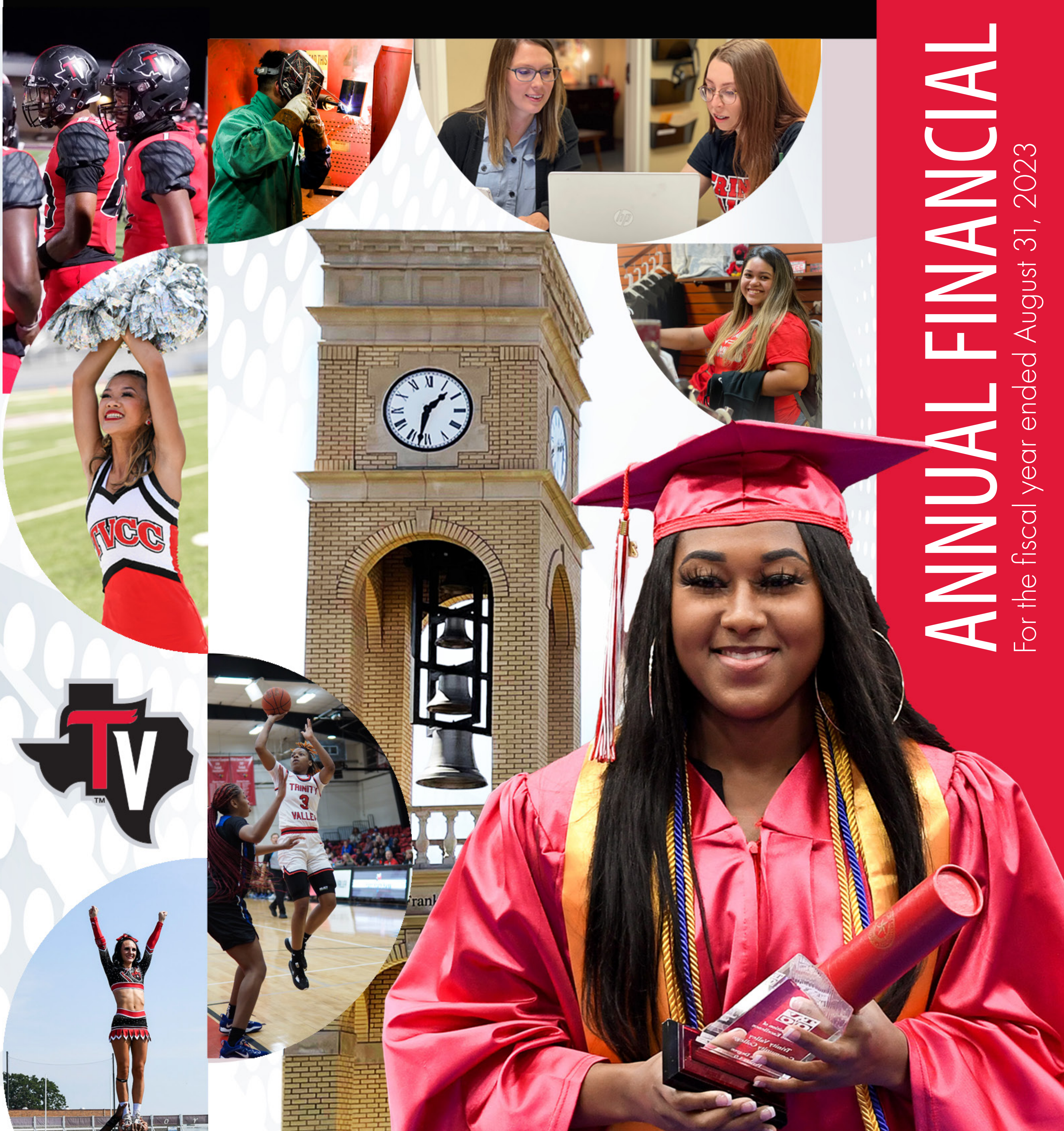
2023

TRINITY VALLEY COMMUNITY COLLEGE

Athens Kaufman Palestine Terrell www.tvcc.edu

ANNUAL FINANCIAL REPORT

For the fiscal year ended August 31, 2023



TRINITY VALLEY COMMUNITY COLLEGE

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED

AUGUST 31, 2023 AND 2022

Prepared By:

DEPARTMENT OF BUSINESS SERVICES

TRINITY VALLEY COMMUNITY COLLEGE

TRINITY VALLEY COMMUNITY COLLEGE

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TRINITY VALLEY COMMUNITY COLLEGE

Athens Kaufman Palestine Terrell www.tvcc.edu

Financial Section

TRINITY VALLEY COMMUNITY COLLEGE

TRINITY VALLEY COMMUNITY COLLEGE
ORGANIZATIONAL DATA
FOR THE FISCAL YEAR ENDED AUGUST 31,2023
(AS OF REPORT DATE)

Board of Trustees

Officers

Steve Grant	President
Michael Hembree	Vice President
Ron Day	Secretary

Members

		Term Expires April 30,
Ron Day	Mabank, Texas	2024
Steve Grant	Athens,Texas	2026
Dr. Clayton Gautreaux	Mabank, Texas	2024
Mike Hembree	Athens, Texas	2026
David Monk	Chandler,Texas	2024
Terry Eason	Kaufman, Texas	2028
Dr. Charles Risinger	Terrell, Texas	2028
Jerry Stone	Malakoff, Texas	2028
Vacant		

Principal Administrative Officers

Dr. Jason Morrison	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
Vacant	Associate Vice-President of Facilities Management
Tammy Denney	Associate Vice-President of Enrollment Management
Kelley Townsend	Associate Vice-President of Workforce Education
Erica Richardson	Associate Vice-President of Academic Affairs
Dr. Holley Collier	Associate Vice-President of Instructional Innovation & Support
Dr. Jason Smith	Associate Vice-President of Health Occupations
Dr. Dreand Johnson	Provost of Terrell, Palestine, and Kaufman Campuses
Stephanie Golem,CPA	Director of Accounting Services and Controller
Emily Heglund	Executive Director of TVCC Foundation

TRINITY VALLEY COMMUNITY COLLEGE

Gollob Morgan Peddy
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Trinity Valley Community College
Athens, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the Trinity Valley Community College ("TVCC") as of and for the years ended August 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the TVCC's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Trinity Valley Community College as of August 31, 2023 and 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) on pages 6 – 12 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise TVCC's basic financial statements. The introductory section, statistical section, and 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, on our consideration of the 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 14, 2023

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member of
CPAmerica International
Member Crowe Global™

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, 2023. 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, Kaufman Workforce Education 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 15. 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 $47,903,351 on August 31, 2023, an increase of $2,452,750 over net position on August 31, 2022. The increase is due mainly to increased property tax revenue, State Appropriations and other Federal funding. Presented on the following page is a condensed SONP showing fiscal years 2023 and 2022 for comparative purposes.

Statement of Net Position

Fiscal Year Ended August 31

	2023	2022	Change
Assets			
Cash and Cash Equivalents, Current	$ 18,390,514	$ 4,137,115	$ 14,253,399
Cash and Cash Equivalents, Noncurrent	764,018	1,561,539	(797,521)
Investments, Unrestricted	17,732,412	27,424,578	(9,692,166)
Capital Assets, Net	53,946,489	55,772,987	(1,826,498)
Other Assets	9,471,209	9,308,063	163,146
Total Assets	**$ 100,304,642**	**$ 98,204,282**	**$ 2,100,360**
Deferred Outflows of Resources	$ 10,051,265	$ 6,544,897	$ 3,506,368
Liabilities			
Current Liabilities	$ 10,886,770	$ 11,538,907	(652,137)
Long Term Liabilities	$ 37,554,921	$ 36,881,664	673,257
Total Liabilities	**$ 48,441,691**	**$ 48,420,571**	**$ 21,120**
Deferred Inflows of Resources	$ 14,010,865	$ 10,878,007	3,132,858
Net Position			
Invested in Capital Assets, Net of Debt	$ 53,946,489	$ 55,772,987	(1,826,498)
Restricted			
Expendable			
Financial Aid and Scholarships	$ 414,213	$ 1,213,216	(799,003)
Unrestricted	(6,457,351)	(11,535,602)	5,078,251
Total Net Position	**$ 47,903,351**	**$ 45,450,601**	**2,452,750**

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 17. 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.
- 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.

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 $12,863,528, a decrease of $7,104,667 from prior year operating revenue of $19,968,195. This decrease was primarily due to the decrease in HEERF monies received in the current year vs the prior year.

Operating expenses totaled $58,061,936, an increase of $1,811,048 over the previous year which is primarily attributable to an increase in spending for instruction, academic support, and institutional support offset by a decrease in student HEERF aid distributed. Net non-operating revenue, the majority of which is normally state appropriations, property tax revenue and federal Title IV funding, increased by $4,703,807 compared to the previous year. This increase is primarily attributable to an increase in property tax revenue and increased state appropriations. Presented on the following page is a condensed SRECNP showing fiscal years 2023 and 2022 for comparative purposes.

