



**ODESSA
COLLEGE**

**Financial Statements and
Independent Auditors' Report**



**Odessa College District
August 31, 2019 and 2018**

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ODESSA COLLEGE DISTRICT

ORGANIZATIONAL DATA

For the Year Ended August 31, 2019

BOARD OF TRUSTEES



OFFICERS

Mr. Tommy Clark	Chair
Mr. Gary S. Johnson	Vice Chair
Mr. Larry Johnson	Secretary
Mr. Neil Grape	Assistant Secretary

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TERM EXPIRES MAY,

Mr. Richard C. Abalos	Odessa, Texas	2023
Mr. Royce Bodiford	Odessa, Texas	2025
Mr. Tommy Clark	Odessa, Texas	2025
Dr. Tara Deaver	Odessa, Texas	2023
Mr. Neil Grape	Odessa, Texas	2025
Mr. Gary S. Johnson	Odessa, Texas	2021
Mr. Larry Johnson	Odessa, Texas	2021
Mr. JE "Coach" Pressly	Odessa, Texas	2021
Mr. Bruce Shearer	Odessa, Texas	2023



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Mr. Ken Zartner	Vice President of Administrative Services
Dr. Don Wood	Vice President for Institutional Effectiveness
Ms. Kim McKay	Vice President for Student Services & Enrollment Management
Mr. Robert Rivas	Chief of Staff
Dr. Jonathan Fuentes	Executive Dean of Academic Partnerships
Ms. Brandy Ham	Chief Financial Officer



Independent Auditors' Report

The Board of Trustees
Odessa College District
Odessa, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Odessa College District (the "District") as of and for the years ended August 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of August 31, 2019 and 2018, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the 2018 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 – 22, the Schedule of District's Proportionate Share of Net Pension Liability on page 61, the Schedule of District's Contributions of the State of Texas on page 62, the Schedule of District's Proportionate Share of Net OPEB Liability from Employee Retirement System of State of Texas Retiree Health Plan on page 63 and the Schedule of District's Contributions to OPEB from Employee Retirement System of State of Texas Retiree Health Plan on page 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The organizational data and statistical supplement on pages 79 through 97 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement of Federal Awards, and is also not a required part of the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *Provisions of the State of Texas Single Audit Circular*, and is not a required part of the basic purpose financial statements. In addition, the supplementary data presented in schedules A, B, C and D is presented for additional purposes and is not a required part of the basic financial statements.

Other Matters (Continued)

The schedules of expenditures of federal and state awards (Schedules E & F) and Schedules A, B, C and D are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and the schedule of expenditures of state awards and Schedules A, B, C and D are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Organizational Data and Statistical Supplement have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report November 26, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Johnson, Miller & Co., CPAs PC

Odessa, Texas
November 26, 2019

Management's Discussion and Analysis

INTRODUCTION

The Management's Discussion and Analysis provides an overview of the Odessa College District's ("the District") financial activities for the years ended August 31, 2019 (Fiscal Year 2019), 2018 (Fiscal Year 2018), and 2017 (Fiscal Year 2017). In conformity with Government Accounting Standards Board (GASB) Statement No. 34, the discussion focuses on currently known facts, decisions, and conditions and is intended to assist the reader in the interpretation of the financial statements and notes that follow this analysis.

FINANCIAL AND ENROLLMENT HIGHLIGHTS

- During 2018, the district implemented a new accounting principal required by GASB Statement 75, requiring governmental employers to measure and report the liabilities associated with postemployment benefits other than pensions (or OPEB). Reported OPEBs may include post-retirement medical, pharmacy, dental, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan. This required the District to record its proportionate share of the Employees Retirement Systems of Texas (ERS) net OPEB liability, deferred outflows and deferred inflows of resources, and current OPEB expenses. GASB 75 requires two new supplementary schedules, which can be found on pages 63 and 64 of this report.
- The implementation of GASB 75 required a restatement of beginning net position for the 2018 fiscal year from \$55.7 million to \$21.7 million, a decrease of \$34.0 million. As a result, certain components of the Statement of Net Assets cannot be compared to prior years.
- During 2019, the District identified a misstatement in the recording associated with the implementation of GASB 75. The effects of the correction on the previously issued August 31, 2018 financial statements resulted in an overall decrease in the change in net position of \$1,533,994. The previously reported net position increase was \$11,174,684 which was restated to \$9,640,690 as of August 31, 2018.
- The District's net financial position increased during 2019 as total revenues exceeded total expenses by \$10 million. Revenues exceeded expenses by \$9.6 million and \$5.3 million in fiscal years 2018 and 2017, respectively.
- Capital assets (net of depreciation) increased by approximately \$6.2 million in 2019, by \$234,000 in 2018, and by \$695,000 in 2017. The increases resulted primarily from construction and equipment purchases related to the Vision 2015 campus improvement program along with baseball field renovations.
- The District's total bonded debt decreased during fiscal year 2019 by \$4.1 million, or 5.7%, to \$68.5 million. Debt decreased by \$4.0 million and \$3.8 million during fiscal years 2018 and 2017.
- The net taxable property values in the District increased by approximately \$1.0 billion, or 7.6% in 2019, after increasing by approximately \$0.3 billion, or 2.7%, in 2018, and decreasing by \$1.4 billion, or 10.2%, in 2017.
- Total tax revenues increased by \$833 thousand, or 3.1%, to \$28.1 million in 2019, compared to tax revenues of \$27.2 million and \$26.0 million in 2018 and 2017, respectively.

- Total semester hours for credit classes increased by 3.1% to 124,930 in 2019, compared to 121,149 in 2018, and 118,211 in 2017, respectively.
- Total contact hours from credit and noncredit instruction increased by 5.3% to 2,722,700 in 2019, compared to 2,585,212 in 2018, and 2,700,273 in 2017. The overall increase in 2019 was attributed to an increase in enrollment as well as an increase in noncredit contact hours.

BASIC FINANCIAL STATEMENTS

There are three basic financial statements presented: The Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These statements should be read in conjunction with the notes to the basic financial statements.

Financial statements for the District's component unit, the Odessa College Foundation, are issued independently of the District. The Foundation's Statement of Financial Position and Statement of Activities for its most recently completed fiscal years of 2018 and 2017 are presented as discrete reports on pages 25 and 28 of the District's basic financial statements. Complete financial statements for the Foundation can be obtained from the Foundation at 201 West University Blvd, Odessa, TX 79764.

• The Statement of Net Position

The Statement of Net Position (Exhibit 1) reports the assets, liabilities, and resulting net position of the District as of the end of the fiscal year. It is a "point in time" financial statement; its purpose is to give the readers a snapshot of the financial condition of Odessa College on the last day of each fiscal year.

The Statement of Net Position includes assets and liabilities, both current and non-current, deferred outflows and inflows of resources, and net position.

- Current assets are those assets that are available to satisfy current liabilities, or liabilities that are due within one year.
- Non-current assets include capital assets, restricted cash, long-term investments, and other assets not classified as current.
- Non-current liabilities include bonds payable and other long-term commitments.
- Deferred outflows of resources represents a consumption of net position that applies to a future period therefore not being recognized as an inflow of resources until such time.
- Deferred inflows of resources represents an acquisition of net position that applies to a future period therefore not being recognized as an inflow of resources until such time.

Net position is the difference between total assets, total liabilities, deferred outflows and deferred inflows. Net position is one way to measure the financial health of the District as they represent the amount of resources available to finance future activities. Over time, the increases and decreases in net position is one indicator of whether the overall financial condition has improved or deteriorated during the year when considered with other factors such as enrollment, contact hours of instruction, student retention and other non-financial information. Net assets are divided into three major categories.

Net assets are divided into three major categories.

- Invested in Capital Assets, Net of Related Debt, reflects the District's equity in property, plant and equipment.
- Restricted Net Position has external limitations on the way in which it may be used.
- Unrestricted Net Position is available to use for any lawful purpose of the District.

- **The Statement of Revenues, Expenses, and Changes in Net Position**

The Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2) explains "why" the net position has increased or decreased during the year. It focuses on the "bottom line results" of the District's operations. The statement is divided into (a) Operating Revenues and Expenses, (b) Non-Operating Revenues and Expenses, and (c) Other Revenue.

Generally, operating revenues are received in exchange for providing goods and services to the various customers of the District. Operating revenues include:

- Tuition and fees
- Federal and state grants
- Sales and services of educational activities
- Auxiliary and other operating revenues

Operating expenses are those paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the District's mission. Depreciation is included as an operating expense.

Non-operating revenues are funds received for which goods and services are not directly provided to those providing the revenue. Non-operating revenues include:

- State legislative appropriations
- Local property taxes
- Federal student aid grants
- Non-capital gifts and investment income

Other revenue includes capital contributions, additions to endowments, and special and extraordinary items.

Odessa College, like all other Texas community colleges, is primarily dependent upon three sources of revenue: state appropriations, tuition and fees, and local property taxes. Since state appropriations and property taxes are classified as non-operating revenues (per the GASB requirement), all Texas community colleges will display an operating deficit before taking into account other support. Essentially, this operating deficit represents the net cost of services to students that must be covered by state appropriations, local property taxation, and other sources of revenue. Therefore, total revenues and total expenses should be considered in assessing the change in the District's financial position.

• **The Statement of Cash Flows**

The final statement presented is the Statement of Cash Flows which analyzes the cash activities of the District for the year. This statement helps readers assess the District's ability to generate future cash flows and its ability to meet obligations as they come due. The statement is divided into five parts:

- Cash provided by or used for operating activities
- Cash flows from non-capital financing activities
- Cash flows from investing activities
- Cash provided by or used for capital related financing activities, and
- Cash used for acquisition and construction of capital items.

CONDENSED COMPARATIVE FINANCIAL INFORMATION

**Condensed Statement of Net Position
(thousands of dollars)**

	Year Ended August 31,			<u>2018 to</u>	<u>2017 to</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>
Current assets	\$ 32,160	\$28,497	\$22,338	\$ 3,663	\$ 6,159
Capital assets, net of depreciation	117,648	111,463	111,229	6,185	234
Other non-current assets	11,645	17,190	17,919	(5,545)	(729)
Deferred outflows of resources	13,059	10,245	2,306	2,814	7,939
Total assets and deferred outflows	174,512	167,395	153,792	7,117	13,603
Current liabilities	15,273	16,355	14,668	(1,082)	1,687
Non-current debt	64,661	69,034	74,159	(4,373)	(5,125)
Net Pension Liability	9,909	6,287	6,992	3,622	(705)
Net OPEB Liability	25,209	28,982	0	(3,773)	28,982
Deferred inflows of resources	18,078	15,399	2,272	2,679	13,127
Total liabilities and deferred inflows	133,130	136,057	98,091	(2,927)	37,966
Net Position:					
Invested in capital assets, net of related debt	50,218	39,857	35,669	10,361	4,188
Restricted: nonexpendable	831	818	772	13	46
Restricted: expendable	6,348	8,105	5,092	(1,757)	3,013
Unrestricted	(16,015)	(17,442)	14,168	1,427	(31,610)
Total net position	\$ 41,382	\$ 31,338	\$55,701	10,044	(24,363)

Figure 1 Note: FY2018 has been restated to account for cumulative effect of GASB Statement 75 implementation.

The District implemented new financial reporting provisions required by GASB Statement 75 that required a restatement of beginning net position for the 2018 fiscal year from \$55.7 million to \$21.7 million, a decrease of \$34.0 million. As a result, certain components of the Statement of Net Assets cannot be compared to prior years.

Current assets consist mainly of cash, short-term investments, receivables, and prepayments. In addition, all of the bond proceeds projected to be expended within the next fiscal year are classified as current assets.

During fiscal year 2019:

- There was an increase of \$3,663,000 in current assets due to an increase in accounts receivable. Accounts Receivable increased by \$5,382,000 due primarily to an increase in private grant receivable specifically related to construction from the Odessa Development Corporation.

During fiscal year 2018:

- There was an increase of \$6,159,000 in current assets due to an increase in cash and cash equivalents. Cash and temporary investments increased by \$5,017,000 due primarily to additional tuition revenue from higher enrollments, capital gifts and insurance proceeds, and reduced bond interest payments.

During fiscal year 2017:

- There was an increase of \$1,280,000 in current assets due to an increase in cash and cash equivalents offset by a decrease in accounts receivable. Cash and cash equivalents increased by \$5,119,000 due primarily to the timing of the Federal Pell Grant draw down at year end. Accounts receivable decreased by \$3,877,000 due to the timing of the Federal Pell Grant draw down at year end as well.

Capital assets, net of depreciation, increased by approximately \$6,185,000, during 2019 while increasing \$234,000 during 2018. In accordance with GASB Statements No. 34 and 35, the District does not record the cost of its capital assets as an expense at the time of acquisition/completion of the asset, but rather shows the expense systematically over the expected life of the asset as depreciation expense. The purchases of, building improvements and equipment continue to exceed annual depreciation charges each year.

During fiscal 2019:

- Construction in Progress amounted to \$6.8 million on projects not yet completed, including the ET Building Renovations and the Sewell Auto Tech Center. Fiscal year 2019 additions to construction in progress were approximately \$8.2 million with an offsetting decrease of \$2.8 million. The decrease was due to the completion of renovations to the Baseball Field and the Pecos Center Welding Lab. The completed costs were reclassified into Buildings and Other Land Improvements categories of capital assets.
- Buildings and improvements increased by \$2.8 million due to the completion of renovations to the Baseball Field and the Pecos Center Welding Lab.
- Major Equipment purchases included \$165 thousand to purchase a Shimadzu Rad Tech Imaging Machine, \$466 thousand to purchase trucks to use in our Truck Driver Training Academy, and \$253 thousand to purchase equipment for the Sewell Auto Tech Center.

During fiscal 2018:

- Construction in Progress decreased by approximately \$2.1 million. Fiscal year 2018 construction costs amounted to \$2.4 million on projects not yet completed, including the Baseball Field renovation, Pecos Center welding lab, and the Sewell Auto Tech Center. There was an offsetting decrease of \$4.5 million to Construction in Progress with the completion of renovations to the Health Science Building, the Electronics Technology Building, and the Globe Theater. The completed costs were reclassified into Buildings and Other Land Improvements categories of capital assets.
- Buildings and improvements increased by \$4.2 million due to the completion of renovations to the Health Science Building, the Electronics Technology Building, the Globe Theater and the Electrical Lineman Facilities.
- Major Equipment purchases included \$539 thousand to purchase 4 trucks to use in our Truck Driver Training Academy, \$280 thousand to purchase three buses for student transportation, and \$100 thousand to purchase a mobile home located at the Graham Center Ranch

During fiscal 2017:

- Construction in Progress decreased by approximately \$15.9 million. Fiscal year 2017 construction costs amounted to \$2.8 million on projects not yet completed, including the Electronics Technology Building Phase 2, Electronics Technology Building Phase 3, Sports Center lockers, Globe Theater and the Vehicle Technology Center. There was an offsetting decrease of \$18.7 million to Construction in Progress with the completion of the Fab Lab, LRC first floor renovations, Spur Building Phase 2, and Site Improvements which were reclassified into the Buildings category of capital assets.
- Buildings and improvements increased by \$18.7 million due to the completion of the Fab Lab, Spur Building Phase 2, Campus Site Improvements as well as the remodel to the first floor LRC.
- Major Equipment purchases included \$181 thousand in equipment to furnish the Fab Lab, \$157 thousand in instrumentation controls equipment from the Chevron grant, and \$123 thousand in welding equipment associated with the Jet Grant, and \$178 thousand in replacement of information technology servers and related equipment.

Total liabilities decreased by \$5.6 million (-4.6%) in fiscal year 2019 after increasing by \$24.8 million (25.9%) in fiscal 2018. The major contributing factors are explained below.

During fiscal 2019:

- Net OPEB liability decreased by \$3.8 million due to our proportionate share of the change in assumptions related to GASB 75 for the reporting of other post-employment benefits (primarily future health care costs of both active and retired employees).
- Accounts payable decreased by \$674,000, reflective of less construction activity related to Vision 2015 campus improvement projects, along with timing of financial aid refunds.
- Deferred revenue decreased by \$826 thousand due to a slight increase in enrollment and tuition for Fall of 2019, a decrease in state grant funds received near year-end, and a decrease in unspent roof insurance proceeds.

- Bond and capital lease liabilities decreased by \$4.2 million due to principle payments on bond obligations and capital leases.
- Net pension liability increased by \$3.6 million due to changes in actuarial assumptions by the TRS.

During fiscal 2018:

- Net OPEB liability increased by \$29.1 million due to the implementation of GASB 75 reporting for other post-employment benefits (primarily future health care costs of both active and retired employees).
- Accounts payable related to construction and vendor purchases decreased by \$289,000, reflective of less construction activity related to Vision 2015 campus improvement projects.
- Deferred revenue increased by \$1.6 million due to an increase in enrollment and tuition for Fall of 2018, an increase in state grant funds received near year-end, and unspent roof insurance proceeds.
- Bond and capital lease liabilities decreased by \$4.9 million due to principle payments on bond obligations and unamortized bond premium.
- Net pension liability decreased by \$0.7 million due to differences between actual and projected investment earnings by TRS.

During fiscal 2017:

- Accounts payable related to construction and vendor purchases decreased by \$194,000, reflective of less construction activity with fewer Vision 2015 projects active at year-end.
- Deferred revenue increased by \$563,000 due to an increase in enrollment for Fall 2017 and an increase in state grant funds received that have been deferred to Fall 2017.
- Non-current liabilities decreased by \$4.1 million due to principle payments on lease and bond obligations.
- Net pension liability increased by \$179 thousand due to differences between actual and projected investment earnings by TRS.

Overall, the District's net position increased by \$10 million during fiscal 2019, decreased by \$24.4 million during 2018, and increased by \$5.3 million during 2017. **It is important for the readers of the financial statements to note** that the 2018 decrease was the combined result of a \$9.6 million increase from current operations offset by a \$34 million restatement due to the GASB 75 change in accounting principle.

During fiscal 2019:

- The Net Investment in Capital Assets, representing the net value of capital assets (land, buildings, and equipment) less the related debt, increased by \$10.4 million, primarily as a result of scheduled payments on bonded debt along with 6.2 million in capital asset additions.
- The Restricted Net Position decreased approximately \$1.7 million due to an increase in expenses related to Vision 2015. As this project comes to a close the balance should be closer to zero.
- The Unrestricted Net Position cannot be compared to the previous two years due to the restatement required by GASB Statement No. 75. Nevertheless, there was an excess of unrestricted revenues over unrestricted expenses of \$1.4 million during fiscal 2019 as shown on Schedule D of the financial statements.

During fiscal 2018:

- The Net Investment in Capital Assets, representing the net value of capital assets (land, buildings, and equipment) less the related debt, increased by \$4.2 million, primarily as a result payments and refunding of bonded debt.
- The Restricted Net Position increased approximately \$3.1 million due to an increase in restricted expendable capital projects of \$1 million from the college continued contribution to Vision 2015, an increase in restricted expendable debt service by \$2.4 million from lower interest payments as well as a gain from the refunding of debt, and an increase in OER reserves.
- The Unrestricted Net Position cannot be compared to the previous two years due to the restatement required by GASB Statement No. 75. Nevertheless, there was an excess of unrestricted revenues over unrestricted expenses of \$2.4 million during fiscal 2018 as shown on Schedule D of the financial statements.

During fiscal 2017:

- The Net Investment in Capital Assets, representing the net value of capital assets (land, buildings, and equipment) less the related debt, increased by almost \$4.5, primarily as a result of scheduled payments on bonded debt.
- The Restricted Net Position increased approximately \$527 thousand.
- The Unrestricted Net Position increased modestly by \$294 thousand.

Management's Discussion and Analysis
For the Period Ending August 31, 2019 (Unaudited)

Condensed Statement of Revenues, Expenses and Changes in Net Position
(thousands of dollars)

	Year Ended August 31,			Increase (Decrease)	
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2018</u> to 2019	<u>2017</u> to 2018
Operating revenues					
Tuition and fees (net of discounts)	\$ 11,193	\$ 9,298	\$ 8,829	\$ 1,895	\$ 469
Grants and contracts	6,226	3,861	3,194	2,365	667
Other	3,329	3,074	3,218	255	(144)
Total operating revenue	20,748	16,233	15,241	4,515	992
Operating expenses					
Instruction	20,097	19,717	18,203	380	1,514
Public Service	1,296	1,275	1,574	21	(299)
Academic Support	4,906	4,805	4,811	101	(6)
Student Services	4,457	4,458	4,376	(1)	82
Institutional Support	6,906	6,953	6,147	(47)	806
Operations & Maint. of Plant	4,769	4,899	4,448	(130)	451
Scholarship & Fellowships	6,880	5,642	5,041	1,238	601
Auxiliary enterprises	2,840	2,591	2,277	249	314
Depreciation	3,374	3,224	2,942	150	282
Total operating expenses	55,525	53,564	49,819	1,961	3,745
Operating loss	(34,777)	(37,331)	(34,578)	2,554	(2,753)
Non-operating revenue/(expense)					
State appropriation	11,072	12,098	10,208	(1,026)	1,890
Ad valorem taxes	28,079	27,246	25,990	833	1,256
Federal student aid grants	7,087	7,044	6,480	43	564
Interest on debt	(3,049)	(2,269)	(3,750)	(780)	1,481
Other	997	325	724	672	(399)
Total non-operating income	44,186	44,444	39,652	(258)	4,792
Other revenue					
Capital grants and gifts	635	2,528	239	(1,893)	2,289
Increase in net position	10,044	9,641	5,313	403	4,328
Net position, beginning of year	31,338	55,701	50,388	(24,363)	5,313
Prior period adjustment GASB 75 Implementation	N/A	(34,004)	N/A	34,004	(34,004)
Net assets beginning of year as restated	31,338	21,697	50,388	9,641	(28,691)
Net position, end of year	\$ 41,382	\$ 31,338	\$ 55,701	\$ 10,044	\$(24,363)

Figure 2 Note: FY2018 has been restated to account for GASB Statement 75 changes and a prior period adjustment.

