SOUTH PLAINS COLLEGE

ANNUAL FINANCIAL REPORT

AUGUST 31, 2023 and 2022

SOUTH PLAINS COLLEGE
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
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SOUTH PLAINS COLLEGE
ORGANIZATIONAL DATA
FOR THE FISCAL YEAR 2022-2023

Board of Regents

Officers

Mike Box	Chairman
Ronny Alexander	Vice-Chairman
Richard Ellis	Secretary

Members

		Term Expires May 31,
Mike Box	Levelland, Texas	2028
Ronny Alexander	Levelland, Texas	2028
Richard Ellis	Levelland, Texas	2024
Jim Mara	Levelland, Texas	2026
Ty Gregory	Levelland, Texas	2026
Joe Tubb	Levelland, Texas	2024
Chris Edens	Levelland, Texas	2024

Executive Administration

Dr. Robin Satterwhite – President
Teresa Green – Vice President for Business Affairs
Dr. Ryan Gibbs – Vice President for Academic Affairs
Julie Gerstenberger – Vice President for Institutional Advancement
Dr. Stanley DeMerritt – Vice President for Student Affairs

Financial Section

Condley AND COMPANY, LLP
Certified Public Accountants and Business Advisors

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Abilene, Texas 79604-2993
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November 9, 2023

To the Board of Regents
South Plains College
Levelland, Texas

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the discretely presented component unit, and the fiduciary activities of South Plains College (the "College"), as of and for the years ended August 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the fiduciary activities of the College as of August 31, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in **NOTE 24** to the financial statements, in fiscal year ending August 31, 2023, the College adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5-15, Schedule of College's Proportionate Share of the Net Pension Liability, Schedule of College's Contributions for Pensions on pages 56-57, Schedule of College's Proportionate Share of Net OPEB Liability and Schedule of College's Contributions for OPEB on pages 58-59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supporting schedules (Schedules A-F), including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of state awards as required by the *State of Texas Single Audit Circular* are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules, which includes the schedule of expenditures of federal awards and schedule of expenditures of state awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2023, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Condley and Company, L.L.P.

Certified Public Accountants

Management's Discussion and Analysis
Required Supplementary Information

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the South Plains College Annual Financial Report presents our discussion and analysis of the College's financial performance during the fiscal year ending August 31, 2023. This section should be read in conjunction with the College's financial statements presented in the tables that follow.

This section provides an overview of financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues. While maintaining financial health is critical to the long-term viability of the College, the primary mission of South Plains College, as a public institution of higher education, is to provide education and public service. Therefore, net assets are accumulated only as required to ensure that there are sufficient reserve funds for future operations and implementation of new programs.

FINANCIAL HIGHLIGHTS 2021-2023

FINANCIAL HIGHLIGHTS 2021-2023					
	2023	2022	% CHANGE 2023	2021	% CHANGE 2023
REVENUES					
OPERATING REVENUES	$ 24,021,436	$ 22,449,088	6.7%	$ 23,336,639	2.9%
NON-OPERATING REVENUES	$ 51,474,400	$ 65,519,031	-21.4%	$ 57,755,806	-10.9%
TOTAL	**$ 75,495,836**	**$ 87,968,119**	**-14.2%**	**$ 81,092,445**	**-6.9%**
EXPENSES					
OPERATING EXPENSES	$ 72,815,945	$ 78,495,411	-7.2%	$ 78,352,653	-7.1%
NON-OPERATING EXPENSES	$ 502,451	$ 462,907	8.4%	$ 501,747	0.1%
TOTAL	**$ 73,318,396**	**$ 78,958,318**	**-7.1%**	**$ 78,854,400**	**-7.0%**
INCREASE IN NET POSITION	**$ 2,177,440**	**$ 9,009,801**	**-75.8%**	**$ 2,238,045**	**-2.7%**
TOTAL NET POSITION	**$ 49,400,388**	**$ 47,222,948**	**4.6%**	**$ 38,213,147**	**29.3%**
CURRENT ASSETS	**$ 49,929,403**	**$ 53,195,192**	**-6.1%**	**$ 55,669,937**	**-10.3%**
CURRENT LIABILITIES	**$ 21,233,877**	**$ 22,640,296**	**-6.3%**	**$ 21,958,972**	**-3.3%**
CURRENT RATIO	**2.35**	**2.35**	**N/A**	**2.54**	**N/A**

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis, pension and OPEB schedules (required supplementary information)*, the *financial statements*, *and other supplementary information*. The financial statements include the Statement of Net Position (Exhibit 1); Statement of Fiduciary Net Position (Exhibits 1.2 & 1.3), Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2) Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2); Statement of Changes in Fiduciary Net Position (Exhibit 2.3) Statement of Cash Flows (Exhibit 3); and the Notes to the Financial Statements.

One of the most important questions asked about the College's finances is: "Is the College as a whole better off or worse off as a result of the year's activities?" The financial statements mentioned above report information about the College as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is like the accounting used by most private-sector companies. All the current year's revenues and expenses are recorded when the expense or revenue event takes place, regardless of when cash is received or paid.

The Statement of Net Position (Exhibit 1) reports the assets, liabilities, and the net position of the College as of the end of the fiscal year. The purpose is to give users a snapshot of the financial position of South Plains College on the last day of the fiscal year. Net position is the difference between assets and deferred outflow of resources, less liabilities, and deferred inflows of resources. It is one way to measure the financial health, or solvency of the College. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving or deteriorating. The College's net position is one way to measure the College's financial health, or solvency.

Other non-financial indicators such as changes in the College's property tax base, enrollment levels, state funding, and the condition of the College's facilities should be considered when analyzing the health of the College.

The Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2) presents the operating results of the College as well as the non-operating revenues and expenses. Revenues received in exchange for providing the College goods and services are operating revenues. Operating expenses are those paid to acquire the goods and services provided in return for the operating revenues. Non-operating revenue are funds received with no direct relationship to the goods and services provided. Such things as state appropriations, local property taxes, gifts, investment income, and federal student aid grants and HEERF funds are non-operating revenues.

The Statement of Cash Flows (Exhibit 3) analyzes the cash activities of the College for the year. The statement (divided into activities) includes the following:

- Cash provided by or used for operating activities
- Cash flows from non-capital financing activities
- Cash flows from investing activities, and
- Cash provided by or used for capital and related financing activities

FINANCIAL ANALYSIS OF THE COLLEGE AS A WHOLE

The College's combined net position was $49.4 million as of August 31, 2023. See Table A-1.

TABLE A-1
CONDENSED STATEMENT OF NET POSITION
(In millions)

ASSETS	2023	2022	% CHANGE 2023	2021	% CHANGE 2023
CURRENT ASSETS	$ 50.0	$ 54.0	**-7.4%**	$ 55.7	**-10.2%**
CAPITAL ASSETS	$ 105.7	$ 101.0	**4.7%**	$ 84.7	**24.8%**
OTHER NON CURRENT ASSETS	$ 2.8	$ 3.7	**-24.3%**	$ 4.7	**-40.4%**
TOTAL	**$ 158.5**	**$ 158.7**	**-0.1%**	**$ 145.1**	**9.2%**
DEFERRED OUTFLOWS	**$ 15.8**	**$ 14.3**	**10.5%**	**$ 17.4**	**-9.2%**
LIABILITIES					
LONG TERM DEBT OUTSTANDING	$ 81.1	$ 86.2	**-5.9%**	$ 84.1	**-3.6%**
OTHER LIABILITIES	$ 21.2	$ 23.2	**-8.6%**	$ 22.0	**-3.6%**
TOTAL	**$ 102.3**	**$ 109.4**	**-6.5%**	**$ 106.1**	**-3.6%**
DEFERRED INFLOWS	**$ 22.6**	**$ 16.3**	**38.7%**	**$ 18.2**	**24.2%**
NET POSITION					
INVESTED IN CAPITAL ASSETS					
NET OF DEBT	$ 83.4	$ 78.2	**6.6%**	$ 65.4	**27.5%**
RESTRICTED	$ 9.2	$ 15.2	**-39.5%**	$ 19.8	**-53.5%**
UNRESTRICTED	$ (43.2)	$ (46.2)	**6.5%**	$ (47.0)	**8.1%**
TOTAL NET POSITION	**$ 49.4**	**$ 47.2**	**4.7%**	**$ 38.2**	**29.3%**

The negative $43.2 million unrestricted net position is primarily due to Government Accounting Standards Board (GASB) Statement 68 and 75 requirements. GASB 68 requires the college to record long-term obligations for pensions (TRS) and GASB 75 requires the college to record long-term obligations for other post-employment benefits (insurance for retirees). GASB 68 was implemented in FY2015 and GASB 75 was implemented in FY2018. These statements require the posting of non-cash entries that have a negative effect on the unrestricted net position. Without these entries, the unrestricted net position would be $25,035,165 on August 31, 2023. Of that amount, $2,500,000 is restricted for capital improvements.

Changes in net position. As Table A-1 illustrates, the College's net position for FY2023 increased by $2.2 million (4.7%). This change is due to an increase of $5.2 million in capital asset net position, an increase in unrestricted net position of $3 million and a decrease of $6 million in restricted net position.

COLLEGE REVENUES AND EXPENSES

The College's total revenues for FY2023 were $75.5 million. This represents a $12.5 million decrease from FY2022. The change is primarily from a decrease in federal revenue (non-operating) of $11.7 million and a decrease in gifts of $4.4 million. Additionally, there was an increase in property taxes of $.7 million. Approximately 33% of total revenues comes from federal and state grants and contracts, 23% comes from state appropriations, 24% from tuition and fees, 14% from property taxes, 1% from gifts, and the remaining 5% from other sources. The College's total operating expenses were $72.8 million in FY2023, compared to $78.5 million in FY22. The following are financial highlights presented in Table A-2.

- Property tax revenues increased $778,427 from FY2022 to FY2023 and decreased $1,421,945 from FY2021 to FY2022.
- State appropriations decreased by $136,328 from FY2022 to FY2023. Although general state support remained the same, nursing shortage decreased by $155,223.
- Tuition and fees increased by .8 million from FY2022 to FY2023. Out-of-district tuition and non-resident tuition increased by $10 per credit hour in FY2023.
- Gifts decreased by $4.4 million from FY2022 to FY2023. The primary reason for the decrease is a $5 million decrease in gifts in aid of construction and a $.6 million decrease in cash gifts.
- Federal and state grants decreased by $11.2 million from FY2022 to FY2023. This is primarily due to HEERF revenue decrease of $13.2 million and a Pell increase of $1.4 million.

TABLE A-2
SOUTH PLAINS COLLEGE
SOURCES OF REVENUE
FY2023

REVENUE SOURCES(millions)	2023		2022		2021	
STATE APPROPRIATIONS	$ 17.0	22.5%	$ 17.1	19.4%	$ 17.9	22.1%
TUITION AND FEES	$ 18.1	24.0%	$ 17.3	19.7%	$ 17.9	22.1%
PROPERTY TAXES	$ 10.8	14.3%	$ 10.1	11.5%	$ 11.5	14.2%
FEDERAL AND STATE GRANTS	$ 24.8	32.8%	$ 36.0	40.9%	$ 30.0	37.0%
OTHER	$ 3.7	4.9%	$ 2.0	2.3%	$ 2.3	2.8%
GIFTS	$ 1.1	1.5%	$ 5.5	6.3%	$ 1.5	1.8%
TOTAL	**$ 75.5**	**100.0%**	**$ 88.0**	**100.0%**	**$ 81.1**	**100.0%**

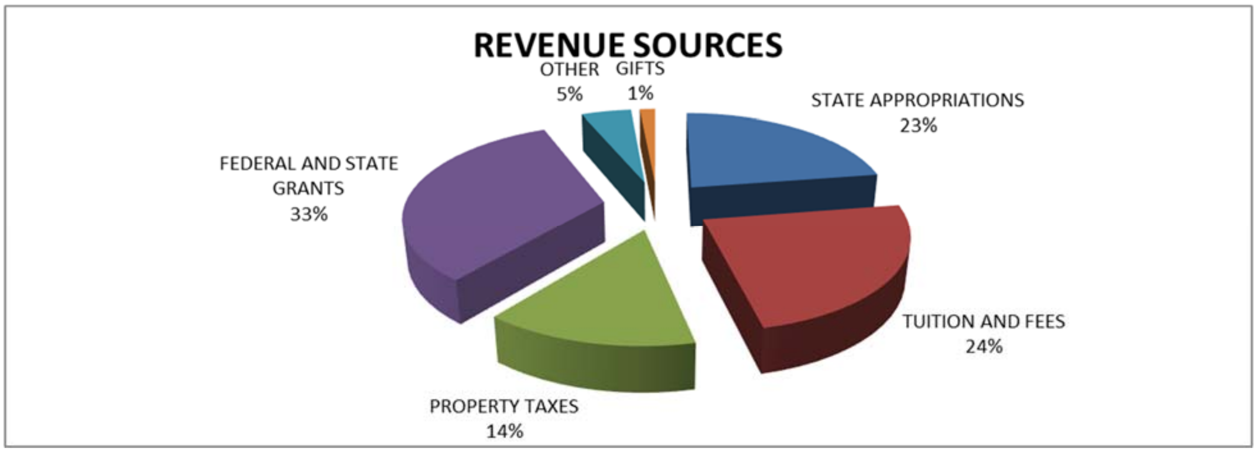

TABLE A-3
CHANGES IN THE NET POSITION OF SOUTH PLAINS COLLEGE
(in millions)

