
Net Capital Assets	\$_	95,723,859	6,116,881	<u>(203,493)</u>	<u>101,637,247</u>

Capital assets activity for the year ended August 31, 2012 was as follows:

<u> </u>	Balance as of September 1, 2011	Increases	<u>Decreases</u>	Balance as of August 31, 2012
Not Depreciated:				
Land \$	896,168			896,168
Construction in Progress	<u>25,193,246</u>	761,492	24,904,313	_1,050,425
Subtotal	<u>26,089,414</u>	<u>761,492</u>	<u>24,904,313</u>	<u>1,946,593</u>
Buildings and Other				
<u>Capital Assets:</u>				
Buildings	89,367,106	26,515,213		115,882,319
Land Improvements	9,636,104			9,636,104
Total Buildings and Other				
Real Estate Improvements		26,515,213		125,518,423
Library Books	2,255,537	74,265	143,653	2,186,149
Furniture, Machinery,				
Vehicles, &	0.140.016	251 697	117 522	0.202.070
Other Equipment Telecommunications &	9,149,816	251,687	117,533	9,283,970
	_8,557,928	566 106	224 902	9 790 221
Peripheral Equipment Total Buildings and Other	0,337,920	<u>566,196</u>	334,893	8,789,231
Capital Assets	118,966,491	27,407,361	596,079	145,777,773
Capital Assets	110,900,491	27,407,301	390,079	143,777,773
Accumulated Depreciation:				
Buildings	(30,818,573)	(1,651,135)		(32,469,708)
Land Improvements	(3,709,005)	(425,335)		(4,134,340)
Total Buildings and Other				
Real Estate Improvements	(34,527,578)	(2,076,470)		(36,604,048)
Library Books	(2,012,745)	(47,665)		(2,060,410)
Furniture, Machinery,				
Vehicles & Other				
Equipment	( 5,866,250)	(650,633)	112,983	(6,403,900)
Telecommunications &				
Peripheral Equipment	( 6,573,411)	<u>( 693,631)</u>	334,893	(6,932,149)
Total Accumulated Depr	<u>(48,979,984)</u>	<u>(3,468,399)</u>	447,876	<u>(52,000,507)</u>
Net Capital Assets \$	96,075,921	24,700,454	(25,052,516)	95,723,859

## 7. Long-term Liabilities

Long-term liability activity for the year ended August 31, 2013 was as follows:

Balance			Balance			
<u>September</u>	<u>r 1, 2012</u>	<b>Additions</b>	Reductions	August 31, 2013	<u>Current</u>	
Accrued compensable absences 1,6	514,200	148,047	33,180	<u>1,729,067</u>	<u>345,813</u>	
Total Long-term liabilities \$ 1,6	514,200	148,047	33,180	1,729,067	<u>345,813</u>	

Long-term liability activity for the year ended August 31, 2012 was as follows:

Balance	Balance			
September 1, 201	1 Additions	<u>Reductions</u>	August 31, 2012	<u>Current</u>
Accrued compensable absences 1,700,406	45,755	<u> 131,961</u>	<u>1,614,200</u>	<u>322,840</u>
Total Long-term liabilities \$ 1,700,406	45,755	<u> 131,961</u>	<u>1,614,200</u>	<u>322,840</u>

#### 8. Debt and Lease Obligations

None.

#### 9. Bonds Payable

None.

#### 10. Advance Refunding Bonds

None.

#### 11. Defeased Bonds Outstanding

None.

#### 12. Short - Term Debt

None.

#### 13. Employees' Retirement Plan

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

#### **Teacher Retirement System of Texas**

Plan Description. The CTCD contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan.

TRS issues a publicly available financial report with required supplementary information which can be obtained from <a href="www.trs.state.tx.us">www.trs.state.tx.us</a>, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal year 2013 and 2012 and a state contribution rate of 6.4% for fiscal year 2013 and 6.% for fiscal year 2012. In certain instances the reporting district is required to make all or a portion of the state's 6.4% contribution for fiscal year 2013 and 6.% for fiscal year 2012.

#### **Optional Retirement Plan**

*Plan Description.* Participation in the ORP is in lieu of participation in the TRS. The ORP 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 state legislature. The percentage of participant salaries currently contributed by the state and each participant are 6 and 6.65%, respectively. CTCD contributes 2.5% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the State for the CTCD was \$1,242,373 and \$1,189,506 for the fiscal years ended August 31, 2013 and August 31, 2012 respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of CTCD.

