



# TRINITY VALLEY COMMUNITY COLLEGE 2024-25



# ANNUAL FINANCIAL REPORT

For the fiscal year ended August 31, 2025

**TRINITY VALLEY COMMUNITY COLLEGE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED  
AUGUST 31, 2025 AND 2024**

**Prepared By:**

**DEPARTMENT OF BUSINESS SERVICES  
TRINITY VALLEY COMMUNITY COLLEGE**



TRINITY VALLEY COMMUNITY COLLEGE

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# TRINITY VALLEY COMMUNITY COLLEGE

2024-25

FINANCIAL SECTION



**TRINITY VALLEY COMMUNITY COLLEGE  
ORGANIZATIONAL DATA  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025  
(AS OF REPORT DATE)**

**Board of Trustees**

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**Officers**

Steve Grant	President
Terry Eason	Vice President
Ron Day	Secretary

**Members**

	<u>Term Expires</u> <u>April 30,</u>
Ron Day	2030
Steve Grant	2026
Dr. Clayton Gautreaux	2030
Dr. Doug Curran	2026
Ginger Morton	2030
Terry Eason	2028
Bettye Mayfield	2026
Dr. Charles Risinger	2028
Randy Perry	2028

**Principal Administrative Officers**

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Dr. Jason Morrison	President
David Gibson	Vice-President of Information Technology/Chief Information Officer
Tammy Denney	Vice-President of Student Services
Dr. Spencer Wagley	Vice-President of Instruction/Chief Academic Officer
David Hopkins, CPA	Vice-President of Administrative Services/Chief Financial Officer
Dr. Marcus McArthur	Vice President of Operations
Erica Richardson	Assistant Vice-President of Instruction
Dr. Holley Collier	Associate Vice-President of Instructional Innovation & Support
Dr. Jason Smith	Associate Vice-President of Health Science Center
Mary Helen Kelm	Associate Vice-President Dual Credit
Melinda Berry	Associate Vice-President Student Advocacy
Dr. Janene Dotts	Associate Vice President Human Resources
Stephanie Golem, CPA	Associate Vice-President of Accounting Services and Controller
Kandi Jones	Director of TVCC Foundation



TRINITY VALLEY COMMUNITY COLLEGE

## 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 Trinity Valley Community College ("TVCC") as of and for the years ended August 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise TVCC's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of Trinity Valley Community College as of August 31, 2025 and 2024, 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 – 13 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.

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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 16, 2025, 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 16, 2025

## 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, 2025. 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 \$60,563,137 on August 31, 2025, an increase of \$10,329,656 over net position on August 31, 2024. The net increase is due mainly to increased property tax revenue, State Appropriations and other Federal funding as well as a decrease in liabilities after payment of the liability to the Department of Education. Presented on the following page is a condensed SONP showing fiscal years 2025 and 2024 for comparative purposes.

**Statement of Net Position**  
**Fiscal Year Ended August 31**

	2025	2024	Change
<b>Assets</b>			
Cash and Cash Equivalents, Current	\$ 18,548,134	\$ 20,230,384	\$ (1,682,250)
Cash and Cash Equivalents, Noncurrent	1,116,202	1,019,769	96,433
Investments, Unrestricted	18,925,812	18,649,728	276,084
Capital Assets, Net	62,735,644	58,344,782	4,390,862
Other Assets	13,067,358	10,530,889	2,536,469
<b>Total Assets</b>	<b>\$ 114,393,150</b>	<b>\$ 108,775,552</b>	<b>\$ 5,617,598</b>
<b>Deferred Outflows of Resources</b>	\$ 5,970,254	\$ 8,445,613	\$ (2,475,359)
<b>Liabilities</b>			
Current Liabilities	\$ 12,426,375	\$ 17,434,840	(5,008,465)
Long Term Liabilities	\$ 38,430,011	\$ 37,634,247	795,764
<b>Total Liabilities</b>	<b>\$ 50,856,386</b>	<b>\$ 55,069,087</b>	<b>\$ (4,212,701)</b>
<b>Deferred Inflows of Resources</b>	\$ 8,943,881	\$ 11,918,597	(2,974,716)
<b>Net Position</b>			
Invested in Capital Assets, Net of Debt	\$ 62,735,644	\$ 58,344,782	4,390,862
Restricted			
Expendable			
Financial Aid and Scholarships	\$ 480,081	\$ 666,672	(186,591)
Unrestricted	(2,652,588)	(8,777,973)	6,125,385
<b>Total Net Position</b>	<b>\$ 60,563,137</b>	<b>\$ 50,233,481</b>	<b>10,329,656</b>

## 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 \$10,691,541, a decrease of \$348,469 from prior year operating revenue of \$11,040,010. This decrease was primarily due to small decreases in general operating revenue and items related to the college participation in the State of Texas FAST program granting free tuition to students qualifying under the program. State reimbursement under this program is listed under non-operating revenue.

Operating expenses totaled \$62,818,957, an increase of \$2,461,009 over the previous year which is primarily attributable to an increase in spending for operation and maintenance – plant, scholarships, auxiliary enterprises offset by a adjustments related to GASB OPEB valuation adjustments. Net non-operating revenue, the majority of which is normally state appropriations, property tax revenue and federal Title IV funding, increased by \$10,809,004 compared to the previous year. This increase is primarily attributable to an increase in property tax revenue, state appropriations, investment income and FAST payments. The prior year accrual for the DOE liability in the amount of \$3,926,328 also contributed to the increase. Presented on the following page is a condensed SRECNP showing fiscal years 2025 and 2024 for comparative purposes.

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

	2025	2024	Change
<b>Operating Revenues</b>			
Tuition and Fees - net	\$ 5,073,057	\$ 5,000,490	\$ 72,567
Auxiliary Enterprises - net	3,260,769	3,405,761	(144,992)
Federal Grants/Contracts	635,075	821,258	(186,183)
State Grants/Contracts	1,185,789	1,196,810	(11,021)
Non-government Grants/Contracts	118,657	-	118,657
Sales and Services of Educational Activities	174,531	148,320	26,211
Other	243,663	467,371	(223,708)
<b>Total Operating Revenues</b>	<b>\$ 10,691,541</b>	<b>\$ 11,040,010</b>	<b>\$ (348,469)</b>
<b>Operating Expenses</b>			
Instruction	\$ 16,535,041	\$ 18,652,263	\$ (2,117,222)
Public Service	714,148	722,426	(8,278)
Academic Support	7,450,646	7,916,232	(465,586)
Student Services	4,571,511	4,535,215	36,296
Institutional Support	8,990,998	6,674,049	2,316,949
Operation and Maintenance of Plant	5,117,128	4,229,323	887,805
Scholarships and Fellowships - net	4,600,423	3,702,319	898,104
Auxiliary Enterprises	11,421,119	10,571,961	849,158
Depreciation	2,808,885	2,929,845	(120,960)
Amortization of Subscriptions	434,086	272,596	161,490
Amortization of Leases	174,972	151,719	23,253
<b>Total Operating Expenses</b>	<b>\$ 62,818,957</b>	<b>\$ 60,357,948</b>	<b>\$ 2,461,009</b>
<b>Operating Income (Loss)</b>	<b>\$ (52,127,416)</b>	<b>\$ (49,317,938)</b>	<b>\$ (2,809,478)</b>
<b>Non-Operating Revenues (Expenses)</b>			
State Appropriations	\$ 19,925,339	\$ 18,174,864	\$ 1,750,475
Ad Valorem Taxes	29,598,549	26,209,535	3,389,014
Federal Non-op Revenue	11,853,870	9,602,983	2,250,887
Payments for Collection of Taxes	(727,719)	(665,909)	(61,810)
Other Non-op Revenue	411,824	562,547	(150,723)
Investment Income	1,488,367	1,715,808	(227,441)
Gain/(Loss) on Disposal of Fixed Assets	(61,766)	1,402	(63,168)
Loss on Contingent Liability	-	(3,926,328)	3,926,328
Interest on Capital-related Debt	(31,392)	(26,834)	(4,558)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>\$ 62,457,072</b>	<b>\$ 51,648,068</b>	<b>\$ 10,809,004</b>
<b>Increase in Net Position</b>	<b>\$ 10,329,656</b>	<b>\$ 2,330,130</b>	<b>\$ 7,999,526</b>
Net Position Beginning of The Year	50,233,481	47,903,351	2,330,130
Ending Net Position	<u>\$ 60,563,137</u>	<u>\$ 50,233,481</u>	<u>\$ 10,329,656</u>

## 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 contributions 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 2025, there was less cash provided (inflow) than used (outflow) resulting in negative cash flow of \$1,585,817. While there are many offsetting variables contributing to the decrease in cash flow, the primary contributing factors are the payment of the liability to DOE (\$3,926,328) and the increase in spending on capital projects net of various offsetting items.

