

CENTRAL TEXAS COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

August 31, 2015

CENTRAL TEXAS COLLEGE DISTRICT
Table of Contents
August 31, 2015

Organizational Data	1
Independent Auditors Report on the Financial Statements and Supplemental Information	2
Management Discussion and Analysis	5

FINANCIAL STATEMENTS

Exhibits

1 - Statement of Net Position	13
1-A - Statement of Financial Position (discretely presented component unit)	14
2 - Statement of Revenues, Expenses and Changes in Net Position	15
2-A - Statement of Activities (discretely presented component unit)	16
3 - Statement of Cash Flows	17
Notes to the Basic Financial Statements	18

REQUIRED SUPPLEMENTARY INFORMATION (RSI) SCHEDULES

Required Supplementary Information Schedules (RSI)	
Schedule of District's Share of Net Pension Liability	41
Schedule of District's Contributions	42
Notes to the Required Supplementary Information	43

SUPPLEMENTAL SCHEDULES

Schedules

A Schedule of Operating Revenues	45
B Schedule of Operating Expenses by Object	46
C Schedule of Non-Operating Revenues and Expenses	47
D Schedule of Net Position by Source and Availability	48
E Schedule of Expenditures of Federal Awards	49
F Schedule of Expenditures of State Awards	51

CENTRAL TEXAS COLLEGE DISTRICT

Table of Contents, Continued

AUDITORS' REPORT ON CONTROLS AND COMPLIANCE

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	53
Independent Auditors' 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	55
Schedule of Findings and Questioned Costs	58

ADDITIONAL INFORMATION (UNAUDITED)

Schedules		
G	Consolidating Statement of Revenues, Expenses and Changes in Net Position (Unaudited)	61
G-1	Consolidating Statement of Revenues, Expenses and Changes In Net Position Texas Campuses (Unaudited)	62
G-2	Consolidating Statement of Revenues, Expenses and Changes In Net Position Continental and International Campuses (Unaudited)	63

CENTRAL TEXAS COLLEGE DISTRICT

**ORGANIZATIONAL DATA
for the Fiscal Year 2015**

Board of Trustees

<u>Members</u>	<u>City</u>	<u>Term Expires</u>
Mari M. Meyer, Chair	Harker Heights, TX	May, 2019
Jimmy Towers, Vice Chair	Killeen, TX	May, 2019
BG (Ret) Rex Weaver, Treasurer	Killeen, TX	May, 2017
Dr. Scott Isdale, Secretary	Belton, TX	May, 2021
Elwood H. Shemwell, Member	Copperas Cove, TX	May, 2019
Don R. Armstrong, Member	Killeen, TX	May, 2017
Bill W. Beebe, Member	Harker Heights, TX	May, 2021

Key Officers

Jim Yeonopolus	Chancellor
Michele Carter	Deputy Chancellor, Finance & Administration
Tina Ady, Ph.D	Deputy Chancellor, US Campus Operations
Dana Watson, Ph.D.	Deputy Chancellor, Academic & Student Services
Bob Liberty	Comptroller



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KILLEEN • COPPERAS COVE • TEMPLE

Member of
American Institute & Texas Society of
Certified Public Accountants

**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 District) as of and for the years ended August 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District'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 from material misstatement.

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

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

Auditor's Responsibility (continued)

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, 2015 and 2014, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District'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 basic 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 basic financial statements.

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

Other Information (continued)

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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The additional information (Schedules G, G-1, and G-2 - all marked "unaudited") have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015, on our consideration of the District'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 District's internal control over financial reporting and compliance.



Temple, Texas
December 17, 2015

**Central Texas College District
Annual Financial Report
Management’s Discussion and Analysis
For the Year Ended August 31, 2015**

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, 2015. 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.

CENTRAL TEXAS COLLEGE DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2015

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 related to pensions is presented as well as 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 decreased approximately \$3.7 million or 3% from the previous fiscal year. This was due primarily to an increase in the purchase of capital assets.
- The College's total assets remained very similar to the previous fiscal year.
- The college continues to operate multiple federal contracts with revenues in excess of \$13 million. This is a slight decrease from the previous fiscal year and is primarily due to sequestration and the global war on terrorism. These two events decreased the dollars available for educational contracts.
- Tuition and Fees remained consistent with the previous fiscal year.
- Distance Education tuition and fees represent approximately \$22 million or 48% 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 \$.1370/100 in 2014 to \$.1366 in 2015. 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.

CENTRAL TEXAS COLLEGE DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2015

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.

(In Millions)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>	<u>2013</u>
Current assets:				
Cash and short-term investments	\$ 99.0	\$ 103.0	(3.9)	\$ 98.8
Receivables	15.6	16.1	(3.1)	20.4
Inventory, prepaid expenses and other	<u>2.8</u>	<u>2.8</u>	-	<u>2.9</u>
Total current assets	<u>117.4</u>	<u>121.9</u>	<u>(3.7)</u>	<u>122.1</u>
Non-current assets:				
Restricted Cash	.6	.6	-	.5
Long-term investments	36.8	36.5	.8	36.5
Notes Receivable	-	.1	(100.0)	-
Capital assets, net of depreciation	<u>106.0</u>	<u>102.0</u>	<u>3.9</u>	<u>101.7</u>
Total non-current assets	<u>143.4</u>	<u>139.2</u>	<u>3.0</u>	<u>138.7</u>
Total assets	<u>260.8</u>	<u>261.1</u>	<u>(.1)</u>	<u>260.8</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	<u>2.7</u>	<u>n/a</u>	<u>100.0</u>	<u>n/a</u>
Total Deferred Outflows of Resources	<u>2.7</u>	<u>n/a</u>	<u>100.0</u>	<u>n/a</u>
Current liabilities:				
Accounts payable and accrued liabilities	21.0	20.1	4.5	20.4
Accrued absences	.3	.3	-	.3
Unearned Revenues	<u>11.0</u>	<u>13.7</u>	<u>(19.7)</u>	<u>14.0</u>
Total current liabilities	<u>32.3</u>	<u>34.1</u>	<u>(5.3)</u>	<u>34.7</u>
Non-current liabilities:				
Accrued absences	1.3	1.3	-	1.4
Net pension liability	<u>19.1</u>	<u>n/a</u>	<u>100.0</u>	<u>n/a</u>
Total non-current liabilities	<u>20.4</u>	<u>1.3</u>	<u>1469.2</u>	<u>1.4</u>
Total liabilities	<u>52.7</u>	<u>35.4</u>	<u>48.9</u>	<u>36.1</u>

CENTRAL TEXAS COLLEGE DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2015

Statement of Net Position (continued)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>	<u>2013</u>
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions	<u>5.9</u>	<u>n/a</u>	<u>100.0</u>	<u>n/a</u>
Total Deferred Inflows of Resources	<u>5.9</u>	<u>n/a</u>	<u>100.0</u>	<u>n/a</u>
Net position				
Invested in capital assets, net of related debt	106.0	102.0	3.9	101.7
Restricted	.6	.7	(14.3)	.8
Unrestricted	<u>98.3</u>	<u>123.0</u>	<u>(20.1)</u>	<u>122.2</u>
Total net position	<u>204.9</u>	<u>225.7</u>	<u>(9.2)</u>	<u>224.7</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.

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.