The total payroll for all College employees was \$62,976,458 and \$65,504,449 for fiscal years 2013 and 2012, respectively. The total payroll of employees covered by the Teacher Retirement System was \$37,648,405 and \$38,113,509 and the total compensation of employees covered by the Optional Retirement System was \$8,992,324 and \$8,866,046 for fiscal years 2013 and 2012, respectively.

Additionally, substantially all employees of CTCD participate in a defined contribution pension program which is subject to the provisions of the Employment Retirement Income Security Act of 1974, as amended. Participating employees are required to contribute 6% of covered compensation, while CTCD contributes 7%. Total employer contributions made by CTCD during the years ending August 31, 2013 and 2012 were \$2,707,973 and \$2,593,113 respectively.

In July 1991, CTCD implemented a supplemental retirement program to comply with the Omnibus Budget Reconciliation Act of 1990. All part-time employees are required to contribute 3.75% of covered compensation while CTCD contributes 3.75%. Total employer contributions made by CTCD during the year ending August 31, 2013 and 2012, were \$493,756 and \$505,418 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. As of August 31, 2013, the CTCD had no employees participating in the program and no payroll deductions had been invested in approved plans.

#### 15. Compensable Absences

Full-time employees earn annual leave from .83 to 2.08 days per month depending on the number of years employed with the CTCD. CTCD's policy is that an employee may carry their accrued leave forward from one fiscal year to another fiscal year with a maximum number of days up to 50 for those employees with 20 or more years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. CTCD recognized the accrued liability for the unpaid annual leave in the amounts of \$1,729,067 and \$1,614,200 for fiscal year 2013 and fiscal year 2012. Sick leave, which can be accumulated up to 480 hours, is earned at the rate of 8 hours per month. It is paid to an employee who misses work from illness. Employees are not entitled to payment for accumulated sick leave upon termination. CTCD's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave is minimal.

#### 16. Postemployment Health Care and 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 active and retired employee was \$470.38 per month for the year ended August 31, 2013 (\$438.30 per month for Fiscal Year 2012) and totaled \$1,662,663 for Fiscal Year 2013 (\$1,577,202 for the year ended 2012). The cost to the state of providing those benefits for 190 retirees in the year ended August 31, 2013 was \$1,210,083 (retiree benefits for 188 retirees cost \$1,156,864 in Fiscal Year 2012). For 403 active employees, the cost of providing benefits was \$452,580 for

the Year ended August 31, 2013 (active employee benefits for 394 employees cost \$420,338 for the Year ended August 31, 2012). The cost to the CTCD of providing life insurance benefits for 587 active employees was \$78,421 and for 307 retirees was \$252,291 for the Fiscal year ended August 31, 2013 (\$76,306 for 593 active employees and \$250,541 for 313 retirees in Fiscal year 2012).

### 17. Postemployment Benefits Other than Pensions

Plan Description. CTCD contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit postemployment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature.

ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at http://www.ers.state.tx.us/.

Funding Policy. Section 1551.055 of chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB statement 45.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The college's contributions to SRHP for the years ended August 31, 2013, 2012, and 2011, were \$858,084, \$808,008, and \$819,035, respectively, which equaled the required contributions each year.

### 18. Pending Lawsuits and Claims

On August 31, 2013, various claims involving CTCD were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided by insurance or otherwise, is not likely to have a material effect on the College.

CTCD's contracts with the U.S. Government are subject to examination by the Defense Contract Auditing Agency. Management believes that adjustments, if any, resulting from such examination will have no significant impact on the financial condition or results of operations.

### 19. Disaggregation of Receivables, Payables and Other Operating Revenues Balances

### **Receivables**

Receivables at August 31, 2013 and August 31, 2012 were as follows:

	Fis	cal Year 2013	<u>Fis</u>	scal Year 2012
Student Receivables	\$	9,884,859	\$	8,314,217
Taxes Receivable		332,164		335,853
Federal Receivables		12,755,856		9,983,581
Accounts Receivable		1,019,269		1,374,769
Interest Receivable		460,293		431,037
Subtotal		24,452,441		20,439,457
Allowance for Doubtful Accounts	}	(3,984,718)		(3,874,864)
TOTAL RECEIVABLES	\$	20,467,723	\$	16,564,593

### **Payables**

Payables at August 31, 2013 and August 31, 2012, were as follows:

	Fiscal Year 2013	Fiscal Year 2012
Vendors Payable Salaries & Benefits Payable	\$ 4,685,074 15,433,939	\$ 3,567,088 15,150,637
TOTAL PAYABLES	\$ <u>20,119,013</u>	\$ <u>18,717,725</u>

### 20. Funds Held in Trust by Others

There are no balances or transactions of funds held in trust by others on behalf of CTCD.

