Clarendon
COLLEGE

ANNUAL FINANCIAL REPORT

AUGUST 31, 2024 and 2023

CLARENDON COLLEGE
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023
TABLE OF CONTENTS

CLARENDON COLLEGE
ORGANIZATIONAL DATA
FOR THE FISCAL YEAR 2023-24

Board of Regents

	Officers	Term Expires
Tommy Waldrop	Chair	2024
Carey Wann	Vice-Chair	2026
James “Jim” Shelton	Secretary	2028

Members

Chris Matthews		2026
Lon Adams		2024
Dr. Guy Ellis		2026
Dr. Brittney Word		2028
Janice Knorpp		2024
Shaun O’Keefe		2028

Principal Administrative Officers

Texas Buckhaults – President
Brad Vanden Boogaard – Vice President of Academic Affairs
Will Thompson – Vice President of Information Technology
Michael Metcalf – Comptroller

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 20, 2024

To the Board of Regents
Clarendon College
Clarendon, Texas

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type and fiduciary activities of Clarendon College (the "College") as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements 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 and fiduciary activities of the College as of August 31, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the 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.

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 5-14, Schedule of College's Proportionate Share of the Net Pension Liability, Schedule of College's Contributions for Pensions, Schedule of College's Proportionate Share of Net OPEB Liability, and Schedule of College's Contributions for OPEB on pages 48-51 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, which 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,* 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules, which include the schedule of expenditures of federal awards and the schedule of expenditures of state awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section (organizational data) 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 whether 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 20, 2024, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this 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 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

Clarendon College (CC) saw an improvement in overall net position in Fiscal Year 24 (ended 8/31/2024) over Fiscal Year 2023 (ended 8/31/2023) due to the significant increase in state appropriations as a result of a new funding model generated from the passage of House Bill 8 (88R). Specifically, Base Tier Funding of $3,059,103. CC received Base Tier funding due to an insufficient ad valorem tax base necessary to meet the maintenance and operations (M&O) of the college.

It is worth noting that the expenditure of Base Tier funds is limited by state statute strictly to the operational aspects of instruction and administration (I&A) of the college. The College has requested local legislatures and the Texas Higher Education Coordinating Board (THECB) examine this contradiction as the funding is generated from a shortage of M&O but can only be expended on I&A.

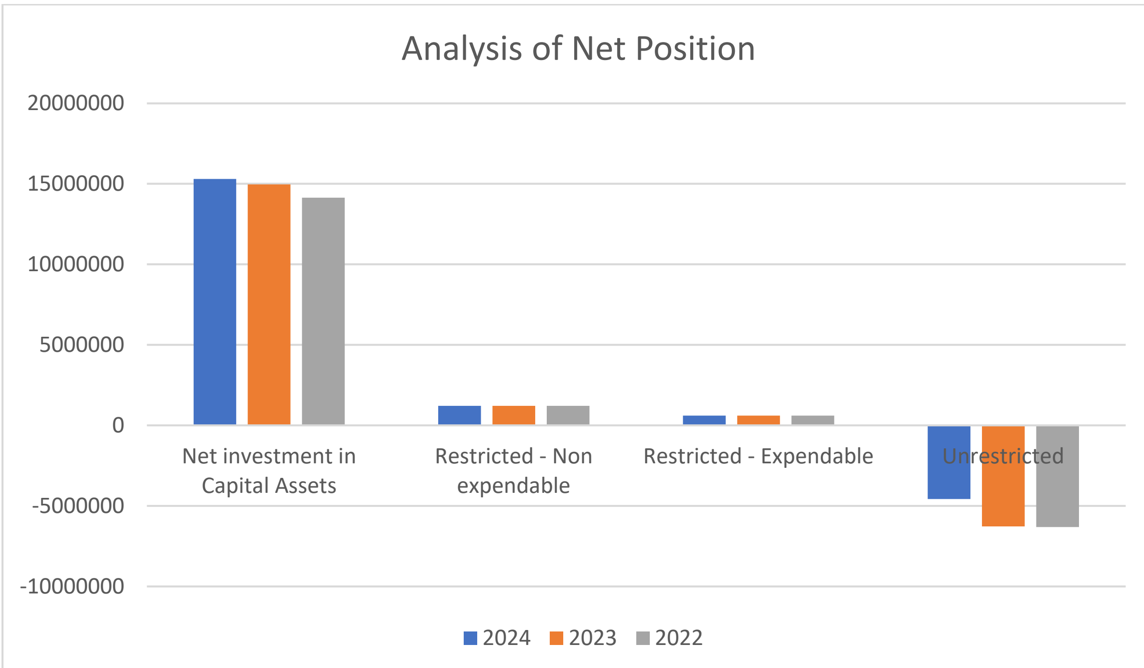
The following is a comparison of net position and net investment in capital assets at August 31, 2024, 2023, and 2022.

Condensed Statements of Net Position as of August 31, 2024, 2023, and 2022 (in Thousands):

	2024	2023	2022
ASSETS			
Current Assets:			
Cash and cash equivalents	**4,337**	3,525	2,885
Accounts receivable (net)	**1,332**	465	360
Inventories	**23**	23	23
Prepaid expenses	**16**	16	13
Total Current Assets	**5,708**	4,029	3,281
Noncurrent Assets:			
Restricted cash and cash equivalents	**13**	13	12
Restricted investments	**587**	592	596
Endowment investments	**1,214**	1,214	1,214
Other long-term investments	**1,265**	1,260	1,254
Deposits	**21**	21	21
Capital assets (net)	**17,570**	17,704	16,658
Total Noncurrent Assets	**20,670**	20,804	19,755
TOTAL ASSETS	**26,378**	24,833	23,036
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	**1,667**	1,989	921
Deferred outflows of resources related to OPEB	**654**	1,408	2,288
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**2,321**	3,397	3,209

LIABILITIES	**2024**	2023	2022
Current Liabilities:			
Accounts payable	**248**	195	198
Accrued liabilities	**749**	696	464
Due to fiduciary activities	**17**	23	20
Unearned revenues	**559**	911	811
Lease and subscription liabilities - current portion	**443**	403	253
Notes payable - current portion	**136**	132	129
Total Current Liabilities	**2,152**	2,360	1,875
Noncurrent Liabilities:			
Lease and subscription liabilities - noncurrent portion	**1,549**	1,928	1,734
Notes payable - noncurrent portion	**141**	277	410
Net pension liability	**3,027**	2,789	1,282
Net OPEB liability	**5,630**	6,598	8,189
Total Noncurrent Liabilities	**10,347**	11,592	11,615
TOTAL LIABILITIES	**12,499**	13,952	13,490
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	**965**	1,340	1,742
Deferred inflows of resources related to OPEB	**2,695**	2,430	1,378
TOTAL DEFERRED INFLOWS OF RESOURCES	**3,660**	3,770	3,120
NET POSITION			
Net investment in capital assets	**15,300**	14,964	14,132
Restricted for:			
Nonexpendable:			
Endowment - true	**1,214**	1,214	1,215
Expendable:			
Student aid	**600**	605	608
Unrestricted	**(4,574)**	(6,274)	(6,320)
TOTAL NET POSITION	**12,540**	10,509	9,635

In fiscal year 2024, the College saw an increase in total current assets for the previous year. This is primarily due to increased cash on hand and increased accounts receivable. Non-current assets stayed relatively flat. Total net position increased by $2,031,821 from 2023 to 2024. The driving factor of this was increased cash balance due to an increase in State Appropriations.



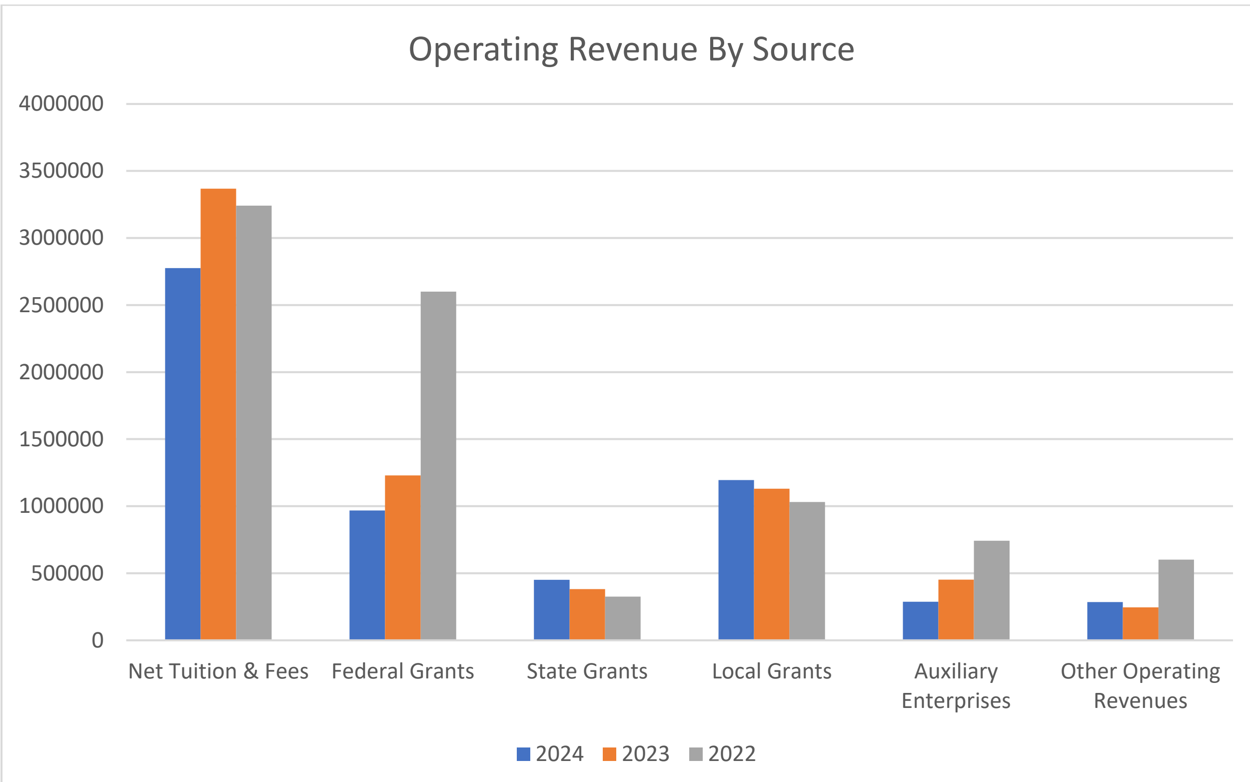
Condensed Statements of Revenues, Expenses, and Changes in Net Position as of August 31, 2024, 2023, 2022 (in thousands)

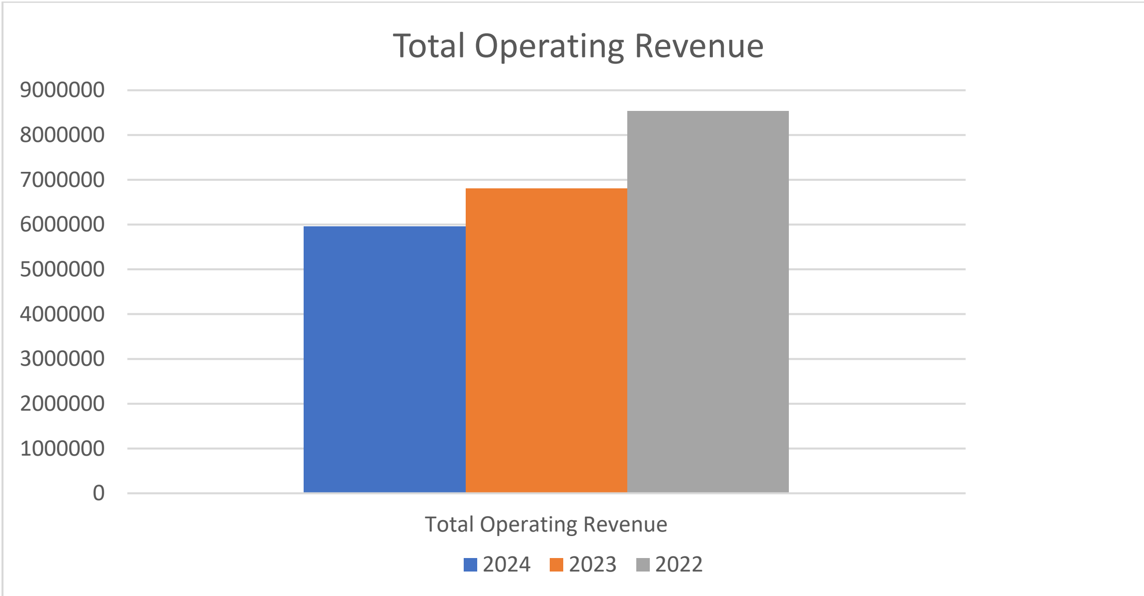
	2024	2023	2022
OPERATING REVENUES AND EXPENSES			
Operating Revenues:			
Tuition and fees (net of discounts)	**2,776**	3,368	3,241
Federal grants and contracts	**968**	1,229	2,600
State grants and contracts	**451**	382	326
Local grants and contracts	**1,195**	1,130	1,032
Auxiliary enterprises (net of discounts)	**288**	453	742
Other operating revenues	**285**	245	601
Total Operating Revenues (Schedule A)	**5,963**	6,807	8,542
Operating Expenses:			
Instruction	**3,826**	3,718	4,169
Academic support	**514**	506	516
Student services	**911**	667	675
Institutional support	**2,857**	2,185	3,980
Operation and maintenance of plant	**1,709**	1,601	1,290
Scholarships and fellowships	**848**	743	745
Auxiliary enterprises	**1,926**	1,676	1,725
Depreciation	**1,176**	991	770
Total Operating Expenses (Schedule B)	**13,767**	12,087	13,870
Operating Loss	**(7,804)**	(5,280)	(5,328)
NON-OPERATING REVENUES (EXPENSES)			
State appropriations	**6,201**	3,384	3,384
Maintenance ad valorem taxes	**851**	783	714
Federal revenue, non-operating	**2,218**	1,818	1,974
State revenue, non-operating	**220**	-	
Gifts	**68**	73	23
Rental Income	**11**	11	3
Investment income	**127**	32	34
Interest on capital related debt	**(102)**	(109)	(103)
Gain on disposal of fixed assets	**242**	162	298
Net Non-Operating Revenues (Schedule C)	**9,836**	6,154	6,327
Increase in Net Position	**2,032**	874	998
NET POSITION			
Net position - beginning of year, as previously reported	**10,509**	9,635	8,838
Restatement for correction of prior period error	**-**	-	(201)
Net position - beginning of year, as restated	**10,509**	9,635	8,637
Net position - end of year	**12,541**	10,509	9,635