OPERATING REVENUES	**2023**	**2022**	**% CHANGE 2023**	**2021**	**% CHANGE 2023**
TUITION AND FEES(NET OF DISCOUNTS)	$ 18.1	$ 17.3	4.6%	$ 17.3	4.6%
FEDERAL GRANTS AND CONTRACTS	$ 2.9	$ 2.4	20.8%	$ 2.4	20.8%
STATE GRANTS AND CONTRACTS	$ 0.9	$ 1.0	-10.0%	$ 1.0	-10.0%
NON GOVERNMENTAL GRANTS AND CONTRACTS	$ 0.1	$ 0.0	9900.0%	$ 0.0	9900.0%
SALES AND SERVICES EDUCATIONAL ACTIVITIES	$ 0.1	$ 0.2	-50.0%	$ 0.2	-50.0%
AUXILIARY ENTERPRISES (NET OF DISCOUNTS)	$ 1.7	$ 1.4	21.4%	$ 1.4	21.4%
GENERAL OPERATING REVENUES	$ 0.2	$ 0.1	100.0%	$ 0.1	100.0%
TOTAL OPERATING REVENUES	**$ 24.0**	**$ 22.4**	**7.1%**	**$ 22.4**	**7.1%**
OPERATING EXPENSES					
INSTRUCTION	$ 31.0	$ 33.3	-6.9%	$ 31.3	-1.0%
PUBLIC SERVICE	$ 0.4	$ 0.4	0.0%	$ 0.3	33.3%
ACADEMIC SUPPORT	$ 3.8	$ 4.0	-5.0%	$ 4.0	-5.0%
STUDENT SERVICES	$ 7.6	$ 8.6	-11.6%	$ 7.4	2.7%
INSTITUTIONAL SUPPORT	$ 8.2	$ 10.4	-21.2%	$ 10.0	-18.0%
OPERATING AND MAINTENANCE OF PLANT	$ 7.6	$ 6.9	10.1%	$ 7.0	8.6%
SCHOLARSHIPS AND FELLOWSHIPS	$ 6.4	$ 8.6	-25.6%	$ 12.4	-48.4%
AUXILIARY ENTERPRISES	$ 3.5	$ 3.3	6.1%	$ 3.1	12.9%
DEPRECIATION	$ 4.3	$ 3.0	43.3%	$ 2.9	48.3%
TOTAL OPERATING EXPENSES	**$ 72.8**	**$ 78.5**	**-7.3%**	**$ 78.4**	**-7.1%**
NON-OPERATING REVENUES(EXPENSES)					
STATE APPROPRIATIONS	$ 17.0	$ 17.1	-0.6%	$ 17.9	-5.0%
TAXES-MAINTENANCE AND OPERATIONS	$ 10.9	$ 10.1	7.9%	$ 11.5	-5.2%
FEDERAL REVENUE, NON-OPERATING	$ 21.0	$ 32.6	-35.6%	$ 26.8	-21.6%
GIFTS	$ 1.1	$ 5.5	-80.0%	$ 1.5	-26.7%
INVESTMENT INCOME	$ 1.5	$ 0.2	650.0%	$ 0.1	1400.0%
INTEREST ON CAPITAL RELATED DEBT	$ (0.5)	$ (0.4)	25.0%	$ (0.5)	0.0%
TOTAL NON-OPERATING REVENUES(EXPENSES)	**$ 51.0**	**$ 65.1**	**-21.7%**	**$ 57.3**	**-11.0%**
INCREASE(DECREASE) IN NET ASSETS	**$ 2.2**	**$ 9.0**	**-75.6%**	**$ 1.3**	**269.1%**

Capital Assets

At the end of FY2023, the College had invested $173.7 million (excluding accumulated depreciation) in a broad range of capital assets, including land, equipment, buildings, vehicles, and right-of-use-assets. This amount represents a net increase (including additions and deductions) of $8.9 million or 5.4% increase over last year. A detailed listing of activity in the capital assets is presented in Table A-4.

TABLE A-4
Changes in Capital Assets
(In millions)

CHANGES IN CAPITAL ASSETS (millions)	2023	2022	% CHANGE 2023	2021	% CHANGE 2023
LAND	$ 2.0	$ 2.0	0.0%	$ 2.0	0.0%
LIBRARY BOOKS	$ 3.3	$ 3.2	3.1%	$ 3.2	3.1%
CONSTRUCTION IN PROGRESS	$ 0.3	$ 15.1	-98.0%	$ 15.4	-98.1%
BUILDINGS	$ 136.8	$ 119.6	14.4%	$ 103.3	32.4%
LAND IMPROVEMENTS	$ 7.1	$ 3.5	102.9%	$ 2.8	153.6%
FURNITURE, MACHINERY,VEHICLES, OTHER EQUIP.	$ 13.7	$ 13.5	1.5%	$ 13.0	5.4%
TELECOMMUNICATIONS AND PERIPHERAL EQUIP.	$ 7.1	$ 6.9	2.9%	$ 5.4	31.5%
RIGHT -OF-USE ASSETS	$ 3.4	$ 1.0	0.0%	$ -	N/A
TOTAL	**$ 173.7**	**$ 164.8**	**5.4%**	**$ 145.1**	**19.7%**
LESS ACCUMULATED DEPRECIATION	$ (67.9)	$ (63.8)	6.4%	$ (60.3)	12.6%
NET CAPITAL ASSETS	**$ 105.8**	**$ 101.0**	**4.8%**	**$ 84.8**	**24.8%**

Long Term Debt

At year-end, the College had $20,210,000 in long-term bonds outstanding as shown in Table A-5 below. The previous balance of $22,275,000, was reduced by the payment of principal of $2,065,000 to make the balance $20,210,000.

The net pension liability increased by $7.3 million, but the net OPEB liability decreased by $11.4 million, for a total of $49 million. The Other Post-Employment Benefits (OPEB) liability is recorded to comply with Governmental Accounting Standards Board (GASB) 75. GASB 75 requires the college to record long-term obligations for other post-employment benefits (insurance for retirees). The pension liability is recorded to comply with (GASB) Statement 68. GASB 68 states that beginning in fiscal year 2015, participating employers must report their proportionate share of the unfunded net pension (TRS) liability on the balance sheet. The leases payable liabilities were added because GASB 87 became effective in FY22 and GASB96 became effective this fiscal year. These statements require the College to record lease liabilities as well as right-to-use assets for certain leases. More detailed information about the College's debt is presented in the notes to the financial statements.

TABLE A-5
Long-Term Debt

South Plains College Long Term Debt (in millions of dollars)			
	2023	2022	2021
Tuition Revenue Bonds Payable	$ 20.2	$ 22.2	$ 19.3
Net Pension Liability (TRS)	$ 12.6	$ 5.3	$ 11.4
Net OPEB Liability	$ 49.0	$ 60.4	$ 55.4
Lease Liabilities	$ 2.1	$ 0.5	$ -
Total long term debt	**$ 81.8**	**$ 88.4**	**$ 86.1**

POSSIBLE FUTURE FINANCIAL EFFECTS ON COLLEGE OPERATIONS

Enrollment levels directly affect tuition and fee revenues and auxiliary enterprise sales, services, and fee revenues. Population demographics (number of potential students) and the overall region's economic condition also affect enrollment. South Plains College continues to experience relatively stable enrollment numbers. The unduplicated headcount in the fall 2019 semester was 9,196. The headcount for the fall 2020 term was 8,879 (a 3.5% decrease from fall 2019.) The unduplicated headcount for fall 2021 was 8,912, which is a .4% increase from fall 2020. The unduplicated headcount for the fall 2022 term was 8,574, which is a 3.8% decrease from fall 2021. The fall 2023 semester had a headcount of 8,870, which is a 3.5% increase from fall 2022 semester. and a 3.5% decrease from the fall 2019 semester (pre-covid). Although this is concerning, it is indicative of enrollment in community colleges and higher education across the state and nation.

South Plains College completed the science building renovation (Wheeler Science Center) on the Levelland campus last fiscal year. This included 28,658 square feet at a total cost of $15.6 million with private donations of $12.4 million.

The Lubbock Downtown Center renovation was also completed last fiscal year. This included 84,300 square feet and 49 classrooms. The cost was $15.9 million, which was fully paid for with private donations. There is an additional $3 million in private donations to be paid over six years for operational support. The student population in Lubbock County will have improved service and access with the addition of this facility. Furthermore, this will better serve the students that are co-enrolled at South Plains College and Texas Tech University, which is located only 7 blocks away. There were 1,690 students enrolled in the Lubbock Downtown Center for the fall 2023 semester.

South Plains College continues the expansion of facilities. The college completed the expansion of the Levelland welding building this fiscal year. This was a $3.1 million expansion with $1.5 million in private donations. There were 21 booths added for a total of 80 booths. This will increase enrollment in welding courses going forward.

The State of Texas contributes a portion of the College's revenues through state appropriations for educational operations and employee benefits. Contact hour funding decreased by $219,454 from FY2019 to FY2020 and FY2021. The College was funded every two years, so contact hour funding increased by $153,262 for FY22 and FY23 from the previous biennium.

The State of Texas changed the way public junior colleges are funded with the implementation of the new funding system beginning September 1, 2023. Per the Coordinating Board Website, *"Texas is moving away from a static system tied primarily to students' time in class to a modern and dynamic outcomes-based formula that reflects the needs of our world-class economy. The new Texas community college finance system rewards colleges for their progress toward our state's higher educational goals while also ensuring colleges have access to the resources needed to support their mission to educate and train the workforce of the future"*. This model will be based on student success and outcomes, not solely enrollment as has been the model used in the past. As a result of this change, South Plains College will receive an increase in state appropriations of $5.7 million for FY24, for a total of $19,272,422. South Plains College will no longer be funded for a biennium, but instead will receive funding annually based on outcomes.

Judicious budgeting, raising tuition/fee charges, and the stability of state appropriations has been successful in maintaining normal operations.

The implementation of GASB 68 to record the unfunded TRS liability has created a net pension liability of $12.5 million as of FY2023. Implementation of GASB 75 created a restatement of fund balance of ($51,030,991) for FY2017. There is currently a liability of OPEB (other post-employment benefits) of $49 million as of FY2023.

Investment markets and the economy affect interest rates and interest income. Given the current state of the economy, markets, and interest rates, the outlook for the College's investment income is unpredictable. Investment income earned in FY2019 was $573,211. The investment income declined to $347,697 in FY2020. A further decrease to $139,142 was realized in FY2021. Investment income increased slightly to $207,425 in FY2022. A significant increase was realized in FY2023 when the income earned was $1,546,091 (an increase of $1.3 million). This was due to recent increases in interest rates by the federal government. The College will continue with the stated policy of preserving capital first and maximizing investment returns second.

The volatility of the oil and gas market will continue to affect the mineral tax base of the College. The College has a cap of $0.40 per $100 valuation. The taxable assessed value fell from $4.7 billion in FY2015 to $3.4 billion to $2.3 billion in in FY2017. This caused the College to reach the taxation cap in FY2017 and consequently lose about $3.3 million in tax revenue in one year. Over the next few years, the valuation increased and decreased. The valuation for FY23 was back to $3.5 billion, about the same as FY2015. The valuation for FY24 is $3.8 billion resulting in an increase of tax revenue of approximately $867,453 from FY23 to FY24. Total taxes including delinquent taxes, penalties, and interest are budgeted at $11.8 million for FY24. It is difficult to predict property tax revenue with the volatility of the mineral base, which is a substantial portion of the valuation for the taxing district. In addition, when values increase, the college is restricted to an 8% revenue increase from the prior year.

Although it is impossible to predict the effects of conditions affecting the financial stability of the College, management strongly believes that the College is well positioned financially to withstand unexpected internal or external circumstances that might negatively affect the College.

MANAGEMENT'S DISCUSSION AND ANALYSIS
AFFILIATED UNIT INFORMATION
SOUTH PLAINS COLLEGE FOUNDATION

The South Plains College Foundation is governed by a Board of 13 to 30 Directors that is committed to a long-standing tradition of service to the students of South Plains College. The purpose of the Foundation is to advance the College by raising and receiving funds to support the educational mission of the College through scholarships, program enrichment and capital improvements. To this end, the Foundation has traditionally focused its operations on maximizing efforts to grow scholarship endowments to support the educational dreams of SPC students. Recent development efforts have been directed at securing private and public funds to support capital improvements such as the Science Center project, Welding Expansion, and the Lubbock Downtown Center. The Foundation began receiving funds for these projects in FY 2020 and will continue to receive funds for the Lubbock Downtown Center through FY 2026. Future grant pledges are reported on the Foundation's Statement of Financial Position at a net present value of $3,771,114 as of August 31, 2023.

FINANCIAL HIGHLIGHTS FY 2021 to FY 2023					
	FY 2023	FY 2022	PERCENT CHANGE FY 2023	FY 2021	PERCENT CHANGE FY 2023
REVENUES					
Gifts	$1,076,165	$1,308,698	-17.76%	$1,877,953	-43.28%
Grants for SPC	$1,500,000	$2,600,000	-42.30%	$9,825,000	-84.62%
Less: Agency	($1,500,000)	($2,600,000)	-42.30%	($9,825,000)	-84.62%
Fundraising	$339,784	$236,870	43.45%	$204,226	66.38%
Investments	$2,321,518	($3,477,416)	166.76%	$4,779,317	-51.43%
Other	$5,808	$18,610	-68.79%	$24,975	-76.74%
Total	**$3,743,275**	**($1,913,238)**	**295.66%**	**$6,886,471**	**-45.80%**
EXPENSES					
Scholarships	$1,221,730	$1,087,260	12.37%	$1,013,063	20.60%
Grants to SPC	$1,500,000	$2,600,000	-42.30%	$9,831,940	-84.63%
Less: Agency	($1,500,000)	($2,600,000)	42.30%	($9,825,000)	84.73%
Fundraising	$69,595	$56,380	23.44%	$20,320	242.50%
Operating	$132,416	$129,461	2.28%	$130,695	1.32%
Total	**$1,434,741**	**$1,273,101**	**12.70%**	**$1,171,018**	**22.52%**
CHANGE IN NET POSITION	**$2,308,534**	**($3,095,631)**	**174.58%**	**$5,715,453**	**-59.80%**
TOTAL NET POSITION	**$30,556,773**	**$28,248,239**	**8.17%**	**$31,343,870**	**-2.55%**

The South Plains College Foundation recorded an 8.17 percent gain in total net position over the prior period with total net assets of $30,556,773 for FY 2023. The Foundation's investment goal is twofold: 1) provide long-term growth of fund assets with preservation of capital and purchasing power; and 2) provide sufficient current income to support the activities of the Foundation. In order to provide South Plains College with adequate annual scholarship funds, the South Plains College Foundation Board of Directors has set a target annual return on investment of 8.0 percent. This allows the Foundation to disburse on the average 5.0 percent annually from scholarship endowment funds, while hedging for inflation.

