TRINITY VALLEY COMMUNITY COLLEGE

Athens Kaufman Palestine Terrell

ANNUAL FINANCIAL REPORT

For the fiscal year ended August 31, 2021

TRINITY VALLEY COMMUNITY COLLEGE

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED

AUGUST 31, 2021 AND 2020

Prepared By:

DEPARTMENT OF BUSINESS SERVICES

TRINITY VALLEY COMMUNITY COLLEGE

TVCC

TRINITY VALLEY COMMUNITY COLLEGE

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TRINITY VALLEY COMMUNITY COLLEGE

Athens Kaufman Palestine Terrell

FINANCIAL SECTION

TVCC

TRINITY VALLEY COMMUNITY COLLEGE

TRINITY VALLEY COMMUNITY COLLEGE
ORGANIZATIONAL DATA
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021
(AS OF REPORT DATE)

Board of Trustees

Officers

Ray Raymond	President
Steve Grant	Vice President
Ron Day	Secretary

Members

		Term Expires April 30,
Ron Day	Mabank, Texas	2024
Steve Grant	Athens, Texas	2026
Vacant		2024
Mike Hembree	Athens, Texas	2026
David Monk	Chandler, Texas	2024
Terry Eason	Kaufman, Texas	2022
Ray Raymond	Kaufman, Texas	2026
Dr. Charles Risinger	Terrell, Texas	2022
Jerry Stone	Malakoff, Texas	2022

Principal Administrative Officers

Dr. Jerry King	President
David Gibson	Vice-President of Information Technology
Dr. Philip Parnell	Vice-President of Student Services
Dr. Kristin Spizzirri	Vice-President of Instruction
David Hopkins, CPA	Vice-President of Administrative Services and Chief Financial Officer
David Graem	Associate Vice-President of Facilities Management
Tammy Denney	Associate Vice-President of Enrollment Management
Dr. Sam Hurley	Associate Vice-President of Correctional Education
Kelley Townsend	Associate Vice-President of Workforce Education
Erica Richardson	Associate Vice-President of Academic Affairs
Holley Collier	Associate Vice-President of Instructional Innovation & Support
Dr. Algia Allen	Provost of Terrell Campus
Dr. Helen Reid	Provost of Health Occupations
Vacant	Provost of Palestine Campus
Stephanie Golem, CPA	Director of Accounting Services and Controller
Emily Heglund	Executive Director of TVCC Foundation

Gollob Morgan Peddy
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Trinity Valley Community College
Athens, Texas

Report on the Financial Statements

We have audited the accompanying basic financial statements of Trinity Valley Community College ("TVCC") as of and for the year ended August 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise TVCC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial position of TVCC as of August 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) on pages 5-11 and the information contained in Schedules 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise TVCC's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information contained in Schedules A - D and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information contained in Schedules A - D and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of TVCC'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 TVCC's internal control over financial reporting and compliance.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
December 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Trinity Valley Community College's financial statements provides an overview of the College's financial activities for the year ending August 31, 2021. Please read it in conjunction with the independent auditor's reports, the College's basic financial statements, footnotes, and schedules.

Trinity Valley Community College is a comprehensive community college providing both credit and non-credit courses. Courses are taught at the Athens campus, Palestine campus, Palestine Workforce Education Center, Terrell campus, Terrell Health Science Center, Texas Department of Criminal Justice, area high schools and through distance education. In order to maintain financial stability, the College strives to have adequate revenue streams and growth in net position to accomplish its mission.

USING THIS REPORT

The annual financial report is presented in two sections: organizational data and financial data. The organizational section includes the College's Board of Trustees and principal officers. The financial section includes the independent auditor's report, this management's discussion and analysis, the financial statements, notes to the financial statements, other auditor reports, and schedules.

FINANCIAL INFORMATION

There are three basic financial statements in this report. The financial statements focus on the financial condition of the College, the results of operations, and cash flows of the College, and assist the reader in assessing the College's financial health. The basic financial statements are:

- The Statement of Net Position,
- The Statement of Revenues, Expenses, and Changes in Net Position, and
- The Statement of Cash Flows.

The results presented on these statements differ from the results presented on the College's internal financial reports in some areas due to accounting reclassifications required in order to meet external reporting requirements as promulgated by generally accepted accounting principles (GAAP) and governmental accounting standards (GAS).

The Statement of Net Position

The Statement of Net Position (SONP) includes all assets, liabilities, deferred outflows, and deferred inflows and is presented as Exhibit 1 on page 13. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to us, regardless of when cash is received or paid. This statement reflects the status of the College's financial resources after the revenues and expenses have been recorded for the year.

The College's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) is one indicator of the College's financial health. Over time, increases or decreases in net position is one indicator of the improvement or deterioration of the College's financial health. Of course, other non-financial data such as enrollment levels and condition of facilities should also be considered in this assessment.

As shown on the SONP, net position is $38,785,943 on August 31, 2021, an increase of $8,122,889 over net position on August 31, 2020. The increase is due mainly to increased property tax revenue, HEERF funds and decreased operating expenses. Presented on the following page is a condensed SONP showing fiscal years 2021 and 2020 for comparative purposes.

Statement of Net Position

Fiscal Year Ended August 31

	2021	2020	Change
Assets			
Cash and Cash Equivalents, Current	$ 6,095,783	$ 5,694,086	$ 401,697
Cash and Cash Equivalents, Noncurrent	3,548,779	5,873,389	(2,324,610)
Investments, Unrestricted	17,916,567	9,862,261	8,054,306
Capital Assets, Net	55,056,219	55,748,480	(692,261)
Other Assets	9,028,600	8,421,117	607,483
Total Assets	**$ 91,645,948**	**$ 85,599,333**	**$ 6,046,615**
Deferred Outflows of Resources	$ 7,867,179	$ 9,829,643	$ (1,962,464)
Liabilities			
Current Liabilities	$ 11,285,452	$ 10,692,178	593,274
Long Term Liabilities	$ 39,356,103	$ 43,170,716	(3,814,613)
Total Liabilities	**$ 50,641,555**	**$ 53,862,894**	**$ (3,221,339)**
Deferred Inflows of Resources	$ 10,085,629	$ 10,903,028	(817,399)
Net Position			
Invested in Capital Assets, Net of Debt	$ 55,031,219	$ 52,098,480	2,932,739
Restricted			
Expendable			
Financial Aid and Scholarships	$ 3,189,141	$ 4,097,594	(908,453)
Unrestricted	(19,434,417)	(25,533,020)	6,098,603
Total Net Position	**$ 38,785,943**	**$ 30,663,054**	**8,122,889**

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

The Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) presents the revenues earned and expenses incurred during the year and is presented as Exhibit 2 on page 15. The activities of the College are classified as either operating or non-operating.

GASB 33, 34, and 35 accounting requirements define *operating* and *non-operating* revenues for public colleges. Operating revenues are activities that generate income that result from "exchange transactions", i.e., payments received for the college's services. Under this definition, although they are budgeted for operational use, state appropriations and ad valorem tax revenues are considered non-operating revenue because these revenues do not meet the above mentioned definition for operating revenue, i.e., income resulting from "exchange transactions". Similarly, current GASB interpretation advocates the classification of federal Title IV funds as non-operating revenue.

GASB 33, 34, and 35 also require the following treatment of revenues and capital expenditures:

- The reporting of tuition and fees and auxiliary (housing, food service and bookstore) revenue is *net of discounts*. Discounting is the practice of accepting less than the stated charge for tuition, fees, room, board and/or books in payment for the goods and services provided. Common terminology for methods of discounting are: "institutional scholarships" when self-funded by the institution, "waivers" and/or "exemptions" when state mandated, "financial aid" and "allowances". Prior to GASB 34 and 35, reporting gross tuition and fee revenue, and reporting an offsetting expense as "scholarships and financial aid" was the generally acceptable accounting treatment for public colleges and universities. GASB 34 and 35 now require the reporting of scholarship/financial aid as a deduction (discount) from revenue; and
- The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statement as depreciation expense, which allocates the cost of an asset over its expected useful life.
- Due to the above accounting treatments and especially since state appropriations, ad valorem taxes and federal Title IV funds are three of the four primary sources of revenue (state appropriations, tuition and fees, federal funds and property taxes), it is typical to have an *operating loss* on the Statement of Revenues, Expenses, and Changes in Net Position. If state appropriations, property tax revenue, and federal Title IV funds are added to operating revenues, overall operating income will usually be positive as is the case this year.

Additional factors that affect the levels of revenues and expenses include:

Revenues:

- Enrollment levels directly affect tuition and fee revenues and auxiliary (housing, food service, and bookstore) sales, services and fee revenues.
- The State of Texas contributes a significant portion of the College revenues through state appropriations. Thus, the economic health and budget priorities of the State may directly affect revenues.
- The College derives a significant amount of grant and student financial aid from the Federal and State governments. Again, changes in their budget priorities may affect revenues.
- Increases or decreases in property tax valuations and property tax rates will affect tax revenues.
- Investment income is affected by changes in interest rates, the stock market, etc.

Expenses:

- Enrollment levels may directly affect expenses by increasing or decreasing the resources required to support the students.
- The implementation of new programs or additional services within the existing functional expense categories directly affects the level of services required and resources needed.
- Economic factors, such as changes in prices caused by inflation or changes in energy prices, will impact operating costs.

> Note: In the SRECNP, the terminology "scholarships" used under operating expenses are monies paid directly to students and were not included as a "discount" against tuition, fees, room, board and book revenues. (See paragraph on tuition discounting above.) The majority of these monies are Federal Financial Aid that flow from the U.S. Department of Education through the College to the students for their own use after educational costs have been paid.

Total operating revenue was $18,081,740, an increase of $6,616,756 over prior year operating revenue of $11,464,984. This increase was primarily due to HEERF monies received in the current year which included lost revenue for the current and prior fiscal years. Tuition and fees also showed an increase due to timing of the application of discounts to this line item.

Operating expenses totaled $48,657,551, a decrease of $3,919,790 under the previous year which is primarily attributable to COVID related decreases in expenses such as travel, reduced scholarships due to decreased enrollment and the timing of the application of discounts in the Scholarships and Fellowships line. Net non-operating revenue, the majority of which is normally state appropriations, property tax revenue and federal Title IV funding, decreased by $8,945,902 compared to the previous year. This decrease is primarily attributable to a substantial gift in FY 2020 and the timing of Federal Revenues between the two years. Presented on the following page is a condensed SRECNP showing fiscal years 2021 and 2020 for comparative purposes.