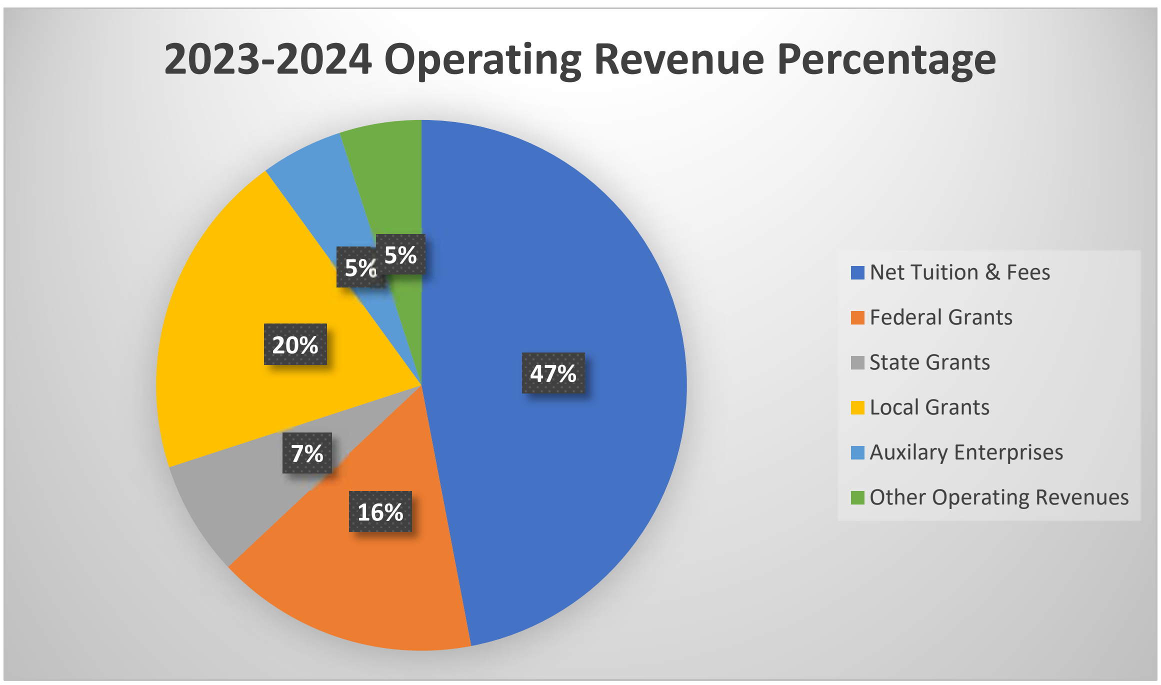
Tuition and fees decreased by approximately $600,000 from 2023 to 2024. The primary driver for this was the decrease in the tuition to Dual Credit students due to the creation of Financial Aid for Swift Transfer (FAST) funding for low-income Dual Credit Students.

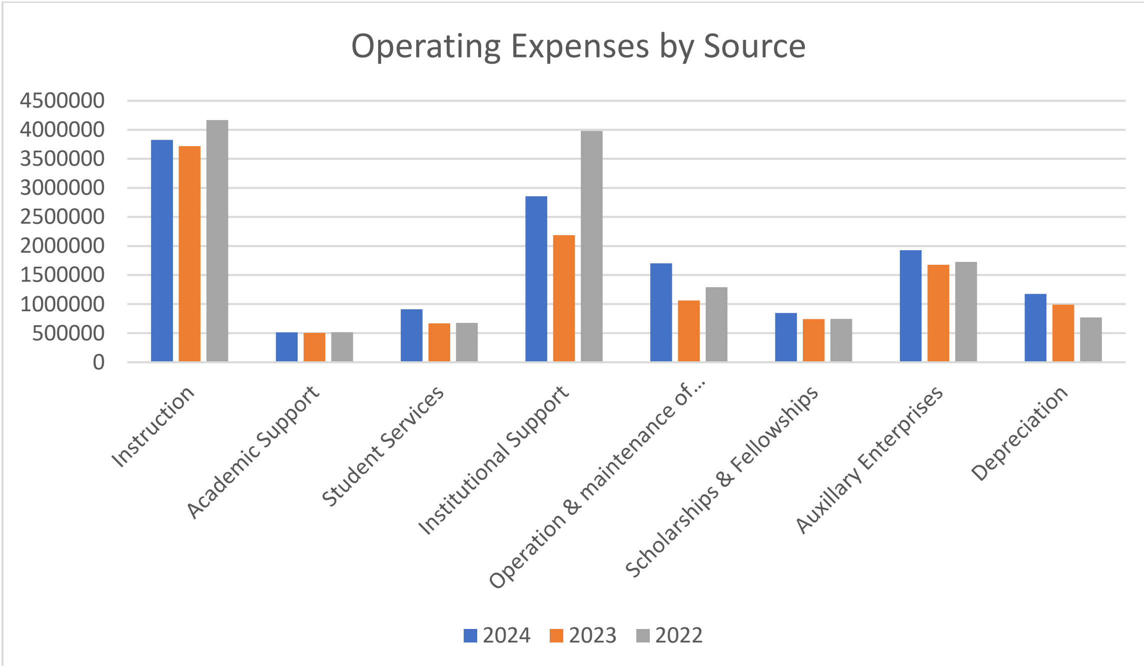
Operating expenses for 2024 increased due to slightly higher instruction costs. Non-operating revenues and expenses increased mainly due to the increase in State Appropriations due to House Bill 8 and this new funding model from the State.

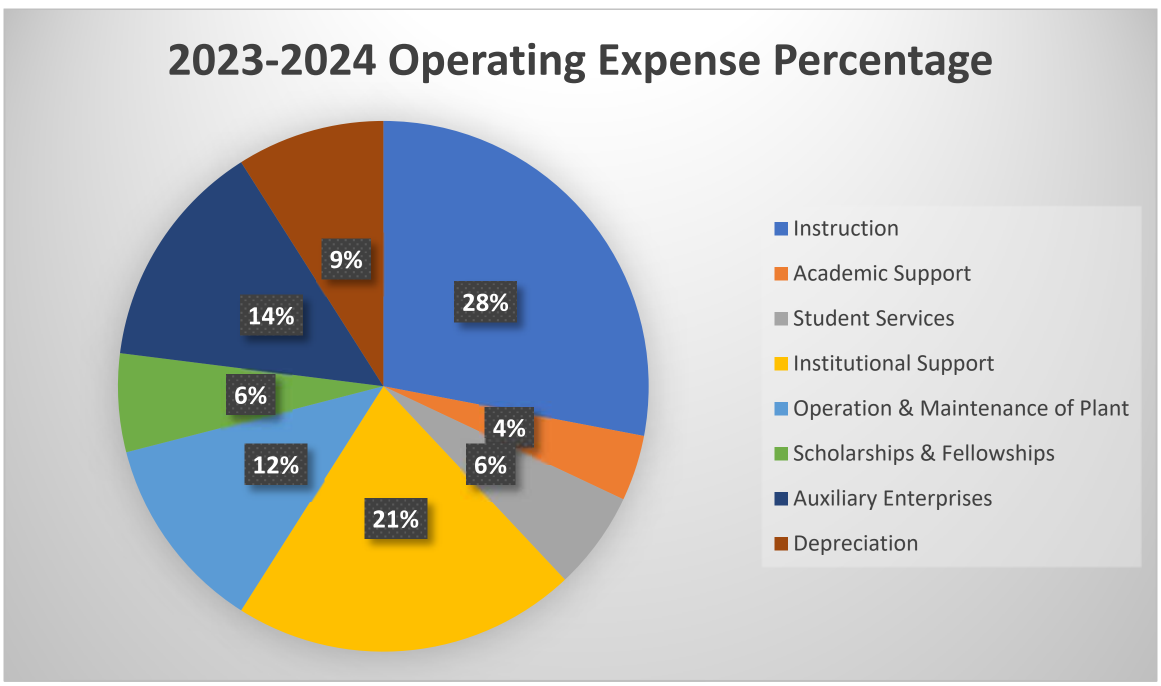
The following charts are an Analysis of Revenue and Expenses as of August 31, 2024, 2023 and 2022.