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

	2023	2022	Change
Operating Revenues			
Tuition and Fees - net	$ 6,418,118	$ 6,395,799	$ 22,319
Auxiliary Enterprises - net	3,545,977	2,932,764	613,213
Federal Grants/Contracts	1,805,395	9,680,963	(7,875,568)
State Grants/Contracts	806,696	632,923	173,773
Non-government Grants/Contracts	1,392	72,607	(71,215)
Sales and Services of Educational Activities	139,163	139,988	(825)
Other	146,787	113,151	33,636
Total Operating Revenues	**$ 12,863,528**	**$ 19,968,195**	**$ (7,104,667)**
Operating Expenses			
Instruction	$ 16,286,159	$ 15,117,294	$ 1,168,865
Public Service	587,536	557,827	29,709
Academic Support	8,401,824	7,220,858	1,180,966
Student Services	4,631,462	4,313,169	318,293
Institutional Support	8,224,565	6,551,064	1,673,501
Operation and Maintenance of Plant	4,061,620	3,411,968	649,652
Scholarships and Fellowships - net	4,060,491	8,433,646	(4,373,155)
Auxiliary Enterprises	8,516,565	7,640,271	876,294
Depreciation	2,883,777	2,855,671	28,106
Amoritization of Subscriptions	254,520		254,520
Amoritization of Leases	153,417	149,120	4,297
Total Operating Expenses	**$ 58,061,936**	**$ 56,250,888**	**$ 1,811,048**
Operating Income (Loss)	**$ (45,198,408)**	**$ (36,282,693)**	**$ (8,915,715)**
Non-Operating Revenues (Expenses)			
State Appropriations	$ 14,405,803	$ 13,274,851	$ 1,130,952
Ad Valorem Taxes	23,242,544	21,123,205	2,119,339
Federal Non-op Revenue	8,691,511	8,156,385	535,126
Payments for Collection of Taxes	(609,910)	(502,290)	(107,620)
Other Non-op Revenue	531,472	774,678	(243,206)
Investment Income	746,160	117,210	628,950
Gain/(Loss) on Disposal of Fixed Assets	672,193	14,159	658,034
Interest on Capital-related Debt	(28,615)	(10,847)	(17,768)
Total Non-Operating Revenues (Expenses)	**$ 47,651,158**	**$ 42,947,351**	**$ 4,703,807**
Increase in Net Position	**$ 2,452,750**	**$ 6,664,658**	**$ (4,211,908)**
Net Position as originally stated, Beginning of The Year	45,450,601	38,785,943	6,664,658
Prior Period Adjustment			-
Net Position, Beginning of year - restated	45,450,601	38,785,943	6,664,658
Ending Net Position	$ 47,903,351	$ 45,450,601	$ 2,452,750

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 19-20. 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 2023, there was more cash provided (inflow) than used (outflow) resulting in positive cash flow of $13,455,878. While there are many offsetting variables contributing to the increase in cash flow, the primary contributor is the maturity of investments $9,692,166 net of various offsetting items.

Capital Asset and Debt Administration

Capital Assets

On August 31, 2023, the College had $53,946,489 invested in capital assets, net of accumulated depreciation of $38,843,194. Refer to Note 7 in the Notes to the Financial Statements (page 29) 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 2023 included completion of resurfacing of the Terrell Health Science Center parking lot, drainage repair also at the Health Science Center. Additionally, the projects still in progress include the Palestine multi-purpose TDCJ building (est. $6,500,000) and the Northwest Dorm remodel.

Debt

The college had no bonded debt as of August 31, 2023.

Refer to Notes 8 through 16 in the Notes to the Financial Statements (pages 31 through 45) 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, 2023, was $9,070,786 an increase of $1,425,801 compared to the previous year primarily due to increases in contributions and fud raising efforts. The Foundation's Statement of Financial Position and Statement of Activities are presented on pages 16 and 18 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 38 independent school districts, charter schools, private schools, and early college high schools. The TVCC taxing district covers Henderson, Anderson, Kaufman 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 23-24:

Like most colleges TVCC continues to battle the effects of COVID-19. Enrollment has recovered some but not back to pre-COVID levels. The financial situation continues to be positive due to increased property tax revenues. With the change in the State funding model from mainly contact hours to a performance based TVCC has seen an increase in funding despite enrollment still below pre COVID levels. For the 23-24 fiscal year the state appropriation funding increased $1,977,457 over the prior fiscal year. Many expense categories are up due to restrictions on travel and on campus activities being lifted. $2,097,489 (3.77% of revenue) is budgeted to be added to the capital reserve fund for future capital projects. $275,123 is budgeted as contingency in case of unanticipated revenue loss or other unforeseen events.

TRINITY VALLEY COMMUNITY COLLEGE

TRINITY VALLEY COMMUNITY COLLEGE

TRINITY VALLEY COMMUNITY COLLEGE
STATEMENTS OF NET POSITION
AS OF AUGUST 31, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 18,390,514	$ 4,137,115
Accounts Receivable (net of allowance for doubtful accounts of $980,448 and $1,022,570 respectively)	6,517,098	6,860,782
Receivable From TVCC Foundation	295,719	293,813
Inventory	134,825	133,199
Prepaid Expenses	1,496,254	1,412,809
Total Current Assets	26,834,410	12,837,718
Noncurrent Assets		
Cash and Cash Equivalents	764,018	1,561,539
Investments	17,732,412	27,424,578
Right-of-use Assets (Net)	421,211	607,460
Subscription Assets (Net)	606,102	-
Capital Assets (Net)	53,946,489	55,772,987
Total Noncurrent Assets	73,470,232	85,366,564
TOTAL ASSETS	100,304,642	98,204,282
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	6,903,206	2,588,337
Deferred Outflows Related to Other Post Employment Benefits	3,148,059	3,956,560
Total Deferred Outflows of Resources	10,051,265	6,544,897
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	2,944,095	3,197,566
Unearned Revenues	7,345,925	7,964,547
Current Portion of Compensated Absences	46,601	51,120
Current Portion of Lease Obligations	150,022	151,453
Current Portion of Subscription Liability	262,571	-
Current Portion of Contractual Commitments	137,556	174,221
Total Current Liabilities	10,886,770	11,538,907
Noncurrent Liabilities		
Accrued Compensable Absences Payable	419,408	460,077
Net Pension Liability	10,338,792	4,420,930
Net Other Post Employment Benefits Liability	25,656,976	30,878,872
Lease Obligations	271,119	451,554
Subscription Liability	335,951	-
Contractual Commitments	532,675	670,231
Total Noncurrent Liabilities	37,554,921	36,881,664
TOTAL LIABILITIES	48,441,691	48,420,571
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	4,026,225	5,424,896
Deferred Inflows Related to Other Post Employment Benefits	9,984,640	5,453,111
Total Deferred Inflows of Resources	14,010,865	10,878,007
NET POSITION		
Net Investment in Capital Assets	53,946,489	55,772,987
Restricted		
Expendable		
Financial Aid and Scholarships	414,213	1,213,216
Unrestricted	(6,457,351)	(11,535,602)
TOTAL NET POSITION	$ 47,903,351	$ 45,450,601

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

EXHIBIT 1-1

TRINITY VALLEY COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,521,309	$ 1,228,045
Prepaid Expenses	246,616	248,570
Total Current Assets	1,767,925	1,476,615
Non-Current Assets:		
Capital Assets (Net)	854,888	854,888
Investments	6,744,691	5,607,296
Total Non-Current Assets	7,599,579	6,462,184
Total Assets	$ 9,367,504	$ 7,938,799
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Payable to TVCC	$ 296,718	$ 293,814
Total Current Liabilities	296,718	293,814
NET ASSETS		
Without Donor Restrictions	42,409	47,973
With Donor Restrictions	9,028,377	7,597,012
Total Net Assets	9,070,786	7,644,985
TOTAL LIABILITIES & NET ASSETS	$ 9,367,504	$ 7,938,799

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, 2023 AND 2022

	2023	2022
REVENUES		
Operating revenues		
Pledged Revenues:		
Tuition and Fees (net of $8,602,497 and $8,277,254 in discounts)	$ 6,418,118	$ 6,395,799
Auxiliary Enterprises (net of $996,878 and $1,036,414 in discounts)	3,545,977	2,932,764
Federal Grants and Contracts	1,805,395	9,680,963
State Grants and Contracts	806,696	632,923
Non-Government Grants and Contracts	1,392	72,607
Sales and Service of Educational Activities	139,163	139,988
Miscellaneous Operating Revenues	146,787	113,151
Total Operating Revenues	12,863,528	19,968,195
EXPENSES		
Operating expenses		
Instruction	16,286,159	15,117,294
Public Service	587,536	557,827
Academic Support	8,401,824	7,220,858
Student Services	4,631,462	4,313,169
Institutional Support	8,224,565	6,551,064
Operations and Maintenance of Plant	4,061,620	3,411,968
Scholarship and Fellowships (net of $9,599,375 and $9,313,668 in discounts)	4,060,491	8,433,646
Auxiliary Enterprises	8,516,565	7,640,271
Depreciation	2,883,777	2,855,671
Amortization of subscriptions	254,520	-
Amortization of leases	153,417	149,120
Total Operating Expenses	58,061,936	56,250,888
Operating (Loss)	(45,198,408)	(36,282,693)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations (non-capital)	14,405,803	13,274,851
Property Taxes	23,242,544	21,123,205
Federal Revenue, Non-Operating	8,691,511	8,156,385
Payments for Collection of Taxes	(609,910)	(502,290)
Other Non-Operating Revenue	531,472	774,678
Investment Income	746,160	117,210
Gain/(Loss) on Disposal of Fixed Asset	672,193	14,159
Interest on Capital Related Debt	(28,615)	(10,847)
Total Non-Operating Revenues (Expenses)	47,651,158	42,947,351
Increase in Net Position	2,452,750	6,664,658
Net Position, Beginning of year	45,450,601	38,785,943
Net Position, End of the Year	$ 47,903,351	$ 45,450,601