## Capital Asset and Debt Administration

### *Capital Assets*

On August 31, 2025, the College had \$62,735,644 invested in capital assets, net of accumulated depreciation of \$43,684,512. Major facilities investments of \$7,210,773 were made during fiscal year 2025.

The College remains committed to maintaining adequate physical resources and information technology systems to support its mission. Refer to Note 7 in the Notes to the Financial Statements (page 29) for further details on the College's capital assets.

### *Debt*

The college had no bonded debt as of August 31, 2025.

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 balance at fiscal year-end August 31, 2025, was \$12,904,310, an increase of \$1,380,331 compared to the previous year primarily due to increases in cash, investments and unrealized gains. 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 37 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 associate 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.

With the passage of House Bill 8, during the 88th Texas Legislative Session, a new Community College Funding Plan became effective in Fall 2023. This new model funds Colleges based primarily on outcomes (success metrics), rather than enrollment, the focus of the previous funding model. In response to this new approach to funding, TVCC has made improvements to respond to this new model.

TVCC is in the process of streamlining the advising department to a case load model. This will give the students an assigned person to work with from the time of application to graduation. This will also allow for advisors to have a better process to follow up with students who have not registered for the next semester, as well as customize their class selection according to the many outside factors that impact student success. Academic Instruction is also working on identifying Faculty mentors to connect advisors and students to a field expert for more in-depth conversations about specific programs/fields of study.

The retention office has revamped the Academic Review Board and has set up success plans for students that are on academic probation. They also assist faculty with reaching out to students who have stopped attending class once the faculty has identified them and submits the required form.

Programs are being streamlined and made stackable. For program areas with multiple certificates or degrees, they are being built, where possible, with multiple exit points for students. This will allow for students to receive multiple certificates on their way to a degree and/or allow for a credential if a student must stop taking classes at the end of the semester due to unforeseen circumstances. TVCC has worked with industry partners and university partners to ensure a smooth transition to the workforce or to a four-year university and the college is striving to make sure that the credentials and degrees that are offered are what is needed for those students next phase of life.

**Fiscal Year 25-26:**

Enrollment has seen an increase over the prior year as of Fall 2025 of approximately 10.35%. The financial situation continues to be positive due to increased property tax revenues. The increase for FY 26 is anticipated to be \$2,930,126. With the change in the State funding model from mainly contact hours to a performance based, TVCC has seen an increase in funding. For the 25-26 fiscal year the state appropriation funding increased \$1,183,156 over the prior fiscal year. \$2,691,080 (3.77% of revenue) is budgeted to be added to the capital reserve fund for future capital projects. \$5,371,055 is budgeted as contingency in case of unanticipated revenue loss or other unforeseen events.

Other factors impacting 2026 fiscal year are:

- As of August 31, 2025, the Capital Reserve Fund had a balance of \$31,608,389. From this fund the college is making major infrastructure improvements including:
- Capital Phase 3:
  - Cafeteria/Bookstore Roof
  - Liberal Arts Low Slope Roof
  - South Hall Phase 3
  - West Hall Phase 3
  - Gibbs Phase 3
  - Mechanical Upgrades
- Capital Projects Remaining with remaining costs from Capital Phase 1-2:
  - Train Mechanical Upgrades
  - Northwest Dorm Exterior Painting and Sidewalks
  - Hay Barn
  - Athens Grounds
  - Welding Building Interior/Exterior/Roof
  - Terrell Grounds Drainage and Sidewalks
  - Palestine Anderson Auditorium
- Other Capital Projects with remaining costs:
  - Softball Field
  - Finish up Terrell Main and THSC Restoration (Insurance Claim)
- The college anticipates transferring approximately \$8,116,315 in surplus revenue from the 2024-25 fiscal year to capital reserve following completion of the audit.



TRINITY VALLEY COMMUNITY COLLEGE

TRINITY VALLEY COMMUNITY COLLEGE  
STATEMENTS OF NET POSITION  
AS OF AUGUST 31, 2025 AND 2024

EXHIBIT 1

	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 18,548,134	\$ 20,230,384
Accounts Receivable (net of allowance for doubtful accounts of \$1,129,207 and \$1,029,276 respectively)	8,583,851	7,732,662
Receivable From TVCC Foundation	390,873	322,327
Inventory	155,093	142,213
Prepaid Expenses	1,692,824	1,570,782
Total Current Assets	29,370,775	29,998,368
<b>Noncurrent Assets</b>		
Cash and Cash Equivalents	1,116,202	1,019,769
Investments	18,925,812	18,649,728
Right-of-use Assets (Net)	933,998	267,537
Subscription Assets (Net)	1,310,719	495,368
Capital Assets (Net)	62,735,644	58,344,782
Total Noncurrent Assets	85,022,375	78,777,184
<b>TOTAL ASSETS</b>	<b>114,393,150</b>	<b>108,775,552</b>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows Related to Pensions	4,678,749	6,389,286
Deferred Outflows Related to Other Post Employment Benefits	1,291,505	2,056,327
Total Deferred Outflows of Resources	5,970,254	8,445,613
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	2,612,860	4,548,265
Funds Held for Others	644,134	509,005
Unearned Revenues	8,363,422	7,972,290
Contingent Liability	-	3,926,328
Current Portion of Compensated Absences	52,199	49,477
Current Portion of Lease Obligations	229,192	125,360
Current Portion of Subscription Liability	437,013	216,560
Current Portion of Contractual Commitments	87,555	87,555
Total Current Liabilities	12,426,375	17,434,840
<b>Noncurrent Liabilities</b>		
Accrued Compensable Absences Payable	469,794	445,289
Net Pension Liability	10,838,463	12,236,584
Net Other Post Employment Benefits Liability	25,295,472	24,092,975
Lease Obligations	712,659	143,981
Subscription Liability	756,058	270,297
Contractual Commitments	357,565	445,121
Total Noncurrent Liabilities	38,430,011	37,634,247
<b>TOTAL LIABILITIES</b>	<b>50,856,386</b>	<b>55,069,087</b>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows Related to Pensions	2,866,727	2,706,672
Deferred Inflows Related to Other Post Employment Benefits	6,077,154	9,211,925
Total Deferred Inflows of Resources	8,943,881	11,918,597
<b>NET POSITION</b>		
Net Investment in Capital Assets	62,735,644	58,344,782
Restricted		
Expendable		
Financial Aid and Scholarships	480,081	666,672
Unrestricted	(2,652,588)	(8,777,973)
<b>TOTAL NET POSITION</b>	<b>\$ 60,563,137</b>	<b>\$ 50,233,481</b>

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

**TRINITY VALLEY COMMUNITY COLLEGE FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,576,304	\$ 2,633,252
Prepaid Expenses	424,568	297,237
Total Current Assets	2,000,872	2,930,489
Non-Current Assets:		
Investments	11,355,780	8,915,817
Total Non-Current Assets	11,355,780	8,915,817
Total Assets	\$ 13,356,652	\$ 11,846,306
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Payable to TVCC	\$ 452,342	\$ 322,327
Total Current Liabilities	452,342	322,327
 <b>NET ASSETS</b>		
Without Donor Restrictions	1,768,004	1,705,905
With Donor Restrictions	11,136,306	9,818,074
Total Net Assets	12,904,310	11,523,979
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 13,356,652</b>	<b>\$ 11,846,306</b>

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, 2025 AND 2024

<b>REVENUES</b>	2025	2024
Operating revenues		
Tuition and Fees (net of \$12,080,793 and \$10,687,262 in discounts)	\$ 5,073,057	\$ 5,000,490
Auxiliary Enterprises (net of \$1,629,650 and \$1,287,078 in discounts)	3,260,769	3,405,761
Federal Grants and Contracts	635,075	821,258
State Grants and Contracts	1,185,789	1,196,810
Non-Government Grants and Contracts	118,657	-
Sales and Service of Educational Activities	174,531	148,320
Miscellaneous Operating Revenues	243,663	467,371
Total Operating Revenues	10,691,541	11,040,010
<b>EXPENSES</b>		
Operating expenses		
Instruction	16,541,343	18,652,263
Public Service	714,148	722,426
Academic Support	7,450,646	7,916,232
Student Services	4,571,511	4,535,215
Institutional Support	8,990,998	6,674,049
Operations and Maintenance of Plant	5,117,128	4,229,323
Scholarship and Fellowships (net of \$13,710,443 and \$11,940,046 in discounts)	4,594,121	3,702,319
Auxiliary Enterprises	11,421,119	10,571,961
Depreciation	2,808,885	2,929,845
Amortization of subscriptions	434,086	272,596
Amortization of leases	174,972	151,719
Total Operating Expenses	62,818,957	60,357,948
Operating (Loss)	(52,127,416)	(49,317,938)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations (non-capital)	19,925,339	18,174,864
Property Taxes	29,598,549	26,209,535
Federal Revenue, Non-Operating	11,853,870	9,602,983
Payments for Collection of Taxes	(727,719)	(665,909)
Other Non-Operating Revenue	411,824	562,547
Investment Income	1,488,367	1,715,808
Gain/(Loss) on Disposal of Fixed Asset	(61,766)	1,402
Loss on contingent liability	-	(3,926,328)
Interest on Capital Related Debt	(31,392)	(26,834)
Total Non-Operating Revenues (Expenses)	62,457,072	51,648,068
Increase in Net Position	10,329,656	2,330,130
Net Position, Beginning of year	50,233,481	47,903,351
Net Position, End of the Year	\$ 60,563,137	\$ 50,233,481