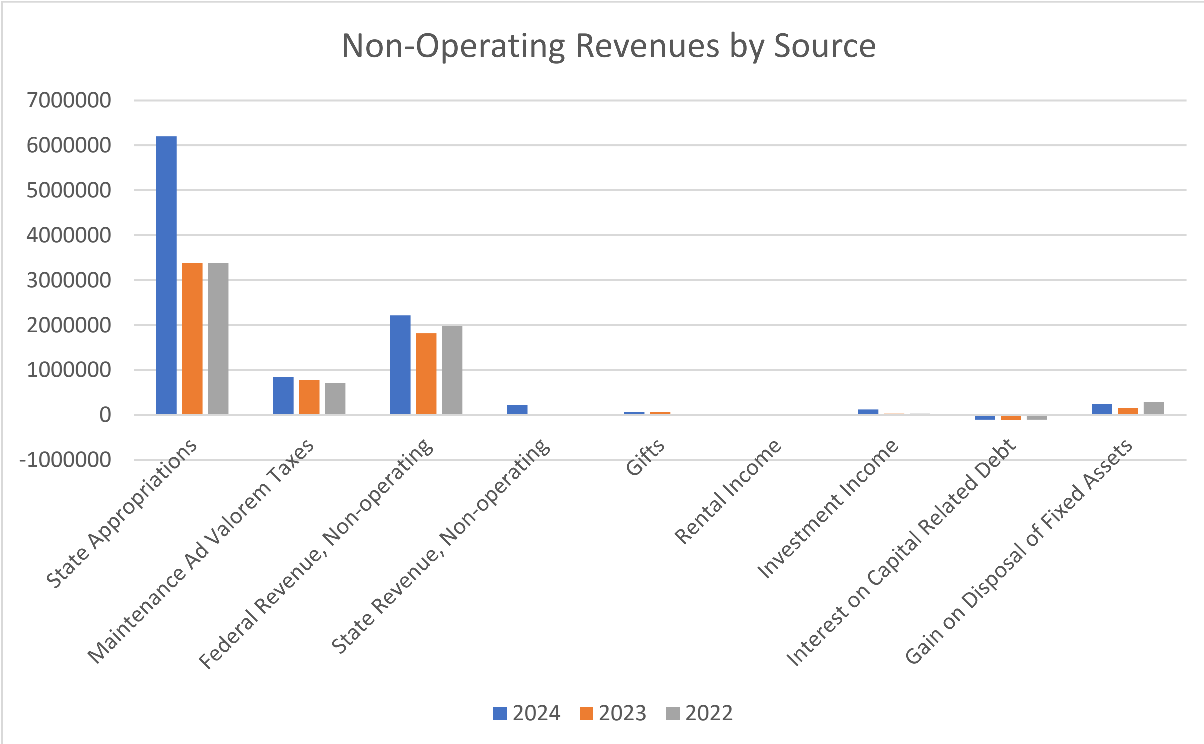


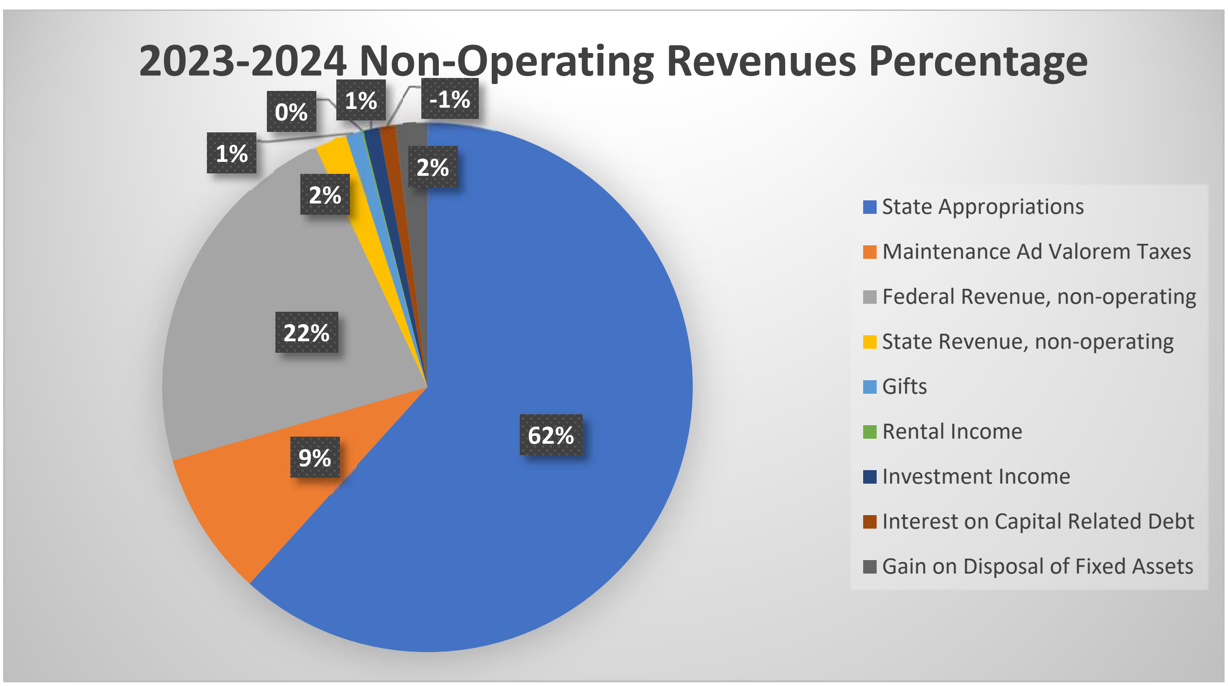

Total Operating Revenue
9000000
8000000
7000000
6000000
5000000
4000000
3000000
2000000
1000000
0
Total Operating Revenue
2024
2023
2022

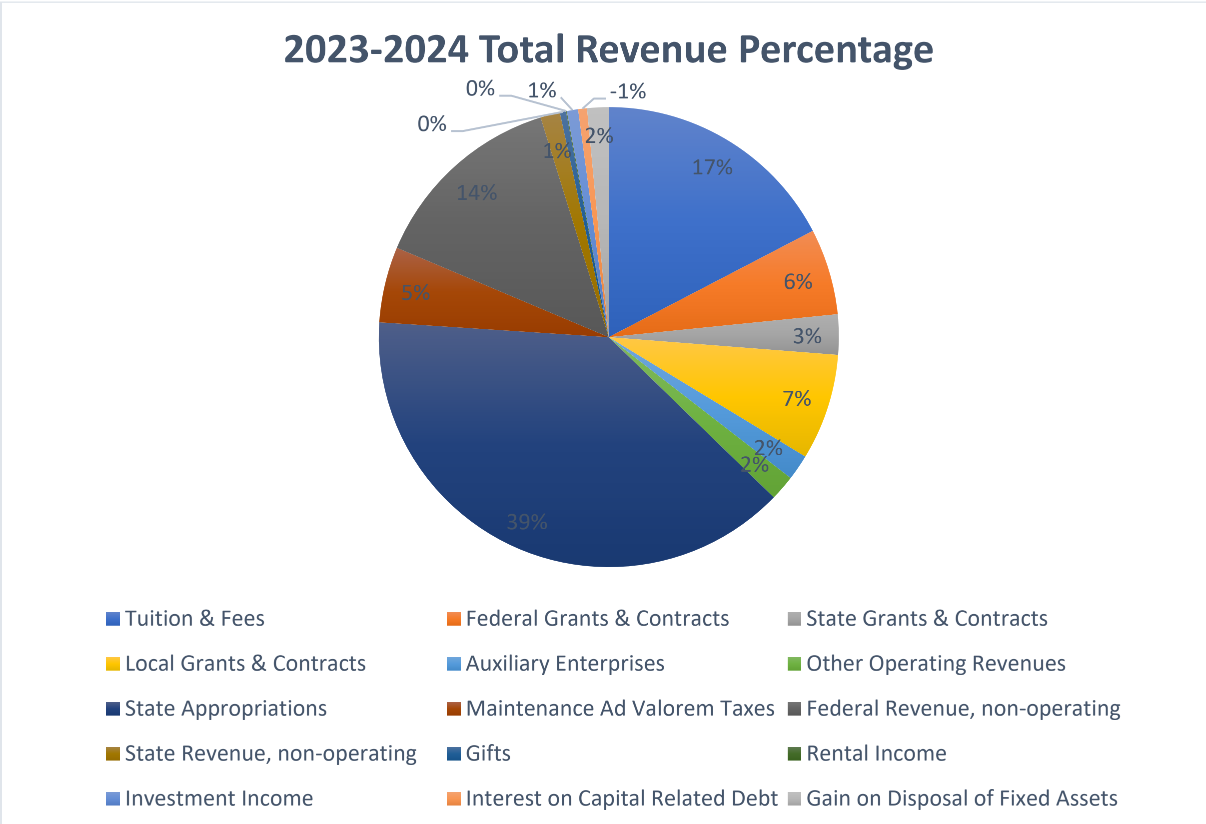

2023-2024 Operating Revenue Percentage
47%
16%
7%
20%
5%
5%
Net Tuition & Fees
Federal Grants
State Grants
Local Grants
Auxilary Enterprises
Other Operating Revenues

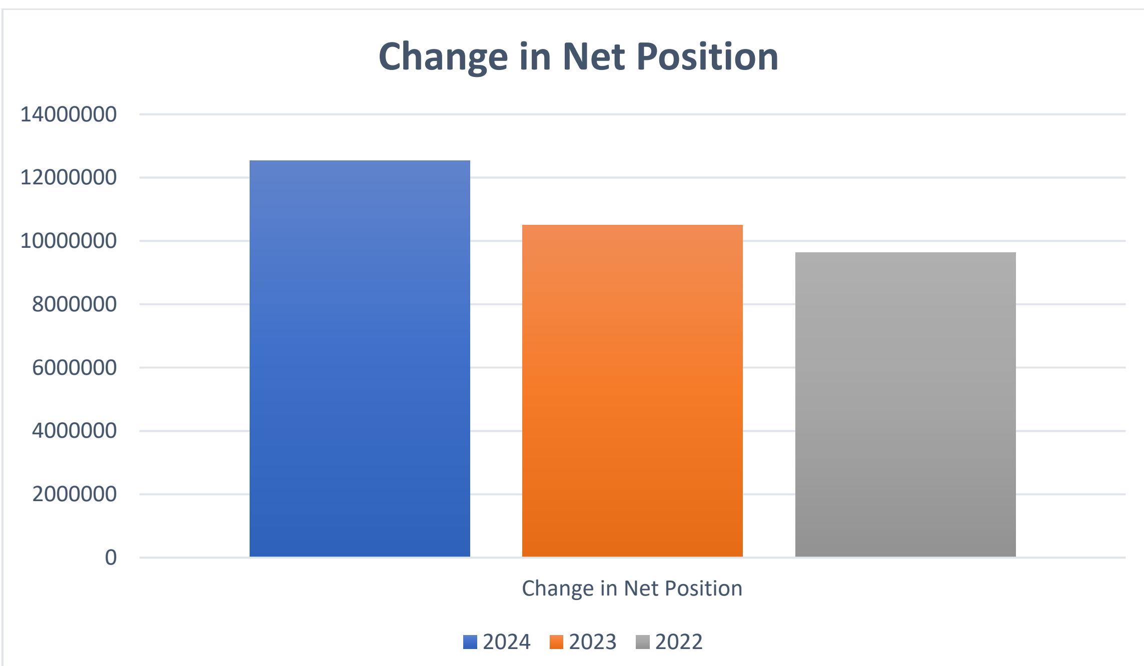

Operating Expenses by Source
4500000
4000000
3500000
3000000
2500000
2000000
1500000
1000000
500000
0
Instruction
Academic Support
Student Services
Institutional Support
Operation & maintenance of...
Scholarships & Fellowships
Auxillary Enterprises
Depreciation
2024
2023
2022


2023-2024 Operating Expense Percentage
28%
4%
6%
21%
12%
6%
14%
9%
Instruction
Academic Support
Student Services
Institutional Support
Operation & Maintenance of Plant
Scholarships & Fellowships
Auxiliary Enterprises
Depreciation


Non-Operating Revenues by Source
7000000
6000000
5000000
4000000
3000000
2000000
1000000
0
-1000000
State Appropriations
Maintenance Ad Valorem Taxes
Federal Revenue, Non-operating
State Revenue, Non-operating
Gifts
Rental Income
Investment Income
Interest on Capital Related Debt
Gain on Disposal of Fixed Assets
2024
2023
2022


2023-2024 Non-Operating Revenues Percentage
0%
1%
-1%
1%
2%
2%
22%
9%
62%
State Appropriations
Maintenance Ad Valorem Taxes
Federal Revenue, non-operating
State Revenue, non-operating
Gifts
Rental Income
Investment Income
Interest on Capital Related Debt
Gain on Disposal of Fixed Assets


2023-2024 Total Revenue Percentage
0%
1%
-1%
0%
2%
1%
17%
14%
6%
5%
3%
7%
2%
2%
39%
Tuition & Fees
Federal Grants & Contracts
State Grants & Contracts
Local Grants & Contracts
Auxiliary Enterprises
Other Operating Revenues
State Appropriations
Maintenance Ad Valorem Taxes
Federal Revenue, non-operating
State Revenue, non-operating
Gifts
Rental Income
Investment Income
Interest on Capital Related Debt
Gain on Disposal of Fixed Assets


Change in Net Position
14000000
12000000
10000000
8000000
6000000
4000000
2000000
0
Change in Net Position
2024
2023
2022

Statement of Cash Flows as of August 31, 2024, 2023, 2022.

	2024	2023	2022
Cash Provided by (used in)			
Operating Activities	**(7,499,307)**	(3,688,060)	(3,640,488)
Non-Capital Financing Activities	**9,556,970**	6,058,615	6,094,901
Capital and Related Financing Activities	**(1,372,330)**	(1,759,853)	(2,686,025)
Investing Activities	**126,739**	29,067	860,968
Net Increase (Decrease)	**812,072**	639,769	629,356
Cash and cash equivalents - Beginning of Year	**3,537,811**	2,898,042	2,268,686
Cash and cash equivalents - End of Year	**4,349,883**	3,537,811	2,898,042

This statement is used to determine the College's ability to meet its obligations and to determine if external financing is needed.

Overall, cash accounts had higher balances at year end over the previous year. The majority of this increase is due to the new State Appropriation funding method created by House Bill 8 and the College's continual efforts to build that account back to a balance that best serves the College.