For fiscal year 2023, the Foundation recorded $1,415,949 in gifts and fundraising, about 8 percent less than the prior year. This shows a significant rebound from FY 2022 which brought in 26 percent less than the year before. The Foundation received $1,500,000 in non-scholarship restricted grant funds for capital improvement projects at South Plains College. Realized and unrealized investment income reflected a positive market, totaling $2,321,518. Total revenues for the fiscal year were $3,743,275.

The Foundation distributed to the College a record $1,221,730 in scholarship funds, providing financial assistance to 931 South Plains College students during the academic year. The dollar amount was a 12.37 percent increase in scholarship spending. A major goal of the Foundation's Board of Directors has been to provide an increasing amount of scholarship funds annually. Over the past five years, the amount of Foundation Scholarship funds awarded has increased 22 percent. An additional $1,500,000 in non-scholarship restricted and unrestricted grants were disbursed for total support of $2,721,730 to the College.

The direct operating expenses of the Foundation showed a slight increase of 2.28 percent to $132,416. These expenses included investment expense (85 percent), planned gift expense (4 percent), liability insurance (6 percent), and other operational expense (5 percent). The College, through its partnership with the Foundation, contributes to the operations of the Foundation by providing in-kind support of personnel, office space, computer resources, travel, office supplies and other administrative support estimated to be unchanged from the previous year at $270,506 (unaudited).

ENDOWMENT GROWTH FY 202 to FY 2023					
	FY 2023	**FY 2022**	**Percent Change FY 2023**	**FY 2021**	**Percent Change FY 23**
Original Corpus Restricted	$20,812,956	$18,125,028	14.82%	$17,402,998	19.74%
Earnings on Corpus Restricted	$7,272,177	$7,935,031	-8.35%	$11,460,715	-46.57%
Total Endowment Value	**$28,085,133**	**$26,048,416**	**7.82%**	**$28,863,713**	**-6.59%**
% Original Corpus Endowment	**74.1%**	**69.6%**		**60.3%**	

The Foundation's permanent endowment increased approximately 15 percent during the fiscal year to $20,812,956 due to the establishment of new endowments and additions to existing funds. In total, fifteen new scholarship endowments totaling $497,800 were established during the fiscal year and one existing scholarship fund reached permanent endowment status. The total endowment increased in value by 7.82 percent to $28,085,133 with 74.10 percent of funds permanently restricted.

The future ability of the Foundation to grow endowments and sustain its current level of scholarship distributions is contingent upon a number of factors that include fundraising, investment markets and economic conditions, and capital preservation strategies. In addition, staffing changes have had a positive impact on fundraising. Development efforts are focused on identifying new opportunities among SPC alumni and friends for establishing future scholarship endowments. Giving to the Foundation is always a product of economic conditions as well as the philanthropic spirit of current and new donors.

The Foundation Board of Directors and especially its Finance and Investment Committee continues to investigate and consider ways to maximize investments. With assets distributed among three managers, the Committee receives regular fund performance reports and meets regularly to discuss performance and to consider manager and other recommendations.

The earnings on corpus restricted reported in the Endowment Growth Table represent future scholarships that can be awarded. With all things being equal, these reserves are sufficient to fund scholarships at current disbursement levels for the next five years. However, market conditions and returns are never certain, and the Foundation will continue with its policy of preserving capital, minimizing risk, and providing sufficient income to support activities.

Basic Financial Statements

SOUTH PLAINS COLLEGE
STATEMENTS OF NET POSITION
AUGUST 31, 2023 AND 2022
EXHIBIT 1

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 34,494,543**	$ 36,654,566
Accounts receivable (net)	**14,434,860**	14,784,001
Other receivables	**1,000,000**	1,000,000
Prepaid expenses	**-**	748,000
Inventories	**-**	8,625
Total Current Assets	**49,929,403**	53,195,192
Noncurrent Assets:		
Capital assets (net)	**103,704,566**	100,484,341
Right-of-use assets (net)	**2,052,479**	1,369,688
Other receivables	**2,771,114**	3,697,933
Total Noncurrent Assets	**108,528,159**	105,551,962
TOTAL ASSETS	**158,457,562**	158,747,154
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	**8,765,398**	3,388,152
Deferred outflows of resources related to OPEB	**7,070,338**	10,869,657
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**15,835,736**	14,257,809
LIABILITIES		
Current Liabilities:		
Accounts payable	**1,119,544**	2,203,240
Accrued liabilities	**1,162,842**	1,152,655
Funds held for others	**125,200**	188,373
Unearned revenues	**16,062,459**	16,644,292
Lease and subscription liabilities - current portion	**673,832**	386,736
Bonds payable - current portion	**2,090,000**	2,065,000
Total Current Liabilities	**21,233,877**	22,640,296
Noncurrent Liabilities:		
Net pension liability	**12,552,303**	5,268,512
Net OPEB liability	**48,994,117**	60,414,215
Lease and subscription liabilities	**1,425,302**	991,734
Bonds payable	**18,120,000**	20,210,000
Total Noncurrent Liabilities	**81,091,722**	86,884,461
TOTAL LIABILITIES	**102,325,599**	109,524,757
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	**4,908,707**	6,493,770
Deferred inflows of resources related to OPEB	**17,658,604**	9,763,488
TOTAL DEFERRED INFLOWS OF RESOURCES	**22,567,311**	16,257,258
NET POSITION		
Net investment in capital assets	**83,447,911**	78,200,559
Restricted:		
Expendable for:		
Student aid	**246,794**	407,781
Construction	**986,117**	9,544,252
Debt service	**7,879,276**	5,144,687
Nursing program	**83,119**	164,654
Unrestricted	**(43,242,829)**	(46,238,985)
TOTAL NET POSITION	**$ 49,400,388**	$ 47,222,948

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

SOUTH PLAINS COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION - COMPONENT UNIT
AUGUST 31, 2023 AND 2022
EXHIBIT 1.1

	2023	2022
ASSETS		
ASSETS		
Cash and cash equivalents	**$ 1,474,783**	$ 1,287,719
Accrued interest and dividends receivable	**1,944**	1,945
Investments	**28,849,692**	26,589,567
Planned gift cash value	**217,854**	356,508
Vacation time share	**12,500**	12,500
Deferred scholarships	**666,167**	578,393
Pledges receivable, net of discount	**3,771,114**	4,697,933
TOTAL ASSETS	**$ 34,994,054**	$ 33,524,565
LIABILITIES AND NET ASSETS		
LIABILITIES		
Scholarships payable to South Plains College	**$ 666,167**	$ 578,393
Pledges payable to South Plains College	**3,771,114**	4,697,933
Total Liabilities	**4,437,281**	5,276,326
NET ASSETS		
Without donor restrictions	**287,109**	283,944
With donor restrictions	**30,269,664**	27,964,295
Total Net Assets	**30,556,773**	28,248,239
TOTAL LIABILITIES AND NET ASSETS	**$ 34,994,054**	$ 33,524,565

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

SOUTH PLAINS COLLEGE
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2023
EXHIBIT 1.2

	Pension Trust Funds	Custodial Funds
ASSETS		
Cash	$	$ 913,691
Receivables:		
Employer contributions	105,600	
Participant contributions	230	
Investments at fair value:		
Mutual funds	1,810,536	
Uninvested cash	1,790	
TOTAL ASSETS	1,918,156	913,691
LIABILITIES		
Accounts payable:		
South Plains College	13,832	
Other payables	102	
Due to others		913,691
TOTAL LIABILITIES	13,934	913,691
NET POSITION		
Restricted for:		
Pensions	1,904,222	-
TOTAL NET POSITION	$ 1,904,222	$ -

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

SOUTH PLAINS COLLEGE
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2022
EXHIBIT 1.3

	Pension Trust Funds	Custodial Funds
ASSETS		
Cash	$	$ 796,473
Receivables:		
Employer contributions	104,700	
Participant contributions	180	
Investments at fair value:		
Mutual funds	1,706,003	
Uninvested cash	1,201	
TOTAL ASSETS	1,812,084	796,473
LIABILITIES		
Accounts payable:		
South Plains College	25,660	
Other payables	1,381	
Due to others		796,473
TOTAL LIABILITIES	27,041	796,473
NET POSITION		
Restricted for:		
Pensions	1,785,043	-
TOTAL NET POSITION	$ 1,785,043	$ -

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

SOUTH PLAINS COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
EXHIBIT 2

	2023	2022
OPERATING REVENUES AND EXPENSES		
Operating Revenues:		
Tuition and fees (net of discounts of $17,258,095 and $17,325,701, respectively)	**$ 18,088,621**	$ 17,276,050
Federal grants and contracts	**2,894,318**	2,428,277
State grants and contracts	**935,131**	956,108
Nongovernmental grants and contracts	**113,197**	1,257
Sales and services of educational activities	**109,944**	173,547
Investment income - program restricted	**8,945**	795
Auxiliary enterprises (net of discounts of $627,539 and $836,492, respectively)	**1,723,576**	1,473,034
General operating revenues (net of discounts of $0, both years)	**147,704**	140,020
Total Operating Revenues (Schedule A)	**24,021,436**	22,449,088
Operating Expenses:		
Instruction	**30,916,817**	33,269,177
Public service	**432,346**	424,167
Academic support	**3,756,972**	4,038,516
Student services	**7,590,026**	8,582,152
Institutional support	**8,190,869**	10,347,182
Operation and maintenance of plant	**7,608,711**	6,937,480
Scholarships and fellowships	**6,440,983**	8,616,250
Auxiliary enterprises	**3,494,375**	3,324,474
Depreciation and amortization	**4,384,846**	2,956,013
Total Operating Expenses (Schedule B)	**72,815,945**	78,495,411
Operating Loss	**(48,794,509)**	(56,046,323)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	**17,002,778**	17,139,106
Maintenance ad valorem taxes	**10,834,356**	10,055,928
Federal revenue, non-operating	**20,923,399**	32,613,622
Gifts	**576,000**	-
Gifts in aid of construction	**573,181**	5,502,950
Investment income	**1,546,091**	207,425
Interest on capital related debt	**(502,451)**	(462,907)
Gain on disposal of fixed assets	**18,595**	-
Net Non-Operating Revenues (Schedule C)	**50,971,949**	65,056,124
Increase in Net Position	**2,177,440**	9,009,801
NET POSITION		
Net position - beginning of year	**47,222,948**	38,213,147
Net position - end of year	**$ 49,400,388**	$ 47,222,948

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

SOUTH PLAINS COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES - COMPONENT UNIT
FOR THE YEAR ENDED AUGUST 31, 2023
EXHIBIT 2.1

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE			
Contributions	$	$ 2,576,165	$ 2,576,165
Less: amounts considered agency transactions		(1,500,000)	(1,500,000)
Fundraising revenue		339,784	339,784
Investment income	3,165	2,205,717	2,208,882
Planned gift change in value		5,808	5,808
Net assets released from restriction	1,221,730	(1,221,730)	-
TOTAL REVENUE	1,224,895	2,405,744	3,630,639
EXPENSE			
Scholarships	1,221,730		1,221,730
Fundraising expenses		69,595	69,595
Planned gift expenses		2,139	2,139
Unrestricted program support		11,000	11,000
Restricted program support		1,500,000	1,500,000
Less: amounts considered agency transactions		(1,500,000)	(1,500,000)
Other expenses		17,641	17,641
TOTAL EXPENSE	1,221,730	100,375	1,322,105
INCREASE IN NET ASSETS	3,165	2,305,369	2,308,534
NET ASSETS AT BEGINNING OF YEAR	283,944	27,964,295	28,248,239
NET ASSETS AT END OF YEAR	$ 287,109	$ 30,269,664	$ 30,556,773

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

SOUTH PLAINS COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES - COMPONENT UNIT
FOR THE YEAR ENDED AUGUST 31, 2022
EXHIBIT 2.2

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE			
Contributions	$	$ 3,908,698	$ 3,908,698
Less: amounts considered agency transactions		(2,600,000)	(2,600,000)
Fundraising revenue	220	327,358	327,578
Investment loss	(55,426)	(3,528,181)	(3,583,607)
Planned gift change in value		18,610	18,610
Net assets released from restriction	1,087,260	(1,087,260)	-
TOTAL REVENUE	1,032,054	(2,960,775)	(1,928,721)
EXPENSE			
Scholarships	1,087,260		1,087,260
Fundraising expenses		56,380	56,380
Planned gift expenses		6,711	6,711
Restricted program support		2,600,000	2,600,000
Less: amounts considered agency transactions		(2,600,000)	(2,600,000)
Other expenses		16,559	16,559
TOTAL EXPENSE	1,087,260	79,650	1,166,910
DECREASE IN NET ASSETS	(55,206)	(3,040,425)	(3,095,631)
NET ASSETS AT BEGINNING OF YEAR	339,150	31,004,720	31,343,870
NET ASSETS AT END OF YEAR	$ 283,944	$ 27,964,295	$ 28,248,239