Operating Revenues:

As defined above, operating revenues are received in exchange for providing goods and services to the various customers of the District. Key factors impacting Operating Revenues are explained below:

During fiscal 2019:

- Tuition and Fee Revenue, net of discounts, increased by \$1,895,000, or about 20.4%. Gross tuition and fees increased by \$1,567,000 due to higher enrollments and an increase of 3.1% in semester credit hours. At the same time, scholarship allowances and discounts decreased by \$328,000 due to a decrease in the percentage of Pell awards that were applied to tuition compared to prior years.
- Non-governmental Grants and Contracts increased by \$2.6 million due to a private grant from the Odessa Development Corporation starting during the prior year to continue over a three year period.

During fiscal 2018:

- Tuition and Fee Revenue, net of discounts, increased by \$469,000, or about 5.3%. Gross tuition and fees increased by \$729,000 due to higher enrollments and an increase of 2.5% in semester credit hours. At the same time, scholarship allowances and discounts increased by \$260,000 due to increased federal student aid grants, primarily Pell grants which increased by 9.1%.
- Non-governmental Grants and Contracts increased by \$720,000 due to a new private grant from the Odessa Development Corporation starting during the year to continue over a three year period.

During fiscal 2017:

- Tuition and Fee Revenue, net of discounts, increased by \$1,128,000, or about 14.6%. Gross tuition and fees increased by \$1,537,000 due to higher enrollments and an increase of 14.2% in semester credit hours. At the same time, scholarship allowances and discounts increased by \$409,000 due to increased federal student aid grants, primarily Pell grants which increased by 11.6%.
- Federal Operating Grants decreased by \$304,000 or 20%. The decrease is due primarily to the ending of a one year Perkins Grant for the startup of the Early College High School (OCTECHS) in the amount of \$212,000 as well as a decrease in Perkins Grant funding during the current year in the amount of 82,000.
- State Operating Grants increase by \$73,000 due to a new grant received from the Texas Workforce Commission for Jobs and Education for Texans (JET).
- Non-governmental Grants and Contracts decreased by \$780,000 due to a private grant from the Odessa Development Corporation ending during the year with the majority of the funds being received during prior year.

Non-Operating Revenues:

Non-Operating Revenues are funds received for which goods and services are not directly provided to those providing the revenue. Non-Operating Revenues decreased slightly by \$259 thousand in 2019 after increasing by \$4.8 million in 2018 and decreasing \$95 thousand during 2017. Key factors impacting Non-Operating Revenues are discussed below:

During fiscal 2019:

- Total State Appropriations decreased by \$1,026,000, or 8.5%. The decrease is due to a decrease in benefit payments paid by the state as now reported under GASB 68 and GASB 75.
- Property Tax revenue increased by \$833,000, or 3.1%. Net assessed valuations increased 7.6%, and the combined tax rate decreased 3.3%.
- Other Revenue increased \$408,000 or 60.8%. The increase is related to an increase in investment income that is not restricted to programs.

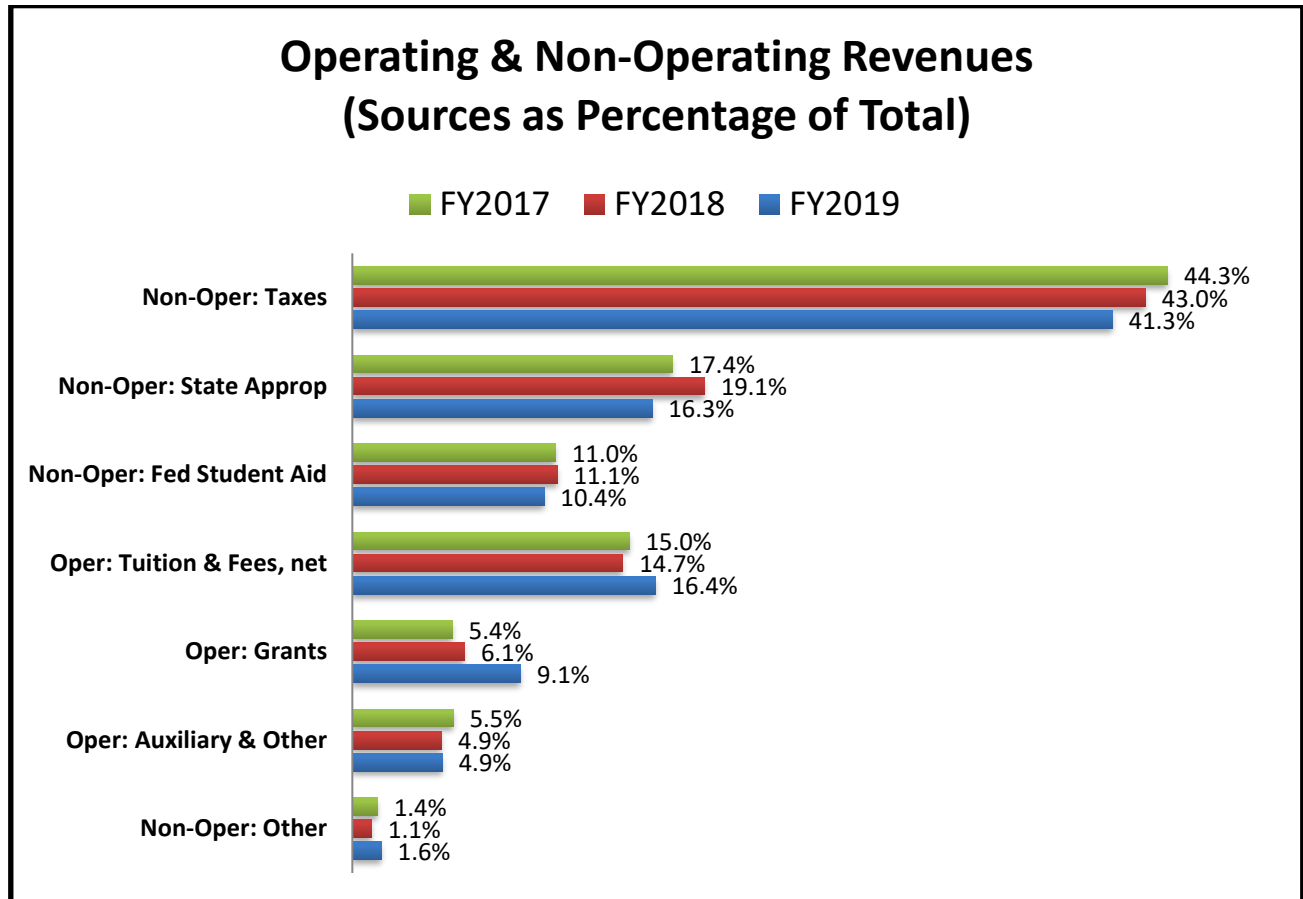
During fiscal 2018:

- Total State Appropriations increased by \$1,890,000, or 18.5%. \$771,000 of the increase was due to increased contact hours and success points funding for the 2018-2019 legislative biennium. The remaining \$1,119,000 increase resulted from increased benefit payments paid by the state as now reported under GASB 68 and GASB 75.
- Property Tax revenue increase by \$1,256,000, or 4.8%. Net assessed valuations increased 2.7%, and the combined tax rate was raised 0.9%.
- Federal Student Aid Revenue increased \$564,000 or 8.7%. The number of recipients awarded during the 2017-18 academic year increased resulting in a larger disbursement of aid in August of 2018 for the fall semester.

During fiscal 2017:

- Total State Appropriations decreased by \$82,000, due to a one-time reallocation of state funding in FY2016 based on state-wide enrollments. The 2017 appropriation reverted back to the original annual amount allocated by the legislature.
- Property Tax revenue decreased by \$971,000, or 3.6%. While net assessed valuations decreased by 10%, the tax rate for maintenance and operations was increased by 7%.
- Federal Student Aid Revenue increased \$620,000 or 10.6%. The number of recipients awarded during the 2016-17 academic year increased resulting in a larger disbursement of aid in August of 2017 for the fall semester.
- Other non-operating revenues increased by \$255,000 due to an increase in insurance funds received. During the current year the District had several large claims due primarily to a hailstorm in June.

Graph 1 below illustrates the sources of Operating and Non-operating Revenues as a percentage of total revenues for fiscal years 2019, 2018, and 2017. As evidenced by the graph, the majority of revenue is derived from non-operating sources.



Graph 1

A comparison of fiscal 2019 to fiscal 2018 shows a decrease in the percentage of revenues provided by state appropriations, taxes, federal student aid. The percentage derived from all other revenue sources increased during the same period. Comparing the prior two fiscal years (2018 to 2017) reveals increases in the percentage of revenues provided by tuition and fees, state appropriations, federal student aid, auxiliary and other non-operating and decreases in the percentage of property taxes, and grants.

Operating Expenses by Functional Classification

Functional classifications are the traditional categories that have been used to show expenses. They represent the type of programs and services provided.

As shown in Figure 2, total Operating Expenses increased by \$2.0 million or 3.7% in 2019, after an increase of \$3.7 million or 7.5%, during 2018, and a similar increase of \$1.3 million, or 2.7% during 2017. Key factors impacting operating expenses by functional expense categories are described below:

Management's Discussion and Analysis
For the Period Ending August 31, 2019 (Unaudited)

During fiscal 2019:

- Instruction expenditures increased by \$380,000, or 1.9%, due primarily to an increase in salaries primarily due to the filling of open positions from the prior year as well as the addition of 10 full time instructors.
- Academic Support increased by \$101,000 or 2.1% due to the filling of open positions from the prior year as well as the addition of 2 full time faculty. In addition two computer labs were updated at the Pecos Extension Center and the Student Learning Resource Center in the amount of \$36,000.
- Scholarships expenditures increased by \$1,238,000 or 21.9%, due to an increase in the number of students eligible to receive Pell grants as well as the awarding of Pell grants during the summer terms.
- Depreciation expenditures increased by \$149,000, or 4.6%, due to the increase in capitalized assets related to the Vision 2015 campus improvement projects.

During fiscal 2018:

- Instruction expenditures increased by \$1,500,000, or 8.3%, due primarily to an increase in state paid benefits expense related to GASB 75 implementation.
- Institutional Support increased by \$806,000, or 13.1%, due primarily to an increase in state paid benefits as well as a new grant for campus police software in the amount of \$46,000.
- Operation & Maintenance of Plant expenditures increased by \$451,000, or 10.1%, due do expenses related to hail damage, upgrades to the Globe Theater, and renovations to Deaderick Hall to accommodate a new Early College High School.
- Scholarships expenditures increased by \$601,000 or 11.9%, due to an increase in the number of students eligible to receive Pell grants as well as the awarding of Pell grants during the summer terms.
- Depreciation expenditures increased by \$283,000, or 9.6%, due to the increase in capitalized assets related to the Vision 2015 campus improvement projects.

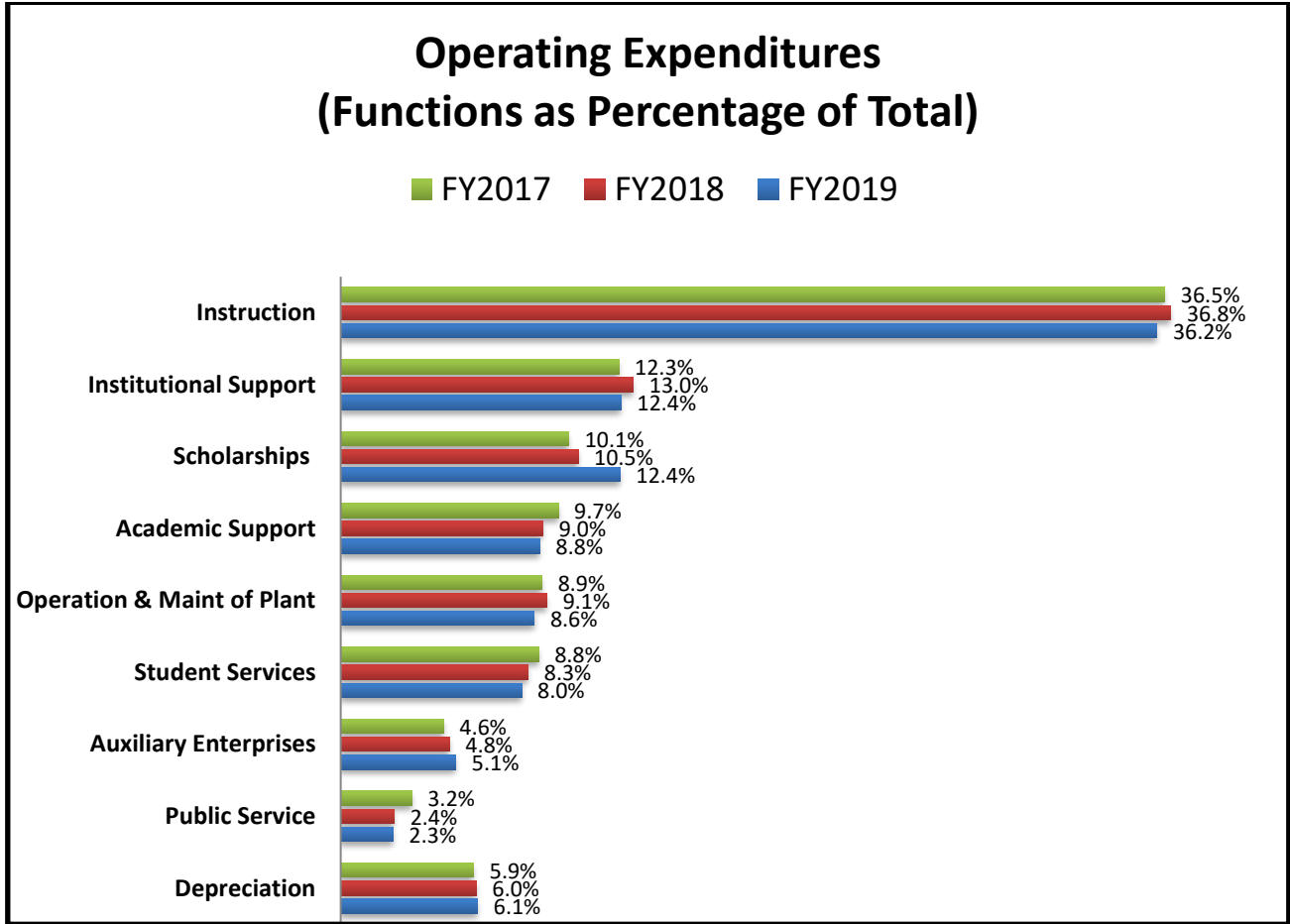
Management's Discussion and Analysis
For the Period Ending August 31, 2019 (Unaudited)

During fiscal 2017:

- Public Service expenditures increased by \$321,000, or 25.6%, due primarily to an increase in the Fab Lab noncapital expenditures, sports center roof repairs, and Terrace Circle house repairs.
- Student Services increased by \$197,000, or 4.7% primarily due to the filling of open positions from the prior year.
- Institutional Support increased by \$200,000, or 3.4%, due primarily to an increase in local benefits. The Tuition and Fees assistance awarded to employees increase by \$26,000 and as well as an overall increase in health insurance cost.
- Operation & Maintenance of Plant expenditures increased by \$327,000, or 7.9%, due do expenses related to a hailstorm during the current year as well as an increase in the Globe Theater renovations and upgrades.
- Depreciation expenditures increased by \$254,000, or 9.4%, due to the increase in capitalized assets related to the Vision 2015 campus improvement projects.

Other Revenues consist mainly of capital contributions in the form of gifts and grants as well as additions to permanent endowments. Capital contributions were \$623,000 in fiscal 2019, \$1,465,000 in 2018, and \$238,000 in 2017. The 2019 capital donations were dedicated to the Baseball renovation, and the Globe Theater renovations. The 2018 capital donations were dedicated to the Baseball renovation, Globe Theater renovations, and acquisition of equipment for fine arts. The 2017 capital donations were dedicated to the Fab Lab, as well as a donation for a computer lab.

Graph 2 below compares each functional operating expense category as a percentage of total expenses for fiscal years 2019, 2018 and 2017.



Graph 2

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of depreciation, was \$117.6 million at the end of fiscal 2019, compared to \$111.5 million in 2018, and \$111.2 million in 2017. A summary of capitalized assets for fiscal years 2019, 2018, and 2017 is shown below in Figure 3. This information is also presented in Note 6 of the Financial Statements. Details of capital asset activity can be found on pages 9 and 10 of this Management's Discussion and Analysis report.

**Capital Assets, Net of Depreciation
(thousands of dollars)**

	Year Ended August 31,			Increase (Decrease)	
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2018 to</u>	<u>2017 to</u>
Land	\$ 4,196	\$ 4,196	\$ 4,196	\$ 0	\$ 0
Buildings and improvements	121,392	118,578	114,516	2,814	4,062
Other land improvements	8,590	8,545	8,345	45	200
Construction in progress	6,836	1,451	3,597	5,385	(2,146)
Furniture and equipment	16,202	14,985	13,687	1,217	1,298
Library materials	2,108	2,164	2,224	(56)	(60)
Subtotal	159,324	149,919	146,565	9,405	3,354
Less: Accumulated depreciation	(41,676)	(38,456)	(35,336)	(3,220)	(3,120)
Net Capital Assets	\$ 117,648	\$ 111,463	\$ 111,229	\$ 6,185	\$ 234

Figure 3

The District is nearing the completion of an \$84 million, multi-year campus improvement project called "Vision 2015". Funding was provided by a \$68.5 million general obligation bond passed in November 2010 as well as private capital donations and board allocations of reserve funds. Vision 2015 campus improvements include the demolition of 7 older structures, the addition of 7 new buildings, and renovations to 7 existing facilities.

Debt Administration

The District had outstanding debt of \$68.5 million as of August 31, 2019, and \$72.6 million and \$76.6 million as of August 31, 2018 and 2017, respectively. \$57,910,000 of Series 2017 Limited Tax Refunding Bonds were issued in December 2017 to partially refund the Series 2011 Tax Bonds, resulting in a net present value saving of \$6,551,787. Principal payments on long-term debt totaled \$4,110,000 in 2019, \$3,955,000 in 2018, and \$3,795,000 in 2017. Details of the outstanding long-term debt by type as of August 31, 2019, 2018, and 2017 are listed below in Figure 4.

**Outstanding Debt
(thousands of dollars)**

	Year Ended August 31,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Obligation Bonds (2)	\$ 61,195	\$ 62,745	\$ 64,320
Revenue Bonds (2)	7,305	9,865	12,325
Total Outstanding Bonded Indebtedness	\$ 68,500	\$ 72,610	\$ 76,645

Figure 4

On May 24, 2018, S&P Global Ratings affirmed its rating of 'A+' with a stable outlook for the District's series 2009 and 2012 Revenue Bonds.

On November 28, 2017, S&P Global Ratings assigned a rating of 'AA-' with a stable outlook for the new Limited Tax Refunding Bonds, Series 2017.

On November 30, 2016, Fitch Ratings upgraded its rating on the District's series 2011 general obligation tax bonds from 'AA-' to 'AA'. The rating outlook is Stable. The upgrade is due to the application of Fitch's revised criteria for U.S., state, and local governments. According to Fitch:

"The upgrade reflects the district's ample revenue-raising ability, sound expenditure flexibility, strong reserve cushion, and limited historical revenue volatility. These factors combine to provide the district with a high level of operating flexibility and anticipated financial resilience throughout the economic cycle. Fitch expects the long-term liability burden will remain low."

Both the 2009 and 2012 revenue bonds are also covered by municipal bond insurance policies issued by Assured Guarantee Municipal Corp. (AGM).

Economic Factors That Will Affect the Future

The economic position of the District is influenced in part by the economic position of the nation, the state of Texas, and of Ector County. The Odessa Economic Index declined from July 2019 to August 2019, retreating to 269.7 for the month down from 270.2 in July, but still up 5.9% from the August 2018 OEI of 254.8. The index declined slightly from December 2018 to January 2019 (falling by 2/10 of a point), but the August decline likely represents the onset of a general economic contraction of some magnitude, meaning the index will likely continue to go down in the months ahead. However, general spending growth remains very robust, existing home sales and prices continue to increase, and the unemployment rate remains relatively consistent to that of last year at 2.8%

As a result, the District expects the assessed tax values to increase slightly again next year due to higher oil prices and oilfield service activity. At the time of this report, general spending in Ector County is up 6.7% year-to-year, construction and home sales are up 40%, and the rig count is 30% above last year's volume. Building permits, sales tax revenues, and hotel and apartment occupancy rates are all significantly higher than the same time last year. Based on such data and the analysis of state and national economists, the administration feels that the current economic climate is favorable for sufficient tax support and higher industry job demand for skilled technicians and workers.