Basic Financial Statements

CLARENDON COLLEGE
STATEMENTS OF NET POSITION
AUGUST 31, 2024 AND 2023
EXHIBIT 1

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 4,337,307**	$ 3,525,251
Accounts receivable (net)	**1,332,024**	464,867
Inventories	**23,213**	23,213
Prepaid expenses	**15,760**	15,844
Total Current Assets	**5,708,304**	4,029,175
Noncurrent Assets:		
Restricted cash and cash equivalents	**12,576**	12,560
Restricted investments	**587,634**	592,349
Endowment investments	**1,214,360**	1,214,492
Other long-term investments	**1,265,015**	1,260,136
Deposits	**20,725**	20,725
Capital assets (net)	**17,569,398**	17,704,177
Total Noncurrent Assets	**20,669,708**	20,804,439
TOTAL ASSETS	**26,378,012**	24,833,614
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	**1,667,160**	1,988,918
Deferred outflows of resources related to OPEB	**654,226**	1,408,230
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**2,321,386**	3,397,148
LIABILITIES		
Current Liabilities:		
Accounts payable	**248,148**	194,587
Accrued liabilities	**749,078**	696,324
Due to fiduciary activities	**16,963**	22,653
Unearned revenues	**559,241**	910,626
Lease and subscription liabilities - current portion	**443,333**	403,181
Notes payable - current portion	**136,124**	132,126
Total Current Liabilities	**2,152,887**	2,359,497
Noncurrent Liabilities:		
Lease and subscription liabilities - noncurrent portion	**1,549,258**	1,927,792
Notes payable - noncurrent portion	**140,817**	277,470
Net pension liability	**3,026,522**	2,789,222
Net OPEB liability	**5,629,680**	6,597,684
Total Noncurrent Liabilities	**10,346,277**	11,592,168
TOTAL LIABILITIES	**12,499,164**	13,951,665
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	**965,000**	1,340,236
Deferred inflows of resources related to OPEB	**2,694,753**	2,430,201
TOTAL DEFERRED INFLOWS OF RESOURCES	**3,659,753**	3,770,437
NET POSITION		
Net investment in capital assets	**15,299,866**	14,963,608
Restricted for:		
Nonexpendable:		
Endowment - true	**1,214,360**	1,214,492
Expendable:		
Student aid	**600,210**	604,909
Unrestricted	**(4,573,955)**	(6,274,349)
TOTAL NET POSITION	**$ 12,540,481**	$ 10,508,660

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

CLARENDON COLLEGE
STATEMENTS OF FIDUCIARY NET POSITION
AUGUST 31, 2024 AND 2023
EXHIBIT 1.1

	Custodial Funds	
	2024	2023
ASSETS		
Cash and cash equivalents	**$ 313,328**	$ 430,956
Investments	**241,903**	100,054
Due from business-type activities	**16,963**	22,653
TOTAL ASSETS	**572,194**	553,663
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	**572,194**	553,663
TOTAL NET POSITION	**$ 572,194**	$ 553,663

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

CLARENDON COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023
EXHIBIT 2

	2024	2023
OPERATING REVENUES AND EXPENSES		
Operating Revenues:		
Tuition and fees (net of discounts of $1,427,825 and $1,752,290, respectively)	$ 2,775,738	$ 3,367,525
Federal grants and contracts	967,760	1,229,541
State grants and contracts	451,521	382,123
Local grants and contracts	1,194,869	1,130,062
Auxiliary enterprises (net of discounts of $851,536 and $582,104, respectively)	287,630	452,753
Other operating revenues	285,108	245,333
Total Operating Revenues (Schedule A)	5,962,626	6,807,337
Operating Expenses:		
Instruction	3,825,823	3,717,557
Academic support	513,706	505,994
Student services	911,366	667,219
Institutional support	2,856,757	2,185,132
Operation and maintenance of plant	1,708,828	1,601,076
Scholarships and fellowships	848,220	743,093
Auxiliary enterprises	1,925,846	1,676,500
Depreciation	1,176,218	991,080
Total Operating Expenses (Schedule B)	13,766,764	12,087,651
Operating Loss	(7,804,138)	(5,280,314)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	6,200,668	3,384,271
Maintenance ad valorem taxes	850,714	783,059
Federal revenue, non-operating	2,217,770	1,818,697
State revenue, non-operating	219,835	-
Gifts	67,983	72,588
Rental Income	11,500	10,625
Investment income	126,771	31,724
Interest on capital related debt	(101,505)	(108,747)
Gain on disposal of fixed assets	242,223	161,773
Net Non-Operating Revenues (Schedule C)	9,835,959	6,153,990
Increase in Net Position	2,031,821	873,676
NET POSITION		
Net position - beginning of year, as previously reported	10,508,660	9,836,717
Restatement for correction of prior period error	-	(201,733)
Net position - beginning of year, as restated	10,508,660	9,634,984
Net position - end of year	$ 12,540,481	$ 10,508,660

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

CLARENDON COLLEGE
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023
EXHIBIT 2.1

	Custodial Funds	
	2024	2023
ADDITIONS		
Contributions	**$ 294,919**	$ 313,047
Interest income	**18,917**	3,710
TOTAL ADDITIONS	**313,836**	316,757
DEDUCTIONS		
Recipient payments	**295,305**	184,573
TOTAL DEDUCTIONS	**295,305**	184,573
Increase in Net Position	**18,531**	132,184
NET POSITION		
Net position - beginning of year	**553,663**	421,479
Net position - end of year	**$ 572,194**	$ 553,663

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

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

		2024		2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from students and other customers	**$**	**3,328,992**	$	4,179,677
Receipts of appropriations, grants, and contracts		**2,614,150**		2,741,726
Other payments		**(1,003,736)**		(71,917)
Payments to or on behalf of employees		**(6,478,380)**		(5,617,423)
Payments to suppliers for goods or services		**(5,112,113)**		(4,177,030)
Payments of scholarships		**(848,220)**		(743,093)
Net cash used in operating activities		**(7,499,307)**		(3,688,060)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipts from state appropriations		**6,200,668**		3,384,271
Receipts from ad valorem tax revenues		**850,714**		783,059
Receipts from non-operating federal revenue		**2,437,605**		1,818,697
Gifts and grants (other than capital)		**67,983**		72,588
Net cash provided by non-capital financing activities		**9,556,970**		6,058,615
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets		**(1,087,768)**		(2,640,669)
Proceeds from sale of capital assets		**288,552**		764,976
Payments on lease revenue bonds and notes payable - principal		**(471,037)**		214,451
Interest payments on capital debt		**(102,077)**		(98,611)
Net cash used in capital and related financing activities		**(1,372,330)**		(1,759,853)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings		**126,771**		31,724
Purchase of investments		**(32)**		(2,657)
Net cash provided by investing activities		**126,739**		29,067
Increase in cash and cash equivalents		**812,072**		639,769
Cash and cash equivalents - September 1		**3,537,811**		2,898,042
Cash and cash equivalents - August 31		**4,349,883**		3,537,811
Cash and cash equivalents		**4,337,307**		3,525,251
Cash and cash equivalents (restricted)		**12,576**		12,560
	$	**4,349,883**	$	3,537,811
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:				
Operating loss	**$**	**(7,804,138)**	$	(5,280,314)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation expense		**1,176,218**		991,080
Miscellaneous nonoperating income		**11,500**		10,625
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable		**(867,157)**		(105,280)
Prepaid expenses		**84**		(3,316)
Deferred outflows of resources		**1,075,762**		(188,371)
Deferred inflows of resources		**(110,684)**		650,532
Accounts payable and accrued liabilities		**106,887**		218,296
Due to fiduciary activities		**(5,690)**		3,130
Unearned revenues		**(351,385)**		99,269
Net pension liability		**(968,004)**		(1,590,991)
Net OPEB liability		**237,300**		1,507,280
Net cash used in operating activities	**$**	**(7,499,307)**	$	(3,688,060)

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

Note 1: Reporting Entity

Clarendon College (the 'College') was established in 1927 in accordance with the laws of the State of Texas to serve the educational needs of Clarendon, Texas, 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 No. 14, *The Financial Reporting Entity.* While the College receives funding from local, state, and federal sources and must comply with the spending, reporting, and record-keeping requirements of these entities, it is not a component unit of any other governmental entity.

The Board of Regents (the "Board"), a nine-member group, is the level of government that 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 three campuses, Clarendon, Pampa, and Childress, which offer a wide variety of general academic and vocational courses in a two-year curriculum.

Note 2: Summary of Significant Accounting Policies

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

<u>Tuition Discounting</u>

<u>Texas Public Education Grants</u>
Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. These tuition amounts, called the Texas Public Education Grant (TPEG), are shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code 56.033). When the student uses the award 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.

<u>Title IV, Higher Education Act Program Funds</u>
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 student uses the award 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.

<u>Other Tuition Discounts</u>
The College awards tuition and fee scholarships from institutional funds to qualified students. 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.

<u>Basis of Accounting</u>

The College's financial statements have been prepared on an 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. Restricted cash represents amounts restricted for Title IV funds, bond interest sinking, and equine money market funds.

Deferred Outflows

In addition to assets, the 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 authorized explicitly by the GASB. A typical deferred outflow for community colleges is a deferred charge on refunding debt. The college has deferred outflows related to their pension and other post-employment benefits (OPEB) liabilities.

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 over three months but less than one year at purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. Restricted investments represent amounts restricted for student aid.

Inventories

Inventories consisted of bookstore stock and valued at $23,213 as of August 31, 2024, and 2023. Inventories are valued at cost using the first-in/first-out (FIFO) method and are charged to expense as consumed. Materials and supplies are not considered inventory and are therefore charged to expense when purchased.

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 of over 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

Right-of-use lease assets resulting from public-private and/or public-public partnership (PPP) arrangements that qualify as leases are amortized over the shorter of the lease term or the useful life of the underlying asset.

Right-of-use subscription assets resulting from qualifying subscription-based information technology arrangements (SBITAs) are amortized over the subscription term.

Other Postemployment Benefits (OPEB)

The College participates in the Employee's Retirement System of Texas (ERS) post-employment 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 a 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 $439,482 and $730,539 and federal, state and local grants of $119,759 and $180,087 have been reported as unearned revenues as of August 31, 2024 and 2023, respectively.

Tuition, fees, and other revenues received and related to future periods have not been recognized in the current year and have been presented as a liability (unearned revenues) in these financial statements.

Deferred Inflows

In addition to liabilities, the 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. The College has deferred inflows related to the net pension and other post-employment benefit (OPEB) liabilities.

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 is outsourced and is not performed by the College.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's presentation.

Noncurrent Long-Term Liabilities

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

Leases

The College has implemented GASB 87. GASB 87 has adopted a single model that all leases represent financings of the right to use an underlying asset and therefore provides for three accounting treatments: (1) short-term leases of 12 months or less, (2) contracts that transfer ownership, and (3) contracts that do not transfer ownership.

All leases that do not fall into the first two categories listed above are treated as "contracts that do not transfer ownership".

For leases where the College is a lessee, a lease payable and a right-of-use asset are recognized. The lease liability is initially measured at the present value of fixed minimum lease payments that are expected to be made during the lease term. The lease payable is subsequently reduced by the principal payments made. The College must recognize interest expense over time based on the current balance of the lease and the implicit interest rate. The right-of-use asset is classified as an intangible and is initially measured as the lease payable with adjustments for payments made at or before the lease commencement date and certain initial direct costs. The College is required to amortize the value of the right-of-use asset in a systematic manner over the shorter period of the lease term or the useful life of the asset. Right-of-use assets are reported as capital assets, while lease payables are reported as long-term liabilities in the statement of net position.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a re-measurement of its leases and will re-measure the components if certain changes occur that are expected to significantly affect the amount of the lease receivable or lease payable.

Subscription-Based Information Technology Arrangements (SBITA)

The College recognizes a subscription liability, reported with long-term debt, and a right-of-use subscription asset (an intangible asset), reported with capital assets, in the statements of net position. The College recognizes subscription liabilities on agreements with total annual payments of over $9,000. At the commencement of a SBITA, the College initially measures the subscription liability at the present value of payments expected to be made during the subscription term. The subscription liability is subsequently reduced by the principal portion of SBITA payments. Interest expense is recognized over time based on the current balance of the SBITA and the implicit interest rate. The subscription asset is initially measured as the subscription liability adjusted for SBITA payments made at or before the commencement date and certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

Key estimates and judgments related to SBITAs include how the College determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) the subscription term, and (3) subscription payments.

- The College uses its incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the non-cancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the College is reasonably certain to exercise such option, subscription contract incentives receivable from the vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The College monitors changes in circumstances that would require a re-measurement of its SBITAs and will re-measure the components if certain changes occur that are expected to significantly affect the amount of the subscription asset or subscription liability.

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 – nonexpendable net position – Nonexpendable restricted includes endowments and similar type assets whose use is limited by donors or other outside sources, and as a condition of the gift, the principal is to be maintained in perpetuity.

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.

As of August 31, 2024 and 2023, the Board of Regents has designated $1,114,433 and $945,784, respectively, of the College's unrestricted net position for future capital improvements, capital reserve, and transportation needs. Board approval will be required to utilize this fund for these purposes.

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.

Clarendon 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 Clarendon College's compliance with the requirements of the Public Funds Investment Act. No instances of noncompliance were found during the year ended August 31, 2024.

Note 4: Deposits and Investments

Cash and Deposits included in Exhibit 1, Statements of Net Position, as of August 31, 2024 and 2023, consist of the items reported below:

	2024	2023
Petty cash on hand	**$ 1,354**	$ 1,354
Demand deposits	**4,348,529**	3,536,457
Total Cash and Cash Equivalents	**$ 4,349,883**	$ 3,537,811

The following represents a Reconciliation of Cash and Cash Equivalents as of August 31, 2024 and 2023, as reported in Exhibit 1:

	2024	2023
Cash and cash equivalents	**$ 4,337,307**	$ 3,525,251
Restricted cash and cash equivalents	**12,576**	12,560
Total Cash and Cash Equivalents	**$ 4,349,883**	$ 3,537,811

The following represents a reconciliation of deposits and investments as of August 31, 2024 and 2023, as reported in Exhibit 1:

Type of Security	Market Value 2024	2023
Money market funds	**$ 3,067,009**	$ 3,066,977
Total investments	**$ 3,067,009**	$ 3,066,977
Cash and cash equivalents	**$ 4,349,883**	$ 3,537,811
Investments	**3,067,009**	3,066,977
Total deposits and investments	**$ 7,416,892**	$ 6,604,788

Investments, as of August 31, 2024 and 2023, are classified as follows:

Classification	Market Value 2024	2023
Restricted investments	**$ 587,634**	$ 592,349
Endowment investments	**1,214,360**	1,214,492
Other long-term investments	**1,265,015**	1,260,136
Total investments	**$ 3,067,009**	$ 3,066,977

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

Investment Type	Market Value	Percent	Weighted Average Maturity (Years)	Security Rating
Money market funds	$ 3,067,009	100.00%	-	N/A
Total	$ 3,067,009	100.00%	-	

Interest Rate Risk

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

Credit Risk

In accordance with state law and the College's investment policy, with the exception of endowed investments, investments in mutual funds and investment pools must be rated at least AAA; commercial paper must be rated at least A-1 or P-1; and investments in obligations from other states, municipalities, counties, etc., must be rated at least A as well. As of August 31, 2024 and 2023, the College did not have investments in commercial paper or no-load money market mutual funds.