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

SOUTH PLAINS COLLEGE
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
EXHIBIT 2.3

	2023	2022
ADDITIONS		
Contributions:		
Employer	**$ 106,500**	$ 110,100
Participant	**2,460**	2,135
Total Contributions	**108,960**	112,235
Investment earnings:		
Net increase in fair value of investments	**100,758**	-
Interest, dividends and other	**49,322**	48,338
Net investment earnings	**150,080**	48,338
TOTAL ADDITIONS	**259,040**	160,573
DEDUCTIONS		
Benefits paid to participants or beneficiaries	**102,362**	362,751
Net decrease in fair value of investments	**-**	312,366
Forfeitures	**13,832**	25,660
Administrative expense	**23,667**	29,374
TOTAL DEDUCTIONS	**139,861**	730,151
Increase (Decrease) in Net Position	**119,179**	(569,578)
NET POSITION		
Net position restricted for pensions - beginning of year	**1,785,043**	2,354,621
Net position restricted for pensions - end of year	**$ 1,904,222**	$ 1,785,043

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

SOUTH PLAINS COLLEGE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
EXHIBIT 3

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	**$ 19,457,306**	$ 18,562,529
Receipts of appropriations, grants, and contracts	**3,903,346**	3,993,169
Other receipts	**156,648**	140,815
Payments to or on behalf of employees	**(43,262,449)**	(43,033,932)
Payments to suppliers for goods or services	**(14,664,181)**	(21,226,312)
Payments of scholarships	**(6,440,983)**	(8,616,250)
Net cash used in operating activities	**(40,850,313)**	(50,179,981)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	**13,788,928**	13,960,454
Ad valorem tax revenues	**10,815,172**	10,079,278
Federal revenue, nonoperating	**21,154,971**	33,120,263
Gifts and grants (other than capital)	**576,000**	-
Net cash provided by non-capital financing activities	**46,335,071**	57,159,995
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions received in aid of construction	**-**	5,000,000
Contributions received in aid of construction	**5,271,114**	7,660,000
Contributions received in aid of debt service	**(3,771,114)**	-
Purchases of capital assets	**(8,152,422)**	(18,097,235)
Proceeds from sale of capital assets	**18,595**	-
Payments on capital debt - principal	**(2,065,000)**	(2,040,000)
Payments on capital debt - interest	**(492,045)**	(468,760)
Net cash used in capital and related financing activities	**(9,190,872)**	(7,945,995)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	**1,546,091**	207,425
Net cash provided by investing activities	**1,546,091**	207,425
Increase (Decrease) in cash and cash equivalents	**(2,160,023)**	(758,556)
Cash and cash equivalents - September 1	**36,654,566**	37,413,122
Cash and cash equivalents - August 31	**$ 34,494,543**	$ 36,654,566

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	**$ (48,794,509)**	$ (56,046,323)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	**3,749,839**	2,956,013
Bad debt expense	**184,640**	637,207
Payments made directly by state for benefits	**3,213,850**	3,178,652
TRS non cash items	**321,482**	(945,070)
ERS non cash items	**274,337**	976,835
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Increase in accounts receivable (net)	**(47,887)**	(434,545)
Decrease in inventories	**8,625**	6,775
(Increase) decrease in prepaid expenses	**748,000**	(133,240)
Increase (decrease) in accounts payable	**136,535**	(493,611)
Increase (decrease) in accrued liabilities	**(219)**	74,372
Decrease in funds held for others	**(63,173)**	(610,340)
Increase (decrease) in unearned revenues	**(581,833)**	653,294
Net cash used in operating activities	**$ (40,850,313)**	$ (50,179,981)

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

SOUTH PLAINS COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS - COMPONENT UNIT
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
EXHIBIT 3.1

		2023		2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from contributions	**$**	**1,076,165**	$	1,308,698
Receipts from fundraising		**339,784**		327,578
Payments to suppliers for goods or services		**(94,567)**		(79,650)
Payments of scholarships		**(1,221,730)**		(1,087,260)
Net cash provided by operating activities		**99,652**		469,366
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings (loss)		**150,567**		(41,009)
Proceeds from sale of investments		**132,845**		
Purchase of investments		**(196,000)**		(350,000)
Net cash used in investing activities		**87,412**		(391,009)
Increase in cash and cash equivalents		**187,064**		78,357
Cash and cash equivalents - September 1		**1,287,719**		1,209,362
Cash and cash equivalents - August 31	**$**	**1,474,783**	$	1,287,719
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Increase (decrease) in net assets	**$**	**2,308,534**	$	(3,095,631)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:				
Unrealized and realized (gains) losses on investments		**(1,884,438)**		3,604,852
Investment income reinvested		**(437,081)**		(146,189)
Bank/Brokerage fees paid as reduction in investment basis		**112,636**		106,191
Changes in assets and liabilities:				
(Increase) Decrease in accrued interest and dividends receivable		**1**		143
(Increase) Decrease in deferred scholarships		**(87,774)**		(102,213)
Decrease in pledges receivable		**926,819**		2,157,050
Increase (Decrease) in scholarships payable to South Plains College		**87,774**		102,213
Decrease in pledges payable to South Plains College		**(926,819)**		(2,157,050)
Net cash provided by operating activities	**$**	**99,652**	$	469,366

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

SOUTH PLAINS COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS - COMPONENT UNIT
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
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Net cash provided by operating activities	**$**	**99,652**	$	469,366

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

Note 1: Reporting Entity

South Plains College (the 'College') was established in 1958 in accordance with the laws of the State of Texas to serve the educational needs of Hockley County and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

The Board of Regents (the "Board"), a five-member group, is the level of government which has governance responsibilities over all activities related to the education of students who attend the College. The Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for the fiscal matter concerning the College. The College has four campuses, Levelland, Lubbock Center, Reese Center and Plainview, which offer a wide variety of general academic and vocational courses in a two-year curriculum.

Component Unit
South Plains College Foundation (the "Foundation") was established as a separate nonprofit organization in 1979 for providing student scholarships and assistance in the development and growth of the College. Under Governmental Standards Board Statement 39*, Determining Whether Certain Organizations are Component Units*, the Foundation is a component unit of the College because:

- the College provides financial support to the Foundation and the economic resources received or held by the Foundation are entirely or almost entirely for the direct benefit of the College,
- the College is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the Foundation, and
- the economic resources held by the Foundation that the College is entitled or has the ability to otherwise access, are significant to the College.

Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit. Complete financial statements of the South Plains College Foundation can be obtained from the administrative office of the South Plains College Foundation.

Note 2: Summary of Significant Accounting Policies

The significant accounting policies followed by South Plains College in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community Colleges. The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities.

Tuition Discounting

Texas Public Education Grants
Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code 56.033). 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 students. 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

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

Basis of Accounting

The financial statements of South Plains College have been prepared on the accrual basis, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Budgetary Data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Regents 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

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

Deferred Outflows

In addition to assets, South Plains College is aware that the Statements 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 on refunding debt.

Investments

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, 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 the time of purchase. The governing board has designated public funds investment pools comprised of $3,050,604 and $6,063,274 as of August 31, 2023 and 2022, respectively, to be short-term investments. Long-term investments have an original maturity of greater than one year at the time of purchase.

The Foundation investments are carried at fair value. Realized and unrealized gains and losses on marketable equity securities are recorded monthly and are added to or subtracted from the applicable category of net assets.

Inventories

Inventories consist of consumable office supplies and physical plan supplies. Inventories are valued at cost and charged to expense when purchased, except for miscellaneous items purchased at year end which are more appropriately charged to the subsequent year.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life in excess of one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the 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 an asset's life are charged to operating expenses in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following lives are used:

Asset Type	Years
Buildings	50
Facilities and other improvements	20
Library books	15
Furniture, machinery, vehicles and other equipment	10
Telecommunications and peripheral equipment	5

Other Postemployment Benefits (OPEB)

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

Pensions

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

Unearned Revenues

Tuition and fees of $15,855,719 and $16,180,388 and federal, state and local grants of $206,740 and $463,904 have been reported as unearned revenues as of August 31, 2023 and 2022, respectively.

Deferred Inflows

In addition to liabilities, South Plains College is aware that the Statements 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 (revenues) until that time. Governments are permitted to report deferred inflows in circumstances specifically authorized by the GASB.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. 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 business-type activity and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. The operation of the bookstore and cafeteria are outsourced and not performed by the College.

When the College incurs an expense for which both restricted and unrestricted resources may be used, it is the College's policy to use restricted resources first, then unrestricted resources.

Noncurrent Long-Term Liabilities

Noncurrent long-term liabilities include bonds payable, capital lease and any premiums or discounts associated with these debts that will not be paid within the next fiscal year.

Receivables

Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the Federal government, state and local governments. Receivables are recorded net of estimated uncollectible amounts.

Net Position

The College's Net Position includes the following:

Net investment in capital assets – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those assets.

Restricted – expendable net position – Expendable restricted includes resources in which the College is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Unrestricted net position – All other net positions that do not meet the definition of the "restricted" or "net investment in capital assets".

It is the College's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

The Board of Regents voted during the year ended August 31, 2023 to designate $2,500,000 of the College's unrestricted net position for future capital improvements. Board approval will be required to utilize this fund for capital improvements.

Net Assets – SPC Foundation

The Foundation reports information regarding its financial position and activities according to the following net asset classifications:

> *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.
>
> *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

Note 3: Authorized Investments

The College is authorized to invest in obligations and instruments as defined in the Public Funds 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.

South Plains College is required to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits. The Public Funds Investment Act requires an annual audit of investment practices.

We have performed tests designed to verify South Plains College's compliance with the requirements of the Public Funds Investment Act. During the year ended August, 31, 2023, no instances of noncompliance were found.

Note 4: Deposits and Investments

Cash and Deposits

South Plains College Cash and Deposits included in Exhibit 1 and Exhibit 1.1, Statement of Net Position and Statement of Financial Position, consist of the items reported below:

	Primary Institution		Component Unit	
	2023	2022	**2023**	2022
Bank Deposits				
Demand deposits	**$ 10,954,587**	$ 14,783,035	**$ 714,497**	$ 616,784
Time deposits	**17,470,723**	18,810,042	**760,286**	670,935
Total Bank Deposits	**28,425,310**	33,593,077	**1,474,783**	1,287,719
Cash and Cash Equivalents				
Petty cash on hand	**5,959**	10,885	**-**	-
Cash equivalents – investment pools	**6,063,274**	3,050,604	**-**	-
Total Cash and Cash Equivalents	**6,069,233**	3,061,489	**-**	-
Total Cash and Deposits	**$ 34,494,543**	$ 36,654,566	**$ 1,474,783**	$ 1,287,719

Reconciliation of Deposits and Investments to Exhibit 1 and Exhibit 1.1:

	Primary Institution		Component Unit	
	August 31, 2023	August 31, 2022	**August 31, 2023**	August 31, 2022
Type of Security:				
Cash and cash equivalents	**$ -**	$ -	**$ 428,653**	$ 341,395
Corporate equities	**-**	-	**1,228,749**	1,218,790
U.S. government agencies	**-**	-	**247,808**	233,061
Corporate obligations	**-**	-	**729,996**	721,101
Mutual funds	**-**	-	**5,424,981**	4,999,984
Alternative investments	**-**	-	**21,218,158**	19,416,631
Other	**-**	-	**230,354**	369,008
Total	**-**	-	**29,508,699**	27,299,970
Total Cash and Deposits	**34,494,543**	36,654,566	**1,046,130**	946,324
Total Investments	**-**	-	**29,508,699**	27,299,970
Total Deposits and Investments	**34,494,543**	36,654,566	**30,554,829**	28,246,294
Per Exhibit 1 and Exhibit 1.1:				
Cash and cash equivalents	**34,494,543**	36,654,566	**1,474,783**	1,287,719
Investments			**29,080,046**	26,958,575
Total	**$ 34,494,543**	$ 36,654,566	**$ 30,554,829**	$ 28,246,294

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

		Investment in Maturities (in Years)		
Investment Type	Fair Value	Less than 1	1 to 2	2 to 3
Corporate equities	$ 1,228,749	$ N/A	$ N/A	$ N/A
U.S. government agencies	247,808	N/A	N/A	N/A
Corporate obligations	729,996	N/A	N/A	N/A
Mutual funds	5,424,981	N/A	N/A	N/A
Alternative investments	21,218,158	N/A	N/A	N/A
Other	230,354	N/A	N/A	N/A
Total Fair Value	$ 29,080,046	$ N/A	$ N/A	$ N/A

As of August 31, 2023, the Foundation's cost basis for investments was as follows:

Investment Type	Cost
Corporate equities	$ 1,170,412
U.S. government agencies	276,384
Corporate obligations	769,361
Mutual funds	5,071,784
Alternative investments	19,044,326
Other	217,854
Total Fair Value	$ 26,550,121

The Foundation held the following investments with a continuous unrealized loss position at August 31, 2023:

	Less than 12 months		12 months or longer	
Investment Type	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate equities	$ 289,926	$ (37,192)	$ 508,305	$ (113,005)
U.S. government agencies	-	-	-	-
Corporate obligations	23,300	(739)	195,084	(42,609)
Mutual funds	168,696	(12,279)	2,401,525	(575,866)
Alternative investments	15,517,532	(1,865,838)	940,312	(378,435)
Total Fair Value	$ 15,999,454	$ (1,916,048)	$ 4,045,226	$ (1,109,915)

The unrealized losses are considered temporary and are generally caused by market fluctuations. The Foundation has the intent and ability to hold the investments until recovery of fair value.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College did not invest in repurchase agreements.