### 21. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivables on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2013 and 2012 for which monies have not been received nor funds expended total \$48,884,901 and \$46,313,550. Of these amounts, \$48,540,667 and \$45,460,166 were from Federal Contract and Grant Awards, and \$344,234 and \$853,384 were from State Contract and Grant Awards.

### 22. Self Insured Plans

CTCD does not currently maintain self-insured arrangements. First dollar worker's compensation insurance coverage is carried for all College operations. Employee health and medical malpractice plans are funded. Coverage for unemployment compensation is maintained through the State of Texas as well as numerous other states in which the College contracts education. Accrued liabilities are generally based on actuarial valuation, and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current operations.

### 23. Ad Valorem Taxes

The District'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 District.

At August 31:

	Fiscal Year 2013	Fiscal Year 2012
Assessed Valuation of the District:	\$9,147,531,675	\$8,873,644,040
Less: Exemptions	1,035,373,661	931,888,724
Net Assessed Valuation of the District	\$8,112,158,014	\$7,941,755,316

	FY 2013			FY 2012			
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total	
Authorized Tax Rate per \$100 valuation (Maximum per cnabling legislation)	.25	.25	.50	.25	.25	.50	
Assessed Tax Rate per \$100 valuation	.1400	-0-	.1400	.1409	-0-	.1409	

Taxes levied for the year ended August 31, 2013 and 2012 are \$11,357,021 and \$11,189,933 respectively, (which includes any penalty and interest assessed if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February of the year following the year in which imposed.

	FY 2013			FY 2012			
Taxes Collected	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total	
Current Taxes Collected	\$11,219,995		\$11,219,995	\$11,113,484		\$11,113,484	
Delinquent Taxes Collected	76,937		76,937	121,525		121,525	
Penalties and Interest Collected	73,443		73,443	79,018		79,018	
Total Collections	\$ 11,370,375		\$11,370,375	\$11,314,027		\$11,314,027	

Tax collections for the year ended August 31, 2013 and 2012 were 98.8% and 99.3%, respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or general obligation debt service.

### 24. Branch Campus Maintenance Tax

N/A

### 25. 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*. CTCD had no unrelated business income tax liability for the year ended August 31, 2013 and 2012.

### **26.** Component Units

### Central Texas College Foundation - Discrete Component Unit

Central Texas College Foundation (the Foundation) was established as a separate nonprofit organization in 1992, to raise funds to provide student scholarships and assistance in the development and growth of the College. Under Governmental Standards Board Statement No 39, <a href="Determining Whether Certain Organizations are Component Units">Determining Whether Certain Organizations are Component Units</a>, the Foundation is a component unit of CTCD because CTCD provides financial support to the Foundation and the economic resources received or held by the Foundation are entirely or almost entirely for the benefit of CTCD.

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 the Central Texas College Foundation can be obtained from the administrative office of the Foundation.

### 27. Related Parties (Not a Component Unit)

The CTC Employee's Pension Plan and Trust provided certain services on behalf of the CTCD during the year ended August 31, 2013. The Employee's Pension Plan and Trust serves as fiduciary for the CTCD's defined contribution pension programs. During the fiscal year, the CTCD furnished certain services such as office space, utilities and staff assistance to the Trust for which the Trust reimbursed the CTCD at cost for these services which totaled \$121,465 and \$153,378 during the years ended August 31, 2013 and 2012. There was a receivable from the trust which totaled \$23,207 and \$99,017 for fiscal years ended August 31, 2013 and 2012.

### 28. Subsequent Events

None.