Despite the extremely low unemployment rate, student enrollment is at an all-time high. Graduation rates have increased significantly over the last decade, and class completion rates are among the highest in the nation. In the past year, the District has received numerous awards at the state and national level that are reflective of its high quality and unique approaches to student success. After winning the Aspen Institute's Rising Star Award in March 2019, Odessa College was once again invited to apply for the 2021 Aspen Prize for Community College Excellence, an award which is recognized among American institutions of higher education as the most prestigious affirmation of high achievement and exemplary performance that a community college can receive. The Aspen Institute assesses performance and achievements in four areas: student learning, certificate and degree completion, employment and earnings for graduates, and access and success for minority and low-income students. The District anticipates that such national recognition of quality and effectiveness will likely contribute to strong enrollment demand in the near future.

Management's Discussion and Analysis
For the Period Ending August 31, 2019 (Unaudited)

While it is not possible to predict the effects of future economic conditions, management believes the District has a solid and stable financial position and is well equipped to handle the increasing demands for a better educated workforce. The District continually monitors its internal and external environments for factors that may affect its financial position in either the short-term or long-term. Administration is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the current fiscal year.

Requests for Information

This annual financial report is designed to provide interested stakeholders with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer at Odessa College, 201 West University Blvd, Odessa, TX 79764.



Brandy Ham
Chief Financial Officer

FINANCIAL STATEMENTS

Odessa College District
STATEMENTS OF NET POSITION

Exhibit 1

August 31,

	2019	(Restated) 2018
ASSETS:		
Current Assets		
Cash and cash equivalents (Notes 2 and 4)	\$ 16,058,273	17,833,456
Accounts receivable, net (Note 17)	10,387,026	5,005,242
Inventories (Note 2)	44,024	30,002
Notes receivable – current, net	2,603,809	2,661,818
Prepaid items	2,570,504	2,464,710
Escrow deposits	496,280	501,890
Total Current Assets	32,159,916	28,497,118
Noncurrent Assets:		
Restricted cash and cash equivalents (Notes 2 and 4)	276,936	287,509
Endowment investments (Notes 2, 3 and 4)	831,084	817,939
Other long-term investments (Notes 2, 3 and 4)	9,461,179	14,310,345
Notes receivable – noncurrent, net	1,036,778	1,713,205
Unamortized bond insurance costs	39,210	61,005
Capital assets, net of accumulated depreciation (Notes 2 and 6)	117,648,143	111,462,472
Total Noncurrent Assets	129,293,330	128,652,475
Total Assets	\$ 161,453,246	157,149,593
Deferred Outflows of Resources:		
Deferred outflows related to pensions	\$ 5,093,490	2,285,605
Deferred outflows related to Other Post Employment Benefits (OPEB)	1,043,495	812,312
Deferred outflows related to refunding of debt	6,921,860	7,147,573
Total Deferred Outflows of Resources	\$ 13,058,845	10,245,490
LIABILITIES:		
Current Liabilities		
Accounts payable (Note 17)	\$ 1,893,173	2,567,288
Accrued liabilities	360,679	343,658
Accrued compensable absences (Notes 7 and 13)	648,073	542,367
Funds held for others	564,983	652,433
Deferred revenue – tuition and fees (Note 2)	5,671,005	5,639,801
Deferred revenue – other (Note 2)	1,437,957	2,295,361
Capital lease payable – current portion (Notes 6 and 7)	55,842	55,842
Bonds payable – current portion (Notes 7, 8 and 9)	4,265,000	4,110,000
Net OPEB liability – current portion (Notes 7 and 15)	376,374	147,810
Total Current Liabilities	15,273,086	16,354,560
Noncurrent Liabilities:		
Capital lease payable – noncurrent (Notes 6 and 7)	111,683	167,525
Bonds payable – noncurrent (Notes 7, 8 and 9)	64,235,000	68,500,000
Unamortized bond premium	314,215	366,183
Net pension liability (Note 7 and 11)	9,908,953	6,287,233
Net OPEB liability (Notes 7 and 15)	25,210,180	28,982,541
Total Noncurrent Liabilities	99,780,031	104,303,482
Total Liabilities	\$ 115,053,117	120,658,042

Odessa College District

Exhibit 1

STATEMENTS OF NET POSITION (CONTINUED)

August 31,

	2019	(Restated) 2018
Deferred Inflows of Resources:		
Deferred inflows related to pensions	\$ 2,235,390	2,826,009
Deferred inflows related to OPEB	9,903,637	6,440,861
Refunding of debt	5,938,951	6,132,612
Total Deferred Inflows of Resources	\$ 18,077,978	15,399,482
NET POSITION:		
Net investment in capital assets	50,217,599	39,856,873
Restricted for:		
Nonexpendable:		
Student aid	831,084	817,939
Expendable:		
Student aid	277,566	423,605
Instructional programs	1,052,774	1,199,032
Loans	-	12,451
Unexpended capital projects	(144,608)	1,270,292
Debt service	5,162,080	5,199,432
Unrestricted	(16,015,499)	(17,442,065)
Total Net Position (Schedule D)	\$ 41,380,996	31,337,559

The notes to the financial statements are an integral part of this statement.

Odessa College Foundation, Incorporated

STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,213,023	1,439,671
Pledges receivable	<u>10,950</u>	<u>10,000</u>
Total current assets	1,223,973	1,449,671
Marketable Securities at Fair Value	9,951,702	10,609,640
Pledges Receivable - Noncurrent	<u>20,000</u>	<u>30,000</u>
Total Assets	\$ <u>11,195,675</u>	<u>12,089,311</u>

LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
LIABILITIES		
Accounts payable	\$ <u>882</u>	<u>185</u>
Total current liabilities	<u>882</u>	<u>185</u>
NET ASSETS		
Net assets without donor restrictions		
Undesignated	145,969	1,397,989
Designated for Half-Century scholarships	205,155	205,155
Designed for Health Science scholarships	<u>156,040</u>	<u>156,040</u>
Total net assets without donor restrictions	507,164	1,759,184
Net assets with donor restrictions	<u>10,687,629</u>	<u>10,329,942</u>
Total net assets	<u>11,194,793</u>	<u>12,089,126</u>
Total current liabilities and net assets	\$ <u>11,195,675</u>	<u>12,089,311</u>

The notes to the financial statements are an integral part of this statement.

Odessa College District

Exhibit 2

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years ended August 31,

	2019	(Restated) 2018
OPERATING REVENUES:		
Tuition and fees (net of discounts of \$4,869,807 and \$5,197,692, respectively)	\$ 11,192,706	9,298,172
Federal grants and contracts	961,433	1,293,885
State grants and contracts	333,361	278,861
Non-governmental grants and contracts	4,931,198	2,288,512
Sales and services of educational activities	341,193	414,776
Investment income (program restricted)	27,170	21,122
Auxiliary enterprises	1,694,989	1,425,237
Other operating revenue	1,265,341	1,212,516
Total operating revenues (Schedule A)	20,747,391	16,233,081
OPERATING EXPENSES:		
Instruction	20,096,687	19,716,604
Public service	1,296,333	1,274,628
Academic support	4,905,622	4,805,381
Student services	4,456,886	4,457,669
Institutional support	6,906,187	6,953,501
Operation and maintenance of plant	4,769,231	4,898,905
Scholarships and fellowships	6,880,063	5,642,063
Auxiliary enterprises	2,840,330	2,590,897
Depreciation	3,374,677	3,224,592
Total operating expenses (Schedule B)	55,526,016	53,564,240
OPERATING LOSS	(34,778,625)	(37,331,159)
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	11,071,830	12,097,769
Property taxes for maintenance and operations	23,863,032	22,407,661
Property tax for debt service	4,216,344	4,837,956
Federal grants, non-operating	7,087,496	7,043,922
Gifts – noncapital	163,045	66,625
Investment income – not restricted to programs	872,927	367,961
Interest on capital – related debt	(3,047,783)	(2,268,485)
Loss on disposal of capital assets	(60,156)	(54,633)
Other non-operating revenues	42,590	236,395
Other non-operating expenses	(21,795)	(290,888)
Net non-operating revenues (Schedule C)	44,187,530	44,444,283
Income before other revenues	9,408,905	7,113,124

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(CONTINUED)**

Years ended August 31,

	2019	(Restated) 2018
	<u> </u>	<u> </u>
OTHER REVENUES:		
Private capital gifts and grants	\$ 622,932	1,464,989
Additions to permanent endowment	11,600	11,500
Gain on bond refunding	<u> -</u>	<u>1,051,077</u>
Total other revenues	<u>634,532</u>	<u>2,527,566</u>
Increase in Net Position	<u>10,043,437</u>	<u>9,640,690</u>
NET POSITION – BEGINNING OF YEAR	31,337,559	55,700,514
Cumulative effect of change in Accounting Principle (Note 2)	<u> -</u>	<u>(34,003,645)</u>
NET POSITION – BEGINNING OF YEAR, as restated	<u> -</u>	<u>21,696,869</u>
NET POSITION – END OF YEAR	\$ <u>41,380,996</u>	<u>31,337,559</u>

The notes to the financial statements are an integral part of this statement.

Odessa College Foundation, Incorporated

STATEMENTS OF ACTIVITIES

Years ended December 31, 2018 and 2017

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total 2018</u>	<u>Total 2017</u>
Revenues, gains and other support:				
Contributions (including pledges)	\$ 100,000	556,671	656,671	744,756
Earnings (loss) on investments, net of fees	(59,720)	674,775	615,055	521,424
Net realized (loss) gains on marketable securities	(6,555)	-	(6,555)	(4,748)
Net unrealized gains (loss) on marketable securities	(1,265,883)	-	(1,265,883)	1,002,909
Net position released from restrictions through satisfaction of program restrictions	<u>873,759</u>	<u>(873,759)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>(358,399)</u>	<u>357,687</u>	<u>(712)</u>	<u>2,264,341</u>
Expenses:				
Scholarships	643,306	-	643,306	576,428
Program and college support	230,453	-	230,453	159,177
General and administrative	<u>19,862</u>	<u>-</u>	<u>19,862</u>	<u>15,313</u>
Total expenses	<u>893,621</u>	<u>-</u>	<u>893,621</u>	<u>750,918</u>
CHANGES IN NET ASSETS	(1,252,020)	357,687	(894,333)	1,513,423
Net assets at beginning of year	<u>1,759,184</u>	<u>10,329,942</u>	<u>12,089,126</u>	<u>10,575,703</u>
Net assets at end of year	\$ <u>507,164</u>	<u>10,687,629</u>	<u>11,194,793</u>	<u>12,089,126</u>

The notes to the financial statements are an integral part of this statement.

Odessa College District

Exhibit 3

STATEMENTS OF CASH FLOWS

Years ended August 31,

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	\$ 12,806,077	11,721,436
Receipts from grants and contracts	377,655	4,289,072
Receipts from loan collections from students and employees	1,770,512	3,460,264
Other receipts	1,292,511	1,233,638
Payments to or on behalf of employees	(31,572,820)	(26,869,741)
Payments to suppliers for goods or services	(12,006,933)	(13,072,811)
Payments of scholarships	(8,121,023)	(5,750,815)
Loans issued to students and employees	(1,698,358)	(3,557,476)
Other cash receipts/(payments)	<u>1,371,264</u>	<u>(2,464,594)</u>
Net cash used in operating activities	<u>(35,781,115)</u>	<u>(31,011,027)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipts from state allocations	8,415,468	8,426,272
Receipts from ad valorem taxes	28,121,311	27,279,622
Receipts from non-operating federal revenue	7,087,496	7,043,922
Receipts from gifts and grants other than for capital purposes	174,645	78,125
Receipts from student organizations and other agencies	233,625	614,369
Payments to student organizations and other agencies	(321,075)	(663,907)
Deposit with escrow agents	<u>5,610</u>	<u>(24,348)</u>
Net cash provided by non-capital and related financing activities	<u>43,717,080</u>	<u>42,754,055</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Amortization of bond premiums	(51,968)	-
Proceeds from issuance of capital financing	-	58,137,241
Proceeds from capital grants and gifts	1,342,637	1,993,681
Proceeds from insurance recoveries	21,535	450,059
Purchases of capital assets	(9,529,248)	(3,322,232)
Payments on capital debt and leases	<u>(7,213,625)</u>	<u>(64,538,421)</u>
Net cash used in capital and related financing activities	<u>(15,430,669)</u>	<u>(7,279,672)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts from sale and maturity of investments	9,229,655	3,551,000
Receipts from investment earnings	794,171	618,650
Purchases of investments	<u>(4,314,878)</u>	<u>(3,613,108)</u>
Net cash provided by investing activities	<u>5,708,948</u>	<u>556,542</u>
Increase in cash and cash equivalents	(1,785,756)	5,019,898
Cash and cash equivalents – September 1	<u>18,120,965</u>	<u>13,101,067</u>
Cash and cash equivalents – August 31	<u>\$ 16,335,209</u>	<u>18,120,965</u>

Odessa College District

Exhibit 3

STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended August 31,

	<u>2019</u>	<u>(Restated) 2018</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (34,778,625)	(37,331,159)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	3,374,677	3,224,592
Payments made directly to ERS by state for benefits	2,656,362	3,671,497
Changes in assets and liabilities:		
Receivable, net:		
Tuition and fees receivable, net	8,372	174,394
State and federal operating grants receivable	(16,072)	13,898
Private grants receivable	(4,693,505)	(926,474)
Employee receivable	(7,421)	1,859
Sales and services receivable, net	(270,189)	196,473
Auxiliary receivable, net	(473,554)	(90,608)
Inventories	(14,022)	(17,615)
Other assets	(105,794)	(540,549)
Accounts payable	(765,371)	(479,553)
Accrued payroll liabilities	17,021	3,748
Deferred inflows	2,678,496	13,127,546
Deferred outflows	(2,813,355)	(7,128,397)
Accrued liabilities	77,923	(6,379,200)
Deferred revenue:		
Deferred tuition and fees revenue	31,204	196,063
Other deferred revenue	(857,404)	1,447,319
Compensated absences	105,706	20,004
Loans to students and employees	64,436	(184,865)
	<u>(1,002,490)</u>	<u>6,330,132</u>
Net cash used in operating activities	\$ <u>(35,781,115)</u>	<u>(31,011,027)</u>

The notes to the financial statements are an integral part of this statement.

Odessa College District

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2019 and 2018

- NOTE 1 - Reporting Entity
- NOTE 2 - Summary of Significant Accounting Policies
- NOTE 3 - Authorized Investments
- NOTE 4 - Deposits and Investments
- NOTE 5 - Fair Value of Financial Instruments
- NOTE 6 - Capital Assets
- NOTE 7 - Long-term Liabilities
- NOTE 8 - Debt and Lease Obligations
- NOTE 9 - Bonds Payable
- NOTE 10 - Refunding and Defeased Bonds Outstanding
- NOTE 11 - Employees' Retirement Plans
- NOTE 12 - Deferred Compensation Program
- NOTE 13 - Compensable Absences
- NOTE 14 - Health Care and Life Insurance benefits
- NOTE 15 - Post-Employment Benefits Other Than Pensions ("OPEB")
- NOTE 16 - Pending Lawsuits and Claims
- NOTE 17 - Disaggregation of Receivables and Payables Balances
- NOTE 18 - Contract and Grant Awards
- NOTE 19 - Ad Valorem Tax
- NOTE 20 - Tax Abatements
- NOTE 21 - Income Taxes
- NOTE 22 - Component Units
- NOTE 23 - Subsequent Events

Odessa College District

NOTES TO FINANCIAL STATEMENTS

August 31, 2019 and 2018

NOTE 1 – REPORTING ENTITY

Odessa College District was established in 1946, in accordance with the laws of the State of Texas, to serve the educational needs of Ector County and the surrounding communities. The District 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*. During 2019, Odessa Junior College District was renamed to Odessa College District (the “District”) in accordance with the laws of the State of Texas. The change was made to align the District’s name with its status of an institution offering 2-year and 4-year degrees. While the District receives funding from local, state, and federal sources, and must comply with the spending, reporting, and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

16. *Reporting Guidelines*

The significant accounting policies followed by the District in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board’s Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The District applies all applicable GASB pronouncements. The District is reported as a special-purpose government engaged in business-type activities (“BTA”).

2. *Tuition Discounting*

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (“TPEG”), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.033). When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act (HEA) Program Funds

Certain Title IV HEA Program funds are received by the District to pass through to the student. These funds are initially received by the District and recorded as restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

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

3. *Basis of Accounting*

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

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget. Encumbrances outstanding at year end, that were provided for in the subsequent year’s budget, are reported as designations of net assets since they do not constitute expenditures or liabilities.

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. *Budgetary Data*

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

5. *Cash and Cash Equivalents*

The District'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. Because of their highly liquid nature, funds held in public funds investment pools are also considered to be cash equivalents.

6. *Deferred Inflows*

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

7. *Deferred Outflows*

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

8. *Pledges*

The District recognizes pledges in the financial statements when all applicable eligibility requirements, including time requirements, are met. Pledges are reported as restricted revenues prior to the fulfillment of all applicable eligibility requirements.

9. *Investments*

In accordance with Governmental Accounting Standards Board Statement ("GASBS") No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market quotes. Short-term investments have an original maturity greater than three months but less than one year at the time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

10. *Inventories*

Inventories consist of consumable physical plant and food service supplies. Inventories are stated at the lower of cost or market, determined using the first-in, first-out method. They are charged to expense as consumed.

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. *Capital Assets*

Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. The District's policy calls for capitalization of equipment, infrastructure and land improvements with a unit cost of \$5,000 or more and an estimated useful life in excess of two years. Buildings and building renovations in excess of \$100,000 that significantly increase the value or extend the useful life of the structure are also capitalized. The District reports depreciation under a single-line as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

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

12. *Deferred Revenue*

Deferred revenue relates to student tuition, fees and other revenues received during the current fiscal period for classes or activities to be held in the following period.

13. *Estimates*

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

14. *Operating and Non-Operating Revenue and Expense Policy*

The District distinguishes operating revenues and expenses from non-operating items. The District reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations, Title IV grant revenue, and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

15. *Pensions*

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

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. *Change in Accounting Principle*

Prior Year Restatement

Effective for fiscal year 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reports for Postemployment Benefits other than Pensions (“OPEB”). Accordingly, a restatement to beginning net position was required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources related to OPEB for contributions made to the ERS OPEB plan subsequent to the measurement date of the beginning net OPEB liability.

Because audited beginning balances could not be obtained for all of the deferred outflows of resources and deferred inflows of resources related to OPEB, the District determined it was impractical to restate its fiscal year 2017 financial statements. As such, the District recorded a restatement to beginning net position in the fiscal year 2018 financial statements as a cumulative effect of a change in accounting principle.

Beginning net position as of September 1, 2018 was restated as follows for the implementation of GASB Statement No. 75:

Beginning Net Position as of September 1, 2018	\$ 55,700,514
Cumulative effect of change in accounting principle (GASB 75):	
Beginning Net OPEB liability (measurement date as of August 31, 2017)	(34,804,575)
Deferred outflow for District contributions to ERS plan during FY17	<u>800,930</u>
Beginning Net Position, as of September 1, 2018 as restated	<u>\$ 21,696,869</u>

17. *Restatement – Correction of a Misstatement*

During 2019, the District identified a misstatement in the recording associated with the implementation of GASB 75. The effects of the correction on the previously issued August 31, 2018 financial statements are as follows:

	As Previously Reported	Effect of Error Correction	As Restated
Statement of Net Position:			
Deferred outflows related to Other Post Employment Benefits (OPEB)	\$ 2,346,306	(1,533,994)	812,312
Unrestricted Net Position	(15,908,071)	(1,533,994)	(17,442,065)
Statement of Revenues, Expenses, and Changes in Net Position:			
Operating Expenses:			
Instruction	18,913,525	803,079	19,716,604
Public service	1,257,352	17,276	1,274,628
Academic support	4,617,165	188,216	4,805,381
Student services	4,273,063	184,606	4,457,669
Institutional support	6,612,684	340,817	6,953,501
Total operating expenses	52,030,246	1,533,994	53,564,240
Operating loss	(35,797,165)	(1,533,994)	(37,331,159)
Increase in net position	11,174,684	(1,533,994)	9,640,690

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

18. *New Accounting Pronouncements*

GASB Statement 84, “*Fiduciary Activities.*”

The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement 87, “*Leases.*”

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period.*”

This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged and the requirements of this statement should be applied prospectively.

GASB Statement 90, “*Majority Equity Interests – an amendment of GASB Statements No 14 and No. 61.*”

The primary objectives of this statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations. The requirements of this statement are effective for reporting periods beginning after December 15, 2018 and should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

18. *New Accounting Pronouncements (Continued)*

GASB Statement 91, “*Conduit Debt Obligations.*”

The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers’ conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

NOTE 3 – AUTHORIZED INVESTMENTS

The Board of Trustees of the District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Section 2256.001, Texas Government Code). The investments of the District are in compliance with Trustees' investment policies. 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.

In accordance with Sec. 2256.005 (n) of the Public Funds Investment Act, the community college, “...shall arrange for a compliance audit of management controls on investments and adherence to the District’s established investment policies. The compliance audit shall be performed by the District’s internal auditor or by a private auditor...Not later than January 1 of each even numbered year, the community college shall report the results of the most recent audit performed to the state auditor.”