Concentration of Credit Risk

The College does not place a limit on the amount the College may invest in any one issuer (i.e., lack of diversification). All of the certificates of deposit are held at a local bank. The College has the majority of its investment in managed money market funds at August 31, 2024.

Custodial Credit Risk

For investments and deposits, this 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 investment or collateral securities that are in the possession of an outside party. The College is not exposed to custodial credit risk for its investments as all are insured, registered, and held by the College or by its agent in the College's name.

As of August 31, 2024, the carrying amount of the College's bank balances was $1,980,747. Bank balances of $250,000 were covered by Federal Depository Insurance. Bank balances in the amount of $1,730,747 were covered by securities held by the bank in the College's name.

Fair Value of Financial Instruments

The College has adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, as guidance on fair value measurements. The standard established a three-level valuation hierarchy for disclosure based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). An asset's fair value measurement level within the hierarchy is based on the lowest level of input that is significant to the valuation. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to their fair value measurement of the instrument.

The three levels of the fair value 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 within 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:

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

The fair value hierarchy of investments at August 31, 2024 and 2023 follows:

	Fair Value Measurements at Reporting Date Using			
August 31, 2024	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant other Observable Inputs (Level 3)**	**Significant Unobservable Inputs (Level 3)**
Money market funds	**$ 3,067,009**	**$ 3,067,009**	**$ -**	**$ -**
Total	**$ 3,067,009**	**$ 3,067,009**	**$ -**	**$ -**

		Fair Value Measurements at Reporting Date Using		
August 31, 2023	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 3)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 3,066,977	$ 3,066,977	$ -	$ -
Total	$ 3,066,977	$ 3,066,977	$ -	$ -

A summary of investments classified according to any restrictions at August 31, 2024 and 2023 is as follows:

	2024	2023
Unrestricted investments	**$ 1,265,015**	$ 1,260,136
Restricted investments:		
Temporarily restricted	**587,634**	592,349
Permanently restricted	**1,214,360**	1,214,492
Total restricted investments	**1,801,994**	1,806,841
Total investments	**$ 3,067,009**	$ 3,066,977

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.

Note 5: Capital Assets

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

	Beginning Balances	**Increases**	**Decreases**	**Ending Balances**
Capital assets not being depreciated:				
Land	**$ 1,813,633**	**$ -**	**$ -**	**$ 1,813,633**
Total capital assets not being depreciated	**1,813,633**	**-**	**-**	**1,813,633**
Capital assets being depreciated:				
Buildings	**15,787,665**	**329,232**	**-**	**16,116,897**
Right-of-use assets buildings	**11,314**	**68,509**	**-**	**79,823**
Right-of-use assets equipment	**82,585**	**-**	**-**	**82,585**
Right-of-use assets subscriptions	**759,519**	**-**	**-**	**759,519**
Facility and land improvements	**5,719,880**	**271,209**	**-**	**5,991,089**
Furniture, machinery, vehicles and other equipment	**5,601,508**	**418,818**	**(56,658)**	**5,963,668**
Telecommunications and peripheral equipment	**2,920,866**	**-**	**-**	**2,920,866**
Library books	**591,831**	**-**	**-**	**591,831**
Total capital assets being depreciated	**31,475,168**	**1,087,768**	**(56,658)**	**32,506,278**

	Beginning Balances	Increases	Decreases	Ending Balances
Accumulated depreciation:				
Buildings	**(5,976,765)**	**(317,199)**	**-**	**(6,293,964)**
Right-of-use assets buildings	**(10,273)**	**(4,847)**	**-**	**(15,120)**
Right-of-use assets equipment	**(25,727)**	**(16,846)**	**-**	**(42,573)**
Right-of-use assets subscriptions	**(100,067)**	**(154,479)**	**-**	**(254,546)**
Facility and land improvements	**(2,644,593)**	**(215,797)**	**-**	**(2,860,390)**
Furniture, machinery, vehicles and other equipment	**(3,627,329)**	**(358,018)**	**10,329**	**(3,975,018)**
Telecommunications and peripheral equipment	**(2,651,589)**	**(103,334)**	**-**	**(2,754,923)**
Library books	**(548,281)**	**(5,698)**	**-**	**(553,979)**
Total accumulated depreciation	**(15,584,624)**	**(1,176,218)**	**10,329**	**(16,750,513)**
Capital assets, net	**$ 17,704,177**	**$ (88,450)**	**$ (46,329)**	**$ 17,569,398**

Capital assets include buildings acquired under finance leases of $3,129,220 and land acquired under finance leases of $118,400 at August 31, 2024. Related amortization included in accumulated amortization was $760,401 and $0, respectively. These capital assets acquired through finance leases are included as a component of building, equipment, and land. Depreciation of these capital assets acquired under finance leases is included in depreciation expense.

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

	Beginning Balances	Increases	Decreases	Ending Balances
Not depreciated:				
Land	$ 1,813,633	$ -	$ -	$ 1,813,633
Total capital assets not being depreciated	1,813,633	-	-	1,813,633
Capital assets being depreciated:				
Buildings	15,865,477	728,565	(806,377)	15,787,665
Right-of-use assets buildings	11,314	-	-	11,314
Right-of-use assets equipment	82,502	83	-	82,585
Right-of-use assets subscriptions	-	759,519	-	759,519
Facility and land improvements	5,393,940	325,940	-	5,719,880
Furniture, machinery, vehicles, and other equipment	4,871,283	735,625	(5,400)	5,601,508
Telecommunications and peripheral equipment	2,856,172	64,694	-	2,920,866
Library books	565,588	26,243	-	591,831
Total capital assets being depreciated	29,646,276	2,640,669	(811,777)	31,475,168

	Beginning Balances	Increases	Decreases	Ending Balances
Accumulated depreciation:				
Buildings	(5,884,072)	(295,867)	203,174	(5,976,765)
Right-of-use assets buildings	(7,775)	(2,498)	-	(10,273)
Right-of-use assets equipment	(8,880)	(16,847)	-	(25,727)
Right-of-use assets subscriptions	-	(100,067)	-	(100,067)
Facility and land improvements	(2,459,100)	(185,493)	-	(2,644,593)
Furniture, machinery, vehicles and other equipment	(3,349,519)	(283,210)	5,400	(3,627,329)
Telecommunications and peripheral equipment	(2,549,548)	(102,041)	-	(2,651,598)
Library books	(543,224)	(5,057)	-	(548,281)
Total accumulated depreciation	(14,802,118)	(991,080)	208,574	(15,584,624)
Capital assets, net	$ 16,657,791	$ 1,649,589	$ (603,203)	$ 17,704,177

Capital assets include buildings acquired under finance leases of $3,129,220 and land acquired under finance leases of $118,400 at August 31, 2023. Related amortization included in accumulated amortization was $704,075 and $0, respectively. These capital assets acquired through finance leases are included as a component of building, equipment, and land. Depreciation of these capital assets acquired under finance leases is included in depreciation expense.

Note 6: Long-Term Obligations

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

	Beginning Balance	**Increases**	**Decreases**	**Ending Balance**	**Current Portion**
Lease revenue bonds	**$ 1,675,000**	**$ -**	**$ (245,000)**	**$ 1,430,000**	**$ 260,000**
Note payable	**409,596**	**-**	**(132,655)**	**276,941**	**136,124**
Leases and subscriptions	**655,973**	**68,509**	**(161,891)**	**562,591**	**183,333**
Net pension liability	**2,789,222**	**463,781**	**(226,481)**	**3,026,522**	**-**
Net OPEB liability	**6,597,684**	**-**	**(968,004)**	**5,629,680**	**-**
Total Long-Term Liabilities	**$ 12,127,475**	**$ 532,290**	**$ (1,734,031)**	**$ 10,925,734**	**$ 579,457**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Lease revenue bonds	$ 1,910,000	$ -	$ (235,000)	$ 1,675,000	$ 245,000
Note payable	538,875	-	(129,279)	409,596	132,126
Leases and subscriptions	77,243	759,519	(180,789)	655,973	158,181
Net pension liability	1,281,942	1,726,514	(219,234)	2,789,222	-
Net OPEB liability	8,188,675	-	(1,590,991)	6,597,684	-
Total Long-Term Liabilities	$ 11,996,735	$ 2,486,033	$ (2,355,293)	$ 12,127,475	$ 535,307

Note 7: Debt and Lease Obligations

Debt service requirements for the note payable at August 31, 2024 were as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2025	$ 136,124	$ 8,435	$ 144,559
2026	140,817	4,269	145,086
2027	-	-	-
Total	$ 276,941	$ 12,704	$ 289,645

Note payable to Public Property Finance Contract provided by Prosperity Bank to finance upgrades to the infrastructure of campus buildings with an origination date of December 23, 2015. The original principal of note was $1,237,655 and is secured by a security interest in all property listed in Schedule B of the finance contract. The note payable is due in annual installments of $145,087 with an interest rate of 2.99% and a final installment due December 1, 2025.

Lease Revenue Bonds Payable to Gray County

Lease payable to Gray County, Texas, issued on September 1, 2009, for $4,175,000, interest varies from 4.5% to 5.125%, annual principal installments varying from $195,000 to $315,000 plus interest due semi-annually, with a maturity date of August 1, 2029. The loan proceeds were used for the construction of two new buildings and equipment at the Pampa, Texas, Campus.

Fiscal Year Ending August 31,	Principal	Interest	Total Requirement
2025	$ 260,000	$ 71,963	$ 331,963
2026	270,000	59,288	329,288
2027	285,000	46,125	331,125
2028	300,000	31,519	331,519
2029	315,000	16,143	331,143
	$ 1,430,000	$ 225,038	$ 1,655,038

Obligations under remaining leases as of August 31, 2024 were as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total Requirement
2025	$ 37,025	$ 3,811	$ 40,836
2026	37,558	2,292	39,850
2027	31,845	674	32,519
2028	-	-	-
	$ 106,428	$ 6,777	$ 113,205

Lease obligations consisted of the following as of August 31, 2024:

- Monthly (48 months) phone system lease maturing in July 2026; monthly payments of $243; discount rate of 0.05%.
- Monthly (16 months) mailing machine lease maturing in April 2025; monthly payments of $171; discount rate of 0.11%.
- Monthly (60 months) copier lease maturing in July 2027; monthly payments of $1,038; discount rate of 3.13%.
- Monthly (36 months) building lease maturing in 2027; monthly payments ranging from $2,000 to $2,110; discount rate of 5.23%.

The College does not capitalize any lease obligations with an original term of less than one year.

Obligations under subscription-based information technology arrangements as of August 31, 2024 were as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total Requirement
2025	$ 146,308	$ 17,699	$ 164,007
2026	151,979	12,028	164,007
2027	157,876	6,131	164,007
2028-2030	-	-	-
	$ 456,163	$ 35,858	$ 492,021

Subscription-based leases consisted of the following as of August 31, 2024:

- Annual (5 years) software lease maturing in November 2026; annual payments of $23,614; discount rate of 4.37%.
- Annual (5 years) software lease maturing in September 2026; annual payments of $14,052; discount rate of 2.56%.
- Annual (5 years) software lease maturing in February 2027; annual payments of $10,832; discount rate of 4.02%.
- Annual (5 years) software lease maturing in October 2026; annual payments of $11,140; discount rate of 5.07%.
- Annual (5 years) software lease maturing in April 2027; annual payments of $72,358; discount rate of 3.59%.
- Annual (5 years) software lease maturing in December 2026; annual payments of $20,692; discount rate of 3.76%.
- Annual (5 years) software lease maturing in October 2026; annual payments of $11,329; discount rate of 4.36%.

The College does not capitalize any subscription-based leases with an original term of less than one year.

As of August 31, 2024 and 2023, the College complied with all material aspects of bond indentures and other debt covenants.

Note 8: Disaggregation of Receivables and Payables Balances

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

		2024		2023
Taxes receivable	**$**	**212,072**	$	194,139
Student receivables		**903,401**		1,028,827
Grant receivables		**1,021,913**		-
Other receivables		**85,092**		109,701
Allowance for doubtful accounts		**(890,454)**		(867,800)
Total accounts receivable, net	**$**	**1,332,024**	$	464,867

Accounts payable as of August 31, 2024 and 2023, was $248,148 and 194,587, respectively, and consisted of amounts payable to vendors.

