

# Annual Financial Report August 31, 2023 and 2022





**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS**

**ANNUAL FINANCIAL REPORT  
AUGUST 31, 2023**

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## **ORGANIZATIONAL DATA**

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS**

**ORGANIZATIONAL DATA  
FOR THE FISCAL YEAR 2022-2023**

**Board of Trustees**

**Officers**

Mr. V. Bland Proctor	Chair
Mr. Luis A. Guerra	Vice Chair
Mr. John E. Zacek	Secretary

**Members**

		<u>Term Expires</u>
Dr. Daniel A. Cano	Victoria, Texas	2026
Mr. Luis A. Guerra	Victoria, Texas	2024
Ms. Catherine McHaney	Victoria, Texas	2028
Mr. V. Bland Proctor	Victoria, Texas	2026
Dr. Josie Rivera	Bloomington, Texas	2024
Mr. Ronald B. Walker	Victoria, Texas	2026
Mr. John E. Zacek	Inez, Texas	2028

**Principal Administrative Officers and Business and Financial Staff**

Dr. Jennifer Kent	President
Ms. Cindy Buchholz	Executive Vice President Chief Academic Officer
Mr. Keith Blundell, C.P.A.	Vice President Administrative Services
Dr. Edrel Stoneham	Vice President Student Services
Ms. Terri Kurtz	Executive Director Human Resources
Ms. Brittany Mace	Director of Finance

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## **FINANCIAL SECTION**

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# Cascos & Associates, PC

Certified Public Accountants  
Audit/Accounting/Tax/Consulting

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees of  
Victoria County Junior College District  
Victoria, Texas

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities of the Victoria County Junior College District (the District), as of and for the year ended August 31, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of August 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Victoria County Junior College District Foundation, Inc. (the Affiliated Organization), which represent total assets of \$22,565,838 and revenues of \$4,097,402. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Victoria County Junior College District Foundation, Inc. are based solely on the report of other auditors.

#### *Basis for Opinions*

We conducted our audit 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. 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 the District 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.

#### *Responsibility of Management for the Financial Statements*

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



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### ***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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 the District'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 the District's ability to continue as a going concern for a reasonable period of time.

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 on pages listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

*Cascos & Associates, PC*

Cascos & Associates, PC  
Brownsville, Texas  
November 28, 2023

**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS**

**Management’s Discussion and Analysis  
(Unaudited)  
Year Ended August 31, 2023**

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Management’s Discussion and Analysis is included to provide a narrative introduction, overview and analysis of the financial position and changes in financial position of the Victoria County Junior College District (Victoria College, District, or College) for the fiscal year ended August 31, 2023. The discussion is prepared by management and should be read in conjunction with the accompanying financial statements and notes.

The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). The annual financial report is presented in a “business-type activity” format. The statements are prepared on the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided by the District and expenses and liabilities are recognized when services are provided to the District, regardless of when cash is exchanged. The notes to the financial statements are considered an integral part of the financial statements and should be read in conjunction with them. Management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of the financial statements and notes.

The District’s annual financial report consists of three basic financial statements: the Statement of Net Position provides a summary of assets, liabilities and net position as of August 31, 2023; the Statement of Revenues, Expenses and Changes in Net Position provides a summary of operations for the fiscal year; and the Statement of Cash Flows provides categorized information about cash inflows and outflows for the fiscal year. Fiscal years ended August 31, 2023 and 2022 are presented in the audited financial statements. The discussion and analysis is limited to the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position for the primary government and is designed to focus on current activities, the resulting change, and currently known facts.

**Statement of Net Position**

The Statement of Net Position is a point in time financial statement and presents a fiscal snapshot of all assets owned by the District, all liabilities owed by the District to others, the deferred outflows and inflows of resources, and the resulting net position. The focus is to report the total net resources available to finance future services. Assets and liabilities are presented in the order of their liquidity with noncurrent defined as greater than one year. Net positions are displayed in three components: invested in capital assets, net of related debt; restricted; and unrestricted.

Increases or decreases in net position are one indicator of whether the overall financial condition has improved or deteriorated during the year when considered with other factors such as enrollment, contact hours of instruction, student retention and other non-financial information. The Statement of Net Position is useful in determining the assets available to continue operations as well as how much the District owes to vendors, bondholders, and other entities at the end of the year.

**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS**

**Management's Discussion and Analysis  
(Unaudited)  
Year Ended August 31, 2023**

The following is prepared from the District's Statement of Net Position and provides a summary of its assets, liabilities, and net position for the years ended August 31:

**Summary of Statement of Net Position - Exhibit 1**

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023 to 2022</u>	<u>2022 to 2021</u>
<b>Assets</b>					
Cash and Investments	\$ 34,497,114	\$ 21,962,114	\$ 21,427,977	\$ 12,535,000	\$ 534,137
Other Assets	13,347,399	15,390,738	16,134,720	(2,043,339)	(743,982)
Capital Assets, Net	<u>58,332,636</u>	<u>57,271,545</u>	<u>56,285,641</u>	<u>1,061,091</u>	<u>985,904</u>
Total Assets and Deferred Outflows	106,177,149	94,624,397	93,848,338	11,552,752	776,059
<b>Liabilities</b>					
Current Liabilities	8,966,230	8,881,121	10,037,193	85,109	(1,156,072)
Long-term Liabilities	<u>67,545,161</u>	<u>58,470,832</u>	<u>62,586,447</u>	<u>9,074,329</u>	<u>(4,115,615)</u>
Total Liabilities and Deferred Inflows	76,511,391	67,351,953	72,623,640	9,159,438	(5,271,687)
<b>Net Position</b>					
Invested in Capital Assets, Net of Related Debt	30,785,743	38,456,580	35,405,316	(7,670,837)	3,051,264
Unrestricted	(19,493,194)	(19,949,737)	(23,523,896)	456,543	3,574,159
Restricted	<u>18,373,209</u>	<u>8,765,601</u>	<u>9,343,278</u>	<u>9,607,608</u>	<u>(577,677)</u>
Total Net Position	<u>\$ 29,665,758</u>	<u>\$ 27,272,444</u>	<u>\$ 21,224,698</u>	<u>\$ 2,393,314</u>	<u>\$ 6,047,746</u>

Highlighted information from the Statement of Net Position:

- Total assets increased by \$11,552,752 or 12.21%.
- Total liabilities increased by \$9,159,438 or 13.60%.
- Total net position increased by \$2,393,314 or 8.78%.

Significant changes in assets, liabilities and net position are attributable to GASBs 68 and 75. GASB 68, as amended by GASB Statement No. 71, impacts asset and liability balances due to changes in the District's proportionate share of Teacher Retirement System's (TRS's) net pension liability and related deferred outflows and inflows of resources related to pensions. GASB 75 requires the District to record its proportionate share of the Employees Retirement System of Texas's (ERS) net Other Post-Employment Benefits (OPEB) liability and related deferred outflows and inflows of resources related to OPEB.

The District increased deferred outflows related to pensions (an asset) by \$3,289,393 for total deferred outflows related to pensions of \$5,515,229 (a 147.78% increase). Additionally, deferred inflows related to pensions (a liability) decreased by \$1,093,489 (24.08%) for total deferred pension inflows of 3,446,688. The net pension liability increased by \$4,488,952 (123.00%) from \$3,649,621 to \$8,138,573.

Deferred inflows and outflows of resources for the pension plan are related to changes that occur at the plan level including changes in actuarial assumptions, differences between expected and actual economic experience, differences between projected and actual investment earnings, and changes in proportion and difference between the employers' contributions and the proportionate share of contributions. Contributions paid to the Teacher Retirement System of Texas (TRS) subsequent to the measurement date also impact deferred outflows of resources. The net pension liability of \$8,138,573 was measured at August 31, 2022 and was established per amounts recorded in TRS's *Comprehensive Annual Financial Statement* and TRS's *Audited 2022 GASB 68 Allocation Schedules*.

**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS**

**Management's Discussion and Analysis  
(Unaudited)  
Year Ended August 31, 2023**

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OPEB deferred outflows are related to changes in actuarial assumptions, the difference between projected and actual investment earnings, changes in proportion and difference between the employers' contributions and the proportionate share of contributions, and contributions paid to ERS subsequent to the measurement date. Deferred inflows for OPEB are related to differences between expected and actual economic experience, changes in actuarial assumptions, and changes in proportion and differences between employers' contributions and the proportionate share of contributions.

The net OPEB liability of \$21,565,923 was measured at August 31, 2022 and was established per amounts recorded in ERS's *Comprehensive Annual Financial Statement* and ERS's *Actuarial Valuation of the Other Post-Employment Benefits (OPEB) Provided Under the Texas Employees Group Benefits Program (GBP)*. Deferred outflows related to OPEB decreased by \$2,113,645 (44.55%) to \$2,631,160. Deferred inflows related to OPEB increased by \$4,180,941 (73.82%) to \$9,844,902.

Information regarding net pension liability and deferred outflows and inflows or resources related to pensions can be found in Note 15 in the accompanying Notes to the Financial Statements. The District's net OPEB liability and deferred outflows and inflows or resources related to OPEB are discussed in Note 19 in the accompanying Notes to the Financial Statements.

Capital assets are discussed on pages 11 and 12 and in Note 7 in the accompanying Notes to the Financial Statements.

See discussion of long-term debt on page 13 and Notes 8 through 13 in the accompanying Notes to the Financial Statements.

At August 31, 2023, the District designated the entirety of expendable net position, restricted for on-going projects in the amount of \$17,620,413. Designations are as follows: 1) Wood Building renovation project (\$20,963); 2) Allied Health building renovation (\$254,072); 3) student success center (\$16,100,814); and 4) 2016-2025 master plan (\$1,244,564). These designations indicate management's anticipated future use of financial resources.

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

The Statement of Revenues, Expenses, and Changes in Net Position presents the District's results of operations for the fiscal year. The statement details how net position changed during the fiscal year and is divided into operating revenues and expenses and non-operating revenues and expenses. Operating revenues are received for providing goods and services to various customers and constituencies of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the District.

Tuition and auxiliary revenues are shown net of allowances and discounts, depreciation is provided for capital assets, and a subtotal is required for net operating income or loss. This required subtotal will generally reflect a "loss" for community colleges in Texas due to the way operating and non-operating items are defined by generally accepted accounting principles. For community colleges, State appropriations, ad valorem taxes, and Federal Title IV revenues, while budgeted for operations, are non-exchange transactions and, as such, are treated as non-operating revenues for financial statement purposes.



**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS**

**Management's Discussion and Analysis  
(Unaudited)  
Year Ended August 31, 2023**

The following is a summary prepared from the District's Statement of Revenues, Expenses and Changes in Net Position for the years ended August 31:

**Summary of Statement of Revenues, Expenses, and Changes in Net Position - Exhibit 2**

	<u>Fiscal Year</u>			<u>Change</u>	
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023 to 2022</u>	<u>2022 to 2021</u>
<b>Operating Revenues</b>					
Tuition and Fees (net of discounts)	\$ 8,747,469	\$ 8,907,253	\$ 8,920,710	\$ (159,784)	\$ (13,457)
Local, State and Federal Grants and Contracts	5,702,545	10,011,724	12,033,494	(4,309,179)	(2,021,770)
Auxiliary Enterprise	2,213,589	3,603,805	3,082,040	(1,390,216)	521,765
Other	571,166	1,774,379	1,710,337	(1,203,213)	64,042
<b>Total Operating Revenues</b>	<b>17,234,769</b>	<b>24,297,161</b>	<b>25,746,581</b>	<b>(7,062,392)</b>	<b>(1,449,420)</b>
<b>Operating Expenses</b>					
Instruction	12,584,714	11,949,391	12,314,580	635,323	(365,189)
Public Service	265,146	246,284	333,836	18,862	(87,552)
Academic Support	3,205,658	3,019,154	3,262,479	186,504	(243,325)
Student Services	3,609,880	3,051,229	2,851,488	558,651	199,741
Institutional Support	6,066,104	9,111,253	9,323,925	(3,045,149)	(212,672)
Operation and Maintenance of Plant	4,627,103	4,188,223	3,881,603	438,880	306,620
Scholarships and Fellowships	7,556,353	8,621,021	10,404,394	(1,064,668)	(1,783,373)
Auxiliary Enterprises	3,103,034	2,976,966	2,850,077	126,068	126,889
Depreciation	2,592,446	2,443,413	2,483,647	149,033	(40,234)
<b>Total Operating Expenses</b>	<b>43,610,438</b>	<b>45,606,934</b>	<b>47,706,029</b>	<b>(1,996,496)</b>	<b>(2,099,095)</b>
<b>Operating Income (Loss)</b>	<b>(26,375,669)</b>	<b>(21,309,773)</b>	<b>(21,959,448)</b>	<b>(5,065,896)</b>	<b>649,675</b>
<b>Non-Operating Revenues (Expenses)</b>					
State Appropriations	6,030,461	5,891,905	6,851,010	138,556	(959,105)
Taxes	16,414,368	16,143,150	15,679,804	271,218	463,346
Title IV	5,840,988	5,494,075	5,671,652	346,913	(177,577)
Gifts	348,610	183,441	6,215,272	165,169	(6,031,831)
Interest on Capital Related Debt	(464,548)	(496,328)	(568,027)	31,780	71,699
Investment Related Income	1,016,508	149,589	308,466	866,919	(158,877)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>29,186,387</b>	<b>27,365,832</b>	<b>34,158,177</b>	<b>1,820,555</b>	<b>(6,792,345)</b>
<b>Income Before Other Revenues,</b>	<b>2,810,718</b>	<b>6,056,059</b>	<b>12,198,729</b>	<b>(3,245,341)</b>	<b>(6,142,670)</b>
<b>Other Revenues, (Expenses), Gains, (Losses)</b>					
	2,053	(8,312)	(787)	10,365	(7,525)
Bond Issuance Cost	(244,883)	-	-	(244,883)	-
<b>Increase (Decrease) in Net Position</b>	<b>2,567,888</b>	<b>6,047,747</b>	<b>12,197,942</b>	<b>(3,234,976)</b>	<b>(6,150,195)</b>
Beginning Net Position, as Adjusted	27,272,443	21,224,698	9,026,756	6,047,745	12,197,942
Adjustments to Net Position	(174,573)	-	-	(174,573)	-
<b>Ending Net Position</b>	<b>\$ 29,665,758</b>	<b>\$ 27,272,445</b>	<b>\$ 21,224,698</b>	<b>\$ 2,638,196</b>	<b>\$ 6,047,747</b>

Highlighted information from the summary of the Statement of Revenues, Expenses, and Changes in Net Position:

- Operating revenues decreased by \$7,062,392 or 29.07%.
- Operating expenses decreased by \$1,996,496 or 4.38%.
- Operating loss was increased by \$5,065,896 or 23.77%.