Statement of Revenues, Expenses, and Changes in Net Position
Fiscal Year Ended August 31

	2021	2020	Change
Operating Revenues			
Tuition and Fees - net	$ 7,877,046	$ 4,962,566	$ 2,914,480
Auxiliary Enterprises - net	2,526,956	3,433,834	(906,878)
Federal Grants/Contracts	6,786,522	2,409,362	4,377,160
State Grants/Contracts	581,495	398,168	183,327
Non-government Grants/Contracts	23,129		23,129
Sales and Services of Educational Activities	122,284	132,509	(10,225)
Other	164,308	128,545	35,763
Total Operating Revenues	**$ 18,081,740**	**$ 11,464,984**	**$ 6,616,756**
Operating Expenses			
Instruction	$ 15,356,362	$ 16,435,843	$ (1,079,481)
Public Service	731,180	721,524	9,656
Academic Support	6,812,173	7,651,067	(838,894)
Student Services	4,158,791	5,036,995	(878,204)
Institutional Support	6,294,775	5,274,705	1,020,070
Operation and Maintenance of Plant	3,143,256	2,983,723	159,533
Scholarships and Fellowships - net	3,890,792	6,663,054	(2,772,262)
Auxiliary Enterprises	5,503,010	5,526,571	(23,561)
Depreciation	2,767,212	2,283,859	483,353
Total Operating Expenses	**$ 48,657,551**	**$ 52,577,341**	**$ (3,919,790)**
Operating Income (Loss)	**$ (30,575,811)**	**$ (41,112,357)**	**$ 10,536,546**
Non-Operating Revenues (Expenses)			
State Appropriations	$ 15,252,721	$ 15,765,734	$ (513,013)
Ad Valorem Taxes	19,055,153	17,218,609	1,836,544
Federal Non-op Revenue	4,988,596	12,833,944	(7,845,348)
Payments for Collection of Taxes	(496,768)	(446,272)	(50,496)
Gifts	-	2,219,219	(2,219,219)
Other Non-op Revenue	215,478	296,256	(80,778)
Investment Income	96,633	191,722	(95,089)
Loss on Disposal of Fixed Assets	(12,435)	(12,811)	376
Interest on Capital-related Debt	(54,459)	(75,580)	21,121
Total Non-Operating Revenues (Expenses)	**$ 39,044,919**	**$ 47,990,821**	**$ (8,945,902)**
Increase in Net Position	**$ 8,469,108**	**$ 6,878,464**	**$ 1,590,644**
Net Position as originally stated, Beginning of The Year	30,663,054	23,784,590	6,878,464
Prior Period Adjustment	(346,219)	-	(346,219)
Net Position, Beginning of year - restated	30,316,835	23,784,590	6,532,245
Ending Net Position	$ 38,785,943	$ 30,663,054	$ 8,122,889

Statement of Cash Flows

Another way to assess the financial health of an institution is to analyze cash flow. The College's Statement of Cash Flows is presented as Exhibit 3 on page 17-18. Its primary purpose is to provide relevant information about actual cash receipts and cash payments during the period. It also helps users assess the institution's ability to generate future net cash flows, its ability to meet its obligations as they come due and whether or not there is a need for external financing.

Cash provided (used) by *operating activities* represents the difference in the incoming and outgoing cash for educational and administrative activities (primarily receipts for tuition and fees, auxiliary services, and grants and payments for salaries, goods and services and scholarships).

Cash provided by *non-capital financing activities* represent state appropriations, collections for local ad valorem taxes, federal Title IV funds and agency transactions.

Cash provided (used) in *capital and related financing activities* represent bond proceeds received and payments for acquisitions and construction of capitalized assets.

Cash provided (used) by *investing activities* may include proceeds from sales of investment instruments, receipts of interest and dividends, and purchases to acquire investment instruments.

For fiscal year 2021, there was less cash provided (inflow) than used (outflow) resulting in negative cash flow of $1,922,913. While there are many offsetting variables contributing to the decrease in cash flow, the primary contributors are increased purchase of investments $8,054,306 and the payoff of all bonded indebtedness as well as various offsets.

Capital Asset and Debt Administration

Capital Assets

On August 31, 2021, the College had $55,056,219 invested in capital assets, net of accumulated depreciation of $33,515,092. Refer to Note 7 in the Notes to the Financial Statements (page 26) for further details on the College's capital assets.

The College remains committed to maintaining adequate physical resources and information technology systems to support its mission. Major facilities investments made during fiscal year 2021 included completion of the new TVCC Health Science Center in Terrell, and renovation of the former armory building adjacent to the Athens campus for the new TVCC Fitness Center for students, faculty and staff, and additional athletics practice facilities. Additionally, resurfacing of the Health Science Center parking lot and the Northwest Dorm remodel were begun.

Debt

The college had $25,000 in outstanding capital lease debt as of August 31, 2021. Due to the increased funding that the College received during the year in federal funds, the board elected to pay the remaining balance on its 2017 Bond Series in the amount of $3,600,000

Refer to Notes 8 through 10 in the Notes to the Financial Statements (pages 28 through 30) for additional information regarding debt.

TVCC Foundation

The Trinity Valley Community College Foundation is a component unit as defined in GASB 39. The Foundation plays a key role in helping the college fulfill its mission primarily through the awarding of scholarships to TVCC students. Its overall goal is to strengthen endowments with the hope of providing some type of scholarship for every deserving student who desires a college education at Trinity Valley Community College.

The Foundation's net assets at fiscal year-end August 31, 2021, was $8,148,129 an increase of $547,649 compared to the previous year primarily due to capital donations and other generous donor contributions. The Foundation's Statement of Financial Position and Statement of Activities are presented on pages 14 and 16 respectively. Endowment funds of the Foundation are under professional investment management.

FUTURE FINANCIAL EFFECTS

Trinity Valley Community College strives to provide quality educational programs at an affordable cost. Through fiscally responsible leadership by the Board of Trustees and the College's administration, the College has generated continued growth in net position. The financial statements attest to its sound financial base and financial stability.

The Trinity Valley Community College mission statement reads:

Transforming lives through affordable and accessible education.

The Trinity Valley Community College's service area consists of 28 independent school districts covering Henderson, Anderson, Kaufman and Rains counties and part of Van Zandt and Hunt Counties. The area has experienced population growth among minority groups and the number of students in the service area identified as economically disadvantaged has risen over the years as well. Along with its open-door admissions policy, meeting the needs of this growing and changing population continues to be a challenge. The College must prepare students for transfer to a university, provide opportunities for students to obtain workforce skills, participate in non-credit courses and earn certificates and associates degrees. The College strives to provide programs which will enhance learning for all students.

Trinity Valley is committed to its mission. However, the ability to fulfill its mission is directly influenced by enrollment, state appropriations, and federal funding. The College will scrutinize potential avenues for additional revenue and will endeavor to keep operating costs at a minimum while striving to keep the price of education affordable for all students.

Fiscal Year 21-22:

Like most colleges TVCC continues to battle the effects of COVID-19. Fall enrollment was down another 4% below last year at the time of this writing. The financial situation continues to be positive due to increased property tax revenues. Many expense categories are down due to restrictions on travel and on campus activities. $1,937,300 is budgeted to be added to the capital reserve fund for future capital projects. $2,460,1440 is budgeted as contingency in case of unanticipated revenue loss or other unforeseen events. Although State contact hour funding has been lowered for the next two years, we anticipate much of this loss in revenue will be covered by HEERF funding. The budget for property tax revenue includes an increase of $2,257,484 due to increases in property values.

TVCC

TRINITY VALLEY COMMUNITY COLLEGE

EXHIBIT 1

TRINITY VALLEY COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
AS OF AUGUST 31, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 6,095,783	$ 5,694,086
Accounts Receivable (net of allowance for doubtful accounts of $1,072,614 and $1,215,951 respectively)	7,135,391	6,716,045
Receivable From TVCC Foundation	340,199	438,488
Inventory	245,962	346,507
Prepaid Expenses	1,307,048	920,077
Total Current Assets	15,124,383	14,115,203
Noncurrent Assets		
Cash and Cash Equivalents	3,548,779	5,873,389
Investments	17,916,567	9,862,261
Capital Assets (Net)	55,056,219	55,748,480
Total Noncurrent Assets	76,521,565	71,484,130
TOTAL ASSETS	91,645,948	85,599,333
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	3,370,414	4,404,432
Deferred Outflows Related to Other Post Employment Benefits	4,496,765	5,425,211
Total Deferred Outflows of Resources	7,867,179	9,829,643
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	3,462,796	2,702,452
Unearned Revenues	7,574,128	6,523,499
Current Portion of Compensated Absences	49,307	56,275
Current Portion of Capital Lease	25,000	25,000
Current Portion of Contingent Liability	-	-
Current Portion of Contractual Commitments	174,221	184,952
Current Portion of Bonds Payable	-	1,200,000
Total Current Liabilities	11,285,452	10,692,178
Noncurrent Liabilities		
Accrued Compensable Absences Payable	443,766	506,474
Net Pension Liability	9,468,624	9,680,885
Net Other Post Employment Benefits Liability	28,599,260	29,550,414
Capital Lease Payable	-	25,000
Contractual Commitments	844,453	1,007,943
Bonds Payable	-	2,400,000
Total Noncurrent Liabilities	39,356,103	43,170,716
TOTAL LIABILITIES	50,641,555	53,862,894
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	1,934,846	2,345,416
Deferred Inflows Related to Other Post Employment Benefits	8,150,783	8,557,612
Total Deferred Inflows of Resources	10,085,629	10,903,028
NET POSITION		
Net investment in capital assets	55,031,219	52,098,480
Restricted		
Expendable		
Financial Aid and Scholarships	3,189,141	4,097,594
Unrestricted	(19,434,417)	(25,533,020)
TOTAL NET POSITION	$ 38,785,943	$ 30,663,054

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

TRINITY VALLEY COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 and 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,306,943	$ 1,558,434
Prepaid Expenses	291,495	376,338
Total Current Assets	1,598,438	1,934,772
Non-Current Assets:		
Capital Assets (Net)	854,888	854,888
Investments	6,035,003	5,249,308
Total Non-Current Assets	6,889,891	6,104,196
Total Assets	$ 8,488,329	$ 8,038,968
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Payable to TVCC	$ 340,200	$ 438,488
Total Current Liabilities	340,200	438,488
NET ASSETS		
Without Donor Restrictions:		
Designated for Capital Assets	854,888	854,888
Designated for Capital Projects	19,197	16,746
Designated for Student Aid (Non-Endowed)	1,276,348	1,715,179
Unrestricted	47,953	36,690
	2,198,386	2,623,503
With Donor Restrictions (Endowed)	5,949,743	4,976,977
Total Net Assets	8,148,129	7,600,480
TOTAL LIABILITIES & NET ASSETS	$ 8,488,329	$ 8,038,968

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

TRINITY VALLEY COMMUNITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

REVENUES	2021	2020
Operating revenues		
Pledged Revenues:		
Tuition and Fees (net of $6,298,770 and $9,990,272 in discounts)	$ 7,877,046	$ 4,962,566
Auxiliary Enterprises (net of $1,016,207 and $977,558in discounts)	2,526,956	3,433,834
Federal Grants and Contracts	6,786,522	2,409,362
State Grants and Contracts	581,495	398,168
Non-Government Grants and Contracts	23,129	-
Sales and Service of Educational Activities	122,284	132,509
Miscellaneous Operating Revenues	164,308	128,545
Total Operating Revenues	18,081,740	11,464,984
EXPENSES		
Operating expenses		
Instruction	15,356,362	16,435,843
Public Service	731,180	721,524
Academic Support	6,812,173	7,651,067
Student Services	4,158,791	3,969,777
Institutional Support	6,294,775	6,341,923
Operations and Maintenance of Plant	3,143,256	2,983,723
Scholarship and Fellowships (net of $7,314,977 and $10,967,830 in discounts)	3,890,792	6,663,054
Auxiliary Enterprises	5,503,010	5,526,571
Depreciation	2,767,212	2,283,859
Total Operating Expenses	48,657,551	52,577,341
Operating (Loss)	(30,575,811)	(41,112,357)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations (non-capital)	15,252,721	15,765,734
Property Taxes	19,055,153	17,218,609
Federal Revenue, Non-Operating	4,988,596	12,833,944
Payments for Collection of Taxes	(496,768)	(446,272)
Gifts	-	2,219,219
Other Non-Operating Revenue	215,478	296,256
Investment Income	96,633	191,722
Loss on Disposal of Fixed Asset	(12,435)	(12,811)
Interest on Capital Related Debt	(54,459)	(75,580)
Total Non-Operating Revenues (Expenses)	39,044,919	47,990,821
Increase in Net Position	8,469,108	6,878,464
Net Position as originally stated, Beginning of the Year	30,663,054	23,784,590
Prior period adjustment	(346,219)	-
Net Position, Beginning of year - restated	30,316,835	-
Net Position, End of the Year	$ 38,785,943	$ 30,663,054