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

**TRINITY VALLEY COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Other Support</b>						
<b>Prepaid Expenses</b>						
Contributions and Fund-Raising (net)	\$ 72,215	\$ 1,098,141	\$ 1,170,356	\$ 39,621	\$ 327,936	\$ 367,557
Unrealized Gain (loss)						
on Investments	-	555,633	555,633	-	515,978	515,978
Realized Gain (Loss)	-	13,322	13,322	1,726,125	157,103	1,883,228
Investment Income	21,704	397,409	419,113	75,272	331,447	406,719
Net Assets						
Released from Restrictions	746,273	(746,273)	-	542,767	(542,767)	-
Total Revenues	840,192	1,318,232	2,158,424	2,383,785	789,697	3,173,482
<b>Expenses</b>						
Scholarships	681,014	-	681,014	623,037	-	623,037
Contributions to TVCC and Affiliated Organizations	29,790	-	29,790	30,575	-	30,575
General and Administrative	55,119	-	55,119	45,700	-	45,700
Fundraising	12,170	-	12,170	20,977	-	20,977
Total Expenses	778,093	-	778,093	720,289	-	720,289
Change in Net Assets	62,099	1,318,232	1,380,331	1,663,496	789,697	2,453,193
Net Assets, September 1	1,705,905	9,818,074	11,523,979	42,409	9,028,377	9,070,786
Net Assets, August 31	\$ 1,768,004	\$ 11,136,306	\$ 12,904,310	\$ 1,705,905	\$ 9,818,074	\$ 11,523,979

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, 2025 AND 2024

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2025</u>	<u>2024</u>
Receipts from students and other customers	\$ 18,323,443	\$ 16,351,337
Receipt of grants and contracts	1,939,521	2,018,068
Receipt from auxiliary enterprises	3,260,769	3,405,761
Receipt from other operating revenues	418,194	615,691
Receipts from student organizations	398,812	222,630
Payments to student organizations	(263,681)	(274,015)
Payments for scholarships and fellowships	(13,778,989)	(11,966,654)
Payments for salaries and benefits to employees	(31,893,615)	(31,216,047)
Payments to suppliers for goods and services	(26,267,860)	(19,137,736)
Payment on contingent liability	(3,926,328)	-
	<u>(51,789,734)</u>	<u>(39,980,965)</u>
Net cash used in operating activities		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipt from state educational contracts	16,084,678	13,474,336
Receipts from non-operating federal revenue	11,853,870	8,813,378
Property tax revenues	29,258,630	25,849,947
Payment for collection of taxes	(727,719)	(665,909)
	<u>56,469,459</u>	<u>47,471,752</u>
Net cash provided by noncapital financing activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets and construction costs	(6,965,397)	(6,143,012)
Payments on contractual commitments	(87,556)	(137,555)
Payments on lease obligations	(189,140)	(158,765)
Payments on subscription obligations	(554,398)	(291,441)
Interest on capital related debt	(31,392)	(26,834)
Contributions received for capital related financing	350,058	563,949
	<u>(7,477,825)</u>	<u>(6,193,658)</u>
Net cash used in capital and related financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(276,084)	(917,316)
Investment income	1,488,367	1,715,808
	<u>1,212,283</u>	<u>798,492</u>
Net cash provided by investing activities		
Increase (decrease) in cash and cash equivalents	(1,585,817)	2,095,621
Cash and cash equivalents, September 1	<u>21,250,153</u>	<u>19,154,532</u>
Cash and cash equivalents, August 31	<u>\$ 19,664,336</u>	<u>\$ 21,250,153</u>
Reconciliation of cash on Exhibit 1:		
Cash and cash equivalents - current	\$ 18,548,134	\$ 20,230,384
Cash and cash equivalents - noncurrent	1,116,202	1,019,769
	<u>\$ 19,664,336</u>	<u>\$ 21,250,153</u>
Total cash and cash equivalents		

(Continued)

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 \$10,000 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.

<u>Assets</u>	<u>Years</u>
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 \$8,363,422 and \$7,972,290, as of August 31, 2025 and 2024 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, 2025 and 2024 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, 2025 and 2024, TVCC had the following deposits and investments:

	August 31, 2025		August 31, 2024	
	Book Balance	Bank Balance	Book Balance	Bank Balance
<b>Depository Accounts</b>				
Insured	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000
Collateral held by pledging bank's trust department in TVCC's name	18,413,136	19,901,174	19,998,953	19,901,174
<b>Total Deposits</b>	<b>19,663,136</b>	<b>21,151,174</b>	<b>21,248,953</b>	<b>21,151,174</b>
Petty cash on hand	1,200	-	1,200	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 19,664,336</b>	<b>\$ 21,151,174</b>	<b>\$ 21,250,153</b>	<b>\$ 21,151,174</b>
<b>Investments</b>				
Simmons Bank (3 Months) CD	\$ -	\$ -	\$ 8,510,926	\$ 8,510,926
Simmons Bank (6 Months) CD	8,883,751	8,883,751	-	-
Simmons Bank (12 Months) CD	-	-	10,138,802	10,138,802
Southside Bank (3 Months) CD	3,012,514	3,012,514		
Southside Bank (6 Months) CD	2,987,000	2,987,000		
Southside Bank (12 Months) CD	4,042,547	4,042,547	-	-
<b>Total Investments</b>	<b>\$ 18,925,812</b>	<b>\$ 18,925,812</b>	<b>\$ 18,649,728</b>	<b>\$ 18,649,728</b>

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

	August 31, 2025		August 31, 2024	
	Book Balance	Bank Balance	Book Balance	Bank Balance
<b>Depository Accounts</b>				
Insured	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Collateral held by pledging bank's trust department in Foundation's name	826,304	826,304	1,883,252	1,883,252
<b>Total Deposits</b>	<b>1,576,304</b>	<b>1,576,304</b>	<b>2,633,252</b>	<b>2,633,252</b>
<b>Total Cash and Cash Equivalents</b>	<b>\$ 1,576,304</b>	<b>\$ 1,576,304</b>	<b>\$ 2,633,252</b>	<b>\$ 2,633,252</b>

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

<u>August 31, 2025:</u>	<u>Cost</u>	<u>Fair Value</u>
TVCC:		
Certificates of Deposit	\$ 18,925,812	\$ 18,925,812
TVCC Foundation:		
Certificates of Deposit	220,263	220,263
Stocks	3,431,352	4,903,468
Bonds:		
Federal Agency	594,156	612,873
Municipal	785,000	792,324
Corporate	4,743,072	4,826,852
Total Foundation	<u>9,773,843</u>	<u>11,355,780</u>
Total College and Foundation	<u>\$ 28,699,655</u>	<u>\$ 30,281,592</u>
<u>August 31, 2024:</u>	<u>Cost</u>	<u>Fair Value</u>
TVCC:		
Certificates of Deposit	\$ 18,649,728	\$ 18,649,728
TVCC Foundation:		
Certificates of Deposit	210,348	210,348
Stocks	2,634,054	3,579,492
Bonds:		
Federal Agency	502,124	498,594
Corporate	4,542,986	4,627,383
Total Foundation	<u>7,889,512</u>	<u>8,915,817</u>
Total College and Foundation	<u>\$ 26,539,240</u>	<u>\$ 27,565,545</u>

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, 2025 and 2024:

<i>Certificates of Deposit:</i>	Valued at cost plus accumulated interest, which approximates fair value.
<i>Stocks:</i>	Valued at the closing price reported in the active market in which the individual securities are traded.
<i>Bonds:</i>	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, 2025:

