



Coastal Bend
COLLEGE

2020

ANNUAL BUDGET

**Coastal Bend College
Annual Operating Budget
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Fiscal Year 2020**

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**Coastal Bend College
Annual Operating Budget
Organizational Data
Fiscal Year 2020**

<u>Board of Trustees</u>	<u>Term Expires May 31</u>	<u>Title</u>
Mr. Carroll W. Lohse	2024	Chair
Mr. George P. Morrill III	2022	Vice-Chair
Mr. Victor Gomez	2022	Secretary
Mr. Jeff P. Massengill	2020	Trustee
Ms. Dela Cagle Castillo	2020	Trustee
Ms. Martha Warner	2022	Trustee
Mr. Taylor Tomlin	2024	Trustee

Principal Administrative Officers

Dr. Carry DeAtley Interim President

**Coastal Bend College
Annual Operating Budget
Budget Calendar
Fiscal Year 2020**

Date	Activity
April-May	Mailing of notices of appraised value by chief appraiser.
30-Apr	The chief appraiser prepares and certifies to the tax assessor for each county, municipality, and school district participating in the appraisal district an estimate of the taxable value.
15-May	Deadline for submitting appraisal records to ARB.
July 20* (Aug. 30)	Deadline for ARB to approve appraisal records. (Aug.30)
25-Jul	Deadline for chief appraiser to certify rolls to taxing units. July 8, 2019
8-Jul	Certification of anticipated collection rate by collector. July 29,2019
29-Jul	Calculation of effective and rollback tax rates.
9-Aug	Publication of effective and rollback tax rates, statement and schedules; submission to governing body.
16-Aug	72-hour notice for meeting (<i>Open Meetings Notice</i>).
20-Aug	Meeting of governing body to discuss tax rate; if proposed rate tax rate will exceed the rollback rate or the effective tax rate (whichever is lower), take record vote and schedule public hearing.
TBD	Notice of Public Hearing on Tax Increase is the first quarter-page notice in newspaper and on TV and website, if available, published at least seven days before public hearing.
TBD	72-hour notice for public hearing (<i>Open Meetings Notice</i>)
TBD	Public hearing.
TBD	72 hour notice for second public hearing (<i>Open Meetings Notice</i>)
TBD	Second public hearing (may not be earlier than 3 days after first public hearing); schedule and announce meeting to adopt tax rate 3-14 days from this date.
TBD	Notice of Tax Revenue Increase published before meeting** to adopt tax rate is the second quarter-page notice in newspaper before meeting and published on TV and website (if available, at least seven days before meeting).
13-Sep	72-hour notice for meeting at which governing body will adopt tax rate (<i>Open Meetings Notice</i>)
17-Sep	Meeting to adopt tax rate. Meeting is 3 to 14 days after second public hearing. Taxing unit must adopt tax rate by Sept. 30* or 60 days after receiving certified appraisal roll, whichever is later.

- Tax Code Section 81.06 directs that if a date falls on weekend the deadline is extended to the following regular business day
- Advice: of taxing unit legal counsel should be sought to determine which approach to take in notifying the public of the meeting at which the governing body will vote on the tax rate.

Coastal Bend College Annual Operating Budget Budget Narrative Fiscal Year 2020

Basis of Budgeting

Per the Texas State Legislature, each community/junior college must file by December 1 of each fiscal year directly with the Governor, Legislative Budget Board, the Legislative Reference Library, and the Texas Higher Education Coordinating Board, a copy of an annual operating budget, and subsequent amendments thereto, approved by the community/junior college governing board. The operating budget shall be in such form and manner as may be prescribed by the board and/or agency with the advice of the State Auditor providing, however, that each report included departmental operating budgets by function.

The College maintains its accounts and prepares its financial statements in accordance with generally-accepted accounting principles (GAAP) in the United States of America as set forth by Governmental and Financial Accounting Standards Boards (GASB & FASB), National Association of College and University Business Officers (NACUBO) and the Texas Higher Education Coordinating Board (THECB). Under GAAP, basic financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when they are earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related payments to satisfy the liability occur. Ad valorem taxes are recognized as revenues in the years in which they are levied. Grants and other similar types of revenues are recognized once all eligibility requirements imposed by the grantor or other agency have been met.