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

EXHIBIT 2-1

TRINITY VALLEY COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
AUGUST 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support						
Prepaid Expenses						
Contributions and Fund-Raising (net)	$ 250,060	$ 295,356	$ 545,416	$ 550,114	$ -	$ 550,114
Unrealized Gain (loss)						
on Investments	-	667,541	667,541	-	52,928	52,928
Realized Gain (Loss)	-	73,041	73,041	-	(12,895)	(12,895)
Special Events	-	-	-	-	-	-
Investment Income	67,186	-	67,186	114,876	-	114,876
Gifts	-	-	-	-	-	-
Net Assets						
Released from Restrictions	63,172	(63,172)	-	63,172	(63,172)	-
Total Revenues	380,418	972,766	1,353,184	728,162	(23,139)	705,023
Expenses						
Scholarships	760,454	-	760,454	473,531	-	473,531
Contributions to TVCC and Affiliated Organizations	0	-	-	15,000	-	15,000
General and Administrative	7,360	-	7,360	37,983	-	37,983
Loss on Disposal	-	-	-	-	-	-
Fundraising	37,721	-	37,721	12,722	-	12,722
Total Expenses	805,535	-	805,535	539,236	-	539,236
Change in Net Assets	(425,117)	972,766	547,649	188,926	(23,139)	165,787
Net Assets, September 1	2,623,503	4,976,977	7,600,480	2,434,577	5,000,116	7,434,693
Net Assets, August 31	$ 2,198,386	$ 5,949,743	$ 8,148,129	$ 2,623,503	$ 4,976,977	$ 7,600,480

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

TRINITY VALLEY COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	$ 15,890,554	$ 11,946,660
Receipt of grants and contracts	7,391,146	2,807,530
Receipt from auxiliary enterprises	2,526,956	3,433,834
Receipt from other operating revenues	286,592	261,054
Receipts from student organizations	225,385	652,356
Payments to student organizations	(180,139)	(375,390)
Payments for scholarships and fellowships	(7,216,748)	(10,529,342)
Payments for salaries and benefits to employees	(28,219,346)	(29,640,921)
Payments to suppliers for goods and services	(14,912,021)	(13,588,226)
Net cash used in operating activities	(24,207,621)	(35,032,445)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt from state educational contracts	12,525,553	12,310,670
Receipts from non-operating federal revenue	4,995,399	12,840,747
Property tax revenues	18,987,905	17,100,025
Payment for collection of taxes	(496,768)	(446,272)
Net cash provided by noncapital financing activities	36,012,089	41,805,170
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets and construction costs	(2,053,917)	(5,135,533)
Payments on contingent liability	-	(143,831)
Payments on contractual commitments	(174,221)	(166,883)
Principal payments on capital related debt	(3,625,000)	(1,225,000)
Interest on capital related debt	(54,459)	(75,580)
Contributions received for capital related financing	137,889	2,515,475
Net cash used in capital and related financing activities	(5,769,708)	(4,231,352)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(8,054,306)	(679,789)
Investment income	96,633	191,722
Net cash used in investing activities	(7,957,673)	(488,067)
Increase (decrease) in cash and cash equivalents	(1,922,913)	2,053,306
Cash and cash equivalents, September 1	11,567,475	9,514,169
Cash and cash equivalents, August 31	$ 9,644,562	$ 11,567,475
Reconciliation of cash on Exhibit 1:		
Cash and cash equivalents - current	$ 6,095,783	$ 5,694,086
Cash and cash equivalents - noncurrent	3,548,779	5,873,389
Total cash and cash equivalents	$ 9,644,562	$ 11,567,475

(Continued)

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

TRINITY VALLEY COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2021 AND 2020

Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$ (30,575,811)	$ (41,112,357)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	2,767,212	2,283,859
Bad debt expense	75,378	220,284
Receipts from student organizations	225,385	652,356
Payments to student organizations	(180,139)	(375,390)
Payments made directly by state for benefits	2,727,168	3,812,521
(Increase) decrease in assets		
Receivables (net)	(427,476)	(3,202,796)
Receivable from TVCC Foundation	98,289	438,488
Inventory	100,545	(16,659)
Prepaid expenses	(386,971)	4,025,687
Deferred outflows on pensions	(1,034,018)	(652,192)
Deferred outflows on other post employment benefits	410,570	(862,549)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	369,496	284,369
Unearned revenues	1,050,629	(1,001,224)
Deferred inflows on pensions	(928,446)	1,535,570
Deferred inflows on other post employment benefits	406,829	1,633,499
Pension liability	212,261	599,947
Other post employment benefits liability	951,154	(3,221,156)
Compensated absences	(69,676)	(74,702)
Net cash used in operating activities	$ (24,207,621)	$ (35,032,445)

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

NOTE 1 — REPORTING ENTITY

Trinity Valley Community College (TVCC) was established in 1946, in accordance with the laws of the State of Texas, to serve the educational needs of Trinity Valley Community College District and the surrounding communities. TVCC is considered to be a special purpose, primary government according to the definition in *Governmental Accounting Standards Board (GASB) Statement No. 14* and as amended by *GASB Statement No. 61*. While TVCC receives funding from local, state, and federal sources, and must comply with the spending, reporting and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

Discrete Component Unit

The Trinity Valley Community College Foundation (Foundation) is a legally separate, tax-exempt component unit of TVCC. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to TVCC in support of its educational programs and student services. The Foundation is a non-governmental entity and follows accounting standards set forth by the *Financial Accounting Standards Board (FASB*). Although TVCC does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests is restricted to the activities of TVCC. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, TVCC, the Foundation is considered a component unit of TVCC and is discretely presented in TVCC's financial statements.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

Basis of Accounting

The financial statements of TVCC have been prepared on the accrual basis of accounting as appropriate for public colleges and universities. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act Program Funds
Certain Title IV, HEA Program funds are received by TVCC to pass through to the student. These funds are initially received by TVCC and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

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

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. TVCC's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

Cash and Cash Equivalents

TVCC considers cash and cash equivalents as cash on-hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Deferred Outflows

TVCC is aware that the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and is not recognized as an outflow of resources (expense) until that time. GASB standards authorize the reporting on deferred outflows in connection with the timing of pension activity, other postemployment benefit activity, and reporting.

Allowance for Doubtful Accounts

The allowance for doubtful accounts for accounts receivable, taxes receivable and notes receivable is based on management's estimate of the anticipated collectability of the respective accounts.

Capital Assets

Capital assets include land, infrastructure, buildings, improvements, and equipment. TVCC's board voted to set a capitalization policy for assets with a unit cost of $5,000 and an estimated useful life of greater than one year. Such assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or significantly extend an asset's useful life are charged to expense when incurred. Costs incurred for capital projects are included in construction in progress until the project is completed at which time the asset is properly categorized and depreciated over its estimated useful life.

Capital assets of TVCC are depreciated using the straight-line and composite methods over the following useful lives.

Assets	Years
Buildings and renovations	50
Improvements including re-roofing	20
Library Books	15
Machinery and Vehicles	10
Equipment	5

Pensions

TVCC participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost-sharing-defined benefit pension plan with a special funding situation. The fiduciary net position of TRS has been determined using the flow of economic resources measurement focus 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, 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.

Postemployment Benefits Other than Pensions (OPEB)

The fiduciary net position of the Employee Retirement System (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Unearned Revenues

TVCC has recorded unearned tuition and related fees as well as housing and related fees in the amount of $7,574,128 and $6,523,499, as of August 31, 2021 and 2020 in the statement of net position. These amounts represent revenues for the subsequent fall semesters that are recognized in revenues in the subsequent fiscal years.

Tax Abatements

There were no material tax abatement agreements in place for the years ended August 31, 2021 and 2020 based on the forgiven tax revenues as a percentage of the total tax revenues for each year.

Deferred Inflows

TVCC is aware that the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and is not recognized as an inflow of resources (revenue) until that time. GASB standards authorize the reporting on deferred inflows in connection with the timing of pension activity, other postemployment benefit activity, and reporting.

Estimates

Preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires TVCC's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Operating and Non-Operating Revenue and Expense Policy

TVCC distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing goods and related services in connection with the TVCC's ongoing operations to provide educational needs to its students and community. The principal operating revenues of the TVCC are tuition and fees along with auxiliary revenues. The major non-operating revenues are state appropriations, property tax collections and Title IV financial aid. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

NOTE 3 — AUTHORIZED INVESTMENTS

Trinity Valley Community College is authorized to invest in obligations and instruments as defined in the *Public Funds Investment Act* (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than "A" by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations.

NOTE 4 — DEPOSITS AND INVESTMENTS

As of August 31, 2021 and 2020, TVCC had the following deposits and investments:

	August 31, 2021		August 31, 2020	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Depository Accounts				
Insured	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000
Collateral held by pledging bank's trust department in District's name	8,643,362	10,602,364	10,566,275	12,200,507
Total Deposits	9,643,362	11,602,364	11,566,275	13,200,507
Petty cash on hand	1,200	-	1,200	-
Total Cash and Cash Equivalents	$ 9,644,562	$ 11,602,364	$ 11,567,475	$ 13,200,507
Investments				
Texas Trust Credit Union (6 Months) CD	$ 6,317,754	$ 6,317,754	$ 6,290,978	$ 6,290,978
Texas Trust Credit Union (6 Months) CD	2,023,703	2,023,703	2,013,253	2,013,253
Texas Trust Credit Union (9 Months) CD	1,570,411	1,570,411	1,558,030	1,558,030
Texas Trust Credit Union (9 Months) CD	500,151	500,151	-	-
Texas Trust Credit Union (3 Months) CD	500,301	500,301	-	-
Texas Trust Credit Union (6 Months) CD	1,000,754	1,000,754	-	-
Texas Trust Credit Union (12 Months) CD	3,001,397	3,001,397	-	-
Texas Trust Credit Union (12 Months) CD	3,002,096	3,002,096	-	-
Total Investments	$ 17,916,567	$ 17,916,567	$ 9,862,261	$ 9,862,261

The Trinity Valley Community College Foundation had the following deposits as of the date indicated:

	August 31, 2021		August 31, 2020	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Depository Accounts				
Insured	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000
Collateral held by pledging bank's trust department in Foundation's name	306,943	1,306,943	558,434	1,557,899
Total Deposits	1,306,943	2,306,943	1,558,434	2,557,899
Total Cash and Cash Equivalents	$ 1,306,943	$ 2,306,943	$ 1,558,434	$ 2,557,899

The amortized cost and estimated fair values of investments were as follows as of the date indicated:

August 31, 2021:	Cost	Fair Value
TVCC:		
Certificates of Deposit	$ 17,916,567	$ 17,916,567
TVCC Foundation:		
Certificates of Deposit	158,931	158,931
Stocks	1,419,135	2,357,337
Bonds:		
Federal Agency	357,878	376,898
Municipal	659,049	669,486
Corporate	2,465,640	2,472,351
Total Foundation	5,060,633	6,035,003
Total College and Foundation	$ 22,977,200	$ 23,951,570

August 31, 2020:	Cost	Fair Value
TVCC:		
Certificates of Deposit	$ 9,862,261	$ 9,862,261
TVCC Foundation:		
Certificates of Deposit	157,913	157,913
Stocks	1,756,495	2,044,433
Bonds:		
Federal Agency	317,843	327,053
Municipal	585,050	589,846
Corporate	2,125,180	2,130,063
Total Foundation	4,942,481	5,249,308
Total College and Foundation	$ 14,804,742	$ 15,111,569

Interest Rate Risk – To reduce exposure to changes in interest rates that could adversely affect the fair value of investments, Trinity Valley Community College's investment policy states that the use of final and weighted-average-maturity limits and diversification will be used.

Custodial Credit Risk – This is the risk that, in the event of the failure of the counterparty to a transaction, TVCC would not be able to recover the value of its investment of collateral securities that are in the possession of an outside third party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College and are held by the counterparty, its trustor agent, but not in the College's name. TVCC is not exposed to custodial credit risk because all securities held by TVCC's custodial banks are in the College's name.

Credit Risk and Concentration of Credit Risk – In accordance with State law and TVCC's investment policy, investments in commercial paper must be rated at least A-1 or P-1 by a nationally recognized credit rating agency. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific user. TVCC's investment policy does not place a limit on the amount the college may invest in any one issuer.