	Level 1	Level 2	Level 3
TVCC:			
Certificates of Deposit	\$ 18,925,812	\$ -	\$ -
TVCC Foundation:			
Certificates of Deposit	220,263	-	-
Stocks	4,903,468	-	-
Bonds:			
Federal Agency	-	612,873	-
Municipal	-	792,324	-
Corporate	-	4,826,852	-
Total Foundation	<u>5,123,731</u>	<u>6,232,049</u>	<u>-</u>
Total College and Foundation	<u>\$ 24,049,543</u>	<u>\$ 6,232,049</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, TVCC's assets at fair value as of August 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
TVCC:			
Certificates of Deposit	\$ 18,649,728	\$ -	\$ -
TVCC Foundation:			
Certificates of Deposit	210,348	-	-
Stocks	3,579,492	-	-
Bonds:			
Federal Agency	-	498,594	-
Corporate	-	4,627,383	-
Total Foundation	<u>3,789,840</u>	<u>5,125,977</u>	<u>-</u>
Total College and Foundation	<u>\$ 22,439,568</u>	<u>\$ 5,125,977</u>	<u>\$ -</u>

#### NOTE 6 — DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables at August 31, 2025 and August 31, 2024, were as follows:

	<u>08-31-25</u>	<u>08-31-24</u>
Student receivable (net of allowance for doubtful accounts of \$1,018,409 and \$933,963, respectively)	\$ 4,721,256	\$ 4,704,505
Taxes receivable (net of allowance for doubtful accounts of \$110,798 and \$95,313, respectively)	2,193,744	1,853,825
Local, Federal, and State receivable	861,648	725,580
Other receivables	807,203	448,752
Total Receivables	<u>\$ 8,583,851</u>	<u>\$ 7,732,662</u>

Accounts payable and accrued liabilities at August 31, 2025 and August 31, 2024, were as follows:

	<u>08-31-25</u>	<u>08-31-24</u>
Vendors payable	\$ 897,620	\$ 2,755,594
Salaries and benefits payable	1,686,156	1,760,053
Sales tax payable	29,084	32,618
Total Accounts Payable and Accrued Liabilities	<u>\$ 2,612,860</u>	<u>\$ 4,548,265</u>

The Foundation had accounts payable and accrued liabilities balances of \$452,342 and \$322,327 for August 31, 2025 and 2024, 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, 2025 was as follows:

	Balance September 1, 2024	Additions	Reductions	Balance August 31, 2025
<b>Non Depreciated Assets</b>				
Land	\$ 2,989,316	\$ -	\$ -	\$ 2,989,316
Construction in progress	7,056,020	6,819,596	3,233,251	10,642,365
Subtotal	<u>10,045,336</u>	<u>6,819,596</u>	<u>3,233,251</u>	<u>13,631,681</u>
<b>Other Capital Assets</b>				
Leasehold Improvements	712,811	-	-	712,811
Buildings	62,860,897	-	-	62,860,897
Facilities & Improvements	9,663,240	3,233,250	-	12,896,490
Library Books	2,728,450	50,738	886,425	1,892,763
Furniture, Machinery, And Equipment	8,983,107	274,723	-	9,257,830
Computer Equipment	5,051,229	116,455	-	5,167,684
Subtotal	<u>89,999,734</u>	<u>3,675,166</u>	<u>886,425</u>	<u>92,788,475</u>
<b>Total Capital Assets</b>	<u>100,045,070</u>	<u>10,494,762</u>	<u>4,119,676</u>	<u>106,420,156</u>
<b>Accumulated Depreciation</b>				
Leasehold Improvements	555,078	66,826	-	621,904
Buildings	24,584,860	1,360,350	-	25,945,210
Facilities & Improvements	3,561,974	700,274	-	4,262,248
Library Books	2,249,199	66,428	824,659	1,490,968
Furniture, Machinery, And Equipment	5,895,184	516,177	-	6,411,361
Computer Equipment	4,853,993	98,828	-	4,952,821
Total Accumulated Depreciation	<u>41,700,288</u>	<u>2,808,883</u>	<u>824,659</u>	<u>43,684,512</u>
<b>Net Capital Assets</b>	<u>\$ 58,344,782</u>	<u>\$ 7,685,879</u>	<u>\$ 3,295,017</u>	<u>\$ 62,735,644</u>

As of August 31, 2025, TVCC has active construction projects. At year-end, the college's commitments with contractors are as follows:

Project	Spent To-Date	Estimated Remaining Commitment
Athens Campus - Softball Field Relocation	\$ 11,040	\$ 2,259,316
Athens Campus - Esports Studio	35,442	3,558
Athens Campus - Gibbs Building Roof	223,765	5,000
Athens Campus - Automotive Building Renovation	179,313	9,205
Athens Campus - Welding Building Renovation	649,098	11,794
Terrell Campus - Terrell Grounds Courtyard Drainage and Sidewalks	116,125	77,755
Palestine Campus - Anderson Building Auditorium Reno	91,244	34,580
Athens Campus - Athens Grounds Drainage, Sidewalks and Signage	603,846	513
Terrell Health Science Center - Alteration/Restoration	663,137	12,776
Terrell Campus - Workforce/Learning Resource Center Renovation	21,473	14,853
Athens Campus - Northwest Dorm Roof Replacement	238,757	15,000
Palestine Campus - Multi Purpose Building	7,809,125	10,000
	<u>\$ 10,642,365</u>	<u>\$ 2,454,350</u>

Capital asset activity for the year ended August 31, 2025 was as follows for the Foundation:

	Balance September 1, 2024	Additions	Reductions	Balance August 31, 2025
Non Depreciated Assets				
Land	\$ -	\$ -	\$ -	\$ -
Subtotal	-	-	-	-
Total Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Balance September 1, 2023	Additions	Reductions	Balance August 31, 2024
Non Depreciated Assets				
Land	\$ 2,989,316	\$ -	\$ -	\$ 2,989,316
Construction in progress	3,249,956	6,397,636	2,591,572	7,056,020
Subtotal	<u>6,239,272</u>	<u>6,397,636</u>	<u>2,591,572</u>	<u>10,045,336</u>
Other Capital Assets				
Leasehold Improvements	712,811	-	-	712,811
Buildings	62,860,897	-	-	62,860,897
Facilities & Improvements	7,071,668	2,591,572	-	9,663,240
Library Books	2,690,162	44,460	6,172	2,728,450
Furniture, Machinery, And Equipment	8,217,394	833,923	68,210	8,983,107
Computer Equipment	4,997,479	53,750	-	5,051,229
Subtotal	<u>86,550,411</u>	<u>3,523,705</u>	<u>74,382</u>	<u>89,999,734</u>
Total Capital Assets	<u>92,789,683</u>	<u>9,921,341</u>	<u>2,665,954</u>	<u>100,045,070</u>
Accumulated Depreciation				
Leasehold Improvements	488,252	66,826	-	555,078
Buildings	23,278,880	1,374,219	68,239	24,584,860
Facilities & Improvements	3,100,567	461,407	-	3,561,974
Library Books	2,183,939	69,772	4,512	2,249,199
Furniture, Machinery, And Equipment	5,345,014	550,170	-	5,895,184
Computer Equipment	4,446,542	407,451	-	4,853,993
Total Accumulated Depreciation	<u>38,843,194</u>	<u>2,929,845</u>	<u>72,751</u>	<u>41,700,288</u>
Net Capital Assets	<u>\$ 53,946,489</u>	<u>\$ 6,991,496</u>	<u>\$ 2,593,203</u>	<u>\$ 58,344,782</u>

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

	Balance September 1, 2023	Additions	Reductions	Balance August 31, 2024
Non Depreciated Assets				
Land	\$ 854,888	\$ -	\$ 854,888	\$ -
Subtotal	854,888	-	854,888	-
Total Capital Assets	<u>\$ 854,888</u>	<u>\$ -</u>	<u>\$ 854,888</u>	<u>\$ -</u>

#### NOTE 8 — LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Contract Agreements					
Contractual Commitments	\$ 532,676	\$ -	\$ 87,556	\$ 445,120	\$ 87,555
Other Liabilities					
Compensable Absences	494,766	76,704	49,477	521,993	52,199
Net OPEB Liability	24,092,975	3,031,081	1,828,584	25,295,472	-
Net Pension Liability	12,236,584	-	1,398,121	10,838,463	-
Total Other Liabilities	<u>36,824,325</u>	<u>3,107,785</u>	<u>3,276,182</u>	<u>36,655,928</u>	<u>52,199</u>
Total Long-term Liabilities	<u>\$ 37,357,001</u>	<u>\$ 3,107,785</u>	<u>\$ 3,363,738</u>	<u>\$ 37,101,048</u>	<u>\$ 139,754</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Contract Agreements					
Contractual Commitments	670,230	-	137,554	532,676	87,555
Other Liabilities					
Compensable Absences	466,009	75,358	46,601	494,766	49,477
Net OPEB Liability	25,656,976	-	1,564,001	24,092,975	-
Net Pension Liability	10,338,792	1,897,792	-	12,236,584	-
Total Other Liabilities	<u>36,461,777</u>	<u>1,973,150</u>	<u>1,610,602</u>	<u>36,824,325</u>	<u>49,477</u>
Total Long-term Liabilities	<u>\$ 37,132,007</u>	<u>\$ 1,973,150</u>	<u>\$ 1,748,156</u>	<u>\$ 37,357,001</u>	<u>\$ 137,032</u>