The Coastal Bend College Foundation is a discretely presented component unit and is reported separately in the annual financial statements with the exception of the funding that is provided as in-kind by the College. The budget document presents college information inclusive of this in-kind contribution but exclusive of funds held solely by the Foundation.

Revenue Sources

The College receives funding through seven primary funding sources: state appropriations, student tuition, student fees, ad valorem taxes, auxiliary enterprises, operating grants, and other revenue sources.

State Appropriations

The College's state funding is determined by the state legislature's funding formula and is calculated on a biennial basis. The current formula has three components: core operations, student success points, and contact hour funding.

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Budget Narrative
Fiscal Year 2020

Student Tuition

Tuition for semester credit hour courses is calculated multiplying the credit load of a student time the credit hour tuition charge (\$70 per credit hour for Fiscal 2020). Courses not taken for credit are priced in accordance with the costs of administering the course and other market forces. Tuition revenue is budgeted based on enrollment targets established by the President's Leadership Team as a part of strategic planning.

Student Fees

Revenue for student fees is generated in a variety of ways. The most notable student fees are out of district fee and general use fee, assessed per credit hour at a rate of \$62 and \$15 per credit hour, respectively. Other fees include registration fees, course fees, health science fees, dual enrollment fees, and testing fees.

Ad Valorem Taxes

Ad valorem tax revenue is determined using the annual certified appraisal value determined by the local appraisal district. The College works closely with the Bee County Tax Assessor- Collector to determine a tax rate each year for maintenance and operations and for interest and sinking. The proposed tax rate is presented to the Board of Trustees for appropriate public hearings and final approval. The Bee County Tax Assessor-Collector is the responsible authority for the collection of all tax payments on the behalf of the College and remits payments throughout the year net of commissions.

Auxiliary Enterprises

Auxiliary enterprises include commissions from Texas Book Company and receipts for student housing and the child development center.

Operating Grants

Operating grants include the cluster of federally-funded TRiO programs and the Perkins Basic grant. Operating grant information is included in the budget document once approved and notices of grant award (NOGA) are received.

Other Revenue Sources

Other revenue sources include fees for vending income, incidental student fees, and other non-recurring miscellaneous receipts.

Coastal Bend College
Annual Operating Budget
Budget Narrative
Fiscal Year 2020

State Benefits Contribution

The State currently contributes 50% of the cost of health insurance premiums for eligible instruction and administration employees of the district. Premiums are paid directly by the State to the health care plan administered by the Employee Retirement System (ERS) of Texas. The State contributes 3.3% toward employee retirement plan through the Teacher Retirement System (TRS) of Texas. The retirement contribution is paid directly by the State to TRS. For employees participating in an optional retirement plan (ORP), the State reimburses the College at a rate of 3.3% for eligible administrative employees. Since these contributions are paid directly to ERS and TRS, they are not included as budget items.

Expense Function Definitions

Budgeted expenses are presented in a format that aligns with how the final expenditures will be grouped for reporting on the annual financial report (AFR). This grouping is done using function codes to differentiate between the different areas of the college. Expense functions used by the College include instruction, public service, academic support, student services, institutional support, operation and maintenance of plant, scholarships and fellowships, and auxiliary enterprises, debt service, unallocated staff benefits, and contingency.

Instruction

This includes expenses for all activities that are part of an institution's instructional program. Expenses for credit and non-credit courses, for academic, vocational, and technical instruction, for developmental and tutorial instruction, and for regular, special, and extension sessions should be included. Expenses for departmental research and public service that are not separately budgeted should be included in this classification. Expenses of department chairpersons, in which instruction is still the primary role of the administrator, are included in this category. This category excludes expenses for instructional deans when the primary assignment is administration.

Public Service

This category should include funds expended for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the institution.

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Budget Narrative
Fiscal Year 2020

Academic Support

This category should include funds expended primarily to provide support services for the institution's primary missions: instruction, research, and public service. It includes: (1) the retention, preservation, and display of educational materials, i.e., libraries, museums, and galleries; (2) academic administration, i.e., deans' salaries and office expenses; (3) technical support, i.e., computer services and audio-visual information; and (4) separately budgeted support for course and curriculum development, and related items.