NOTE 5 — FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, Fair Value Measurement and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are valuations for which one or more significant inputs are observable and may include situations where there is minimal if any, market activities for the asset.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following is a description of the valuation methodologies used by Trinity Valley Community College for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2021 and 2020:

Certificates of Deposit:	Valued at cost plus accumulated interest, which approximates fair value.
Stocks:	Valued at the closing price reported in the active market in which the individual securities are traded.
Bonds:	Valued at the closing price reported for comparable securities in active markets.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, TVCC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, TVCC's assets at fair value as of August 31, 2021:

	Level 1	Level 2	Level 3
TVCC:			
Certificates of Deposit	$ 17,916,567	$ -	$ -
TVCC Foundation:			
Certificates of Deposit	158,931	-	-
Stocks	2,357,337	-	-
Bonds:			
Federal Agency	-	376,898	-
Municipal	-	669,486	-
Corporate	-	2,472,351	-
Total Foundation	2,516,268	3,518,735	-
Total College and Foundation	$ 20,432,835	$ 3,518,735	$ -

The following table sets forth by level, within the fair value hierarchy, TVCC's assets at fair value as of August 31, 2020:

	Level 1	Level 2	Level 3
TVCC:			
Certificates of Deposit	$ 9,862,261	$ -	$ -
TVCC Foundation:			
Certificates of Deposit	157,913	-	-
Stocks	2,044,433	-	-
Bonds:			
Federal Agency	-	327,053	-
Municipal	-	589,846	-
Corporate	-	2,130,063	-
Total Foundation	2,202,346	3,046,962	-
Total College and Foundation	$ 12,064,607	$ 3,046,962	$ -

NOTE 6 — DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables at August 31, 2021 and August 2020, were as follows:

	08-31-21	08-31-20
Student tuition and fees receivable (net of allowance for doubtful accounts of $1,009,233 and $1,155,856, respectively)	$ 4,189,607	$ 1,105,653
Taxes receivable (net of allowance for doubtful accounts of $63,381 and $60,095, respectively)	1,241,453	1,174,205
Local, Federal, and State receivable	1,697,810	4,411,449
Other receivables	6,521	24,738
Total Receivables	$ 7,135,391	$ 6,716,045

Accounts payable and accrued liabilities at August 31, 2021 and August 2020, were as follows:

	08-31-21	08-31-20
Vendors payable	$ 1,936,740	$ 1,411,233
Salaries and benefits payable	1,514,088	1,279,233
Sales tax payable	11,968	11,986
Total Accounts Payable and Accrued Liabilities	$ 3,462,796	$ 2,702,452

The Foundation had accounts payable and accrued liabilities balances of $340,200 and $438,488 for August 31, 2021 and 2020, respectively. These balances were comprised solely of amounts due to the college.

NOTE 7 — CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2021 was as follows:

	Balance September 1, 2020	Additions	Reductions	Balance August 31, 2021
Non Depreciated Assets				
Land	$ 3,473,374	$ -	$ -	$ 3,473,374
Construction in progress	14,990,540	924,368	15,583,003	331,905
Subtotal	18,463,914	924,368	15,583,003	3,805,279
Other Capital Assets				
Leasehold Improvements	712,811	-	-	712,811
Buildings	49,158,188	13,702,708	-	62,860,896
Facilities & Improvements	5,037,114	283,794	-	5,320,908
Library Books	2,586,127	60,921	21,034	2,626,014
Furniture, Machinery, And Equipm	5,652,584	2,586,612	-	8,239,196
Computer Equipment	4,894,222	111,985	-	5,006,207
Subtotal	68,041,046	16,746,020	21,034	84,766,032
Total Capital Assets	86,504,960	17,670,388	15,604,037	88,571,311
Accumulated Depreciation				
Leasehold Improvements	287,772	66,826	-	354,598
Buildings	19,125,637	1,397,057	-	20,522,694
Facilities & Improvements	2,142,052	278,504	-	2,420,556
Library Books	1,996,809	76,707	8,600	2,064,916
Furniture, Machinery, And Equipm	3,974,122	494,058	-	4,468,180
Computer Equipment	3,230,088	454,060	-	3,684,148
Total Accumulated Depreciation	30,756,480	2,767,212	8,600	33,515,092
Net Capital Assets	$ 55,748,480	$ 14,903,176	$15,595,437	$ 55,056,219

As of August 31, 2021, TVCC has active construction projects. At year-end, the college's commitments with contractors are as follows:

Project	Spent To-Date	Estimated Remaining Commitment
Terrell Health Science Center Parking Lot	$ 108,235	$ 482,323
North West Dorm Remodel	223,670	2,000,000

Capital asset activity for the year ended August 31, 2021 was as follows for the Foundation:

	Balance September 1, 2020	Additions	Reductions	Balance August 31, 2021
Non Depreciated Assets				
Land	$ 854,888	$ -	$ -	$ 854,888
Subtotal	854,888	-	-	854,888
Total Capital Assets	$ 854,888	$ -	$ -	$ 854,888

Capital asset activity for the year ended August 31, 2020 was as follows:

	Balance September 1, 2019	Additions	Reductions	Balance August 31, 2020
Non Depreciated Assets				
Land	$ 2,587,769	$ 885,605	$ -	$ 3,473,374
Construction in progress	15,182,216	3,278,893	3,470,569	14,990,540
Subtotal	17,769,985	4,164,498	3,470,569	18,463,914
Other Capital Assets				
Leasehold Improvements	712,811	-	-	712,811
Buildings	48,784,262	373,926	-	49,158,188
Facilities & Improvements	2,938,574	2,098,540	-	5,037,114
Library Books	2,547,158	62,505	23,536	2,586,127
Furniture, Machinery, And Equipm	5,529,804	122,780	-	5,652,584
Computer Equipment	3,074,021	1,820,201	-	4,894,222
Subtotal	63,586,630	4,477,952	23,536	68,041,046
Total Capital Assets	81,356,615	8,642,450	3,494,105	86,504,960
Accumulated Depreciation				
Leasehold Improvements	220,946	66,826	-	287,772
Buildings	18,023,200	1,102,437	-	19,125,637
Facilities & Improvements	1,956,454	185,598	-	2,142,052
Library Books	1,930,024	77,510	10,725	1,996,809
Furniture, Machinery, And Equipm	3,558,363	415,759	-	3,974,122
Computer Equipment	2,794,359	435,729	-	3,230,088
Total Accumulated Depreciation	28,483,346	2,283,859	10,725	30,756,480
Net Capital Assets	$ 52,873,269	$ 6,358,591	$ 3,483,380	$ 55,748,480

Capital asset activity for the year ended August 31, 2020 was as follows for the Foundation:

	Balance September 1, 2019	Additions	Reductions	Balance August 31, 2020
Non Depreciated Assets				
Land	$ 854,888	$ -	$ -	$ 854,888
Subtotal	854,888	-	-	854,888
Total Capital Assets	$ 854,888	$ -	$ -	$ 854,888

NOTE 8 — LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds					
2017 Revenue Bond Series	$ 3,600,000	$ -	$ 3,600,000	$ -	$ -
Capital Leases					
EOC/PARK Capital Lease	50,000	-	25,000	25,000	25,000
Contract Agreements					
Contractual Commitments	1,192,895	-	174,221	1,018,674	174,221
Other Liabilities					
Contingent Liabilities	-	-	-	-	-
Compensable Absences	562,749	85,659	155,335	493,073	49,307
Net OPEB Liability	29,550,414	1,427,278	2,378,432	28,599,260	-
Net Pension Liability	9,680,885	65,879	278,140	9,468,624	-
Total Other Liabilities	39,794,048	1,578,816	2,811,907	38,560,957	49,307
Total Long-term Liabilities	$ 44,636,943	$ 1,578,816	$ 6,611,128	$ 39,604,631	$ 248,528

Long-term liability activity for the year ended August 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds					
2017 Revenue Bond Series	$ 4,800,000	$ -	$ 1,200,000	$ 3,600,000	$ 1,200,000
Capital Lease					
EOC/PARK Capital Lease	75,000	-	25,000	50,000	25,000
Contract Agreements					
Contractual Commitments	1,359,777	24,839	191,721	1,192,895	184,952
Other Liabilities					
Contingent Liabilities	143,831	-	143,831	-	-
Compensable Absences	488,047	74,702	-	562,749	56,275
Net OPEB Liability	26,329,258	4,648,434	1,427,278	29,550,414	-
Net Pension Liability	10,280,832	51,885	651,832	9,680,885	-
Total Other Liabilities	37,241,968	4,775,021	2,222,941	39,794,048	56,275
Total Long-term Liabilities	$ 43,476,745	$ 4,799,860	$ 3,639,662	$ 44,636,943	$ 1,466,227

The Texas Higher Education Coordinating Board (THECB) conducted an audit of TVCC's Texas Educational Opportunity Grant (TEOG) award for the fiscal years ending August 31, 2016, 2017, and 2018 in the summer of 2018. Audit findings indicated that TVCC owed $17,023 to the THECB for ineligible TEOG awards and $260,798 to students in under-matched TEOG grant awards. As a result of these findings, TVCC recorded a contingent liability as of August 2019. This liability was paid in full during the year ended August 31, 2021.

NOTE 9 — BONDS PAYABLE

Bonds payable as of August 31, 2021 and August 31, 2020 are comprised of the following:

	08-31-21	08-31-20
Consolidated Fund Revenue Bond, Series 2017, issued for the purpose of providing funds to construct, improve and equip instructional facilities for health sciences, including the acquisition of land, issued October 26, 2017 for $6,000,000, plus premium of $323,692: all authorized notes have been issued.	$ -	$ 3,600,000
Net Outstanding Bonds Payable	$ -	$ 3,600,000

Bonds are due in annual principal installments varying from $10,740 to $1,275,180 with an interest rate of 1.79% with the final installments due in 2023. The Institution paid the balance of the bonds off in 2021.

NOTE 10 — CAPITAL LEASES

Trinity Valley Community College has entered into a lease agreement as the lessee in connection with the purchase of 12.47 acres adjacent to its Athens campus location. This lease qualifies as a capital lease for accounting purposes and the assets acquired was land totaling $125,000.

The future minimum lease obligations as of August 31, 2021 were as follows:

Year Ending August 31		Total Payments
2022		25,000
Total minimum lease payments		25,000
Less: interest costs		-
Present value of minimum lease payments	$	25,000

NOTE 11 — EMPLOYEES' RETIREMENT PLAN

Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.texas.gov.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, 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

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than

6 percent of the member’s annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The 85th Texas Legislature, General Appropriations Act (GAA), established the employer contribution rates for fiscal years 2020 and 2021.

Contribution Rates

	2021	2020
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%

FY 2021 Employer Contributions	$ 584,678
FY 2021 NECE On-behalf Contributions	$ 539,671

TVCC’s contributions to the TRS pension plan in fiscal year 2021 were $584,678 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 fiscal year 2021 were $539,671.

- 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 the 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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent 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, 2020, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	

Single Discount Rate	7.25%
Long-term expected Investment Rate of Return*	7.25%
Municipal Bond Rate*	2.33%*
Last year ending August 31 in the 2019 to 2119 Projection period (100 years)	2119
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	3.00%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

** Source for the rate is the Fixed Income Market/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."*

The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the system's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the 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 the change in the following actuarial assumptions:

- The total pension liability as of August 31, 2021 was developed using a roll-forward method from the August 31, 2020 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 remained unchanged at 7.25 percent as of August 31, 2020 and August 31, 2019.
- The long-term assumed rate of return remained unchanged 7.25 percent.