Accrued liabilities as of August 31, 2024 and 2023, consisted of the following:

		2024		2023
Accrued interest payable	**$**	**28,635**	$	29,207
Deposits		**1,620**		1,620
Other accrued liabilities		**718,823**		665,497
Total accrued liabilities	**$**	**749,078**	$	696,324

Note 9: Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges, and Universities*. Revenues are recognized on Exhibit 2 and Schedules A and C. For federal and nonfederal contract and grant awards, funds expended but not collected are reported as accounts receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards or funds awarded during fiscal years 2024 and 2023 for which monies have not been received nor funds expended, totaled $0 and $0, respectively. All of these funds are on federal contracts and grant awards. Additionally, the College deferred federal and state grant awards in the amount of $119,759 in 2024 and $180,087 in 2023. These funds are to be spent in the year following the deferral.

Note 10: Employee Retirement Plans

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

Teacher Retirement System of Texas

Plan Description

The College participates in a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation. The Teacher Retirement System of Texas (TRS) administers the plan. 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 Annual Comprehensive 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/2023%20ACFR%20Final%2011-20-2023.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 under age 60 or 62 depending on the date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic cost of living adjustments (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 statute, 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		**2024**	2023
Member		**8.25%**	8.00%
Non-employer contributing entity (State)		**8.25%**	8.00%
Employers		**8.00%**	8.00%
FY2023 Member (Employee) contributions	**$**	**342,699**	
FY2023 Non-employer contributing agency (State)		**149,660**	
FY2023 College (Employer) contributions		**222,184**	

Clarendon College contributions to the TRS pension plan in 2024 were $264,927 as reported in the Schedule of College Contributions for Pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2024 were $188,154.

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 are 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2023
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Fair Value
Actuarial assumptions:	
Single discount rate	7.00%
Long-term expected investment rate of return*	7.00%
Municipal bond rate*	4.13%

Last year ending August 31 in the 2016 to 2116 projection period (100 years)	2122
Inflation	2.30%
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

**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 municipal bond rate used is 4.13% as of August 2023 (i.e., the rate closest to but not later than the Measurement Date). The 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 on 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 years ending August 31, 2021 and were adopted in July 2022.

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

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to significantly impact plan costs for FY2023, are provided for in the FY2023 Assumed Per Capita Health Benefit Costs.

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 percent. 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 9.50% of payroll in fiscal year 2024 gradually increasing to 9.56% 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. The 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%	4.00%	1.00%
Non-US developed	13.00%	4.50%	0.90%
Emerging markets	9.00%	4.80%	0.70%
Private equity	14.00%	7.0%	1.50%
Stable Value			
Government bonds	16.00%	2.50%	0.50%
Absolute return	0.00%	3.60%	0.00%
Stable value hedge funds	5.00%	4.10%	0.20%
Real Return			
Real estate	15.00%	4.90%	1.10%
Energy, natural resources, and infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity	8.00%	4.50%	0.40%
Asset Allocation Leverage			
Cash	2.00%	3.70%	0.00%
Asset allocation leverage	(6.00%)	4.40%	(0.10%)
Inflation expectations			2.30%
Volatility drag			(0.90%)
Expected Return	100%		8.00%

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)	$ 4,524,818	$ 3,026,522	$ 1,780,688

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

As of August 31, 2024, the College reported a liability of $3,026,522 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction in 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	$ 3,026,522
State's proportionate share that is associated with the College	1,413,004
Total	$ 4,439,526

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

At the measurement date of August 31, 2023, the employer's proportion of the collective net pension liability was 0.0044060368%, a decrease of .000292199% from its proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the College recognized pension expense of $213,351 and revenue of $213,351 for support provided by the State.

As of August 31, 2024, 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	$ 107,836	$ 36,648
Changes in actuarial assumptions	286,250	70,052
Difference between projected and actual investment earnings	945,697	505,264
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	62,450	353,036
Contributions paid to TRS subsequent to the measurement date	264,927	-
Total	$ 1,667,160	$ 965,000

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
2025	$ 334,861
2026	(8,588)
2027	310,794
2028	69,658
2029	(4,565)
Thereafter	-
Total	$ 702,160

Optional Retirement Plan – Defined Contribution Plan

Plan Description

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

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.60% and 6.60% for 2023 and 2022. The College does not contribute to employees who participated in the Optional Retirement Program before 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 $0 for both fiscal years ended August 31, 2024 and 2023.

The total payroll for all College employees was $5,132,876 and $4,616,056 for fiscal years 2024 and 2023, respectively. The total payroll for employees covered by the Teacher Retirement System was $4,511,145 and $4,122,171, and the total payroll for employees covered by the Optional Retirement Program was $84,525 and $114,422 for fiscal years 2024 and 2023, respectively.

College-Sponsored Benefit Plans

The College has a voluntary employee-defined contribution 403(b) plan administered by the plan's trustee. The plan is funded by employee deferrals of compensation. Plan funds are held in trust and are administered by the College's Comptroller with oversight by the Board of Regents. Full-time and certain part-time employees are eligible to participate and are fully vested at all times. At August 31, 2024 and 2023, there were three plan participants. The College does not contribute to this plan.

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, 2024 and 2023 were $325,410 and $413,160, respectively. The cost of providing those benefits was $1,279,985 and $1,256,254 for retirees and active employees for fiscal years 2024 and 2023, respectively. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for 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), which includes financial statements, notes to the financial statements, and required supplementary information.

That report may be obtained on the internet at https://ers.texas.gov/About-ERS/reports-and-studies/reports-on-overall-ers-operations-and-financial-ma/2023-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 participating 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 provided through the GBP. The Trustees revise benefits when necessary to match expected benefits 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 premiums. 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, 2024 and 2023

	2024	2023
Retiree only	**$ 624.82**	$ 624.82
Retiree & spouse	**$ 1,340.82**	$ 1,339.90
Retiree & children	**$ 1,104.22**	$ 1,103.58
Retiree & family	**$ 1,820.22**	$ 1,818.66

The following table summarizes premium contributions to the GBP plan for the current and prior fiscal years by source.

Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2024 and 2023

	2024	2023
Employers	**$ 801,018,586**	$ 699,999,453
Members (Employees)	**$ 181,951,869**	$ 190,659,955
Non-employer contributing entity (State of Texas)	**$ 42,250,455**	$ 36,750,724

Source: ERS 2023 Annual Comprehensive Financial Report

Actuarial Assumptions

The total OPEB Liability was determined by an actuarial valuation as of August 31, 2023 using the following actuarial assumptions:

Valuation date	August 31, 2023
Actuarial cost method	Entry Age
Amortization method	Level Percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	3.81%
Projected annual salary increase (includes inflation)	2.30% to 8.95%
Annual healthcare trend rate	
HealthSelect	5.60% for 2025, 5.30% for 2026, 5.00% for 2027, 4.75% for 2028, 4.60% for 2029 decreasing 10 basis points per year to an ultimate rate of 4.30% for 2032 and later years
HealthSelect Medicare Advantage	16.40% for 2025, 8.40% for 2026, 5.00% for 2027, 4.75% for 2028, 4.60% for FY2029 decreasing 10 basis points per year to an ultimate rate of 4.30% for 2032 and later years
Pharmacy	10% for 2025 and 2026, decreasing 100 basis points per year to an ultimate rate of 5.00% for 2031 and 4.30% for 2032 and later years
Inflation assumption rate	2.30%
Ad hoc post-employment 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: ERS 2023 Annual Comprehensive Financial Report

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, 2023 and the TRS retirement plan actuary as of August 31, 2023.

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

- The percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan 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 proportions of future retirees expected to receive the Opt-Out Credit at retirement.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee have been updated to reflect recent plan experience and expected trends.
- 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 our short-term expectations.
- The discount rate assumption was changed from 3.59% to 3.81% as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Investment Policy

The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds before retirement. The System's Board of Trustees adopted an amendment to the investment policy in August 2022 to require that all funds in the plan be invested in cash and equivalent securities.

Discount Rate

Because the State Retiree Health Plan does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rate. The discount rate was changed from 3.59% as of August 31, 2022 to 3.81% as of August 31, 2023 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Discount Rate Sensitivity Analysis

The following schedules show the impact of the College's proportionate share of the collective net OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.59%) in measuring the net OPEB liability.

	1% Decrease (2.81%)	Current Rate (3.81%)	1% Increase (4.81%)
College's proportionate share of the net OPEB liability (asset)	$ 6,532,435	$ 5,629,680	$ 4,903,571

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 5.30%
College's proportionate share of the net OPEB liability	$ 4,842,307	$ 5,629,680	$ 6,629,647

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

As of August 31, 2024, the College reported a liability of $5,629,680 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's Proportionate share of the collective net OPEB liability	$ 5,629,680
State's proportionate share that is associated with the college	3,701,535
Total	$ 9,331,215

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

At the measurement date of August 31, 2023, the College's proportion of the collective net OPEB liability was .02107111%, which is a decrease of .00208925% from its proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the College recognized OPEB expense of $622,363 and revenue of $109,850 for the support provided by the State.

The valuation reflects the minor benefit changes that will become effective September 1, 2023, since these changes were communicated to plan members in advance of the preparation of this report. These changes, which are not expected to have a significant impact on plan costs for Fiscal Year 2024, are provided for in the Fiscal Year 2024 Assumed Per Capita Health Benefit Costs.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ -	$ 148,908
Changes in actuarial assumptions	187,800	1,758,224
Difference between projected and actual investment earnings	455	-
Effect of change in proportion and contribution difference	367,343	787,621
Contributions paid subsequent to the measurement date	98,628	-
Total	$ 654,226	$ 2,694,753

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
2025	$	353,099
2026		534,801
2027		588,982
2028		444,047
2029		119,598
Thereafter		-
Total	$	2,040,527

Note 14: Deferred Compensation Program

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001.

Note 15: Endowments

The College has received several contributions of endowed funds over the years. These endowments include land, cash, and investments. Most of the endowed funds will be used for scholarships while maintaining the corpus. The college currently holds investments of $1,214,360 as endowments.

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

		2024		2023
Endowment net assets, beginning of year	**$**	**1,214,492**	$	1,214,592
Contributions		**-**		-
Investment earnings (loss)		**7,731**		7,722
Scholarships		**(7,863)**		(7,822)
Endowment net assets, end of year	**$**	**1,214,360**	$	1,214,492

Note 16: 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,		**2024**		2023
Assessed Valuation of the College	**$**	**345,295,427**	$	320,341,226
Less: Exemptions		**(32,758)**		(548,224)
Net Assessed Value of the College	**$**	**345,262,669**	$	319,793,002

Fiscal Year Ending August 31,		**2024**							2023			
		Current Operations		**Debt Service**		**Total**		Current Operations		Debt Service		Total
Authorized tax rate per $100 valuation	$	**0.8500**	**$**	**0.0000**	**$**	**0.8500**	$	0.8500	$	0.0000	$	0.8500
Assessed tax rate per $100 valuation		**0.2549**		**N/A**		**0.2549**		0.2525		N/A		0.2525

Taxes Collected		**2024 Current Operations**		2023 Current Operations
Current taxes collected	**$**	**818,383**	$	758,172
Delinquent taxes collected		**19,018**		17,099
Penalties and interest collected		**2,907**		2,675
Total Collections	**$**	**840,308**	$	777,946

Taxes levied for the years ended August 31 2024 and 2023, were approximately $856,472 and $787,374, respectively, (which included penalty and interest assessed, if applicable).

Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Tax collections for the years ended August 31, 2024 and 2023, were 95.55% and 96.29%, respectively, of the current tax levy for the year. Property tax revenues are recognized in the year for which they are levied. The use of tax proceeds is restricted for the maintenance and operations of the College.

Note 17: Tax Abatements

The College received reduced property tax revenues as a result of abatements granted by Donley County, Texas. The abatements are intended to promote economic development in the Clarendon area. For the fiscal years ended August 31 2024 and 2023, the College’s property tax revenues were reduced under these abatements by $226,062 and $230,559, respectively. There are no significant abatements made by the College.

Note 18: Extension Center Maintenance Tax

A maintenance tax was established by election in 2009 and is levied by the Gray County, Texas, tax office and Childress County Appraisal District. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the College. Collections are transferred to the College to be used for the operation of a campus at Gray and Childress counties. This revenue is reported under local grants and contracts. Collections in fiscal years 2024 and 2023 (including penalties and interest) from Gray County totaled approximately $899,605 and $859,473, respectively, and from Childress County totaled approximately $305,192 and $287,953, respectively.

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, 2024 and 2023.

Note 20: Related Parties

The Clarendon College Foundation (CCF) is a nonprofit organization with the sole purpose of supporting the educational and other activities of the College. The College does not appoint a voting majority of the CCF's Board of Directors, and it does not fund, nor is it obligated to pay, debt related to CCF. CCF solicits donations and acts as coordinator of gifts made by other parties as well as providing scholarships to students attending the College. During the fiscal year, the College furnished certain services, i.e., office space, utilities, and some staff assistance, to CCF for which CCF did not reimburse the College. CCF is controlled by an autonomous Board of Directors and is not considered a component unit of the College for financial reporting purposes. During the years ended August 31, 2024 and 2023, the College received funds consisting of donations and scholarships for students from CCF totaling $0 and $0, respectively.