### SUPPLEMENTAL SCHEDULES

### CENTRAL TEXAS COLLEGE DISTRICT

SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2013 (With Memorandum Totals for the Year Ended August 31, 2012)

			TOTAL				
	UNRESTRICTED	RESTRICTED	EDUCATIONAL ACTIVITIES	AUXILIARY	FY 2013 TOTAL		FY 2012 TOTAL
	UNKESTRICTED	RESTRICTED	ACTIVITIES	ENTERPRISES	TOTAL	. —	TOTAL
Tuition							
State Funded Courses :							
In-District Resident Tuition	\$ 10,553,702	\$	\$ 10,553,702	\$	\$ 10,553,702	\$	9,675,184
Out-of-District Tuition	3,375,523		3,375,523		3,375,523		2,707,881
Non-resident Tuition	28,270,003		28,270,003		28,270,003		26,305,126
TPEG (set aside) *	1,092,943		1,092,943		1,092,943		1,090,339
Continuing Education	53,460		53,460		53,460		91,682
Non-State Funded:							
Continuing Education	36,644		36,644		36,644		15,209
C & I and API Operations	18,665,262		18,665,262		18,665,262		19,410,689
Total Tuition	62,047,537		62,047,537		62,047,537	_	59,296,110
Fees							
Laboratory Fees							5,281
Other Fees	2,044,140		2,044,140		2,044,140		2,268,664
Total Fees	2,044,140		2,044,140		2,044,140	. —	2,273,945
Scholarship allowances and discounts							
Remissions and Exemptions-State	(706,022)		(706,022)		(706,022)		(462,853)
Title IV Federal Grants	(7,484,837)		(7,484,837)		(7,484,837)		(7,256,445)
TPEG awards	(270,241)		(270,241)		(270,241)		(241,743)
Other State Grants	(3,885)		(3,885)		(3,885)		(3,517)
Total Scholarship Allowances	(8,464,985)		(8,464,985)		(8,464,985)	_	(7,964,558)
Total Net Tuition and Fees	55,626,692		55,626,692		55,626,692		53,605,497
Additional Operating Revenues							
Federal Grants and Contracts	20,322,371	1,132,020	21,454,391		21,454,391		28,685,699
State Grants and Contracts	96,694	583,752	680,446		680,446		713,525
Nongovernmental grants and contracts	1,022,357	405,645	1,428,002		1,428,002		2,092,748
Sales and services of educational activities			426,565		426,565		402,556
General operating revenues	1,194,535		1,194,535		1,194,535		1,177,559
Total Additional Operating Revenue	23,062,522	2,121,417	25,183,939		25,183,939		33,072,087
Auxiliary Enterprises							
Bookstore				12,474,388	12,474,388		13,205,901
Less Discounts				(3,591,434)	(3,591,434)		(3,410,825)
Student Housing				664,209	664,209		738,791
Less Discounts				(89,821)	(89,821)		(95,613)
Planetarium				128,397	128,397	. —	158,326
Total Net Auxiliary Enterprises				9,585,739	9,585,739	. —	10,596,580
<b>Total Operating Revenues</b>	\$78,689,214_	\$2,121,417_	\$80,810,631	\$ 9,585,739	\$ 90,396,370	\$	97,274,164
					(Exhibit 2)		(Exhibit 2)

<sup>\*</sup> In accordance with Education Code 56.033, \$1,092,943 and \$1,090,339 for years August 31, 2013 and 2012, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

### CENTRAL TEXAS COLLEGE DISTRICT SCHEDULE OF OPERATING EXPENSES BY OBJECT Year Ended Angust 31, 2013 (with Memorandum Totals for the Year Ended Angust 31, 2012) Schednle B

		Operating Expenses						
	_	Salaries	Benefi	ts	Other	Fiscal Year		Fiscal Year
		and Wages	State	Local	Expenses		2013	2012
Unrestricted - Educational Activities		,	,				, ,	
Instruction	\$	35,674,206 \$	\$	5,297,025 \$	6,832,176	\$	47,803,407 \$	51,655,078
Public Service		525,162		171,968	807,018		1,504,148	1,421,069
Academic Support		6,025,959		1,506,722	1,878,288		9,410,969	8,837,880
Student Services		7,941,563		1,754,943	1,216,953		10,913,459	10,435,099
Institutional Support		8,622,553		3,215,374	5,990,772		17,828,699	16,554,244
Operation and Maintenance of Plant		2,682,077		967,601	4,117,771		7,767,449	7,501,308
Total Unrestricted Educational Activities		61,471,520		12,913,633	20,842,978		95,228,131	96,404,678
Restricted-Educational Activities								
Instruction		300,108	847,477	67,675	79,828		1,295,088	1,411,499
Public Service								
Academic Support			135,596				135,596	128,788
Student Services		299,087	305,092	56,058	543,824		1,204,061	1,928,780
Institutional Support			1,616,871				1,616,871	1,543,226
Operation and Maintenance of Plant								
Scholarships and Fellowships	_	100,188		1,505	30,147,470		30,249,163	30,034,335
Total Restricted Educational Activities		699,383	2,905,036	125,238	30,771,122		34,500,779	35,046,628
Total Educational Activities	_	62,170,903	2,905,036	13,038,871	51,614,100		129,728,910	131,451,306
Auxiliary Enterprises		805,555		220,368	8,004,230		9,030,153	9,679,263
Depreciation Expense-Buildings and other real estate improvements					2,558,194		2,558,194	2,124,135
Depreciation Expense-Equipment and furniture					1,384,254		1,384,254	1,344,264
<b>Total Operating Expenses</b>	\$	62,976,458 \$	2,905,036 \$	13,259,239 \$	63,560,778	\$	142,701,511 \$	144,598,968
	_						(Exhibit 2)	(Exhibit 2)