As of August 31, 2023, the carrying amount of the College's bank balances was $29,382,146. Bank balances of $250,000 were covered by Federal Depository Insurance. Bank balances in the amount of $29,132,146 were covered by securities held by the bank in the College's name.

Fair Value of Financial Instruments

The three levels of the fair value of hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The application of valuation techniques applied to similar assets has been consistent and there were no transfers between levels during the year. The following is a description of the valuation methodologies used for instruments measured at fair value:

Corporate equities, U.S. government agencies, corporate obligations: valued at the closing price reported on the active market on which the individual securities are traded. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs to the limited market activity of the instrument.

Mutual funds: valued at the net asset value of shares held at year end at the closing price reported on the active market.

Alternative investments: valued based on models externally developed by management of the respective instrument using unobservable inputs to the limited market activity of the entity. Where external valuations were not available, cost is utilized which approximates fair value.

Other: valued based on cost which approximates fair value.

The fair value hierarchy of investments at August 31, 2023 follows:

	Fair Value Measurements at Reporting Date Using			
Investment Type	(Level 1)	(Level 2)	(Level 3)	Total
Corporate equities	$ 1,228,749	$ -	$ -	$ 1,228,749
U.S. government agencies	-	247,808	-	247,808
Corporate obligations	-	729,996	-	729,996
Mutual funds	5,424,981	-	-	5,424,981
Alternative investments	-	-	21,218,158	21,218,158
Other	-	-	230,354	230,354
Total	$ 6,653,730	$ 977,804	$ 21,448,512	$ 29,080,046

Credit Risk

This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. In accordance with state law and the College's investment policy, investment 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 other than states, municipalities, counties, etc. must be rated at least A as well.

The College's credit ratings for its investments are as follows:

Type of Investment	Rating
Money market accounts	Unrated
Investment pools	AAA

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the College does not purchase any investments with maturities greater than 10 years.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. The College is not exposed to foreign currency risk.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of the College's investment in a single issuer (i.e., lack of diversification). The College does not place a limit on the amount the College may invest in any one issuer. Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. More than 5% of the Component Unit's investments are in CFI Multi-Strategy Equity Fund (40%), CFI Multi Strategy Bond Fund, LLC (16%), and CF Global Multi-Asset Portfolio, LLC (13%).

Note 5: Capital Assets

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

Business-type activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 2,013,473	$ -	$ -	$ 2,013,473
Construction in progress	15,098,166	285,601	(15,098,166)	285,600
Total capital assets not being depreciated	17,111,639	285,601	(15,098,166)	2,299,073
Capital assets being depreciated:				
Buildings	119,631,435	17,167,109	-	136,798,544
Improvements	3,438,111	3,675,124	-	7,113,235
Library books	3,239,565	24,487	-	3,264,052
Right of use assets	2,095,605	1,408,445	(74,579)	3,429,471
Furniture, machinery, vehicles and other equipment	13,495,482	681,405	(525,853)	13,651,034
Telecommunications and peripheral equipment	6,890,718	234,504	-	7,125,222
Total capital assets being depreciated	148,790,916	23,191,074	(600,432)	171,381,558
Less accumulated depreciation for:				
Buildings	(45,445,528)	(1,944,858)	-	(47,390,386)
Improvements	(1,184,627)	(201,361)	-	(1,385,988)
Library books	(3,224,795)	(22,483)	-	(3,247,278)
Right of use assets	(725,917)	(634,995)	-	(1,376,992)
Furniture, machinery, vehicles and other equipment	(8,930,327)	(886,353)	525,853	(9,290,827)
Telecommunications and peripheral equipment	(4,537,332)	(694,783)	-	(5,232,115)
Total accumulated depreciation	(64,048,526)	(4,384,833)	525,853	(67,923,586)
Net other capital assets	84,742,390	18,806,241	(74,579)	103,457,972
Capital assets, net	$ 101,854,029	$ 19,091,842	$ (15,172,745)	$ 105,757,045

Construction in progress at August 31, 2023 primarily relates to the Lubbock Downtown Center.

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

Business-type activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 2,013,473	$ -	$ -	$ 2,013,473
Construction in progress	15,419,091	14,528,614	(14,849,540)	15,098,165
Total capital assets not being depreciated	17,432,565	14,528,614	(14,849,540)	17,111,639
Capital assets being depreciated:				
Buildings	103,337,336	16,294,099	-	119,631,435
Improvements	2,786,232	651,879	-	3,438,111
Library books	3,183,498	56,067	-	3,239,565
Right of use assets	-	2,095,605	-	2,095,605
Furniture, machinery, vehicles and other equipment	12,908,572	586,910	-	13,495,482
Telecommunications and peripheral equipment	5,401,003	1,489,715	-	6,890,718
Total capital assets being depreciated	127,616,641	21,158,305	-	148,774,946
Less accumulated depreciation for:				
Buildings	(44,086,461)	(1,359,067)	-	(45,445,528)
Improvements	(1,055,297)	(129,330)	-	(1,184,627)
Library books	(3,171,118)	(53,677)	-	(3,224,795)
Right of use assets	-	(725,917)	-	(725,917)
Furniture, machinery, vehicles and other equipment	(8,063,799)	(866,528)	-	(8,930,327)
Telecommunications and peripheral equipment	(3,989,921)	(547,411)	-	(4,537,332)
Total accumulated depreciation	(60,366,596)	(3,682,040)	-	(64,048,636)
Net other capital assets	67,250,045	(17,476,265)	-	84,726,310
Capital assets, net	$ 84,682,610	$ 32,004,879	$ (14,849,540)	$ 101,854,029

Note 6: Long-Term Obligations

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

	Beginning Balance	**Increases**	**Decreases**	**Ending Balance**	**Current Portion**
Revenue bonds and notes	**$ 22,275,000**	**$ -**	**$ 2,065,000**	**$ 20,210,000**	**$ 2,090,000**
Leases and subscriptions	**1,378,471**	**1,408,445**	**687,781**	**2,173,835**	**673,832**
Net pension liability	**5,268,512**	**7,283,791**	**-**	**12,552,303**	**-**
Net OPEB liability	**60,414,215**	**-**	**11,420,098**	**48,994,117**	**-**
Total Long-Term Liabilities	**$ 89,336,198**	**$ 8,692,236**	**$ 14,172,879**	**$ 83,855,554**	**$ 2,763,832**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Revenue bonds and notes	$ 19,315,000	$ 5,000,000	$ 2,040,000	$ 22,275,000	$ 2,065,000
Leases and subscriptions	984,362	731,947	337,839	1,378,470	386,736
Net pension liability	11,417,765	-	6,149,253	5,268,512	-
Net OPEB liability	55,443,489	4,970,726	-	60,414,215	-
Total Long-Term Liabilities	$ 87,160,616	$ 10,702,673	$ 8,527,092	$ 89,336,197	$ 2,451,736

Note 7: Debt and Lease Obligations

Debt service requirements as of August 31, 2023 were as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total Requirement
2023	$ 2,090,000	$ 466,957	$ 2,556,957
2024	2,115,000	416,644	2,531,644
2025	2,140,000	365,693	2,505,693
2026	1,970,000	316,290	2,286,290
2027-2031	9,375,000	859,106	10,234,106
2032-2034	2,520,000	64,643	2,584,643
	$ 20,210,000	$ 2,489,333	$ 22,699,333

Obligations under leases as of August 31, 2023 were as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total Requirement
2024	$ 156,031	$ 5,054	$ 161,085
2025	30,468	3,533	34,001
2026	13,822	2,978	16,800
2027	14,397	2,403	16,800
2028-2030	52,454	3,546	56,000
	$ 267,172	$ 17,514	$ 284,686

Obligations under subscription-based information technology arrangements as of August 31, 2023 were as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total Requirement
2024	$ 517,801	$ 38,984	$ 556,785
2025	541,393	25,228	566,621
2026	502,380	11,449	513,829
2027	270,388	1,326	271,714
2028-2030	-	-	-
	$ 1,831,962	$ 76,987	$ 1,908,949

As of August 31, 2023 and 2022, the College was in compliance with all material aspects of the bond indentures.

Note 8: Bonds Payable

On November 12, 2020, the College authorized a bond refunding transaction by issuing the “South Plains Junior College District Revenue Financing System Refunding and Improvements Bonds, Series 2020A” in the amount of $14,315,000 for the purpose of providing funds to (a) refund and defease certain outstanding obligations of the district and (b) pay the costs of issuance related to the bonds. The source of revenues shall be payable from a first lien on the pledged revenues. The bonds outstanding as of August 31, 2023 was $12,410,000. The bonds are scheduled to mature on August 31, 2034.

On November 12, 2020, the College authorized a bond refunding transaction by issuing the “South Plains Junior College District Revenue Financing System Refunding and Improvements Bonds, Series 2020B” in the amount of $10,000,000 for the purpose of providing funds to (a) acquire, purchase, construct, improve, renovate, enlarge, equip, operate, and/or maintain any property, buildings, structures, activities, operations, of any nature, for and on behalf of the College owned and operated by the College and (b) pay the costs of issuance related to the bonds. The source of revenues shall be payable from a first lien on the pledged revenues. The bonds outstanding as of August 31, 2023 was $7,800,000. The bonds are scheduled to mature on August 31, 2031.

See **Note 6** for changes in long-term obligations and **Note 7** for debt service requirements.

Note 9: Employee’s Retirement Plan

The State of Texas has joint contributory retirement plans for almost all of its employees. TRS issues suggested footnote disclosures for pension plans resulting from the implementation of GASB Statement No. 68. The TRS sample footnotes are displayed below and can also be obtained from the TRS website. Certain revisions, including additions and deletions, have been made to the TRS suggested footnote disclosures below to achieve appropriate disclosure for community colleges.

<u>Teacher Retirement System of Texas</u>

Plan Description

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

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

Pension Plan Fiduciary Net Pension

Detailed information about the TRS'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:

https://www.trs.texas.gov/TRS%20Documents/acfr-2022.pdf or by writing to TRS at 1000 Red River Street, Austin, Texas 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 a 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, 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 is no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefits changes, including ad hoc COLAs, can be granted by the Texas Legislature, as noted in the plan description above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution, which requires the Texas legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% 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 statue, Texas Government Code 825.402. Senate Bill 1458 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

Contribution Rates	**2022**	2021
Member	**8.0%**	7.7%
Non-employer contributing entity (State)	**7.75%**	7.5%
Employers	**7.75%**	7.5%
FY2022 Member contributions	**$1,734,342**	
FY2022 State of Texas on-behalf contributions	**624,048**	
FY2022 College contributions	**986,614**	

College contributions to the TRS pension plan in 2023 were $1,062,272 as reported in the Schedule of College's Contributions for Pensions in the required supplementary information section of these financial statements. Estimated State of Texas on-behalf contributions for 2023 were $716,068.

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

Public junior colleges or junior college districts are required to pay the employer contributions rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum 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.

<u>Net Pension Liability (Asset)</u>

Actuarial Assumptions

The total Pension Liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2022
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions:	
Single discount rate	7.00%
Long-term expected investment rate of return*	7.00%
Municipal bond rate*	3.91%
Last year ending August 31 in the 2016 to 2116 projection period (100 years)	2121
Inflation	2.3%
Salary increases including inflation	2.95% to 8.95%
Payroll growth rate	2.90%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

**The municipal bond rate used is 3.91% as of August 2022 (i.e., the rate closest to but not later than the Measurement Date). Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."*

The actuarial methods and assumptions were selected by the board of trustees based upon analysis and recommendations by the system's actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and were adopted in July 2022.

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2022, are provided for in the FY2022 Assumed Per Capita Health Benefit Costs. There were no benefit changes for HealthSelect retirees and the dependents for whom Medicare is primary.

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.00. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the TRS' target asset allocation as of August 31, 2023, is summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-US developed	13.00%	4.90%	0.90%
Emerging markets	9.00%	5.40%	0.75%
Private equity	14.00%	7.70%	1.55%
Stable Value			
Government bonds	16.00%	1.00%	0.22%
Absolute return	0.00%	3.70%	0.00%
Stable value hedge funds	5.00%	3.40%	0.18%
Real Return			
Real estate	15.00%	4.10%	0.94%
Energy, natural resources, and infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity	8.00%	4.60%	0.43%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%

Asset allocation leverage	(6.00%)	3.60%	(0.05%)
Inflation expectations			2.70%
Volatility drag			(0.93%)
Expected Return	100%		8.19%

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	1% Decrease (6.00%)	Current Rate (7.00 %)	1% Increase (8.00%)
College's proportionate share of the net pension liability (asset)	$ 19,526,624	$ 12,552,303	$ 6,899,288

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

As of August 31, 2023, the College reported a liability of $12,552,303 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	$ 12,552,303
State's proportionate share that is associated with the College	8,623,839
Total	$ 21,176,142

The net pension liability was measured as of August 31, 2022, 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, 20201 thru August 31, 2022.

At the measurement date of August 31, 2022, the employer's proportion of the collective net pension liability was 0.0211434168%, which was an increase of 0.0004553747% from its proportion measured of as of August 31, 2021.

For the year ended August 31, 2023, the College recognized pension expense of $824,341 and revenue of $824,341 for support provided by the State.

As of August 31, 2023, the College reported its proportion 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
Difference between expected and actual economic experience	$ 182,007	$ 273,664
Changes in actuarial assumptions	2,338,903	582,920
Difference between projected and actual investment earnings	4,877,073	3,636,946
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	305,143	415,177
Contributions paid to TRS subsequent to the measurement date	1,062,272	-
Total	$ 8,765,398	$ 4,908,707

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

Year ended August 31:	Pension Expense Amount
2024	$ 313,740
2025	376,660
2026	67,342
2027	1,400,808
2028	201,077
Thereafter	-
Total	$ 3,856,691

<u>Optional Retirement Plan – Defined Contribution Plan</u>

Plan Description

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

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the State and each participant are 6.60% and 6.60% for 2023 and 2022. The College does not contribute 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 College.