**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS**

**Management's Discussion and Analysis  
(Unaudited)  
Year Ended August 31, 2023**

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- Non-operating revenue increased by \$1,788,775.00, while non-operating expenses decreased by \$31,780 for a net non-operating revenues (expenses) increase of \$1,820,555 or 6.65%.

For fiscal year ended August 31, 2023, net position from current year operations increased by \$2,567,888.

The decrease in operating revenues (\$7,062,392 or 29.07%) was primarily attributable to a \$4,309,179 (43.04%) decrease in local, state, federal and non-governmental grants and contracts. Tuition and fee revenue (net of discounts) decreased by \$159,784 (1.79%), auxiliary revenues (net of discounts) decreased \$1,390,216 (38.58%), and other operating revenues decreased by \$1,203,213 (67.81%). Of the \$4,309,179 decrease in federal grants and contracts, \$4,724,817 was directly attributable to a reduction in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). In the prior year the District recouped estimated lost revenue in the amount of \$2,531,698, of which \$1,333,772 and \$1,197,926 related to auxiliary services and unrestricted educational activities, respectively.

Operating expenses decreased by \$1,996,496 (4.38%). Operating expenses were impacted by decreases in expenses related to institutional support (\$3,045,149 or 33.42%), scholarships and fellowships (\$1,064,668 or 12.35%). These decreases in operating expenses were offset by increases in instruction (\$635,323 or 5.32%), public service (\$18,862 or 7.66%), academic support (\$186,504 or 6.18%), student services (\$558,651 or 18.31%), operation and maintenance (\$438,880 or 10.48%), auxiliary (\$126,068 or 4.23%) and depreciation (\$149,033 or 6.10%).

Overall non-operating revenue (expenses) increased by \$1,820,555 (6.65%). Key elements in the decrease are as follows:

- Overall state allocations increased by \$138,556 (2.35%), which included no change in education and general state support of \$5,102,088, a decrease in state group insurance of \$338,396 (48.15%), and an increase in state retirement matching of \$476,952 (547.72%). State retirement matching and state group insurance recorded revenues and expenditures are impacted by amortization of deferred inflows and outflows of resources related to pensions (GASB 68) and deferred inflows and outflows of resources related to other post-employment benefits (GASB 75).
- Tax revenue increased by \$271,218 due to an increase in valuation that was sufficient to offset a slight decrease in the tax rate adopted by the District's Board of Trustees (\$0.1959 per \$100 valuation for fiscal year 2023 versus \$0.2076 per \$100 valuation for fiscal year 2022).
- Title IV disbursements increased by \$346,913 (6.31%).
- Non-Operating gifts increased by 165,169 \$ (90.04%).
- Investment income (interest) increased by \$866,919 or 579.54%. The increase in investment income is attributable to an increase in the investment pool rates.
- Interest on capital related debt decreased by \$31,780 (6.40%).

Tuition and fee revenue decreased by \$159,784 (1.79%) for the year ended August 31, 2023. Credit unduplicated enrollment and contact hours declined by 4.14% and 1.36%, respectively. Fundable unduplicated non-credit enrollment and contact hours decreased by 10.74% and 15.37%, respectively for the year ended August 31, 2023. For fiscal year 2023 compared to fiscal year 2022, in-district tuition increased by \$3, non-resident tuition increased by \$7, the out of district fee increased by \$3, the general fee increased by \$1 and the technology fee increased by \$1. Below is an analysis of tuition and fee rates and enrollment and contact hours is provided below.

**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS**

**Management's Discussion and Analysis  
(Unaudited)  
Year Ended August 31, 2023**

Tuition and fee rates per semester credit hour are shown below:

**Tuition and Fees Non-Dual Credit - per SCH**

<u>Fiscal Year</u>	<u>In-District Tuition</u>	<u>Non-Resident Tuition</u>	<u>Out of District Fee</u>	<u>General Fee</u>	<u>Technology Fee</u>
2023	\$ 55	\$ 155	\$ 56	\$ 37	\$ 21
2022	\$ 52	\$ 148	\$ 53	\$ 35	\$ 20
2021	\$ 51	\$ 143	\$ 52	\$ 34	\$ 19

**Tuition and Fees for Dual Credit - per course**

<u>Fiscal Year</u>	<u>In-District Tuition</u>	<u>Non-Resident Tuition</u>	<u>Out of District Fee</u>
2023	\$ 225	\$ 400	\$ 350
2022	\$ 225	\$ 400	\$ 350
2021	\$ -	\$ -	\$ -

**Differential Tuition by Program for Fiscal Year 2023:**

	<u>Per Credit Hour</u>
Associate Degree Nursing	\$ 105
Licensed Vocational Nursing	\$ 105
Respiratory Therapy Technology	\$ 105
Physical Therapy Assistant	\$ 105
Emergency Medical Services	\$ 105
Process Technology	\$ 40
Electronics and Instrumentation	\$ 40
Welding	\$ 40

**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS**

**Management's Discussion and Analysis  
(Unaudited)  
Year Ended August 31, 2023**

Enrollment Highlights

<b>Credit Students</b>	<b>2022-2023</b>	<b>Fall</b>	<b>Spring</b>	<b>Summer</b>	<b>Annual *</b>		
	Enrollment	3,064	2,628	1,046	3,909		
	Contact Hours	511,200	451,536	121,104	1,083,840		
	<b>2021-2022</b>	<b>Fall</b>	<b>Spring</b>	<b>Summer</b>	<b>Annual *</b>		
	Enrollment	3,210	2,762	1,027	4,078		
	Contact Hours	526,472	450,760	121,504	1,098,736		
	<b>2020-2021</b>	<b>Fall</b>	<b>Spring</b>	<b>Summer</b>	<b>Annual *</b>		
	Enrollment	3,274	2,835	1,144	4,224		
	Contact Hours	529,776	468,648	137,648	1,136,072		
	<b>Non-Credit Students</b>	<b>2022-2023</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Annual *</b>
		Enrollment	433	342	354	385	1,346
		Contact Hours	33,225	25,169	19,011	17,695	95,100
<b>2021-2022</b>		<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Annual *</b>	
Enrollment		541	368	380	393	1,508	
Contact Hours		37,937	30,326	21,237	22,874	112,374	
<b>2020-2021</b>		<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Annual *</b>	
Enrollment		392	272	378	368	1,194	
Contact Hours		31,607	18,346	23,076	18,759	91,788	
* Unduplicated							

Credit student enrollment and contact hours decreased by 4.55% and 2.90%, respectively, for the fall term. Headcount was 3,064 for the fall 2022-2023 term compared to 3,210 for the fall 2021-2022 term. Credit student enrollment and contact hours decreased by 4.85% and .17% for the spring term. Headcount was 2,628 for the spring 2022-2023 term compared to 2,762 for the spring 2021-2022 term. The summer term posted a increase in credit student enrollment (1.85%) and decrease in contact hours (.33%). Annualized credit student enrollment and contact hours decreased by 4.14% and 1.36%, respectively.

Fundable non-credit enrollment and contact hours decreased by 19.96% and 12.42%, respectively, for Quarter 1 2022-2023 term (433 enrollment; 33,225 contact hours) compared to Quarter 1 2021-2022 term (541 enrollment; 37,937 contact hours). Fundable non-credit enrollment decreased by 7.07% and non-credit contact hours decreased by 17.01% for Quarter 2 2022-2023 term (342 enrollment 25,169 contact hours) compared to Quarter 2 2021-2022 term (368 enrollment; 30,326 contact hours). Quarters 3 and 4 decreased enrollment and contact hours by 4.40% and 16.79%, respectively, (enrollment 739 and contact hours 36,706) for Quarters 3 and 4 in 2022-2023 term; enrollment 773 and contact hours 44,111 for Quarters 3 and 4 2021-2022 term). Annualized fundable non-credit enrollment and contact hours decreased by 10.74% and 15.37%, respectively.

Grants obtained through the Texas Workforce Commission (TWC) allow the District to offer specialized training to industry partners as well as Adult Education within its service area, thereby increasing the skill level of incumbent and new workers. Availability of funding, as well as grant begin and end dates, impact enrollment and contact hours. Variances in the number enrolled and the associated contact hours from one year to the next are not unexpected. The District will continue to seek funding from the TWC in order to offer courses that enhance the quality of workers in its service area.

Certificates and Degrees Conferred:

**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS**

**Management’s Discussion and Analysis  
(Unaudited)  
Year Ended August 31, 2023**

<b>Fiscal Year</b>	<b>Associate of Arts</b>	<b>Associate of Science</b>	<b>Associate of Applied Sciences</b>	<b>Work Force Certificates</b>	<b>Total Degrees and Certificates</b>
2022-2023	65	182	98	341	686
2021-2022	53	171	119	283	626
2020-2021	63	175	133	264	635

**Capital Assets and Long Term Debt Administration**

Capital Assets

The District’s investment in capital assets as of August 31, 2023 was \$58,332,636 (net of accumulated depreciation). This amount represents a net increase (including additions, dispositions, and depreciation expense) of \$3,560,783 over fiscal year 2022. Construction in progress increased by \$1,537,692 due to the completion of the classroom expansion at the Gonzalez Center (\$45,113), progress toward the student success center (\$239,888), progress related to the Museum of the Coastal Bend expansion (\$731,780), continued progress related to the Virginia Callan Welder Performance Annex (\$487,473), and new renovation to the Allied Health Building (\$74,152). Buildings increased \$45,113 (Gonzales Center). Multiple projects are ongoing at August 31, 2023. Additional information regarding the District’s capital assets can be found in Note 7 to the financial statements.

**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS**

**Management's Discussion and Analysis  
(Unaudited)  
Year Ended August 31, 2023**

The District's capital assets, net of accumulated depreciation, as of August 31, 2023, 2022 and 2021 are summarized below:

	<u>Balance at 8/31/2023</u>	<u>Balance at 8/31/2022</u>	<u>Balance at 8/31/2021</u>	<u>\$ Change 2023-2022</u>	<u>\$ Change 2022-2021</u>
Land	\$ 128,942	\$ 128,942	\$ 128,942	\$ -	\$ -
Construction in Progress	4,116,952	2,579,260	956,079	1,537,692	1,623,181
Library Volumes and Periodicals	382,809	365,575	371,891	17,234	(6,316)
Buildings	76,352,403	76,307,290	76,183,819	45,113	123,471
Site Improvements	6,609,842	6,609,842	6,609,842	-	-
Leases	129,161	168,997	-	(39,836)	168,997
SBITA	963,615	-	-	963,615	-
Machinery, Equipment, Furniture and Vehicles	<u>12,556,583</u>	<u>11,519,618</u>	<u>10,370,190</u>	<u>1,036,965</u>	<u>1,149,428</u>
Totals at Historical Costs	101,240,307	97,679,524	94,620,763	3,560,783	3,058,761
Total Accumulated Depreciation	<u>42,907,671</u>	<u>40,407,979</u>	<u>38,335,122</u>	<u>2,499,692</u>	<u>2,072,857</u>
Net Capital Assets	<u>\$ 58,332,636</u>	<u>\$ 57,271,545</u>	<u>\$ 56,285,641</u>	<u>\$ 1,061,091</u>	<u>\$ 985,904</u>
				<u>% Change 2021-2021</u>	<u>% Change 2021-2020</u>
Land				0.0%	0.0%
Construction in Progress				59.6%	169.8%
Library Volumes and Periodicals				4.7%	-1.7%
Buildings				0.1%	0.2%
Site Improvements				0.0%	0.0%
Machinery, Equipment, Furniture and Vehicles				9.0%	11.1%
Totals at Historical Costs				3.6%	3.2%
Total Accumulated Depreciation				6.2%	5.4%
Net Capital Assets				1.9%	1.8%

**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS**

**Management’s Discussion and Analysis  
(Unaudited)  
Year Ended August 31, 2023**

**Long-Term Debt**

Long-term debt increased by \$7,675,000 during the fiscal year. The District issued a new limited tax bond for totaling \$9,735,000 for the construction of the Student Success Center. Additional information regarding the District’s long-term debt can be found in Notes 8 through 13 to the accompanying financial statements.