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 7.25 percent. 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 2.63 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 those assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2047. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2047, 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 the Systems target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Expected Contribution to Long-Term Portfolio Return*
Global Equity			
U.S.	18.00%	3.90%	0.99%
Non-U.S Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
U. S. Treasuries	16.00%	-0.70%	-0.05%
Absolute Return	0.00%	1.80%	0.00%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Assets	15.00%	4.60%	1.02%
Energy and Natural Resources	6.00%	6.00%	0.42%
Commodities	0.00%	0.80%	0.00%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag			-0.67%
Total	100.00%		7.33%

** 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 2020 Comprehensive Annual Financial Report

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Trinity Valley Community College's proportionate share of the net pension liability	$14,660,448	$9,468,624	$5,299,129

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

At August 31, 2021, Trinity Valley Community College reported a liability of $9,468,624 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Trinity Valley Community College. The amount recognized by TVCC 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 TVCC were as follows:

TVCC Proportionate share of the collective net OPEB liability	$ 9,468,624
State's proportionate share that is associated with TVCC	7,005,214
Total	$ 16,473,838

The net pension liability was measured as of August 31, 2020, 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, 2019 thru August 31, 2020.

At the measurement date of August 31, 2020, the employer's proportion of the collective net pension liability was .0176792 percent which was a decrease of .00943891 percent from its proportion measured as of August 31, 2019.

For the year ended August 31, 2021, Trinity Valley Community College recognized pension expense of $842,572 and revenue of $842,572 for support provided by the State. Refer to the 2020 Schedule of On-Behalf Contributions for this information posted on the TRS website under GASB Statements 67 and 68.

At August 31, 2021, Trinity Valley Community College 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 the expected and actual economic experience	$ -	$ (246,955)
Changes in actuarial assumptions	1,262,884	-
Net difference between projected and actual investment earnings	191,684	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	(356,723)
Contributions paid to TRS subsequent to the measurement date	584,678	-
Total	$ 2,039,246	$ (603,678)

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

Year ended August 31:	Pension Expense Amount
2021	$ 50,644
2022	427,605
2023	441,427
2024	111,185
2025	(158,384)
Thereafter	(21,587)
	$ 850,890

NOTE 12 — OPTIONAL RETIREMENT PLAN – DEFINED CONTRIBUTION PLAN

Plan Description

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

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state and each participant are (3.30 percent – State; 3.30 percent - District) and (6.65 percent), respectively. TVCC contributes 1.90 percent for employees who are participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. SB 1812, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

The retirement expense to the state for TVCC was $108,979 and $113,348 for the fiscal years ended August 31, 2021 and 2020, respectively. This amount represents the portion of expenses appropriations made by the Legislature on behalf of TVCC. The total payroll for all TVCC employees was $21,332,598 and $21,877,552 for fiscal years ended August 31, 2021 and 2020, respectively. The total payroll of employees covered by the TRS was $16,032,771 and $16,261,795, and the total payroll of employees covered by the Optional Retirement Program was $3,699,092 and $3,828,560 for the fiscal years ended August 31, 2021 and 2020, respectively.

NOTE 13 — DEFERRED COMPENSATION PLAN

TVCC employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Texas Government Code 609.001. The employees' investments are held in tax-deferred annuity plans pursuant to Internal Revenue Code Section 403(b). Employees also have the option to defer a portion of their earnings for tax treatment pursuant to IRC Section 457(g)(3). For the year ended August 31, 2021, TVCC withheld and remitted $245,989 for 48 employees. For the year ended August 31, 2020, TVCC withheld and remitted $303,696 for 32 employees.

NOTE 14 — COMPENSABLE ABSENCES

Full-time non-faculty employees earn annual vacation leave of one day per month of employment during their first ten years of employment. After ten years of employment annual leave is earned at the rate of one and one-half days per month. This leave can accumulate up to one year. Nonexempt employees may receive compensatory time off, rather than overtime pay, for overtime work. Compensatory time may not accrue beyond a maximum of 75 hours and should be used within the duty year in which it is earned. Faculty employees are allowed two personal days per contract year. Personal days do not carry over to subsequent contract years, but effective with the contract year beginning September 1, 2009, are paid upon termination or separation of employment. Compensable absence balances have been recorded. TVCC recognized the accrued liability for unused annual vacation leave, compensatory time and personal days in the amounts of $493,073 and $562,749 for 2021 and 2020. Also, all full-time employees are granted sick leave at the rate of one day per month of service up to 45 days depending on length of employment. If this leave is not used for medical purposes, it lapses upon the retirement or resignation of the employee and the employee is not paid for it. Therefore, no accrued liability has been recorded for sick leave.

NOTE 15 — PENDING LAWSUITS AND CLAIMS

From time to time, TVCC is named as a defendant in legal actions arising out of the ordinary course of business. There were no such legal actions as of August 31, 2021 that are required to be disclosed in the financial statements.

NOTE 16 — OPERATING LEASE COMMITMENTS

Trinity Valley Community College leases various equipment (copier machines) under annual cancelable operating leases. The combined annual expenditures for operating leases during the fiscal year ended August 31, 2021 was $162,113.

TVCC's obligations under operating leases at August 31, 2021 were as follows:

Year Ending August 31	Total Payments
2022	$ 124,244
2023	57,895
2024	52,955
2025	34,438
Total minimum lease payments	$ 269,532

NOTE 17 — POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

Trinity Valley Community College participates in a cost-sharing, multiple-employer, other postemployment 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, like, 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 ten 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 a 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 GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect

Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of the ERS staff and 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 retiree's 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 contribution by the employer for fiscal year 2021 are as follows:

Retiree only	$ 624.82
Retiree & Spouse	1,340.82
Retiree & Children	1,104.22
Retiree & Family	1,820.22

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

	08/31/21	08/31/20
Employer Contributions	$ 647,694	$ 343,091
Member (Employee) Contributions	199,190	179,406
NECE On-behalf Contributions	32,660	17,256

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	August 31, 2020
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Pay, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Marked to Market
Actuarial Assumptions:	
Discount Rate	2.20%
Inflation	2.30%
Salary Increases including inflation	2.30% to 9.05%
Healthcare Cost Trend Rates	8.80% for FY 22, 5.25% for FY 23, 5.00% for FY 24, decreasing 0.50% per year to an ultimate rate of 4.30% for FY 29 and later years
Ad hoc Post-employment Benefit Changes	None

Mortality assumptions:	
Service retirees, survivors, and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a three year set forward and minimum mortality rates of four per one hundred male members and two per one hundred female members.
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

Source: FY 2020 ERS CAFR except for mortality assumptions obtained from ERS FY 2020 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 of September 1, 2010 to August 31, 2017 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 2.97%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.20%, which amounted to a decrease of 0.77%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with twenty 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 Corporation'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 TVCC's proportionate share of collective net OPEB liability if the discount rate used was 1 percent greater than the discount rate that was used (2.20%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (1.20%)	Current Discount Rate (2.20%)	1% Increase in Discount Rate (3.20%)
Trinity Valley Community College's proportionate share of the net OPEB liability	$33,992,237	$28,599,260	$24,374,345

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 7.80% and the ultimate rate is 4.30%. The following schedule shows the impact on TVCC's proportionate share of the collective net OPEB Liability is the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used in measuring the net OPEB Liability.

	1% Decrease (6.80 decreasing to 3.30%)	Current Healthcare Cost Trend Rates (7.80% decreasing to 4.30%)	1% Increase (9.80% decreasing to 5.30%)
Trinity Valley Community College proportionate share of the net OPEB liability	$23,935,699	$28,599,260	$34,712,700

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

At August 31, 2021, Trinity Valley Community College reported a liability of $28,599,260 for its proportionate share of the ERS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to TVCC for OPEB. The amount recognized by TVCC 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 Trinity Valley Community College were as follows:

TVCC District Proportionate share of the collective net OPEB liability	$ 28,599,260
State's proportionate share that is associated with TVCC	22,347,174
Total	$ 50,946,434

The net OPEB liability was measured as of August 31, 2020 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 of September 1, 2019 through August 31, 2020.

At the measurement date of August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.0654737%, which was 0.001049320% more than the proportion measured as of August 31, 2019.

For the year ended August 31, 2021, Trinity Valley Community College recognized OPEB expense of $(263,668) and revenue of $(263,668) 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:

- Assumed rates of pre-retirement and post-disability mortality for all State Agency members, assumed rates of termination and retirement for certain CPO/CO members and assumed salary and aggregate payroll increases have been updated to reflect assumptions adopted by the ERS

Trustees since the last valuation date. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.
- Assumed expenses, assumed per capita health benefit costs, and assumed heath 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.
- Proportion of future female retirees assumed to be married and electing coverage for their spouse.
- Proportion of future retirees assumed to cover dependent children.
- Assumed inflation has been updated to reflect an assumption adopted by the ERS Trustees since the last valuation date. This new assumption was adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.
- The discount rate assumption was decreased from 2.97% to 2.20% 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.

At August 31, 2021, Trinity Valley Community College reported its proportionate share of the ERS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between the expected and actual economic experience	$ -	$ (1,711,186)
Changes in actuarial assumptions	-	(1,515,650)
Net difference between projected and actual investment earnings	10,528	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	(942,224)
Contributions paid to ERS subsequent to the measurement date	504,511	-
Total	$ 515,039	$ (4,169,060)

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
2021	$ (2,177,612)
2022	(1,357,424)
2023	(288,610)
2024	(157,657)
2025	(197,848)
Thereafter	20,619
	$ (4,158,532)

NOTE 18 — PROPERTY TAXES

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

As of August 31, 2021:

Assessed Valuation of TVCC	$ 18,037,370,949
Less: Exemptions	2,055,731,181
Net Taxable Valuation of TVCC	$ 15,981,639,768

The authorized rates for the year ended August 31, 2021 were as follows:

	Current Operations	Total
Authorized Tax Rate per $100 valuation (Maximum per enabling legislation)	$ .19429	$ .19429
Assessed Tax Rate per $100 valuation for assessed	$ .13854	$ .13854
Assessed Tax Rate per $100 valuation for Branch Campus Maintenance	$ .05000	$ .05000

The authorized rates for the year ended August 31, 2020 were as follows:

	Current Operations	Total
Authorized Tax Rate per $100 valuation (Maximum per enabling legislation)	$ .19429	$ .19429
Assessed Tax Rate per $100 valuation for assessed	$ .13854	$ .13854
Assessed Tax Rate per $100 valuation for Branch Campus Maintenance	$ .05000	$ .05000

Taxes levied for the years ended August 31, 2021 and 2020 amounted to $18,694,539 and $17,031,586, respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Tax collections for the year ended August 31, 2021 and 2020 were as follows:

	08-31-21	08-31-20
Current taxes collected	18,159,695	$ 16,696,067
Delinquent taxes collected	579,512	292,915
Penalties and interest collected	315,946	229,627
Total Collections	$ 19,055,153	$ 17,218,609

Tax collections for the year ended August 31, 2021 and 2020 were approximately 96.96 percent and 98.03 percent, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service.

A branch campus maintenance tax, which is established by election, is normally levied by a county or independent school district as applicable. However, due to an agreement between TVCC and the Palestine Independent School District, TVCC administers this tax, which is levied on property located in the Palestine Independent School District. The amount of collections (including penalties and interest) for fiscal year ending August 31, 2021 and 2020 from Palestine ISD was $647,231 and $635,466, respectively. This amount is included in the preceding collection amounts.

NOTE 19 — INCOME TAXES

TVCC 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*. TVCC had no material unrelated business income tax liability for the years ended August 31, 2021 and 2020.

NOTE 20 — CONTRACTUAL AGREEMENTS

Trinity Valley Community College recorded contingent obligations under contractual commitments at August 31, 2021 were as follows:

Year Ending 8/31	Terrell Health Science Academy	City of Athens Scholarships	City of Terrell Scholarships	Aramark Contract	Total
2022	$ 18,980	$ 20,000	$ 68,575	$ 66,666	$ 174,221
2023	18,980	20,000	68,575	66,666	174,221
2024	18,980	-	68,575	50,002	137,557
2025	18,980	-	68,575	-	87,555
2026	18,980	-	68,575	-	87,555
2027	18,980	-	68,575	-	87,555
2028	18,980	-	68,575	-	87,555
2029	18,980	-	68,575	-	87,555
2030	18,980	-	-	-	18,980
2031	18,980	-	-	-	18,980
2032	18,980	-	-	-	18,980
2033	18,980	-	-	-	18,980
2034	18,980	-	-	-	18,980
	246,740	40,000	548,600	183,334	1,018,674

Terrell Health Science Academy – In 2018, TVCC entered into an agreement with Terrell ISD (TISD) for a health science academy to be located on the Terrell Health Science Center campus. The agreement included a provision that if it was terminated prior to 2034, TVCC would repay TISD the unamortized balance of funds committed by TISD.