The retirement expense to the State for the College was $244,131 and $260,433 for the fiscal years ended August 31, 2023 and 2022, respectively.

The total payroll for all College employees was $31,876,149 and $31,793,131 for fiscal years 2023 and 2022, respectively. The total payroll for employees covered by the Teacher Retirement System was $22,504,280 and $21,679,482, and the total payroll for employees covered by the Optional Retirement Program was $7,813,545 and $8,710,338 for fiscal years 2023 and 2022, respectively.

Note 10: Deferred Compensation Program

The Pension Trust for South Plains College 401(a) Money Purchase Plan (the "Plan") is a defined contribution plan that allows College employees to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The Plan is essentially an unfunded promise to pay by the employer to each of the Plan participants.

As of August 31, 2023, the College has 352 employees participating in the Plan. There were 147 employees vested as of August 31, 2023. A total of $106,500 in contributions were invested in the Plan during the fiscal year, bringing the total of deferred salaries and accumulated earnings of current employees to $1,810,536.

As of August 31, 2022, the College had 348 employees participating in the Plan. There were 160 employees vested as of August 31, 2022. A total of $110,000 in contributions were invested in the Plan during the fiscal year, bringing the total of deferred salaries and accumulated earnings of current employees to $1,706,003.

The College implemented GASB Statement No. 84, Fiduciary Activities during the year ended August 31, 2021, which resulted in the Plan activities being reported as part of the College financial statements as fiduciary activities.

Note 11: Compensated Absences

The College has adopted a "use it or lose it" policy and does not compensate for unused vacation or sick leave.

Note 12: 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 total contributions for the years ended August 31, 2023 and 2022 were $3,688,777 and $3,687,006, respectively. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees.

Note 13: Other Post-Employment Benefits (OPEB)

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report (ACFR) that includes financial statements, notes to the financial statements, and required supplementary information. That report may be obtained on the internet at https://www.ers.texas.gov/about-ers/reports-and-studies/reports-on-overall-ers-operations-and-financial-ma/2022-acfr or by writing to ERS at: 200 East 18th Street, Austin, Texas 78701; or by calling (877) 275-4377.

Benefits Provided

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

Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits pro-vided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

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

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Years Ended August 31, 2023 and 2022

		2023		2022
Retiree only	**$**	**624.82**	$	624.82
Retiree & spouse	**$**	**1,339.90**	$	1,339.90
Retiree & children	**$**	**1,103.58**	$	1,103.58
Retiree & family	**$**	**1,818.66**	$	1,818.66

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

Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2023 and 2022

		2023		2022
Employers	**$**	**699,999,453**	$	766,689,167
Members (Employees)	**$**	**190,659,955**	$	192,426,941
Non-employer contributing entity (State of Texas)	**$**	**36,750,724**	$	39,188,518

Source: ERS 2022 Annual Comprehensive Financial Report

Actuarial Assumptions

The total OPEB Liability was determined by an actuarial valuation as of August 31, 2022 using the following actuarial assumptions:

Valuation date	August 31, 2022
Actuarial cost method	Entry Age
Amortization method	Level Percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	3.59%
Projected annual salary increase (includes inflation)	2.30% to 8.95%
Annual healthcare trend rate	
HealthSelect	5.60% for 2024, 5.30% for 2025, 5.00% for 2026, 4.75% for 2027, 4.60 for 2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for 2031 and later years
HealthSelect Medicare Advantage	66.67% for 2024, 24% for 2025, 5% for 2026, 4.75% for 2027, 4.6% for 2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for 2031 and later years
Pharmacy	10% for 2024 and 2025, decreasing 100 basis points per year to an ultimate rate of 5% for 2030 and 4.3% for 2031 and later years
Inflation assumption rate	2.30%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience Ultimate MP Projection Scale from year 2021.
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
Active members	Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010.

Source: 2022 ERS ACFR.

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuary as of August 31, 2019 and the TRS retirement plan actuary as of August 31, 2021.

Investment Policy

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

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.2%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.14%, which amounted to a decrease of 0.06%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating.

Discount Rate Sensitivity Analysis

The following schedules shows the impact of South Plains College College's proportionate share of the collective net OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (2.14%) in measuring the net OPEB liability.

	1% Decrease (2.59%)	Current Rate (3.59%)	1% Increase (4.59%)
College's proportionate share of the net OPEB liability	$ 57,141,946	$ 48,994,117	$ 42,477,812

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 5.60% and the ultimate rate is 4.30%. The following schedule shows the impact of the college's proportionate share of the collective net OPEB liability if the healthcare cost trend rate used was 1 percent less than 1 percent greater than the healthcare cost trend rate that was used (5.60%) in measuring the net OPEB liability.

	1% Decrease in Healthcare Cost Trend Rates 4.60% decreasing to 3.30%	Current Healthcare Cost Trend Rates 5.60% decreasing to 4.30%	1% Increase in Healthcare Cost Trend Rates 6.60% decreasing to 4.30%
College's proportionate share of the net OPEB liability	$ 41,956,728	$ 48,994,117	$ 57,978,963

OPEB Liabilities, OPEB Expense, and Deferred outflows of Resources and Deferred Inflows of Resourced Related to OPEB

As of August 31, 2023, the College reported a liability of $48,994,117 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportion-ate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's Proportionate share of the collective net OPEB liability	$	48,994,117
State's proportionate share that is associated with the college		35,621,179
Total	$	84,615,296

The net OPEB liability was measured as of August 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At the measurement date of August 31, 2022, the College's proportion of the collective net OPEB liability was .17198784%, which is an increase of .00358823% from its proportion measured as of August 31, 2021.

For the year ended August 31, 2023, the College recognized OPEB expense of $1,189,471 and revenue of ($1,297,497) for the support provided by the State.

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

- Demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the TRS Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS retirement plan actuary.
- The percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The proportion of future retirees assumed to cover dependent children.
- The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect the most recent available information.
- The discount rate assumption was changed from 2.14% to 3.59% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The valuation reflects the minor benefit revisions that have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2023, are provided for in the FY2023 Assumed Per Capita Health Benefit Costs.

As of August 31, 2023, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ -	$ 1,545,823
Changes in actuarial assumptions	2,878,600	15,144,545
Difference between projected and actual investment earnings	8,451	-
Effect of change in proportion and contribution difference	3,270,883	968,236
Contributions paid subsequent to the measurement date	912,404	-
Total	$ 7,070,338	$ 17,658,604

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

Year ended August 31:	OPEB Expense Amount
2024	$ (1,184,523)
2025	(2,896,660)
2026	(2,660,157)
2027	(2,437,210)
2028	(1,409,716)
Thereafter	-
Total	$ (10,588,266)

Note 14: Pending Lawsuits and Claims

None as of report date.

Note 15: Disaggregation of Receivables and Payables Balances

Receivables as of August 31, 2023 and 2022 were as follows:

	2023	2022
Student receivables	**$ 13,279,416**	$ 13,293,343
Taxes receivable	**298,551**	279,367
Federal receivables	**305,717**	684,193
State receivables	**19,842**	102,404
Other receivables	**531,334**	424,694
Total	**$ 14,434,860**	$ 14,784,001

Payables as of August 31, 2023 and 2022 were as follows:

		2023		2022
Vendor payables	$	**1,119,544**	$	2,203,240
Salaries and benefits payable		**975,234**		975,453
Students payable		**125,200**		188,373
Accrued interest		**187,608**		177,202
Total	$	**2,407,586**	$	3,544,268

Note 16: Contract and Grant Awards

Contract and grant awards are accounted for in accordance with requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2023 and 2022 for which monies have not been received nor funds expended totaled $3,941,648 and $8,940,442. Of these amounts $3,736,216 and $8,820,657 were from Federal Contract and Grant Awards; $205,432 and $119,785 were from State Contract and Grant Awards.

Note 17: Ad Valorem Tax

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

Fiscal Year Ending August 31,		2023		2022
Assessed Valuation of the College	$	**3,958,759,161**	$	2,975,796,403
Less: Exemptions		**(439,962,343)**		(419,095,460)
Net Assessed Value of the College	$	**3,518,796,818**	$	2,556,700,943

Fiscal Year Ending August 31,		**2023**						2022				
		Current Operations		**Debt Service**		**Total**		Current Operations		Debt Service		Total
Authorized tax rate per $100 valuation	$	**0.4000**	$	**0.1000**	$	**0.5000**	$	0.4000	$	0.1000	$	0.5000
Assessed tax rate per $100 valuation	$	**0.3068**	$	**N/A**	$	**0.3068**	$	0.3927	$	N/A	$	0.3927

Taxes levied for the year ended August 31, 2023 and 2022 totaled $10,777,272 and $9,948,415, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the following year in which imposed.

Taxes Collected		**2023 Current Operations**		2022 Current Operations
Current taxes collected	**$**	**10,586,308**	$	9,785,416
Delinquent taxes collected		**109,504**		143,985
Penalties and interest collected		**74,614**		119,568
Total Collections	**$**	**10,770,426**	$	10,048,969

Tax collections for the year ended August 31, 2023 and 2022 were 98.26% and 98.36% of the actual 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.

Note 18: Risk Management

The College is exposed to various risks of loss related to liability, property, and errors and omissions. These exposures to loss are handled by commercial insurance. The College has self-insured arrangements for coverage in the areas of unemployment compensation and workers' compensation. Unemployment compensation is on a pay-as-you-go basis and workers' compensation is handled by a risk management fund which specializes in handling colleges and school College workers' compensation claims. Accrued liabilities are generally based on actuarial valuation and represent the present value of unpaid expected claims. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage.

Note 19: Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the years ended August 31, 2023 and 2022.

Note 20: Liquidity and Availability – SPC Foundation

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of August 31:

		2023		2022
Financial assets:				
Cash and cash equivalents	$	**1,474,783**	$	1,287,719
Accrued interest and dividends receivable		**1,944**		1,945
Investments		**28,849,692**		26,589,567
Planned gift cash value		**217,854**		356,508
Vacation time share		**12,500**		12,500
Pledges receivable		**3,771,114**		4,697,933
Total Financial assets		**34,327,887**		32,946,172
Less:				
Donor restricted net assets		**(30,269,664)**		(27,964,295)
Agency amounts		**(3,771,114)**		(4,697,933)
		(34,040,778)		(32,662,228)
Financial assets available within one year to meet cash needs for general expenditures	$	**287,109**	$	283,944

The Foundation's goal is to maintain a sufficient level of assets to meet a full year of operating expenditures.

Note 21: Endowments and Other Donor Restricted Net Assets – SPC Foundation

The Foundation's Board of Directors has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of August 31, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity: (a) the original value of initial and subsequent gift amounts donated to the Endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund,
2. The purposes of the Foundation and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and appreciation of the investments,
6. Other resources of the Foundation, and
7. The investment policies of the Foundation.

Changes in endowment net assets consist of the following as of August 31:

	2023	2022
Endowment net assets, beginning of year	**$ 26,048,416**	$ 28,863,713
Contributions	**928,539**	1,414,212
Investment earnings (loss)	**2,105,017**	(3,390,623)
Scholarships	**(996,839)**	(838,886)
Endowment net assets, end of year	**$ 28,085,133**	$ 26,048,416

The Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Funds with Deficiencies: From time to time, certain donor-restricted and quasi-endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

There were no endowments considered to be underwater as of August 31, 2023 and 2022.

The remaining net assets with donor restrictions totaling $2,184,711 and $1,915,879 as of August 31, 2023 and 2022, respectively primarily represent amounts held for scholarships which are not considered endowed funds.

Note 22: Expenses by Nature and Function – SPC Foundation

The table below presents expenses by both their nature and their function for the year ended August 31, 2023.

	Program Services	Management and General	Fundraising	Total
Scholarships	**$ 1,221,730**	**$ -**	**$ -**	**$ 1,221,730**
Fundraising expenses	**-**	**-**	**69,595**	**69,595**
Planned gift expenses	**2,139**	**-**	**-**	**2,139**
Unrestricted program support	**11,000**	**-**	**-**	**11,000**
Restricted program support	**1,500,000**	**-**	**-**	**1,500,000**
Less amounts considered agency transactions	**(1,500,000)**	**-**	**-**	**(1,500,000)**
Other expenses	**-**	**17,641**	**-**	**17,641**
	$ 1,234,869	**$ 17,641**	**$ 69,595**	**$ 1,322,105**

The table below presents expenses by both their nature and their function for the year ended August 31, 2022.

	Program Services	Management and General	Fundraising	Total
Scholarships	$ 1,087,260	$ -	$ -	$ 1,087,260
Fundraising expenses	-	-	56,380	56,380
Planned gift expenses	6,711	-	-	6,711
Restricted program support	2,600,000	-	-	2,600,000
Less: amounts considered agency transactions	(2,600,000)	-	-	(2,600,000)
Unrestricted program support	-	-	-	-
Other expenses	-	16,559	-	16,559
	$ 1,093,971	$ 16,559	$ 56,380	$ 1,166,910

Note 23: Pledges Receivable – SPC Foundation

Pledges receivable for the Foundation as of August 31, 2023 totaled $4,000,000 (gross) and were reduced by a present value discount totaling $228,886 for a net balance of $3,771,114. The Foundation is reflecting the pledges related to the renovation and construction projects as agency transactions as the pledges were designated for specific College projects by the donors and the lack of discretion for the Foundation in use of the funds. The pledges mature as follows:

Amounts due in:	
Less than one year	$ 1,000,000
One to five years	3,000,000
Total	$ 4,000,000

Pledges receivable (gross) for the Foundation were provided for the following as of August 31, 2023:

Downtown Lubbock Center	$ 4,000,000
Total	$ 4,000,000

Note 24: New Pronouncements

Accounting pronouncements adopted

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, which improves accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The College has adopted this standard for fiscal year 2023. The effect to net position was not considered material but an adjustment was recorded as of August 31, 2022 totaling $852,828 in order to present the financial statements on a comparative basis.