The District’s long-term debt outstanding at August 31, 2023, 2022, and 2021 is summarized in the following table:

	Balance at 8/31/2023	Balance at 8/31/2022	Balance at 8/31/2021	\$ Change 2023-2022	\$ Change 2022-2021
2012 Limited Tax Refunding Bonds	\$ 3,245,000	\$ 4,255,000	\$ 5,225,000	\$ (1,010,000)	\$ (970,000)
2013 Limited Tax Bonds	\$ 12,550,000	\$ 13,600,000	\$ 14,610,000	(1,050,000)	(1,010,000)
2023 Limited Tax Bond	<u>9,735,000</u>	<u>-</u>	<u>-</u>	<u>9,735,000</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 25,530,000</u>	<u>\$ 17,855,000</u>	<u>\$ 19,835,000</u>	<u>\$ 7,675,000</u>	<u>\$ (1,980,000)</u>
				% Change 2021-2020	% Change 2020-2019
2012 Limited Tax Refunding Bonds				-23.74%	-18.56%
2013 Limited Tax Bonds				-7.72%	-6.91%
2023 Limited Tax Bond				-	-
Total Long-Term Debt				42.99%	-9.98%

The District’s revenue bond rating is A+/Stable and its general obligation bond rating is AA/Stable as rated by the bond rating agency Standard & Poor’s. There are no known debt limitations that could affect the financing of facilities or services.

**Strategic and Operational Planning**

Victoria College remains committed to its institution-wide focus on strategic and operational planning. The Board of Trustee-adopted strategic plan was created through stakeholder input and continues to guide the work with overarching goals of Equity, Learning Environment, Community Enrichment, Ensuring Achievement, & Synergistic Culture. Additionally, the College is committed to creating a student-centered culture that fosters a strong sense of belonging and wellness, while ensuring support systems align to successful completion, transfer, and/or entry to a career with a family-sustaining wage for all students.

To facilitate further the achievement of strategic goals, College administration and the Board of Trustees have worked to refine the plans for the projects outlined in the 2016-2025 Facilities Master Plan. At the center of the plan is a new comprehensive student center that will bring together all student services, including library resources, advising, tutoring, testing, financial aid and wrap-around services. Additionally, the plan includes renovation of existing facilities to meet training and educational needs essential for student success and to meet employer demands for an educated workforce. Renovations were completed in the Wood Building and began with in the Museum of the Coastal Bend and the Welder Center Annex.

**Resource Management & Development**

Victoria College remains committed to maintaining the affordability of higher education and works diligently to manage its resources in order to balance the needs of its students with the needs, requirements, and expectations of governing agencies, taxpayers, community members, transfer universities, and business and industry. As State financial support continues to decrease and the cost of doing business continues to increase, achieving this balance becomes progressively more difficult. Administration, faculty, and staff are careful to control expenses while not sacrificing quality instructional delivery and student support services. Victoria College strives to maintain balance in its revenue sources.

As state appropriations continue to decrease, the majority of the operating budget comes primarily from ad valorem taxes and student tuition and fees. The Board approved adoption of the calculated effective tax rate of \$0.1959 per \$100 valuation. Victoria College strategically and aggressively seeks external support through donations and grants to help offset the cost of

VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS

Management's Discussion and Analysis  
(Unaudited)  
Year Ended August 31, 2023

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new program development, to enable the granting of student financial support, and to provide necessary funds for expansion and growth. The College strives to secure, for all area students seeking postsecondary education and training, the resources necessary to facilitate college enrollment and successful completion without accumulation of excessive financial debt. Generous community support and a strategic focus on investment management allowed the Victoria College Foundation to award over \$1,000,000 in scholarships.

**Initiatives**

Victoria College continues its work implementing the nationally recognized Guided Pathways Model made possible through the TACC's Texas Success Institute. Pathways provides a clear and coherent integration of academics and support services throughout the educational experience. Strategies and resources are aimed at ensuring students make informed decisions when entering an educational pathway, keep on the path, and successfully reach their goal. Victoria College earned the designation as a *Cadre 2* college, which means efforts are either at scale or in the planning phase of scale. The Engineering Program, in partnership with Texas A&M-Kingsville, began in the 2021-2022 academic year with its first cohort of students.

The College is currently progressing through the Institute for Evidence-Based Change's *Caring Campus* program as well as journey mapping the student experience with Inside Track. Additionally, the College has strengthened its partnership with the University of Houston-Victoria in order to provide students with a seamless transfer experience, thus increasing their ability for upward economic mobility.

**COVID-19 Pandemic Efforts**

Since the onset of the COVID-19 pandemic, Victoria College has prioritized the safety of students, employees, and visitors by adopting allowable precautions and recommendations. Deep cleaning practices were adopted that were maintained after the initial response to COVID-19. The College maintained efforts to combat the spread of illness by opening a clinic on campus in partnership with Citizen's Hospital and offering free COVID testing and vaccines on campus.

**Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances and demonstrate the District's accountability for the money it receives. Questions concerning any information provided in the report or requests for additional financial information should be addressed to Victoria College, 2200 East Red River, Victoria, Texas 77901.



## **BASIC FINANCIAL STATEMENTS**

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Statement of Net Position**  
**August 31, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash & cash equivalents	\$ 4,398,600	\$ 533,142
Restricted cash and cash equivalents	-	1,327,622
Short-term investments	11,151,657	11,564,860
Restricted short-term investments	18,946,857	8,536,490
Due from component unit	119,161	118,376
Accounts receivable (net)	2,906,911	3,425,593
Restricted accounts receivable	1,758,191	4,426,027
Inventories	336,934	374,326
Prepaid expenses	79,813	75,774
Total Current Assets	39,698,124	30,382,210
<b>Noncurrent Assets</b>		
Construction in progress	4,116,952	2,579,260
Land	128,942	128,942
Capital assets (net)	54,086,742	54,563,343
Total Noncurrent Assets	58,332,636	57,271,545
Total Assets	98,030,760	87,653,755
<b>Deferred Outflow of Resources</b>		
Deferred outflows related to pensions	5,515,229	2,225,836
Deferred outflows related to other post-employment benefits	2,631,160	4,744,805
Total Deferred Outflow of Resources	8,146,389	6,970,641
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	1,051,011	903,008
Accrued liabilities	618,903	559,357
Funds held for others	234,992	215,758
Unearned revenues	4,063,506	4,558,371
Bonds payable - current portion	2,140,000	2,060,000
Lease Payable - current portion	28,884	-
SBITA Payable - current portion	268,266	-
Net other post-employment benefits liability - current	560,668	584,627
Total Current Liabilities	8,966,230	8,881,121
<b>Noncurrent Liabilities</b>		
Bonds payable	23,390,000	15,795,000
Lease Payable	26,363	62,250
SBITA Payable	430,545	-
Net pension liability	8,138,573	3,649,621
Net other post-employment benefits liability - non-current	21,005,255	27,862,108
Total Noncurrent Liabilities	52,990,736	47,368,979
Total Liabilities	61,956,966	56,250,100
<b>Deferred Inflows of Resources</b>		
Unamortized premiums on bonds	1,262,835	897,715
Deferred inflows related to pensions	3,446,688	4,540,177
Deferred inflows related to other post-employment benefits	9,844,902	5,663,961
Total Deferred Inflows of Resources	14,554,425	11,101,853
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	30,785,743	38,456,580
Restricted for		
Expendable		
Student aid	71,834	149,899
Unexpended capital projects		
designated for Wood Building renovation project	20,963	49,184
designated for Allied Health Building renovation	254,072	306,160
designated for Comprehensive Student Center project	16,100,814	6,502,498
designated for 2016-2025 Master Plan	1,244,564	981,799
Debt service	680,962	628,450
Unrestricted	(19,493,194)	(19,802,127)
Total Net Position (Schedule D)	\$ 29,665,758	\$ 27,272,443

The accompanying notes are an integral part of these financial statements.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Affiliated Organization**  
**Statement of Net Position**  
**August 31, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash & cash equivalents	\$ 8,105,932	\$ 5,876,703
Pledges receivable	723,598	980,512
Other current assets	30,839	26,841
Total Current Assets	8,860,369	6,884,056
<b>Other Assets</b>		
Restricted cash - endowment money market funds	129,836	148,001
Endowment investments	13,575,633	13,014,351
Total Other Assets	13,705,469	13,162,352
Total Assets	22,565,838	20,046,408
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	-	44
Due to Victoria College	68,399	23,132
Total Liabilities	68,399	23,176
 <b>NET POSITION</b>		
Without donor restriction	84,412	20,626
With donor restriction	22,413,027	20,002,606
Total Net Position	\$ 22,497,439	\$ 20,023,232

The accompanying notes are an integral part of these financial statements.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position**  
**For The Year Ended August 31, 2023 and 2022**

	2023	2022
<b>OPERATING REVENUES</b>		
Tuition and fees (net)	\$ 8,747,469	\$ 8,907,253
Federal grants and contracts	4,294,243	8,207,901
State grants and contracts	301,096	668,688
Local grants and contracts	102,431	21,660
Non-governmental grants and contracts	1,004,775	1,113,475
Sales and services of educational activities	484,840	464,515
Auxiliary enterprises (net)	2,213,589	3,603,805
General operating revenues	86,326	1,309,864
Total Operating Revenues (Schedule A)	17,234,769	24,297,161
<b>OPERATING EXPENSES</b>		
Instruction	12,584,714	11,949,390
Public service	265,146	246,284
Academic support	3,205,658	3,019,155
Student services	3,609,880	3,051,229
Institutional support	6,066,104	9,111,253
Operation and maintenance of plant	4,627,103	4,188,223
Scholarships and fellowships	7,556,353	8,621,021
Auxiliary enterprises	3,103,034	2,976,966
Depreciation	2,592,446	2,443,413
Total Operating Expenses (Schedule B)	43,610,438	45,606,934
Operating (Loss)	(26,375,669)	(21,309,773)
<b>Non-Operating Revenues (Expenses)</b>		
State allocations	6,030,461	5,891,905
Title IV	5,840,988	5,494,075
Ad valorem taxes		
Taxes for maintenance and operations	13,735,123	13,436,063
Taxes for debt service	2,679,245	2,707,087
Gifts	348,610	183,441
Investment income (net of investment expenses)	1,016,508	149,589
Interest on capital related debt	(464,548)	(496,329)
Total Non-Operating Revenues (Expenses) (Schedule C)	29,186,387	27,365,831
Income Before Other Revenues, (Expenses), Gains and (Losses)	2,810,718	6,056,058
<b>Other Revenues, (Expenses), Gains</b>		
Gain/(Loss) on disposal of capital assets	2,053	(8,313)
Bond issuance costs	(244,883)	-
Total Other Revenues, (Expenses), Gains	(242,830)	(8,313)
Increase in Net Position	2,567,888	6,047,745
<b>NET POSITION</b>		
Net Position - Beginning of Year	27,272,443	21,224,698
Adjustment to Net Position	(174,573)	-
Net Position - End of Year	\$ 29,665,758	\$ 27,272,443

The accompanying notes are an integral part of these financial statements.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS  
Affiliated Organization**  
Statement of Revenues, Expenses and Changes in Net Position  
For The Year Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Grants and contributions	\$ 2,885,749	\$ 3,181,585
In-kind donations	<u>298,719</u>	<u>151,618</u>
Total Revenue and Support	<u>3,184,468</u>	<u>3,333,203</u>
<b>OPERATING EXPENSES</b>		
Institutional support	1,329,199	874,607
Administration and collection	37,328	25,157
Other	<u>256,668</u>	<u>142,404</u>
Total Expenses	<u>1,623,195</u>	<u>1,042,168</u>
<b>NON-OPERATING REVENUES</b>		
Investment income	<u>912,934</u>	<u>(2,107,180)</u>
Change in Net Position	2,474,207	183,855
<b>NET POSITION</b>		
Net Position, Beginning of Year	<u>20,023,232</u>	<u>19,839,377</u>
Net Position, End of Year	<u>\$ 22,497,439</u>	<u>\$ 20,023,232</u>

The accompanying notes are an integral part of these financial statements.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Statement of Cash Flows**  
**For The Year Ended August 31, 2023 and 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 10,951,033	\$ 12,554,386
Receipts from grants and contracts	8,889,063	9,157,280
Other receipts	85,541	1,220,532
Payments to suppliers for goods or services	(7,813,927)	(7,828,205)
Payments to or on behalf of employees	(25,042,469)	(26,622,878)
Payments of scholarships and fellowships	(7,556,353)	(8,621,021)
Net cash provided (used) by operating activities	(20,487,112)	(20,139,906)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Receipts from state allocations	5,666,120	5,189,168
Receipts from federal (Title IV) allocations	5,840,988	5,494,075
Receipts from ad valorem tax revenues	13,735,123	13,436,063
Gifts and grants (other than capital)	348,610	183,441
Deferred inflows/outflows net	1,911,704	1,681,664
Lease Payable	(7,003)	62,250
SBITA Payable	698,811	-
Net pensions	4,488,952	(4,149,916)
Net OPEB	(6,880,812)	1,971,449
Student organization and other agency transactions	19,234	10,772
Net cash provided (used) by non-capital financing activities	25,821,727	23,878,966
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Receipts from ad valorem tax revenues	2,679,245	2,707,087
Purchases of capital assets	(3,747,159)	(3,435,117)
Proceeds from disposal of capital assets	2,429	5,800
(Gain) loss on disposal of capital assets	2,053	(8,313)
Bond issuance costs	(244,883)	(147,610)
Bond premium amortization	365,120	(1,980,000)
Payments on capital debt - principal	7,675,000	(496,329)
Net cash provided (used) by capital and related financing activities	6,731,805	(3,354,482)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings	1,016,508	149,589
Investment purchases	(9,997,164)	(20,100,012)
Net cash provided (used) by investing activities	(8,980,656)	(19,950,423)
Increase (decrease) in cash and cash equivalents	3,085,764	(19,565,845)
Cash and cash equivalents - September 1	1,860,764	21,426,609
Cash and cash equivalents - August 31	\$ 4,946,528	\$ 1,860,764
Cash & cash equivalents	\$ 4,398,600	\$ 533,142
Restricted cash and cash equivalents	-	1,327,622
Restricted short-term investments	-	-
Total cash and cash equivalents	\$ 4,398,600	\$ 1,860,764