City of Athens and Terrell Scholarships – In 2017, TVCC entered into two agreements for the purchase of real property. Both agreements included, as a component of the purchase price, a contractual commitment to provide scholarships over a future time period. The purchase of the Armory/City Park property from the City of Athens, Texas included a commitment of ten scholarships per year for five years at an approximate value of $100,000. The purchase of the Terrell community hospital property from the City of Terrell, Texas included a commitment of twenty-five health science scholarships per year for ten years at an approximate value of $677,175.

Aramark Contract – In 2015, TVCC entered into a contract with its food service provider, Aramark, to install equipment and fixtures in the amount of $650,000, with the provision that if the contract was terminated, TVCC would repay the food services provider any unamortized balance.

Trinity Valley Community College has the following contractual agreements:

TVCC has a contract for the food services for students, faculty, staff, employees, and invited guests. The college awarded a new contract for food services effective June 1, 2014 through May 30, 2024. Under this agreement, the food service provider bills the college for mandatory resident meal plans plus other special events. For consideration for right to operate on campus, TVCC is paid commission rates as follows:

Revenue Category	Commission
Retail/Direct Sales	10% of the first $250,000 of net receipts in tier; 15% of net receipts in excess of $250,000
Catering	10% of net receipts
Concessions	17% of net receipts

TVCC participates in a tax increment financing agreement under Chapter 311 of the Texas Tax Code through the City of Chandler Tax Reinvestment Zone No. 1. The Reinvestment Zone was created on December 8, 2015 for the purpose of promoting the development of an area of Chandler, Texas that was determined would not develop solely through private investment in the foreseeable future.

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 22, 2021, the date which the financial statements were available to be issued.

TVCC

TRINITY VALLEY COMMUNITY COLLEGE

TRINITY VALLEY COMMUNITY COLLEGE

Athens Kaufman Palestine Terrell

REQUIRED SUPPLEMENTARY INFORMATION

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS PENSION PLAN
FOR THE YEAR ENDED AUGUST 31, 2021

Fiscal year ending August 31,	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
TRS net position as percentage of total pension liability	75.54%	75.24%	73.74%	80.50%	79.70%	80.20%	80.25%
TVCC's proportionate share of collective net pension liability (%)	0.0176792%	0.0186231%	0.0186780%	0.0178887%	0.0178952%	0.0185170%	0.0204755%
TVCC's proportionate share of collective net pension liability ($)	9,468,624	9,680,885	10,280,832	5,719,850	6,762,598	6,545,512	5,469,289
Portion of NECE's total proportionate share of NPL associated with TVCC	7,005,214	6,663,423	7,260,901	4,355,356	5,095,729	4,900,394	3,976,221
Total	16,473,838	16,344,308	17,541,733	10,075,206	11,858,327	11,445,906	9,445,510
Trinity Valley Community College covered payroll	16,261,795	15,691,874	15,270,409	14,783,586	14,168,817	13,665,170	12,723,591
Ratio of: ER Proportionate share of collective NPL/ER's covered payroll amount	58.23%	61.69%	67.33%	38.69%	47.73%	47.90%	42.99%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be displayed as they become available.
The amounts presented above are as of the measurement date of the collective net pension liability, which is the prior fiscal year's 8/31.

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
TEACHERS PENSION PLAN
FOR THE YEAR ENDED AUGUST 31, 2021

Fiscal year ending August 31,	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Legally required contributions	729,449	589,536	520,090	629,215	585,520	568,571	549,297
Actual contributions	729,449	589,536	520,090	629,215	585,520	568,571	549,297
Contribution deficiency (excess)	-	-	-	-	-	-	-
Trinity Valley Community College covered payroll	16,032,771	16,261,795	15,691,874	15,270,409	14,783,586	14,168,817	13,665,170
Ratio of: Actual contributions/ER covered payroll amount	4.55%	3.63%	3.31%	4.12%	3.96%	4.01%	4.02%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available
The amounts presented above are as of the Trinity Valley Community College's most recent fiscal year end.

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FISCAL YEAR ENDED AUGUST 31, 2021

Fiscal year ending August 31	**2021**	**2020**	**2019**	**2018**
Plan fiduciary net position as a percentage of the total OPEB liabilit	0.32%	0.17%	1.27%	2.04%
Trinity Valley Community College's proportion share of the collective net OPEB liability (%	0.08654737%	0.08549805%	0.08883692%	0.07959070%
Trinity Valley Community College's proportionate share of collective net OPEB liability ($	28,599,260	29,550,414	26,329,258	27,118,949
Portion of NECE's total proportionate share of NPL associated with TVCC Distric	22,347,174	24,678,074	20,778,847	22,023,191
Total	50,946,434	54,228,488	47,108,105	49,142,140
Trinity Valley Community College covered payrol	18,450,069	18,245,339	17,988,500	17,648,300
District's proportionate share of the net OPEB liability as a percentage of its covered payroll amoun	155.01%	161.96%	146.37%	153.66%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be displayed as they become available.
The amounts presented above are as of the measurement date of the collective net OPEB liability

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF COLLEGE'S OPEB CONTRIBUTIONS
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FISCAL YEAR ENDED AUGUST 31, 2021

Fiscal year ending August 31	**2021**	**2020**	**2019**	**2018**
Statutorily required contributions	647,694	343,091	272,755	708,942
Actual contribution	647,694	343,091	272,755	708,942
Annual contribution deficiency (excess	-	-	-	-
Trinity Valley Community College covered payrol	18,082,690	18,450,069	18,245,339	17,988,500
Actual contributions as a percentage of covered payrol	3.58%	1.86%	1.49%	3.94%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be displayed as they become available.

Changes Since the Prior Actuarial Valuation for TRS Pension:

Demographic Assumptions

- Demographic assumptions including post-retirement 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

- The discount rate remained unchanged as of August 31, 2020 at 7.25 percent. 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 2.33 percent.
- Economic assumptions, including rates of salary increase for individual participants was updated based on the experience study performed for TRS for the period ending August 31, 2017.
- The long term assumed rate of return remain unchanged at 7.25 percent.
- HB 3 in the 2019 Legislative session created a new mechanism for salary increases to be provided from the State. It is our understanding that approximately $825 million was budgeted to provide salary increases to teachers, librarians, counselors, and nurses with at least 5 years of service. To estimate the impact in this valuation, we have assumed the $825 million would be provided uniformly to all members in the data with the applicable position codes and at least 5 years of service. This averages to a $2,700 increase for members impacted. In addition, we have assumed aggregate covered payroll for Fiscal Year 2020 would be $825 million more than the typical 3% annual growth from actual Fiscal Year 2019 payroll. Finally, we have assumed half of the $825 million would be eligible for the supplemental contribution from employers. All assumptions are then assumed to continue thereafter without adjustment. This increased the UAAL in this valuation by approximately $1.4 billion and increased the funding period by 1 year.

- The actual data collected as of August 31, 2020 will provide the actual amount and distribution of the salary increases, as well as the actual increase in aggregate payroll and the portion eligible for supplemental contributions, meaning the 2020 valuation will provide much clarity on the actual impact from the HB 3 as the school districts do have discretion on how the actual increases are distributed. In addition, the true ultimate cost of the increases will not be fully known until the valuations for the following years are completed as it is possible that future salary decisions by employers are impacted by this one large decision. We believe it is possible that overall salary increases for the next few valuation cycles could be dampened compared to current assumptions and thus believe the proposed approach to projecting the impact is more likely to overestimate the impact than underestimate, but given the lack of detail from how local employers will distribute the increases and how it may impact future decisions, we believe the methods used in this valuation are appropriate and reasonable.

Other

- A change was made in the measurement date of the total pension liability for the current fiscal year. The actuarial valuation was performed as of August 31, 2019. Updated procedures were used to roll forward the total pension liability to August 31, 2020.

Changes Since the Prior Actuarial Valuation for ERS OPEB:

Demographic Assumptions

- Assumed rates of pre-retirement and post-disability mortality for all State Agency members, assumed rates of termination and retirement for certain CPO/CO members and assumed salary and aggregate payroll increases have been updated to reflect assumptions adopted by the ERS Trustees since the last valuation date. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.
- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future female retirees assumed to be married and electing coverage for their spouse.
- Proportion of future retirees assumed to cover dependent children.

Economic Assumptions

- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- The Patient-Centered Outcome Research Institute (PCORI) fees payable under the ACA have been updated since the previous valuation to reflect IRS Notice 2020-44 published June 8, 2020.
- Assumed inflation has been updated to reflect an assumption adopted by the ERS Trustees since the last valuation date. This new assumption was adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary

Other Inputs

- The discount rate was changed from 2.97% to 2.20% as a result of requirements by GASB No. 74 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

TRINITY VALLEY COMMUNITY COLLEGE

Athens Kaufman Palestine Terrell

SUPPLEMENTARY INFORMATION

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2021
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2020)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Activities	Total 08/31/21	Total 08/31/20
Tuition						
State Funded Courses						
In-District Resident Tuition	1,853,338	$ -	$ 1,853,338	$ -	$ 1,853,338	$ 2,157,537
Out-of-District Resident Tuition	2,375,602	-	2,375,602	-	2,375,602	2,536,704
TPEG - Credit **	255,451	-	255,451	-	255,451	307,853
Non-Resident Tuition	420,827	-	420,827	-	420,827	532,043
State Funded Continuing Education	89,673	-	89,673	-	89,673	50,296
TPEG - Non-Credit **	804	-	804	-	804	4,226
Non-State Funded Educational Programs	9,464	-	9,464	-	9,464	70,428
Total Tuition	5,005,159	-	5,005,159	-	5,005,159	5,659,087
Fees						
General Fee	4,948,891	-	4,948,891	-	4,948,891	5,410,913
Out-of-District Fee	2,734,866	-	2,734,866	-	2,734,866	2,478,103
Laboratory Fee	557,946	-	557,946	-	557,946	522,759
Distance Learning Fee	761,573	-	761,573	-	761,573	738,736
Installment Plan Fee	52,375	-	52,375	-	52,375	45,000
Non-Funded Course Fee	115,006	-	115,006	-	115,006	98,240
Other Fees	-	-	-	-	-	-
Total Fees	9,170,657	-	9,170,657	-	9,170,657	9,293,751
Allowances and Discounts						
Bad Debt Allowance	(75,378)	-	(75,378)	-	(75,378)	(220,284)
Scholarships and Performance Grants	(813,163)	-	(813,163)	-	(813,163)	(2,005,520)
Waivers and Exemptions - State	(664,791)	-	(664,791)	-	(664,791)	(761,553)
Waivers and Exemptions - Local	(2,334,941)	-	(2,334,941)	-	(2,334,941)	(1,626,211)
TPEG Allowances	(186,989)	-	(186,989)	-	(186,989)	(197,239)
Private and Other Local	(30,023)	-	(30,023)	-	(30,023)	(31,669)
Federal Grants to Students	(1,880,791)	-	(1,880,791)	-	(1,880,791)	(4,935,835)
State Grants to Students	(312,694)	-	(312,694)	-	(312,694)	(211,962)
Total Scholarship Allowances and Discounts	(6,298,770)	-	(6,298,770)	-	(6,298,770)	(9,990,272)
Net Tuition and Fees	7,877,046	-	7,877,046	-	7,877,046	4,962,566
Additional Operating Revenues						
Federal Grants and Contracts	49,124	6,737,398	6,786,522	-	6,786,522	2,409,362
State Grants and Contracts	-	581,495	581,495	-	581,495	398,168
Non-Government Grants and Contracts	-	23,129	23,129	-	23,129	-
Sales and Service of Educational Activities	122,284	-	122,284	-	122,284	132,509
General Operating Revenues	164,308	-	164,308	-	164,308	128,545
Total Additional Operating Revenues	335,716	7,342,022	7,677,738	-	7,677,738	3,068,584
Auxiliary Enterprises						
Housing and Meals	-	-	-	1,644,367	1,644,367	1,882,902
Bad Debt Allowance	-	-	-	-	-	-
Scholarship Allowances and Discounts	-	-	-	(480,296)	(480,296)	(450,792)
Net Housing and Meals	-	-	-	1,164,071	1,164,071	1,432,110
Bookstore Commissions	-	-	-	1,814,814	1,814,814	2,164,430
Bad Debt Allowance	-	-	-	-	-	-
Scholarship Allowances and Discounts	-	-	-	(535,911)	(535,911)	(526,766)
Net Bookstore	-	-	-	1,278,903	1,278,903	1,637,664
Athletics	-	-	-	19,957	19,957	35,804
Other Auxiliary Revenues	-	-	-	64,025	64,025	328,256
Total Net Auxiliary Enterprises	-	-	-	2,526,956	2,526,956	3,433,834
Total Operating Revenues	$ 8,212,762	$ 7,342,022	$ 15,554,784	$ 2,526,956	$ 18,081,740	$ 11,464,984

** In accordance with Education Code 56.033, $256,255 and $312,079 for years August 31, 2021 and 2020, respectively, of tuition was set aside for Texas Public Education Grants.