Not adopted

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, which enhances accounting and financial reporting requirements and accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The College is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption of these statements.

Note 25: Subsequent Events

Management has evaluated subsequent events through November 9, 2023; the date which the financial statement were available for distribution.

Required Supplementary Information

SOUTH PLAINS COLLEGE
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED AUGUST 31, 2023 *
EXHIBIT 4

Fiscal Year Ending August 31, *	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
College's proportionate share of collective net pension liability (%)	0.0211434168	.0206880421	.0213185210	.0220336984	.0210632914	.0216430538	.0215355517	.0219025000	.0240324000
College's proportionate share of collective net pension liability ($)	$ 12,552,303.00	$ 5,268,512	$ 11,417,765	$ 11,453,805	$ 11,593,747	$ 6,920,283	$ 8,137,965	$ 7,742,242	$ 6,419,386
State's proportional share of net pension liability associated with College ($)	8,623,839.00	3,666,772	7,817,968	7,618,648	8,321,857	5,065,774	5,863,387	5,595,333	4,671,566
Total	$ 21,176,142	$ 8,935,284	$ 19,235,733	$ 19,072,453	$ 19,915,604	$ 11,986,057	$ 14,001,352	$ 13,337,575	$ 11,090,952
College's covered payroll	$ 21,679,296	$ 19,977,396	$ 19,793,642	$ 19,113,504	$ 18,062,784	$ 18,022,687	$ 17,207,261	$ 16,361,175	$ 15,402,251
College's proportionate share of collective net pension liability as a percentage of covered payroll	57.90%	26.37%	57.68%	59.93%	64.19%	38.40%	47.29%	47.32%	41.68%
Plan fiduciary net position as percentage of total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

SOUTH PLAINS COLLEGE
SCHEDULE OF COLLEGE'S CONTRIBUTIONS FOR PENSIONS
LAST EIGHT FISCAL YEARS
EXHIBIT 5

Fiscal Year Ending August 31, *	**2023****	**2022****	**2021****	**2020****	**2019****	**2018****	**2017****	**2016****
Legally required contributions	$ 1,062,272	$ 986,614	$ 881,184	$ 879,195	$ 770,990	$ 707,964	$ 684,239	$ 679,003
Actual contributions	(1,062,272)	(986,614)	(881,184)	(879,195)	(770,990)	(707,964)	(684,239)	(679,003)
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll amount	$ 22,504,281	$ 21,679,296	$ 19,977,396	$ 19,793,642	$ 19,113,504	$ 18,062,784	$ 18,022,687	$ 17,207,261
Contributions as a percentage of covered payroll	4.72%	4.55%	4.41%	4.44%	4.03%	3.92%	3.80%	3.95%

*The amounts presented above are as of the College's respective fiscal year-end.
**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SOUTH PLAINS COLLEGE
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
FOR THE YEAR ENDED AUGUST 31, 2023
EXHIBIT 6

Fiscal Year Ending August 31, *	**2022****	**2021****	**2020****	**2019****	**2018****	**2017****
College's proportionate share of collective net OPEB liability (%)	0.17198784	0.16839961	0.1677836500	0.1630667900	0.1706928100	0.1283232400
College's proportionate share of collective net OPEB liability ($)	$ 48,994,117	$ 60,414,215	$ 55,443,489	$ 56,360,245	$ 50,589,495	$ 43,723,593
State's proportional share of net OPEB liability associated with College ($)	35,621,179	43,604,526	40,154,800	43,371,167	36,306,041	34,838,121
Total	84,615,296	$ 104,018,741	$ 95,598,289	$ 99,731,412	$ 86,895,536	$ 78,561,714
College's covered payroll	$ 25,923,798	$ 25,198,968	$ 27,921,118	$ 25,106,985	$ 24,329,118	$ 24,896,761
College's proportionate share of collective net OPEB liability as a percentage of covered payroll	188.99%	239.75%	198.57%	224.48%	207.94%	175.62%
Plan fiduciary net position as percentage of total OPEB liability	0.57%	0.38%	0.32%	0.17%	1.27%	2.04%

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

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

SOUTH PLAINS COLLEGE
SCHEDULE OF COLLEGE'S CONTRIBUTIONS FOR OPEB
FOR THE YEAR ENDED AUGUST 31, 2023
EXHIBIT 7

Fiscal Year Ending August 31, *	**2023****	**2022****	**2021****	**2020****	**2019****	**2018****
Legally required contributions	$ 912,404	$ 785,380	$ 871,321	$ 843,185	$ 442,595	$ 1,304,810
Actual contributions	(912,404)	(785,380)	(871,321)	(843,185)	(442,595)	(1,304,810)
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll amount	$ 26,637,525	$ 25,923,798	$ 25,198,968	$ 27,921,118	$ 25,106,985	$ 24,329,118
Contributions as a percentage of covered payroll	3.43%	3.03%	3.46%	3.02%	1.76%	5.36%

*The amounts presented above are as of the College's respective fiscal year-end.
**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Supplemental Schedules

SOUTH PLAINS COLLEGE
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2023
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2022)
SCHEDULE A

					Totals	
	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	**Fiscal Year 2023**	Fiscal Year 2022
Tuition						
State-funded courses						
In-district resident tuition	**$ 383,734**	$	**$ 383,734**	$	**$ 383,734**	$ 378,120
Out-of-district resident tuition	**15,695,859**		**15,695,859**		**15,695,859**	14,557,141
Non-resident tuition	**950,363**		**950,363**		**950,363**	822,775
TPEG - credit (set aside)*	**266,187**		**266,187**		**266,187**	274,660
State funded continuing education	**195,648**		**195,648**		**195,648**	231,104
Non-state funded educational programs	**177,988**		**177,988**		**177,988**	173,736
Total Tuition	**17,669,779**	**-**	**17,669,779**	**-**	**17,669,779**	16,437,536
Fees						
General fee	**12,164,071**		**12,164,071**		**12,164,071**	12,293,392
Student service fee	**2,683,518**		**2,683,518**		**2,683,518**	2,843,175
Special course fee	**974,957**		**974,957**		**974,957**	1,044,568
Installment plan fee	**144,750**		**144,750**		**144,750**	135,090
Continuing education fees	**1,076,815**		**1,076,815**		**1,076,815**	1,238,170
Three peat fee	**223,571**		**223,571**		**223,571**	234,082
Testing fee	**308,986**		**308,986**		**308,986**	154,878
Reinstatement fee	**-**		**-**		**-**	-
Building use fee	**100,270**		**100,270**		**100,270**	220,860
Total Fees	**17,676,938**	**-**	**17,676,938**	**-**	**17,676,938**	18,164,215
Scholarship Allowances and Discounts						
Remissions and exemptions - state	**(3,725,056)**		**(3,725,056)**		**(3,725,056)**	(3,413,908)
Title IV federal grants	**(12,122,299)**		**(12,122,299)**		**(12,122,299)**	(11,703,193)
TPEG awards	**(36,733)**		**(36,733)**		**(36,733)**	(54,140)
Scholarship allowances	**(701,141)**		**(701,141)**		**(701,141)**	(683,057)
HEERF	**(10,341)**		**(10,341)**		**(10,341)**	(1,471,403)
State grants	**(662,526)**		**(662,526)**		**(662,526)**	-
Total Scholarship Allowances and Discounts	**(17,258,096)**	**-**	**(16,595,570)**	**-**	**(17,258,096)**	(17,325,701)
Total Net Tuition and Fees	**18,088,621**	**-**	**18,751,147**	**-**	**18,088,621**	17,276,050
Other Operating Revenues						
Federal grants and contracts	**126,978**	**2,767,340**	**2,894,318**		**2,894,318**	2,428,277
State grants and contracts		**935,131**	**935,131**		**935,131**	956,108
Non-governmental grants and contracts		**113,197**	**113,197**		**113,197**	1,257
Sales and services of educational activities	**109,944**		**109,944**		**109,944**	173,547
Investment income (program restricted)		**8,945**	**8,945**		**8,945**	795
General operating revenues	**147,704**		**147,704**		**147,704**	140,020
Total Other Operating Revenues	**384,626**	**3,824,613**	**4,209,239**	**-**	**4,209,239**	3,700,004
Auxiliary Enterprises						
Residential life				**2,108,633**	**2,108,633**	2,033,684
Scholarship allowances				**(11,062)**	**(11,062)**	(88,985)
TPEG awards				**(7,440)**	**(7,440)**	(1,364)
Title IV federal grants				**(579,861)**	**(579,861)**	(470,482)
HEERF					**-**	(275,661)
Commissions				**148,444**	**148,444**	183,749
Student programs				**94,038**	**94,038**	92,093
State grants				**(29,176)**	**(29,176)**	-
Total Net Auxiliary Enterprises	**-**	**-**	**-**	**1,723,576**	**1,723,576**	1,473,034
Total Operating Revenues	**$ 18,473,247**	**$ 3,824,613**	**$ 22,960,386**	**$ 1,723,576**	**$ 24,021,436**	$ 22,449,088
					(Exhibit 2)	(Exhibit 2)

* - In accordance with Education Code 56.033, $(67,746) and $274,660 for years August 31, 2023 and 2022, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

SOUTH PLAINS COLLEGE
STATEMENT OF OPERATING EXPENSES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 2023
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2022)
SCHEDULE B

	Operating Expenses				Totals	
	Salaries And Wages	Benefits State	Benefits Local	Other Expenses	Fiscal Year **2023**	Fiscal Year 2022
Unrestricted - Educational and General						
Instruction	**$ 18,869,130**	**$**	**$ 4,901,437**	**$ 3,223,937**	**$ 26,994,504**	$ 27,300,953
Public service	**226,446**		**56,013**	**122,870**	**405,329**	401,819
Academic support	**2,128,803**		**718,568**	**435,314**	**3,282,685**	3,598,203
Student services	**2,864,191**		**962,135**	**1,710,855**	**5,537,181**	5,591,281
Institutional support	**3,578,228**		**2,931,106**	**1,835,891**	**8,345,225**	9,144,222
Operation and maintenance of plant	**2,152,538**		**1,439,007**	**4,017,166**	**7,608,711**	6,937,480
Scholarships and fellowships				**80,382**	**80,382**	59,558
Total Unrestricted	**29,819,336**	**-**	**11,008,266**	**11,426,415**	**52,254,017**	53,033,516
Restricted - Educational and General						
Instruction	**121,179**	**3,235,873**	**13,587**	**551,674**	**3,922,313**	5,968,224
Public service		**27,017**			**27,017**	22,348
Academic support	**18,236**	**351,417**	**2,904**	**101,730**	**474,287**	440,313
Student services	**876,986**	**508,255**	**342,348**	**325,255**	**2,052,844**	2,990,871
Institutional support		**(664,582)**		**510,227**	**(154,355)**	1,202,960
Scholarships and fellowships				**6,360,601**	**6,360,601**	8,556,692
Total Restricted	**1,016,401**	**3,457,980**	**358,839**	**7,849,487**	**12,682,707**	19,181,408
Total Educational and General	**30,835,737**	**3,457,980**	**11,367,105**	**19,275,902**	**64,936,724**	72,214,924
Auxiliary Enterprises	**1,040,412**		**370,665**	**2,083,298**	**3,494,375**	3,324,474
Depreciation expense - buildings and other real estate				**2,146,219**	**2,146,219**	1,488,397
Depreciation expense - equipment and furniture				**1,581,136**	**1,581,136**	1,413,939
Depreciation expense - library books				**22,483**	**22,483**	53,677
Amortization expense - Right-of-use assets				**181,331**	**181,331**	-
Amortization expense - Subscription assets				**453,677**	**453,677**	-
Total Operating Expenses	**$ 31,876,149**	**$ 3,457,980**	**$ 11,737,770**	**$ 25,744,046**	**$ 72,815,945**	$ 78,495,411
					(Exhibit 2)	(Exhibit 2)

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

SOUTH PLAINS COLLEGE
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2022)
SCHEDULE C

				Totals	
	Unrestricted	Restricted	Auxiliary Enterprises	Fiscal Year **2023**	Fiscal Year 2022
NON-OPERATING REVENUES:					
State Appropriations					
Education and general state support	$ **13,544,797**	$	$	$ **13,544,797**	$ 13,544,798
State group insurance		**2,389,509**		**2,389,509**	3,163,993
State retirement matching		**1,068,472**		**1,068,472**	275,092
Professional nursing shortage reduction				**-**	155,223
Total State Appropriations	**13,544,797**	**3,457,981**	**-**	**17,002,778**	17,139,106
Maintenance ad valorem taxes	**10,834,356**			**10,834,356**	10,055,928
Federal revenue, non-operating	**948,096**	**19,975,303**		**20,923,399**	32,613,622
Gifts	**576,000**			**576,000**	-
Gifts in aid of construction		**573,181**		**573,181**	5,502,950
Gain on disposal of capital assets	**18,595**			**18,595**	-
Investment income	**1,216,892**	**246,956**	**82,243**	**1,546,091**	207,425
Total Non-Operating Revenues	**27,138,736**	**24,253,421**	**82,243**	**51,474,400**	65,519,031
NON-OPERATING EXPENSES:					
Interest on capital related debt		**(502,451)**		**(502,451)**	462,907
Total Non-Operating Expenses	**-**	**(502,451)**	**-**	**(502,451)**	462,907
NET NON-OPERATING REVENUES	$ **27,138,736**	$ **23,750,970**	$ **82,243**	$ **50,971,949**	$ 65,056,124
				(Exhibit 2)	(Exhibit 2)