The Pampa Center Foundation (PCF) was organized by the residents of the city of Pampa, Texas, to provide educational support for the Pampa Center of Clarendon College. PCF is controlled by an autonomous Board of Directors and is not considered a component unit of the College for financial reporting purposes.

Note 21: Pending Lawsuits and Claims

None as of the report date.

Note 22: New Pronouncements

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. The College adopted this standard in fiscal year 2024. Adoption of this standard did not have a material impact on the financial statements.

Not adopted

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

The College is evaluating the impact, if any, of adopting these statements on its financial position, results of operations, and cash flows.

Note 23: Subsequent Events

Management has evaluated subsequent events through November 20, 2024; the date on which the financial statements were available for distribution.

Note 24: Prior Period Adjustment

Subsequent to the issuance of the audit report for the period ended August 31, 2023, the need was identified for a prior period adjustment that would impact net assets. This prior period adjustment includes transactions that were posted to deferred revenue rather than being recognized in the appropriate period.

The following table illustrates the impact of the prior period adjustment:

	Increase (Decrease)		
	Before Prior Period Adjustment	After Prior Period Adjustment	Impact of Prior Period Adjustment
Liabilities:			
Deferred revenue	$ 708,879	$ 910,626	$ 201,747
Accounts payable	194,601	194,587	(14)
Net Assets:			
Unrestricted net assets	6,072,616	6,274,349	201,733

Required Supplementary Information

CLARENDON COLLEGE
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED AUGUST 31, 2024 *
EXHIBIT 4

Fiscal Year Ending August 31, *	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
College's proportionate share of collective net pension liability (%)	**0.0044060368**	0.0046982358	0.0050338446	0.0049034334	0.0056654335	0.0060056751	0.0051183914	0.0050057390	0.0051388000	0.0052252000
College's proportionate share of collective net pension liability ($)	**$ 3,026,522**	$ 2,789,222	$ 1,281,942	$ 2,626,179	$ 2,945,069	$ 3,305,669	$ 1,636,586	$ 1,891,594	$ 1,816,497	$ 1,395,723
State's proportional share of net pension liability associated with College ($)	**1,413,004**	1,387,218	652,090	1,335,060	-	1,751,227	1,163,776	1,320,035	1,258,424	1,097,988
Total	**$ 4,439,526**	$ 4,176,440	$ 1,934,032	$ 3,961,239	$ 2,945,069	$ 5,056,896	$ 2,800,362	$ 3,211,629	$ 3,074,921	$ 2,493,711
College's covered payroll	**$ 4,122,171**	$ 4,156,843	$ 4,210,272	$ 4,010,471	$ 4,338,077	$ 4,480,726	$ 4,048,686	$ 3,868,411	$ 3,707,746	$ 3,461,695
College's proportionate share of collective net pension liability as a percentage of covered payroll	**73.42%**	67.10%	30.45%	65.48%	67.89%	73.78%	40.42%	48.90%	48.99%	40.32%
Plan fiduciary net position as percentage of total pension liability	**73.15%**	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.

CLARENDON COLLEGE
SCHEDULE OF COLLEGE'S CONTRIBUTIONS FOR PENSIONS
LAST TEN FISCAL YEARS
EXHIBIT 5

Fiscal Year Ending August 31, *	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Legally required contributions	**$ 264,927**	$ 222,184	$ 201,699	$ 221,249	$ 173,117	$ 198,808	$ 204,323	$ 165,775	$ 159,045	$ 152,162
Actual contributions	**264,927**	222,184	201,699	221,249	173,117	198,808	204,323	165,775	159,045	152,162
Contributions deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll amount	**$ 4,511,145**	$ 4,122,171	$ 4,156,843	$ 4,210,272	$ 4,010,471	$ 4,338,077	$ 4,480,726	$ 4,048,686	$ 3,868,441	$ 3,868,441
Contributions as a percentage of covered payroll	**5.87%**	5.39%	4.85%	5.25%	4.32%	4.58%	4.56%	4.09%	4.11%	3.93%

*The amounts presented above are as of the College's respective fiscal year-end.

CLARENDON COLLEGE
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
FOR THE YEAR ENDED AUGUST 31, 2024
EXHIBIT 6

Fiscal Year Ending August 31, *	**2023****	**2022****	**2021****	**2020****	**2019****	**2018****	**2017****
College's proportionate share of collective net OPEB liability (%)	**0.02107111**	0.02316036	0.02282525	0.02303551	0.02212757	0.02375286	0.01669356
College's proportionate share of collective net OPEB liability ($)	**$ 5,629,680**	$ 6,597,684	$ 8,188,675	$ 7,611,999	$ 7,647,880	$ 7,039,811	$ 5,687,999
State's proportional share of net OPEB liability associated with College ($)	**3,701,535**	3,994,646	5,386,191	4,960,069	5,768,047	4,293,156	4,830,458
Total	**$ 9,331,215**	$ 10,592,330	$ 13,574,866	$ 12,572,068	$ 13,415,927	$ 11,332,967	$ 10,518,457
College's covered payroll	**$ 3,683,407**	$ 3,697,814	$ 3,747,461	$ 3,511,129	$ 3,726,088	$ 3,946,471	$ 3,771,905
College's proportionate share of collective net OPEB liability as a percentage of covered payroll	**152.84%**	178.42%	218.51%	216.80%	205.25%	178.38%	150.80%
Plan fiduciary net position as percentage of total OPEB liability	**0.63%**	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.

CLARENDON COLLEGE
SCHEDULE OF COLLEGE'S CONTRIBUTIONS FOR OPEB
FOR THE YEAR ENDED AUGUST 31, 2024
EXHIBIT 7

Fiscal Year Ending August 31, *	**2024****	**2023****	**2022****	**2021****	**2020****	**2019****	**2018****
Legally required contributions	**$ 98,628**	$ 99,108	$ 93,889	$ 164,813	$ 158,797	$ 149,379	$ 142,546
Actual contributions	**98,628**	99,108	93,889	164,813	158,797	149,379	142,546
Contributions deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll amount	**$ 3,876,007**	$ 3,683,407	$ 3,697,814	$ 3,747,461	$ 3,511,129	$ 3,726,088	$ 3,946,471
Contributions as a percentage of covered payroll	**2.54%**	2.69%	2.54%	4.40%	4.52%	4.01%	3.61%

*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

CLARENDON COLLEGE
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2024
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2023)
SCHEDULE A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Totals Fiscal Year 2024	Totals Fiscal Year 2023
Tuition						
State-funded courses						
In-district resident tuition	$ 815,835	$ -	$ 815,835	$ -	**$ 815,835**	$ 917,945
Out-of-district resident tuition	841,755	-	841,755	-	**841,755**	874,879
Non-resident tuition	411,203	-	411,203	-	**411,203**	352,201
TPEG - credit (set aside)*	111,726	-	111,726	-	**111,726**	120,238
Total Tuition	2,180,519	-	2,180,519	-	**2,180,519**	2,265,263
Fees						
Building use fee	393,073	-	393,073	-	**393,073**	401,902
Out-of-district fee	414,138	-	414,138	-	**414,138**	420,890
General fee	771,224	-	771,224	-	**771,224**	791,282
Laboratory fee	494,645	-	494,645	-	**494,645**	489,097
Other fees	444,127	-	444,127	-	**444,127**	426,916
Total Fees	2,517,207	-	2,517,207	-	**2,517,207**	2,530,087
Scholarship Allowances and Discounts						
Scholarship allowances	(349,977)	-	(349,977)	-	**(349,977)**	(307,866)
Bad debt allowances	(22,653)	-	(22,653)	-	**(22,653)**	35,363
Remissions and exemptions - state	(267,731)	-	(267,731)	-	**(267,731)**	(76,879)
TPEG allowances	(47,449)	-	(47,449)	-	**(47,449)**	(55,237)
Other state grants	(98,866)	-	(98,866)	-	**(98,866)**	(55,458)
Federal grants to students	(1,099,247)	-	(1,099,247)	-	**(1,099,247)**	(938,766)
Other federal grants	(36,065)	-	(36,065)	-	**(36,065)**	(28,982)
Total Scholarship Allowances and Discounts	(1,921,988)	-	(1,921,988)	-	**(1,921,988)**	(1,427,825)
Total Net Tuition and Fees	2,775,738	-	2,775,738	-	**2,775,738**	3,367,525
Other Operating Revenues						
Federal grants and contracts	-	967,760	967,760	-	**967,760**	1,229,541
State grants and contracts	-	451,521	451,521	-	**451,521**	382,123
Local grants and contracts	1,194,869	-	1,194,869	-	**1,194,869**	1,130,062
General operating revenues	274,106		274,106	11,002	**285,108**	245,333
Total Other Operating Revenues	1,468,975	1,419,281	2,888,256	11,002	**2,899,258**	2,987,059
Auxiliary Enterprises						
Bookstore	-	-	-	29,952	**29,952**	33,952
Less discounts	-	-	-	-	**-**	-
Residential	-	-	-	1,109,214	**1,109,214**	1,000,905
Less discounts	-	-	-	(851,536)	**(851,536)**	(582,104)
Total Net Auxiliary Enterprises	-	-	-	287,630	**287,630**	452,753
Total Operating Revenues	$ 4,244,713	$ 1,419,281	$ 5,663,994	$ 298,632	**$ 5,962,626**	$ 6,807,337
					(Exhibit 2)	(Exhibit 2)

* - In accordance with Education Code 56.033, $111,726 and $120,238 for years August 31, 2024 and 2023, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

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

CLARENDON COLLEGE
STATEMENT OF OPERATING EXPENSES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 2024
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2023)
SCHEDULE B

	Operating Expenses				Totals	
	Salaries And Wages	Benefits State	Benefits Local	Other Expenses	Fiscal Year 2024	Fiscal Year 2023
Unrestricted - Educational and General						
Instruction	$ 2,488,911	$ -	$ 372,601	$ 559,854	**$ 3,421,366**	$ 3,306,315
Academic support	398,916	-	6,901	28,664	**434,481**	429,384
Student services	626,200	-	31,312	121,890	**779,402**	567,197
Institutional support	641,113	-	12,032	1,291,703	**1,944,848**	1,624,062
Operation and maintenance of plant	461,347	-	137,736	1,109,745	**1,708,828**	1,601,076
Total Unrestricted	4,616,487	-	560,582	3,111,856	**8,288,925**	7,528,034
Restricted - Educational and General						
Instruction	-	393,645	-	10,812	**404,457**	411,242
Academic support	-	79,225	-	-	**79,225**	76,610
Student services	-	131,964	-	-	**131,964**	100,022
Institutional support	42,898	170,192	-	698,819	**911,909**	561,070
Scholarships and fellowships	-	-	-	848,220	**848,220**	743,093
Total Restricted	42,898	775,026	-	1,557,851	**2,375,775**	1,892,037
Total Educational and General	4,659,385	775,026	560,582	4,669,707	**10,664,700**	9,420,071
Auxiliary Enterprises	473,491	-	113,774	1,338,581	**1,925,846**	1,676,500
Depreciation expense - buildings and other real estate	-	-	-	1,176,218	**1,176,218**	991,080
Total Operating Expenses	$ 5,132,876	$ 775,026	$ 674,356	$ 7,184,506	**$ 13,766,764**	$ 12,087,651
					(Exhibit 2)	(Exhibit 2)

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

CLARENDON COLLEGE
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2024
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2023)
SCHEDULE C

				Totals	
	Unrestricted	Restricted	Auxiliary Enterprises	Fiscal Year **2024**	Fiscal Year 2023
NON-OPERATING REVENUES:					
State Appropriations					
Education and general state support	$ 6,200,668	$ -	$ -	**$ 6,200,668**	$ 3,384,271
State group insurance	-	-	-	**-**	-
State retirement matching	-	-	-	**-**	-
Total State Appropriations	6,200,668	-	-	**6,200,668**	3,384,271
Maintenance ad valorem taxes	850,714	-	-	**850,714**	783,059
Federal revenue, non-operating	2,217,770	-	-	**2,217,770**	1,818,697
State revenue, non-operating	219,835			**219,835**	-
Gifts	67,983	-	-	**67,983**	72,588
Rental income	11,500	-	-	**11,500**	10,625
Investment income	126,502	269	-	**126,771**	31,724
Total Non-Operating Revenues	9,694,972	269	-	**9,695,241**	6,100,964
NON-OPERATING (REVENUES) EXPENSES:					
Interest on capital related debt	101,505	-	-	**101,505**	108,747
Gain on disposal of assets	(242,223)	-	-	**(242,223)**	(161,773)
Contributions in aid of construction	-	-	-	**-**	-
Other non-operating income	-	-	-	**-**	-
Total Non-Operating Expenses	(140,718)	-	-	**(140,718)**	(53,026)
NET NON-OPERATING (REVENUES) EXPENSES	$ 9,835,690	$ 269	$ -	**$ 9,835,959**	$ 6,153,990
				(Exhibit 2)	(Exhibit 2)