CENTRAL TEXAS COLLEGE DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2015

(In Millions)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>	<u>2013</u>
Operating revenue:				
Net tuition and fees	\$ 44.9	\$ 44.6	.7	\$ 55.6
Federal Funds	13.2	14.4	(8.3)	21.5
Grants and Contracts	1.6	2.0	(20.0)	2.1
Auxiliary Funds	7.8	8.9	(12.4)	9.6
Other	<u>1.6</u>	<u>1.8</u>	<u>(11.1)</u>	<u>1.6</u>
Total	69.1	71.7	(3.6)	90.4
Operating expenses	<u>130.5</u>	<u>134.5</u>	<u>(3.0)</u>	<u>142.7</u>
Net operating loss	<u>(61.4)</u>	<u>(62.8)</u>	<u>(2.2)</u>	<u>(52.3)</u>
Non-operating revenues (expenses)				
State Appropriations	24.6	23.9	2.9	22.4
Local ad valorem taxes	11.6	11.4	1.8	11.2
Federal Revenue, Non Operating	25.1	27.5	(8.7)	27.9
Investment income	<u>1.0</u>	<u>1.0</u>	<u>-</u>	<u>.4</u>
Total	<u>62.3</u>	<u>63.8</u>	<u>(2.4)</u>	<u>61.9</u>
Increase in net position	.9	1.0	(10.0)	9.6
Net position - Beginning of year for 2015 restated	<u>204.0</u>	<u>224.7</u>	<u>(9.2)</u>	<u>215.1</u>
Net position - End of year	\$ <u>204.9</u>	\$ <u>225.7</u>	<u>(9.2)</u>	\$ <u>224.7</u>

OPERATING EXPENSES (by functional classification)

(In Millions)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>	<u>2013</u>
Instruction	\$ 40.8	\$ 43.2	(5.6)	\$ 49.1
Public service	1.6	1.5	6.7	1.5
Academic support	10.0	9.2	8.7	9.5
Student services	11.2	11.6	(3.4)	12.1
Institutional support	20.9	19.8	5.6	19.5
Operation and maintenance of plant	7.4	7.6	(2.6)	7.8
Scholarships and related expenses	27.4	29.7	(7.7)	30.2
Auxiliary activities	7.2	8.0	(10.0)	9.0
Depreciation	<u>4.0</u>	<u>3.9</u>	<u>2.6</u>	<u>4.0</u>
Total Expenses	\$130.5	\$134.5	(3.0)	\$ 142.7

CENTRAL TEXAS COLLEGE DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2015

OPERATING EXPENSES (by natural classification)

(In Millions)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>	<u>2013</u>
Salaries and wages	\$ 55.8	\$ 57.2	(2.4)	\$ 63.0
State Benefits	3.9	3.1	25.8	2.9
Local Benefits	11.9	13.0	(8.5)	13.3
Scholarships and related expenses	27.4	29.6	(7.4)	30.2
Supplies and related expenses	27.5	27.7	(.7)	29.4
Depreciation	<u>4.0</u>	<u>3.9</u>	<u>2.6</u>	<u>3.9</u>
	\$ 130.5	\$134.5	(3.0)	\$142.7

Salaries and wages, which clearly represent the largest operating expense, decreased slightly from the previous fiscal year which is a direct result of sequestration and the global war on terrorism. The Department of Defense had less dollars available to spend on voluntary education and as a result staffing requirements district wide were decreased.

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>2015</u>	<u>2014</u>	<u>% Change</u>	<u>2013</u>
Cash provided by (used in):				
Operating activities	\$(56.5)	\$(54.0)	4.6	\$ (51.7)
Non-capital financing activities	59.7	61.6	(3.1)	60.8
Capital and related financing activities	(8.0)	(4.2)	90.5	(9.9)
Investing activities	<u>.8</u>	<u>.9</u>	<u>(11.1)</u>	<u>(4.9)</u>
Net increase (decrease) in cash	(4.0)	4.3	(193.0)	(5.7)
Cash - beginning of year	<u>103.6</u>	<u>99.3</u>	<u>4.3</u>	<u>105.0</u>
Cash - end of year	\$ 99.6	\$103.6	(3.9)	\$ 99.3

CENTRAL TEXAS COLLEGE DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2015

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 collection from local ad valorem taxes, State appropriations and federal, non-operating revenue. These two sections remained similar to the previous year. 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 decrease was due to the fact that the only major renovation or construction projects began very late in the fiscal year and the college had very few investments mature during the year so purchases of new investments were down drastically.

THE WAY AHEAD

As we reach the 50th Anniversary of the college and move beyond, we recognize that we are faced with shrinking revenue from the military tuition assistance program that has played a major part of our financial success. We are aware that we must find new revenue sources to enhance our financial position. We are quickly becoming a leader in the Veteran Opportunity to Work – Transition Assistance program. We have also partnered with the Killeen Independent School District to establish an Early College High School that is housed on our Central Campus. We have expanded our course offerings through our re-engineered Evening and Weekend College and extended course offerings through the Dual Enrollment program with the various school districts in our service area to include the start-up of our new campus in Fredericksburg, Texas.

We will continue to make every effort to ensure that all of our campuses are relevant and self-sustaining and we will explore additional ways to increase revenue over expenses for all of our operations.

In the upcoming year, we will perform a complete analysis of our facility needs and how to best use our funding for this initiative. Our need for classroom and office space has evolved over the past 50 years and the need for more innovative smart classrooms and office space will remain a challenge and priority.

FINANCIAL STATEMENTS

**CENTRAL TEXAS COLLEGE DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2015 and AUGUST 31, 2014**

Exhibit 1

ASSETS	FISCAL YEAR		FISCAL YEAR	
	2015		2014	
Current Assets				
Cash and Cash Equivalents	\$	98,992,311	\$	102,968,894
Accounts Receivable (net)		15,607,743		16,116,391
Inventories		2,389,568		2,443,535
Prepaid Expenses		360,720		362,599
Total Current Assets		<u>117,350,342</u>		<u>121,891,419</u>
Noncurrent Assets				
Restricted Cash and Cash Equivalents		647,544		638,749
Other Long-Term Investments		36,773,935		36,549,205
Notes Receivable		46,335		66,558
Capital Assets (net) (See Note 6)		105,940,923		101,954,265
Total Noncurrent Assets		<u>143,408,737</u>		<u>139,208,777</u>
Total Assets		<u>260,759,079</u>		<u>261,100,196</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions		2,678,340		
Total Deferred Outflows of Resources		<u>2,678,340</u>		
LIABILITIES				
Current Liabilities				
Accounts Payable		4,082,811		3,739,818
Accrued Liabilities		16,416,590		15,912,261
Accrued Compensable Absences-Current Portion		323,948		337,782
Funds Held for Others		464,051		432,594
Unearned Revenues		10,978,695		13,667,963
Total Current Liabilities		<u>32,266,095</u>		<u>34,090,418</u>
Noncurrent Liabilities				
Accrued Compensable Absences		1,295,794		1,351,127
Net Pension Liability		19,142,979		
Total Noncurrent Liabilities		<u>20,438,773</u>		<u>1,351,127</u>
Total Liabilities		<u>52,704,868</u>		<u>35,441,545</u>
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions		5,855,894		
Total Deferred Inflows of Resources		<u>5,855,894</u>		
NET POSITION				
Invested in Capital Assets, Net of Related Debt		105,940,923		101,954,265
Restricted for:				
Scholarships and Grants		644,746		697,054
Unrestricted		98,290,988		123,007,332
Total Net Position (Schedule D)	\$	<u>204,876,657</u>	\$	<u>225,658,651</u>

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

**CENTRAL TEXAS COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2015**

Exhibit 1 - A

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Assets				
Cash & Cash Equivalents	\$ 45,507	\$ 46,759	\$ 11,434	\$ 103,700
Investments		609,649	5,803,139	6,412,788
CSV - Life Insurance		93,666		93,666
Total Assets	<u>45,507</u>	<u>750,074</u>	<u>5,814,573</u>	<u>6,610,154</u>
Liabilities				
Accounts Payable		17,578	167,503	185,081
Total Liabilities		<u>17,578</u>	<u>167,503</u>	<u>185,081</u>
Net Assets				
Unrestricted	45,507			45,507
Temporarily Restricted		732,496		732,496
Permanently Restricted			5,647,070	5,647,070
Total Net Assets	<u>45,507</u>	<u>732,496</u>	<u>5,647,070</u>	<u>6,425,073</u>
Total Liabilities and Net Assets	<u>\$ 45,507</u>	<u>\$ 750,074</u>	<u>\$ 5,814,573</u>	<u>\$ 6,610,154</u>