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

SOUTH PLAINS COLLEGE
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
FOR THE YEAR ENDED AUGUST 31, 2023
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2022)
SCHEDULE D

	Detail by Source					Available for Current Operations	
		Restricted		Capital Assets			
	Unrestricted	Expendable	Non-Expendable	Net of Depreciation and Related Debt	Total	Yes	No
Current:							
Unrestricted	**$ (48,644,824)**	**$**	**$**	**$**	**$ (48,644,824)**	**$ (48,644,824)**	**$**
Board designated	**2,500,000**				**2,500,000**		**2,500,000**
Restricted		**329,913**			**329,913**		**329,913**
Auxiliary enterprises	**2,901,995**				**2,901,995**	**2,901,995**	
Plant:							
Construction				**986,117**	**986,117**		**986,117**
Debt Service				**7,879,276**	**7,879,276**		**7,879,276**
Investment in Plant				**83,447,911**	**83,447,911**		**83,447,911**
Total Net Position, August 31, 2023	**(43,242,829)**	**329,913**	**-**	**92,313,304**	**49,400,388**	**(45,742,829)**	**95,143,217**
Total Net Position, August 31, 2022	(46,238,985)	572,435	-	92,889,498	47,222,948	(46,238,985)	93,461,933
Net Increase (Decrease) in Net Position	$ 2,996,156	$ (242,522)	$ -	$ (576,194)	$ 2,177,440	$ 496,156	$ 1,681,284
					(Exhibit 2)		

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

SOUTH PLAINS COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023
Schedule E

Federal Grantor/Pass Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Direct Awards	Pass-Through Awards	Total Expenditures
U.S. Department of Education					
Direct Programs:					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84.007		$ 416,411		$ 416,411
Federal Work-Study Program	84.033		175,180		175,180
Federal Pell Grant Program	84.063		17,420,714		17,420,714
Federal Direct Student Loans	84.268		9,274,357		9,274,357
Total Student Financial Aid Cluster			27,286,662		27,286,662
TRIO Cluster					
TRIO Student Support Services	84.042A	P0A42A200517	305,484		305,484
TRIO Upward Bound Program	84.047A	P047A170162	289,197		289,197
Total TRIO Cluster			594,681		594,681
Developing Hispanic-Serving Institutions-Endgame	84.031S	P0315200262	563,722		563,722
CARES - Institutional Portion	84.425F		2,378,434		2,378,434
CARES - Student Aid Portion	84.425E		216,902		216,902
CARES - MSI	84.425L		587,678		587,678
Total CARES Act			3,183,014		3,183,014
Total Direct Programs			31,628,079		31,628,079
Passed Through From:					
Texas Higher Education Coordinating Board					
Career & Technical Education-Basic Grants	84.048	25015		$ 850,240	850,240
DTOC Grant	84.425C	27753		3,538	3,538
MDLI Grant	84.425C	27747		3,630	3,630
EBT Grant	84.425C	27740		7,562	7,562
GEERII Grant	84.425C	28539		51,996	51,996
Total U.S. Department of Education					32,545,045
U.S. Department of Health and Human Services					
Passed Through From:					
Texas Tech University					
Plains Bridges to the Baccalaureate	93.859	21F178-01		20,468	20,468
Passed Through From:					
University Medical Center	93.912			12,535	12,535
Total U.S. Department of Health and Human Services					33,003
National Science Foundation					
Direct Programs:					
NSF Grant 2116810	47.076	2116810	65,217		65,217
Passed Through From:					
Texas Tech University					
National Science Foundation TT Dwyer	47.076	21P573-02		11,932	11,932
LSAMP	47.076	21P684-01		43,384	43,384
Total National Science Foundation					120,533
U.S. Department of Treasury					
Passed Through From:					
City of Lubbock ARPA Grant	21.027			393,493	393,493
Total U.S. Department of Treasury					393,493
Total Federal Financial Assistance					$ 33,092,074

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts From Schedule A	$ 2,894,318
Federal Grants, Non-Operating From Schedule C	20,923,399
Total Federal Revenues Per Schedule A and C	23,817,717
Direct Student Loans	9,274,357
Total Federal Revenues per Schedule of Expenditures of Federal Awards	$ 33,092,074

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 general purpose 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. Since the College has an agency-approved Indirect Recovery Rate it has elected to not use the 10% de minimis cost rate as permitted in the UG, section 200.414.

Note 3: Student Loans Processed and Administrative Cost Recovery

Federal Grantor CFDA Number/Program Name	Total Loans Processed
U.S Department of Education CFDA 84.268 Federal Direct Student Loans	$ 9,274,357
Total U.S. Department of Education	$ 9,274,357

(There were no administrative costs recovered and included in above amount)

Note 4: Pass through amounts included in program expenditures:
None.

SOUTH PLAINS COLLEGE
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2023
Schedule F

Grantor Agency/Program Title	Grant Contract Number		Expenditures
Texas Higher Education Coordinating Board			
Direct Programs:			
Texas Education Opportunities Grant	13399	$	829,058
TEA Education Aide	36010		4,319
Total Texas Higher Education Coordinating Board			833,377
Texas Workforce Commission			
JET 00221 001 Grant	0221JET001		100,979
Total Workforce Commission			100,979
Texas Comptroller of Public Accounts			
Peace Officer Allocation			775
Total State Financial Assistance		$	935,131

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A:	$	935,131
State Financial Assistance per Schedule of Expenditures of State Awards	$	935,131

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 College's significant accounting policies. These expenditures are reported on the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

Overall Compliance and Internal Control Section

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November 9, 2023

To the Board of Regents
South Plains College
Levelland, Texas

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit, and the fiduciary activities of South Plains College, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise South Plains College's basic financial statements, and have issued our report thereon dated November 9, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Plains College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements (including the Public Funds Investment Act Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Public Funds Investment Act.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Condley and Company, L.L.P.

Certified Public Accountants

Federal/State Awards Section

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November 9, 2023

To the Board of Regents
South Plains College
Levelland, Texas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited South Plains College's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of South Plains College's major federal and state programs for the year ended August 31, 2023. South Plains College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, South Plains College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State of Texas Single Audit Circular*, we

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on South Plains College's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. South Plains College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Condley and Company, L.L.P.

Certified Public Accountants

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements?	No

Federal and State Awards

Internal controls over major program:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major program:

Assistance Listing Number (s)	Name of Federal/State Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster
84.425, 84.425E, 84.425F, 84.425L	Education Stabilization Fund
N/A – State Program	Texas Education Opportunities Grant (TEOG)

Dollar threshold used to distinguish between Type A and Type B programs:	$992,762 (Federal) $300,000 (State)
Auditee qualified as low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

The results of our audit procedures disclosed no findings to be reported for the year ended August 31, 2023.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Compliance Findings

2023-001

Cluster Name:	Student Financial Aid Cluster
Assistance Listing Numbers and Names:	84.007 Federal SEOG 84.033 Federal Work Study 84.063 Federal Pell Grant 84.268 Federal Direct Loans
Federal Agency:	U. S. Department of Education
Compliance Requirement:	Enrollment Reporting
Questioned Costs:	Not applicable

Criteria: In accordance with CFR sections 674.19(f), 685.309(b), and 690,83(b)(2), "upon receipt of an enrollment report from the Secretary (U.S. Department of Education, Secretary of Education), a school must update all information included in the report and return the report to the Secretary, in the manner and format prescribed by the Secretary and within the timeframe prescribed by the Secretary. Unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that a loan under Title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a halftime basis for the period for which the loan was intended."

Condition: We reviewed a sample of 40 students who received financial aid and had enrollment status changes during the fiscal year. Of the 40 students tested, the status of 17 students were reported to NSLDS either inaccurately, untimely, or both. The 17 students had a status change that was not reflected in the next enrollment data batch transmitted to NSLDS following the status change, resulting in an inaccurate and untimely status in the NSLDS database. We also reviewed a sample of 40 students for which a Return of Title IV Funds was calculated and processed, and a status change occurred. Of the 40 students tested, 1 student was reported to NSLDS inaccurately and untimely. The student had a status change that was not reflected in the next enrollment data batch transmitted to NSLDS following the status change, resulting in an inaccurate and untimely status in the NSLDS database.

Population and Sample Size:

	Number	Dollars	Questioned Cost
Population	4,652	$ N/A	$ N/A
Sample	80	N/A	N/A
Not in compliance	18	N/A	None

Effect: A student's enrollment status determines eligibility for in-school status, deferment, and grace periods, as well as for the payment of interest subsidies all of which are negatively impacted by inaccurate and late reporting.

Cause: The process for tracking and processing a change in enrollment is the responsibility of the College. The Central Registrar's office maintains the existing policy and procedure to report every 30 days to NSLDS by generating reports from the College’s Enterprise Resource Planning system, Ellucian Colleague. It was determined that these reports were generated using date parameters that resulted in certain students with reportable status changes to be excluded, thus not accurately reported to NSLDS.

Recommendation: We recommend the College modify the parameters of the system generated reports to include all students with a reportable status change and monitor NSLDS enrollment reporting on an ongoing basis to ensure enrollment statuses are reported timely and accurately.

Views of responsible official and planned corrective actions:

South Plains College will modify system generated reports to include all reportable status changes and resubmit enrollment reports in which errors were identified. The College will implement a process to monitor the accuracy of enrollment reporting for future submissions. The anticipated completion date for the corrective action plan is no later than May 31, 2024.

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

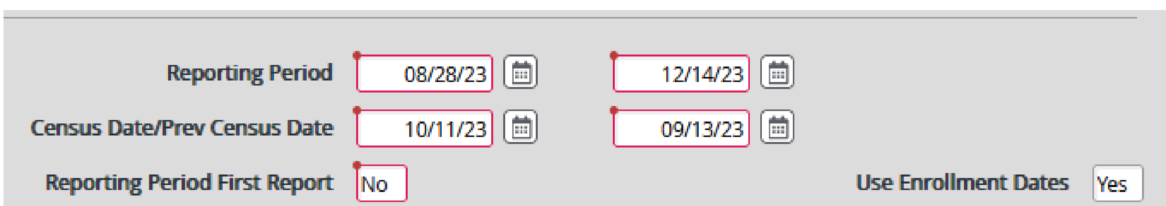
SOUTH PLAINS COLLEGE

Office of the Vice President for Student Affairs

CORRECTIVE ACTION PLAN
ELLUCIAN COLLEAGUE ENROLLMENT REPORTING TO NATIONAL STUDENT CLEARINGHOUSE
YEAR ENDED AUGUST 31, 2023

In regard to the accurate reporting of student enrollment status changes to the National Student Clearinghouse (NSC), Mr. Andrew Ruiz, Registrar reached out to Ellucian's help desk the week of October 9, 2023 to seek assistance in determining why some student enrollment statuses did not seem to update and reflect registration changes that were made throughout a term. It was learned that the reporting set up on the SITS screen of Ellucian Colleague was not accurate, and that the information entered during the initial consultation and implementation of Ellucian Colleague differed from what was required for the reporting process.

The SITS screen requires several dates associated with reporting term, which includes a census date for the current semester and the previous census date, which can be seen in the snippet below:



When using the Ellucian Colleague system help inquiry of field definition and requirements, the following definition is presented:

Field Help for the NSC Parameter Definition (SITS) form

Census Date:

Enter the census date on which the status of students is to be determined. The census date must be within the reporting period.

Based on this definition and since implementation of Ellucian Colleague in fall 2018 term, the SPC term census date has been reported in this specific field, while the census date from the previous term was reported in the corresponding "Prev Census Date" field. However, Mr. Ruiz was told by the Ellucian Colleague help desk that this reporting process did not actually looking at each census date, but rather those fields reflected a date range for the enrollment report that was being submitted during that point in the term - that field was supposed to reflect "running dates" that encompass the period reflected in that specific enrollment submission.

With this new understanding, corrections have been made to the reporting process to update these dates for each new enrollment report to ensure that student status changes from that defined reporting period will be accurately reflected in each subsequent enrollment file that is submitted to the National Student Clearinghouse (NSC). This change was tested by Mr. Ruiz and SPC can confirm that drops, withdrawals, etc. are now being picked up correctly.

It is worth noting that all students who had a status change from enrolled to complete withdraw were reported correctly. Also, students who have a change in status are validated on a regular basis by the Office of Financial Aid to ensure compliance with Return to Title IV (R2T4) regulations. This validation is a process followed by the department that is not made in conjunction with NSC reporting to ensure compliance with federal student aid programs.

Plan of action:

1. Resubmit fall 2023 enrollments – COMPLETED – October 12, 2023
2. Resubmit previous term enrollments required by NSC (e.g., possible terms from fall 2018 through summer 2023) no later than May 31, 2024 – PENDING – waiting for response from NSC
3. Monitor and validate accuracy of report prior to submission of remaining 2023-2024 academic terms to NSC – ONGOING – fall 2023 validated and resubmitted

Mr. Andrew Ruiz, Registrar, is responsible for implementing the corrective action plan. The anticipated completion date of the corrective action plan is no later than May 31, 2024.

If you have any questions regarding this corrective action plan, please contact me at sdemerritt@southplainscollege.edu or at (806) 716-2360.

Respectfully submitted,
Stan DeMerritt, Ph.D.
Vice President for Student Affairs

There were no findings identified for the year ended August 31, 2022.