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, 2023 AND 2022

	2023			2022		
	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)	$ 19,425	$ 1,750,816	$ 1,770,241	$ 16,445	$ 655,887	$ 672,332
Unrealized Gain (loss)						
on Investments	-	263,011	263,011	-	(727,055)	(727,055)
Realized Gain (Loss)	-	(109,980)	(109,980)	-	296,096	296,096
Investment Income	1,475	182,997	184,472	128	87,529	87,657
Net Assets						
Released from Restrictions	655,479	(655,479)	-	815,621	(815,621)	-
Total Revenues	676,379	1,431,365	2,107,744	832,194	(503,164)	329,030
Expenses						
Scholarships	592,750	-	592,750	730,902	-	730,902
Contributions to TVCC and Affiliated Organizations	-	-	-	51,983	-	51,983
General and Administrative	84,485	-	84,485	8,795	-	8,795
Fundraising	4,708	-	4,708	40,494	-	40,494
Total Expenses	681,943	-	681,943	832,174	-	832,174
Change in Net Assets	(5,564)	1,431,365	1,425,801	20	(503,164)	(503,144)
Net Assets, September 1	47,973	7,597,012	7,644,985	47,953	8,100,176	8,148,129
Net Assets, August 31	$ 42,409	$ 9,028,377	$ 9,070,786	$ 47,973	$ 7,597,012	$ 7,644,985

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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	$ 15,964,784	$ 17,037,461
Receipt of grants and contracts	2,613,483	10,386,493
Receipt from auxiliary enterprises	3,545,977	2,932,764
Receipt from other operating revenues	285,950	253,139
Receipts from student organizations	218,600	173,418
Payments to student organizations	(266,170)	(212,287)
Payments for scholarships and fellowships	(9,424,016)	(9,662,178)
Payments for salaries and benefits to employees	(29,535,937)	(28,567,227)
Payments to suppliers for goods and services	(21,381,254)	(22,800,087)
Net cash used in operating activities	(37,978,583)	(30,458,504)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt from state educational contracts	10,284,552	10,404,224
Receipts from non-operating federal revenue	8,173,042	7,914,780
Property tax revenues	23,468,863	21,096,740
Payment for collection of taxes	(609,910)	(502,290)
Net cash provided by noncapital financing activities	41,316,547	38,913,454
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets and construction costs	(881,489)	(3,494,237)
Payments on contractual commitments	(174,222)	(174,222)
Payments on lease obligations	(160,454)	(105,429)
Payments on subscription obligations	(279,297)	-
Interest on capital related debt	(28,615)	(10,847)
Contributions received for capital related financing	1,203,665	774,678
Net cash used in capital and related financing activities	(320,412)	(3,010,057)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(9,508,011)
Sale of investments	9,692,166	-
Investment income	746,160	117,210
Net cash used in investing activities	10,438,326	(9,390,801)
Increase (decrease) in cash and cash equivalents	13,455,878	(3,945,908)
Cash and cash equivalents, September 1	5,698,654	9,644,562
Cash and cash equivalents, August 31	$ 19,154,532	$ 5,698,654
Reconciliation of cash on Exhibit 1:		
Cash and cash equivalents - current	$ 18,390,514	$ 4,137,115
Cash and cash equivalents - noncurrent	764,018	1,561,539
Total cash and cash equivalents	$ 19,154,532	$ 5,698,654

(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, 2023 AND 2022

Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$ (45,198,408)	$ (36,282,693)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	2,883,777	2,855,671
Amortization of subscriptions	254,520	-
Amortization of leases	153,417	149,120
Bad debt expense	75,378	85,472
Receipts from student organizations	218,600	173,418
Payments to student organizations	(266,170)	(212,287)
Payments made directly by state for benefits	3,804,447	2,870,627
(Increase) decrease in assets		
Receivables (net)	490,535	457,207
Receivable from TVCC Foundation	(1,906)	46,386
Inventory	(1,626)	112,763
Prepaid expenses	(83,445)	(105,761)
Deferred outflows on pensions	(4,314,869)	782,077
Deferred outflows on other post employment benefits	808,501	3,490,050
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	(56,724)	(327,300)
Unearned revenues	(618,622)	390,419
Deferred inflows on pensions	(1,398,671)	540,205
Deferred inflows on other post employment benefits	4,531,529	(2,697,672)
Pension liability	5,917,862	(5,047,694)
Other post employment benefits liability	(5,221,896)	2,279,612
Compensated absences	45,188	(18,124)
Net cash used in operating activities	$ (37,978,583)	$ (30,458,504)

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

TRINITY VALLEY COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

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 awards 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. Major building repairs and maintenance of at least $100,000 or that significantly extend the building's useful life are capitalized. 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

Leases

Leases are defined by TVCC as the right to use an underlying asset. TVCC recognizes a lease liability and an intangible right-of-use asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate.

TVCC calculates the amortization of the discount rate on the lease liability and reports that amount as outflow of resources. Payments are allocated first to accrued interest liability and then to the lease liability.

Subscription-Based Information Technology Agreements

Subscription-based information technology agreements (SBITAs) are defined by TVCC as a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in exchange or exchange-like transactions. TVCC recognizes an intangible subscription asset and subscription liability. The subscription liability is measured as the present value of the total subscription payments expected to be made to the vendor during the subscription term. The total future payments are discounted using the interest rate the vendor charges, or if the implicit interest rate is not readily determinable TVCC uses an estimated incremental borrow rate. The subscription asset is measured as the initial value of the subscription liability plus any initial capitalized costs and less any vendor incentives received at the commencement of the subscription term.

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 $7,345,925 and $7,964,547, as of August 31, 2023 and 2022 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, 2023 and 2022 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 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, 2023 and 2022, TVCC had the following deposits and investments:

	August 31, 2023 Book Balance	August 31, 2023 Bank Balance	August 31, 2022 Book Balance	August 31, 2022 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 TVCC's name	18,153,332	20,151,174	4,697,454	5,874,188
Total Deposits	19,153,332	21,151,174	5,697,454	6,874,188
Petty cash on hand	1,200	-	1,200	-
Total Cash and Cash Equivalents	$ 19,154,532	$ 21,151,174	$ 5,698,654	$ 6,874,188
Investments				
Simmons Bank (6 Months) CD	$ 8,131,517	$ 8,131,517	$ -	$ -
Simmons Bank (12 Months) CD	5,502,550	5,502,550	-	-
Texas Trust Credit Union (6 Months) CD	-	-	6,340,640	6,340,640
Texas Trust Credit Union (6 Months) CD	-	-	2,031,701	2,031,701
Texas Trust Credit Union (9 Months) CD	4,098,345	4,098,345	2,503,083	2,503,083
Texas Trust Credit Union (12 Months) CD	-	-	1,005,920	1,005,920
Texas Trust Credit Union (12 Months) CD	-	-	3,016,720	3,016,720
Texas Trust Credit Union (12 Months) CD	-	-	3,017,141	3,017,141
Texas Trust Credit Union (6 Months) CD	-	-	7,006,906	7,006,906
Texas Trust Credit Union (6 Months) CD	-	-	2,502,467	2,502,467
Total Investments	$ 17,732,412	$ 17,732,412	$ 27,424,578	$ 27,424,578

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

	August 31, 2023 Book Balance	August 31, 2023 Bank Balance	August 31, 2022 Book Balance	August 31, 2022 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	521,309	518,757	228,045	227,995
Total Deposits	1,521,309	1,518,757	1,228,045	1,227,995
Total Cash and Cash Equivalents	$ 1,521,309	$ 1,518,757	$ 1,228,045	$ 1,227,995

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

August 31, 2023:	Cost	Fair Value
TVCC:		
Certificates of Deposit	$ 17,732,412	$ 17,732,412
TVCC Foundation:		
Stocks	2,175,948	2,748,798
Bonds:		
Federal Agency	418,861	400,977
Corporate	3,639,557	3,595,216
Total Foundation	6,234,366	6,744,991
Total College and Foundation	$ 23,966,778	$ 24,477,403

August 31, 2022:	Cost	Fair Value
TVCC:		
Certificates of Deposit	$ 27,424,578	$ 27,424,578
TVCC Foundation:		
Certificates of Deposit	105,857	105,857
Stocks	1,758,829	2,126,427
Bonds:		
Federal Agency	360,886	358,044
Municipal	679,561	650,272
Corporate	2,454,846	2,366,696
Total Foundation	5,359,979	5,607,296
Total College and Foundation	$ 32,784,557	$ 33,031,874

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

GASB No. 72, Fair Value Measurement and Application, 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 GASB No. 72 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, 2023 and 2022:

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, 2023:

	Level 1	Level 2	Level 3
TVCC:			
Certificates of Deposit	$ 17,732,412	$ -	$ -
TVCC Foundation:			
Stocks	2,748,798	-	-
Bonds:			
Federal Agency	-	400,977	-
Corporate	-	3,595,216	-
Total Foundation	2,748,798	3,996,193	-
Total College and Foundation	$ 20,481,210	$ 3,996,193	$ -