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, 2015 and August 31, 2014

Exhibit 2

	<u>FISCAL YEAR</u> <u>2015</u>	<u>FISCAL YEAR</u> <u>2014</u>
Operating Revenues		
Tuition and Fees (Net)	\$ 44,969,780	\$ 44,626,464
Federal Grants and Contracts	13,189,835	14,372,578
State Grants and Contracts	711,632	713,654
Non-Governmental Grants and Contracts	948,243	1,313,346
Sales of Services of Educational Activities	250,516	391,458
Auxiliary Enterprises (net of discounts)	7,768,580	8,883,565
General Operating Revenues	<u>1,309,054</u>	<u>1,461,254</u>
Total Operating Revenues (Schedule A)	<u>69,147,640</u>	<u>71,762,319</u>
Operating Expenses		
Instruction	40,819,194	43,157,481
Public Service	1,571,368	1,550,326
Academic Support	10,040,220	9,201,209
Student Services	11,167,124	11,644,559
Institutional Support	20,921,434	19,834,504
Operation and Maintenance of Plant	7,392,353	7,649,127
Scholarships and Fellowships	27,423,629	29,646,651
Auxiliary Enterprises	7,210,535	7,969,714
Depreciation	<u>3,962,532</u>	<u>3,863,743</u>
Total Operating Expenses (Schedule B)	<u>130,508,389</u>	<u>134,517,314</u>
Operating Loss	<u>(61,360,749)</u>	<u>(62,754,995)</u>
Non-Operating Revenues (Expenses)		
State Appropriations	24,593,176	23,856,120
Ad Valorem Taxes (Net)	11,595,465	11,447,915
Federal Revenue, Non Operating	25,106,830	27,530,972
Investment Income	1,011,455	961,207
Other Non-Operating Revenues (Expenses)	<u>(39,096)</u>	<u>(43,977)</u>
Net Non-Operating Revenues (Schedule C)	<u>62,267,830</u>	<u>63,752,237</u>
Increase in Net Position	<u>907,081</u>	<u>997,242</u>
Net Position		
Net Position, Beginning of Year	225,658,651	224,661,409
Cumulative Effect of Change in Accounting Principle (Note 7)	<u>(21,689,075)</u>	<u>224,661,409</u>
Net Position, Beginning of Year, as Restated	<u>203,969,576</u>	<u>224,661,409</u>
Net Position - End of Year	<u>\$ 204,876,657</u>	<u>\$ 225,658,651</u>

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

**CENTRAL TEXAS COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2015**

Exhibit 2-A

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Revenues, Gains and Other Support				
Contributions	\$ 68,231	\$ 51,343	\$ 95,463	\$ 215,037
Donated Administrative Support	168,025			168,025
Interest Income		1,844	88,113	89,957
Unrealized/Realized Gains(Loss) on Investment		(1,946)	(149,573)	(151,519)
Other Income		17,742	73,612	91,354
Total Revenues, Gains, Other Support	<u>236,256</u>	<u>68,983</u>	<u>107,615</u>	<u>412,854</u>
Expenses				
Program				
Scholarships Awarded		42,595	168,279	210,874
Support				
College Support		124,680		124,680
Fund Raising	34,481			34,481
Donated Administrative Support	168,025			168,025
Total Expenses	<u>202,506</u>	<u>167,275</u>	<u>168,279</u>	<u>538,060</u>
Changes in Net Assets	33,750	(98,292)	(60,664)	(125,206)
Net Assets at Beginning of Period	48,416	809,389	5,692,474	6,550,279
Transfers	<u>(36,659)</u>	<u>21,399</u>	<u>15,260</u>	
Net Assets at End of Period	\$ <u>45,507</u>	\$ <u>732,496</u>	\$ <u>5,647,070</u>	\$ <u>6,425,073</u>

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

**CENTRAL TEXAS COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
Years Ended August 31, 2015 and August 31, 2014**

Exhibit 3

	Fiscal Year 2015	Fiscal Year 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 42,890,629	\$ 44,485,498
Receipts from grants and contracts	14,221,660	20,045,189
Payments to suppliers for goods and services	(24,876,385)	(27,647,200)
Payments to or on behalf of employees	(71,132,105)	(72,631,364)
Payments for scholarships and fellowships	(27,322,448)	(29,548,788)
Payments for loans issued to students	(116,844)	(84,132)
Receipts from collection of loans to students	140,570	54,709
Other receipts (payments)	9,748,697	11,278,942
Net cash (used) by operating activities	<u>(56,446,226)</u>	<u>(54,047,146)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	23,217,874	23,197,277
Receipts from Ad valorem taxes	11,776,178	11,626,081
Receipts from non operating federal revenue	24,835,201	26,932,431
Payments for collection of taxes	(180,713)	(178,166)
Receipts from student organizations and other agency transactions	8,369,669	10,896,578
Payments to student organizations and other agency transactions	(8,338,211)	(10,800,834)
Other receipts (payments)	(11,342)	(11,342)
Net cash provided (used) by non-capital financing activities	<u>59,679,998</u>	<u>61,662,025</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the sale of capital assets	5,024	7,023
Purchases of capital assets	(7,993,309)	(4,220,419)
Net cash provided (used) by capital and related financing activities	<u>(7,988,285)</u>	<u>(4,213,396)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	14,757,743	6,939,346
Receipts from interest on investments	1,011,455	961,207
Purchases of investments	(14,982,473)	(7,012,170)
Net cash provided (used) by investing activities	<u>786,725</u>	<u>888,383</u>
Increase (decrease) in cash and cash equivalents	<u>(3,967,788)</u>	<u>4,289,866</u>
Cash and cash equivalents-September 1	103,607,643	99,317,777
Cash and cash equivalents-August 31	<u>\$ 99,639,855</u>	<u>\$ 103,607,643</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Loss	\$ (61,360,749)	\$ (62,754,995)
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation expense	3,962,532	3,863,743
Payments made directly by state for benefits	731,717	658,843
Changes in assets and liabilities		
Receivables (net)	780,276	4,949,873
Inventories	53,968	38,895
Prepaid expenses	1,879	35,058
Accounts payable	342,993	(945,255)
Accrued liabilities	504,329	478,322
Compensated absences	(69,167)	(40,158)
Deferred revenues	(2,689,268)	(295,857)
Other Assets	20,223	(35,615)
Deferred Inflows and Outflows	1,275,041	
Net cash provided (used) by operating activities	<u>\$ (56,446,226)</u>	<u>\$ (54,047,146)</u>

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

CENTRAL TEXAS COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2015

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.

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.

Deferred Inflows

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

Deferred Outflows

In addition to assets, CTCD is aware that the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are permitted only to report deferred outflows in circumstances specifically authorized by the GASB. A typical deferred outflow for community colleges is a deferred charge or refunding debt.

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

Unearned Revenue

Tuition and fees of \$10,978,695 and \$13,667,963 have been reported as unearned revenues at August 31, 2015 and August 31, 2014 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.

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.