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Statement of Cash Flows**  
**For The Year Ended August 31, 2023 and 2022**  
(Continued)

	2023	2022
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating (loss)	\$ (26,375,669)	\$ (21,309,773)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation expense	2,592,446	2,443,413
State group insurance	364,341	702,737
Changes in assets and liabilities:		
Receivables (net)	3,186,518	(854,444)
Due from component unit	(785)	(89,332)
Inventories	37,392	(14,953)
Prepaid expenses	(4,039)	(69,204)
Accounts payable	148,003	(332,575)
Accrued liabilities	59,546	(194,588)
Unearned revenue	(494,865)	(421,187)
Net cash provided (used) by operating activities	\$ (20,487,112)	\$ (20,139,906)

The accompanying notes are an integral part of these financial statements.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Notes to the Financial Statements**  
**August 31, 2023 and 2022**

**1. Reporting Entity**

Victoria County Junior College District (the “District”) was created by a vote of the electorate of Victoria County, Texas, at an election held on December 2, 1947, in accordance with the laws of the State of Texas to serve the educational needs of Victoria County and the surrounding communities. The Board of Trustees (the “Board”), a seven-member group, is the level of government which has governing responsibilities over all activities related to public junior colleges within the jurisdiction of the District. Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters, including taxing authority. The District is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*. While the District 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. Furthermore, all activities and organizations over which the Board exercises oversight responsibility have been included in the basic financial statements.

**2. Summary of Significant Accounting Policies**

Reporting Guidelines

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

Tuition Discounting

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

***Title IV, Higher Education Act (HEA) Program Funds***. Certain Title IV HEA Program funds are received by the District to pass through to the student. These funds are initially received by the college 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 disbursed directly to the student, the amount is recorded as a scholarship expense.

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

Basis of Accounting

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

Budgetary Data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The District’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 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

The District 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.

### Deferred Outflows

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

### Investments

In accordance with GASB 31 *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, the District reports investments 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. The governing board has designated public funds investment pools comprised of \$30,098,514 and \$20,101,350 at August 31, 2023, and 2022, respectively, to be short-term investments. Long-term investments have an original maturity of greater than one year at the time of purchase.

### Inventories

Inventories consist of consumable office supplies, physical plant supplies, concession supplies, and bookstore stock. Inventories, excluding bookstore stock, are valued at cost on a first in, first out basis for supplies. Bookstore inventory is valued using the retail method. Inventories are charged to expense as consumed.

### Capital Assets

The District records capital assets at cost at the date of acquisition, or fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. The District capitalizes renovations of \$100,000 to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure. The college charges costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets; generally 50 years for buildings, 20 years for land improvements, 15 years for library books, 10 years for furniture, machinery, vehicles and other equipment, and five years for telecommunications and peripheral equipment.

### Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employees Retirement System of Texas (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 are payable in accordance with the benefit terms.

### Pensions

The District 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 purpose 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 benefit terms. Investments are reported at fair value.

#### Unearned Revenues

Unearned revenue, primarily consisting of tuition and fees, relates to academic terms in the next fiscal year and, as such, have been deferred. At August 31, 2023 and 2022, unearned revenue was \$4,063,506 and \$4,558,371, respectively.

#### Deferred Inflows

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

#### Estimates

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

#### Operating and Non-Operating Revenue and Expense Policy

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

#### Income Taxes

The District 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 tax under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The District had no unrelated business income tax liability for the years ended August 31, 2023 and 2022.

#### Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During its fiscal year ended August 31, 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past year.

### **3. Authorized Investments**

District funds governed by this policy may be invested in the instruments described below, all of which are authorized by Chapter 2256 of the Government Code (Public Funds Investment Act). Such investments include (1) obligations of the United States and other direct obligations of the agencies and instrumentalities of the United State as permitted by Government Code 2256.009 (2) obligations of the states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than AA or its equivalent as permitted by Government Code 2256.009(a), (3) a securities lending program as permitted by Government Code 256.0115, (4) certificates of deposit and share certificates that are fully guaranteed or insured by the FDIC, through an authorized broker/dealer, to one or more than one depository institution, as permitted by Government Code 2256.010, (5) fully collateralized repurchase agreements and reverse repurchase agreements permitted by Government Code 2256.001, (6) no-load money market mutual funds as permitted by Government Code 2256.014, (7) public funds investment pools as permitted by Government Code 2256.016, (8) a guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015, (9) investments that are fully guaranteed or insured by the FDIC, and (10) commercial paper with a maximum maturity of 181 days, rated A1/P1 by a nationally recognized rating agency.

4. **Deposits and Investments**

Cash and Deposits included on Exhibit 1, Statement of Net Position, consist of the items reported below:

Cash and Deposits		
	<u>8/31/2023</u>	<u>8/31/2022</u>
Bank Deposits		
Demand Deposits	\$ 4,363,303	\$ 1,829,040
	<u>4,363,303</u>	<u>1,829,040</u>
Cash and Cash Equivalents		
Cash on Hand	35,297	31,725
	<u>35,297</u>	<u>31,725</u>
Total Cash and Deposits	<u>\$ 4,398,600</u>	<u>\$ 1,860,765</u>

Reconciliation of Cash, Deposits and Investments to Exhibit 1

<u>Type of Security</u>	Market Value	
	<u>8/31/2023</u>	<u>8/31/2022</u>
TexPool	\$ 30,098,514	\$ 20,101,350
Total Investments	<u>\$ 30,098,514</u>	<u>\$ 20,101,350</u>
Total Cash and Deposits	\$ 4,398,600	\$ 1,860,765
Total Investments	30,098,514	20,101,350
Total Deposits and Investments	<u>\$ 34,497,114</u>	<u>\$ 21,962,115</u>
Cash and Cash Equivalents (Exhibit 1)	\$ 4,398,600	\$ 1,860,765
Investments (Exhibit 1)	30,098,514	20,101,350
Total Deposits and Investments	<u>\$ 34,497,114</u>	<u>\$ 21,962,115</u>

As of August 31, 2023 the District had the following investments and maturities:

<u>2023</u>	<u>Investment Maturities (in Years)</u>				<u>S&amp;P</u> <u>Rating</u>
	<u>Fair</u> <u>Value</u>	<u>Maturity</u> <u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>	
<u>Investment Type</u>					
Uncategorized Investments					
TexPool Prime	<u>\$ 30,098,514</u>	<u>\$ 30,098,514</u>	<u>\$ -</u>	<u>\$ -</u>	AAAm
Total Uncategorized Investments	<u>\$ 30,098,514</u>	<u>\$ 30,098,514</u>	<u>\$ -</u>	<u>\$ -</u>	

**Interest Rate Risk** – In accordance with state law and District investment policy, the District does not purchase any investments with maturities greater than 10 years.

**Credit Risk** – In accordance with state law and the District’s investment policy, commercial paper must be rated at least A1/P1; and investments in obligations from states, agencies, counties, cities, and other political subdivisions of any state must be rated at least AA.

**Concentration of Credit Risk** – The District does not place a limit on the amount the District may invest in any one issuer.

**Custodial Credit Risk** – To control custodial risk, State law and the District’s adopted investment policy require collateral for all time and demand deposits held in the District’s name. The custodian is required to provide original safekeeping receipts and reporting of positions and position descriptions including market value.

Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the District to require full collateralization of all district funds on deposit with a depository bank, other than investments. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits or investments less an amount insured by FCIC.

The counter-party of each type of transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis. As of August 31, 2023, the portfolio did not contain any repurchase agreements or certificates of deposit. All bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank’s holding company.

**Fair Value of Financial Instruments** - GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value for certain investments. 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 of liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy 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 within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value hierarchy Pools of investments at August 31, 2023 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
External Investment Pools	<u>\$ 30,098,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,098,514</u>
Total	<u>\$ 30,098,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,098,514</u>

## 5. Derivatives

The District did not invest in derivative investment products or repurchase agreements during the fiscal year ended August 31, 2023.

**6. Disaggregation of Receivables and Payables Balances**

Accounts receivable consist of the following at August 31:

	<u>2023</u>	<u>2022</u>
Student receivables	\$ 4,720,301	\$ 5,103,456
Third-party contractor receivables	336,576	229,546
Ad valorem taxes receivables	1,099,472	900,766
Federal grant receivables	1,695,029	4,282,211
State grant receivables	51,713	131,752
Local grant receivables	21,671	14,007
Other receivables	<u>124,367</u>	<u>180,710</u>
Total accounts receivable	8,049,129	10,842,448
Allowance for doubtful accounts	<u>(3,377,487)</u>	<u>(2,990,827)</u>
Accounts receivable (net)	<u>\$ 4,671,642</u>	<u>\$ 7,851,621</u>
Accounts receivable (net)	\$ 2,906,911	\$ 3,391,242
Restricted accounts receivable	<u>1,764,731</u>	<u>4,460,379</u>
	<u>\$ 4,671,642</u>	<u>\$ 7,851,621</u>

Accounts payable and accrued liabilities consist of the following at August 31:

	<u>2023</u>	<u>2022</u>
Accounts payable:		
Vendor payables	\$ 699,048	\$ 515,889
Other payables	<u>351,963</u>	<u>330,099</u>
Total accounts payable	<u>1,051,011</u>	<u>845,988</u>
Accrued liabilities:		
Accrued payroll	237,902	239,470
Employee benefits payable	345,789	369,763
Sales tax payable	<u>35,212</u>	<u>7,146</u>
Total accrued liabilities	<u>618,903</u>	<u>616,379</u>
Total accounts payable and accrued liabilities	<u>\$ 1,669,914</u>	<u>\$ 1,462,367</u>

7. **Capital Assets Activity**

Capital asset activity for the years ended August 31, 2023 and 2022, was as follows:

	2023			Balance August 31, 2023
	Balance September 1, 2022	Changes During the Year		
		Additions	Deletions	
<b>Not Depreciated:</b>				
Land	\$ 128,942	\$ -	\$ -	\$ 128,942
Construction in Progress	2,579,260	1,582,805	(45,113)	4,116,952
Subtotal	<u>2,708,202</u>	<u>1,582,805</u>	<u>(45,113)</u>	<u>4,245,894</u>
<b>Other Capital Assets:</b>				
Library Volumes and				
Periodicals	365,575	18,334	(1,100)	382,809
Buildings	76,307,290	45,113	-	76,352,403
Site Improvements	6,609,842	-	-	6,609,842
Leases	168,997	30,118	(69,954)	129,161
SBITA	-	963,615	-	963,615
Machinery, Equipment,				
Furniture and Vehicles	11,519,618	1,059,632	(22,667)	12,556,583
Subtotal	<u>94,971,322</u>	<u>2,116,812</u>	<u>(93,721)</u>	<u>96,994,413</u>
<b>Accumulated Depreciation:</b>				
Library Volumes and				
Periodicals	145,101	25,520	(724)	169,897
Buildings	25,317,844	1,495,078	-	26,812,922
Site Improvements	5,791,359	184,175	-	5,975,534
Leases	107,882	34,682	(69,364)	73,200
SBITA	-	242,968	-	242,968
Machinery, Equipment,				
Furniture and Vehicles	9,045,793	610,024	(22,667)	9,633,150
Subtotal	<u>40,407,979</u>	<u>2,592,447</u>	<u>(92,755)</u>	<u>42,907,671</u>
Net Other Capital Assets	<u>54,563,343</u>	<u>(475,635)</u>	<u>(966)</u>	<u>54,086,742</u>
Net Capital Assets	<u>\$ 57,271,545</u>	<u>\$ 1,107,170</u>	<u>\$ (46,079)</u>	<u>\$ 58,332,636</u>

	2022			
	Balance	Changes During the Year		Balance
	September 1, 2021	Additions	Deletions	August 31, 2022
<b>Not Depreciated:</b>				
Land	\$ 128,942	\$ -	\$ -	\$ 128,942
Construction in Progress	956,079	1,746,652	(123,471)	2,579,260
Subtotal	<u>1,085,021</u>	<u>1,746,652</u>	<u>(123,471)</u>	<u>2,708,202</u>
<b>Other Capital Assets:</b>				
Library Volumes and				
Periodicals	371,891	16,915	(23,231)	365,575
Buildings	76,183,819	123,471	-	76,307,290
Site Improvements	6,609,842	-	-	6,609,842
Leases	-	168,997	-	168,997
Machinery, Equipment, Furniture and Vehicles	<u>10,370,190</u>	<u>1,510,866</u>	<u>(361,438)</u>	<u>11,519,618</u>
Subtotal	<u>93,535,742</u>	<u>1,820,249</u>	<u>(384,669)</u>	<u>94,971,322</u>
<b>Accumulated Depreciation:</b>				
Library Volumes and				
Periodicals	135,104	24,371	(14,374)	145,101
Buildings	23,823,638	1,494,206	-	25,317,844
Site Improvements	5,588,960	202,399	-	5,791,359
Leases	-	107,882	-	107,882
Machinery, Equipment, Furniture and Vehicles	<u>8,787,420</u>	<u>614,556</u>	<u>(356,183)</u>	<u>9,045,793</u>
Subtotal	<u>38,335,122</u>	<u>2,443,414</u>	<u>(370,557)</u>	<u>40,407,979</u>
Net Other Capital Assets	<u>55,200,620</u>	<u>(623,165)</u>	<u>(14,112)</u>	<u>54,563,343</u>
Net Capital Assets	<u>\$ 56,285,641</u>	<u>\$ 1,123,487</u>	<u>\$ (137,583)</u>	<u>\$ 57,271,545</u>