The State Auditor has determined that the District and their independent auditors should indicate compliance with the Act by completing the following:

- the categorization of investments by risk which is required by GASB Statement No. 3 Note 4 in the footnote “**Deposits and Investments,**” and
- placing a statement in the scope paragraph of the **Report on Compliance and on Internal Control over Financial Reporting (pages 73-74)** which indicate the audit work covered in the Act, or
- writing a separate letter to the State Auditor’s Office stating that the District is in compliance with all requirements of the Act.

Odessa College District
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
August 31, 2019 and 2018

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits: At August 31, 2019 and 2018, the carrying amounts of the District's deposits were \$3,495,554 and \$5,220,104, respectively; and bank balances equaled \$5,044,085 and \$5,068,250. Bank balances of \$369,842 and \$418,273 were covered by federal depository insurance, and \$4,674,243 and \$4,649,978 were covered by collateral pledged in the District's name. The collateral was held by the District or by its Agent (Category 1). There were no uncollateralized bank balances (Category 3) at either year end. (This would have included any bank balance that was collateralized with securities held by the pledging financial institution's department or agent but not in the District's name). The District held \$12,826,253 and \$12,887,059 in state approved public funds investment pools at August 31, 2019 and 2018, respectively.

Cash and Deposits included on Exhibit 1, Statement of Net Pension, consist of the items reported below at August 31:

Cash and Deposits		
	2019	2018
Bank Deposits		
Demand Deposits	\$ 2,155,485	2,172,649
Transit Items	(1,498,531)	151,854
Time Deposits	2,838,600	2,895,601
	3,495,554	5,220,104
Cash and Cash Equivalent		
Public Funds Investment Pools	12,826,253	12,887,059
Petty Cash on Hand	13,402	13,802
Total Cash and Deposits	\$ 16,335,209	18,120,965

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	Market Value August 31, 2019	Market Value August 31, 2018
Total Cash and Deposits	\$ 16,335,209	18,120,965
Total Investments	10,292,263	15,128,284
Total Deposits and Investments	\$ 26,627,472	33,249,249
Current Cash and Temporary Investments (Exh. 1)	\$ 16,058,273	17,833,456
Restricted Cash and Temporary Investments (Exh. 1)	276,936	287,509
Endowment Investments (Exh. 1)	831,084	817,939
Other Long-Term Investments (Exh. 1)	9,461,179	14,310,345
Total Deposits and Investments (Exh. 1)	\$ 26,627,472	33,249,249

Odessa College District
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
August 31, 2019 and 2018

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

As of August 31, 2019, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 2	2 to 5
U.S. Government Securities	\$ -	-	-	-
Certificates of Deposit	2,318,621	1,325,450	499,452	493,719
Municipal Bonds	<u>7,973,642</u>	<u>4,131,590</u>	<u>2,685,055</u>	<u>1,156,997</u>
Total Fair Value	\$ <u>10,292,263</u>	<u>5,457,040</u>	<u>3,184,507</u>	<u>1,650,716</u>

As of August 31, 2018, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 2	2 to 5
U.S. Government Securities	\$ 998,472	-	-	998,472
Certificates of Deposit	3,283,759	1,477,412	1,314,923	491,424
Municipal Bonds	<u>10,846,053</u>	<u>5,851,942</u>	<u>2,945,961</u>	<u>2,048,150</u>
Total Fair Value	\$ <u>15,128,284</u>	<u>7,329,354</u>	<u>4,260,884</u>	<u>3,538,046</u>

Interest Rate Risk: In accordance with state law and District policy, the District has established maturity limitations on investments purchased. Investments of the operating and renewal and replacement funds do not have maturities in excess of 5 years. Investments of debt service funds do not have maturities in excess of the debt service dates. Additionally, maturities of commercial paper and bankers acceptances shall not exceed 270 days, repurchase agreements shall not exceed 2 years, and reverse repurchase agreements shall not exceed 90 days.

Credit Risk: In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations of states, agencies, counties, cities, and other political subdivisions must be rated at least A. Applicable credit ratings of investments at August 31, 2019 and 2018 are reported below:

Investment Type	Credit Rating
Tex Pool Prime	S&P: AAAM
TexPool	S&P: AAAM
LOGIC	S&P: AAAM
Lone Star Government Overnight Fund	S&P: AAAM
Lone Star Corporate Overnight Plus Fund	S&P: AAAf/s/+
Municipal Bonds	S&P: A and above

Concentration of Credit Risk: The District does not place a limit on the amount the District may invest in any one issuer. The District does not have any investments from single issuers that are more than 5% of the total investments.

Custodial Credit Risk: The District's investments have no custodial credit risk.

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value measurements were arrived at using the following inputs at August 31, 2019 and 2018:

Investment Type	Quoted Prices in Active Markets for Identical Assets			Significant Other Observable Inputs	Significant Unobservable Inputs	2019
	Level 1	Level 2	Level 3			
U.S. Government Securities	-	-	-		-	-
Certificates of Deposit	2,318,621	-	-		2,318,621	2,318,621
Municipal Bonds	7,973,642	-	-		7,973,642	7,973,642
Total	\$ 10,292,263	-	-		-	10,292,263

Investment Type	Quoted Prices in Active Markets for Identical Assets			Significant Other Observable Inputs	Significant Unobservable Inputs	2018
	Level 1	Level 2	Level 3			
U.S. Government Securities	998,472	-	-		998,472	998,472
Certificates of Deposit	3,283,759	-	-		3,283,759	3,283,759
Municipal Bonds	10,846,053	-	-		10,846,053	10,846,053
Total	\$ 15,128,284	-	-		-	15,128,284

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2019, was as follows:

	Balance September 1, 2018	Increases	Decreases	Balance August 31, 2019
Not Depreciated:				
Land	\$ 4,196,316	-	-	4,196,316
Construction in progress	1,451,091	8,244,982	2,860,197	6,835,876
Total Capital Assets – Not Depreciated	5,647,407	8,244,982	2,860,197	11,032,192
Other Capital Assets:				
Buildings and building improvements	118,577,612	2,814,500	-	121,392,112
Other real estate improvements	8,544,604	45,698	-	8,590,302
Total Buildings and Other Improvements	127,122,216	2,860,198	-	129,982,414
Library books	2,164,227	-	56,807	2,107,420
Furniture, machinery and equipment	14,984,789	1,375,521	158,388	16,201,922
Total Capital Assets – Depreciable	144,271,232	4,235,719	215,195	148,291,756
Total Capital Assets	149,918,639	12,480,701	3,075,392	159,323,948
Accumulated Depreciation:				
Buildings and building improvements	22,906,248	2,045,903	-	24,952,151
Other real estate improvements	4,470,637	249,522	-	4,720,159
Total Buildings and Other Improvements	27,376,885	2,295,425	-	29,672,310
Library books	612,399	68,539	-	680,938
Furniture, machinery and equipment	10,466,883	1,010,713	155,039	11,322,557
Total Accumulated Depreciation	38,456,167	3,374,677	155,039	41,675,805
Net Capital Assets	\$ 111,462,472	9,106,024	2,920,353	117,648,143

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Capital assets activity for the year ended August 31, 2018, was as follows:

	Balance September 1, 2017	Increases	Decreases	Balance August 31, 2018
<u>Not Depreciated:</u>				
Land	\$ 4,196,316	-	-	4,196,316
Construction in progress	3,596,844	2,426,877	4,572,630	1,451,091
Total Capital Assets – Non-Depreciated	<u>7,793,160</u>	<u>2,426,877</u>	<u>4,572,630</u>	<u>5,647,407</u>
<u>Other Capital Assets:</u>				
Buildings and building improvements	114,515,984	4,061,628	-	118,577,612
Other real estate improvements	8,344,839	199,765	-	8,544,604
Total Buildings and Other Improvements	122,860,823	4,261,393	-	127,122,216
Library books	2,224,023	-	59,796	2,164,227
Furniture, machinery and equipment	13,687,093	1,396,907	99,211	14,984,789
Total Capital Assets – Depreciable	<u>138,771,939</u>	<u>5,658,300</u>	<u>159,007</u>	<u>144,271,232</u>
Total Capital Assets	146,565,099	8,085,177	4,731,637	149,918,639
<u>Accumulated Depreciation:</u>				
Buildings and building improvements	20,891,012	2,015,236	-	22,906,248
Other real estate improvements	4,213,486	257,151	-	4,470,637
Total Buildings and Other Improvements	25,104,498	2,272,387	-	27,376,885
Library books	543,859	68,540	-	612,399
Furniture, machinery and equipment	9,687,593	878,501	99,211	10,466,883
Total Accumulated Depreciation	<u>35,335,950</u>	<u>3,219,428</u>	<u>99,211</u>	<u>38,456,167</u>
Net Capital Assets	\$ <u>111,229,149</u>	<u>4,865,749</u>	<u>4,632,426</u>	<u>111,462,472</u>

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2019, was as follows:

	Balance September 1, 2018	Increases	Decreases	Balance August 31, 2019	Due Within One Year
<u>Bonds</u>					
General obligation bonds, Series 2011	\$ 4,835,000	-	1,550,000	3,285,000	1,610,000
General obligation bonds, Series 2017	57,910,000	-	-	57,910,000	-
Revenue bonds, Series 2009	4,770,000	-	2,340,000	2,430,000	2,430,000
Revenue bonds, Series 2012	5,095,000	-	220,000	4,875,000	225,000
Total Bonds	<u>72,610,000</u>	<u>-</u>	<u>4,110,000</u>	<u>68,500,000</u>	<u>4,265,000</u>
<u>Leases</u>					
Capital leases	223,367	-	55,842	167,525	55,842
Total Capital Leases	<u>223,367</u>	<u>-</u>	<u>55,842</u>	<u>167,525</u>	<u>55,842</u>
<u>Other Liabilities</u>					
Accrued compensable absences	542,367	105,706	-	648,073	-
Net pension liability	6,287,233	4,228,175	606,455	9,908,953	-
Net OPEB liabilities	29,130,351	3,035,255	6,579,052	25,586,554	376,374
Total Other Liabilities	<u>35,959,951</u>	<u>7,369,136</u>	<u>7,185,507</u>	<u>36,143,580</u>	<u>376,374</u>
Total Long-Term Liabilities	\$ <u>108,793,318</u>	<u>7,369,136</u>	<u>11,351,349</u>	<u>104,811,105</u>	<u>4,697,216</u>

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Long-term liability activity for the year ended August 31, 2018, was as follows:

	Balance September 1, 2017	Increases	Decreases	Balance August 31, 2018	Due Within One Year
<u>Bonds</u>					
General obligation bonds, Series 2011	\$ 64,320,000	-	59,485,000	4,835,000	1,550,000
General obligation bonds, Series 2017	-	57,910,000	-	57,910,000	-
Revenue bonds, Series 2009	7,020,000	-	2,250,000	4,770,000	2,340,000
Revenue bonds, Series 2012	5,305,000	-	210,000	5,095,000	220,000
Total Bonds	<u>76,645,000</u>	<u>57,910,000</u>	<u>61,945,000</u>	<u>72,610,000</u>	<u>4,110,000</u>
<u>Leases</u>					
Capital leases	-	279,209	55,842	223,367	55,842
Total capital leases	<u>-</u>	<u>279,209</u>	<u>55,842</u>	<u>223,367</u>	<u>55,842</u>
<u>Other Liabilities</u>					
Accrued compensable absences	522,363	20,004	-	542,367	-
Net pension liability	6,992,209	1,244	706,220	6,287,233	-
Net OPEB liability	-	37,822,786	8,692,435	29,130,351	147,810
Total Other Liabilities	<u>7,514,572</u>	<u>37,844,034</u>	<u>9,398,655</u>	<u>35,959,951</u>	<u>147,810</u>
Total Long-Term Liabilities	<u>\$ 84,159,572</u>	<u>96,033,243</u>	<u>71,399,497</u>	<u>108,793,318</u>	<u>4,313,652</u>

NOTE 8 – DEBT AND LEASE OBLIGATIONS

Debt service obligations at August 31, 2019, were as follows (amounts in 000's):

For the Year Ended August 31,	General Obligation Bonds			Revenue Bonds			Total Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,610	2,667	4,277	2,655	237	2,892	4,265	2,904	7,169
2021	1,675	2,603	4,278	230	181	411	1,905	2,784	4,689
2022	1,830	2,536	4,366	235	174	409	2,065	2,710	4,775
2023	1,890	2,481	4,371	245	168	413	2,135	2,649	4,784
2024	1,985	2,386	4,371	250	158	408	2,235	2,544	4,779
2025-2029	11,500	10,341	21,841	1,425	629	2,054	12,925	10,970	23,895
2030-2034	14,650	7,193	21,843	2,265	320	2,585	16,915	7,513	24,428
2035-2039	17,910	3,829	21,739	-	-	-	17,910	3,829	21,739
2040-2041	8,145	492	8,637	-	-	-	8,145	492	8,637
Total	<u>\$ 61,195</u>	<u>34,528</u>	<u>95,723</u>	<u>7,305</u>	<u>1,867</u>	<u>9,172</u>	<u>68,500</u>	<u>36,395</u>	<u>104,895</u>

Capital lease obligations are reported below at August 31:

For the Year Ended August 31,	Total
2020	\$ 55,842
2021	55,842
2022	55,841
Total minimum lease payments	167,525
Less: Amount representing interest costs	(18,709)
Present value of minimum lease payments	<u>\$ 148,816</u>

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 9 – BONDS PAYABLE

General information related to bonds payable is summarized below:

General Obligation Bonds

The General Obligation Bonds are direct obligations payable from ad valorem taxes levied, within the limitation prescribed by law, against all property located within the District's taxing jurisdiction. Payment of the Bonds is derived from taxes levied and collected on an annual basis in an amount sufficient to pay the principal and interest when due, full allowance being made for delinquencies and collection costs.

Limited Tax Bonds, Series 2011

- To acquire, construct, renovate and equip school buildings in the District and to pay for related bond issuance.
- Issued on April 21, 2011.
- \$68,500,000 original amount of issue; all authorized bonds have been issued.
- Source of payment – property tax revenues; no bond reserve fund is required.
- Fitch Ratings currently rates the bonds as 'AA' with a stable outlook.
- Due in annual installments of principal and interest varying from \$1,741,400 to \$1,743,400, with interest rates of 4.00%.
- On December 29, 2017, a partial advance refunding of \$57,990,000 was accomplished through the issuance of a Limited Tax Refunding Bond.
- Outstanding principal balance as of August 31, 2019 and 2018 was \$3,285,000 and \$4,835,000, respectively.
- The final payment is due on August 31, 2021.

Limited Tax Refunding Bonds, Series 2017

- To refund a portion of Limited Tax Bonds, Series 2011 (described above) and to pay the costs of issuance related to the Bonds.
- To capture interest rate savings without extending the final maturity, resulting in a net present value savings to the District of \$6,551,787.
- Issued on December 29, 2017.
- \$57,910,000 original amount of issue; all authorized bonds have been issued.
- Issued at a net premium of \$6,411,367.
- Source of payment – property tax revenues; no bond reserve fund is required.
- Fitch Ratings currently rates the bonds as 'AA' with a stable outlook.
- Standard & Poor's Ratings Services currently rates the bonds as 'AA-' with a stable outlook.
- Due in annual installments of principal and interest varying from \$2,535,600 to \$4,371,200 with interest rates from 3.00% to 5.00%.
- Outstanding principal balance as of August 31, 2019 and 2018 was \$57,910,000.
- Subject to optional redemption on or after August 15, 2027, at par.
- Final payment is due on August 31, 2041.

Consolidated Fund Revenue Bonds

The Combined Fee Revenue Bonds are secured by a first-lien pledge of specific gross revenues, including a general-use fee, operating fees, a tuition pledge, auxiliary revenue, and any unrestricted gifts or grants. By covenant, the District is required to maintain a pledged revenue-to-debt service coverage ratio of 1.50. The actual coverage ratio was 8.76 and 7.09 for the years ended August 31, 2019 and 2018, respectively.

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 9 – BONDS PAYABLE (CONTINUED)

Consolidated Fund Revenue Refunding Bonds, Series 2009

- To refund the outstanding obligations of the Series 1998-A Bonds, to pay for related bond issuance costs, and to deposit \$2,491,009 in a debt service reserve fund.
- Issued on July 15, 2009.
- \$22,720,000 original amount of issue; all authorized bonds have been issued.
- Source of payment – pledged revenues, including: the general use fee, the college bookstore revenues, the tuition pledge, the college cafeteria revenues, the dormitory system revenues, the operating fees, gifts, grants, or donations from any public or private source that are not restricted or dedicated with respect to their use or purpose, and the earnings on all investments of the District lawfully available for such purpose.
- Standard & Poor’s Ratings Services currently rates the bonds as ‘A+’ with a stable outlook.
- Moody’s Investors Service currently rates the bonds as ‘A1’ with a stable outlook.
- Due in annual installments of principal and interest varying from \$2,478,600 to \$2,570,029, with interest rates from 3.00% to 4.00%.
- Outstanding principal balance as of August 31, 2019 and 2018 was \$2,430,000 and \$4,770,000, respectively.
- Not subject to redemption prior to stated maturity.
- Final payment is due on December 1, 2019.

Consolidated Fund Revenue Bonds, Series 2012

- To purchase existing student housing facilities on the Odessa College campus, to pay for related bond issuance costs, and to deposit \$438,055 in a debt service reserve fund.
- Issued on August 1, 2012.
- \$6,315,000 original amount of issue; all authorized bonds have been issued.
- Source of payment – pledged revenues, including: the general use fee, the college bookstore revenues, the tuition pledge, the college cafeteria revenues, the dormitory system revenues, the operating fees, gifts, grants, or donations from any public or private source that are not restricted or dedicated with respect to their use or purpose, and the earnings on all investments of the District lawfully available for such purpose.
- Due in annual installments of principal and interest varying from \$407,000 to \$946,400, with interest rates from 2.00% to 4.00%.
- Standard & Poor’s Ratings Services currently rates the bonds as ‘A+’ with a stable outlook.
- Outstanding principal balance as of August 31, 2019 and 2018 is \$4,875,000 and \$5,095,000, respectively.
- Not subject to redemption prior to stated maturity.
- Final payment is due on July 1, 2034.

A Summary of bond principal is as follows:

	Balance Sept. 1, 2018	Issued	Retired	Balance Aug. 31, 2019
Series 2009 Bonds	\$ 4,770,000	-	2,340,000	2,430,000
Series 2011 Bonds	4,835,000	-	1,550,000	3,285,000
Series 2012 Bonds	5,095,000	-	220,000	4,875,000
Series 2017 Bonds	57,910,000	-	-	57,910,000
Total Bonds	\$ 72,610,000	-	4,110,000	68,500,000

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 10 - REFUNDING AND DEFEASED BONDS OUTSTANDING

The District has defeased certain bonds payable by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

Bond Refunding:

Limited Tax Bonds, Series 2011

- Refunded by Limited Tax Refunding Bonds, Series 2017, issued December 27, 2017.
- Partially refunded \$57,990,000; all authorized bonds have been issued.
- The unrefunded bond debt service amount was \$6,967,525.
- Average interest rate of bonds refunded is 5.24%
- The District placed the proceeds of the Refunded Bonds in an escrow fund deposited with The Bank of New York Mellon Trust Company.
- The escrow account assets and the liability for the defeased bonds are not included in the District's financial statements.
- As of the effective date of the refunding, the total cash flows to service the refunded bonds was \$105,491,688. The total cash flows required to service the refunding bonds was \$96,366,943.
- The resulting net present value of refunding savings to the District was \$6,551,787.

Defeased Bonds:

As of August 31, 2019 and 2018, the following bonds outstanding are considered legally defeased:

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>2019 Par Value Outstanding</u>	<u>2018 Par Value Outstanding</u>
Limited Tax Bonds, Series 2011	2017	\$ 57,990,000	\$ 57,990,000

NOTE 11 EMPLOYEES' RETIREMENT PLANS

Defined Benefit Pension Plan

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

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

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 11 EMPLOYEES’ RETIREMENT PLANS (CONTINUED)

Pension Plan Fiduciary Net Position Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2018.pdf 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, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

Contributions requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS’s unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

Contribution Rates

	2018	2019
Member	7.7%	7.7%
Non-Employer Contributing entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
FY2018 Member Contributions	\$ 1,216,640	
FY2018 State of Texas On-behalf Contributions	\$ 466,445	
FY2018 District Contributions	\$ 596,916	

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 11 EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Contributions (Continued) The District's contributions to the TRS pension plan in 2019 were \$660,430 as reported in the Schedule of District Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2019 were \$515,263.

- 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 contribution rate in the following instances:

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

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

• Valuation Date	August 31, 2017 rolled forward to August 31, 2018
• Actuarial Cost Method	Individual Entry Age Normal
• Asset Valuation Method	Market Value
• Single Discount Rate	6.907%
• Long-Term Expected Investment Rate of Return*	7.25%
• Municipal Bond Rate*	3.69*
• Last year ending August 31 in the 2016 to 2115 Projection period (100 years)	2115
• Inflation	2.3%
• Payroll Growth Rate	(1.40)%
• Salary increases including inflation	3.05% to 9.05%
• Benefit Changes during the year	None
• Ad HOC post-employment benefit change	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."