Pensions

For the year ended August 31, 2015 CTCD implemented the provisions of GASB Statement 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement 71, Pension Transition of Contributions Made Subsequent to the Measurement Date. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined based on the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability: deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, and liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

Prior Year Restatement

Beginning net position as of September 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting of Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

Beginning net position	\$225,658,651
Prior period adjustment-implementation of GASB 68:	
Net pension liability (measurement date of August 31, 2014)	(23,505,952)
Deferred outflows-District contributions made during FY 2014	1,816,932
Recognition of additional contribution adjustment	<u>(55)</u>
Beginning net position, as restated	<u>\$203,969,576</u>

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 Trustee's 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

	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>
Bank Deposits		
Demand Deposits	<u>\$ 6,408,910</u>	<u>\$ 3,003,312</u>
	6,408,910	3,003,312
Cash and Cash Equivalents		
Petty Cash on Hand	21,633	21,992
Certificates of Deposit	60,017,552	61,017,552
Tex Pool	19,067,610	23,050,982
Tex Star	708,540	3,206,703
Texas Term	7,177,521	7,171,794
Lone Star	6,010,669	6,004,268
Corporate Stock	<u>227,420</u>	<u>131,040</u>
	<u>93,230,945</u>	<u>100,604,331</u>
Total Cash and Deposits	<u>\$ 99,639,855</u>	<u>\$103,607,643</u>

Reconciliation of Deposits and Investments to Exhibit 1

	Market Value <u>August 31, 2015</u>	Market Value <u>August 31, 2014</u>
U.S. Government Securities	\$ 30,504,653	\$ 27,931,750
Municipal Obligations	2,268,440	6,589,955
U.S. State Agency Securities	2,010,520	2,027,500
Commercial paper	<u>1,990,322</u>	<u> </u>
Totals	<u>36,773,935</u>	<u>36,549,205</u>
Total Cash and Deposits	99,639,855	103,607,643
Total Investments	<u>36,773,935</u>	<u>36,549,205</u>
Total Deposits and Investments	<u>136,413,790</u>	<u>140,156,848</u>
Cash and Cash Equivalents (Exhibit 1)	98,992,311	102,968,894
Restricted Cash (Exhibit 1)	647,544	638,749
Investments (Exhibit 1)	<u>36,773,935</u>	<u>36,549,205</u>
Total Deposits and Investments	<u>\$136,413,790</u>	<u>\$ 140,156,848</u>

Reconciliation of Deposits and Investments to Exhibit 1-A

	Market Value <u>August 31, 2015</u>	Market Value <u>August 31, 2014</u>
Common Fund - Bond Fund	\$ 1,454,395	\$ 1,437,958
Common Fund - Equity Fund	4,031,364	4,082,903
Common Fund - Fixed Income	394,362	381,785
Common Fund - Real Estate Securities Fund	<u>532,667</u>	<u>646,139</u>
Totals	<u>6,412,788</u>	<u>6,548,785</u>
Total Cash and Deposits	103,700	82,424
Total Investments	<u>6,412,788</u>	<u>6,548,785</u>
Total Deposits and Investments	<u>6,516,488</u>	<u>6,631,209</u>
Cash and Cash Equivalents (Exhibit 1-A)	103,700	82,424
Investments (Exhibit 1- A)	<u>6,412,788</u>	<u>6,548,785</u>
Total Deposits and Investments	<u>\$ 6,516,488</u>	<u>\$ 6,631,209</u>

As of August 31, 2015 CTCD had the following investments and maturities:

	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 2	2 to 3
U.S. Government Securities	\$ 30,504,653	\$ 4,500,573	\$12,028,233	\$ 13,975,847
Municipal Obligations	2,268,440	2,268,440		
U.S. State Agency Securities	2,010,520	2,010,520		
Commercial Paper	1,990,322	1,990,322		
Total Fair Value	<u>\$ 36,773,935</u>	<u>\$ 10,769,855</u>	<u>\$12,028,233</u>	<u>\$ 13,975,847</u>

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 (32%), FHLMC (23%), FHLB (18%), FFCB (11%) and Frisco Texas Municipal Obligation (6%).

5. Derivatives

None

6. Capital Assets

Capital assets activity for the year ended August 31, 2015 was as follows:

	Balance as of September 1, 2014	Increases	Decreases	Balance as of August 31, 2015
<u>Not Depreciated:</u>				
Land	\$ 896,168			896,168
Construction in Progress	778,063	7,200,123		7,978,186
Subtotal	<u>1,674,231</u>	<u>7,200,123</u>		<u>8,874,354</u>
<u>Buildings and Other</u>				
<u>Capital Assets:</u>				
Buildings	126,746,184			126,746,184
Land Improvements	<u>10,364,908</u>			<u>10,364,908</u>
Total Buildings and Other				
Real Estate Improvements	137,111,092			137,111,092

	<u>Balance as of</u> <u>September 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as of</u> <u>August 31, 2015</u>
Library Books	2,125,014	53,728	43,566	2,135,176
Furniture, Machinery, Vehicles, & Other Equipment	10,151,632	400,149	160,004	10,391,777
Telecommunications & Peripheral Equipment	<u>9,253,296</u>	<u>348,956</u>	<u>43,560</u>	<u>9,558,692</u>
Total Buildings and Other Capital Assets	<u>158,641,034</u>	<u>802,833</u>	<u>247,130</u>	<u>159,196,737</u>
<u>Accumulated Depreciation:</u>				
Buildings	(36,708,653)	(2,284,672)		(38,993,325)
Land Improvements	<u>(4,987,743)</u>	<u>(458,131)</u>		<u>(5,445,874)</u>
Total Buildings and Other				
Real Estate Improvements	(41,696,396)	(2,742,803)		(44,439,199)
Library Books	(1,987,115)	(37,089)	43,566	(1,980,638)
Furniture, Machinery, Vehicles & Other Equipment	(7,058,076)	(575,679)	117,413	(7,516,342)
Telecommunications & Peripheral Equipment	<u>(7,619,413)</u>	<u>(606,961)</u>	<u>32,385</u>	<u>(8,193,989)</u>
Total Accumulated Depr	<u>(58,361,000)</u>	<u>(3,962,532)</u>	<u>193,364</u>	<u>(62,130,168)</u>
Net Capital Assets	\$ <u>101,954,265</u>	<u>4,040,424</u>	<u>(53,766)</u>	<u>105,940,923</u>

Capital assets activity for the year ended August 31, 2014 was as follows:

	<u>Balance as of</u> <u>September 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as of</u> <u>August 31, 2014</u>
<u>Not Depreciated:</u>				
Land	\$ 896,168			896,168
Construction in Progress	<u>9,279,771</u>	<u>778,063</u>	<u>9,279,771</u>	<u>778,063</u>
Subtotal	<u>10,175,939</u>	<u>778,063</u>	<u>9,279,771</u>	<u>1,674,231</u>
<u>Buildings and Other</u>				
<u>Capital Assets:</u>				
Buildings	116,156,217	10,589,967		126,746,184
Land Improvements	<u>9,636,104</u>	<u>728,804</u>		<u>10,364,908</u>
Total Buildings and Other				
Real Estate Improvements	125,792,321	11,318,771		137,111,092
Library Books	2,232,513	49,771	157,270	2,125,014
Furniture, Machinery, Vehicles, & Other Equipment	10,011,055	592,462	451,885	10,151,632
Telecommunications & Peripheral Equipment	<u>9,201,506</u>	<u>761,123</u>	<u>709,333</u>	<u>9,253,296</u>
Total Buildings and Other Capital Assets	<u>147,237,395</u>	<u>12,722,127</u>	<u>1,318,488</u>	<u>158,641,034</u>

	<u>Balance as of</u> <u>September 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as of</u> <u>August 31, 2014</u>
<u>Accumulated Depreciation:</u>				
Buildings	(34,558,547)	(2,150,106)		(36,708,653)
Land Improvements	(4,559,675)	(428,068)	_____	(4,987,743)
Total Buildings and Other				
Real Estate Improvements	(39,118,222)	(2,578,174)		(41,696,396)
Library Books	(2,104,430)	(39,955)	157,270	(1,987,115)
Furniture, Machinery, Vehicles & Other				
Equipment	(6,950,697)	(547,029)	439,650	(7,058,076)
Telecommunications & Peripheral Equipment	(7,602,738)	(698,585)	681,910	(7,619,413)
Total Accumulated Depr	<u>(55,776,087)</u>	<u>(3,863,743)</u>	<u>1,278,830</u>	<u>(58,361,000)</u>
Net Capital Assets	\$ <u>101,637,247</u>	<u>9,636,447</u>	<u>(9,319,429)</u>	<u>101,954,265</u>