## CENTRAL TEXAS COLLEGE DISTRICT SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

Schedule C

Year Ended August 31, 2013 (with Memorandum Totals for the Year Ended August 31, 2012)

NON-OPERATING REVENUES	Unrestricted	Restricted	Auxiliary Enterprises	FY 2013 Total	-	FY 2012 Total
State Appropriations						
Education and general state support	\$ 19,510,350		\$	\$ 19,510,350	\$	19,832,232
Dramatic enrollment growth						
State group insurance		1,662,663		1,662,663		1,577,202
State retirement matching		1,242,373		1,242,373		1,189,506
Professional nursing shortage reduction						88,266
Total state appropriations	19,510,350	2,905,036		22,415,386		22,687,206
Maintenance ad valorem taxes	11,370,375			11,370,375		11,314,027
Federal revenue, non operating		27,851,764		27,851,764		28,224,998
Gain on disposal of capital assets	100			100		3,205
Investment income	435,339			435,339		705,522
Other					-	328
Total non-operating revenues	31,316,164	30,756,800		62,072,964		62,935,286
NON-OPERATING EXPENSES						
Loss on disposal of capital assets	7,677			7,677		4,550
Other	181,462			181,462		164,115
					-	
Total non-operating expenses	189,139			189,139		168,665
Net non-operating revenues	\$ 31,127,025 \$	30,756,800	\$	\$_61,883,825	\$	62,766,621
				(Exhibit 2)	-	(Exhibit 2)

CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
Year Ended August 31, 2013 (with Memorandum Totals for the Year Ended August 31, 2012) Schedule D

				Detail by Source			Availab	ole for Current Operations
	'	-		estricted	Capital Assets Net of Depreciation			
		Unrestricted	Expendable	Non-Expendable	& Related Debt	Total	Yes	No
Current								
Unrestricted	\$	65,159,330 \$		\$ \$	\$	65,159,330	\$ 65,159,330	\$
Board Designated		57,058,319				57,058,319	57,058,319	
Restricted			797,181			797,181	797,181	
Loan		9,332				9,332		9,332
Plant								
Investment in Plant					101,637,247	101,637,247		101,637,247
Total Net Position, August 31, 2013		122,226,981	797,181		101,637,247	224,661,409 (Exhibit 1)	123,014,830	101,646,579
Total Net Position, August 31, 2012 as restated		118,548,697	810,169		95,723,859	215,082,725 (Exhibit 1)	119,349,534	95,733,191
Net Increase (Decrease) in Net Position	\$	3,678,284 \$	(12,988)	\$\$	5,913,388 \$	9,578,684 (Exhibit 2)	\$ 3,665,296	\$5,913,388_