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 11 EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial methods and assumptions were selected by the board of trustees based upon analysis and recommendations by the system's actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period. Assumptions, methods, and plan changes were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2018, are summarized below:

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 11 EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Discount Rate (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Expected Contribution to Long-Term Portfolio Returns*</u>
Global Equity:			
U.S.	18.00%	5.70%	1.04%
Non-U.S. Developed	13.00%	6.90%	0.90%
Emerging Markets	9.00%	8.95%	0.80%
Directional Hedge Funds	4.00%	3.53%	0.14%
Private Equity	13.00%	10.18%	1.32%
Stable Value:			
U.S. Treasuries	11.00%	1.11%	0.12%
Absolute Return	-%	-%	-%
Stable Value Hedge Funds	4.00%	3.09%	0.12%
Cash	1.00%	(0.30)%	-%
Real Return:			
Global Inflation Linked Bonds	3.00%	0.70%	0.02%
Real Assets	14.00%	5.21%	0.73%
Energy and Natural Resources	5.00%	7.48%	0.37%
Commodities	-%	-%	-%
Risk Parity:			
Risk Parity	5.00%	3.70%	0.18%
Inflation expectation			2.30%
Alpha			(0.79)%
Total	100%		7.25%

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

Source: Teacher Retirement System of Texas 2018 Comprehensive Annual Financial Report.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2018 Net Pension Liability.

	<u>1% Decrease in Discount Rate (5.907%)</u>	<u>Discount Rate (6.907%)</u>	<u>1% Increase in Discount Rate (7.907%)</u>
Odessa College District's proportionate share of the net pension liability:	\$14,954,986	\$9,908,953	\$5,823,890

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 11 EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

At August 31, 2019, the District reported a liability of \$9,908,953 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District 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 District were as follows:

District's proportionate share of the collective net pension liability	\$	9,908,953
State's proportionate share that is associated with the District		<u>7,522,556</u>
Total		<u>\$ 17,431,509</u>

The net pension liability was measured as of August 31, 2018, 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, 2017, thru August 31, 2018.

At the measurement date of August 31, 2018, the employer's proportion of the collective net pension liability was .0180023908%, which was a decrease of .001660811% from its proportion measured as of August 31, 2017.

For the year ended August 31, 2019, the District recognized pension expense of \$744,533 and revenue of \$744,533 for support provided by the State. Refer to the 2018 Schedule of On-Behalf Contributions for this information posted on the TRS website under GASB Statements 67 & 68.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 61,764	243,127
Changes in actuarial assumptions	3,572,655	111,646
Net difference between projected and actual investment earnings*	514,961	702,977
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	283,680	1,177,640
Contributions paid to TRS subsequent to the measurement date	<u>660,430</u>	<u>-</u>
Total	<u>\$ 5,093,490</u>	<u>2,235,390</u>

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 11 EMPLOYEES' RETIREMENT PLANS (CONTINUED)

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

* THECB Comment: Per paragraph 71b of GASB 68, collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions.

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

Year ended August 31:		
2020	\$	547,098
2021		151,444
2022		79,172
2023		535,830
2024		549,678
Thereafter		334,448

Defined Contribution Plan

Plan Description The state has also established an Optional Retirement Program (ORP) for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System (TRS). The ORP provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. State law provides for a member contribution rate of 6.65% and an employer contribution rate of 6.60% for fiscal year 2019 and 2018. The District contributes an additional 0.71% for employees who are participating in the optional retirement program. 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. Senate Bill 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

Summary of Combined Retirement Plans

The retirement expense to the State for the District's TRS and ORP participants was \$651,683 and \$594,173 for the fiscal years ended August 31, 2019 and 2018, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all District employees was \$24,811,213 and \$22,720,417 for fiscal years 2019 and 2018, respectively. The total payroll of employees covered by the Teacher Retirement System (TRS) was \$17,289,606 and \$15,637,657 and the total payroll of employees covered by the Optional Retirement Program (ORP) was \$4,674,184 and \$4,296,583 for fiscal years 2019 and 2018, respectively.

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 12 – DEFERRED COMPENSATION PROGRAM

The College's employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2019 and 2018, the College had no employees participating in the program.

NOTE 13– COMPENSABLE ABSENCES

Full-time employees in 12-month positions earn annual vacation leave from 6.67 to 13.33 hours per month depending on the number of years employed with the District. The District's policy allows a full-time employee to accumulate a balance equal to one hundred fifty percent (150%) of his or her annual accrual rate. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated vacation leave. The District has recognized the accrued liability for the unpaid annual leave for the periods ending August 31, 2019 and 2018 in the amounts of \$648,073 and \$542,367 respectively.

Sick leave, which can be accumulated to a maximum of seven hundred twenty (720) hours, is earned at the rate of eight (8) hours per month. The District's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

NOTE 14 –HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance benefits for active employees. These benefits are administered by the Employees Retirement System of Texas and provided through an insurance company whose premiums are based on benefits paid during the previous year. The State appropriates a sum-certain amount for these benefits to the District based on employee enrollments during the legislative cycle, and any additional employer expense must be funded by the District. SB 1812, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

For the year ended August 31, 2019, the employer's maximum contribution per full-time employee/retiree was \$625 per month for the year and totaled \$7,500 per employee/retiree for the year. The employer also paid a maximum amount for a spouse, children, or family of \$1,341, \$1,104, and \$1,820 per month, respectively.

For the year ended August 31, 2018, the employer's maximum contribution per full-time employee/retiree was \$622 per month for the year and totaled \$7,464 per employee/retiree for the year. The employer also paid a maximum amount for a spouse, children, or family of \$1,335, \$1,099, and \$1,812 per month, respectively.

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 14 – HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

The cost of providing health care benefits to retirees and active employees is as follows for the years ending August 31:

	2019	2018
Number of retirees receiving benefits	182	184
Cost of state’s contribution	\$ 754,356	752,343
Cost of local contribution	802,390	811,499
Total cost of benefits for retirees	\$ 1,556,746	1,563,842
Number of active employees receiving benefits	357	336
Cost of state’s contribution	\$ 1,276,064	1,195,316
Cost of federal grant contribution	42,533	39,892
Cost of local contribution	1,781,250	1,686,737
Total cost of benefits for active employees	\$ 3,099,847	2,921,945

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

OPEB Plan Fiduciary Net Position. Detailed information about the GBP’s fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

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

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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 benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

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

**Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year FY18**

Retiree only	\$	622
Retiree & Spouse		1,335
Retiree & Children		1,099
Retiree & Family		1,812

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

**Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Employers	\$ 307,028,461	890,735,173
Members (employees)	203,123,120	195,806,162
Nonemployer Contributing Entity (State of Texas)	16,585,270	44,433,743

Source: ERS FY2018 Comprehensive Annual Financial Report

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions
ERS Group Benefits Program Plan**

Valuation date	August 31, 2018
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	Marked to Market
Discount rate	3.96%

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

**Actuarial Assumptions
ERS Group Benefits Program Plan (Continued)**

Projected annual salary increase (includes inflation)	2.50% to 9.50%
Annual healthcare trend rate	7.30% for FY2020, 7.40% for FY2021, 7.00% for FY 2022, decreasing .05% per year to 4.50% for 2027 and later years
Inflation assumption rate	2.50%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017.
Disability retirees	RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014.
Active members	RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale from the year 2014.

Source: FY2018 ERS CAFR except for mortality assumptions obtained from ERS FY18 GASB 74 Actuarial Valuation

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2014 for higher education members.

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

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.51%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96%, which amounted to an increase of 0.45%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp’s AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis. The following schedule shows the impact on the District’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 3.96% in measuring the net OPEB Liability.

	1% Decrease in Discount Rate 2.96%	Discount Rate 3.96%	1% Increase in Discount Rate 4.96%
District’s Proportionate share of the net OPEB	\$ 30,377,192	25,586,554	21,960,579

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 7.3% and the ultimate rate is 4.5%. The following schedule shows the impact on the District’s proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used 3.96% in measuring the net OPEB liability.

		1% Decrease Healthcare Cost Trend Rates (6.3% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (7.3% decreasing to 4.5%)	1% Increase in Healthcare Cost trend Rates (8.3% decreasing to 5.5%)
District’s Proportionate share of the net OPEB liability:	\$	21,668,506	25,586,554	30,640,850

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2019, the District reported a liability of \$25,586,554 for its proportionate share of the ERS’s net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the District 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 District were as follows:

District’s Proportionate share of the collective net OPEB liability	\$	25,586,554	
State’s Proportionate share that is associated with District		<u>19,949,542</u>	
		<u>\$ 45,536,096</u>	

The net OPEB liability was measured as of August 31, 2018, 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, 2017, thru August 31, 2018.

At the measurement date of August 31, 2018, the employer’s proportion of the collective net OPEB liability was 0.08633098%, which was 0.08549391% measured as of August 31, 2017.

For the year ended August 31, 2019, the District recognized OPEB expense of \$118,592 and revenue of \$118,592 for support provided by the State.

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

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated 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.

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes of Benefit Terms Since Prior Measurement Date – The following benefit revisions have been adopted since the prior valuation:

- An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

These minor benefit changes have been reflected in the fiscal year 2019 Assumed Per Capita Health Benefit Costs.

At August 31, 2019 the District reported its proportionate share of the ERS plan’s collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	937,409
Changes in actuarial assumptions	-	8,966,228
Difference between projected and actual investment earnings	12,117	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	716,696	-
Changes paid to ERS subsequent to the measurement date	314,682	-
Total	\$ 1,043,495	9,903,637

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

Year ended August 31:	OPEB Expense Amount
2020	\$ (2,362,983)
2021	(2,362,983)
2022	(2,362,983)
2023	(1,544,846)
2024	(541,029)
Thereafter	-

NOTE 16 – PENDING LAWSUITS AND CLAIMS

In the ordinary course of business, the District is involved with various claims and potential litigation. While the ultimate liability with respect to litigation and other claims asserted against the District cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the District.

The District receives federal, state and local grants that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The District’s management believes such disallowances, if any, will not have a material effect on the basic financial statements.

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 17 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables at August 31, 2019 and 2018 were as follows:

	2019	2018
Tuition and fees receivable	\$ 599,044	511,069
Taxes receivable	2,545,046	2,530,473
Federal receivable	764,986	749,100
State receivable	97,445	97,259
Interest receivable	111,961	111,961
Other receivables	9,255,978	3,816,423
Subtotal	13,374,460	7,816,285
Allowance for doubtful accounts	(2,987,434)	(2,811,043)
Total	\$ 10,387,026	5,005,242

Payables at August 31, 2019 and 2018 were as follows:

	2019	2018
Vendors payable – operations	\$ 1,130,885	766,375
Vendors payable – capital	757,553	666,297
Students payable	4,735	1,134,616
Total	\$ 1,893,173	2,567,288

NOTE 18 – 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, Schedule A and Schedule C. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2019 and 2018 for which monies have not been received nor funds expended totaled \$3,237,528 and \$9,270,614, respectively. Of these amounts, \$1,492,809 and \$1,689,218 were from federal contract and grant awards; \$265,695 and \$318,351 were from state contract and grant awards; and \$1,479,024 and \$7,263,045 were from private contract and grant awards for the fiscal years ended August 31, 2019 and 2018, respectively.

NOTE 19 – 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 1st for all real and business personal property located in the College district.

At August 31:

	2019	2018
Assessed valuation of the District (at January 1, 2019 and 2018)	\$ 16,664,735,324	15,607,528,526
Less: exemptions	(2,697,448,578)	(2,564,042,708)
Less: abatements	(73,097,624)	(134,868,766)
Net assessed valuation of the District	\$ 13,894,189,122	12,908,617,052

Odessa College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 19 – AD VALOREM TAX (CONTINUED)

At August 31:	2019			2018		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized tax rate per \$100 valuation (Maximum per Enabling legislation)	\$ 0.20	0.50	0.70	0.20	0.50	0.70
Assessed tax rate per \$100 valuation	\$ 0.169654	0.030006	0.199660	0.169654	0.036765	0.206419

Taxes levied (including adjustments to the certified levies) for the year ended August 31, 2019 and 2018 were \$27,700,308 and \$26,843,385 respectively. 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.

At August 31:	2019			2018		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes collected	\$ 22,978,068	4,065,775	27,043,843	21,441,431	4,647,007	26,088,438
Delinquent taxes collected	447,403	94,711	542,114	653,596	142,372	795,968
Penalties and interest collected	378,699	70,063	448,762	312,231	60,239	372,470
Total collections	\$ 23,804,170	4,230,549	28,034,719	22,407,258	4,849,618	27,256,876

Tax collections for the year ended August 31, 2019 and 2018 were 97.44% and 97.13%, respectively, of the current year adjusted tax levies, excluding collections in subsequent fiscal years. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations and payment of general obligation debt.

NOTE 20 – TAX ABATEMENTS

Odessa College has entered into property tax abatement agreements with local businesses under the Property Redevelopment and Tax Abatement Act, as authorized by Texas Tax Code, Chapter 312. Under the Act, local governments may grant property tax abatements for a term of up to ten (10) years with the amount of taxable value eligible for abatement ranging from 10% to 100%.

The District is under no obligation to provide tax abatement to any specific applicant and reserves the right to do so on a case-by-case basis as stimulation for economic development within the Reinvestment Zones and Enterprise Zones established by the City of Odessa. The abatements may be granted to any business located within or promising to relocate to the service area of Odessa College.

For the fiscal year ended August 31, 2019, Odessa College abated property taxes totaling \$146,389 under this program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

A. Ector County Energy Center LLC

- Commitment: construction of improvements in the form of a 386-megawatt natural gas fueled power plant no later than December 31, 2016
- Terms of abatement: 100% exemption from ad valorem taxes for five (5) years
- The abatement for fiscal year 2019 amounted to \$118,823, compared to \$129,038 for fiscal year 2018.

Odessa College District
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

NOTE 20 – TAX ABATEMENTS

B. CUDD Pumping Service, Inc.

- Commitment: Job creation and new investment as follows:
 - Create and maintain at least 30 new jobs, 80 existing jobs, and 35 transfer jobs by December 31, 2013
 - Expend at least \$31 million in new construction and equipment by December 31, 2013
- Terms of abatement: 5-year declining abatement of 100% in first year, 80% in second year, 60% in third year, 40% in fourth year, and 20% in the fifth year.
- The abatement for fiscal year 2019 amounted to \$22,472, compared to \$48,374 for fiscal year 2018.

NOTE 21 – 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 has no unrelated business income tax liability for the years ended August 31, 2019 and 2018.

NOTE 22 – COMPONENT UNITS

Odessa College Foundation, Incorporated (the Foundation) was established as a separate nonprofit organization in 1996 to raise funds to provide student scholarships and assistance in the development and growth of the Odessa College. Under Governmental Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Foundation is determined to be a component unit of the District because:

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

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

NOTE 23 – SUBSEQUENT EVENTS

Management of the District has performed an evaluation of the District's activity through November 26, 2019, the date these financial statements were available for issuance, and noted no other significant event that would require recording or disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

Odessa College District

SCHEDULE OF DISTRICT'S SHARE OF NET PENSION LIABILITY

Year Ended August 31, 2019

<u>Fiscal Year Ending August 31,*</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>	<u>2014**</u>
District's proportionate share of collective net pension liability (%)	0.0180023908%	0.0196632016%	0.0185035302%	1.0192738%	0.0232258%
District's proportionate share of collective net pension liability	\$ 9,908,953	6,287,233	6,992,209	6,813,032	6,203,932
State's proportionate share of net pension liability associated with District	<u>7,522,556</u>	<u>4,294,673</u>	<u>5,626,139</u>	<u>5,266,936</u>	<u>3,714,719</u>
Total	<u>17,431,509</u>	<u>10,581,906</u>	<u>12,618,348</u>	<u>12,079,968</u>	<u>9,918,651</u>
District's covered payroll amount	\$ 17,289,606	15,637,657	15,802,776	15,504,266	14,844,367
District's proportionate share of collective net pension liability as a percentage of covered payroll	57.31%	40.21%	44.25%	43.94%	41.79%
Plan fiduciary net position as percentage of the total pension liability	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.

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

NOTE 1: CHANGES OF BENEFIT TERMS INCLUDE:

Information about factors that significantly affect terms in the amounts reported in the RSI Schedules should be presented (for COLA increases).

NOTE 2: CHANGES OF ASSUMPTIONS:

The following changes of assumptions occurred during the year ending August 31, 2019:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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

Odessa College District

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR
PENSIONS TO THE TEACHERS RETIREMENT SYSTEM PENSION
PLAN OF THE STATE OF TEXAS**

Year Ended August 31, 2019

<u>Fiscal Year Ending August 31,*</u>	<u>2019**</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
Legally required contributions	\$ 660,430	596,916	636,008	587,904	570,704
Actual contributions	<u>660,430</u>	<u>596,916</u>	<u>636,008</u>	<u>587,904</u>	<u>570,704</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll amount	\$ 17,289,606	15,637,657	15,802,776	15,504,266	14,844,367
Contributions as a percentage of covered payroll	3.82%	3.82%	4.02%	3.79%	3.84 %

* The amounts presented above are as of the Districts most recent fiscal year-end.

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

NOTE 1: CHANGES OF BENEFIT TERMS INCLUDE:

Information about factors that significantly affect terms in the amounts reported in the RSI Schedules should be presented (for COLA increases).

NOTE 2: CHANGES OF ASSUMPTIONS:

The following changes of assumptions occurred during the year ending August 31, 2019:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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

Odessa College District

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
EMPLOYEE RETIREMENT SYSTEM OF TEXAS
STATE RETIREE HEALTH PLAN**

For the Year Ended August 31, 2019

Fiscal year ending August 31,*	2018**	2017**
District's proportionate share of collective net OPEB liability (%)	0.08633098%	0.08549391%
District's proportionate share of collective net OPEB liability (\$)	\$ 25,586,554	29,130,351
State's proportionate share of net OPEB liability associated with District	<u>19,949,542</u>	<u>26,090,419</u>
Total	<u>\$ 45,536,096</u>	<u>55,220,770</u>
District's covered-employee payroll	\$ 17,289,606	15,637,657
District's proportionate share of collective net pension liability as a percentage of covered-employee payroll	148%	186%
Plan fiduciary net position as percentage of the total OPEB liability	1.27%	2.04%

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

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

NOTE 1: CHANGES OF BENEFIT TERMS INCLUDE:

An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

NOTE 2: CHANGES OF ASSUMPTIONS:

Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.

- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated 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.

Odessa College District

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OPEB -
EMPLOYEE RETIREMENT SYSTEM OF TEXAS
STATE RETIREMENT HEALTH PLAN**

For the Year Ended August 31, 2019

Fiscal year ending August 31,*	2019	2018
Legally required contributions	\$ 803,686	811,500
Actual contributions	<u>803,686</u>	<u>811,500</u>
Contributions deficiency (excess)	\$ <u>-</u>	<u>-</u>
District's covered employee payroll amount	\$ 17,289,606	15,637,657
Contributions as a percentage of covered employee-payroll	4.65%	5.20%

*The amounts presented above are as of the District's most recent fiscal year-end.

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

NOTE 1: CHANGES OF BENEFIT TERMS INCLUDE:

An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

NOTE 2: CHANGES OF ASSUMPTIONS:

Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.

- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated 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.