## 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, 2025, leases consisted of the following:

	Balance September 1, 2024	Additions	Subtractions	Retirements	Balance August 31, 2025
Leases					
Right of use - Copy machine	\$ 325,707	\$ 84,685	\$ -	\$ -	\$ 410,392
Right of use - Equipment	237,508	756,748	-	(172,234)	822,022
Right of use - Office space	93,644	-	-	-	93,644
Total leases	<u>656,859</u>	<u>841,433</u>	<u>-</u>	<u>(172,234)</u>	<u>1,326,058</u>
Less accumulated amortization for:					
Right of use - Copy machine	(159,835)	(72,558)	-	-	(232,393)
Right of use - Equipment	(158,844)	(54,009)	-	172,234	(40,619)
Right of use - Office space	(70,643)	(48,405)	-	-	(119,048)
Total accumulated amortization	<u>(389,322)</u>	<u>(174,972)</u>	<u>-</u>	<u>172,234</u>	<u>(392,060)</u>
Leases, net	<u>\$ 267,537</u>	<u>\$ 666,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 933,998</u>

As of August 31, 2025, lease liability consisted of the following:

	Balance September 1, 2024	Additions	Subtractions	Balance August 31, 2025	Amounts due within one year
Lease liability	<u>\$ 269,341</u>	<u>\$ 841,433</u>	<u>\$ (168,923)</u>	<u>\$ 941,851</u>	<u>\$ 229,192</u>

Principal and interest requirements to maturity for the lease liability at August 31, 2024 are as follows:

Year ended August 31,	Principal	Interest	Total
2026	\$ 229,192	\$ 20,614	\$ 249,806
2027	215,803	18,466	234,269
2028	168,578	14,609	183,187
2029	181,819	12,910	194,729
2030	146,459	12,239	158,698
Total	<u>\$ 941,851</u>	<u>\$ 78,838</u>	<u>\$ 1,020,689</u>

As of August 31, 2024, leases consisted of the following:

	Balance September 1, 2023	Additions	Subtractions	Retirements	Balance August 31, 2024
<b>Leases</b>					
Right of use - Copy machine	\$ 380,539	\$ -	\$ (54,832)	\$ -	\$ 325,707
Right of use - Equipment	237,508	-	-	-	237,508
Right of use - Office space	97,163	-	(3,519)	-	93,644
Total leases	<u>715,210</u>	<u>-</u>	<u>(58,351)</u>	<u>-</u>	<u>656,859</u>
<b>Less accumulated amortization for</b>					
Right of use - Copy machine	(140,768)	(73,899)	-	54,832	(159,835)
Right of use - Equipment	(104,727)	(54,117)	-	-	(158,844)
Right of use - Office space	(48,504)	(23,709)	-	1,570	(70,643)
Total accumulated amortization	<u>(293,999)</u>	<u>(151,725)</u>	<u>-</u>	<u>56,402</u>	<u>(389,322)</u>
Leases, net	<u>\$ 421,211</u>	<u>\$ (151,725)</u>	<u>\$ (58,351)</u>	<u>\$ 56,402</u>	<u>\$ 267,537</u>

As of August 31, 2024, lease liability consisted of the following:

	Balance September 1, 2023	Additions	Subtractions	Balance August 31, 2024	Amounts due within one year
Lease liability	<u>\$ 421,141</u>	<u>\$ -</u>	<u>\$ (151,800)</u>	<u>\$ 269,341</u>	<u>\$ 125,360</u>

#### 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 2029. The payments on the agreements are either annual or monthly and are all fixed. As of August 31, 2025, subscription assets consisted of the following:

	Balance September 1, 2024	Additions	Subtractions	Balance August, 31 2025
<b>Subscription assets</b>				
SBITA	\$ 879,614	\$ 1,249,437	\$ (19,407)	\$ 2,109,644
Subscription assets	879,614	1,249,437	(19,407)	2,109,644
<b>Less accumulated amortization for</b>				
SBITA	(384,246)	(434,086)	19,407	(798,925)
Total accumulated amortization	<u>(384,246)</u>	<u>(434,086)</u>	<u>19,407</u>	<u>(798,925)</u>
Net subscription assets	<u>\$ 495,368</u>	<u>\$ 815,351</u>	<u>\$ -</u>	<u>\$ 1,310,719</u>

As of August 31, 2025, subscription liabilities consisted of the following:

	Balance			Balance	Amounts due within
	September 1, 2024	Additions	Subtractions	August, 31 2025	one year
Subscription liability	\$ 486,857	\$ 1,260,612	\$ (554,398)	\$ 1,193,071	\$ 437,013

Principal and interest requirement to maturity for the subscription liability as of August 31, 2025 are as follows:

Year Ended	Principal	Interest	Total
August 31, 2026	\$ 437,013	\$ 45,357	\$ 482,370
August 31, 2027	325,376	25,795	351,171
August 31, 2028	253,067	15,560	268,627
August 31, 2029	177,615	6,317	183,932
Total	\$ 1,193,071	\$ 93,029	\$ 1,286,100

As of August 31, 2024, subscription assets consisted of the following:

	Balance			Balance
	September 01, 2023	Additions	Subtractions	August, 31 2024
Subscription assets				
SBITA	\$ 860,621	\$ 161,862	\$ (142,869)	\$ 879,614
Subscription assets	860,621	161,862	(142,869)	879,614
Less accumulated amortization for				
SBITA	(254,519)	(272,596)	142,869	(384,246)
Total accumulated amortization	(254,519)	(272,596)	142,869	(384,246)
Net subscription assets	\$ 606,102	\$ (110,734)	\$ -	\$ 495,368

As of August 31, 2024, subscription liabilities consisted of the following:

	Balance			Balance	Amounts due within
	September 1, 2023	Additions	Subtractions	August 31, 2024	one year
Subscription liability	\$ 598,521	\$ 155,494	\$ (267,158)	\$ 486,857	\$ 216,561

## 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](http://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 2024 and 2025.

Contribution Rates

	<u>2025</u>	<u>2024</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	8.00%	8.00%
Employers	8.00%	8.00%
FY 2025 Employer Contributions	\$ 999,908	
FY 2025 NECE On-behalf Contributions	\$ 670,239	

TVCC's contributions to the TRS pension plan in fiscal year 2025 were \$999,908 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 2025 were \$670,239.

- 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, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return*	7.00%
Municipal Bond Rate*	3.87%*
Last year ending August 31 in the 2024 to 2123 Projection period (100 years)	2123
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 Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.

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 3.87 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, 2024 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Expected Contribution to Long-Term Portfolio Return*
<b>Global Equity</b>			
U.S.	18.00%	4.40%	1.00%
Non-U.S Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity	14.00%	6.70%	1.20%
<b>Stable Value</b>			
U. S. Treasuries	16.00%	1.90%	0.40%
Absolute Return	0.00%	4.00%	0.00%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
<b>Real Return</b>			
Real Assets	15.00%	6.60%	1.20%
Energy and Natural Resources	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
<b>Risk Parity</b>			
Risk Parity	8.00%	4.00%	0.40%
<b>Asset Allocation Leverage</b>			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.01%
Inflation Expectation			2.40%
Volatility Drag			-0.70%
<b>Total</b>	<b>100.00%</b>		<b>7.90%</b>

\* 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 2024 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	\$17,311,772	\$10,838,463	\$5,474,867

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

At August 31, 2025, Trinity Valley Community College reported a liability of \$10,838,463 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	\$ 10,838,463
State's proportionate share that is associated with TVCC	<u>7,265,026</u>
Total	<u>\$ 18,103,489</u>

The net pension liability was measured as of August 31, 2024, 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, 2023 thru August 31, 2024.

At the measurement date of August 31, 2024, the employer's proportion of the collective net pension liability was .0178141 percent which was an decrease of .000070612 percent from its proportion measured as of August 31, 2023.

For the year ended August 31, 2025, Trinity Valley Community College recognized pension expense of \$868,292 and revenue of \$868,292 for support provided by the State. Refer to the 2024 Schedule of On-Behalf Contributions for this information posted on the TRS website under GASB Statements 67 and 68.