### CENTRAL TEXAS COLLEGE DISTRICT

Schedule E

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended August 31, 2013

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
U.S. DEPARTMENT OF LABOR:			
Texas Workforce Commission	17.047	20121110111001	240.027
WIA Title V Incentive Grants	17.267	2913WSW001	248,027
WIA Dislocated Worker Formula Grants	17.278	2911WSW006	58,409
Pass-Through From:			
Texas Workforce Commission	17.067	202 10	1.050
Harris County Dept of Ed Texas Learns	17.267	323-12	4,859
Total U.S. Department of Labor			311,295
U.S. DEPARTMENT OF EDUCATION:			
Direct Programs:			
Student Financial Aid Cluster			
Supplemental Educational Opportunity Grant Program	84.007		89,710
Federal College Work-study Program	84.033		73,171
Federal Pell Grant Program	84.063		27,776,699
Direct Loans	84.268		12,083,807
Subtotal Student Financial Aid Cluster			40,023,387
Gear UP Program	84.334A		13,471
Pass-Through From:			
Texas Education Agency			
Adult Education	84.002A	341000108	245,546
Adult Education-Correctional	84.002A	341000208	34,656
Subtotal CFDA	VV =		280,202
Texas Higher Education Coordinating Board:			
Carl D. Perkins Funds-Basic	84.048	104208	473,111
Total U.S. Department of Education	01.010	10.200	40,790,171
Total C.S. Department of Education			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVI	CES:		
Pass-Through From:			
Texas Education Agency			
Temporary Assistance to Needy Families	93.558	336250108	66,348
1 7			
Total U. S. Department of Health and Human Services			66,348
Total Federal Financial Assistance			\$ 41,167,814

Notes to Schedule on Following Page

### CENTRAL TEXAS COLLEGE DISTRICT SCHEDULE E (Continued) SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended August 31, 2013

### Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts revenue-per Schedule A	\$ 21,454,391
Add Non Operating Federal Revenue from Schedule C	27,851,764
Add Direct Loans	12,083,807
Less Expenditures Not Subject to Federal Single Audit	(20,222,148)
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$ 41,167,814

### 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 fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The 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.

CTCD receives amounts under contractual agreements with various U.S. military and other organizations for training programs and other services provided that are not subject to OMB-133 audits and therefore are not included in the above Federal schedule.

### 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

None

### SCHEDULE OF EXPENDITURES OF STATE AWARDS For the Year Ended August 31, 2013

Grantor Agency	Grant Contract	
Program Title	Number	Expenditures
g		
Texas Education Agency		
Adult Education		
Basic Program	301000108	\$ 58,781
Texas Higher Education Coordinating Board		
Complete College American	07835	15,234
College Work-Study Program		26,677
Texas Grant Program		247,911
Texas Equal Opportunity Grant		127,198
Work-Study Student Mentorship Program	07067	35,389
Top 10% Scholarship		10,000
Professional Development-THECB Grantee M	eeting	836
Total State Financial Assistance		\$522,026
Note 1: State Assistance Reconciliation		
State Revenues -		
State Financial Assistance		
Per Schedule of expenditures of s	tate awards	\$ 522,026
State Financial Assistance		
		150 400
Tuition and fees		158,420
included in Schedule A		
Total State Revenues per Schedule A		\$ 680,446
Note 2: Significant Accounting Policies Used in	Preparing the Schedule	

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

## AUDITORS' REPORTS ON CONTROL AND COMPLIANCE



### LOTT, VERNON & COMPANY, P.C.

**CERTIFIED PUBLIC ACCOUNTANTS** 

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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 Central Texas College District Killeen, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Texas College District (the College), as of and for the years ended August 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 27, 2013.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

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 out audit we did not identify

# 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)

any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

ott, Vernon + Co., P.C.

**Temple**, Texas

November 27, 2013



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### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

Board of Trustees Central Texas College District Killeen, Texas

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

We have audited Central Texas College District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the State of Texas Single Audit Circular that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2013. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* and the State of Texas Single Audit Circular. Those standards, OMB Circular A-133 and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR (CONTINUED)

test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal and State Program

In our opinion, Central Texas College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2013.

### Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR (CONTINUED)

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 OMB Circular A-133 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

emple, Texas

November 27, 2013

lett, Vernon + Co., P.C.

### CENTRAL TEXAS COLLEGE DISTRICT

### Schedule of Findings and Questioned Costs August 31, 2013

### I. Summary of Auditors' Results

### Financial Statements

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None reported

Noncompliance material to financial

statements noted?

None

### Federal and State Awards

Internal control over major programs:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None reported

Type of auditor's report issued on

compliance for major programs

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 or the State of Texas Uniform Grant Management Standards?