SCHEDULES

Odessa College District

Schedule A

SCHEDULE OF OPERATING REVENUES

**Year Ended August 31, 2019
With Memorandum Totals for the Year Ended August 31, 2018**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2019 Total</u>	<u>2018 Total</u>
Tuition:						
State-funded credit courses						
In-district resident tuition	\$ 5,477,947	-	5,477,947	-	5,477,947	4,806,868
Out-of-district tuition	3,471,074	-	3,471,074	-	3,471,074	2,900,468
Non-resident tuition	977,357	-	977,357	-	977,357	987,752
TPEG credit set aside*	416,771	-	416,771	-	416,771	391,416
State-funded continuing education	1,149,028	-	1,149,028	-	1,149,028	845,030
TPEG non-credit set aside*	74,705	-	74,705	-	74,705	56,826
Non-state funded educational programs	180,878	-	180,878	-	180,878	172,426
Total tuition	<u>11,747,760</u>	<u>-</u>	<u>11,747,760</u>	<u>-</u>	<u>11,747,760</u>	<u>10,160,786</u>
Fees:						
Student use fees	2,187,105	-	2,187,105	-	2,187,105	2,213,773
Institutional/course fees	1,309,096	247,588	1,556,684	-	1,556,684	1,539,575
Student/activity fees	-	-	-	218,501	218,501	210,817
Laboratory fees	290,365	-	290,365	-	290,365	300,798
Other fees	47,359	14,739	62,098	-	62,098	70,115
Total fees	<u>3,833,925</u>	<u>262,327</u>	<u>4,096,252</u>	<u>218,501</u>	<u>4,314,753</u>	<u>4,335,078</u>
Scholarship allowances and discounts:						
Tuition bad debt allowance	(52,885)	-	(52,885)	-	(52,885)	(74,922)
Local remissions and exemptions	(2,089,745)	-	(2,089,745)	(35,918)	(2,125,663)	(1,198,381)
State remissions and exemptions	(342,617)	-	(342,617)	-	(342,617)	(383,872)
TPEG allowances	(115,520)	-	(115,520)	-	(115,520)	(191,898)
Federal grants to students	(1,431,564)	-	(1,431,564)	-	(1,431,564)	(2,432,542)
State grants to students	(9,837)	-	(9,837)	-	(9,837)	(16,728)
Local grants to students	(791,721)	-	(791,721)	-	(791,721)	(899,349)
Total scholarship allowances	<u>(4,833,889)</u>	<u>-</u>	<u>(4,833,889)</u>	<u>(35,918)</u>	<u>(4,869,807)</u>	<u>(5,197,692)</u>
Total net tuition and fees	<u>10,747,796</u>	<u>262,327</u>	<u>11,010,123</u>	<u>182,583</u>	<u>11,192,706</u>	<u>9,298,172</u>
Other operating revenues:						
Federal grants and contracts	15,075	946,358	961,433	-	961,433	1,293,885
State grants and contracts	-	333,361	333,361	-	333,361	278,861
Nongovernmental grants and contracts	16,000	4,915,198	4,931,198	-	4,931,198	2,288,512
Sales and services of educational activities	341,193	-	341,193	-	341,193	414,776
Investment income (program restricted)	-	24,811	24,811	2,359	27,170	21,122
General operating revenues	1,050,642	214,699	1,265,341	-	1,265,341	1,212,516
Total other operating revenues	<u>1,422,910</u>	<u>6,434,427</u>	<u>7,857,337</u>	<u>2,359</u>	<u>7,859,696</u>	<u>5,509,672</u>

Odessa College District

Schedule A

SCHEDULE OF OPERATING REVENUES (CONTINUED)

**Year Ended August 31, 2019
With Memorandum Totals for the Year Ended August 31, 2018**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2019 Total</u>	<u>2018 Total</u>
Auxiliary enterprises:						
Bookstore	-	-	-	60,477	60,477	91,160
Food service	-	-	-	771,455	771,455	573,692
Student housing	-	-	-	752,726	752,726	659,773
Other auxiliaries	-	-	-	110,331	110,331	100,612
Total net auxiliary enterprises	-	-	-	1,694,989	1,694,989	1,425,237
Total Operating Revenues	\$ 12,170,706	6,696,754	18,867,460	1,879,931	20,747,391 (Exhibit 2)	16,233,081 (Exhibit 2)

* In accordance with Education Code 56.033, \$491,476 and \$448,241 for years ending August 31, 2019 and 2018, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

Odessa College District

Schedule B

**SCHEDULE OF OPERATING EXPENSES
BY OBJECT**

**Year Ended August 31, 2019
With Memorandum Totals for the Year Ended August 31, 2018**

	Salary & Wages	Staff Benefits		Other Expenses	Total	(Restated) 2018 Total
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 12,637,006	-	2,434,076	2,459,330	17,530,412	16,159,646
Public service	682,439	-	118,204	172,879	973,522	1,110,160
Academic support	2,908,649	-	666,991	804,102	4,379,742	4,180,852
Student services	2,598,615	-	632,674	665,230	3,896,519	3,884,665
Institutional support	3,376,576	-	912,865	2,024,793	6,314,234	6,047,565
Operation and maintenance of plant	1,045,978	-	358,804	3,378,179	4,782,961	4,502,316
Scholarship and fellowships	-	-	-	701,365	701,365	654,054
Total Unrestricted Educational Activities	<u>23,249,263</u>	<u>-</u>	<u>5,123,614</u>	<u>10,205,878</u>	<u>38,578,755</u>	<u>36,539,258</u>
Restricted - Educational Activities						
Instruction	608,358	1,436,637	24,681	496,599	2,566,275	3,556,958
Public service	67,018	26,028	18,777	210,988	322,811	164,468
Academic support	92,209	320,115	18	113,538	525,880	624,529
Student services	112,587	310,857	8,813	128,110	560,367	573,004
Institutional support	16,314	562,725	-	12,914	591,953	905,936
Operation and maintenance of plant	-	-	-	(13,730)	(13,730)	396,589
Scholarship and fellowships	-	-	-	6,178,698	6,178,698	4,988,009
Total Unrestricted Educational Activities	<u>896,486</u>	<u>2,656,362</u>	<u>52,289</u>	<u>7,127,117</u>	<u>10,732,254</u>	<u>11,209,493</u>
Total Educational Activities	24,145,749	2,656,362	5,175,903	17,332,995	49,311,009	47,748,751
Auxiliary Enterprises	665,464	-	167,017	2,007,849	2,840,330	2,590,897
Depreciation Expense – Buildings and other real estate improvements	-	-	-	2,295,425	2,295,425	2,277,551
Depreciation Expense – Equipment and furniture	-	-	-	1,079,252	1,079,252	947,041
Total Operating Expenses	<u>\$ 24,811,213</u>	<u>2,656,362</u>	<u>5,342,920</u>	<u>22,715,521</u>	<u>55,526,016</u> (Exhibit 2)	<u>53,564,240</u> (Exhibit 2)

Odessa College District

Schedule C

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

**Year Ended August 31, 2019
With Memorandum Totals for the Year Ended August 31, 2018**

	Unrestricted	Restricted	Auxiliary Enterprises	2019 Total	2018 Total
NON-OPERATING REVENUES:					
State appropriations:					
Education and general support	\$ 8,379,118	-	-	8,379,118	8,379,477
State group insurance	-	1,913,052	-	1,913,052	3,343,916
State retirement matching	-	744,533	-	744,533	327,581
Nursing shortage reduction grant	-	35,127	-	35,127	46,795
Total state appropriations	<u>8,379,118</u>	<u>2,692,712</u>	<u>-</u>	<u>11,071,830</u>	<u>12,097,769</u>
Property taxes for maintenance and operations	23,863,032	-	-	23,863,032	22,407,661
Property taxes for debt service	-	4,216,344	-	4,216,344	4,837,956
Federal revenue, non-operating	-	7,087,496	-	7,087,496	7,043,922
Gifts – noncapital	17,634	82,934	62,477	163,045	66,625
Investment income – not restricted to programs	872,927	-	-	872,927	367,961
Other non-operating revenues	-	42,590	-	42,590	236,395
Total Non-Operating Revenues	<u>33,132,711</u>	<u>14,122,076</u>	<u>62,477</u>	<u>47,317,264</u>	<u>47,058,289</u>
NON-OPERATING EXPENSES:					
Interest on capital-related debt	286,732	2,761,051	-	3,047,783	2,268,485
Loss on disposal of capital assets	60,156	-	-	60,156	54,633
Other non-operating expenses	21,795	-	-	21,795	290,888
Total Non-Operating Expenses	<u>368,683</u>	<u>2,761,051</u>	<u>-</u>	<u>3,129,734</u>	<u>2,614,006</u>
Net Non-Operating Revenues	<u>\$ 32,764,028</u>	<u>11,361,025</u>	<u>62,477</u>	<u>44,187,530</u> (Exhibit 2)	<u>44,444,283</u> (Exhibit 2)

Odessa College District

Schedule D

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

**Year Ended August 31, 2019
With Memorandum Totals for the Year Ended August 31, 2018**

	Details by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation And Related Debt	Total	Yes	No
		Expendable	Non- Expendable				
Current:							
Unrestricted, undesignated	\$ (15,314,715)	-	-	-	(15,314,715)	(15,314,715)	-
Unrestricted, board designated	17,638	-	-	-	17,638	-	17,638
Restricted	-	1,330,340	-	-	1,330,340	-	1,330,340
Auxiliary enterprises	7,018	-	-	-	7,018	7,018	-
Loans	276,935	-	-	-	276,935	276,935	-
Endowment	-	-	831,084	-	831,084	-	831,084
Plant:							
Capital projects	(1,002,375)	(144,608)	-	-	(1,146,983)	(1,146,983)	-
Debt service	-	5,162,080	-	-	5,162,080	-	5,162,080
Investment in plant	-	-	-	50,217,599	50,217,599	-	50,217,599
Total Net Position, August 31, 2019	(16,015,499)	6,347,812	831,084	50,217,599	41,380,996 (Exhibit 1)	(16,177,745)	57,558,741
Total Net Position, August 31, 2018 (as restated for Cumulative Effect of Change in Accounting Principle (Note 2))	<u>(17,442,065)</u>	<u>8,104,812</u>	<u>817,939</u>	<u>39,856,873</u>	<u>31,337,559</u> (Exhibit 1)	<u>(16,179,595)</u>	<u>47,517,154</u>
Net Increase (Decrease) in net Position	<u>1,426,566</u>	<u>(1,757,000)</u>	<u>13,145</u>	<u>10,360,726</u>	<u>10,043,437</u> (Exhibit 2)	<u>1,850</u>	<u>10,041,587</u>

Odessa College District

Schedule E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2019

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Direct Awards	Pass Through Awards	Total	Subrecipients Expenditures
<u>U.S. Department of Education</u>					
Direct Programs:					
Student Financial Aid Cluster					
Federal Supplemental Educational Opportunity Grant (18-19)	84.007A	\$ 53,280	-	53,280	-
Federal Supplemental Educational Opportunity Grant (19-20)	84.007A	31,000	-	31,000	-
Subtotal		<u>84,280</u>	-	<u>84,280</u>	-
Federal College Work Study (18-19)	84.033A	97,757	-	97,757	-
Federal College Work Study (19-20)	84.033A	8,311	-	8,311	-
Subtotal		<u>106,068</u>	-	<u>106,068</u>	-
Federal Pell Grant (18-19)	84.063P	4,277,692	-	4,277,692	-
Federal Pell Grant (19-20)	84.063P	2,634,531	-	2,634,531	-
Subtotal		<u>6,912,223</u>	-	<u>6,912,223</u>	-
Direct Student Loans	84.268	16,283	-	16,283	-
Total Student Financial Assistance Cluster		<u>7,118,854</u>	-	<u>7,118,854</u>	-
Pass-through from:					
Texas Workforce Commission					
Adult Education Literacy (18-19) 1118ALAO02	84.002A	-	462,265	462,265	-
Adult Education Literacy (19-20) 1118ALAB02	84.002A	-	46,758	46,758	-
El Civics (18-19) 1118ALAO02	84.002A	-	15,090	15,090	-
Subtotal		-	<u>524,113</u>	<u>524,113</u>	-
Pass-through from:					
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Education – Basic 194248	84.048	-	274,005	274,005	-
Total U.S. Department of Education		-	<u>274,005</u>	<u>274,005</u>	-
<u>U.S. Department of Agriculture</u>					
Pass-through from:					
Texas Department of Agriculture					
Child and Adult Care Food Program 03004	10.558	-	28,882	28,882	-
Total U.S. Department of Agriculture		-	<u>28,882</u>	<u>28,882</u>	-
<u>National Science Foundation</u>					
Pass-through from:					
University of Texas at El Paso					
LSAMP HRD-1202008	47.076	-	846	846	-
Texas Tech University					
SMPF HRD-1202008	47.076	-	6,000	6,000	-
Total National Science Foundation		-	<u>6,846</u>	<u>6,846</u>	-
<u>U.S. Department of Health and Human Services</u>					
Pass-through from:					
Texas Workforce Commission					
Temporary Assistance for Needy Families (18-19) 1118ALAO02	93.558	-	24,572	24,572	-
		-	24,572	24,572	-
Pass-through from:					
ResCare Workforce Solutions					
Designated Vendor Program	93.596	-	87,940	87,940	-
Total U.S. Department of Health and Human Services		-	<u>112,512</u>	<u>112,512</u>	-
Total Expenditures of Federal Awards		\$ <u>7,118,854</u>	<u>946,358</u>	<u>8,065,212</u>	-

Notes to Schedule on following page.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended August 31, 2019

Note 1: FEDERAL ASSISTANCE RECONCILIATION

Federal grants and contracts revenue, Operating Sch A	\$ 961,433
Federal grants and contracts revenue, Non-Operating Sch C	7,087,496
Federal Direct Student Loans	<u>16,283</u>
Total Federal Revenues Per Schedule of Expenditures of Federal Awards	<u>\$ 8,065,212</u>

Note 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The expenditures included in the schedule are reported for the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended to the District for the purposes of the award. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in preparation of the Schedule. Since the District has agency approved indirect recovery rate it has elected not to use the 10 percent de minimis cost rate as permitted in the UG, Section 200.414. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

**NOTE 3: STUDENT LOANS PROCESSED AND ADMINISTRATIVE COSTS RECOVERED –
Not included in Schedule**

Federal Grantor CFDA Number/Program Name	<u>Total Loans</u>		Processed & Administrative Costs Recovered
	<u>New Loans Processed</u>	<u>Administrative Costs Recovered</u>	<u>Processed & Administrative Costs Recovered</u>
<u>Department of Education</u>			
84.032 Federal Family Education Loan Program	\$ <u>1,195,737</u>	<u>-</u>	<u>1,195,737</u>
Total U.S. Department of Education	\$ <u>1,195,737</u>	<u>-</u>	<u>1,195,737</u>

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended August 31, 2019

Grantor Agency/Program Title	Grant/ Contract Number	Disbursement and Expenditures
Texas Workforce Commission		
State Adult Education and Literacy (18-19)	1118ALA002	\$ 83,293
Skills Small Business	1118SSD000	43,377
Skills Development Fund	1119SDF001	142,984
Texas Higher Education Coordinating Board		
Texas College Work Study (18-19)	-	493
TEOG (18-19)	-	31,206
TEOG (19-20)	-	16,769
Nursing Shortage Reduction Program Over 70% FY2016	-	29,072
Nursing Shortage Reduction Program Regular FY2017	-	6,055
Work Study Student Mentorship	-	6,924
T-STEM Challenge Scholarship	-	7,500
Texas Law Enforcement Officer Standards in Education Agency		<u>815</u>
Total Expenditures of State Awards		<u>\$ 368,488</u>

NOTE 1: STATE ASSISTANCE RECONCILIATION

State revenues per Schedule A:		
Operating Revenues:		
State grants and contracts		\$ 333,361
State revenues per Schedule C:		
Non-Operating Revenues:		
Nursing shortage reduction grant		<u>35,127</u>
Total State Revenues per Schedule of Expenditures of State Awards		<u>\$ 368,488</u>

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The expenditures included in the schedule are reported for the District’s fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended to the District for the purposes of the award. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

SINGLE AUDIT REPORTS



JOHNSON, MILLER & CO., CPA's PC

Certified Public Accountants

A Professional Corporation

An Independent Member of BDO Alliance USA

**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

The Board of Trustees
Odessa College District
Odessa, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Odessa College District (the "District"), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon November 26, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Compliance with the Texas Public Funds Investment Act

We have performed tests designed to verify the District's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2019, no instances of noncompliance were found.

Purpose of this Report

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

Johnson, Miller & Co., CPAs PC

Odessa, Texas
November 26, 2019



JOHNSON, MILLER & CO., CPA's PC

Certified Public Accountants

A Professional Corporation

An Independent Member of BDO Alliance USA

**Independent Auditors' Report on Compliance
For Each Major Federal Program and Report on Internal
Control Over Compliance Required by the Uniform Guidance**

To the Board of Trustees
Odessa College District
Odessa, Texas

Report on Compliance for Each Major Federal Program

We have audited Odessa College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

-75-

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Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Johnson, Miller & Co., CPAs PC

Odessa, Texas
November 26, 2019

Odessa College District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

August 31, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Yes No

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as a low-risk auditee Yes No

Odessa College District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

August 31, 2019

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007A	Student Financial Aid Cluster: Federal Supplemental Education Opportunity Grant
84.033A	Federal College Work Study Program
84.063P	Federal Pell Grant
84.268	Federal Direct Student Loans
Section II – FINANCIAL STATEMENT FINDINGS	No matters were reported.
Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS	
August 31, 2019	No matters were reported.
August 31, 2018	No matters were reported.

STATISTICAL SUPPLEMENT

Odessa College District
STATISTICAL SUPPLEMENT
(UNAUDITED)

This part of Odessa College District's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the College's overall financial health.

The information contained within this section is being presented to provide the reader with a better understanding of five objectives:

- Financial Trends – These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

SS1 – Net Position by Component

SS2 – Revenue by Source

SS3 – Program Expenses by Function

- Revenue Capacity – Assessing the College's ability to generate revenue by examining its major revenue sources.

SS4 – Tuition and Fees

SS5 – State Appropriation per FTSE and Contact Hour

SS6 – Assessed Value and Taxable Assessed Value of Property *formerly SS10*

SS7 – Principal Taxpayers

SS8 – Property Tax Levies and Collections

- Debt Capacity – Assessing the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.

SS9 – Ratios of Outstanding Debt

SS10 – Legal Debt Margin Information

SS11 – Pledged Revenue Coverage

- Demographic and Economic Information – Providing demographic and economic indicators to help in understanding the environment within which the College's financial activities take place.

SS12 – Demographic and Economic Statistics – Taxing District

SS13 – Principal Employers

- Operating Information – Providing information about how the College's financial report relates to the services it provides and the activities it performs.

SS14 – Faculty, Staff, and Administrator Statistics

SS15 – Fall Enrollment Details

SS16 – Student Demographic Profile

SS17 – Transfer Students to Senior Institutions

SS18 – Capital Asset Information

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

**Odessa College District
Statistical Supplement 1
Net Position by Component
Fiscal Years 2010 to 2019
(unaudited)**

For the Fiscal Year Ended August 31,
(amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Invested in capital assets, net of related debt	\$ 50,218	\$ 39,857	\$ 35,669	\$ 31,177	\$ 17,619	\$ 15,208	\$ 13,987	\$ 12,022	\$ 9,767	\$ 8,169
Restricted - expendable	6,348	8,105	5,092	4,493	11,624	11,043	7,683	7,605	4,820	4,633
Restricted - nonexpendable	831	818	772	844	844	844	838	829	807	813
Unrestricted	(16,015)	(17,442)	14,168	13,874	13,811	19,547	19,067	17,924	17,681	16,775
Total net position	\$ 41,382	\$ 31,338	\$ 55,701	\$ 50,388	\$ 43,898	\$ 46,642	\$ 41,575	\$ 38,380	\$ 33,075	\$ 30,390
		(a)		(b)						

Notes:

(a) To reflect the adoption of GASB 75, beginning net position was restated to record the beginning net OPEB liability and for the recording of deferred outflows of resources for OPEB contributions made after the measurement date of the beginning net OPEB liability and the beginning of the fiscal year.

(b) To reflect the adoption of GASB 68, beginning net position was restated to record the beginning net pension liability and related deferred outflows for contributions made after measurement date of the beginning net pension liability and the beginning of the fiscal year.