At August 31, 2025, 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	\$ 597,401	\$ 84,621
Changes in actuarial assumptions	559,613	75,025
Net difference between projected and actual investment earnings	2,602,394	2,536,510
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	130,099	170,571
Contributions paid to TRS subsequent to the measurement date	789,242	-
Total	\$ 4,678,749	\$ 2,866,727

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
2025	\$ (17,432)
2026	1,137,061
2027	133,936
2028	(263,082)
2029	32,297
Thereafter	-
	<u>\$ 1,022,780</u>

## **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 \$99,187 and \$94,918 for the fiscal years ended August 31, 2025 and 2024, 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 \$25,550,604 and \$19,966,063 for fiscal years ended August 31, 2025 and 2024, respectively. The total payroll of employees covered by the TRS was \$20,312,578 and \$19,996,063, and the total payroll of employees covered by the Optional Retirement Program was \$3,005,654 and \$3,280,608 for the fiscal years ended August 31, 2025 and 2024, 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, 2025, TVCC withheld and remitted \$253,055 for 35 employees. For the year ended August 31, 2024, TVCC withheld and remitted \$285,470 for 36 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. 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, and personal days in the amounts of \$521,993 and \$494,766 for 2025 and 2024. 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, 2025 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, life, and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 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 Annual Comprehensive Financial Report (ACFR) 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 18<sup>th</sup> 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 2025 are as follows:

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

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

	08/31/25	08/31/24
Employer Contributions	691,032	\$ 722,332
Member (Employee) Contributions	161,660	164,078
NECE On-behalf Contributions	37,177	38,100

### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	August 31, 2024
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	3.87%
Inflation	2.30%
Salary Increases including inflation	2.30% to 8.95%, including inflation
Healthcare Cost Trend Rates	5.60% for FY 2026, 5.60% for FY2027, 5.25% for FY2028, 5.00% for FY2029, 4.75% for FY2030, and 4.50% for FY2030 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2033 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 2024 ERS CAFR except for mortality assumptions obtained from ERS FY 2024 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, 2014 to August 31, 2021 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 2022 to require that all funds in the plan be invested in cash and equivalent securities.

### 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 3.87%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.87. 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 (3.81%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (2.87%)	Current Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
Trinity Valley Community College's proportionate share of the net OPEB liability	\$29,431,430	\$25,295,472	\$21,976,324

### 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	\$21,704,789	\$25,295,472	\$29,872,630

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

At August 31, 2025, Trinity Valley Community College reported a liability of \$25,295,472 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	\$ 25,295,472
State's proportionate share that is associated with TVCC	<u>20,101,576</u>
Total	<u><u>\$ 45,397,048</u></u>

The net OPEB liability was measured as of August 31, 2024 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, 2023 through August 31, 2024.

At the measurement date of August 31, 2024, the employer’s proportion of the collective net OPEB liability was 1.01829%, which was an increase in the proportion measured as of August 31, 2023.

For the year ended August 31, 2025, Trinity Valley Community College recognized OPEB expense of \$(5,608) and revenue of \$(5,608) 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 health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- 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 3.81% to 3.87% 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, 2025, 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	\$ -	\$ 2,406,027
Changes in actuarial assumptions	1,464,710	-
Net difference between projected and actual investment earnings	3,170	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	3,898,659
Contributions paid to ERS subsequent to the measurement date	51,157	-
Total	\$ 1,519,037	\$ 6,304,686

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
2025	\$ (2,211,383)
2026	(1,862,914)
2027	(1,241,671)
2028	(216,513)
2029	(174,499)
Thereafter	(149,442)
	<u>\$ (5,856,421)</u>

#### 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, 2025:

Assessed Valuation of TVCC	\$ 36,665,533,401
Less: Exemptions	<u>8,251,940,704</u>
Net Taxable Valuation of TVCC	<u>\$ 28,413,592,694</u>

The authorized rates for the year ended August 31, 2025 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	\$ .11366	\$ .11366
Assessed Tax Rate per \$100 valuation for Branch Campus Maintenance	\$ .04302	\$ .04302

The authorized rates for the year ended August 31, 2024 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	\$ .11366	\$ .11366
Assessed Tax Rate per \$100 valuation for Branch Campus Maintenance	\$ .04760	\$ .04760

Taxes levied for the years ended August 31, 2025 and 2024 amounted to \$27,495,390 and \$25,722,010, 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, 2025 and 2024 were as follows:

	08-31-25	08-31-24
Current taxes collected	\$ 28,185,386	\$ 25,308,803
Delinquent taxes collected	992,331	548,570
Penalties and interest collected	420,832	352,162
Total Collections	<u>\$ 29,598,549</u>	<u>\$ 26,209,535</u>

Tax collections for the year ended August 31, 2025 and 2024 were approximately 96.70 percent and 98.71 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, 2025 and 2024 from Palestine ISD was \$852,563 and \$782,557 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, 2025 and 2024.

**NOTE 19 — CONTRACTUAL AGREEMENTS**

Trinity Valley Community College recorded contingent obligations under contractual commitments at August 31, 2025 were as follows:

Year Ending 8/31	Terrell Health Science Academy	City of Terrell Scholarships	Total
2026	\$ 18,980	\$ 68,575	\$ 87,555
2027	18,980	68,575	87,555
2028	18,980	68,575	87,555
2029	18,980	68,576	87,556
2030	18,980	-	18,980
2031	18,980	-	18,980
2032	18,980	-	18,980
2033	18,980	-	18,980
2034	18,979	-	18,979
	<u>\$ 170,819</u>	<u>\$ 274,301</u>	<u>\$ 445,120</u>

*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.

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 August 1, 2024 through July 31, 2029. 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
Direct (cash) sales	10% of net receipts
College sponsored catering	5% of net receipts
Non-college sponsored 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**

During the prior year, the College was reviewed by 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, in which the College responded to each finding. The DOE responded to the College in the year ending August 31, 2024 with an estimated liability of \$3,926,328. This amount was recorded as a contingent liability as of August 31, 2024 and was paid during the year ended August 31, 2025.

**NOTE 21 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 16, 2025, the date which the financial statements were available to be issued.



# TRINITY VALLEY

COMMUNITY COLLEGE

2024-25



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, 2025

<b>Fiscal year ending August 31,</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
TRS net position as percentage of total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	80.50%	79.70%	80.20%
TVCC's proportionate share of collective net pension liability (%)	0.0177435%	0.0178141%	0.0174149%	0.0173598%	0.0176792%	0.0186231%	0.0186780%	0.0178887%	0.0178952%	0.0185170%
TVCC's proportionate share of collective net pension liability (\$)	10,838,463	12,236,584	10,338,792	4,420,930	9,468,624	9,680,885	10,280,832	5,719,850	6,762,598	6,545,512
Portion of NECE's total proportionate share of NPL associated with TVCC	7,265,026	8,204,135	6,989,341	3,066,149	7,005,214	6,663,423	7,260,901	4,355,356	5,095,729	4,900,394
Total	18,103,489	20,440,719	17,328,133	7,487,079	16,473,838	16,344,308	17,541,733	10,075,206	11,858,327	11,445,906
Trinity Valley Community College covered payroll	19,996,063	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: ER Proportionate share of collective NPL/ER's covered payroll amount	54.20%	65.53%	61.30%	27.57%	58.23%	61.69%	67.33%	38.69%	47.73%	47.90%

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

TRINITY VALLEY COMMUNITY COLLEGE  
 SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS  
 TEACHERS PENSION PLAN  
 FOR THE YEAR ENDED AUGUST 31, 2025

<b>Fiscal year ending August 31,</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Legally required contributions	999,908	915,688	812,632	740,826	729,449	589,536	520,090	629,215	585,520	568,571
Actual contributions	999,908	915,688	812,632	740,826	729,449	589,536	520,090	629,215	585,520	568,571
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Trinity Valley Community College covered payroll	20,312,578	19,996,063	18,674,369	16,866,043	16,032,771	16,261,795	15,691,874	15,270,409	14,783,586	14,168,817
Ratio of: Actual contributions/ER covered payroll amount	4.92%	4.58%	4.35%	4.39%	4.55%	3.63%	3.31%	4.12%	3.96%	4.01%