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF OPERATING EXPENSES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 2021
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2020)

	Salaries	Benefits		Other	Total	Total
	and Wages	State	Local	Expenses	08/31/21	08/31/20
Unrestricted - Educational Activities						
Instruction	$ 10,629,057	$ -	$ 1,234,659	$ 686,112	$ 12,549,828	$ 13,087,277
Public Service	200,957	-	99,507	27,359	327,823	303,071
Academic Support	3,565,306	-	1,421,371	1,623,730	6,610,407	6,988,427
Student Services	2,437,737	-	936,525	419,939	3,794,201	3,529,382
Institutional Support	2,392,263	-	2,546,433	1,315,140	6,253,836	6,003,895
Operation and Maintenance of Plant	514,824	-	281,560	2,345,642	3,142,026	2,973,445
Scholarships and Fellowships	-	-	-	729,747	729,747	883,966
Total Unrestricted	19,740,144	-	6,520,055	7,147,669	33,407,868	33,769,463
Restricted - Education and General						
Instruction	11,978	2,495,568	-	298,988	2,806,534	3,348,566
Public Service	275,278	93,505	-	34,574	403,357	418,453
Academic Support	-	33,147	-	168,619	201,766	662,640
Student Services	190,830	65,228	-	108,532	364,590	440,395
Institutional Support	-	39,720	-	1,219	40,939	338,028
Operation and Maintenance of Plant	-	-	-	1,230	1,230	10,278
Scholarships and Fellowships	-	-	-	3,161,045	3,161,045	5,779,088
Total Restricted	478,086	2,727,168	-	3,774,207	6,979,461	10,997,448
Total Educational and General	20,218,230	2,727,168	6,520,055	10,921,876	40,387,329	44,766,911
Auxiliary Enterprises	1,114,368	-	454,719	3,933,923	5,503,010	5,526,571
Depreciation Expense - Buildings and Improvements	-	-	-	1,746,136	1,746,136	1,354,861
Depreciation Expense - Equipment	-	-	-	944,369	944,369	851,488
Depreciation Expense - Library Books	-	-	-	76,707	76,707	77,510
Total Operating Expenses	$ 21,332,598	$ 2,727,168	$ 6,974,774	$ 17,623,011	$ 48,657,551	$ 52,577,341

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2021
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2020)

	Unrestricted	Restricted	Auxiliary Enterprises	Total 08/31/21	Total 08/31/20
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	11,945,116	$ -	$ -	$ 11,945,116	$ 11,953,213
State Group Insurance	-	2,033,512	-	2,033,512	2,059,029
State Retirement Matching	-	1,274,093	-	1,274,093	1,753,492
Total State Appropriations	11,945,116	3,307,605	-	15,252,721	15,765,734
Property Taxes	19,055,153	-	-	19,055,153	17,218,609
Federal Revenue, Non Operating	-	4,988,596	-	4,988,596	12,833,944
Gifts	-	-	-	-	2,219,219
Reduction of Contractual Commitment	174,222	-	-	174,222	191,722
Other Income	34,401	6,855	-	41,256	41,492
Investment Income	96,633	-	-	96,633	254,764
Total Non-Operating Revenues	31,305,525	8,303,056	-	39,608,581	48,525,484
NON-OPERATING EXPENSES:					
Payments for Collection of Taxes	496,768	-	-	496,768	446,272
Interest on Capital Related Debt	54,459	-	-	54,459	75,580
Loss on Disposal of Fixed Assets	12,435	-	-	12,435	12,811
Total Non-Operating Expenses	563,662	-	-	563,662	534,663
Net Non-Operating Revenues	$ 30,741,863	$ 8,303,056	$ -	$ 39,044,919	$ 47,990,821

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
FOR THE YEAR ENDED AUGUST 31, 2021
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2020)

	Detail by Source					Available for Current Operations	
		Restricted		Capital Assets Net of Depreciation & Related Debt			
	Unrestricted	Expendable	Non-Expendable		Total	Yes	No
Current:							
Unrestricted	$ (18,993,683)	$ -	$ -	$ -	$ (18,993,683)	$ (18,993,683)	$ -
Restricted	-	3,189,141	-	-	3,189,141	3,189,141	-
Loan	(440,734)	-	-	-	(440,734)	-	(440,734)
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Investment in Plant	-	-	-	55,031,219	55,031,219	-	55,031,219
Total Net Position, August 31, 2021	(19,434,417)	3,189,141	-	55,031,219	38,785,943	(15,804,542)	54,590,485
Total Net Position, August 31, 2020	(25,533,020)	4,097,594	-	52,098,480	30,663,054	(21,938,543)	52,601,597
Net Increase (Decrease) in Net Position	$ 6,098,603	$ (908,453)	$ -	$ 2,932,739	$ 8,122,889	$ 6,134,001	$ 1,988,888

TRINITY VALLEY COMMUNITY COLLEGE

TRINITY VALLEY COMMUNITY COLLEGE

Athens Kaufman Palestine Terrell

SINGLE AUDIT SECTION

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Pass Through Disbursements and Expenditures
U.S. Department of Education			
Direct Programs:			
Student Financial Assistance Cluster			
SEOG	84.007	--	$ 241,526
Federal College Workstudy Program	84.033	--	18,573
Federal Pell Grant Program	84.063	--	4,667,417
Direct Student Loans	84.268	--	3,741,377
Total Student Financial Assistance Cluster			8,668,893
COVID-19 Emergency Acts Funding			
COVID-19 HEERF Student Portion	84.425E		1,166,900
COVID-19 HEERF Institutional Portion	84.425F		288,685
COVID-19 HEERF Institutional Portion	84.425M		4,393,256
Pass Through From:			
Texas Higher Education Coordinating Board			
COVID-19 - Governor's Emergency Education Relief Funding	84.425C	23619	59,646
COVID-19 Texas Reskilling Grant	84.425C	24105	25,913
Total passed through Texas Higher Education Coordinating Board			85,559
Total COVID -19 Emergency Acts Funding			5,934,400
Pass Through From:			
Texas Workforce Commission			
Adult Education - Basic Grants to States	84.002A	0818ALA00C	13,973
Adult Education - Basic Grants to States	84.002A	0820AEL001	4,700
Total Adult Education - Basic Grants to States			18,673
Texas Higher Education Coordinating Board			
Carl Perkins Career and Technical Education-Basic Grants	84.048	21326	615,695
Total Career and Technical Education			615,695
Total U. S. Department of Education			**15,237,661**
U.S. Small Business Administration (SBA)			
Pass Through From:			
Dallas Community College District			
Small Business Development Center	59.037	SBAHQ-20-B-0021	112,113
COVID-19 Small Business Development Center/CARES Act	59.037	SBAHQ-20-C-0059	148,910
Total U.S. Small Business Administration (SBA)			**261,023**
U.S. Department of Health and Human Services			
Pass Through From:			
Texas Workforce Commission to Literacy Council of Tyler East Texas			
Adult Basic Education - TANF	93.558	0818ALA00C	50
Texas Workforce Commission to Workforce Solutions East Texas Board			
Childcare Local Match Agreement	93.596	04161C93	1,581
Total U.S. Department of Health and Human Services			**1,631**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 15,500,315**

See Notes to Schedule on following page.

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Trinity Valley Community College under programs of the federal government for the year ended August 31, 2021 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by Trinity Valley Community College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies.

NOTE 2 – FEDERAL FINANCIAL ASSISTANCE RECONCILIATION

Federal Grants and Contracts per Schedule A	$ 6,737,398
Non Operating Revenue From Schedule C	4,988,596
Direct Student Loans	3,741,377
Revenues reported on Schedule A not included on Schedule E (revenues reflected for agent)	32,944
Total Federal Financial Assistance – Schedule E	$ 15,500,315

NOTE 3 – INDIRECT COST RATES

Trinity Valley Community College did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE F
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board		
Nursing Shortage Reduction	24562	$ 326
College Readiness Success Models	23115	29,441
Nursing Innovation Grant Program	23804	80,198
Texas College Work Study	--	14,838
Texas Educational Opportunity Grant Program	--	362,901
Total Texas Higher Education Coordinating Board		487,704
Texas Workforce Commission		
Pass-Through Programs:		
TWC to Literacy Council of Tyler to East Texas Consortium		
State Adult Education	0818ALA00C	3,241
Total Texas Workforce Commission		3,241
Texas Small Business Adminstration		
Pass-Through Programs:		
Dallas County Community College District		
Small Business Development Center	SBAHQ-20-B-0021	91,587
Total Texas Small Business Administration		91,587
TOTAL EXPENDITURES OF STATE AWARDS		$ 582,532

See Notes to Schedule on following page.

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The accompanying schedule of expenditures of state awards includes the state award activity of Trinity Valley Community College, under programs of the state government for the year ended August 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and the State of Texas Uniform Grant Management Standards (UGMS). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basis financial statements.

Expenditures reported in the schedule are presented on the modified accrual basis of accounting, which is described in Note 2 to the District's financial statement. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and UGMS, wherein certain types of expenditures are not allowable or limited as to reimbursement.

Trinity Valley Community College did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2 – STATE FINANCIAL ASSISTANCE RECONCILIATION

State Grants and Contracts per Schedule A	$ 581,495
Matching Contributions Included in Schedule F	1,037
Total State Financial Assistance – Schedule F	$ 582,532

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*

Board of Trustees
Trinity Valley Community College
Athens, Texas

Board of Trustees:

We have audited, 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, the financial statements of the Trinity Valley Community College as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Trinity Valley Community College's basic financial statements, and have issued our report thereon dated December 22, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trinity Valley Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.*

Gollob Morgan Peddy PC
1001 ESE Loop 323, Suite 300, Tyler, TX 75701
Tel 903-534-0088 Fax 903-581-3915 www.gmpcpa.com

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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
December 22, 2021

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

Board of Trustees
Trinity Valley Community College
Athens, Texas

Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Trinity Valley Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Trinity Valley Community College's major federal programs for the year ended August 31, 2021. Trinity Valley Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Trinity Valley Community College'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 Trinity Valley Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Student Financial Assistance Cluster

As described in the accompanying schedule of findings and questioned costs, Trinity Valley Community College did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2021-001	Various	Student Financial Assistance Cluster	Student Eligibility
2021-002	Various	Student Financial Assistance Cluster	Special Tests and Provisions – Student Loan Repayments
2021-003	84.063, 84.268	Federal Pell Grant Program and Federal Direct Student Loan (Student Financial Assistance Cluster)	Special Tests and Provisions – Enrollment Reporting

Compliance with such requirements is necessary, in our opinion, for Trinity Valley Community College to comply with the requirements applicable to that program.