The following table sets forth by level, within the fair value hierarchy, TVCC's assets at fair value as of August 31, 2022:

	Level 1	Level 2	Level 3
TVCC:			
Certificates of Deposit	$ 27,424,578	$ -	$ -
TVCC Foundation:			
Certificates of Deposit	105,857	-	-
Stocks	2,126,427	-	-
Bonds:			
Federal Agency	-	358,044	-
Municipal	-	650,272	-
Corporate	-	2,366,696	-
Total Foundation	2,232,284	3,375,012	-
Total College and Foundation	$ 29,656,862	$ 3,375,012	$ -

NOTE 6 — DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

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

	08-31-23	08-31-22
Student tuition and fees receivable (net of allowance for doubtful accounts of $903,426 and $957,436, respectively)	$ 3,909,178	$ 4,483,648
Taxes receivable (net of allowance for doubtful accounts of $77,002 and $65,134, respectively)	1,494,237	1,267,918
Local, Federal, and State receivable	1,042,101	861,407
Other receivables	72,031	247,809
Total Receivables	$ 6,517,098	$ 6,860,782

Accounts payable and accrued liabilities at August 31, 2023 and August 31, 2022, were as follows:

	08-31-23	08-31-22
Vendors payable	$ 1,298,880	$ 1,395,524
Salaries and benefits payable	1,614,264	1,802,042
Sales tax payable	30,951	-
Total Accounts Payable and Accrued Liabilities	$ 2,944,095	$ 3,197,566

The Foundation had accounts payable and accrued liabilities balances of $296,718 and $293,814 for August 31, 2023 and 2022, 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, 2023 was as follows:

	Balance September 1, 2022	Additions	Reductions	Balance August 31, 2023
Non Depreciated Assets				
Land	$ 3,371,514	$ -	$ 382,198	$ 2,989,316
Construction in progress	2,795,715	1,245,471	791,231	3,249,955
Subtotal	6,167,229	1,245,471	1,173,429	6,239,271
Other Capital Assets				
Leasehold Improvements	712,811	-	-	712,811
Buildings	62,860,896	-	-	62,860,896
Facilities & Improvements	6,280,439	791,231	-	7,071,670
Library Books	2,676,935	50,506	37,277	2,690,164
Furniture, Machinery, And Equipment	8,412,478	114,503	309,588	8,217,393
Computer Equipment	4,940,601	63,617	6,740	4,997,478
Subtotal	85,884,160	1,019,857	353,605	86,550,412
Total Capital Assets	92,051,389	2,265,328	1,527,034	92,789,683
Accumulated Depreciation				
Leasehold Improvements	421,425	66,827	-	488,252
Buildings	21,901,162	1,377,718	-	23,278,880
Facilities & Improvements	2,717,215	383,352	-	3,100,567
Library Books	2,137,149	74,226	27,436	2,183,939
Furniture, Machinery, And Equipment	5,055,203	574,620	284,809	5,345,014
Computer Equipment	4,046,248	407,034	6,740	4,446,542
Total Accumulated Depreciation	36,278,402	2,883,777	318,985	38,843,194
Net Capital Assets	$ 55,772,987	$ (618,449)	$ 1,208,049	$ 53,946,489

As of August 31, 2023, TVCC has active construction projects. At year-end, the college's commitments with contractors are as follows:

Project	Spent To-Date	Estimated Remaining Commitment
Palestine Multi-Purpose TDCJ Building	$ 764,343	$ 7,000,000
North West Dorm Remodel	2,485,612	105,000

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

	Balance September 1, 2022	Additions	Reductions	Balance August 31, 2023
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, 2022 was as follows:

	Balance September 1, 2021	Additions	Reductions	Balance August 31, 2022
Non Depreciated Assets				
Land	$ 3,473,374	$ -	$ 101,860	$ 3,371,514
Construction in progress	331,905	3,203,723	739,913	2,795,715
Subtotal	3,805,279	3,203,723	841,773	6,167,229
Other Capital Assets				
Leasehold Improvements	712,811	-	-	712,811
Buildings	62,860,896	-	-	62,860,896
Facilities & Improvements	5,320,908	959,531	-	6,280,439
Library Books	2,626,014	58,788	7,867	2,676,935
Furniture, Machinery, And Equipment	8,239,196	188,034	14,752	8,412,478
Computer Equipment	5,006,207	8,846	74,452	4,940,601
Subtotal	84,766,032	1,215,199	97,071	85,884,160
Total Capital Assets	88,571,311	4,418,922	938,844	92,051,389
Accumulated Depreciation				
Leasehold Improvements	354,598	66,827	-	421,425
Buildings	20,522,694	1,378,468	-	21,901,162
Facilities & Improvements	2,420,556	296,659	-	2,717,215
Library Books	2,064,916	74,892	2,659	2,137,149
Furniture, Machinery, And Equipment	4,468,180	601,775	14,752	5,055,203
Computer Equipment	3,684,148	436,552	74,452	4,046,248
Total Accumulated Depreciation	33,515,092	2,855,173	91,863	36,278,402
Net Capital Assets	$ 55,056,219	$ 1,563,749	$ 846,981	$ 55,772,987

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

	Balance September 1, 2021	Additions	Reductions	Balance August 31, 2022
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, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Contract Agreements					
Contractual Commitments	$ 844,452	$ -	$ 174,222	$ 670,230	$ 137,556
Other Liabilities					
Compensable Absences	511,197	5,932	51,120	466,009	46,601
Net OPEB Liability	30,878,872	3,612,974	8,834,870	25,656,976	-
Net Pension Liability	4,420,930	6,730,494	812,632	10,338,792	-
Total Other Liabilities	35,810,999	10,349,400	9,698,622	36,461,777	46,601
Total Long-term Liabilities	$ 36,655,451	$ 10,349,400	$ 9,872,844	$ 37,132,007	$ 184,157

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Financing agreements					
EOC/PARK Capital Lease	25,000	-	25,000	-	-
Contract Agreements					
Contractual Commitments	1,018,674	-	174,222	844,452	174,221
Other Liabilities					
Contingent Liabilities	-	-	-	-	-
Compensable Absences	493,073	67,431	49,307	511,197	51,120
Net OPEB Liability	28,599,260	3,533,301	1,253,689	30,878,872	-
Net Pension Liability	9,468,624	78,985	5,126,679	4,420,930	-
Total Other Liabilities	38,560,957	3,679,717	6,429,675	35,810,999	51,120
Total Long-term Liabilities	$ 39,604,631	$ 3,679,717	$ 6,628,897	$ 36,655,451	$ 225,341

NOTE 9 — LEASES

TVCC has obtained office space, copy machines, and equipment through long-term operation leases. The terms and conditions for the leases vary. Leases are fixed and variable with periodic payments over the lease term, which ranges between 1-10 years.

As of August 31, 2023, leases consisted of the following:

	Balance September 1, 2022	Additions	Modifications & Remeasurements	Retirements	Balance August 31, 2023
Leases					
Right of use - Copy machine	$ 365,916	$ 18,194	$ (3,571)	$ -	$ 380,539
Right of use - Equipment	237,508	-	-	-	237,508
Right of use - Office space	153,155	-	(55,992)	-	97,163
Total leases	756,579	18,194	(59,563)	-	715,210
Less accumulated amortization for:					
Right of use - Copy machine	(67,660)	(74,591)	-	1,483	(140,768)
Right of use - Equipment	(50,610)	(54,117)	-	-	(104,727)
Right of use - Office space	(30,849)	(24,709)	-	7,054	(48,504)
Total accumulated amortization	(149,119)	(153,417)	-	8,537	(293,999)
Leases, net	$ 607,460	$ (135,223)	$ (59,563)	$ 8,537	$ 421,211

As of August 31, 2022, lease liability consisted of the following:

	Balance September 31, 2022	Additions	Modifications & Remeasurements	Subtractions	Balance August 31, 2023	Amounts due within one year
Lease liability	$ 603,007	$ 18,194	$ (51,156)	$ (148,904)	$ 421,141	$ 150,022

Principal and interest requirements to maturity for the lease liability at August 31, 2022 are as follows:

Year ended August 31,	Principal	Interest	Total
2024	$ 150,022	$ 8,945	$ 158,967
2025	125,949	5,888	131,837
2026	85,017	3,168	88,185
2027	60,153	1,047	61,200
Total	$ 421,141	$ 19,048	$ 440,189

As of August 31, 2022, leases consisted of the following:

	Balance September 1, 2021	Additions	Retirements	Balance August 31, 2022
Leases				
Right of use - Copy machine	$ 344,791	$ 21,125	$ -	$ 365,916
Right of use - Equipment	132,307	105,202	-	237,509
Right of use - Office space	153,155	-	-	153,155
Total leases	630,253	126,327	-	756,580
Less accumulated amortization for				
Right of use - Copy machine	-	(67,661)	-	(67,661)
Right of use - Equipment	-	(50,610)	-	(50,610)
Right of use - Office space	-	(30,849)	-	(30,849)
Total accumulated amortization	-	(149,120)	-	(149,120)
Leases, net	$ 630,253	$ (22,793)	$ -	$ 607,460

As of August 31, 2022, lease liability consisted of the following:

	Balance September 1, 2021	Additions	Subtractions	Balance August 31, 2022	Amounts due within one year
Lease liability	$ 619,375	$ 89,061	$ (105,429)	$ 603,007	$ 151,453