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

CLARENDON COLLEGE
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
FOR THE YEAR ENDED AUGUST 31, 2024
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2023)
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	$ 1,552,628	$ -	$ -	$ -	$ 1,552,628	$ 1,552,628	$ -
Board Designated	1,114,433	-	-	-	1,114,433	-	1,114,433
Restricted	-	600,210	-	-	600,210	600,210	-
Auxiliary enterprises	(7,241,016)	-	-	-	(7,241,016)	(7,241,016)	-
Loan Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	1,214,360	-	1,214,360	-	1,214,360
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life income contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Unexpended	-	-	-	-	-	-	-
Renewals	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Investment in Plant	-	-	-	15,299,866	15,299,866	-	15,299,866
Total Net Position, August 31, 2024	(4,573,955)	600,210	1,214,360	15,299,866	12,540,481	(5,088,178)	17,628,659
Total Net Position, August 31, 2023, as restated	(6,274,349)	604,909	1,214,492	14,963,608	10,508,660	(6,615,224)	17,123,884
Net Increase (Decrease) in Net Position	$ 1,700,394	$ (4,699)	$ (132)	$ 336,258	$ 2,031,821	$ 1,527,046	$ 504,775
					(Exhibit 2)		

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

CLARENDON COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2024
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		$ 37,801	$	$ 37,801
Federal Work-Study Program	84.033		40,259		40,259
Federal Pell Grant Program	84.063		2,139,710		2,139,710
Federal Direct Student Loans	84.268		1,191,627		1,191,627
Total Student Financial Aid Cluster			3,409,397		3,409,397
Passed Through From:					
Texas Higher Education Coordinating Board					
Career & Technical Education-Basic Grants	84.048	194233		49,146	49,146
Total U.S. Department of Education					3,458,543
U.S. Department of Agriculture Rural Utilities Service					
Direct Programs:					
Distance Learning and Telemedicine Grant	10.855		918,614		918,614
Total U.S. Department of Agriculture Rural Utilities Service					918,614
Total Federal Financial Assistance					$ 4,377,157

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts From Schedule A	$ 967,760
Federal Grants, Non-Operating From Schedule C	2,217,770
Total Federal Revenues Per Schedule A and C	3,185,530
Direct Student Loans	1,191,627
Total Federal Revenues per Schedule of Expenditures of Federal Awards	$ 4,377,157

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	$ 1,191,627
Total U.S. Department of Education	$ 1,191,627
(There were no administrative costs recovered and included in above amount)	

Note 4: Pass through amounts included in program expenditures:
All pass through amounts are identified in the schedule.

CLARENDON COLLEGE
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2024
Schedule F

Grantor Agency/Program Title	**Grant Contract Number**		**Expenditures**
Texas Workforce Commission			
Workforce Investment Act Program		$	94,395
Adult Education & Literacy Program			107,010
Total Workforce Commission			201,405
Texas Higher Education Coordinating Board			
Direct Programs:			
Texas Education Opportunities Grant			197,223
Texas College Work-Study Program			2,639
Educational Aide Exemption			10,812
Total Texas Higher Education Coordinating Board			210,674
Texas Health and Human Services			
Texas Rehab Tuition Waiver			14,775
Total Texas Health and Human Services			14,775
Texas Department of Criminal Justice			
TDCJ State Grant			24,667
Total Texas Department of Criminal Justice			24,667
Total State Financial Assistance		$	451,521

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A:		
State Financial Assistance per Schedule of Expenditures of State Awards	$	451,521
State Revenues - per Schedule A:	$	451,521

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 20, 2024

To the Board of Regents
Clarendon College
Clarendon, 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 and fiduciary activities of Clarendon College, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise Clarendon College's basic financial statements, and have issued our report thereon dated November 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clarendon 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 Clarendon College's internal control. Accordingly, we do not express an opinion on the effectiveness of Clarendon 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarendon 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.

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 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 Awards Section

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November 20, 2024

To the Board of Regents
Clarendon College
Clarendon, Texas

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Clarendon 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 programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Clarendon 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,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 Clarendon College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, 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 Clarendon College's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Clarendon College's internal control over compliance relevant to the audit to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Clarendon 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002, 2024-003, and 2024-004 to be significant deficiencies.

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 require the auditor to perform limited procedures on Clarendon College's response to the internal control over the compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Clarendon College's response was not subject 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. Accordingly, this report is not suitable for any other purpose.

Condley and Company, L.L.P.

Certified Public Accountants

CLARENDON COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2024

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?	Yes
Noncompliance material to financial statements?	No

Federal Awards

Internal controls over major programs:	
• 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 programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster
10.855	Distance Learning and Telemedicine Grant

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000 (Federal)
Auditee qualified as low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Internal Control Over Financial Reporting

2024-001: Cash Reconciliation
Type of Finding: Significant Deficiency

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the Internal Control – Integrated Framework (2013 framework) principle 10 states “The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels”.

Condition: The College performs monthly cash reconciliations, however balances on these bank account reconciliations do not agree with the general ledger. Several cash accounts included unreconciled discrepancies between what was recorded in the general ledger system and what was shown as the current general ledger balance on the reconciliation.

Cause: The bank reconciliation system is not appropriately pulling the general ledger balance at the end of each month. Management is also not investigating this discrepancy and is instead reconciling each month to incorrect balances.

Effect: Without proper reconciliation procedures, improper transactions could be posted to the general ledger without the knowledge of the appropriate members of management. Undetected errors could lead to material misstatements in the College’s financial statements. Unreconciled differences in the current year totaled approximately $100,261.

Repeat Finding from Prior Year: No

Recommendation: We recommend that management ensure that the balance being reconciled agrees with the general ledger and investigate any differences in a timely manner as part of the reconciliation process.

Views of Responsible Officials: The Comptroller assisted by the Accountant will verify that the Bank reconciliations are reconciled with the GL on a monthly basis. Any differences will be investigated and corrected in this monthly process. The Comptroller will create a folder in the business office folder to make sure that this is done. Also, this process will be kept in the business office folder on the server and will start immediately.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Internal Control Over Major Programs

2024-002: SEFA Reconciliation
Type of Finding: Significant Deficiency

Criteria: In accordance with 2 CFR section 200.510(b) (Uniform Guidance), “the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. The schedule must include the total Federal awards expended as determined in accordance with § 200.502.”

Condition: The College did not have controls in place to ensure the Schedule of Expenditures of Federal Awards (SEFA) was accurately reconciled with the general ledger. As a result, there were discrepancies between the amounts reported on the SEFA and the actual expenditures in the College’s accounting records.

Cause: The College does not have a process in place to reconcile the SEFA to the general ledger to ensure accurate records. Expense entries (expenditures) are posted by several people across the campus when funds are spent. Revenue entries (drawdowns) are posted by the business office, however there is no process to ensure these drawdowns are the same as the amounts expended. Revenue is also not deferred to the appropriate period when necessary as part of a SEFA reconciliation process.

Effect: Without proper reconciliation procedures, there is an increased risk that the SEFA may be materially misstated. The current year SEFA contained net adjustments of $951,881 made by the auditors to reconcile to the general ledger and award letters.

Repeat Finding from Prior Year: No

Recommendation: We recommend management establish an informal procedure to reconcile grant funds received with funds expended on a regular basis. We also recommend management implement a formal procedure to reconcile the SEFA with the general ledger at year end.

Views of Responsible Officials: The Comptroller will reconcile this report on a monthly basis making sure that all grants and other Federal / State expenditures are on the SEFA and that the two numbers reconcile with the GL. This will be kept in a notebook and the calendar kept in the Comptroller’s desk. The Comptroller will also create a folder in the business office folder on the Server and input the current SEFA in this folder and show any discrepancies on a monthly basis and every time this report is run for drawdowns. This process will start immediately.

The Comptroller will also make sure at year end that all items are on this report and they have been reconciled with the GL. This process will also be in the notebook and calendar within the desk of the Comptroller.

B. Compliance Findings

2024-003

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 section 685.309(b)(2), "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 half-time basis for the period for which the loan was intended."

Condition: We reviewed a sample of 40 students who received financial aid during the fiscal year. Of the 40 students tested, two students withdrew and were not accurately reported to the NSLDS within the required 60-day period. One student was never reported as withdrawn, and the other was reported after the 60-day requirement.

Population and Sample Size:

	Number	Dollars	Questioned Cost
Population	572	$ N/A	$ N/A
Sample	40	N/A	N/A
Not in compliance	2	N/A	N/A

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 student who was never reported as withdrawn was enrolled less than half-time in an 8-week course rather than a full semester course. When the student dropped the class, the withdrawal was not picked up by the system. The College has since discontinued these 8-week course offerings. The student who was withdrawn was not reported due to a technical error in the reporting system.

Recommendation: We recommend that at each NSLDS upload date, management review the NSLDS enrollment reporting upload to ensure student withdrawals during the period are appropriately reported in a timely manner.

Views of the responsible official and planned corrective actions:

The Clarendon College Registrar’s Office will establish a review process to ensure that all classes in which a student fully withdrawing from the institution were enrolled are dropped promptly and that the student's enrollment status matches the status reported to NSLDS.

2024-004

Assistance Listing Numbers and Names:	10.855 Distance Learning and Telemedicine Grant
Federal Agency:	U. S. Department of Agriculture
Compliance Requirement:	Reporting
Questioned Costs:	Not applicable

Criteria: In accordance with TX0790-B17 USDA Grant agreement Section 5.7 "(a) No later than January 31st of the following year in which all or any portion of the Grant is first advanced and continuing in subsequent years until completion of the Project, the Grantee must submit the following information to RUS, as directed by the agency… (iv) a completed SF 425- Federal Financial Report."

Condition: We reviewed a sample of two reporting periods for funds spent in the fiscal year. Out of the two periods, the 2023 mandatory report was filed later than the required January 31st deadline.

Population and Sample Size:

	Number	Dollars	Questioned Cost
Population	2	$ N/A	$ N/A
Sample	2	N/A	N/A
Not in compliance	1	N/A	N/A

Effect: Untimely reporting can result in the termination of the grant, as stated in the "Termination of the Grant" section of the grant agreement.

Cause: Management did not identify the appropriate reporting requirements from the grant letter to file a report every subsequent year that funds were spent until completion of the Project.

Recommendation: We recommend that the College institute establish a process when obtaining a new grant to identify and track reporting requirements to ensure reports are submitted in a timely manner.

Views of the responsible official and planned corrective actions:

The comptroller will read through the new grant to determine reporting requirements and place these requirements in a notebook and on a calendar located on the comptroller's desk. The calendar will be reviewed monthly to determine what is due in each grant. This item will also show up as a task on the Outlook calendar.

Corrective Action Plan for Audit Finding 2024-001

Recommendation: We recommend that management ensure that the balance being reconciled agrees with the general ledger and investigate any differences in a timely manner as part of the reconciliation process.

Corrective Action: The Comptroller assisted by the Accountant will verify that the Bank reconciliation are reconciled with the GL on a monthly basis. Any differences will be investigated and corrected in this monthly process. The Comptroller will create a folder in the business office folder to make sure that this is done. Also, this process will be kept in the business office folder on the server and will start immediately.

Corrective Action Plan for Audit Finding 2024-002

Recommendation: We recommend management establish an informal procedure to reconcile grant funds received with funds expended on a regular basis. We also recommend management implement a formal procedure to reconcile the SEFA with the general ledger at year end.

Corrective Action: The Comptroller will reconcile this report on a monthly basis making sure that all grants and other Federal / State expenditures are on the SEFA and that the two numbers reconcile with the GL. This will be kept in a notebook and the calendar kept in the Comptroller's desk. The Comptroller will also create a folder in the business office folder on the Server and input the current SEFA in this folder and show any discrepancies on a monthly basis and every time this report is run for drawdowns. This process will start immediately.

The Comptroller will also make sure at year end that all items are on this report and they have been reconciled with the GL. This process will also be in the notebook and calendar within the desk of the Comptroller

CLARENDON COLLEGE

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Corrective Action Plan for Audit Finding 2024-003

Recommendation: We recommend that at each NSLDS upload date, management review the NSLDS enrollment reporting upload to ensure student withdrawals during the period are appropriately reported in a timely manner.

Corrective Action: The Clarendon College Registrar's Office will establish a review process to ensure that all classes in which a student fully withdrawing from the institution was enrolled are dropped promptly, and that the student's enrollment status matches the status reported to NSLDS.

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Corrective Action Plan for Audit Finding 2024-004

Recommendation: We recommend that the College institute establish a process when obtaining a new grant to identify and track reporting requirements to ensure reports are submitted in a timely manner.

Corrective Action: Comptroller will read through the new grant to determine reporting requirements and place these requirements in a notebook and on a calendar located in the comptroller's desk, which will be reviewed on a monthly basis to determine what is due in each grant. This item will also show up as a task on the Outlook calendar.

CLARENDON COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended August 31, 2024

Identifying number: 2023-001

Status: Management has manually adjusted all student accounts whose financial need was calculated incorrectly. Management also calculates financial needs independent of the system to ensure accuracy going forward. This prior audit finding has been fully corrected.