## 8. Non-Current Liabilities

Long-term liability activity for the years ended August 31:

	2023				
	Balance September 1, 2022	Additions	Reductions	Balance August 31, 2023	Current Portion
<b>Bonds</b>					
Limited tax refunding 2012 bonds	\$ 4,255,000	\$ -	\$ 1,010,000	\$ 3,245,000	\$ 1,045,000
Limited tax 2013 bonds	\$ 13,600,000		\$ 1,050,000	\$ 12,550,000	\$ 1,095,000
Limited tax 2023 bonds	-	9,735,000	-	9,735,000	-
Subtotal	<u>17,855,000</u>	<u>9,735,000</u>	<u>2,060,000</u>	<u>25,530,000</u>	<u>2,140,000</u>
Net pension liability	3,649,621	4,488,952		8,138,573	-
Net OPEB liability	28,446,735		6,296,185	22,150,550	560,668
Lease Liability	62,250		7,003	55,247	28,884
SBITA Liability	-	698,811	-	698,811	268,266
	<u>\$ 50,013,606</u>	<u>\$ -</u>	<u>\$ 8,363,188</u>	<u>\$ 56,573,181</u>	<u>\$ 2,997,818</u>

	2022				
	Balance September 1, 2021	Additions	Reductions	Balance August 31, 2022	Current Portion
<b>Bonds</b>					
Limited tax refunding 2012 bonds	\$ 5,225,000	\$ -	\$ 970,000	\$ 4,255,000	\$ 1,010,000
Limited tax 2013 bonds	\$ 14,610,000		\$ 1,010,000	\$ 13,600,000	\$ 1,050,000
Limited tax 2023 bonds	-	-	-	-	-
Subtotal	<u>19,835,000</u>	<u>-</u>	<u>1,980,000</u>	<u>17,855,000</u>	<u>2,060,000</u>
Net pension liability	7,799,537	-	4,149,916	3,649,621	-
Net OPEB liability	26,475,286	1,971,449	-	28,446,735	584,627
Lease Liability	-	62,250	-	62,250	-
	<u>\$ 54,109,823</u>	<u>\$ 2,033,699</u>	<u>\$ 6,129,916</u>	<u>\$ 50,013,606</u>	<u>\$ 2,644,627</u>

## 9. **Bonds Payable**

General information related to bonds payable is summarized below:

### Limited Tax Refunding Bonds, Series 2012

- Issued to refund a portion of Limited Tax Bonds, Series 2006 that were issued to construct Health Sciences Center, remodel existing Allied Health Building and associated improvements
- Issued May 9, 2012
- Amount authorized and issued - \$8,480,000
- Source of revenue for debt service – ad valorem taxes

### Limited Tax Bonds, Series 2013

- Issued to construct Emerging Technology Complex
- Issued February 15, 2013
- Amount authorized and issued - \$21,200,000
- Source of revenue for debt service – ad valorem taxes

### Limited Tax Bonds, Series 2023

- Issued to construct Student Success Center
- Issued August 23, 2023
- Amount authorized and issued - \$9,735,000
- Source of revenue for debt service – ad valorem taxes

Bonds payable are due in annual installments varying from \$530,000 to \$1,425,000 with interest rates from 2.75% to 5.00% with the final installment due in 2048.

## 10. **Refunding Bonds**

In previous years, the District issued refunding bonds to defeased certain bond issues. The refunded obligations represent a legal defeasance and are no longer a liability of the District; therefore, they are not included in the District's financial statements.

### Limited Tax Refunding Bonds, Series 2012

On May 9, 2012, the District issued \$8,480,000 of Limited Tax Refunding Bonds, Series 2012. The bonds mature serially through August 2026. The interest rates range from 2.0% to 3.5%. The bonds are to refund a portion of the Limited Tax Bonds, Series 2006. The par value of the refunding bonds was \$8,480,000 with a premium of \$1,445,958.

The total cash flows required to service the refunded bonds as of the effective date of the refunding were \$12,269,117. The aggregate debt service payments of the refunded bonds of \$12,992,314 is \$723,197 less than the aggregate debt service payments of the refunding bonds of \$12,269,117.

## 11. **Defeased Bonds Outstanding**

The proceeds of the District's Limited Tax Refunding Bonds, Series 2012 were placed in an escrow fund to provide for the future debt service payments on the old bonds. Accordingly, the trust account assets and defeased bonds are not included in the District's financial statements.

For the fiscal years ended August 31, the District had the following defeased bonds outstanding:

Bond Issue	Year Refunded	Par Value Outstanding	
		2023	2022
Limited Tax Bonds, Series 2006	2012	\$ 3,285,000	\$ 4,275,000
Total		\$ 3,285,000	\$ 4,275,000

## 12. Short Term Debt

The District used no short-term debt for the year ended August 31, 2023.

## 13. Debt and Lease Obligation

Fiscal Year Ended August 31,	General Obligation Bonds Limited Tax Refunding Bonds, Series 2012			General Obligation Bonds Limited Tax Refunding Bonds, Series 2013		
	Principal	Interest	Total	Principal	Interest	Total
2024	1,045,000	113,575	1,158,575	1,095,000	373,412	1,468,412
2025	1,080,000	77,000	1,157,000	1,130,000	340,563	1,470,563
2026	1,120,000	39,200	1,159,200	1,165,000	306,662	1,471,662
2027	-	-	-	1,200,000	271,713	1,471,713
2028-2032	-	-	-	6,535,000	810,213	7,345,213
2033-2048	-	-	-	1,425,000	42,750	1,467,750
Totals	\$ 3,245,000	\$ 229,775	\$ 3,474,775	\$ 12,550,000	\$ 2,145,313	\$ 14,695,313

Fiscal Year Ended August 31,	General Obligation Bonds Limited Tax Refunding Bonds, Series 2023			Total Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	-	422,773	422,773	2,140,000	909,760	3,049,760
2025	-	432,381	432,381	2,210,000	849,944	3,059,944
2026	-	432,381	432,381	2,285,000	778,243	3,063,243
2027	260,000	432,381	692,381	1,460,000	704,094	2,164,094
2028-2032	1,500,000	1,954,407	3,454,407	8,035,000	2,764,620	10,799,620
2033-2048	7,975,000	3,106,800	11,081,800	9,400,000	3,149,550	12,549,550
Totals	\$ 9,735,000	\$ 6,781,123	\$ 16,516,123	\$ 25,530,000	\$ 9,156,211	\$ 34,686,211

Obligations under leases at August 31, 2023:

Fiscal Year Ended August 31,	Principal	Interest	Total
2024	28,884	2,773	31,657
2025	10,725	1,512	12,237
2026	6,476	993	7,469
2027-2031	9,478	480	9,958
Total	\$ 55,563	\$ 5,758	\$ 61,321



Subscription Based Information Technology  
Obligations under (SBITA) at August 31, 2023:

Fiscal Year Ended	Principal	Interest	Total
August 31,			
2024	268,266	39,002	307,268
2025	264,069	18,442	282,511
2026	166,474	3,142	169,616
2027 - 2031	<u>2</u>	<u>-</u>	<u>2</u>
Total	<u>\$ 698,811</u>	<u>\$ 60,586</u>	<u>\$ 759,397</u>

**14. Net Position Designations**

At August 31, 2023, the District designated the entirety of expendable net position, restricted for on-going projects in the amount of \$17,620,413. Designations are as follows: 1) Wood Building renovation project (\$20,963); 2) Allied Health building renovation (\$254,072); 3) student success center (\$16,100,814); and 4) 2016-2025 master plan (\$1,244,564). These designations indicate management’s anticipated future use of financial resources.

**15. Employees’ Retirement Plan**

The State of Texas has joint contributory retirement plans for almost all its employees.

**A. Plan Description**

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

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.

**B. Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/Pages/about\\_archive\\_cafr.aspx](https://www.trs.texas.gov/Pages/about_archive_cafr.aspx) (select *About TRS*, then *Publications*, then *Financial Reports*) or write to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

**C. 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% (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 formula 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 (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

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.

#### D. 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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

##### Contribution Rates

	2022	2021
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	7.75%
Employers	7.75%	7.75%
2022 Member Contributions	\$ 1,140,694	
2022 NECE On-behalf Contributions	\$ 402,786	
2022 District Contributions	\$ 639,694	

The District's contributions to the TRS pension plan in fiscal year 2022 were \$639,694 as reported in the Schedule of the District's Contribution for pensions in the Required Supplementary Information section of these financial statements. Estimated state of Texas on-behalf contributions for fiscal year 2022 were \$402,786.

- As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by 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 or all of an employee's salary is paid by federal funding sources, a privately sponsored source, or from non-educational and general or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

## E. Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2019	3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.3%
Salary Increases	3.95% - 8.95% including inflation
Ad hoc Post-Employment Benefit Changes	None

## F. Discount Rate

The single discount rate used to measure the total pension liability was 7.00%. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 estimated of geometric real rates of return for each major asset class included in the system's target asset allocation as of August 31, 2022 are summarized below:

<b>Asset Class</b>	<b>Target Allocation % *</b>	<b>Long-Term Expected Geometric Real Rate of Return **</b>	<b>Expected Contribution to Long-Term Portfolio Returns</b>
<b>Global Equity</b>			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity	14.00%	7.70%	1.55%
<b>Stable Value</b>			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return (Including Credit Sensitive Investments)	-	3.70%	-
Stable Value Hedge Funds	5.00%	3.40%	0.18%
<b>Real Return</b>			
Real Estate	15.00%	4.10%	94.00%
Energy, Natural Resources and Infrastructure	6.00%	5.10%	0.37%
Commodities	-	3.60%	-
<b>Risk Parity</b>			
Risk Parity	8.00%	4.60%	0.43%
<b>Asset Allocation Leverage</b>			
Cash	2.00%	3.00%	-0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag***			0.91%
<b>Expected Return</b>	<b><u>100.00%</u></b>		<b>8.19%</b>

\* Target allocation are based on the FY2022 policy model.

\*\* Capital Market Assumptions come from Aon Hewitt (as of 08/31/22).

\*\*\* The volatility drag results from the conversion between arithmetic and geometric mean returns.

## G. Discount Rate Sensitivity Analysis

The following schedule shows the impact on the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	<u>1% Decrease in Discount Rate (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase in Discount Rate (8.00%)</u>
District proportionate share of the net pension liability	\$ 12,660,534	\$ 8,138,573	\$ 4,473,312

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

At August 31, 2023, the District reported a liability of \$8,138,573 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 8,138,573
State's proportionate share that is associated with District	<u>5,124,485</u>
Total	<u>\$ 13,263,058</u>

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

At August 31, 2022, the District's proportion of the collective net pension liability was .0137% which was a decrease of 4.34% from its proportion measured as of August 31, 2021.

## I. Changes Since the Prior Actuarial Valuation

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022.

The actuarial assumption used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021.

For the year ended August 31, 2023, the District recognized pension expense of \$489,843 and revenue of \$489,843 for support provided by the State.

At August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 118,009	\$ 177,436
Changes in actuarial assumptions	1,516,481	377,949
Difference between projected and actual investment earnings	3,162,162	2,358,097
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	23,186	533,206
Contributions paid to TRS subsequent to the measurement date	695,391	-
Total	<u>\$ 5,515,229</u>	<u>\$ 3,446,688</u>

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:

<b>For the Year Ended August 31,</b>	<b>Pension Expense Amount</b>
2023	\$ 378,662
2024	120,342
2025	(54,127)
2026	843,177
2027	85,096
Thereafter	-
	<u>\$ 1,373,150</u>
Contributions paid to TRS subsequent to the measurement date	695,391
Total deferred outflows (inflows) of resources, net	<u>\$ 2,068,541</u>

#### Optional Retirement Plan – Defined Contribution Plan

**Plan Description.** Participation in the Optional Retirement Plan is in lieu of participation in TRS. The optional retirement program provides for the purchase of annuity contracts and operates under the provision 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 3.3% and 3.3%, respectively. The District contributes an additional 1.40% over and above the state mandated rate of 3.30%, bringing the overall rate to 8.00%. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Senate Bill (SB) 1812, 83<sup>rd</sup> Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the state for the District was \$80,027 and \$82,200 for the fiscal years ended August 31, 2023 and 2022, respectively. This amount represents the portion of expended appropriations made by the Legislature on behalf of the District.

The total payroll for all District employees was \$18,602,717 and \$17,827,706 for the fiscal years ended August 31, 2023 and 2022, respectively. The total payroll of employees covered by the TRS was \$14,258,680 and \$13,571,679, and the total payroll of employees covered by the Optional Retirement Program was \$2,425,050 and \$2,493,612 for the fiscal years ended August 31, 2023 and 2022, respectively.

16. **Deferred Compensation Program**

District employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001.