None

Identification of major programs:

### Federal Programs

### State Programs

Texas Equal Opportunity Grant

Workstudy Student Mentorship Program

Student Financial Assistance Cluster:

- Federal Supplemental Educational

**Opportunity Grants** 84.007

- Federal Work-study Program

84.033

- Federal Pell Grant

84.063 Program

- Federal Direct Student

Loans

84.268

Carl D. Perkins - Basic

84.048

WIA Section 503 Incentive Grants

17.267

WIA Dislocated Worker Formula Grants

17.278

### CENTRAL TEXAS COLLEGE DISTRICT

## Schedule of Findings and Questioned Costs (Continued) August 31, 2013

Dollar threshold considered between Type A and Type B federal programs	\$300,000
Dollar threshold considered between Type A and Type B state programs	\$300,000
Auditee qualified as low-risk auditee for federal single audit?	Yes
Auditee qualified as a low-risk auditee for state single audit?	Yes

II. <u>Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards</u>
None

III. Findings and Questioned Costs for Federal and State Awards

None

## ADDITIONAL INFORMATION (UNAUDITED)

CENTRAL TEXAS COLLEGE DISTRICT SCHEDULE G
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (UNAUDITED)
For the Period Ended August 31, 2013

			AMERICAN	CONTINENTAL	
		TEXAS		INTERNATIONAL	mom
DEVENILIES		CAMPUSES	INSTITUTE	CAMPUSES	TOTAL
REVENUES Operating Revenues					
Tuition and Fees	\$	36,835,177	58,043	18,733,472	55,626,692
Federal Grants and Contracts	φ	5,143,620	36,043	16,310,771	21,454,391
State Grants and Contracts		680,446		10,510,771	680,446
Non-Governmental and Contracts		1,428,002			1,428,002
Sales and Services of Educational Activities		1,426,002	426,565		426,565
Sales & Services of Auxiliary Enterprises		8,018,540	420,303	1,567,199	9,585,739
Miscellaneous Income		1,156,503	9	38,023	1,194,535
Total Operating Revenues		53,262,288	484,617	36,649,465	90,396,370
Total Operating Revenues		33,202,288	464,017	30,049,403	90,390,370
EXPENSES					
Operating Expenses		22.717.750	127.645	17 044 101	40,000,405
Instruction		32,716,659	137,645	16,244,191	49,098,495
Public Services		1,504,148	177.570	5 (10 2(7	1,504,148
Academic Support		3,750,620	177,578	5,618,367	9,546,565
Student Services		8,950,675	566 150	3,166,845	12,117,520
Institutional Support		16,617,157	566,150	2,262,263	19,445,570
Operation and Maintenance of Plant		7,236,201		531,248	7,767,449
Scholarships and Fellowships		30,050,273		198,890	30,249,163
Auxiliary Enterprises		7,202,372		1,827,781	9,030,153
Depreciation		3,908,958	001.000	33,490	3,942,448
<b>Total Operating Expenses</b>		111,937,063	881,373	29,883,075	142,701,511
Operating Income(Loss)	•	(58,674,775)	(396,756)	6,766,390	(52,305,141)
Non-Operating Revenues (Expenses)					
State Appropriations-General Revenue		22,415,386			22,415,386
Taxes for Maintence and Operations		11,370,375			11,370,375
Federal Revenue, Non Operating		27,851,764			27,851,764
Investment Income		435,195		144	435,339
Other Non-Operating		(189,039)			(189,039)
Net Non-Operating Revenue		61,883,681		144	61,883,825
Other Revenues, Expenses, Gains (Losses)					
Allocation of Distance Learning		(3,483,355)		3,483,355	
Allocation of Systems		4,227,298	(12,694)	(4,214,604)	
Increase (Decrease) in Net Position	\$	3,952,849	(409,450)	6,035,285	9,578,684

CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE G-1
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (UNAUDITED)
TEXAS CAMPUSES
For the Period Ended August 31, 2013