7. Non- Current Liabilities

Non-Current liability activity for the year ended August 31, 2015 was as follows:

	<u>Balance</u> <u>September 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>August 31, 2015</u>	<u>Current</u>
Accrued compensable absences	1,688,909	66,433	135,600	1,619,742	323,948
Net Pension Liability	_____	<u>19,142,979</u>	_____	<u>19,142,979</u>	N/A
Total Non-Current liabilities	<u>\$25,194,916</u>	<u>19,209,412</u>	<u>135,600</u>	<u>20,762,721</u>	<u>323,948</u>

Non-Current liability activity for the year ended August 31, 2014 was as follows:

	<u>Balance</u> <u>September 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>August 31, 2014</u>	<u>Current</u>
Accrued compensable absences	1,729,067	109,051	149,209	1,688,909	337,782
Net Pension Liability	_____	_____	_____	_____	N/A
Total Non-Current liabilities	\$ <u>1,729,067</u>	<u>109,051</u>	<u>149,209</u>	<u>1,688,909</u>	<u>337,782</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 Plans

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

Defined Benefit Pension Plans

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued comprehensive Annual financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs-state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

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

Contributions

Contributions requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

Contribution Rates

	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
FY 2014 College Contributions	\$1,816,932	
FY 2014 State of Texas On-behalf Contributions	\$ 659,344	

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public, schools, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

Actuarial Assumptions

The total pension liability in the August 31, 2014, actuarial valuation was determined using the following actuarial assumptions:

• Valuation Date	August 31, 2014
• Actuarial Cost Method	Individual Entry Age Normal
• Amortization Method	Level Percentage of Payroll, Open
• Remaining Amortization Period	30 years
• Asset Valuation Method	5 year Market Value
• Discount Rate	8.00%
• Long-term expected Investment Rate of Return*	8.00%
• Salary Increases*	4.25% to 7.25%
• Weighted-Average at Valuation Date	5.55%
• Payroll Growth Rate	3.50%

**Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010, and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the actuarial Standards of Practice No. 35.

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions/ the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100.0%		8.7%

*The Expected Contribution to Returns incorporates the volatility drag resulting from the conversation between Arithmetic and Geometric Mean returns.

Source: Teacher Retirement System of Texas 2014 Comprehensive Annual Financial Report

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8%)	1% Increase in Discount Rate (9.0%)
CTCD's proportionate Share of the net pension Liability:	\$34,207,344	\$19,142,979	\$7,877,640

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

At August 31, 2015 the CTCD reported a liability of \$19,142,979 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the CTCD. The amount recognized by the CTCD as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the CTCD were as follows:

CTCD's Proportionate share of the collective net pension liability	\$19,142,979
State's proportionate share that is associated with CTCD	<u>6,961,584</u>
Total	\$26,104,563

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015 the CTCD recognized pension expense of \$643,585 and revenue of \$643,585 for support provided by the State.

At August 31, 2015 the CTCD reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$296,052	
Changes in actuarial assumptions	\$1,244,315	
Difference between projected and actual investment earnings		\$5,850,876
Changes in proportion and difference between the employer's Contributions and the proportionate share of contributions		\$5,018
Contributions paid to TRS subsequent to the measurement date	\$1,137,973	
Total	\$2,678,340	\$5,855,894

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

Year ended August 31:	Pension Expense Amount
2016	\$(1,203,706)
2017	\$(1,203,706)
2018	\$(1,203,706)
2019	\$(1,203,706)
2020	\$259,013
Thereafter	\$240,284

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 6.6 and 6.65%, respectively. CTCD contributes 1.9% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the State for the CTCD was \$1,610,866 and \$916,297 for the fiscal years ended August 31, 2015 and August 31, 2014 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 \$55,858,091 and \$57,220,308 for fiscal years 2015 and 2014, respectively. The total payroll of employees covered by the Teacher Retirement System was \$38,257,762 and \$36,315,879 and the total payroll of employees covered by the Optional Retirement System was \$7,951,975 and \$8,664,517 for fiscal years 2015 and 2014, 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, 2015 and 2014 were \$2,555,230 and \$2,638,246 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, 2015 and 2014, were \$266,531 and \$359,070 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, 2015, 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 \$1,619,742 and \$1,688,909 for fiscal year 2015 and fiscal year 2014. 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. Health Care and Life Insurance Benefits

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time active was \$537.66 per month for the year ended August 31, 2015 (\$503.14 per month for Fiscal Year 2014) and totaled \$2,363,289 for Fiscal Year 2015 (\$2,201,890 for the year ended 2014). The cost to the state of providing those benefits for 212 retirees in the year ended August 31, 2015 was \$767,350 (retiree benefits for 203 retirees cost \$1,334,304 in Fiscal Year 2014). For 459 active employees, the cost of providing benefits was \$1,593,551 for the Year ended August 31, 2015 (active employee benefits for 458 employees cost \$867,586 for the Year ended August 31, 2014). S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

17. Postemployment Benefits Other than Pensions

Plan Description. 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. 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.

Beginning September 1, 2013, SB 1812 limited the state's contribution to 50% of eligible employees for community colleges.

The college's contributions to SRHP for the years ended August 31, 2015, 2014, and 2013, were \$1,005,788, \$897,089 and \$858,084, respectively, which equaled the required contributions each year.

18. Pending Lawsuits and Claims

On August 31, 2015, 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, 2015 and August 31, 2014 were as follows:

	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>
Student Receivables	\$ 7,599,325	\$ 9,096,816
Taxes Receivable	325,500	320,920
Federal Receivables	10,233,666	9,180,641
Accounts Receivable	1,046,682	1,222,977
Interest Receivable	<u>697,687</u>	<u>474,868</u>
Subtotal	<u>19,902,860</u>	<u>20,296,222</u>
Allowance for Doubtful Accounts	<u>(4,295,117)</u>	<u>(4,179,831)</u>
TOTAL RECEIVABLES	\$ <u>15,607,743</u>	\$ <u>16,116,391</u>

Payables

Payables at August 31, 2015 and August 31, 2014, were as follows:

	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>
Vendors Payable	\$ 4,082,811	\$ 3,739,818
Salaries & Benefits Payable	<u>16,416,590</u>	<u>15,912,261</u>
TOTAL PAYABLES	\$ <u>20,499,401</u>	\$ <u>19,652,079</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 American Institute of Certified Public Accountants. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2015 and 2014 for which monies have not been received nor funds expended total \$22,632,105 and \$29,593,662. Of these amounts, \$22,240,788 and \$29,204,496 were from Federal Contract and Grant Awards, and \$391,317 and \$389,166 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:

	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>
Assessed Valuation of the District:	\$10,057,295,232	\$9,591,932,229
Less: Exemptions	<u>1,416,595,664</u>	<u>1,111,803,542</u>
Net Assessed Valuation of the District	\$8,640,699,568	\$8,480,128,687

	FY 2015			FY 2014		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized Tax Rate per \$100 valuation (Maximum per enabling legislation)	.25	.25	.50	.25	.25	.50
Assessed Tax Rate per \$100 valuation	.1366	-0-	.1366	.1370	-0-	.1370

Taxes levied for the year ended August 31, 2015 and 2014 are \$11,803,196 and \$11,617,776 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.