**Odessa College District
Statistical Supplement 2
Revenues by Source
Fiscal Years 2010 to 2019
(unaudited)**

For the Year Ended August 31,
(amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tuition and Fees (Net of Discounts)	\$ 11,193	\$ 9,298	\$ 8,829	\$ 7,701	\$ 8,327	\$ 6,947	\$ 7,579	\$ 8,689	\$ 5,492	\$ 4,662
Governmental Grants and Contracts										
Federal Grants and Contracts	962	1,294	1,210	1,513	1,934	1,266	1,402	2,237	2,535	3,627
State Grants and Contracts	333	279	415	342	758	1,284	385	493	486	418
Non-Governmental Grants and Contracts	4,931	2,289	1,569	2,348	655	309	55	62	79	32
Sales and services of educational activities	341	415	443	463	524	538	504	495	417	288
Investment Income	27	21	18	14	13	13	15	15	13	15
Auxiliary enterprises	1,695	1,425	1,360	1,571	1,598	1,530	1,492	847	829	816
Other Operating Revenues	1,266	1,212	1,397	677	601	636	644	775	722	601
Total Operating Revenues	20,748	16,233	15,241	14,629	14,410	12,523	12,076	13,613	10,573	10,459
State Appropriations	11,072	12,098	10,208	10,290	9,538	9,720	8,597	8,427	10,803	10,873
Property taxes - M&O	23,863	22,408	21,172	22,138	21,497	19,827	18,354	17,040	16,027	15,153
Property taxes - Debt Service	4,216	4,838	4,818	4,823	4,662	4,324	4,341	3,935	-	-
Federal Grants, non-operating	7,087	7,044	6,480	5,860	4,903	5,102	5,093	6,153	7,570	6,441
Gifts	163	66	242	148	194	193	236	376	439	311
Investment income	873	368	268	396	181	262	325	420	296	442
Other non-operating revenues	43	236	300	45	55	8	48	1	1	195
Total Non-Operating Revenues	47,317	47,058	43,488	43,700	41,030	39,436	36,994	36,352	35,136	33,415
Total Revenue	\$ 68,065	\$ 63,291	\$ 58,729	\$ 58,329	\$ 55,440	\$ 51,959	\$ 49,070	\$ 49,965	\$ 45,709	\$ 43,874

For the Year Ended August 31,
(amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tuition and fees (net of discounts)	16.44%	14.69%	15.03%	13.20%	15.02%	13.37%	15.45%	17.39%	12.02%	10.63%
Governmental grants and contracts										
Federal grants and contracts	1.41%	2.04%	2.06%	2.59%	3.49%	2.44%	2.86%	4.48%	5.55%	8.27%
State grants and contracts	0.49%	0.44%	0.71%	0.59%	1.37%	2.47%	0.78%	0.99%	1.06%	0.95%
Non-governmental grants and contracts	7.24%	3.62%	2.67%	4.03%	1.18%	0.59%	0.11%	0.12%	0.17%	0.07%
Sales and services of educational activities	0.50%	0.66%	0.75%	0.79%	0.95%	1.04%	1.03%	0.99%	0.91%	0.66%
Investment Income	0.04%	0.03%	0.03%	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%
Auxiliary enterprises	2.49%	2.25%	2.32%	2.69%	2.88%	2.94%	3.04%	1.70%	1.81%	1.86%
Other operating revenues	1.86%	1.91%	2.38%	1.16%	1.08%	1.22%	1.31%	1.55%	1.58%	1.37%
Total Operating Revenues	30.48%	25.65%	25.95%	25.08%	25.99%	24.10%	24.61%	27.25%	23.13%	23.84%
State appropriations	16.27%	19.11%	17.38%	17.64%	17.20%	18.71%	17.52%	16.87%	23.63%	24.78%
Property taxes - M&O	35.06%	35.40%	36.05%	37.95%	38.78%	38.16%	37.40%	34.10%	35.06%	34.54%
Property taxes - Debt Service	6.19%	7.64%	8.20%	8.27%	8.41%	8.32%	8.85%	7.88%	0.00%	0.00%
Federal Grants, non-operating	10.41%	11.13%	11.03%	10.05%	8.84%	9.82%	10.38%	12.31%	16.56%	14.68%
Gifts	0.24%	0.10%	0.41%	0.25%	0.35%	0.37%	0.48%	0.75%	0.96%	0.71%
Investment income	1.28%	0.58%	0.46%	0.68%	0.33%	0.50%	0.66%	0.84%	0.65%	1.01%
Other non-operating revenues	0.06%	0.37%	0.51%	0.08%	0.10%	0.02%	0.10%	0.00%	0.00%	0.44%
Total Non-Operating Revenues	69.52%	74.35%	74.05%	74.92%	74.01%	75.90%	75.39%	72.75%	76.87%	76.16%
Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Odessa College District
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2010 to 2019
(unaudited)**

For the Year Ended August 31,
(amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction	\$ 20,097	\$ 19,717	\$ 18,203	\$ 18,150	\$ 18,651	\$ 17,536	\$ 14,747	\$ 15,272	\$ 15,266	\$ 14,382
Research	-	-	-	-	-	-	-	-	-	-
Public service	1,296	1,275	1,574	1,252	1,141	1,179	909	1,210	1,332	1,332
Academic support	4,906	4,805	4,810	4,807	4,537	4,208	4,049	4,138	3,805	4,006
Student services	4,457	4,458	4,376	4,179	3,968	3,677	2,813	2,914	2,837	3,332
Institutional support	6,906	6,953	6,147	5,947	5,475	6,400	6,464	5,796	6,313	6,089
Operation and maintenance of plant	4,769	4,899	4,449	4,122	4,281	3,679	3,388	3,351	3,705	5,036
Scholarships and fellowships	6,880	5,642	5,041	4,976	4,237	4,547	4,713	6,463	6,136	4,703
Auxiliary enterprises	2,840	2,591	2,277	2,397	2,412	2,164	1,872	1,675	1,668	1,685
Depreciation	3,374	3,224	2,942	2,688	2,552	1,836	1,575	1,448	1,375	1,315
Total Operating Expenses	55,525	53,564	49,819	48,518	47,254	45,226	40,530	42,267	42,437	41,880
Interest on capital related debt	3,049	2,268	3,750	3,871	3,963	4,909	4,883	5,206	570	650
Loss on disposal of fixed assets	60	55	64	60	69	83	80	85	119	90
Other non-operating	22	291	22	22	22	35	21	125	101	71
Total Non-Operating Expenses	3,131	2,614	3,836	3,953	4,054	5,027	4,984	5,416	790	811
Total Expenses	\$ 58,656	\$ 56,178	\$ 53,655	\$ 52,471	\$ 51,308	\$ 50,253	\$ 45,514	\$ 47,683	\$ 43,227	\$ 42,691

For the Year Ended August 31,
(amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction	34.26%	35.10%	33.93%	34.59%	36.35%	34.90%	32.40%	32.03%	35.32%	33.69%
Research	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public service	2.21%	2.27%	2.93%	2.39%	2.22%	2.35%	2.00%	2.54%	3.08%	3.12%
Academic support	8.36%	8.55%	8.96%	9.16%	8.84%	8.37%	8.90%	8.68%	8.80%	9.38%
Student services	7.60%	7.94%	8.16%	7.96%	7.73%	7.32%	6.18%	6.11%	6.56%	7.80%
Institutional support	11.77%	12.38%	11.46%	11.33%	10.67%	12.74%	14.20%	12.16%	14.60%	14.26%
Operation and maintenance of plant	8.13%	8.72%	8.29%	7.86%	8.34%	7.32%	7.44%	7.03%	8.57%	11.80%
Scholarships and fellowships	11.73%	10.04%	9.40%	9.48%	8.26%	9.05%	10.36%	13.55%	14.19%	11.02%
Auxiliary enterprises	4.84%	4.61%	4.24%	4.57%	4.70%	4.31%	4.11%	3.51%	3.86%	3.95%
Depreciation	5.75%	5.74%	5.48%	5.12%	4.97%	3.65%	3.46%	3.04%	3.18%	3.08%
Total Operating Expenses	94.66%	95.35%	92.85%	92.47%	92.10%	90.00%	89.05%	88.64%	98.17%	98.10%
Interest on capital related debt	5.20%	4.04%	6.99%	7.38%	7.72%	9.77%	10.73%	10.92%	1.32%	1.52%
Loss on disposal of fixed assets	0.10%	0.10%	0.12%	0.11%	0.13%	0.17%	0.18%	0.18%	0.28%	0.21%
Other non-operating	0.04%	0.52%	0.04%	0.04%	0.04%	0.07%	0.05%	0.26%	0.23%	0.17%
Total Non-Operating Expenses	5.34%	4.65%	7.15%	7.53%	7.90%	10.00%	10.95%	11.36%	1.83%	1.90%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Odessa College District
Statistical Supplement 4
Tuition and Fees
Last Ten Academic Years
(unaudited)**

**Resident
Fees per Semester Credit Hour (SCH)**

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	General Services Fee	Student Activity Fee	Out of District Fee	ID Card Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2018	\$ -	\$ 68	\$ 118	\$ 21	\$ 2	\$ -	\$ -	\$ 1,092	\$ 1,692	4.60%	7.63%
2017	-	64	108	21	2	-	-	1,044	1,572	0.00%	0.00%
2016	-	64	108	21	2	-	-	1,044	1,572	1.16%	0.77%
2015	-	64	108	20	2	-	-	1,032	1,560	0.00%	0.00%
2014	-	64	108	20	2	-	-	1,032	1,560	4.88%	4.84%
2013	-	61	103	20	1	-	-	984	1,488	2.50%	4.20%
2012	-	59	98	20	1	-	-	960	1,428	5.26%	7.21%
2011	-	55	90	20	1	-	-	912	1,332	20.63%	26.14%
2010	-	52	77	10	1	-	-	756	1,056	8.62%	12.82%
2009	-	47	67	10	1	-	-	696	936	9.43%	14.71%

**Non-Resident
Fees per Semester Credit Hour (SCH)**

Academic Year (Fall)	Registration Fee (per student)	Non-Res Tuition Out of State	Non-Resident Tuition Internat'l	General Services Fee	Student Activity Fees	Out of District Fee	ID Card Fee	Cost for 12 SCH Out of State	Cost for 12 SCH Internat'l	Increase from Prior Yr Out of State	Increase from Prior Year Internat'l
2018	\$ 150	\$ 150	\$ 150	\$ 21	\$ 2	\$ -	\$ -	\$ 2,226	\$ 2,226	5.70%	5.70%
2017	150	140	140	21	2	-	-	2,106	2,106	0.00%	0.00%
2016	150	140	140	21	2	-	-	2,106	2,106	0.57%	0.57%
2015	150	140	140	20	2	-	-	2,094	2,094	0.00%	0.00%
2014	150	140	140	20	2	-	-	2,094	2,094	4.80%	4.80%
2013	150	133	133	20	1	-	-	1,998	1,998	6.39%	6.39%
2012	150	123	123	20	1	-	-	1,878	1,878	5.39%	5.39%
2011	150	115	115	20	1	-	-	1,782	1,782	18.33%	18.33%
2010	150	102	102	10	1	-	-	1,506	1,506	13.57%	13.57%
2009	150	87	87	10	1	-	-	1,326	1,326	15.71%	15.71%

Note: Includes basic enrollment tuition and fees. Excludes special program tuition or course-based fees such as laboratory fees, testing fees and certification fees.

**Odessa College District
Statistical Supplement 5
State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years
(unaudited)**

For the Year Ended August 31,

	2019	2018	2017	2016	2015	2014 (a)	2013	2012	2011	2010
Appropriation Funding Elements										
Contact Hour Funding (CH)	\$ 7,055,956	\$ 7,055,956	\$ 6,534,268	\$ 6,534,268	\$ 6,243,805	\$ 6,243,805	\$ 6,925,172	\$ 6,826,221	\$ 7,843,768	\$ 7,944,885
Student Success Points (SSP)	636,187	636,188	571,457	571,457	607,331	607,331				
Core Operations (CO)	680,406	680,406	500,000	500,000	500,000	500,000				
Non-Formula Items										
Total State Appropriation	<u>\$ 8,372,549</u>	<u>\$ 8,372,550</u>	<u>\$ 7,605,725</u>	<u>\$ 7,605,725</u>	<u>\$ 7,351,136</u>	<u>\$ 7,351,136</u>	<u>\$ 6,925,172</u>	<u>\$ 6,826,221</u>	<u>\$ 7,843,768</u>	<u>\$ 7,944,885</u>
State Appropriation per FTSE										
State Appropriation (Unrestricted) - from Schedule C	\$ 8,372,549	\$ 8,372,550	\$ 7,605,725	\$ 7,605,725	\$ 7,351,136	\$ 7,351,136	\$ 6,925,172	\$ 6,826,221	\$ 7,843,768	\$ 7,944,885
FTSE (b)	\$ 4,372	\$ 4,179	4,239	3,720	3,590	3,670	3,474	3,641	3,793	3,719
State Appropriation per FTSE	<u>\$ 1,915</u>	<u>\$ 2,003</u>	<u>\$ 1,794</u>	<u>\$ 2,045</u>	<u>\$ 2,048</u>	<u>\$ 2,003</u>	<u>\$ 1,993</u>	<u>\$ 1,875</u>	<u>\$ 2,068</u>	<u>\$ 2,136</u>
State Appropriation per Funded Contact Hour										
Contact Hour Appropriation (above)	\$ 7,055,956	\$ 7,055,956	\$ 6,534,268	\$ 6,534,268	\$ 6,243,805	\$ 6,243,805	\$ 6,925,172	\$ 6,826,221	\$ 7,843,768	\$ 7,944,885
Contact Hours:										
Academic CH	1,746,160	1,710,328	1,658,196	1,419,673	1,293,627	1,273,303	1,295,296	1,354,704	1,414,944	1,415,536
Technical CH	789,360	748,112	772,864	761,454	717,363	723,664	714,336	709,312	728,048	711,840
Continuing Education CH	187,180	126,772	269,205	243,577	320,832	307,032	258,006	320,602	318,279	285,982
Total Funded Contact Hours	<u>2,722,700</u>	<u>2,585,212</u>	<u>2,700,265</u>	<u>2,424,704</u>	<u>2,331,822</u>	<u>2,303,999</u>	<u>2,267,638</u>	<u>2,384,618</u>	<u>2,461,271</u>	<u>2,413,358</u>
State Appropriation per Funded CH	<u>\$ 2.59</u>	<u>\$ 2.73</u>	<u>\$ 2.42</u>	<u>\$ 2.69</u>	<u>\$ 2.68</u>	<u>\$ 2.71</u>	<u>\$ 3.05</u>	<u>\$ 2.86</u>	<u>\$ 3.19</u>	<u>\$ 3.29</u>
State Appropriation per Student Success Point - Annualized										
Student Success Points (SSP) State Appropriation	\$ 636,187	\$ 636,188	\$ 571,457	\$ 571,457	\$ 607,331	\$ 607,331	n/a	n/a	n/a	n/a
3-Year Average Student Success Points (for appropriation basis)	7,417	7,417	6,622	6,622	6,561	6,561	n/a	n/a	n/a	n/a
State Appropriation per SSP	<u>\$ 85.77</u>	<u>\$ 85.77</u>	<u>\$ 86.30</u>	<u>\$ 86.30</u>	<u>\$ 92.57</u>	<u>\$ 92.57</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Student Success Points (SSP) by Element (c)										
Math Readiness	n/a	358.0	396.0	303.0	256.0	238.0	222.0	169.0	343.0	296.0
Reading Readiness	n/a	194.0	242.0	192.0	175.0	65.5	123.0	134.0	258.0	224.0
Writing Readiness	n/a	265.0	276.0	176.0	174.0	45.0	99.0	89.0	193.0	195.0
Students Who Pass FCL Math Course	n/a	1,046.0	1,129.0	843.0	696.0	684.0	651.0	604.0	698.0	629.0
Students Who Pass FCL Read Course	n/a	1,235.0	1,366.0	1,087.0	1,097.0	528.0	1,148.0	1,117.0	1,142.0	1,175.0
Students Who Pass FCL Write Course	n/a	1,166.0	1,172.0	960.0	998.0	483.5	1,091.0	895.0	964.0	1,095.0
Students Who Complete 15 SCH	n/a	1,889.0	2,131.0	1,689.0	1,591.0	1,461.0	1,417.0	1,326.0	1,896.0	2,048.0
Students Who Complete 30 SCH	n/a	1,409.0	1,163.0	1,036.0	908.0	869.0	841.0	936.0	1,233.0	1,230.0
Student Transfers to 4-Yr Inst	n/a	529.0	497.0	471.0	516.0	892.0	447.0	139.0	166.0	202.0
Degrees, CCC's, or Certs (Undup)	n/a	241.0	223.0	249.0	183.0	1,078.0	233.0	373.0	363.0	298.0
Degrees or Certs in Critical Fields	n/a	916.0	953.0	693.0	629.0	564.8	459.0	224.0	209.0	213.0
Total Annual Success Points (c)	-	9,248.0	9,548.0	7,699.0	7,223.0	6,908.8	6,731.0	6,006.0	7,465.0	7,605.0

Notes

- (a) Formula Funding Changed Methodology in FY2014.
- (b) Fiscal Year FTSE is equal to the sum of State Funded Semester Credit Hours (Fall + Spring + Summer) for the Current Fiscal Year / 30 SCH plus the sum of State Funded Continuing Education Contact Hours (Qtr 1 + Qtr 2 + Qtr 3 + Qtr 4) for the Current Fiscal Year / 900 CH
- (c) These are annual Student Success Points, not 3-year rolling average that is used for funding calculations

Sources

Texas Higher Education Coordinating Board 10-Pay Schedule
Texas Higher Education Coordinating Board - Accountability System

Odessa College District
Statistical Supplement 6
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year	(amounts expressed in thousands)				Ratio of Taxable to Assessed Value	Tax Rate (a)		
	Assessed Valuation of Property	Less: Exempt Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations	Debt Service	Total
2018-19	16,664,737	(1,133,870)	(1,636,675)	13,894,192	83.37%	0.169654	0.030006	0.199660
2017-18	15,607,529	(1,099,469)	(1,599,443)	12,908,617	82.71%	0.169654	0.036765	0.206419
2016-17	15,127,818	(957,470)	(1,600,518)	12,569,830	83.09%	0.166670	0.037980	0.204650
2015-16	16,463,948	(938,601)	(1,535,009)	13,990,338	84.98%	0.156900	0.034300	0.191200
2014-15	17,171,163	(914,984)	(1,563,363)	14,692,816	85.57%	0.145000	0.031600	0.176600
2013-14	16,176,607	(883,327)	1,504,981	13,788,299	85.24%	0.143474	0.030651	0.174125
2012-13	14,112,228	(786,301)	(1,337,616)	11,988,311	84.95%	0.151200	0.035970	0.187170
2011-12	12,709,099	(765,449)	(1,319,325)	10,624,325	83.60%	0.158400	0.038680	0.197080
2010-11	12,082,970	(755,318)	(1,352,763)	9,974,889	82.55%	0.158400		0.158400
2009-10	11,725,808	(758,166)	(1,659,187)	9,308,455	79.38%	0.162400	-	0.162400

Note:

(a) Per \$100 of Net Assessed Value

**Odessa College District
Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(unaudited)**

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Halliburton Energy Services	Oil & Gas	\$ 355,753	\$ 329,985	\$ 311,773	\$ 272,607	\$ 298,503	\$ 265,719	\$ 238,475	\$ 132,610		
La Frontera Holdings LLC	Utility	294,151	294,150	267,800	232,217	235,002	247,462	251,858	316,562	226,811	191,925
ONCOR Electric Delivery	Utility	220,913	184,293	167,470	146,451	136,615	-	-	-	-	-
Occidental Permian LTD	Oil & Gas	209,990	217,208	267,497	255,922	465,399	773,121	810,640	677,300	671,537	722,406
COG Operating	Oil & Gas	188,622		115,183	-	-	-	-	235,003	190,344	94,093
Fasken Oil & Ranch LTD	Oil & Gas	144,328	144,571	148,227	127,667	281,811	177,672	-	-	-	-
Pumpco Energy Services	Oil & Gas	136,029	104,426	-	-	-	-	-	-	-	-
ConocoPhillips Company	Oil & Gas	134,199	132,287	124,152	-	182,564	331,184	375,281	382,053	401,298	457,937
FDL Operating LLC	Oil & Gas	115,676	113,357	139,120	-	-	-	-	-	-	-
Sheridan Production Co	Oil & Gas	115,199						194,557	-	-	-
B J Service LLC	Oil & Gas	-	115,880	-	-	-	-	-	-	-	-
Cer-Quail Run Energy Partnership	Utility	-	67,005	84,019	111,946	-	-	-	-	-	-
Oxy USA WTP LP	Oil & Gas	-	-	80,523	-	-	164,270	206,678	244,011	223,194	225,445
Reliance Energy Inc	Oil & Gas	-	-	-	108,601	166,223	182,825	-	-	-	-
Nabors Lux Finance 2	Oil & Gas	-	-	-	101,955	-	-	-	-	-	-
Ector County Energy Center LLC	Utility	-	-	-	101,000	-	-	-	-	-	-
Devon Energy Production	Oil & Gas	-	-	-	89,048	178,711	302,219	222,788	256,806	203,373	126,613
XTO Energy	Oil & Gas	-	-	-	-	177,394	285,375	197,932	243,275	308,732	296,139
Apache Corporation	Oil & Gas	-	-	-	-	115,668	274,700	265,774	264,552	236,650	236,130
Chevron USA Inc.	Oil & Gas	-	-	-	-	-	-	175,878	-	-	-
Sandridge Exploration & Prod	Oil & Gas	-	-	-	-	-	-	-	244,663	211,724	179,281
Oxy USA Inc.	Oil & Gas	-	-	-	-	-	-	-	-	82,994	-
Energen Resources	Oil & Gas	-	-	-	-	-	-	-	-	-	95,603
Totals		\$ 1,914,860	\$ 1,703,162	\$ 1,705,764	\$ 1,547,414	\$ 2,237,890	\$ 3,004,547	\$ 2,939,861	\$ 2,996,835	\$ 2,756,657	\$ 2,625,572
Total Taxable Assessed Value		\$ 13,894,002	\$ 12,908,617	\$ 12,569,830	\$ 13,990,337	\$ 14,692,816	\$ 13,788,295	\$ 11,988,311	\$ 10,624,325	\$ 9,974,889	\$ 9,308,455

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Halliburton Energy Services	Oil & Gas	2.56%	2.56%	2.48%	1.95%	2.03%	1.93%	1.99%	1.25%	-	-
La Frontera Holdings LLC	Utility	2.12%	2.28%	2.13%	1.66%	1.60%	1.79%	2.10%	2.98%	2.27%	2.06%
ONCOR Electric Delivery	Utility	1.59%	1.43%	1.33%	1.05%	0.93%	-	-	-	-	-
Occidental Permian LTD	Oil & Gas	1.51%	1.68%	2.13%	1.83%	3.17%	5.61%	6.76%	6.37%	6.73%	7.76%
COG Operating	Oil & Gas	1.36%	-	0.92%	-	-	-	-	2.21%	1.91%	1.01%
Fasken Oil & Ranch LTD	Oil & Gas	1.04%	1.12%	1.18%	0.91%	1.92%	1.29%	-	-	-	-
Pumpco Energy Services	Oil & Gas	0.98%	0.81%	-	-	-	-	-	-	-	-
ConocoPhillips Company	Oil & Gas	0.97%	1.02%	0.99%	-	1.24%	2.40%	3.13%	3.60%	4.02%	4.92%
FDL Operating LLC	Oil & Gas	0.83%	0.88%	1.11%	-	-	-	-	-	-	-
Sheridan Production Co	Oil & Gas	0.83%	-	-	-	-	-	1.62%	-	-	-
B J Service LLC	Oil & Gas	-	0.90%	-	-	-	-	-	-	-	-
Cer-Quail Run Energy Partnership	Oil & Gas	-	0.52%	0.67%	0.80%	-	-	-	-	-	-
Oxy USA WTP LP	Utility	-	-	0.64%	-	-	1.19%	1.72%	2.30%	2.24%	2.42%
Reliance Energy Inc	Oil & Gas	-	-	-	0.78%	1.13%	1.33%	-	-	-	-
Nabors Lux Finance 2	Oil & Gas	-	-	-	0.73%	-	-	-	-	-	-
Ector County Energy Center LLC	Utility	-	-	-	0.72%	-	-	-	-	-	-
Devon Energy Production	Oil & Gas	-	-	-	0.64%	1.22%	2.19%	1.86%	2.42%	2.04%	1.36%
XTO Energy	Oil & Gas	-	-	-	-	1.21%	2.07%	1.65%	2.29%	3.10%	3.18%
Apache Corporation	Oil & Gas	-	-	-	-	0.79%	1.99%	2.22%	2.49%	2.37%	2.54%
Chevron USA Inc.	Oil & Gas	-	-	-	-	-	-	1.47%	-	-	-
Sandridge Exploration & Prod	Oil & Gas	-	-	-	-	-	-	-	2.30%	2.12%	1.93%
Oxy USA Inc.	Oil & Gas	-	-	-	-	-	-	-	-	0.83%	-
Energen Resources	Oil & Gas	-	-	-	-	-	-	-	-	-	1.03%
Totals		13.78%	13.19%	13.57%	11.06%	15.23%	21.79%	24.52%	28.21%	27.64%	28.21%

**Odessa College District
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
(unaudited)
(amounts expressed in thousands)**

Fiscal Year Ended August 31,	Total Tax Levy for Fiscal Year	Cumulative Levy Adjustments	Adjusted Tax Levy	Collected Within Fiscal Year of Levy		Collections Subsequent to Year of Levy		Total Collections to Date	
				Amount	Percentage	FY 2018	Previous Years	Amount	Percentage
2019	\$ 27,741	\$ (41)	\$ 27,700	\$ 26,991	97.44%	\$ -	\$ -	\$ 26,991	97.44%
2018	26,646	159	26,805	26,036	97.13%	329	-	26,364	98.36%
2017	25,724	(142)	25,582	24,695	96.53%	106	456	25,256	98.72%
2016	26,750	(128)	26,622	25,767	96.79%	71	564	26,401	99.17%
2015	25,948	(168)	25,780	25,136	97.50%	38	418	25,592	99.27%
2014	24,009	(187)	23,822	23,323	97.91%	19	371	23,712	99.54%
2013	22,438	(29)	22,409	21,928	97.85%	10	387	22,324	99.62%
2012	20,706	(32)	20,674	20,245	97.92%	6	348	20,599	99.64%
2011	15,800	(21)	15,779	15,353	97.30%	3	371	15,727	99.67%
2010	15,117	(29)	15,088	14,620	96.90%	2	418	15,040	99.68%

Note:

Collections of property taxes only, excluding any penalties and interest.