NOTE 10 — SBITA

TVCC entered into various SBITA's for software utilized in various parts of the College. The agreements expire on various dates from August 2024 to July 2026. The payments on the agreements are either annual or monthly and are all fixed. As of August 31, 2023, subscription assets consisted of the following:

	Balance September 1, 2022	Additions	Subtractions	Balance August, 31 2023
Subscription assets				
SBITA	$ 783,045	$ 77,576	$ -	$ 860,621
Subscription assets	783,045	77,576	-	860,621
Less accumulated amortization for				
SBITA	-	(254,519)	-	(254,519)
Total accumulated amortization	-	(254,519)	-	(254,519)
Net subscription assets	$ 783,045	$ (176,943)	$ -	$ 606,102

As of August 31, 2023, subscription liabilities consisted of the following:

	Balance September 1, 2022	Additions	Subtractions	Balance August, 31 2023	Amounts due within one year
Subscription liability	$ 783,045	$ 49,165	$ (233,688)	$ 598,522	$ 262,571

Principal and interest requirement to maturity for the subscription liability as of August 31, 2023 are as follows:

Year Ended	Principal	Interest	Total
August 31, 2024	$ 262,571	$ 17,838	$ 280,409
August 31, 2025	184,447	9,195	193,642
August 31, 2026	137,077	3,354	140,431
August 31, 2027	14,427	61	14,488
Total	$ 598,522	$ 30,448	$ 628,970

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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net 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 2022 and 2023.

Contribution Rates	2023	2022
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	8.00%	7.75%
Employers	8.00%	7.75%
FY 2023 Employer Contributions	$ 812,632	
FY 2023 NECE On-behalf Contributions	$ 549,364	

TVCC's contributions to the TRS pension plan in fiscal year 2023 were $812,632 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 2023 were $549,364.

- 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, 2022, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return*	7.00%
Municipal Bond Rate*	3.91%*
Last year ending August 31 in the 2020 to 2121 Projection period (100 years)	2121
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
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, 2021 and were adopted in July 2022. 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, 2022 was developed using a roll-forward method from the August 31, 2021 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, 2022.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate decreased by .25 percent as of August 31, 2022, to 7.00 percent from 7.25 percent as of August 31, 2021.
- The long-term assumed rate of return also decreased by .25 percent to 7.00 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 7.00 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 3.91 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 2048.

As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2048, 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 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2022 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%	4.60%	1.12%
Non-U.S Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity	14.00%	7.70%	1.55%
Stable Value			
U. S. Treasuries	16.00%	1.00%	0.22%
Absolute Return	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Assets	15.00%	4.10%	0.94%
Energy and Natural Resources	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity			
Risk Parity	8.00%	4.600%	0.43%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag			-0.91%
Total	100.00%		8.19%

* *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 2022 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 (7.00%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Trinity Valley Community College's proportionate share of the net pension liability	$16,083,240	$10,338,792	$5,682,647

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

At August 31, 2023, Trinity Valley Community College reported a liability of $10,338,792 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	$ 10,338,792
State's proportionate share that is associated with TVCC	6,989,341
Total	$ 17,328,133

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

At the measurement date of August 31, 2022, the employer's proportion of the collective net pension liability was .0174149 percent which was an increase of .0002643 percent from its proportion measured as of August 31, 2021.

For the year ended August 31, 2023, Trinity Valley Community College recognized pension expense of $668,102 and revenue of $668,102 for support provided by the State. Refer to the 2022 Schedule of On-Behalf Contributions for this information posted on the TRS website under GASB Statements 67 and 68.

At August 31, 2023, 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	$ 149,912	$ 225,405
Changes in actuarial assumptions	1,926,453	480,126
Net difference between projected and actual investment earnings	4,017,036	2,995,596
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	88,750	325,098
Contributions paid to TRS subsequent to the measurement date	721,055	-
Total	$ 6,903,206	$ 4,026,225

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	
2023	$	594,325
2024		268,817
2025		2,908
2026		1,136,894
2027		152,982
Thereafter		-
	$	2,155,926

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 $93,182 and $93,640 for the fiscal years ended August 31, 2023 and 2022, 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 $23,153,738 and $22,218,494 for fiscal years ended August 31, 2023 and 2022, respectively. The total payroll of employees covered by the TRS was $18,674,369 and $16,866,043, and the total payroll of employees covered by the Optional Retirement Program was $3,137,493 and $3,465,677 for the fiscal years ended August 31, 2023 and 2022, 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, 2023, TVCC withheld and remitted $345,722 for 27 employees. For the year ended August 31, 2022, TVCC withheld and remitted $274,186 for 22 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 $466,099 and $511,197 for 2023 and 2022. 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, 2023 that are required to be disclosed in the financial statements.

NOTE 16 — 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 2023 are as follows:

Retiree only	$ 624.82
Retiree & Spouse	1,339.90
Retiree & Children	1,103.58
Retiree & Family	1,818.66

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

	08/31/23	08/31/22
Employer Contributions	$ 663,559	$ 659,907
Member (Employee) Contributions	171,719	165,626
NECE On-behalf Contributions	33,100	33,730

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	August 31, 2022
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	3.59%
Inflation	2.30%
Salary Increases including inflation	2.30% to 8.95%, including inflation
Healthcare Cost Trend Rates	5.60% for FY 2024, 5.30% for FY2025, 5.00% for FY2026, 4.75% for FY2027, 4.60% for FY2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2031 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 2021
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2021 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 Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a two-year set forward for males with Ultimate MP 2021 Projection sale from the year 2010.

Source: FY 2022 ERS CAFR except for mortality assumptions obtained from ERS FY 2022 GASB 75 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 3.59%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.14%, which amounted to a decrease of 0.06%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 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 (3.59%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (2.59%)	Current Discount Rate (3.59%)	1% Increase in Discount Rate (4.59%)
Trinity Valley Community College's proportionate share of the net OPEB liability	$29,923,785	$25,656,976	$22,244,551

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 5.60% and the ultimate rate is 4.30%. The following schedule shows the impact 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 (4.60% decreasing to 3.30%)	Current Healthcare Cost Trend Rates (5.60% decreasing to 4.30%)	1% Increase (7.60% decreasing to 5.30%)
Trinity Valley Community College proportionate share of the net OPEB liability	$21,971,672	$25,656,976	$30,362,109

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

At August 31, 2023, Trinity Valley Community College reported a liability of $20,656,976 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	$ 20,656,976
State's proportionate share that is associated with TVCC	18,849,542
Total	$ 44,506,518

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

At the measurement date of August 31, 2022, the employer's proportion of the collective net OPEB liability was 1.029710%, which was a decrease in the proportion measured as of August 31, 2021.

For the year ended August 31, 2023, Trinity Valley Community College recognized OPEB expense of $(686,592) and revenue of $(686,592) for support provided by the State.

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

- 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 increased from 2.20% to 3.59% 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, 2023, 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	$ -	$ (1,724,771)
Changes in actuarial assumptions	2,127,964	-
Net difference between projected and actual investment earnings	9,782	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	(2,414,039)
Contributions paid to ERS subsequent to the measurement date	504,511	-
Total	$ 2,642,257	$ (4,138,810)

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
2023	$ (1,492,466)
2024	(1,355,023)
2025	(1,541,205)
2026	(1,185,526)
2027	(574,926)
Thereafter	132,323
	$ (6,016,824)

NOTE 17 — 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, 2023:

Assessed Valuation of TVCC	$ 28,360,218,986
Less: Exemptions	2,811,359,234
Net Taxable Valuation of TVCC	$ 25,548,859,752

The authorized rates for the year ended August 31, 2023 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	$ .11549	$ .11549
Assessed Tax Rate per $100 valuation for Branch Campus Maintenance	$ .04760	$ .04760

The authorized rates for the year ended August 31, 2022 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, 2023 and 2022 amounted to $20,807,699 and $20,807,699, 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, 2023 and 2022 were as follows:

	08-31-23	08-31-22
Current taxes collected	$ 22,550,587	$ 20,493,392
Delinquent taxes collected	372,519	327,914
Penalties and interest collected	319,438	301,899
Total Collections	$ 23,242,544	$ 21,123,205

Tax collections for the year ended August 31, 2023 and 2022 were approximately 98.49 percent and 96.96 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, 2023 and 2022 from Palestine ISD was $674,373 and $647,231 respectively. This amount is included in the preceding collection amounts.

NOTE 18 — 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, 2023 and 2022.

NOTE 19 — CONTRACTUAL AGREEMENTS

Trinity Valley Community College recorded contingent obligations under contractual commitments at August 31, 2023 were as follows:

Year Ending 8/31	Terrell Health Science Academy	City of Terrell Scholarships	Aramark Contract	Total
2024	$ 18,980	$ 68,575	$ 50,001	$ 137,556
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	68,574	-	87,554
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
	$ 208,780	$ 411,449	$ 50,001	$ 670,230

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.

TVCC has a contract for custodial services and other related services for its buildings. The contract was awarded on February 1, 2023, and expires on January 31, 2028. TVCC has the unilateral option to renew the contract on the same terms for one additional five-year period after the initial term. TVCC pays $63,940 per month for these services.