Taxes Collected	FY 2015			FY 2014		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current Taxes Collected	\$11,643,219		\$11,643,219	\$11,460,688		\$11,460,688
Delinquent Taxes Collected	65,937		65,937	86,990		86,990
Penalties and Interest Collected	67,022		67,022	78,403		78,403
Total Gross Collections	11,776,178		11,776,178	11,626,081		11,626,081
Tax Appraisal & Collection Fees	(180,713)		(180,713)	(178,166)		(178,166)
Bad Debt Expense						
Total Net Collections	\$11,595,465		\$11,595,465	\$11,447,915		\$11,447,915

Tax collections for the year ended August 31, 2015 and 2014 were 98.6% and 98.6%, 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.

The District participates in a tax increment financing district (TIF). The following table summarizes the obligations of the District's involvement in the TIF.

	Percentage of Incremental Tax Committed	Taxes Forgone in 2015	Taxes Forgone in 2014
Killeen Tax Increment Reinvestment Zone number Two	100%	\$10,172	\$ 9,473

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, 2015 and 2014.

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, Determining Whether Certain Organizations are Component Units, 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, 2015. The Employee's Pension Plan and Trust serves as fiduciary for the CTCD's defined contribution pension programs. The members of Trust are employees of the District who do not receive any additional compensation or incur any expenses.

REQUIRED SUPPLEMENTARY SCHEDULES (RSI)

CENTRAL TEXAS COLLEGE DISTRICT
 SCHEDULE OF DISTRICT'S SHARE OF NET PENSION LIABILITY
 For the Year Ended August 31, 2015

Fiscal year ending August 31,*	2015**
TRS net position as percentage of total pension liability	83.25%
CTCD's proportional share of collective net pension liability	0.071666%
CTCD's proportional share of collective net pension liability	\$ 19,142,979
Portion of NECE's total proportionate share of NPL associated with the CTCD	6,961,584
Total	26,104,563
CTCD's covered payroll amount	\$ 38,257,762
Ratio of ER proportionate share of collective NPL/ER's covered payroll amount	50.04%

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

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

**CENTRAL TEXAS COLLEGE DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS
 For the Year Ended August 31, 2015**

Fiscal year ending August 31,*	2015**
Legally required contributions	\$ 1,137,973
Actual contributions	<u>1,137,973</u>
Contributions deficiency	0
CTCD's covered employee payroll amount	\$ 38,257,762
Ratio of Actual contributions/ER covered payroll amount	2.97%

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

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

**CENTRAL TEXAS COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended August 31, 2015**

1. Changes of Benefit Terms:

A one step increase (2.5%) increase was awarded to all exempt, non-exempt and full time faculty effective September, 1 2014.

2. Changes of Assumptions

There were no changes of assumptions for the year ended August 31, 2015.

SUPPLEMENTAL SCHEDULES

CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE OF OPERATING REVENUES

For the Year Ended August 31, 2015 (With Memorandum Totals for the Year Ended August 31, 2014)

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL EDUCATIONAL ACTIVITIES</u>	<u>AUXILIARY ENTERPRISES</u>	<u>FY 2015 TOTAL</u>	<u>FY 2014 TOTAL</u>
Tuition						
State Funded Courses :						
In-District Resident Tuition	\$ 11,231,738	\$	\$ 11,231,738	\$	\$ 11,231,738	\$ 9,897,205
Out-of-District Tuition	2,911,932		2,911,932		2,911,932	3,425,955
Non-resident Tuition	27,455,360		27,455,360		27,455,360	24,743,012
TPEG (set aside) *	1,265,829		1,265,829		1,265,829	1,023,865
Continuing Education	149,650		149,650		149,650	56,606
Non-State Funded :						
Continuing Education	19,025		19,025		19,025	34,813
C & I and API Operations	10,153,606		10,153,606		10,153,606	12,667,947
Total Tuition	<u>53,187,140</u>		<u>53,187,140</u>		<u>53,187,140</u>	<u>51,849,403</u>
Fees						
Other Fees	1,090,561		1,090,561		1,090,561	1,476,402
Total Fees	<u>1,090,561</u>		<u>1,090,561</u>		<u>1,090,561</u>	<u>1,476,402</u>
Allowances and Discounts						
Remissions and Exemptions-State	(792,888)		(792,888)		(792,888)	(760,857)
Title IV Federal Grants	(8,314,689)		(8,314,689)		(8,314,689)	(7,677,004)
TPEG awards	(197,651)		(197,651)		(197,651)	(258,883)
Other State Grants	(2,693)		(2,693)		(2,693)	(2,597)
Total Allowances and Discounts	<u>(9,307,921)</u>		<u>(9,307,921)</u>		<u>(9,307,921)</u>	<u>(8,699,341)</u>
Total Net Tuition and Fees	<u>44,969,780</u>		<u>44,969,780</u>		<u>44,969,780</u>	<u>44,626,464</u>
Additional Operating Revenues						
Federal Grants and Contracts	12,406,147	783,688	13,189,835		13,189,835	14,372,578
State Grants and Contracts	60,653	650,979	711,632		711,632	713,654
Nongovernmental grants and contracts	514,245	433,998	948,243		948,243	1,313,346
Sales and services of educational activities	250,516		250,516		250,516	391,458
General operating revenues	1,309,054		1,309,054		1,309,054	1,461,254
Total Additional Operating Revenue	<u>14,540,615</u>	<u>1,868,665</u>	<u>16,409,280</u>		<u>16,409,280</u>	<u>18,252,290</u>
Auxiliary Enterprises						
Bookstore				10,520,586	10,520,586	11,350,004
Less Discounts				(3,239,905)	(3,239,905)	(3,189,975)
Student Housing				418,545	418,545	693,814
Less Discounts				(56,095)	(56,095)	(88,771)
Planetarium				125,449	125,449	118,493
Total Net Auxiliary Enterprises				<u>7,768,580</u>	<u>7,768,580</u>	<u>8,883,565</u>
Total Operating Revenues	<u>\$ 59,510,395</u>	<u>\$ 1,868,665</u>	<u>\$ 61,379,060</u>	<u>\$ 7,768,580</u>	<u>\$ 69,147,640</u> (Exhibit 2)	<u>\$ 71,762,319</u> (Exhibit 2)

* In accordance with Education Code 56.033, \$1,265,829 and \$1,023,865 for years August 31, 2015 and 2014, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

CENTRAL TEXAS COLLEGE DISTRICT
 SCHEDULE OF OPERATING EXPENSES BY OBJECT
 Year Ended August 31, 2015 (with Memorandum Totals for the Year Ended August 31, 2014)

Schedule B

	Operating Expenses			Fiscal Year 2015	Fiscal Year 2014	
	Salaries and Wages	Benefits				Other Expenses
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 29,495,801	\$	\$ 3,710,050	\$ 5,415,704	\$ 38,621,555	\$ 41,372,157
Public Service	600,339		200,147	770,882	1,571,368	1,550,326
Academic Support	5,942,347		1,400,074	2,419,608	9,762,029	8,982,936
Student Services	7,160,258		1,516,408	1,570,396	10,247,062	10,546,677
Institutional Support	8,884,115		3,869,420	6,647,973	19,401,508	18,618,411
Operation and Maintenance of Plant	2,469,799		908,429	4,014,125	7,392,353	7,649,127
Total Unrestricted Educational Activities	<u>54,552,659</u>		<u>11,604,528</u>	<u>20,838,688</u>	<u>86,995,875</u>	<u>88,719,634</u>
Restricted-Educational Activities						
Instruction	314,860	1,699,139	78,188	105,452	2,197,639	1,785,324
Public Service						
Academic Support		278,191			278,191	218,273
Student Services	150,096	476,899	31,878	261,189	920,062	1,097,882
Institutional Support		1,519,926			1,519,926	1,216,093
Operation and Maintenance of Plant						
Scholarships and Fellowships	100,406		775	27,322,448	27,423,629	29,646,651
Total Restricted Educational Activities	<u>565,362</u>	<u>3,974,155</u>	<u>110,841</u>	<u>27,689,089</u>	<u>32,339,447</u>	<u>33,964,223</u>
Total Educational Activities	<u>55,118,021</u>	<u>3,974,155</u>	<u>11,715,369</u>	<u>48,527,777</u>	<u>119,335,322</u>	<u>122,683,857</u>
Auxiliary Enterprises	740,070		197,543	6,272,922	7,210,535	7,969,714
Depreciation Expense-Buildings and other real estate improvements				2,779,892	2,779,892	2,618,129
Depreciation Expense-Equipment and furniture				1,182,640	1,182,640	1,245,614
Total Operating Expenses	<u>\$ 55,858,091</u>	<u>\$ 3,974,155</u>	<u>\$ 11,912,912</u>	<u>\$ 58,763,231</u>	<u>\$ 130,508,389</u>	<u>\$ 134,517,314</u>
				(Exhibit 2)	(Exhibit 2)	