Source:

Ector County Tax Appraisal District

**Odessa College District
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Tax Years
(unaudited)**

For the Year Ended Augst 31, (amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Bonded Debt										
General Obligation Bonds	\$ 61,195	\$ 62,745	\$ 64,320	\$ 65,760	\$ 67,155	\$ 68,340	\$ 68,470	\$ 68,500	\$ -	\$ -
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	\$ 61,195	\$ 62,745	\$ 64,320	\$ 65,760	\$ 67,155	\$ 68,340	\$ 68,470	\$ 68,500	\$ -	\$ -
Other Debt										
Revenue bonds	7,305	9,865	12,325	14,680	16,965	19,185	21,340	23,470	19,005	20,800
Capitla lease obligations	168	223	-	-	40	40	115	134	94	127
Total Outstanding Debt	\$ 68,668	\$ 72,833	\$ 76,645	\$ 80,440	\$ 84,160	\$ 87,565	\$ 89,925	\$ 92,104	\$ 19,099	\$ 20,927
General Bonded Debt Ratios										
Per Capita	\$ 389.35	\$ 387.02	\$ 409.45	\$ 417.62	\$ 420.54	\$ 442.13	\$ 457.53	\$ 474.01	\$ -	\$ -
Per FTSE	\$ 13,996	\$ 15,014	\$ 15,172	\$ 17,678	\$ 18,705	\$ 18,622	\$ 19,712	\$ 18,815	\$ -	\$ -
As a % of Taxable Assessed Value	0.44%	0.49%	0.51%	0.47%	0.46%	0.50%	0.57%	0.64%	0.00%	0.00%
Total Outstanding Debt Ratios										
Per Capita	\$ 436.89	\$ 449.24	\$ 487.91	\$ 510.85	\$ 527.02	\$ 566.51	\$ 600.90	\$ 637.34	\$ 136.73	\$ 152.61
Per FTSE	\$ 15,705	\$ 17,428	\$ 18,079	\$ 21,625	\$ 23,442	\$ 23,861	\$ 25,888	\$ 25,299	\$ 5,035	\$ 5,627
As a % of Taxable Assessed Value	0.49%	0.56%	0.61%	0.57%	0.57%	0.64%	0.75%	0.87%	0.19%	0.22%

**Odessa College District
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Tax Years
(unaudited)**
(amounts expressed in thousands)

For the Year Ended Augst 31,	Taxable Assessed Value	Statutory Tax Levy Limit for Debt Service (1)	Less: Funds Restricted for Repayment	Net Statutory Tax Levy Limit	Current Year Debt Service Requirements	Excess of Statutory Limit for Debt Service over Current Requirements	Net Current Requirements as a % of Statutory Limit
2019	\$ 13,894,192	\$ 69,471	-	\$ 69,471	\$ 4,279	\$ 65,192	6.16%
2018	12,908,617	64,543	-	64,543	4,748	59,795	7.36%
2017	12,569,830	62,849	-	62,849	4,755	58,094	7.57%
2016	13,990,338	69,952	-	69,952	4,752	65,200	6.79%
2015	14,692,816	73,464	-	73,464	4,569	68,895	6.22%
2014	13,788,299	68,941	-	68,941	4,396	64,545	6.38%
2013	11,988,311	59,942	-	59,942	4,226	55,716	7.05%
2012	10,624,325	53,122	-	53,122	-	53,122	0.00%
2011	9,974,889	49,874	-	49,874	-	49,874	0.00%
2010	9,308,455	46,542	-	46,542	-	46,542	0.00%

Note:

(1) Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable asse

**Odessa College District
Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Tax Years
(unaudited)**

(amounts expressed in thousands)

Fiscal Year	Pledged Revenues					Revenue Bonds Debt Service Requirements			
	Tuition and Fees	Auxiliary Revenue	Other Pledged Revenue	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
2018-2019	\$ 16,063	\$ 1,695	\$ 6,743	\$ 900	\$ 25,401	\$ 2,560	\$ 339	\$ 2,899	8.76
2017-2018	14,496	1,425	4,219	389	20,529	2,460	437	2,897	7.09
2016-2017	13,767	1,360	3,950	286	19,363	2,355	531	2,886	6.71
2015-2016	12,229	1,571	3,680	410	17,890	2,285	609	2,894	6.18
2014-2015	12,428	1,597	2,030	194	16,249	2,220	675	2,895	5.61
2013-2014	10,931	1,530	1,684	275	14,420	2,155	739	2,894	4.98
2012-2013	10,691	1,492	1,486	340	14,009	2,130	783	2,913	4.81
2011-2012	10,862	847	1,709	434	13,852	1,850	840	2,690	5.15
2010-2011	9,227	829	1,658	309	12,023	1,795	689	2,484	4.84
2009-2010	8,581	816	1,428	457	11,282	1,920	650	2,570	4.39

**Odessa College District
Statistical Supplement 12
Demographic and Economic Statistics - Taxing District
Last Ten Calendar Years
(unaudited)**

Calendar Year	District Population (est.)	District Personal Income (in thousands)	Personal Income Per Capita	District Unemployment Rate
2019	157,173	\$ - (a)	\$ - (a)	2.8% (b)
2018	162,124	7,663,693	47,271	2.7%
2017	157,087	6,417,181	40,851	4.1%
2016	157,462	6,538,112	41,522	6.4%
2015	159,689	7,303,176	45,734	4.6%
2014	154,570	7,684,055	49,712	3.4%
2013	149,651	6,832,220	45,654	4.3%
2012	144,513	6,632,481	45,895	4.6%
2011	139,689	5,610,108	40,161	6.1%
2010	137,130	4,804,191	35,034	8.3%

Sources:

Population - Tracer Texas Labor Market Information
Income - Tracer Texas Labor Market Information
Unemployment - Odessa Chamber of Commerce, The County Information Project - Texas Association of Counties

Notes:

(a) Information not yet available
(b) Preliminary (average through September 2018)

**Odessa College District
Statistical Supplement 13
Principal Employers
Last Ten Calendar Years
(unaudited)**

Current Fiscal Year (2019)

<u>Rank</u>	<u>Employer</u>	<u>Number of Employees</u>	<u>% of Total Employment</u>
1	Ector County I.S.D.	3,527	4.04%
2	Saulsbury Corporation	2,398	2.75%
3	Haliburton Services	2,500	2.86%
4	Medical Center Hospital	2,000	2.29%
5	Keane Group	1,285	1.47%
6	City of Odessa	911	1.04%
7	Wal-Mart Super Center	869	0.99%
8	Odessa Region Medical Center	735	0.84%
9	Bobby Cox Companies, Inc.	698	0.80%
10	Ector County	649	0.74%
Total		<u>15,572</u>	<u>17.83%</u>
Total Ector County Workforce (1)		<u>87,337</u>	

Ten Years Prior

<u>Rank</u>	<u>Employer</u>	<u>Number of Employees</u>	<u>% of Total Employment</u>
1	Ector County ISD	3557	4.58%
2	Medical Center Hospital	1890	2.44%
3	Saulsbury Industries	1991	2.57%
4	Keane Group	1431	1.84%
5	Haliburton Services	1441	1.86%
6	Wal-Mart Super Center	933	1.20%
7	City of Odessa	883	1.14%
8	Odessa Regional Medical Center	847	1.09%
9	Weatherford CPS	830	1.07%
10	Dixie Electric	763	0.98%
Total		<u>14,566</u>	<u>18.77%</u>
Total Ector County Workforce (1)		<u>77,618</u>	

Source:

Odessa Chamber of Commerce
Bureau of Economic Analysis

Note:

(1) Includes Wage and salary employment only (excludes proprietor employment)

**Odessa College District
Statistical Supplement 14
Faculty, Staff, and Administrators Statistics
Last Ten Calendar Years
(unaudited)**

	For the Year Ended Augst 31,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Faculty										
Full-Time	132	116	123	124	126	120	127	124	126	118
Part-Time	183	185	199	187	190	179	217	219	150	118
Total	315	301	322	311	316	299	344	343	276	236
Percent										
Full-Time	41.9%	38.5%	38.2%	39.9%	39.9%	40.1%	36.9%	36.2%	45.7%	50.0%
Part-Time	58.1%	61.5%	61.8%	60.1%	60.1%	59.9%	63.1%	63.8%	54.3%	50.0%
Staff and Administrators										
Full-Time	216	210	223	217	219	207	205	224	188	206
Part-Time	101	95	78	65	64	58	42	62	93	80
Total	317	305	301	282	283	265	247	286	281	286
Percent										
Full-Time	68.1%	68.9%	74.1%	77.0%	77.4%	78.1%	83.0%	78.3%	66.9%	72.0%
Part-Time	31.9%	31.1%	25.9%	23.0%	22.6%	21.9%	17.0%	21.7%	33.1%	28.0%
Total										
Full-Time	348	326	346	341	345	327	332	348	314	324
Part-Time	284	280	277	252	254	237	259	281	243	198
Total	632	606	623	593	599	564	591	629	557	522
Percent										
Full-Time	55.1%	53.8%	55.5%	57.5%	57.6%	58.0%	56.2%	55.3%	56.4%	62.1%
Part-Time	44.9%	46.2%	44.5%	42.5%	42.4%	42.0%	43.8%	44.7%	43.6%	37.9%
FTSE per Ful-Time Faculty	33.12	36.03	34.47	30.00	28.49	30.58	27.87	29.36	30.10	31.52
FTSE per Full-Time Staff	20.24	19.90	19.01	17.14	16.39	17.73	17.27	16.25	20.18	18.05
Average Annual Faculty Salary:										
9 month contract	\$ 56,160	\$ 57,042	\$ 53,451	\$ 53,271	\$ 47,754	\$ 51,048	\$ 48,006	\$ 49,573	\$ 49,017	\$ 49,827
12 month contract	\$ 74,880	\$ 76,056	\$ 71,268	\$ 71,028	\$ 63,672	\$ 68,064	\$ 64,008	\$ 62,130	\$ 63,980	\$ 62,551

Sources:
IPEDS Human Resource Survey, Fall semester snapshot

**Odessa College District
Statistical Supplement 15
Fall Enrollment Details - Credit Students Only
Last Five Fiscal Years
(unaudited)**

Student Classification	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
0-30 hours	4,464	67.7%	4,323	69.3%	4,420	71.6%	3,961	70.8%	3,469	68.6%
31-60 hours	1,287	19.5%	1,172	18.8%	978	15.8%	912	16.3%	894	17.7%
> 60 hours	842	12.8%	745	11.9%	775	12.6%	724	12.9%	695	13.7%
Total	6,593	100.0%	6,240	100.0%	6,173	100.0%	5,597	100.0%	5,058	100.0%

Semester Hour Load	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	177	2.7%	259	4.2%	248	4.0%	247	4.4%	272	5.4%
3-5 semester hours	1,428	21.7%	1,563	25.0%	1,690	27.4%	1,269	22.7%	1,821	36.0%
6-8 semester hours	1,665	25.3%	1,779	28.5%	1,686	27.3%	1,526	27.3%	2,111	41.7%
9-11 semester hours	1,012	15.3%	1,052	16.9%	1,085	17.6%	800	14.3%	638	12.6%
12-14 semester hours	1,648	25.0%	1,147	18.4%	1,061	17.2%	1,225	21.9%	151	3.0%
15-17 semester hours	552	8.4%	384	6.2%	336	5.4%	458	8.2%	15	0.3%
18 & over	111	1.7%	56	0.9%	67	1.1%	72	1.3%	50	1.0%
Total	6,593	100.0%	6,240	100.0%	6,173	100.0%	5,597	100.0%	5,058	100.0%

Average course load	9.1	8.3	8.2	8.7	6.4
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Tuition Status	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	4,577	69.4%	4,328	69.4%	4,346	70.4%	3,861	69.0%	3,482	68.8%
Texas Resident (out-of-District)	1,816	27.5%	1,704	27.3%	1,582	25.6%	1,497	26.7%	1,301	25.7%
Non-Resident Tuition	185	2.8%	194	3.1%	219	3.5%	220	3.9%	234	4.6%
Tuition Exempt	15	0.2%	14	0.2%	26	0.4%	19	0.3%	41	0.8%
Total	6,593	100.0%	6,240	100.0%	6,173	100.0%	5,597	100.0%	5,058	100.0%

Includes credit students only.

**Odessa College District
Statistical Supplement 16
Student Demographic Profile
Last Five Fiscal Years
(unaudited)**

Gender	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	4,070	61.73%	3,875	62.10%	3,646	59.06%	3,360	60.03%	1,961	38.77%
Male	2,523	38.27%	2,365	37.90%	2,527	40.94%	2,237	39.97%	3,097	61.23%
Total	6,593	100.00%	6,240	100.00%	6,173	100.00%	5,597	100.00%	5,058	100.00%

Ethnic Origin	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White, Non-Hispanic	1,683	25.53%	1,693	27.13%	1,742	28.22%	1,585	28.32%	1,511	29.87%
Hispanic	4,238	64.28%	3,943	63.19%	3,786	61.33%	3,331	59.51%	2,927	57.87%
African American	334	5.07%	294	4.71%	296	4.80%	284	5.07%	189	3.74%
Asian	83	1.26%	71	1.14%	76	1.23%	80	1.43%	70	1.38%
Native American	32	0.49%	27	0.43%	28	0.45%	31	0.55%	27	0.53%
International	115	1.74%	120	1.92%	94	1.52%	57	1.02%	56	1.11%
Unknown	108	1.64%	92	1.47%	151	2.45%	229	4.09%	278	5.50%
Total	6,593	100.00%	6,240	100.00%	6,173	100.00%	5,597	100.00%	5,058	100.00%

Age	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	2,185	33.14%	1,680	26.92%	1,596	25.85%	1,545	27.60%	1,277	25.25%
18 -21	2,208	33.49%	2,199	35.24%	2,119	34.33%	1,886	33.70%	1,877	37.11%
22 - 24	597	9.06%	637	10.21%	734	11.89%	686	12.26%	619	12.24%
25 - 35	1,121	17.00%	1,233	19.76%	1,232	19.96%	1,060	18.94%	913	18.05%
36 - 50	410	6.22%	414	6.63%	427	6.92%	350	6.25%	304	6.01%
51 & over	72	1.09%	77	1.23%	65	1.05%	70	1.25%	68	1.34%
Total	6,593	100.00%	6,240	100.00%	6,173	100.00%	5,597	100.00%	5,058	100.00%

Average Age	21.9	22.6	22.7	22.0	23.0
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Includes credit students only.

**Odessa College District
Statistical Supplement 17
Transfers to Senior Institutions
2017 Fall Students as of Fall 2018
(Includes only public senior colleges in Texas)
(unaudited)**

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of All Odessa College Transfer Students	% of Odessa College Transfer Students
1 The University of Texas of the Permian Basin	382	13	24	419	46.56%
2 Texas Tech University	105	2	1	108	12.00%
3 Texas A & M University	102	1		103	11.44%
4 Angelo State University	41			41	4.56%
5 The University of Texas at Austin	36		1	37	4.11%
6 Texas Tech University Health Sciences Center	27	1	5	33	3.67%
7 Texas State University	23	2	1	26	2.89%
8 The University of Texas at San Antonio	16	1		17	1.89%
9 Sam Houston State University	14		1	15	1.67%
10 Tarleton State University	12			12	1.33%
11 Sul Ross State University	11	2	1	14	1.56%
12 West Texas A & M University	10	1	1	12	1.33%
13 University of North Texas	9	1	1	11	1.22%
14 The University of Texas at Arlington	7	5	2	14	1.56%
15 The University of Texas at El Paso	4	1		5	0.56%
16 Lamar University	4			4	0.44%
17 Mid Western State University	3			3	0.33%
18 Texas Woman's University	2			2	0.22%
19 The University of Texas at Dallas	2			2	0.22%
20 The University of Texas at Tyler	2		2	4	0.44%
21 The University of Texas -Rio Grande Valley	2			2	0.22%
22 University of Houston	2			2	0.22%
23 University of Houston Victoria	2	1		3	0.33%
24 Texas A & M University at Corpus Christi	2			2	0.22%
25 Stephen F Austin State University	2			2	0.22%
26 Texas A & M University Central Texas	1			1	0.11%
27 Texas A & M University at Texarkana	1			1	0.11%
28 Texas A & M University at Galveston	1			1	0.11%
29 Texas A & M University at Commerce	1			1	0.11%
30 Texas A & M University Syatem Health Sciences Center	1			1	0.11%
31 The University of Texas Health Science Center at San Antonio	1			1	0.11%
32 Texas Tech Health Sciences Center-El Paso			1	1	0.11%
Totals	828	31	41	900	100.00%

**Odessa College District
Statistical Supplement 18
Capital Asset Information
Last Ten Fiscal Years
(unaudited)**

	For the Year Ended Augst 31,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Academic Buildings	19	19	19	19	19	19	18	17	14	14
Square footage (in thousands)	513	513	513	513	513	500	442	437	418	418
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	41	41	41	41	38	38	38	38	36	36
Administrative & Support Buildings	5	5	5	5	5	5	5	4	4	4
Square footage (in thousands)	108	108	108	108	105	105	80	70	70	70
Student Housing Facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	89	89	89	89	89	89	89	89	89	89
Number of beds	237	237	237	237	237	237	237	237	237	237
Theater	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	18	18	18	18	18	18	18	18	18	18
Athletic Facilities	7	7	7	7	7	7	7	5	5	6
Square footage (in thousands)	228	228	228	228	228	228	228	226	226	226
Gymnasiums	2	2	2	2	2	2	2	2	2	2
Tennis Center	1	1	1	1	1	1	1	-	-	1
Baseball Complex	1	1	1	1	1	1	1	1	1	1
Softball Complex	1	1	1	1	1	1	1	-	-	-
Track	1	1	1	1	1	1	1	1	1	1
Ranch	1	1	1	1	1	1	1	1	1	1
Plant Facilities	11	11	11	11	9	9	9	9	8	8
Square footage (in thousands)	64	64	64	64	59	59	59	46	46	
Portable Buildings	5	5	5	5	5	5	5	5	-	-
Square footage (in thousands)	5	5	5	5	5	5	5	5	-	-
Total Square Footage (in thousands)	1,066	1,066	1,066	1,066	1,055	1,042	959	929	903	857
Insured Values (in thousands)	\$ 207,295	\$ 200,226	\$ 197,058	\$ 194,592	\$ 190,856	\$ 185,419	\$ 169,533	\$ 150,738	\$ 140,277	\$ 134,002
Transportation Assets:										
Cars	17	21	23	25	26	29	28	27	24	19
Light Trucks/Vans	19	22	25	29	29	31	31	30	29	30
Buses	7	8	6	6	6	6	6	6	6	3
Emergency Vehicles	3	3	3	2	2	2	2	1	1	1
Heavy Trucks	7	6	1	2	2	2	2	1	1	1

Source:

Odessa College Office of Human Resources
TASB Risk Management Insurance Schedule of Property Values