NOTE 20 – CONTIGENCIES

The College is currently in an ongoing review from the Department of Education (DOE) related to administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965. The DOE issued a report of their findings on September 30, 2022 and has asked the college to respond to each finding. The college was granted an extension to respond by the DOE and has hired a third party to assist in the review and responses to each finding. TVCC responded in March 2023 with assistance from the third party and the DOE is currently reviewing TVCC's response.

Management believes that there is a possibility that TVCC will need to issue a refund to the DOE related to their findings, however, the amount is not currently measurable as of the date these financial statements were available to be issued.

NOTE 21 – SUBSEQUENT EVENTS

The College is starting the construction of a new facility at their Palestine, TX location. The total estimated costs of the project are $6,393,279.

Subsequent events have been evaluated through December 14, 2023, the date which the financial statements were available to be issued.

2023

TRINITY VALLEY COMMUNITY COLLEGE

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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, 2023

Fiscal year ending August 31,	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
TRS net position as percentage of total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	80.50%	79.70%	80.20%	80.25%
TVCC's proportionate share of collective net pension liability (%)	0.0174149%	0.0173598%	0.0176792%	0.0186231%	0.0186780%	0.0178887%	0.0178952%	0.0185170%	0.0204755%
TVCC's proportionate share of collective net pension liability ($)	10,338,792	4,420,930	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	6,989,341	3,066,149	7,005,214	6,663,423	7,260,901	4,355,356	5,095,729	4,900,394	3,976,221
Total	17,328,133	7,487,079	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	16,866,043	16,032,771	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	61.30%	27.57%	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.

SCHEDULE 2

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
TEACHERS PENSION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023

Fiscal year ending August 31,	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Legally required contributions	812,632	740,826	729,449	589,536	520,090	629,215	585,520	568,571	549,297
Actual contributions	812,632	740,826	729,449	589,536	520,090	629,215	585,520	568,571	549,297
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Trinity Valley Community College covered payroll	18,674,369	16,866,043	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	4.35%	4.39%	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, 2023

Fiscal year ending August 31	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Plan fiduciary net position as a percentage of the total OPEB liability	0.57%	0.38%	0.32%	0.17%	1.27%	2.04%
Trinity Valley Community College's proportion share of the collective net OPEB liability (%)	0.09006566%	0.08607229%	0.08654737%	0.08549805%	0.08883692%	0.07959070%
Trinity Valley Community College's proportionate share of collective net OPEB liability ($)	25,656,976	30,878,872	28,599,260	29,550,414	26,329,258	27,118,949
Portion of NECE's total proportionate share of NPL associated with TVCC District	18,849,542	24,267,035	22,347,174	24,678,074	20,778,847	22,023,191
Total	44,506,518	55,145,907	50,946,434	54,228,488	47,108,105	49,142,140
Trinity Valley Community College covered payroll	18,474,829	18,082,690	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 amount	138.88%	170.76%	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.

SCHEDULE 4

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF COLLEGE'S OPEB CONTRIBUTIONS
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FISCAL YEAR ENDED AUGUST 31, 2023

Fiscal year ending August 31	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Statutorily required contributions	630,459	647,694	647,694	343,091	272,755	708,942
Actual contribution	630,459	647,694	647,694	343,091	272,755	708,942
Annual contribution deficiency (excess)	-	-	-	-	-	-
Trinity Valley Community College covered payroll	20,309,812	18,474,829	18,082,690	18,450,069	18,245,339	17,988,500
Actual contributions as a percentage of covered payroll	3.10%	3.51%	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, 2021 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, 2020. Updated procedures were used to roll forward the total pension liability to August 31, 2021.

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 2.20% to 2.14% 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.

2023

TRINITY VALLEY COMMUNITY COLLEGE

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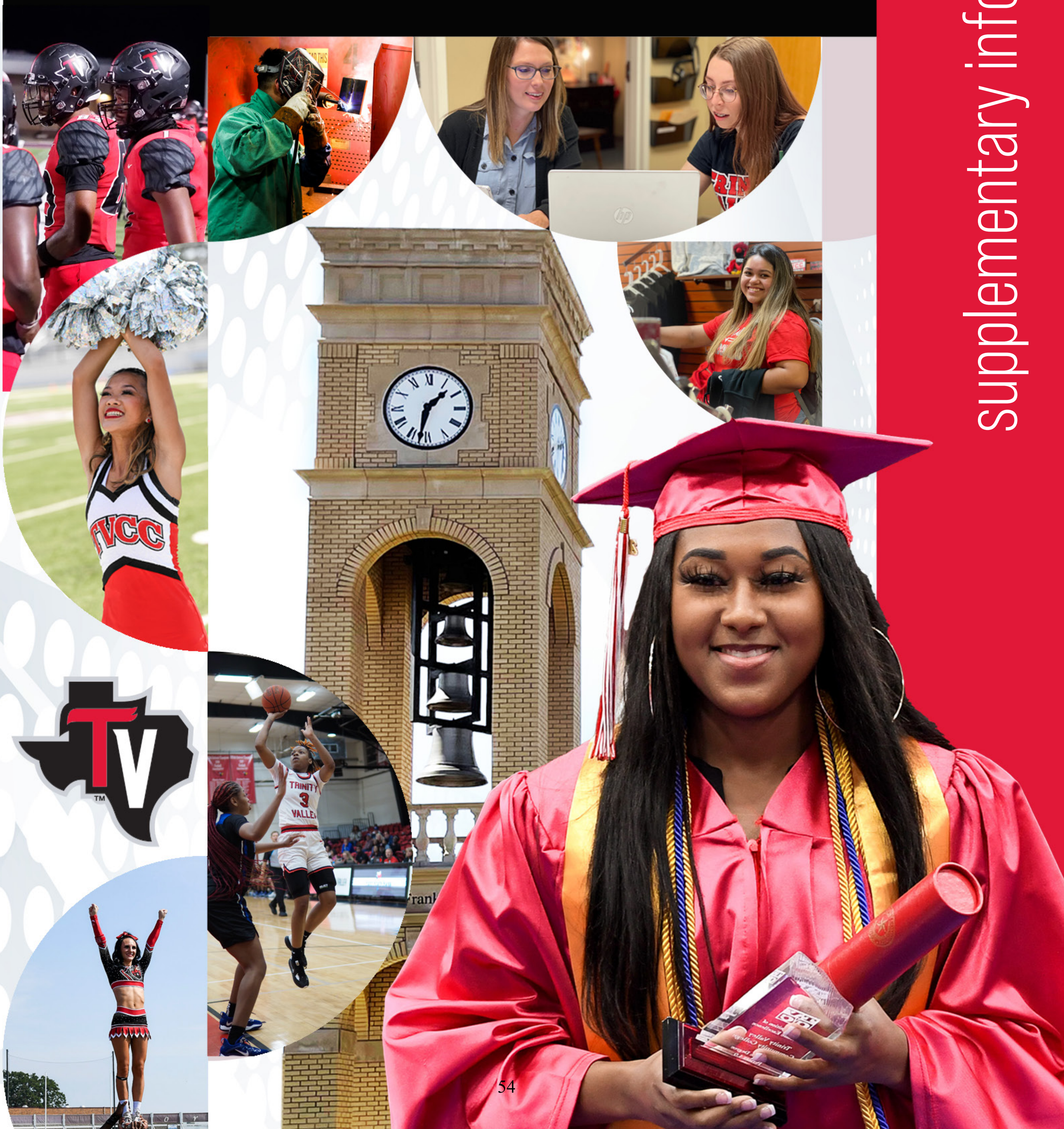
supplementary information