Student Services

This category should include funds expended for offices of admissions and the registrar and activities that primarily contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instruction program.

Institutional Support

This category should include expenses for: (1) central executive level management and long-range planning of the entire institution; (2) fiscal operations; (3) administrative data processing; (4) space management; (5) employee personnel and records; (6) logistical activities that provide procurement, storerooms, safety, security, printing, and transportation services to the institution; (7) support services for faculty and staff that do not operate as auxiliary enterprises; (8) activities concerned with community and alumni relations, including development and fundraising; (9) bad debt related to receivables that don't affect revenue (i.e. student loans); and (10) campus security.

Operations and Maintenance of Plant

This category should include all expenses of current funds for the operation and maintenance of physical plant, net of amounts charged to auxiliary enterprises, hospitals, and independent operations.

Scholarships and Fellowships

This category should include expenses for scholarships and fellowships including tuition remissions and exemptions in grants to students either from selection by the institution or from an entitlement program. If the institution does not select the recipient of the award and is only custodian of the funds, the funds should be reported as a fiduciary activity on the Statement of Net Position. Recipients of grants are not required to perform service to the

Coastal Bend College
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Budget Narrative
Fiscal Year 2020

institution as consideration of the grant, nor are they expected to repay the amount of the grant to the funding source.

Auxiliary Enterprises

Auxiliary enterprises include the expenses associated with student housing, the child development center, men's and women's athletics programs, and campus cultural activities.

Debt Service

While not a part of the functional expense category system, the current portion of debt service is included in the annual operating budgets as the amount to be paid within the fiscal year. The debt service payments are recognized as a reduction in liabilities in the Statement of Net Position (SNP) for principle payments and as a non-operating item on the Statement of Revenue, Expenses, and Changes in Net Position (SRECNP).

Unallocated Staff Benefits

The College's portion of employee benefits including health insurance, retirement matching, and Medicare matching is pooled as a budget item and allocated as an expense category in preparation of Schedule B – Schedule of Operating Expenses by Object in the AFR.

Contingency

The operating budget contains contingency items that allow for a contribution to the College's reserve fund balance as well as an allowance for unforeseen or emergency expenses.

The recently completed 2019 Texas Legislative Session passed two bills that will impact TRS reporting and will likely require software providers to update programming for their customers. A summary of the changes are as follows:

Applies to all Reporting Entity (RE) types:

- Effective 9/1/2019, the state contribution rate increases form 6.8% to 7.5%. This new rate will apply to all TRS eligible compensation paid on or after 9/1/19
- Over the next five fiscal years, the State Contribution rate, Member Contribution rate, and Non-OASDI rate will increase per the chart below, based on when the compensation is paid to the employee, regardless of when it is earned.

For Pay Received on or after:	State Contribution Rate	Public Education Employer (Non-OASDI) Contribution Rate	Member Contribution Rate
9/1/2019	7.5%	1.5%	7.7%
9/1/2020	7.5%	1.6%	7.7%
9/1/2021	7.75%	1.7%	8.0%
9/1/2022	8.0%	1.8%	8.0%
9/1/2023	8.25%	1.9%	8.25%
9/1/2024	8.25%	2.0%	8.25%