CENTRAL TEXAS COLLEGE DISTRICT
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
Year Ended August 31, 2015 (with Memorandum Totals for the Year Ended August 31, 2014)

Schedule C

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>FY 2015 Total</u>	<u>FY 2014 Total</u>
NON-OPERATING REVENUES					
State Appropriations					
Education and general state support	\$ 20,604,188	\$	\$	\$ 20,604,188	\$ 20,642,249
Dramatic enrollment growth					
State group insurance		2,363,289		2,363,289	2,201,890
State retirement matching		1,610,866		1,610,866	916,297
Professional nursing shortage reduction					95,684
Hazlewood Legacy		14,833		14,833	
Total state appropriations	<u>20,604,188</u>	<u>3,988,988</u>		<u>24,593,176</u>	<u>23,856,120</u>
Maintenance ad valorem taxes	11,595,465			11,595,465	11,447,915
Federal revenue, non operating		25,106,830		25,106,830	27,530,972
Gain on disposal of capital assets	14,535			14,535	6,960
Investment income	1,011,455			1,011,455	961,207
Other					
Total non-operating revenues	33,225,643	29,095,818		62,321,461	63,803,174
NON-OPERATING EXPENSES					
Loss on disposal of capital assets	53,631			53,631	39,595
Other					11,342
Total non-operating expenses	53,631			53,631	50,937
Net non-operating revenues	\$ <u>33,172,012</u>	\$ <u>29,095,818</u>	\$ <u> </u>	\$ <u>62,267,830</u>	\$ <u>63,752,237</u>
				(Exhibit 2)	(Exhibit 2)

CENTRAL TEXAS COLLEGE DISTRICT
 SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
 Year Ended August 31, 2015 (with Memorandum Totals for the Year Ended August 31, 2014)

Schedule D

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current							
Unrestricted	\$ 40,547,539	\$	\$	\$ 40,547,539	\$ 40,547,539	\$	
Board Designated	57,741,821			57,741,821	57,741,821		
Restricted		644,746		644,746	644,746		
Loan	1,628			1,628			1,628
Plant							
Investment in Plant				105,940,923	105,940,923		105,940,923
Total Net Position, August 31, 2015	98,290,988	644,746		105,940,923	204,876,657 (Exhibit 1)	98,934,106	105,942,551
Total Net Position, August 31, 2014 (as restated, see Note 2)	101,318,257	697,054		101,954,265	203,969,576 (Exhibit 1)	102,013,683	101,955,893
Net Increase (Decrease) in Net Position	\$ (3,027,269)	\$ (52,308)	\$	\$ 3,986,658	\$ 907,081 (Exhibit 2)	\$ (3,079,577)	\$ 3,986,658

CENTRAL TEXAS COLLEGE DISTRICT

Schedule E

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2015**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
U.S. DEPARTMENT OF EDUCATION:			
Direct Programs:			
Student Financial Aid Cluster			
Supplemental Educational Opportunity Grant Program	84.007		90,114
Federal College Work-study Program	84.033		60,241
Federal Pell Grant Program	84.063		25,012,466
Direct Loans	84.268		7,629,132
Subtotal Student Financial Aid Cluster			<u>32,791,953</u>
Pass-Through From:			
Texas Workforce Commission			
Adult Education	84.002	2614ABE000	119,578
Temple College			
Adult Education Correctional	84.002	2614AEL000	24,226
Adult Educational	84.002	2614AEL000	124,445
Subtotal CFDA			<u>268,249</u>
Texas Higher Education Coordinating Board:			
Carl D. Perkins Funds-Basic	84.048	13425	472,486
Total U.S. Department of Education			<u>33,532,688</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass-Through From:			
Texas Workforce Commission			
Temporary Assistance to Needy Families	93.558	2614ABE000	24,938
Temporary Assistance to Needy Families-Self Sufficiency	93.558	1515SSF000	28,448
Temple College			
Temporary Assistance to Needy Families	93.558	2614AEL000	34,578
Total U. S. Department of Health and Human Services			<u>87,964</u>
Total Federal Financial Assistance			<u>\$ 33,620,652</u>

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, 2015

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts revenue-per Schedule A	\$	13,189,835
Add Non Operating Federal Revenue from Schedule C		25,106,830
Less Expenditures Not Subject to Federal Single Audit		<u>(4,676,013)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$	<u><u>33,620,652</u></u>

Note 2: Significant accounting policies used in preparing the schedule.

The expenditures included in the schedule are reported for the college's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the college for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the 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

None

Note 5: Nonmonetary federal assistance received

None

Note 6: Amounts passed through by the College

None

CENTRAL TEXAS COLLEGE DISTRICT

Schedule F

SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2015

Grantor Agency Program Title	Grant Contract Number	Expenditures
Texas Workforce Commission		
Skills for Small business	2613SSD001	\$ 7,250
Adult Education		
Basic Program	2614ABE000	27,204
Development Fund Veteran and Industry Partnership		46,434
Temple College		
Adult Education		
Basic Program	2614AEL000	68,048
Texas Higher Education Coordinating Board		
College Work-Study Program		36,248
Texas Grant Program		48,374
Texas Equal Opportunity Grant		317,111
Work-Study Student Mentorship Program	11830	32,261
Top 10% Scholarship		4,200
Total State Financial Assistance		\$ <u>587,130</u>
Note 1: State Assistance Reconciliation		
State Revenues -		
State Financial Assistance		
Per Schedule of expenditures of state awards		\$ 587,130
State Financial Assistance		
Tuition and fees		124,502
Total State Revenues per Schedule A		\$ <u>711,632</u>

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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 17, 2015.

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.

**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)**

Internal Control over Financial Reporting (Continued)

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

Jott, Vernon + Co., P.C.

Temple, Texas
December 17, 2015



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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, 2015. 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 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 and state programs occurred.

**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)**

Auditor's Responsibility (continued)

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

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

Opinion on Each Major Federal and State Program

In our opinion, 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, 2015.

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.

**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)**

Report on Internal Control Over Compliance (continued)

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Jett, Vernon & Co., P.C.