SCHEDULE A

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2023
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2022)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Activities	Total 08/31/23	Total 08/31/22
Tuition						
State Funded Courses						
In-District Resident Tuition	$ 2,010,121	$ -	$ 2,010,121	$ -	$ 2,010,121	$ 1,971,680
Out-of-District Resident Tuition	2,430,553	-	2,430,553	-	2,430,553	2,462,383
TPEG - Credit **	294,723	-	294,723	-	294,723	285,464
Non-Resident Tuition	649,229	-	649,229	-	649,229	595,425
State Funded Continuing Education	121,803	-	121,803	-	121,803	87,904
TPEG - Non-Credit **	1,248	-	1,248	-	1,248	766
Non-State Funded Educational Programs	20,802	-	20,802	-	20,802	12,101
Total Tuition	5,528,479	-	5,528,479	-	5,528,479	5,415,723
Fees						
General Fee	5,223,930	-	5,223,930	-	5,223,930	5,132,651
Out-of-District Fee	2,759,951	-	2,759,951	-	2,759,951	2,704,693
Laboratory Fee	638,086	-	638,086	-	638,086	588,246
Distance Learning Fee	695,775	-	695,775	-	695,775	659,599
Installment Plan Fee	56,575	-	56,575	-	56,575	58,175
Non-Funded Course Fee	117,819	-	117,819	-	117,819	113,946
Other Fees	-	-	-	-	-	20
Total Fees	9,492,136	-	9,492,136	-	9,492,136	9,257,330
Allowances and Discounts						
Bad Debt Allowance	(356,679)	-	(356,679)	-	(356,679)	(142,657)
Scholarships and Performance Grants	(1,219,653)	-	(1,219,653)	-	(1,219,653)	(1,778,432)
Waivers and Exemptions - State	(378,786)	-	(378,786)	-	(378,786)	(387,786)
Waivers and Exemptions - Local	(2,459,511)	-	(2,459,511)	-	(2,459,511)	(2,250,779)
TPEG Allowances	(377,514)	-	(377,514)	-	(377,514)	(193,548)
Private and Other Local	(31,812)	-	(31,812)	-	(31,812)	(31,076)
Federal Grants to Students	(3,316,254)	-	(3,316,254)	-	(3,316,254)	(3,106,251)
State Grants to Students	(462,288)	-	(462,288)	-	(462,288)	(386,725)
Total Scholarship Allowances and Discounts	(8,602,497)	-	(8,602,497)	-	(8,602,497)	(8,277,254)
Net Tuition and Fees	6,418,118	-	6,418,118	-	6,418,118	6,395,799
Additional Operating Revenues						
Federal Grants and Contracts	43,769	1,761,626	1,805,395	-	1,805,395	9,680,963
State Grants and Contracts	-	806,696	806,696	-	806,696	632,923
Non-Government Grants and Contracts	-	1,392	1,392	-	1,392	72,607
Sales and Service of Educational Activities	139,163	-	139,163	-	139,163	139,988
General Operating Revenues	146,787	-	146,787	-	146,787	113,151
Total Additional Operating Revenues	329,719	2,569,714	2,899,433	-	2,899,433	10,639,632
Auxiliary Enterprises						
Housing and Meals	-	-	-	2,497,816	2,497,816	2,037,716
Bad Debt Allowance	-	-	-	-	-	-
Scholarship Allowances and Discounts	-	-	-	(549,224)	(549,224)	(536,339)
Net Housing and Meals	-	-	-	1,948,592	1,948,592	1,501,377
Bookstore Commissions	-	-	-	2,013,752	2,013,752	1,859,670
Bad Debt Allowance	-	-	-	-	-	-
Scholarship Allowances and Discounts	-	-	-	(447,654)	(447,654)	(500,075)
Net Bookstore	-	-	-	1,566,098	1,566,098	1,359,595
Athletics	-	-	-	22,130	22,130	40,269
Other Auxiliary Revenues	-	-	-	9,157	9,157	31,523
Total Net Auxiliary Enterprises	-	-	-	3,545,977	3,545,977	2,932,764
Total Operating Revenues	$ 6,747,837	$ 2,569,714	$ 9,317,551	$ 3,545,977	$ 12,863,528	$ 19,968,195

** In accordance with Education Code 56.033, $295,971 and $286,230 for years August 31, 2023 and 2022, 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, 2023
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2022)

	Salaries and Wages	Benefits State	Benefits Local	Other Expenses	Total 08/31/23	Total 08/31/22
Unrestricted - Educational Activities						
Instruction	$ 11,110,217	$ -	$ 642,770	$ 955,748	$ 12,708,735	$ 12,249,066
Public Service	259,545	-	94,052	7,762	361,359	322,660
Academic Support	4,270,786	-	1,414,355	2,474,791	8,159,932	7,113,129
Student Services	2,674,031	-	890,849	650,419	4,215,299	3,828,134
Institutional Support	2,814,513	-	2,429,666	2,503,837	7,748,016	6,367,336
Operation and Maintenance of Plant	555,874	-	256,489	3,227,329	4,039,692	3,400,044
Scholarships and Fellowships	-	-	-	878,162	878,162	715,164
Total Unrestricted	21,684,966	-	5,728,181	10,698,048	38,111,195	33,995,533
Restricted - Education and General						
Instruction	94,902	3,183,667	-	298,855	3,577,424	2,868,228
Public Service	139,319	60,801	-	26,057	226,177	235,167
Academic Support	-	230,796	-	11,096	241,892	107,729
Student Services	115,120	154,616	-	146,427	416,163	485,035
Institutional Support	-	469,443	-	7,106	476,549	183,728
Operation and Maintenance of Plant	-	21,928	-	-	21,928	11,924
Scholarships and Fellowships	-	-	-	3,182,329	3,182,329	7,718,482
Total Restricted	349,341	4,121,251	-	3,671,870	8,142,462	11,610,293
Total Educational and General	22,034,307	4,121,251	5,728,181	14,369,918	46,253,657	45,605,826
Auxiliary Enterprises	1,468,772	-	537,011	6,510,782	8,516,565	7,640,271
Depreciation Expense - Buildings and Improvements	-	-	-	1,827,897	1,827,897	1,741,991
Depreciation Expense - Equipment	-	-	-	981,654	981,654	1,038,291
Depreciation Expense - Library Books	-	-	-	74,226	74,226	75,389
Amortization of leases				153,417	153,417	149,120
Amortization of subscriptions	-	-	-	254,520	254,520	-
Total Operating Expenses	$ 23,503,079	$ 4,121,251	$ 6,265,192	$ 24,172,414	$ 58,061,936	$ 56,250,888

SCHEDULE C

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2022)

	Unrestricted	Restricted	Auxiliary Enterprises	Total 08/31/23	Total 08/31/22
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	10,284,552	$ -	$ -	$ 10,284,552	$ 10,286,862
State Group Insurance	-	1,951,045	-	1,951,045	1,951,045
State Retirement Matching	-	2,170,206	-	2,170,206	1,036,944
Total State Appropriations	10,284,552	4,121,251	-	14,405,803	13,274,851
Property Taxes	23,242,544	-	-	23,242,544	21,123,205
Federal Revenue, Non Operating	-	8,691,511	-	8,691,511	8,156,385
Reduction of Contractual Commitment	174,222	-	-	174,222	174,222
Other Income	332,839	24,411	-	357,250	600,456
Investment Income	746,160	-	-	746,160	117,210
Total Non-Operating Revenues	34,780,317	12,837,173	-	47,617,490	43,446,329
NON-OPERATING EXPENSES:					
Payments for Collection of Taxes	609,910	-	-	609,910	502,290
Interest on Capital Related Debt	28,615	-	-	28,615	10,847
(Gain)/Loss on Disposal of Fixed Assets	(672,193)	-	-	(672,193)	(14,159)
Total Non-Operating Expenses	(33,668)	-	-	(33,668)	498,978
Net Non-Operating Revenues	$ 34,813,985	$ 12,837,173	$ -	$ 47,651,158	$ 42,947,351

TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
FOR THE YEAR ENDED AUGUST 31, 2023
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2022)

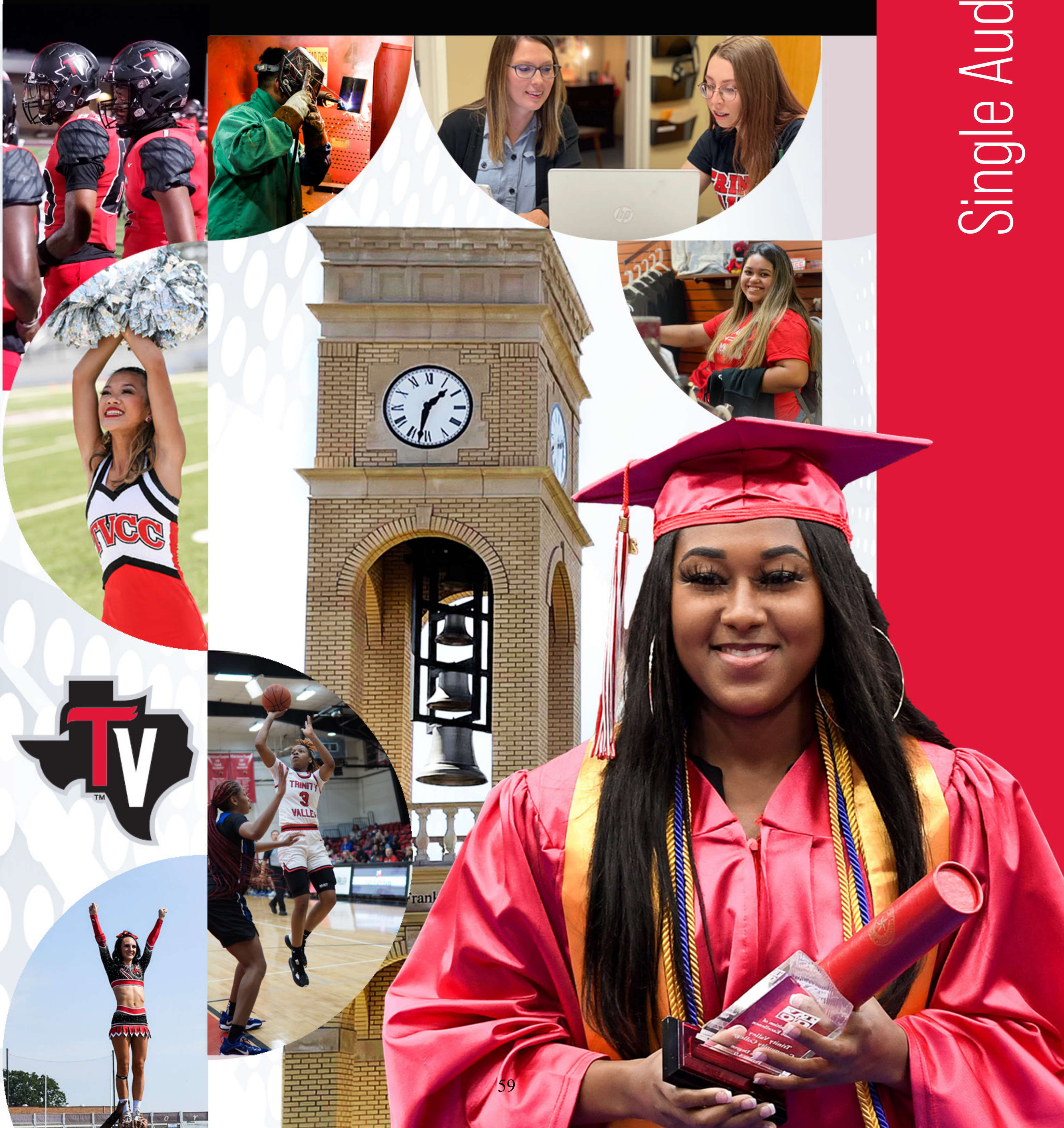
	Detail by Source					Available for Current Operations	
		Restricted		Capital Assets			
	Unrestricted	Expendable	Non-Expendable	Net of Depreciation & Related Debt	Total	Yes	No
Current:							
Unrestricted	$ (6,559,682)	$ -	$ -	$ -	$ (6,559,682)	$ (6,559,682)	$ -
Restricted	-	414,213	-	-	414,213	414,213	-
Loan	102,331	-	-	-	102,331	-	102,331
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Investment in Plant	-	-	-	53,946,489	53,946,489	-	53,946,489
Total Net Position, August 31, 2023	(6,457,351)	414,213	-	53,946,489	47,903,351	(6,145,469)	54,048,820
Total Net Position, August 31, 2022	(11,535,602)	1,213,216	-	55,772,987	45,450,601	(10,422,445)	55,873,046
Net Increase (Decrease) in Net Position	$ 5,078,251	$ (799,003)	$ -	$ (1,826,498)	$ 2,452,750	$ 4,276,976	$ (1,824,226)