At August 31, 2023 and 2022, the District had no employees electing to defer compensation.

17. **Compensable Absences**

Full-time employees of the District may accrue up to 640 hours of sick leave based on the length of their contract. No employee will receive compensation for sick leave upon termination of employment with the District. Since the District has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Administrative, clerical and maintenance personnel receive vacation time based on length of employment. Vacation must be taken by August 31; however, carry-over up to 40 hours of vacation time is permitted. In the opinion of the administration, the liability for compensable absences is not material to the basic financial statements of the District; therefore, no accrual for vacation leave has been made.

18. **Health Care and Life Insurance Benefits**

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing their benefits by expending the annual insurance premiums. The State's contribution per full-time employee was \$625 per month for the year ended August 31, 2023 (\$625 per month for fiscal year 2022) and totaled \$876,640 for the year ended August 31, 2023 (\$905,748 for the year ended August 31, 2022). The cost of providing those benefits for 143 retirees in the year ended August 31, 2023 was \$761,299 (retiree benefits for 142 retirees cost \$734,134 in fiscal year 2022). For 282 active employees, the cost of providing benefits was \$2,329,135 for the year ended August 31, 2023 (active employee benefits for 279 employees cost \$2,256,708 for the year ended August 31, 2022). SB 1812, effective September 1, 2013, limits the amount of the State's contribution to 50% of eligible employees in the reporting district.

19. **Other Post-Employment Benefits (OPEB)**

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

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

**Benefit Provided.** Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least 10 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.

**Contribution.** Section 1551.055 of Chapter 1551, Texas Insurance Code, provides the 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 its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated, and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

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

**Maximum Monthly Employer Contribution  
Retiree Health and Basic Life Premium  
Fiscal Year 2022 (Measurement Year)**

Retiree Only	\$	625
Retiree & Spouse		1,340
Retiree & Children		1,104
Retiree & Family		1,819

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

**Premium Contributions by Source  
Group Benefits Program Plan  
For the Years Ended August 31, 2022 and 2021**

	FY 2022	FY 2021
Employers	\$ 529,931	\$ 607,930
Member (Employees)	144,338	152,581
Non-employer Contributing Entity (State of Texas)	27,822	31,074

*Source: ERS FY 2022 Comprehensive Annual Financial Report*



**Actuarial Assumptions.** The Total OPEB Liability was determined by an actuarial valuation as of August 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless other specified:

**Actuarial Assumption  
ERS Group Benefits Program Plan**

Valuation date	August 31, 2022
Actuarial cost method	Entry age
Last experience study	
<u>Higher Education members</u>	7-year period from September 1, 2010 to August 31, 2017
Actuarial assumptions:	
Discount rate	3.59%
Projected annual salary increase	2.3% to 8.95%, including inflation
Annual healthcare trend rate	
<u>HealthSelect</u>	5.60% for FY2024, 5.30% for FY2025, 5.00% for FY2026, 4.75% for FY2027, 4.60% for FY2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2031 and later years
<u>HealthSelect Medicare Advantage</u>	66.67% for FY2024, 24.00% for FY2025, 5.00% for FY2026, 4.75% for FY2027, 4.60% for FY2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2031 and later years
<u>Pharmacy</u>	10.00% for FY2024 and FY2025, decreasing 100 basis points per year to 5.00% for FY2030 and 4.30% for FY2031 and later years
Inflation assumption rate	2.3%
Ad hoc post-employment benefit changes	None
Mortality Rate	
<i>Service retirees, survivors and other inactive members:</i>	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2021.
<i>Disability retirees:</i>	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
<i>Active members:</i>	Sex Distinct RP-2010 Amount-weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010

Source: FY 2022 ERS CAFR

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

**Discount Rate.** Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. This discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.96%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.97%, which amounts to a decrease of 25.00%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds’ average credit quality is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp.’s AA rating. Projected cash flows into the plan are equal to the projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go 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.

The assumption of the discount rate is summarized below:

**Assumptions for Single Discount Rate  
ERS Group Benefits Program Plan**

Expected investment rate of return	Not applicable because the plan operates on a pay-as-you-go basis
Municipal bond rate	3.59%
Year fiduciary net position depleted	2023
Single Discount Rate	3.59%

**Discount Rate Sensitivity.** The following schedule shows the impact on the District’s proportionate share of the collective net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.59%) in measuring the net OPEB Liability.

**Sensitivity of Net OPEB Liability to Changes in Discount Rate  
ERS Group Benefits Program Plan**

	1% Decrease in Discount Rate (2.59%)	Discount Rate (3.59%)	1% Increase in Discount Rate (4.59%)
District's proportionate share of the net OPEB liability:	\$ 25,152,383	\$ 21,565,923	\$ 18,697,618

**Healthcare Trend Rate Sensitivity Analysis.** The initial healthcare trend rate is 5.60% for HealthSelect and (0.0)% for HealthSelect Medicare Advantage and the ultimate rate is 4.30% for both. The following schedule shows the impact on the District’s proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (4.30%) in measuring the net OPEB Liability.

**Sensitivity of Net OPEB Liability to Changes in Discount  
and Healthcare Trend Rates  
ERS Group Benefits Program Plan**

	1% Decrease (HealthSelect: 4.60% decreasing to 3.30%; HealthSelect Medicare Advantage: 65.67% to 3.30%; Pharmacy: 9.00% decreasing to 3.30%) in Discount Rate (3.30%)	1% Decrease (HealthSelect: 5.60% decreasing to 4.30%; HealthSelect Medicare Advantage: 66.67% to 4.30%; Pharmacy: 10.00% decreasing to 4.30%) in Discount Rate (4.30%)	1% Decrease (HealthSelect: 6.25% decreasing to 5.30%; HealthSelect Medicare Advantage: 1.0% to 5.30%; Pharmacy: 11.00% decreasing to 5.30%) in Discount Rate (5.30%)
District's proportionate share of the net OPEB liability:	\$ 18,468,250	\$ 21,565,923	\$ 25,520,817

***OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB.*** At August 31, 2023, the District reported a liability of \$21,565,923 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for state support provided to the District for OPEB. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 21,565,923
State's proportionate share that is associated with District	<u>1,385,821</u>
Total	<u>\$ 22,951,744</u>

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

At the measurement date of August 31, 2022, the employer's proportion of the collective net OPEB liability was 0.07570%, which is a decrease of 4.525% over the proportionate share measured at August 31, 2021 (0.07929%).

For the year ended August 31, 2023, the District recognized OPEB expense of \$361,341 and revenue of \$361,341 for support provided by the State.

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

Demographic Assumptions

- 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.
- Percentage of future retirees assumed to be married and electing coverage for their spouse.
- Percentage of future retirees assumed to elect health coverage at retirement and future retirees expected to receive the Opt-Out credit at retirement
- Percentage of Higher Education vested terminated members assumed to have terminated less than one year before valuation date.

Economic Assumptions

- Assumed Per Capital 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.
- Annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations.
- Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions.

Other Inputs

- The discount rate was changed from 2.14% to 3.59% as a result of requirements by GASB No. 75 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.
- The change in the discount rate was made to comport with the requirements of GASB No. 74.

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2023, are provided in the FY2023 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

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

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

These minor benefit changes have been reflected in the fiscal year 2019 assumed per capita health benefit costs.

At August 31, 2023, the District reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 680,431
Changes in actuarial assumptions	1,267,084	6,666,231
Difference between projected and actual investment earnings	3,720	-
Changes in proportion and difference between the employers contributions and the proportionate share of contributions	901,181	2,498,240
Contributions paid to ERS subsequent to the measurement date	<u>459,175</u>	<u>-</u>
Total	<u>\$ 2,631,160</u>	<u>\$ 9,844,902</u>

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

<u>For the Year Ended August 31,</u>	<u>OPEB Expense Amount</u>
2024	\$ (1,622,550)
2025	\$ (2,032,885)
2026	\$ (1,741,706)
2027	\$ (1,469,768)
2028	\$ (806,008)
Thereafter	<u>-</u>
	(7,672,917)
Contributions paid to ERS subsequent to the measurement date	<u>459,175</u>
Total deferred outflows (inflows) of resources, net	<u>\$ (7,213,742)</u>

## 20. Pending Lawsuits and Claims

The District may, on occasion, become party to litigation and claims arising in the normal course of operations. At August 31, 2023, the District is not involved in any litigation.

**21. Contract and Grant Award**

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA audit and accounting guide, *State and Local Governments*, 8.99). For Federal Contract and Grant Awards, funds expended but not collected are reported as restricted accounts receivable on Exhibit 1. Non-federal contract and grant awards for which funds are expended but not collected are reported as restricted accounts receivable on Exhibit 1. Contract and grant awards that are not yet funded, and for which the District has not yet performed services, are not included in the financial statements. Contract and grant awards funds already committed, e.g. multi-year awards, or funds awarded during fiscal year August 31, 2023, and 2022, for which monies have not been received nor funds expended totaled \$5,750,851 and \$4,330,565, respectively. Of these amounts \$5,719,756 and \$4,072,631 were from Federal Contracts and Grant Awards; \$22,597 and \$220,652 were from State Contracts and Grant Awards; and \$8,498 and \$37,382 were from Local Contracts and Grant Awards at August 31, 2023 and 2022, respectively.

**22. Self-Insured Plans**

The District has various self-insured arrangements for coverage in the areas of workers' compensation and unemployment compensation. Workers' compensation and unemployment compensation plans are on a pay-as-you-go basis, in which no assets are set aside. Accrued liabilities generally are based on actuarial valuations and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current operations.

**23. Ad Valorem Tax**

The District's ad valorem 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 the District.

At August 31:

	<u>2023</u>	<u>2022</u>
Assessed Valuation of the District:	\$ 9,850,262,367	\$ 8,831,929,253
Less: Exemptions	<u>(1,142,449,844)</u>	<u>(828,622,643)</u>
Net Assessed Valuation of the District	<u>\$ 8,707,812,523</u>	<u>\$ 8,003,306,610</u>

	<u>2023</u>			<u>2022</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized Tax Rate per \$100 Valuation	<u>\$ 0.500000</u>	<u>\$ 0.500000</u>	<u>\$ 1.000000</u>	<u>\$ 0.500000</u>	<u>\$ 0.500000</u>	<u>\$ 1.000000</u>
Assessed Tax Rate per \$100 Valuation	<u>\$ 0.142600</u>	<u>\$ 0.029600</u>	<u>\$ 0.172200</u>	<u>\$ 0.163900</u>	<u>\$ 0.032000</u>	<u>\$ 0.195900</u>

Taxes levied for the years ended August 31, 2023 and 2022 were \$16,631,426 and \$15,743,770, 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.

<u>Taxes Collected</u>	<u>2023</u>			<u>2022</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current Taxes Collected	\$ 13,617,643	\$ 2,655,604	\$ 16,273,247	\$ 13,164,868	\$ 2,652,397	\$ 15,817,265
Delinquent Taxes Collected	12,021	2,267	14,288	151,553	31,698	183,251
Penalties and Interest Collected	120,838	24,407	145,245	135,985	28,351	164,336
Discounts and Commissions	<u>(15,379)</u>	<u>(3,033)</u>	<u>(18,412)</u>	<u>(16,343)</u>	<u>(5,359)</u>	<u>(21,702)</u>
Total Collections	<u>\$ 13,735,123</u>	<u>\$ 2,679,245</u>	<u>\$ 16,414,368</u>	<u>\$ 13,436,063</u>	<u>\$ 2,707,087</u>	<u>\$ 16,143,150</u>

Tax collections for the years ended August 31, 2023 and 2022 were 97.69% and 98.40%, respectively, of current tax levy. Allowances for uncollected taxes are fully reserved at August 31. The use of tax proceeds is restricted to maintenance and operations and/or general obligation debt service.

**24. Tax Abatement**

The District enters into property tax abatement agreements with local businesses. Victoria County Junior College District’s Policy on Tax Abatement Guidelines and Criteria adopted by the board allows for the abatement of property taxes on a tiered basis. There are three tiers depending on the abated value ranging from 50% to 100% of value and lasting from five to ten years.

For the fiscal year ended August 31, 2023 the District has the following property tax abatements agreements in place as follows:

<u>Purpose</u>	<u>Percentage of Property Taxes Abated During Fiscal Year</u>	<u>Amount of Property Taxes Abated During Fiscal Year</u>
Petrochemical manufacturing facility expansion to be constructed and operated: Five (5) year abatement, start date January 1, 2014	50%	\$ 122,056

**25. Discrete Component Unit**

Victoria College Foundation, Inc. (the “Foundation”) was established as a separate nonprofit organization in 1978, to raise funds to provide student scholarships and assistance in the development and growth of the District. Under Governmental Accounting Standards Board (GASB) Statement 39 *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit.

Accordingly, the Foundation financial statements are included in the District’s annual report as a discrete component unit (see table of contents). Complete financial statements of the Victoria College Foundation, Inc. can be obtained from the administrative office of the Foundation and/or the District.