Qualified Opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Trinity Valley Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended August 31, 2021.

Unmodified Opinion on Each Other Major Federal Programs

In our opinion, Trinity Valley Community College 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 other major federal programs for the year ended August 31, 2021.

Other Matters

Trinity Valley Community College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Trinity Valley Community College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Trinity Valley Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered Trinity Valley Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each federal 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 Trinity Valley Community College's internal control over compliance. Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001, 2021-002, and 2021-003, to be significant deficiencies.

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.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
December 22, 2021

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TVCC

TRINITY VALLEY COMMUNITY COLLEGE

.TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2021

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

• Material weakness(es) identified?	_____	Yes	X	No
• Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	X	None Reported
Noncompliance material to financial statements noted?	_____	Yes	X	No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	_____	Yes	X	No
• Significant deficiencies identified that are not considered to be material weakness(es)?	X	Yes	_____	No

Type of auditors' report issued on compliance for major programs: *Qualified*

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

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
	Student Financial Assistance Programs:
84.007	Federal Supplemental Educational Opportunity Grant Program
84.033	Federal College Workstudy Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.425E	COVID-19 Emergency Acts Funding – HEERF Student
84.425F	COVID-19 Emergency Acts Funding – HEERF Institution

Dollar threshold used to distinguish Between type A and type B programs: $750,000

Auditee qualified as low-risk auditee:	_____	Yes	X	No

Section II – Financial Statement Findings

No findings for this area.

Section III – Federal Award Findings and Questioned Costs

Finding 2021-001:

Information on the Federal Program: Student Financial Assistance Programs - CFDA 84.063 – Federal Pell Grant Program; CFDA 84.007 – Federal Supplemental Educational Opportunity Grant Program; CFDA 84.268 – Federal Direct Student Loan. United States of Department of Education.

Compliance Requirements: Student Eligibility- General

Type of Finding: Significant deficiency.

Criteria: A student is eligible to receive Title IV assistance if the student meets all of the eligibility requirements set forth by 34 CFR section 668.32.

Condition: For each student in the sample selection of Title IV students who received aid we reviewed their eligibility criteria requirements.

Questioned Costs: $3,173

Context: We identified one student who was found to have not maintained satisfactory academic progress in their course of study according to the institution's published standards of satisfactory academic progress and still received aid. Per the institution's SAP policy, a Students on Financial Aid Suspension due to exceeding the exceeding the maximum time frame, can regain eligibility for aid if a student’s submits a successful appeal. This student had no appeal on file.

Effect or Potential Effect: Title IV aid was awarded to an ineligible student.

Cause: TVCC failed to check this students SAP records in the old ERP system prior to awarding this student aid in the new Colleague system. The financial aid office was also not aware that all student data was not imported from the old ERP system until the end of the semester for this student.

Repeat Finding: No

Recommendation: The Financial Aid Office should implement an internal control process/procedure to ensure that all students’ records are checked in AS400 prior to awarding aid.

Views of Responsible Official:
We agree with this finding and recommendation.
Please see attached action plan related to this finding in the report.

Finding 2021-002:

Information on the Federal Program: CFDA 84.268 – Federal Direct Student Loan. United States of Department of Education.

Compliance Requirements: Special Tests and Provisions – Student Loan Repayments

Type of Finding: Significant deficiency.

Criteria: Program requirements state that the institution must exercise due care and diligence in the collection of loans. This due diligence includes a requirement to conduct exit counseling for direct loan student borrowers who are graduating, leaving school, or dropping below half-time enrollment. The exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. If a student borrower withdraws from school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must be completed, within 30 days after the school learns that the student borrower has withdrawn from school or failed to complete the exit counseling as required, be provided either through interactive electronic means, by mailing written counseling materials to the student borrower at the student borrower's last known address, or by sending written counseling materials to an email address provided by the student borrower that is not an email address associated with the school sending the counseling materials.

Condition: For each student in the sample selection receiving direct loans, we reviewed the school's documentation to determine if the student was sent the required exit counseling materials.

Questioned Costs: $0

Context: We identified one student in the sample selection that was not sent the required exit counseling due to a lack of documentation

Effect or Potential Effect: Students were not provided information concerning the repayment of federal student loans that were made available during exit counseling.

Cause: Lack of documentation.

Repeat Finding: Repeat finding.

Recommendation: TVCC should develop and institute a sustainable internal control system for appropriate documentation retention and identification of errors.

Views of Responsible Official:
We agree with this finding and recommendation.
Please see the attached action plan related to this finding in the report.

Finding 2021-003:

Information on the Federal Program: Student Financial Assistance Programs - CFDA 84.063 – Federal Pell Grant Program; CFDA 84.268 – Federal Direct Student Loan. United States of Department of Education.

Compliance Requirements: Special Tests and Provisions – Enrollment Reporting

Type of Finding: Significant Deficiency.

Criteria: Institutions must complete and return within fifteen days the Enrollment Reporting roster file [formerly the Student Status Confirmation Report (SSCR)] placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by the Department of Education via NSLDS. The institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every sixty days. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website.

Condition: We reviewed, evaluated, and documented procedures for updating student status. We determined if the school is meeting reporting requirements by having the school access the NSLDS website and create the SCHER1. The dates on the roster file are compared to verify that the school returned the roster files within fifteen days. We tested the accuracy and timeliness of the enrollment data certification by selecting a sample of students from the institution's records and compared the data to the NSLDS Enrollment Detail.

Questioned Costs: $0

Context: We identified one students in the sample that had an incorrect enrollment reporting status reported to the NSLDS.

Effect or Potential Effect: A student's enrollment status determines eligibility for in-school status, deferment, and grace periods. Enrollment reporting in a timely and accurate manner is critical for effective management of programs.

Cause: Colleague report programming error.

Repeat Finding: No

Recommendation: Develop a process or procedure that regularly reviews the SCHER1 report uploaded to the NSLDS website for accuracy.

Views of Responsible Official:
We agree with this finding and recommendation.
Please see the attached action plan related to this finding in the report.

Finding: 2020-001

Status: Repeat finding 2021-003

Finding: 2020-002

Status: Corrected.

Finding: 2020-003

Status: Corrected.

Finding: 2020-004

Status: Corrected.

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Federal Single Audit

Trinity Valley Community College respectfully submits the following action plan for the year ended August 31, 2021.

Audit Period September 1, 2020 to August 31, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding 2021-001:

Information on the Federal Program: Student Financial Assistance Programs - CFDA 84.063 - Federal Pell Grant Program; CFDA 84.007 - Federal Supplemental Educational Opportunity Grant Program; CFDA 84.268 - Federal Direct Student Loan. United States of Department of Education.

Compliance Requirements: Student Eligibility - General

Type of Finding: Significant deficiency.

Criteria: A student is eligible to receive Title IV assistance if the student meets all of the eligibility requirements set forth by 34 CFR section 668.32

Condition: For each student in the sample selection of Title IV students who received aid, we reviewed their eligibility criteria requirements.

Questioned Costs: $3,173

Context: We identified one student who was found to have not maintained satisfactory academic progress in their course of study according to the institution's published standards of satisfactory academic progress and still received aid. Per the institution's SAP policy, a Student on Financial Aid Suspension due to exceeding the maximum time frame, can regain eligibility for aid if a student submits a successful appeal. This student had no appeal on file.

Effect or Potential Effect: Title IV aid was awarded to an ineligible student.

Cause: TVCC failed to check this student's SAP records in the old ERP system prior to awarding this student aid in the new Colleague system. The financial aid office was also not aware that all student data was not imported from the old ERP system until the end of the semester for this student.

Repeat Finding: No

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Recommendation: The Financial Aid Office should implement an internal control process/procedure to ensure that all students' records are checked in AS400 prior to awarding aid.

Explanation of Disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

- The Financial Aid Office (FAO) has implemented and added verification process for students that not been in attendance at TVCC for the last 3 years. Once the FAO counselor has identified that the student is a returning student, either by admissions records or by the data on the FAFSA, the FAO counselor will verify the SAP status by going into the AS400 database to check the student's last SAP status. The SAP status is then documented Colleague in notes on the student account. If the student is found to have been on suspension in the AS400 system, all financial aid is put to cancel so that the students are not awarded and the FAO counselor sends the student an email informing them of their SAP status and the opportunity to file an appeal.

Finding 2021-002:

Information on the Federal Program: CFDA 84.268 - Federal Direct Student Loan. United States of Department of Education.

Compliance Requirements: Special Tests and Provisions - Student Loan Repayments

Type of Finding: Significant deficiency.

Criteria: Program requirements state that the institution must exercise due care and diligence in the collection of loans. This due diligence includes a requirement to conduct exit counseling for direct loan student borrowers who are graduating, leaving school, or dropping below half-time enrollment. The exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. If a student borrower withdraws from school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must be completed, within 30 days after the school learns that the student borrower has withdrawn from school or failed to complete the exit counseling as required, be provided either through interactive electronic means, by mailing written counseling materials to the student borrower at the student borrower's last known address, or by sending written counseling materials to an email address provided by the student borrower that is not an email address associated with the school sending the counseling materials.

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Condition: For each student in the sample selection receiving direct loans, we reviewed the school's documentation to determine if the student was sent the required exit counseling materials.

Questioned Costs: $0

Context: We identified one student in the sample selection that was not sent the required exit counseling due to a lack of documentation.

Effect or Potential Effect: Students were not provided information concerning the repayment of federal student loans that were made available during exit counseling.

Cause: Lack of documentation.

Repeat Finding: Repeat finding.

Recommendation: TVCC should develop and institute a sustainable internal control system for appropriate documentation retention and identification of errors.

Explanation of Disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

- TVCC Financial Ad Office continues to partner with the advising office in sending emails to the financial aid office of students that drop classes throughout the semester. Those students are sent letters, in regards to Exit Counseling, to the student's address on file at that time. The Financial Aid Office also gets a list of those that have applied for graduation each semester and send out a letter by mail to that group of students. The Financial Aid Office has also added an email communication that will go out at least twice a semester, reminding student of the EXIT Counseling responsibilities and providing a link to studentaid.gov for students to go out and complete EXIT Counseling.

Finding 2021-003:

Information on the Federal Program: Student Financial Assistance Programs - CFDA 84.063 - Federal Pell Grant Program; CFDA 84.268 - Federal Direct Student Loan. United States of Department of Education.

Compliance Requirements: Special Tests and Provisions - Enrollment Reporting

Type of Finding: Significant deficiency.

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Criteria: Institutions must complete and return, within fifteen days, the Enrollment Reporting roster file [formerly the Student Status Confirmation Report (SSCR)] placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by the Department of Education via NSLDS. The institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every sixty days. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website.

Condition: We reviewed, evaluated, and documented procedures for updating student status. We determined if the school is meeting reporting requirements by having the school access the NSLDS website and create the SCHER1. The dates on the roster file are compared to verify that the school returned the roster files within fifteen days. We tested the accuracy and timeliness of the enrollment data certification by selecting a sample of students from the institution's records and compared the data to the NSLDS Enrollment Detail.

Questioned Costs: $0

Context: We identified on student in the sample that had an incorrect enrollment reporting status reported to NSLDS.

Effect or Potential Effect: A student's enrollment status determines eligibility for in-school status, deferment, and grace periods. Enrollment reporting in a timely and accurate manner is critical for effective management of programs.

Cause: Colleague report programming error.

Repeat Finding: No

Recommendation: Develop a process or procedure that regularly reviews the SCHER1 report uploaded to the NSLDS website for accuracy.

Explanation of Disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

- The TVCC' Registrar's Office has updated our procedures to include pulling the SCHER1 report from NSLDS after each enrollment/graduates only report is submitted to review for inaccuracies. TVCC has updated in NSLDS information for the student found in error.

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