2023

TRINITY VALLEY COMMUNITY COLLEGE

Athens Kaufman Palestine Terrell www.tvcc.edu

Single Audit Section



TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

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	--	$ 253,973
Federal College Workstudy Program	84.033	--	71,902
Federal Pell Grant Program	84.063	--	8,365,636
Direct Student Loans	84.268	--	4,417,673
Total Student Financial Assistance Cluster			13,109,184
COVID-19 Emergency Acts Funding			
COVID-19 HEERF Institutional Portion	84.425M		1,149,915
Pass Through From:			
Texas Higher Education Coordinating Board			
COVID-19 GEER: Report Modernization Grant II	84.425C	27588	893
COVID-19 Texas Reskilling and Upskilling Grant (TRUE)	84.425C	25775	155,865
COVID-19 Texas Reskilling Grant	84.425C	24105	308
COVID-19 GEER II: Student Success Acceleration Program Implementation	84.425C	28432	132,142
COVID-19 GEER II Nursing Shortage Reduction Program	84.425C	28366	29,568
Total passed through Texas Higher Education Coordinating Board			318,776
Total COVID -19 Emergency Acts Funding			1,468,691
Pass Through From:			
Texas Workforce Commission			
Adult Education - Basic Grants to States	84.002A	0818ALA00C	5,313
Total Adult Education - Basic Grants to States			5,313
Texas Higher Education Coordinating Board			
Carl Perkins Career and Technical Education-Basic Grants	84.048	25025	233,018
Total Career and Technical Education			233,018
Total U. S. Department of Education			**14,816,206**
U.S. Small Business Administration (SBA)			
Pass Through From:			
Dallas Community College District			
Small Business Development Center	59.037	SBAHQ-20-B-0021	80,927
Total U.S. Small Business Administration (SBA)			**80,927**
U.S. Department of Health and Human Services			
Pass Through From:			
Texas Workforce Commission to Workforce Solutions East Texas Board			
Childcare Local Match Agreement	93.596	04161C43-B	484
Total U.S. Department of Health and Human Services			**484**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 14,897,617**

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, 2023

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, 2023 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	$ 1,805,395
Non Operating Revenue From Schedule C	8,691,511
Direct Student Loans	4,417,673
Timing Difference for Reporting on SBDC Grant	(16,962)
Total Federal Financial Assistance – Schedule E	$ 14,897,617

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, 2023

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board		
Nursing Shortage Reduction	24562	$ 113,447
Nursing Shortage Under 70		10,230
Texas College Workstudy	22339	17,951
Texas Educational Opportunity Grant (TEOG)	--	540,500
Total Texas Higher Education Coordinating Board		682,128
Texas Workforce Commission		
Pass-Through Programs:		
Building Construction Trades	0822WOS001	6,213
Total Texas Workforce Commission		6,213
Texas Small Business Adminstration		
Pass-Through Programs:		
Dallas County Community College District		
Small Business Development Center	SBAHQ-23-B-0053	92,804
Total Texas Small Business Administration		92,804
TOTAL EXPENDITURES OF STATE AWARDS		$ 781,145

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, 2023

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, 2023. 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	$ 806,696
Timing Difference for Reporting on SBDC Grant	(25,551)
Total State Financial Assistance – Schedule F	$ 781,145

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 Trinity Valley Community College as of and for the year ended August 31, 2023, 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 14, 2023.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.*

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 College'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 14, 2023

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditors' Report

Board of Trustees
Trinity Valley Community College
Athens, Texas

Board of Trustees:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Trinity Valley Community College complied, in all material respects, with the 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, 2023.

Unmodified Opinion on Each of the 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2023.

Basis for Qualified and Unmodified Opinions

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

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

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Matter(s) Giving Rise to 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
2023-001	84.268	Federal Direct Student Loan (Student Financial Assistance Cluster)	Special Tests and Provisions

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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 a 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 item 2023-001 to be a significant deficiency.

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

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

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

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
December 14, 2023

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TRINITY VALLEY COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2023

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 2023-001:

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: Special Tests and Provisions – Return of Title IV Funds

Type of Finding: Significant deficiency.

Criteria: If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the school must perform a Return of Title IV (R2T4) calculation to determine the amount of Title IV assistance earned by the student.

Condition: For each student in the sample selection of Title IV students who withdrew, dropped out, or never began attendance during the audit period and for whom a refund calculation was required to be made, we reviewed the applicable student information as well as the completed Return of Title IV Aid Worksheet.

Questioned Costs: $3,309

Context:

- One student did not have a R2T4 calculation performed despite withdrawing prior to the 60 percent point of the semester. This student received all F's for the semester and the date of last attendance was prior to completing 60% of the semester.
- One student had the wrong withdrawal date used in performing the R2T4 calculation. TVCC used 5/9/23 instead of the official withdrawal date of 3/9/2023 as noted on the student's transcript.
- Loans were incorrectly awarded to one student who no longer attended the college. Student withdrew from college 9/12/23 and loan awards were still disbursed to Student on 9/28/23. The financial aid office completed the R2T4 calculation after the check was received from the student.

Effect or Potential Effect: Return of Title IV refunds were not properly calculated or performed.

Cause: Internal control process failure.

Repeat Finding: No

Recommendation: The Financial Aid Office should implement an internal control process/procedure to ensure that all students' that withdraw, drop out, or never began attendance are considered in the R2T4 calculation for possible refund to DOE and ensure that no funds are disbursed after withdrawal date.

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

Finding: 2022-001

Status: Corrected.

Finding: 2022-002

Status: Corrected.

TRINITY VALLEY
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100 Cardinal Drive
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. . . . .

TVCC
HEALTH SCIENCE CENTER
800 Hwy. 243 West
Kaufman, Texas 75142
(972) 932-4309

Federal Single Audit

Trinity Valley Community College respectfully submits the following action plan for the year ended August 31, 2023.

Audit Period September 1, 2022 to August 31, 2023

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 2023-001:

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: Special Tests and Provisions – Return of Title IV Funds

Type of Finding: Significant deficiency.

Criteria: If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the school must perform a Return of Title IV (R2T4) calculation to determine the amount of Title IV assistance earned by the student.

Condition: For each student in the sample selection of Title IV students who withdrew, dropped out, or never began attendance during the audit period and for whom a refund calculation was required to be made, we reviewed the applicable student information as well as the completed Return of Title IV Aid Worksheet.

Questioned Costs: $3,309

Context:

- One student did not have a R2T4 calculation performed despite withdrawing prior to the 60 percent point of the semester. This student received all F's for the semester and the date of last attendance was prior to completing 60% of the semester.
- One student had the wrong withdrawal date used in performing the R2T4 calculation. TVCC used 5/9/23 instead of the official withdrawal date of 3/9/2023 as noted on the student's transcript.
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Effect or Potential Effect: Return of Title IV refunds were not properly calculated or performed.

Cause: Internal control process failure.

Repeat Finding: No

Recommendation: The Financial Aid Office should implement an internal control process/procedure to ensure that all students' that withdraw, drop out, or never began attendance are considered in the R2T4 calculation for possible refund to DOE and ensure that no funds are disbursed after withdrawal date.

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, another line of communication with the Registrar's office to ensure that all complete withdrawals are sent to the financial aid office by forwarding them to a designated email box. The Financial Aid Office is also working with IT services to develop a report that can be pulled to capture and compare all withdrawal students, with the Registrar's office to make sure none are overlooked.
- The Financial Aid Office is working with our 3rd Party Servicer, Ellucian, to identity the issues with our rules that do not capture the correct data elements, so that loans are not disbursed after a student has completely withdrawn.

____
David Hopkins
Vice President of Administrative Services and CFO

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Dr. Philip Parnell
Vice President of Student Services

____
Tonya Richardson-Dean
Director of Financial Aid and Veteran Services