	CE	VTRAL	CENTRAL FT.HOOD/SAC DISTED	DIST ED	SYSTEMS	KNCT	AUXILIARY	TOTAL
REVENUES Operating Revenues								
Tuition and Fees	\$ 10,	10,006,370	4,018,146	22,796,285	11,407		2,969	36,835,177
Federal Grants and Contracts		736,154	3,660,349			747,117		5,143,620
State Grants and Contracts		615,203	65,243					680,446
Non-Governmental and Contracts		747,824			627,423		52,755	1,428,002
Sales & Services of Auxiliary Enterprises				142,799			7,875,741	8,018,540
Miscellaneous Income		122,208	7,668		166,124	794,904	65,599	1,156,503
Total Operating Revenues	12,	12,227,759	7,751,406	22,939,084	804,954	1,542,021	7,997,064	53,262,288
EXPENSES								
Operating Expenses	•	i i	000	i i				0.00
Instruction Public Services	10,	16,0/9,4/9	6,491,302	7,343,676		1 504 148		32,710,039 1 504 148
Academic Support	Ť	.597,203	932,218	544,157	677,042			3,750,620
Student Services	3,	3,799,225	777,618	1,068,770	3,305,062			8,950,675
Institutional Support	5,	5,561,319	267,398	2,744,442	7,974,878	24,130	44,990	16,617,157
Operation and Maintenance of Plant	7,	7,176,550	59,432				219	7,236,201
Scholarships and Fellowships	29,	29,820,758	27,954	201,561				30,050,273
Auxiliary Enterprises				56,241			7,146,131	7,202,372
Depreciation	2,	2,012,352	136,924	7,106	730,133	356,060	666,383	3,908,958
Total Operating Expenses	68,	68,646,886	8,692,846	12,168,155	12,687,115	1,884,338	7,857,723	111,937,063
Operating Income(Loss)	(56,	(56,419,127)	(941,440)	10,770,929	(11,882,161)	(342,317)	139,341	(58,674,775)
Non-Operating Revenues (Expenses)	-	500 / 50	, , , , , , , , , , , , , , , , , , ,	0.00	0.00			700 011
State Appropriations-General Revenue Taxes for Maintence and Operations	10,	10,050,525	5,913,304	243,783	216,161			11 370 375
Federal Revenue, Non Operating	27,	27,851,764						27,851,764
Investment Income		457	583		434,155			435,195
Other Non-Operating		(189,139)			100			(189,039)
Net Non-Operating Revenue	55,	55,089,782	5,915,947	245,785	632,167			61,883,681
Other Revenues, Expenses, Gains (Losses)	<i>κ</i> ή ,	3,661,988	1,786,335				!	(3,483,355)
Allocation of Systems		(3,725,323)	(824,569)	(2,085,036)	11,259,534	(149,560)	(247,748)	4,227,298
Increase (Decrease) in Net Position	r ∳	(1,392,680)	5,936,273		9,540	(491,877)	(108,407)	3,952,849

CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE G-2
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (UNAUDITED)
CONTINENTAL & INTERNATIONAL CAMPUSES
For the Period Ended August 31, 2013

	EUROPE CAMPUS	PACIFIC FAR EAST CONTINENTAL CAMPUS CAMPUS	CAMPUS	NAVY CAMPUS	TOTAL CONTINENTAL & INTERNATIONAL
REVENUES					
evenues					
	\$ 3,298,256	5,094,887	9,212,591	1,127,738	18,733,472
Federal Grants and Contracts	8,837,954	141,436	182,467	7,148,914	16,310,771
Sales & Services of Auxiliary Enterpris-	s 81,424	207,890	196,382	1,081,503	1,567,199
Miscellaneous Income		8,152	24,407	200	38,023
Total Operating Revenues	12,222,598	5,452,365	9,615,847	9,358,655	36,649,465
EXPENSES					
Operating Expenses					
Instruction	7,331,052	1,188,424	2,526,153	5,198,562	16,244,191
Academic Support	1,073,235	1,265,098	2,292,595	987,439	5,618,367
Student Services	1,547,550	758,167	674,077	187,051	3,166,845
Institutional Support	1,162,678	481,218	264,685	353,682	2,262,263
Operation and Maintenance of Plant	329,187	95,030	18,500	88,531	531,248
Scholarships and Fellowships	9,308	72,030	106,282	11,270	198,890
Auxiliary Enterprises	343,235	474,791	24,739	985,016	1,827,781
Depreciation	17,385	1,500	9,211	5,394	33,490
Total Operating Expenses	11,813,630	4,336,258	5,916,242	7,816,945	29,883,075
Operating Income(Loss)	408,968	1,116,107	3,699,605	1,541,710	6,766,390
Non-Operating Revenues (Expenses) Investment Income		127	17		144
Outet Non-Operating Revenue		127	17		144
Other Revenues, Expenses, Gains (Losses) Allocation of Distance Education Allocation of Systems	nsses) 1,250,435 (886,862)	89,317 (814,972)	2,054,286 (1,746,510)	89,317 (766,260)	3,483,355
Increase (Decrease) in Net Position	\$ 772,541	390,579	4,007,398	864,767	6,035,285