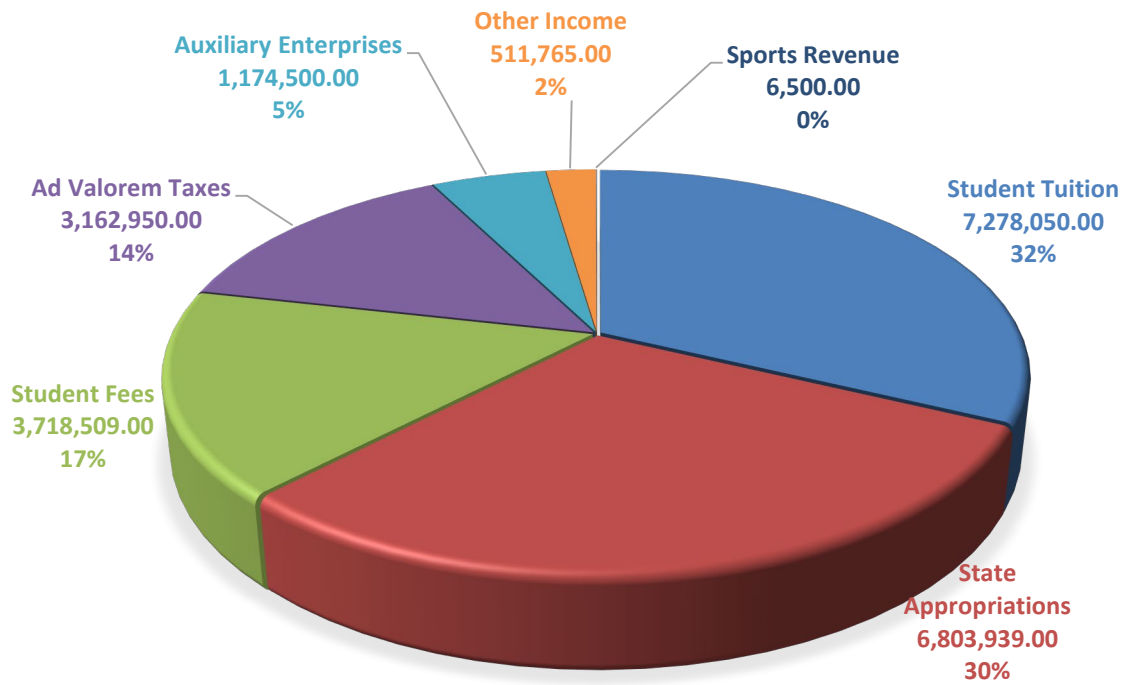
**Coastal Bend College
Annual Operating Budget
Summary of Revenue and Expenses**

**Coastal Bend College
Annual Operating Budget
Summary of Revenues and Expenses by Function
Fiscal Year 2019-2020**

<u>REVENUES</u>	<i>FY19 Revised Budget</i>	<i>FY20 Tentative Budget</i>	<i>(Increase)/ Decrease</i>	<i>% Change</i>	<i>% of Budget</i>
Student Tuition	(6,916,002.00)	(7,278,050.00)	(362,048.00)	5%	32%
State Appropriations	(7,164,976.00)	(6,803,939.00)	361,037.00	-5%	30%
Student Fees	(4,231,750.00)	(3,718,509.00)	513,241.00	-12%	16%
Ad Valorem Taxes	(2,870,299.00)	(3,162,950.00)	(292,651.00)	10%	14%
Auxiliary Enterprises	(1,045,000.00)	(1,174,500.00)	(129,500.00)	12%	5%
Other Income	(177,186.00)	(511,765.00)	(334,579.00)	189%	2%
Sports Revenue	(1,000.00)	(6,500.00)	(5,500.00)	550%	0%
Revenue Total	(22,406,213.00)	(22,656,213.00)	(250,000.00)	1%	100%

<u>EXPENSES</u>	<i>FY19 Revised Budget</i>	<i>FY20 Tentative Budget</i>	<i>(Increase)/ Decrease</i>	<i>% Change</i>	<i>% of Budget</i>
Institutional Support	5,533,220.00	5,662,132.58	128,912.58	2%	25%
Instruction	5,531,262.00	5,261,217.62	(270,044.38)	-5%	23%
Operation & Maintenance of Plant	3,001,652.00	3,183,808.33	182,156.33	6%	14%
Unalloc Staff Benefits	1,855,000.00	2,347,131.94	492,131.94	27%	10%
Auxiliary Enterprises	1,565,591.00	1,688,043.00	122,452.00	8%	7%
Academic Support	906,842.00	1,035,606.48	128,764.48	14%	5%
Student Services	1,007,661.00	894,201.76	(113,459.24)	-11%	4%
Reserve for Contingency	1,247,708.00	861,591.29	(386,116.71)	-31%	4%
Scholarship and Fellowships	760,869.00	846,600.00	85,731.00	11%	4%
Debt Service	945,148.00	830,800.00	(114,348.00)	-12%	4%
Public Service	51,260.00	45,080.00	(6,180.00)	-12%	0%
Expense Total	22,406,213.00	22,656,213.00	250,000.00	1%	100%

2019-2020 OPERATING BUDGET - REVENUE



REVENUES

2019-2020 OPERATING BUDGET - EXPENSES