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, 2025

Fiscal year ending August 31	2025	2024	2023	2022	2021	2020	2019	2018
Plan fiduciary net position as a percentage of the total OPEB liability	0.47%	0.64%	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 (%)	0.08631621%	0.09017666%	0.09006566%	0.08607229%	0.08654737%	0.08549805%	0.08883692%	0.07959070%
Trinity Valley Community College's proportionate share of collective net OPEB liability (\$)	25,295,472	24,092,975	25,656,976	28,448,562	26,293,416	27,197,281	26,329,258	27,118,949
Portion of NECE's total proportionate share of NPL associated with TVCC District	20,101,576	17,479,566	18,849,542	24,267,035	22,347,174	24,678,074	20,778,847	22,023,191
Total	45,397,048	41,572,541	44,506,518	52,715,597	48,640,590	51,875,355	47,108,105	49,142,140
Trinity Valley Community College covered payroll	21,135,029	20,309,812	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	119.69%	118.63%	138.88%	157.32%	142.51%	149.06%	146.37%	153.66%

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

TRINITY VALLEY COMMUNITY COLLEGE  
 SCHEDULE OF COLLEGE'S OPEB CONTRIBUTIONS  
 EMPLOYEES RETIREMENT SYSTEM OF TEXAS  
 FISCAL YEAR ENDED AUGUST 31, 2025

<b>Fiscal year ending August 31</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Statutorily required contributions	691,032	722,332	630,459	647,694	647,694	343,091	272,755	708,942
Actual contribution	691,032	722,332	630,459	647,694	647,694	343,091	272,755	708,942
Annual contribution deficiency (excess)	-	-	-	-	-	-	-	-
Trinity Valley Community College covered payroll	21,652,842	21,135,029	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	3.19%	3.42%	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.

TRINITY VALLEY COMMUNITY COLLEGE  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
FISCAL YEAR ENDED AUGUST 31, 2025

**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, 2021.

**Economic Assumptions**

- The discount rate changed from 7.25 to 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 3.87 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, 2021.
- The long term assumed rate of return changed from 7.25 percent to 7.00 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.
- The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- 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 Affordable Care Act and the rate of future increases in the fee have been updated to reflect recent plan experience and its effects on our short term expectations.
- 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 3.81% to 3.87% as a result of requirements by GASB No. 74 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.



# TRINITY VALLEY COMMUNITY COLLEGE

2024-25



SUPPLEMENTARY INFORMATION

TRINITY VALLEY COMMUNITY COLLEGE  
SCHEDULE OF OPERATING REVENUES  
FOR THE YEAR ENDED AUGUST 31, 2025  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2024)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Activities	Total 08/31/25	Total 08/31/24
<b>Tuition</b>						
State Funded Courses						
In-District Resident Tuition	\$ 2,218,403	\$ -	\$ 2,218,403	\$ -	\$ 2,218,403	\$ 2,111,855
Out-of-District Resident Tuition	2,487,845	-	2,487,845	-	2,487,845	2,163,312
TPEG - Credit **	286,758	-	286,758	-	286,758	320,480
Non-Resident Tuition	768,115	-	768,115	-	768,115	804,159
State Funded Continuing Education	70,263	-	70,263	-	70,263	89,620
TPEG - Non-Credit **	771	-	771	-	771	1,008
Non-State Funded Educational Programs	12,853	-	12,853	-	12,853	16,643
Total Tuition	<u>5,845,008</u>	<u>-</u>	<u>5,845,008</u>	<u>-</u>	<u>5,845,008</u>	<u>5,507,077</u>
<b>Fees</b>						
General Fee	5,976,620	-	5,976,620	-	5,976,620	5,500,150
Out-of-District Fee	3,380,946	-	3,380,946	-	3,380,946	2,923,421
Laboratory Fee	943,676	-	943,676	-	943,676	834,106
Distance Learning Fee	848,892	-	848,892	-	848,892	776,404
Installment Plan Fee	56,450	-	56,450	-	56,450	52,650
Non-Funded Course Fee	102,258	-	102,258	-	102,258	93,944
Total Fees	<u>11,308,842</u>	<u>-</u>	<u>11,308,842</u>	<u>-</u>	<u>11,308,842</u>	<u>10,180,675</u>
<b>Allowances and Discounts</b>						
Bad Debt Allowance	(279,554)	-	(279,554)	-	(279,554)	(257,799)
Scholarships and Performance Grants	(1,629,650)	-	(1,629,650)	-	(1,629,650)	(1,329,338)
Waivers and Exemptions - State	(309,546)	-	(309,546)	-	(309,546)	(442,393)
Waivers and Exemptions - Local	(4,427,174)	-	(4,427,174)	-	(4,427,174)	(3,905,522)
TPEG Allowances	(218,105)	-	(218,105)	-	(218,105)	(326,393)
Private and Other Local	(36,330)	-	(36,330)	-	(36,330)	(33,225)
Federal Grants to Students	(4,524,222)	-	(4,524,222)	-	(4,524,222)	(3,664,120)
State Grants to Students	(656,212)	-	(656,212)	-	(656,212)	(728,472)
Total Scholarship Allowances and Discounts	<u>(12,080,793)</u>	<u>-</u>	<u>(12,080,793)</u>	<u>-</u>	<u>(12,080,793)</u>	<u>(10,687,262)</u>
Net Tuition and Fees	<u>5,073,057</u>	<u>-</u>	<u>5,073,057</u>	<u>-</u>	<u>5,073,057</u>	<u>5,000,490</u>
<b>Additional Operating Revenues</b>						
Federal Grants and Contracts	31,854	603,221	635,075	-	635,075	821,258
State Grants and Contracts	-	1,185,789	1,185,789	-	1,185,789	1,196,810
Non-Government Grants and Contracts	-	118,657	118,657	-	118,657	-
Sales and Service of Educational Activities	174,531	-	174,531	-	174,531	148,320
General Operating Revenues	243,663	-	243,663	-	243,663	467,371
Total Additional Operating Revenues	<u>450,048</u>	<u>1,907,667</u>	<u>2,357,715</u>	<u>-</u>	<u>2,357,715</u>	<u>2,633,759</u>
<b>Auxiliary Enterprises</b>						
Housing and Meals	-	-	-	2,839,988	2,839,988	2,648,179
Bad Debt Allowance	-	-	-	27,296	27,296	38,109
Scholarship Allowances and Discounts	-	-	-	(953,506)	(953,506)	(740,413)
Net Housing and Meals	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,913,778</u>	<u>1,913,778</u>	<u>1,945,875</u>
Bookstore Commissions	-	-	-	1,986,364	1,986,364	1,929,300
Scholarship Allowances and Discounts	-	-	-	(676,144)	(676,144)	(546,665)
Net Bookstore	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,310,220</u>	<u>1,310,220</u>	<u>1,382,635</u>
Athletics	-	-	-	27,508	27,508	25,915
Other Auxiliary Revenues	-	-	-	9,263	9,263	51,336
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,260,769</u>	<u>3,260,769</u>	<u>3,405,761</u>
<b>Total Operating Revenues</b>	<u>\$ 5,523,105</u>	<u>\$ 1,907,667</u>	<u>\$ 7,430,772</u>	<u>\$ 3,260,769</u>	<u>\$ 10,691,541</u>	<u>\$ 11,040,010</u>

\*\* In accordance with Education Code 56.033, \$287,529 and \$321,488 of tuition was set aside for Texas Public Education Grants for years August 31, 2025 and 2024, respectively.

TRINITY VALLEY COMMUNITY COLLEGE  
SCHEDULE OF OPERATING EXPENSES BY OBJECT  
FOR THE YEAR ENDED AUGUST 31, 2025  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2024)

	Salaries and Wages	Benefits		Other Expenses	Total 08/31/25	Total 08/31/24
		State	Local			
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 11,421,070	\$ -	\$ 1,371,630	\$ 1,391,867	\$ 14,184,567	\$ 13,873,784
Public Service	249,436	-	84,754	32,983	367,173	362,922
Academic Support	3,838,555	-	635,561	2,328,500	6,802,616	7,896,407
Student Services	2,648,610	-	421,475	719,156	3,789,241	4,318,051
Institutional Support	3,806,002	-	2,254,364	2,304,009	8,364,375	6,481,744
Operation and Maintenance of Plant	780,515	-	154,134	4,053,974	4,988,623	4,216,998
Scholarships and Fellowships	-	-	-	459,453	459,453	406,067
Total Unrestricted	<u>22,744,188</u>	<u>-</u>	<u>4,921,918</u>	<u>11,289,942</u>	<u>38,956,048</u>	<u>37,555,973</u>
<b>Restricted - Education and General</b>						
Instruction	168,984	1,907,157	-	280,635	2,356,776	4,778,479
Public Service	210,003	75,642	-	61,330	346,975	359,504
Academic Support	-	631,983	-	16,047	648,030	19,825
Student Services	210,652	470,751	-	100,867	782,270	217,164
Institutional Support	-	626,623	-	-	626,623	192,305
Operation and Maintenance of Plant	-	128,505	-	-	128,505	12,325
Scholarships and Fellowships	-	-	-	4,134,668	4,134,668	3,296,252
Total Restricted	<u>589,639</u>	<u>3,840,661</u>	<u>-</u>	<u>4,593,547</u>	<u>9,023,847</u>	<u>8,875,854</u>
Total Educational and General	23,333,827	3,840,661	4,921,918	15,883,489	47,979,895	46,431,827
Auxiliary Enterprises	2,223,079	-	772,009	8,426,031	11,421,119	10,571,961
Depreciation Expense - Buildings and Improvements	-	-	-	2,127,452	2,127,452	1,952,452
Depreciation Expense - Equipment	-	-	-	615,005	615,005	907,621
Depreciation Expense - Library Books	-	-	-	66,428	66,428	69,772
Amortization of Leases	-	-	-	174,972	174,972	151,719
Amortization of Subscriptions	-	-	-	434,086	434,086	272,596
Total Operating Expenses	<u>\$ 25,556,906</u>	<u>\$ 3,840,661</u>	<u>\$ 5,693,927</u>	<u>\$ 27,727,463</u>	<u>\$ 62,818,957</u>	<u>\$ 60,357,948</u>