**26. Adjustment to Net Position**

In the presentation of the financial statements, certain adjustments to net position have been recorded within the Financial statements and are listed as follows:

<u>Prior Year Restatement of Beginning Net Position</u>	
	<u>8/31/2023</u>
Beginning net position	\$ 27,272,443
Prior period adjustment:	
Grant reported as expense in prior year	(373)
General outside scholarship reported as expense in prior year	<u>(174,200)</u>
Adjustment to beginning net position	<u>(174,573)</u>
Beginning net position	<u><u>\$ 27,097,870</u></u>

**27. Subsequent Events**

The District's administration has determined that no subsequent events require disclosure in these financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Schedule of the District's Proportionate Share of Net Pension Liability**  
**Teacher Retirement System of Texas (TRS)**  
**Last Nine Fiscal Years \***  
**(Unaudited)**

	Measurement Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of collective net pension liability based on a measurement period of August 31 of the prior year	0.0137%	0.0143%	0.0146%	0.0154%	0.0154%	0.0158%	0.0153%	0.0156%	0.0182%
District's proportionate share of collective net pension liability	\$ 8,138,573	\$ 3,649,621	\$ 7,799,537	\$ 8,019,398	\$ 8,483,396	\$ 5,073,513	\$ 5,788,104	5,498,026	\$ 4,870,339
State's proportionate share of net pension liability associated with the District	<u>5,124,485</u>	<u>2,399,969</u>	<u>5,105,209</u>	<u>5,147,553</u>	<u>5,555,211</u>	<u>3,212,232</u>	<u>3,723,484</u>	<u>3,594,810</u>	<u>3,206,990</u>
Total	<u>\$ 13,263,058</u>	<u>\$ 6,049,590</u>	<u>\$ 12,904,746</u>	<u>\$ 13,166,951</u>	<u>\$ 14,038,607</u>	<u>\$ 8,285,745</u>	<u>\$ 9,511,588</u>	<u>\$ 9,092,836</u>	<u>\$ 8,077,329</u>
District's covered-employee payroll amount related to TRS	\$ 14,258,680	\$ 13,571,679	\$ 13,504,847	\$ 13,272,104	\$ 12,780,593	\$ 11,705,727	\$ 11,176,424	11,192,750	\$ 11,218,245
District's proportionate share of net pension liability / District's covered-employee payroll amount related to TRS	57.08%	26.89%	57.75%	60.42%	66.38%	43.34%	51.79%	49.12%	43.41%
TRS net pension as percentage of total pension liability	74.58%	163.41%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

\* GASB Statement No. 68 and No. 71 were implemented during fiscal year 2015 and prior years were not restated. Ten year trend information will be presented prospectively.

See the accompanying notes to required supplemental schedules.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Schedule of the District's Contributions for Pensions**  
**Teacher Retirement System of Texas (TRS)**  
**Last Nine Fiscal Years \***  
**(Unaudited)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Legally required contributions	\$ 639,694	\$ 611,576	\$ 600,865	\$ 539,961	\$ 536,815	\$ 522,353	\$ 518,778	484,815	\$ 462,000
Actual contributions	(639,694)	(611,576)	(600,865)	(539,961)	(536,815)	(522,353)	(518,778)	(484,815)	(462,000)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll amount	\$ 14,258,680	\$ 13,571,679	\$ 13,504,847	\$ 13,272,104	\$ 13,192,885	\$ 12,780,593	\$ 11,705,727	11,176,424	\$ 11,192,750
Contributions as a percentage of covered payroll	4.49%	4.51%	4.45%	4.07%	4.07%	4.09%	4.43%	4.34%	4.13%

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

\* GASB Statement No. 68 and No. 71 were implemented during fiscal year 2015 and prior years were not restated. Ten year trend information will be presented prospectively.

See the accompanying notes to required supplemental schedules.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Notes to the Required Supplementary Information Schedules for Pensions**  
**August 31, 2023**

**1. Changes in Benefit Terms**

No changes in benefit terms occurred for the year ended August 31, 2023.

**2. Changes in Actuarial Methods and Assumptions**

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022.

The actuarial assumption used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Schedule of the District's Proportionate Share of Net OPEB Liability \***  
**Employee Retirement System of Texas (ERS)**  
**State Retiree Health Plan**  
**Last Nine Fiscal Years \***  
**(Unaudited)**

	Measurement Year					
	2022	2021	2020	2019	2018	2017
District's proportionate share of collective net OPEB liability based on a measurement period of August 31 of the prior year	0.07570453%	0.07929292%	0.08011978%	0.08228593%	0.08566912%	0.06629032%
District's proportionate share of the net OPEB liability	\$ 21,565,923	\$ 28,446,736	\$ 26,475,286	\$ 28,440,219	\$ 25,390,393	\$ 22,587,109
State's proportionate share of the net OPEB liability associated with the District	<u>1,385,821</u>	<u>16,326,797</u>	<u>15,035,120</u>	<u>15,805,313</u>	<u>13,365,290</u>	<u>20,547,702</u>
Total	<u>\$ 22,951,744</u>	<u>\$ 44,773,533</u>	<u>\$ 41,510,406</u>	<u>\$ 44,245,532</u>	<u>\$ 38,755,683</u>	<u>\$ 43,134,811</u>
District's covered-employee payroll amount related to ERS	\$ 15,287,931	\$ 14,741,616	\$ 14,919,298	\$ 14,597,537	\$ 14,432,673	\$ 14,163,080
District's proportionate share of collective net OPEB liability as a percentage of covered payroll related to ERS	141.07%	192.97%	177.46%	194.83%	175.92%	159.48%
ERS plan fiduciary net position as a percentage of the total OPEB liability	0.57%	0.38%	0.32%	0.17%	1.27%	2.04%

\* GASB Statement No. 75 was implemented during fiscal year 2018 and prior years were not restated. Ten year trend information will be presented prospectively.

See the accompanying notes to required supplemental schedules.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Schedule of the District's Contributions for OPEB**  
**Employee Retirement System of Texas (ERS)**  
**State Retiree Health Plan**  
**Last Nine Fiscal Years \***  
**(Unaudited)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Legally required contributions	\$ 459,175	\$ 389,043	\$ 433,252	\$ 534,231	\$ 240,852	\$ 627,311
Actual contributions	<u>(459,175)</u>	<u>(389,043)</u>	<u>(433,252)</u>	<u>(534,231)</u>	<u>(240,852)</u>	<u>(627,311)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll amount related to ERS	\$ 15,287,931	\$ 14,741,616	\$ 14,919,298	\$ 14,797,769	\$ 14,597,537	\$ 14,432,673
Contributions as a percentage of covered payroll amounts related to ERS	3.00%	2.64%	2.90%	3.61%	1.65%	4.35%

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

\* GASB Statement No. 75 was implemented during fiscal year 2018 and prior years were not restated. Ten year trend information will be presented prospectively.

See the accompanying notes to required supplemental schedules.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Notes to the Required Supplementary Information Schedules for OPEB**  
**August 31, 2023**

**1. Significant Methods and Assumptions**

<b>Valuation Date:</b>	August 31, 2022
<b>Methods and assumptions used to determine contribution rates:</b>	
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open
Remaining amortization period	30 Years
Asset valuation method	Not applicable
Inflation assumption rate	2.3%
Healthcare cost trends	
<u>HealthSelect</u>	5.60% for FY2024, 5.30% for FY2025, 5.00% for FY2026, 4.75% for FY2027, 4.60% for FY2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2031 and later years
<u>HealthSelect Medicare Advantage</u>	66.67% for FY2024, 24.00% for FY2025, 5.00% for FY2026, 4.75% for FY2027, 4.60% for FY2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2031 and later years
<u>Pharmacy</u>	10.00% for FY2024 and FY2025, decreasing 100 basis points per year to 5.00% for FY2030 and 4.30% for FY2031 and later years
Salary increases	2.3% to 8.95%, including inflation
Discount rate	2.30%
Aggregate payroll growth	2.70%
Retirement age	Experience-based tables of rates that are specific to the class of employee
Mortality Rate	
<i>Service retirees, survivors and other inactive members:</i>	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2021.
<i>Disability retirees:</i>	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
<i>Active members:</i>	Sex Distinct RP-2010 Amount-weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010

**2. Factors that Significantly Affect Trends in Amounts Reported**

- a. The following assumptions or other inputs have been updated since the previous valuation:

Demographic Assumptions

Assumed rates of pre-retirement and post-disability mortality for all State Agency members, assumed rate of termination and retirement for certain CPO/CO members and assumed salary and aggregate payroll increases have been updated to reflect assumption 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.

In addition, the following assumptions have been updated since the previous valuation to reflect plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future female retirees assumed to be married and electing coverage for their spouse.
- Proportion of future retirees assumed to cover dependent children.

#### Economic Assumptions

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

Minor benefit changes described below have been reflected in the FY20210 Assumed Per Capita Health Benefits Costs.

#### Other Inputs

The discount rate was changed from 2.14% to 2.30% as a result of requirements by GASB No. 74 to utilize 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.

See ERS' previous GASB No. 75 valuation report dated March 16, 2020 for a complete list of previous assumptions and other inputs.

- b. Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2023, are provided for in the FY2023 Assumed Per Capita Health Benefit Costs. There are no benefit changes for Health Select retirees and dependents from who Medicare is Primary.

**SUPPLEMENTAL INFORMATION AND FINANCIAL  
ASSISTANCE SECTION**

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Schedule of Operating Revenues**  
**For the Year Ended August 31, 2023 and 2022**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Current Year	Prior Year
<b>Tuition:</b>						
State funded credit courses						
In-district resident tuition	\$ 3,405,526	\$ -	\$ 3,405,526	\$ -	\$ 3,405,526	\$ 3,418,615
Out-of-district resident tuition	2,627,073	-	2,627,073	-	2,627,073	3,003,184
Non-resident tuition	99,682	-	99,682	-	99,682	126,156
TPEG set aside*	214,598	-	214,598	-	214,598	225,150
State funded continuing education	987,893	-	987,893	-	987,893	1,370,483
Non-state funded continuing education	286,493	-	286,493	-	286,493	262,446
Total Tuition	<u>7,621,265</u>	<u>-</u>	<u>7,621,265</u>	<u>-</u>	<u>7,621,265</u>	<u>8,406,034</u>
<b>Fees:</b>						
General fee	2,958,513	-	2,958,513	-	2,958,513	3,357,051
Technology fee	1,681,170	-	1,681,170	-	1,681,170	1,918,199
Out-of-district fees	1,938,594	-	1,938,594	-	1,938,594	2,290,223
Laboratory fee	238,461	-	238,461	-	238,461	250,929
Course fees	203,027	-	203,027	-	203,027	292,841
Total Fees	<u>7,019,765</u>	<u>-</u>	<u>7,019,765</u>	<u>-</u>	<u>7,019,765</u>	<u>8,109,243</u>
<b>Scholarship Allowances and Discounts:</b>						
Remissions and exemptions - state	(304,069)	-	(304,069)	-	(304,069)	(354,689)
Title IV federal grants	(4,114,429)	-	(4,114,429)	-	(4,114,429)	(3,873,343)
Other federal grants	(39,564)	-	(39,564)	-	(39,564)	(2,096,627)
TPEG awards	(136,532)	-	(136,532)	-	(136,532)	(153,082)
Other state grants	(200,863)	-	(200,863)	-	(200,863)	(236,865)
Other local scholarships	(1,098,102)	-	(1,098,102)	-	(1,098,102)	(893,418)
Total Scholarship Allowances	<u>(5,893,559)</u>	<u>-</u>	<u>(5,893,559)</u>	<u>-</u>	<u>(5,893,559)</u>	<u>(7,608,024)</u>
Total Net Tuition and Fees	<u>8,747,471</u>	<u>-</u>	<u>8,747,471</u>	<u>-</u>	<u>8,747,469</u>	<u>8,907,253</u>
<b>Additional Operating Revenues:</b>						
Federal grants and contracts	75,446	4,218,797	4,294,243	-	4,294,243	8,207,901
State grants and contracts	1,783	299,313	301,096	-	301,096	668,688
Local grants and contracts	-	102,431	102,431	-	102,431	21,660
Nongovernmental grants and contracts	653,341	351,434	1,004,775	-	1,004,775	1,113,475
Sales and services of educational activities	484,840	-	484,840	-	484,840	464,515
General operating revenues	86,326	-	86,326	-	86,326	1,309,864
Total Additional Operating Revenues	<u>1,301,736</u>	<u>4,971,975</u>	<u>6,273,711</u>	<u>-</u>	<u>6,273,711</u>	<u>11,786,103</u>
<b>Auxiliary Enterprises:</b>						
Bookstore	-	-	-	1,880,904	1,880,904	2,958,359
Title IV federal grants	-	-	-	(368,965)	(368,965)	(335,595)
Other federal grants	-	-	-	(3,548)	(3,548)	(181,656)
TPEG awards	-	-	-	(10,561)	(10,561)	(11,203)
Other state grants	-	-	-	(15,538)	(15,538)	(17,334)
Other local scholarships	-	-	-	(84,942)	(84,942)	(65,381)
Net Bookstore	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,397,350</u>	<u>1,397,350</u>	<u>2,347,190</u>
Conference & Education Center	-	-	-	311,215	311,215	526,301
Facilities rentals	-	-	-	433	433	2,847
Leo J. Welder Center for Performing Arts	-	-	-	504,591	504,591	727,467
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,213,589</u>	<u>2,213,589</u>	<u>3,603,805</u>
Total Operating Revenues	<u>\$ 10,049,207</u>	<u>\$ 4,971,975</u>	<u>\$ 15,021,182</u>	<u>\$ 2,213,589</u>	<u>\$ 17,234,769</u> (Exhibit 2)	<u>\$ 24,297,161</u> (Exhibit 2)

\* In accordance with Education Code 56.003, \$214,598 and \$225,150 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2023 and 2022, respectively.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Schedule of Operating Expenses by Object**  
**For the Year Ended August 31, 2023 and 2022**