Temple, Texas
December 17, 2015

CENTRAL TEXAS COLLEGE DISTRICT

Schedule of Findings and Questioned Costs
August 31, 2015

I. Summary of Auditors' Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting:
Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal and State Awards

- | | |
|--|---------------|
| 4. Internal control over major programs:
Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| 5. Type of auditor's report issued on compliance for major programs | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 or the State of Texas Uniform Grant Management Standards? | None |
| 7. Identification of major programs: | |

Federal Programs

State Programs

- Student Financial Assistance Cluster:
- Federal Supplemental Educational Opportunity Grants 84.007
 - Federal Work-study Program 84.033
 - Federal Pell Grant Program 84.063
 - Federal Direct Student Loans 84.268

Texas Equal Opportunity Grant

Carl D. Perkins Funds - Basic 84.048

CENTRAL TEXAS COLLEGE DISTRICT

Schedule of Findings and Questioned Costs (Continued)
August 31, 2015

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

II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

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, 2015

	TEXAS CAMPUSES	AMERICAN PREPARATORY & INSTITUTE	CONTINENTAL INTERNATIONAL CAMPUSES	TOTAL
REVENUES				
Operating Revenues				
Tuition and Fees	\$ 34,795,016	30,856	10,143,908	44,969,780
Federal Grants and Contracts	5,174,620		8,015,215	13,189,835
State Grants and Contracts	711,632			711,632
Non-Governmental and Contracts	948,243			948,243
Sales and Services of Educational Activities		250,516		250,516
Sales & Services of Auxiliary Enterprises	7,046,419		722,161	7,768,580
Miscellaneous Income	1,253,752	21	55,281	1,309,054
Total Operating Revenues	49,929,682	281,393	18,936,565	69,147,640
EXPENSES				
Operating Expenses				
Instruction	31,529,434	128,703	9,161,057	40,819,194
Public Services	1,571,368			1,571,368
Academic Support	4,878,116	141,031	5,021,073	10,040,220
Student Services	8,749,942		2,417,182	11,167,124
Institutional Support	18,478,617	504,019	1,938,798	20,921,434
Operation and Maintenance of Plant	7,068,586		323,767	7,392,353
Scholarships and Fellowships	27,154,885	25	268,719	27,423,629
Auxiliary Enterprises	6,411,713		798,822	7,210,535
Depreciation	3,938,484		24,048	3,962,532
Total Operating Expenses	109,781,145	773,778	19,953,466	130,508,389
Operating Income(Loss)	(59,851,463)	(492,385)	(1,016,901)	(61,360,749)
Non-Operating Revenues (Expenses)				
State Appropriations-General Revenue	24,593,176			24,593,176
Taxes for Maintenance and Operations	11,595,465			11,595,465
Federal Revenue, Non Operating	25,106,830			25,106,830
Investment Income	1,011,436		19	1,011,455
Other Non-Operating	(39,096)			(39,096)
Net Non-Operating Revenue	62,267,811		19	62,267,830
Other Revenues, Expenses, Gains (Losses)				
Allocation of Distance Learning	(3,469,074)		3,469,074	
Allocation of Systems	4,523,943	(20,130)	(4,503,813)	
Increase (Decrease) in Net Position	\$ 3,471,217	(512,515)	(2,051,621)	907,081

**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, 2015**

	CENTRAL	FT. HOOD/SAC	DISTED	SYSTEMS	KNCT	AUXILIARY	TOTAL
REVENUES							
Operating Revenues							
Tuition and Fees	\$ 9,813,035	3,265,250	21,707,379	9,352			34,795,016
Federal Grants and Contracts	472,487	3,935,108	(6,711)		773,736		5,174,620
State Grants and Contracts	619,383	92,249					711,632
Non-Governmental and Contracts	641,422			232,346		74,475	948,243
Sales & Services of Auxiliary Enterprises		8,110	108,218			6,938,201	7,046,419
Miscellaneous Income	108,325				842,069	3,545	1,253,752
Total Operating Revenues	11,654,652	7,300,717	21,808,886	533,401	1,615,805	7,016,221	49,929,682
EXPENSES							
Operating Expenses							
Instruction	19,197,514		6,222,176				31,529,434
Public Services		6,109,744			1,571,368		1,571,368
Academic Support	2,599,916	966,070	549,847	762,283			4,878,116
Student Services	3,290,119	717,801	1,025,410	3,716,612			8,749,942
Institutional Support	5,627,772	234,188	2,853,725	9,609,497	76,952	76,483	18,478,617
Operation and Maintenance of Plant	7,008,563		60,023				7,068,586
Scholarships and Fellowships	27,154,885						27,154,885
Auxiliary Enterprises			14,388			6,397,325	6,411,713
Depreciation	2,312,775	136,924	3,769		229,124	528,131	3,938,484
Total Operating Expenses	67,191,544	8,224,750	10,669,315	14,816,153	1,877,444	7,001,939	109,781,145
Operating Income(Loss)	(55,536,892)	(924,033)	11,139,571	(14,282,752)	(261,639)	14,282	(59,851,463)
Non-Operating Revenues (Expenses)							
State Appropriations-General Revenue	17,935,909						24,593,176
Taxes for Maintenance and Operations	11,595,465	5,660,317	201,916	795,034			11,595,465
Federal Revenue, Non Operating	25,106,830						25,106,830
Investment Income				1,011,436			1,011,436
Other Non-Operating	(53,631)			14,535			(39,096)
Net Non-Operating Revenue	54,584,573	5,660,317	201,916	1,821,005			62,267,811
Other Revenues, Expenses, Gains (Losses)							
Allocation of Distance Education	4,432,705	1,734,537	(9,636,316)				(3,469,074)
Allocation of Systems	(4,072,605)	(1,178,354)	(1,705,171)	11,922,028	(195,273)	(246,682)	4,523,943
Increase (Decrease) in Net Position	(59,219)	5,292,467	(539,719)	(539,719)	(456,912)	(232,400)	3,471,217

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, 2015

	<u>EUROPE CAMPUS</u>	<u>PACIFIC FAR EAST CAMPUS</u>	<u>CONTINENTAL CAMPUS</u>	<u>NAVY CAMPUS</u>	<u>TOTAL CONTINENTAL & INTERNATIONAL</u>
REVENUES					
Operating Revenues					
Tuition and Fees	\$ 1,490,742	661,529	7,240,804	750,833	10,143,908
Federal Grants and Contracts	1,862,211	89,250	(37,648)	6,101,402	8,015,215
Sales & Services of Auxiliary Enterprises	24,959	14,136	61,432	621,634	722,161
Miscellaneous Income	5,537	4,286	20,516	24,942	55,281
Total Operating Revenues	<u>3,383,449</u>	<u>769,201</u>	<u>7,285,104</u>	<u>7,498,811</u>	<u>18,936,565</u>
EXPENSES					
Operating Expenses					
Instruction	2,118,386	496,951	2,345,867	4,199,853	9,161,057
Academic Support	753,831	899,713	2,342,187	1,025,342	5,021,073
Student Services	913,640	632,999	694,379	176,164	2,417,182
Institutional Support	853,884	392,210	315,945	376,759	1,938,798
Operation and Maintenance of Plant	218,181	8,149	20,260	77,177	323,767
Scholarships and Fellowships	40,308	18,810	190,791	18,810	268,719
Auxiliary Enterprises	60,971	26,805	113,781	597,265	798,822
Depreciation	16,612	1,500	3,908	2,028	24,048
Total Operating Expenses	<u>4,975,813</u>	<u>2,477,137</u>	<u>6,027,118</u>	<u>6,473,398</u>	<u>19,953,466</u>
Operating Income(Loss)	<u>(1,592,364)</u>	<u>(1,707,936)</u>	<u>1,257,986</u>	<u>1,025,413</u>	<u>(1,016,901)</u>
Non-Operating Revenues (Expenses)					
Investment Income		19			19
Other Non-Operating					
Net Non-Operating Revenue		<u>19</u>			<u>19</u>
Other Revenues, Expenses, Gains (Losses)					
Allocation of Distance Education	674,542	578,179	2,119,990	96,363	3,469,074
Allocation of Systems	(641,159)	(676,526)	(2,346,271)	(839,857)	(4,503,813)
Increase (Decrease) in Net Position	<u>\$ (1,558,981)</u>	<u>(1,806,264)</u>	<u>1,031,705</u>	<u>281,919</u>	<u>(2,051,621)</u>