TRINITY VALLEY COMMUNITY COLLEGE  
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2025  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2024)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total 08/31/25</u>	<u>Total 08/31/24</u>
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	14,746,160	\$ -	\$ -	\$ 14,746,160	\$ 12,299,161
State Group Insurance	-	2,091,813	-	2,091,813	2,080,082
State Retirement Matching	-	1,748,848	-	1,748,848	2,620,446
Financial Aid for Swift Transfer (FAST)	<u>1,338,518</u>	<u>-</u>	<u>-</u>	<u>1,338,518</u>	<u>1,175,175</u>
Total State Appropriations	16,084,678	3,840,661	-	19,925,339	18,174,864
Property Taxes	29,598,549	-	-	29,598,549	26,209,535
Federal Revenue, Non Operating	-	11,853,870	-	11,853,870	9,602,983
Reduction of Contractual Commitment	87,555	-	-	87,555	137,553
Other Income	324,269	-	-	324,269	424,994
Investment Income	<u>1,488,367</u>	<u>-</u>	<u>-</u>	<u>1,488,367</u>	<u>1,715,808</u>
Total Non-Operating Revenues	47,583,418	15,694,531	-	63,277,949	56,265,737
NON-OPERATING EXPENSES:					
Payments for Collection of Taxes	727,719	-	-	727,719	665,909
Interest on Capital Related Debt	31,392	-	-	31,392	26,834
Loss on contingent liability	-	-	-	-	3,926,328
(Gain)/Loss on Disposal of Fixed Assets	<u>61,766</u>	<u>-</u>	<u>-</u>	<u>61,766</u>	<u>(1,402)</u>
Total Non-Operating Expenses	<u>820,877</u>	<u>-</u>	<u>-</u>	<u>820,877</u>	<u>4,617,669</u>
Net Non-Operating Revenues	<u>\$ 46,762,541</u>	<u>\$ 15,694,531</u>	<u>\$ -</u>	<u>\$ 62,457,072</u>	<u>\$ 51,648,068</u>

TRINITY VALLEY COMMUNITY COLLEGE  
 SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY  
 FOR THE YEAR ENDED AUGUST 31, 2025  
 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2024)

	Detail by Source				Available for Current Operations		
	Unrestricted	Restricted Expendable	Non-Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:							
Unrestricted	\$ (3,074,202)	\$ -	\$ -	\$ -	\$ (3,074,202)	\$ (3,074,202)	\$ -
Restricted	-	480,081	-	-	480,081	480,081	-
Loan	421,614	-	-	-	421,614	-	421,614
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Plant:							
Investment in Plant	-	-	-	62,735,644	62,735,644	-	62,735,644
Total Net Position, August 31, 2025	(2,652,588)	480,081	-	62,735,644	60,563,137	(2,594,121)	63,157,258
Total Net Position, August 31, 2024	(8,777,973)	666,672	-	58,344,782	50,233,481	(8,526,497)	58,759,978
Net Increase (Decrease) in Net Position	\$ 6,125,385	\$ (186,591)	\$ -	\$ 4,390,862	\$ 10,329,656	\$ 5,932,376	\$ 4,397,280



# TRINITY VALLEY

COMMUNITY COLLEGE

2024-25



SINGLE AUDIT SECTION

TRINITY VALLEY COMMUNITY COLLEGE  
SCHEDULE E  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2025

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Pass Through Disbursements and Expenditures
<b>U.S. Department of Education</b>			
Direct Programs:			
Student Financial Assistance Cluster			
Federal Supplemental Education Opportunity Grant Program	84.007	--	\$ 105,791
Federal Work Study Program	84.033	--	78,221
Federal Pell Grant Program	84.063	--	11,671,279
Federal Direct Student Loans	84.268	--	4,524,399
Total Student Financial Assistance Cluster			<u>16,379,690</u>
Pass Through From:			
Texas Higher Education Coordinating Board			
Carl Perkins Career and Technical Education-Basic Grants	84.048	1203	337,292
Passed through sub-recipient Collin County Community District COVID-19 Texas Reskilling and Upskilling Grant (TRUE)	84.425C	00345	<u>41,256</u>
Total passed through Texas Higher Education Coordinating Board			378,548
<b>Total U. S. Department of Education</b>			<b><u>16,758,238</u></b>
<b>U.S. Small Business Administration (SBA)</b>			
Pass Through From:			
Dallas Community College District			
Small Business Development Center	59.037	SBAOEDSB240124	153,807
<b>Total U.S. Small Business Administration (SBA)</b>			<b><u>153,807</u></b>
<b>U.S. Department of Health and Human Services</b>			
Pass Through From:			
Texas Workforce Commission to Workforce Solutions East Texas Board			
Childcare Local Match Agreement	93.596	04161C43-B	<u>613</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>613</u></b>
<b>U.S. Department of Labor</b>			
Pass Through From:			
Texas Workforce Commission			
Workforce Innovation and Opportunity Act (WIOA) Adult Program	17.258	0825HJT002	<u>70,298</u>
<b>Total U.S. Department of Labor</b>			<b><u>70,298</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 16,982,956</u></b>

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, 2025**

**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, 2025 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	\$ 603,221
Non Operating Revenue From Schedule C	11,853,870
Direct Student Loans	4,524,399
Timing Difference for Reporting on SBDC Grant	<u>1,466</u>
Total Federal Financial Assistance – Schedule E	<u>\$ 16,982,956</u>

**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, 2025

Grantor Agency/Program Title	Grant Contract Number	Expenditures
<b>Texas Higher Education Coordinating Board</b>		
Nursing Shortage Reduction	28816	\$ 129,519
Nursing Innovation Grant Program (NGIP)	30007	77,319
Student Success Acceleration Program (SSAP 2.0)	01377	88,817
Texas College Workstudy	--	17,330
Texas Educational Opportunity Grant (TEOG)	--	775,684
<b>Total Texas Higher Education Coordinating Board</b>		<u>1,088,669</u>
<b>Texas Small Business Administration</b>		
Pass-Through Programs:		
Dallas County Community College District		
Small Business Development Center	SBAOEDSB250192	96,420
<b>Total Texas Small Business Administration</b>		<u>96,420</u>
 <b>TOTAL EXPENDITURES OF STATE AWARDS</b>		 <u><u>\$ 1,185,089</u></u>

**TRINITY VALLEY COMMUNITY COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2025**

**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, 2025. 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	\$ 1,185,789
Timing Difference for Reporting on SBDC Grant	<u>( 700)</u>
Total State Financial Assistance – Schedule F	<u>\$ 1,185,089</u>

**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, 2025, 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 16, 2025.

***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 16, 2025

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

*Independent Auditors' Report*

Board of Trustees  
Trinity Valley Community College  
Athens, Texas

Board of Trustees:

***Report on Compliance for Each Major Federal Program***

***Opinion on Each Major Federal Program***

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, 2025. 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.

In our opinion, 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 each of its major federal programs for the year ended August 31, 2025.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of 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.

***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.

## ***Report on Internal Control Over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 16, 2025

TRINITY VALLEY COMMUNITY COLLEGE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED AUGUST 31, 2025

**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)?                   Yes          X   No

Type of auditors’ report issued on compliance for major programs: *Unmodified*

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

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.007	Student Financial Assistance Programs: Federal Supplemental Educational Opportunity Grant Program
84.033	Federal College Workstudy Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

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**

No findings for this area.

TRINITY VALLEY COMMUNITY COLLEGE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED AUGUST 31, 2025

There were no findings for the year ended August 31, 2024