	Operating Expenses				Current Year Total	Prior Year Total
	Salaries and Wages	State Benefits	Local Benefits	Other Expenses		
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 8,064,220	\$ 500,193	\$ 1,409,982	\$ 940,178	\$ 10,914,566	\$ 10,459,588
Public service	40,279	18	3,267	221,582	265,146	246,284
Academic support	2,125,267	129,885	385,541	555,038	3,195,731	2,885,832
Student services	1,660,513	113,300	344,866	376,073	2,494,752	2,165,692
Institutional support	3,199,660	225,153	693,791	1,800,551	5,919,155	5,664,811
Operation and maintenance of plant	1,478,556	1,707	782,753	2,364,087	4,627,103	4,185,457
Scholarships and fellowships	154,853	-	625	653,341	808,819	728,436
Total Unrestricted Educational Activities	<u>16,723,348</u>	<u>970,256</u>	<u>3,620,825</u>	<u>6,910,850</u>	<u>28,225,272</u>	<u>26,336,100</u>
<b>Restricted - Educational Activities</b>						
Instruction	847,905	500	228,286	593,457	1,670,148	1,489,802
Public service	-	-	-	-	-	-
Academic support	-	-	-	9,927	9,927	133,322
Student services	442,073	70	118,028	554,957	1,115,128	885,537
Institutional support	-	-	-	146,949	146,949	3,446,442
Operation and maintenance of plant	-	-	-	-	-	2,766
Scholarships and fellowships	32,238	-	-	6,715,296	6,747,534	7,892,585
Total Restricted Educational Activities	<u>1,322,216</u>	<u>570</u>	<u>346,314</u>	<u>8,020,586</u>	<u>9,689,686</u>	<u>13,850,454</u>
Total Educational Activities	18,045,564	970,826	3,967,139	14,931,436	37,914,958	40,186,554
<b>Auxiliary Enterprises</b>	550,522	-	222,511	2,330,001	3,103,034	2,976,966
Depreciation Expense						
Buildings and other real estate improvements	-	-	-	1,679,253	1,679,253	1,696,606
Equipment and furniture	-	-	-	610,024	610,024	614,556
Lease Amortization	-	-	-	34,682	34,682	107,881
SBITA Amortization	-	-	-	242,967	242,967	-
Library volumes and periodicals	-	-	-	25,520	25,520	24,371
Total Operating Expenses	<u>\$ 18,596,086</u>	<u>\$ 970,826</u>	<u>\$ 4,189,650</u>	<u>\$ 19,853,883</u>	<u>\$ 43,610,438</u> (Exhibit 2)	<u>\$ 45,606,934</u> (Exhibit 2)

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Schedule of Non-Operating Revenues and Expenses**  
**For the Year Ended August 31, 2023 and 2022**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Current Year</u>	<u>Prior Year</u>
<b>Non-Operating Revenues</b>					
<b>State Allocations:</b>					
Education and general state support	\$ 5,102,088	\$ -	\$ -	\$ 5,102,088	\$ 5,102,088
State group insurance	-	364,341	-	364,341	702,737
State retirement matching	-	564,032	-	564,032	87,080
Total State Allocations	<u>5,102,088</u>	<u>928,373</u>	<u>-</u>	<u>6,030,461</u>	<u>5,891,905</u>
Ad valorem taxes:					
Taxes for maintenance and operations	13,735,123	-	-	13,735,123	13,436,063
Taxes for debt service	-	2,679,245	-	2,679,245	2,707,087
Title IV	-	5,840,988	-	5,840,988	5,494,075
Gifts	292,327	-	56,283	348,610	183,441
Investment income	-	1,016,138	370	1,016,508	149,589
Total Non-Operating Revenues	<u>19,129,538</u>	<u>10,464,744</u>	<u>56,653</u>	<u>29,650,935</u>	<u>27,862,160</u>
<b>Non-Operating Expenses</b>					
Interest on capital related debt	-	464,548	-	464,548	496,329
Total Non-Operating Expenses	<u>-</u>	<u>464,548</u>	<u>-</u>	<u>464,548</u>	<u>496,329</u>
Net Non-Operating Revenues	<u>\$ 19,129,538</u>	<u>\$ 10,000,196</u>	<u>\$ 56,653</u>	<u>\$ 29,186,387</u> (Exhibit 2)	<u>\$ 27,365,831</u> (Exhibit 2)

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VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
 VICTORIA, TEXAS  
 Schedule of Net Position by Source and Availability  
 For the Year Ended August 31, 2023 and 2022

	Detail by Source				
	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt	Current Year Total
		Expendable	Non-Expendable		
Current					
Unrestricted	\$ (19,493,194)	\$ -	\$ -	\$ -	\$ (19,493,194)
Restricted for:					
Expendable:					
Student aid	-	71,834	-	-	71,834
Designated funds	-	-	-	17,620,413	17,620,413
Plant					
Debt service	-	680,962	-	-	680,962
Investment in plant	-	-	-	30,785,743	30,785,743
Total Net Position, August 31, 2023	<u>(19,493,194)</u>	<u>752,796</u>	<u>-</u>	<u>48,406,156</u>	<u>29,665,758</u> (Exhibit 1)
Total Net Position, August 31, 2022	<u>(19,802,127)</u>	<u>778,349</u>	<u>-</u>	<u>46,296,221</u>	<u>27,272,443</u> (Exhibit 1)
Adjustment to net position	<u>(174,573)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(174,573)</u>
Net Increase (Decrease) in Net Position	<u>\$ 483,506</u>	<u>\$ (25,553)</u>	<u>\$ -</u>	<u>\$ 2,109,935</u>	<u>\$ 2,567,888</u> (Exhibit 2)

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VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
 VICTORIA, TEXAS  
 Schedule of Net Position by Source and Availability  
 For the Year Ended August 31, 2023 and 2022  
 (continued)

	Available for Current Operations		Prior Year Total	Available for Current Operations	
	Yes	No		Yes	No
Current					
Unrestricted	\$ (19,493,194)	\$ -	(19,802,127)	\$ (19,802,127)	\$ -
Restricted for:					
Expendable:					
Student aid	-	71,834	149,899	-	149,899
Designated funds	-	17,620,413	7,839,641	-	7,839,641
Plant					
Debt service	-	680,962	628,450	-	628,450
Investment in plant	-	30,785,743	38,456,580	-	38,456,580
Total Net Position, August 31, 2023	<u>(19,493,194)</u>	<u>49,158,952</u>	<u>27,272,443</u> (Exhibit 1)	<u>(19,802,127)</u>	<u>47,074,570</u>
Total Net Position, August 31, 2022	<u>(19,802,127)</u>	<u>47,074,570</u>	<u>21,224,698</u> (Exhibit 2)	<u>(19,802,127)</u>	<u>44,748,594</u>
Adjustment to net position	<u>(174,573)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Net Position	<u>\$ 483,506</u>	<u>\$ 2,084,382</u>	<u>6,047,745</u> (Exhibit 2)	<u>\$ -</u>	<u>\$ 2,325,976</u>

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VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
 VICTORIA, TEXAS  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended August 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number		Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<b>U.S. DEPARTMENT OF COMMERCE</b>				
<i>Passed Through Economic Development Administration</i>				
Economic Adjustment Assistance - Disaster Supplemental 2018: Workforce Building Renovation and Equipment Project	11.307		08-79-05317 - URI: 113468	\$ (1,396)
Economic Adjustment Assistance - Allied Health Building Renovation Project	11.307		08-79-05516	<u>5,590</u>
Total passed through Economic Development Admin				<u>4,194</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Direct Programs:</i>				
Federal Supplemental Educational Opportunity Grants	84.007	1	P007A207874	121,551
Federal Work-Study Program	84.033	1	P033A217874	32,238
TRIO - Student Support Services	84.042		P042A151187	314,682
Federal Pell Grant Program	84.063	1	P063P202339	4,361,843
Federal Pell Grant Program	84.063	1	P063Q202339	6,715
Federal Direct PLUS Loans	84.268	1	P268K212339	45,974
Federal Direct Student Loans - Subsidized	84.268	1	P268K212339	536,909
Federal Direct Student Loans - Unsubsidized	84.268	1	P268K212339	742,473
COVID-19 Victoria College 2020 CARES Act Higher Education Emergency Relief Fund Grant for Direct Aid to Students	84.425E	2	P425E201251	68,202
COVID-19 Victoria College 2020 CARES Act Higher Education Emergency Relief Fund Institutional Portion	84.425F	2	P425F202034	27,315
Child Care Access Means Parents in School 2019-2023 Project	84.335A		P335A190346	57,617
Victoria College HSI Stem & Articulation Program 2021-2026 Facilitating a Regional STEM Pipeline from K-12 to Career	84.031C		P031C210172	774,326
Victoria College's 2020-2025 Title V Developing Hispanic Serving Institutions Project	84.031S		P031S210090	<u>688,966</u>
Total Direct Programs				<u>7,778,811</u>
<i>Passed Through From Texas Workforce Commission:</i>				
Adult Education - Basic Grants to States	84.002A		1918ALAD00	95,630
Adult Education - Basic Grants to States	84.002A		1918ALAE00	693,078
Adult Education - Basic Grants to States	84.002A		1918AFL000	106,653
Local Performance Quality Improvement Award	84.002A		1923PQI001	<u>49,992</u>
Total passed through Texas Workforce Commission				<u>945,353</u>
<i>Passed Through From Texas Higher Education Coordinating Board:</i>				
Career and Technical Education - Basic Grants to States	84.048A		23718	219,330
Education Stabilization Fund - Governor's Emergency Education Relief				
COVID-19 Texas Reskilling Support Fund Grant Program	84.425C	2	2020-GE-84425C; 24310	41,411
COVID -19 Texas Reskilling and Upskilling for Education (TRUE) Institutional	84.425C	2	2020-GE-84425C-25776	(13,348)
COVID-19 Reporting Modernization II Grant	84.425C		2020-GE-84425C-27590	7,700
COVID-19 THECB GEER Student Success Accel Program	84.25C		2425C210050; 28445	<u>43,383</u>
Total passed through Texas Higher Education Coordinating Board				<u>298,476</u>
Total U.S. Department of Education				<u>9,022,640</u>
<b>U.S. DEPARTMENT OF TREASURY</b>				
COVID -19 THECB True Grant	21.027		2021-C5-21027; 27292	<u>478,368</u>
Total U.S. Department of Treasury				<u>478,368</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Texas Workforce Commission:</i>				
TWC Camp Code	93.558		1923TAN001	<u>27,153</u>
Total passed through Texas Work Force				<u>27,153</u>
<i>Passed through UTMB:</i>				
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107		5U77HP01066-16-00	<u>134,583</u>
Total passed through UTMB				<u>134,583</u>
Total U.S. Department of Health and Human Services				<u>161,736</u>
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>Passed through Golden Crescent Workforce Development Board:</i>				
Workforce Innovation and Opportunity Act Title I				
High Demand Job Training	17.258		1921HJT001	<u>29,830</u>
Total passed through Golden Crescent				<u>29,830</u>

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VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
 VICTORIA, TEXAS  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended August 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<b>U.S. DEPARTMENT OF INTERIORS</b>			
<i>Passed through National Park Services</i>			
NPS-THC (ESHPP) Annex	15.957	P19AP00014	352,750
Total Passed through National Park Services			<u>352,750</u>
<b>NATIONAL SCIENCE FOUNDATION</b>			
<i>Passed through University of Houston-Victoria</i>			
NSF-UHV Grant paving a Transfer Pathway for STEM Students	47.076	2221663	1,309
Total Passed through University of Houston-Victoria			<u>1,309</u>
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>			
<i>Direct Programs:</i>			
Promotion of the Humanities			
Division of Preservation & Access	45.130	CHA-268761-20	89,623
NEH Teagle Foundation	45.162	AH-274009-20	1,496
Total Direct Programs			<u>91,119</u>
Total National Endowment for the Humanities			<u>91,119</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 10,141,946</u>
1 Direct Student Financial Aid Cluster \$5,678,592			
2 Education Stabilization Fund Program \$6,162,452			

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
VICTORIA, TEXAS  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended August 31, 2023**

**Note 1: Federal Assistance Reconciliation**

**Federal Assistance Reconciliation**

Direct federal grants and contracts revenue per Schedule A	\$ 4,294,243
Direct federal revenue, non-operating - Schedule C	5,840,988
Administration cost recovery (included in other revenue)	6,715
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	\$ 10,141,946

**Note 2: Significant Accounting Policies Used in Preparing the Schedule**

See Note 2 of the notes to the basic financial statements for the District's significant accounting policies. The expenditures included in the schedule are reported for the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the District 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. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

**Note 3: Expenditures not Subject to Federal Single Audit**

All expenditures are subject to Federal Single Audit.

**Note 4: Student Loans Processed and Administrative Costs Recovered - Included in Schedule**

Federal Grantor/ Assistance Listing Number/ Program Name	New Loans Processed	Administrative Costs Recovered	Total Loans Processed & Admin. Costs Recovered
Department of Education 84.268 Federal Direct Student Loans (includes PLUS, subsidized and unsubsidized)	\$ 1,325,356	\$ -	\$ 1,325,356

**Note 5: Nonmonetary Federal Assistance Received**

No nonmonetary federal assistance was received.

**Note 6: Indirect Costs**

The District has not elected to use the 10% de minimis indirect cost rate.

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VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
 VICTORIA, TEXAS  
 Schedule of Expenditures of State Awards  
 For the Year Ended August 31, 2023

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
<b>TEXAS HIGHER EDUCATION COORDINATING BOARD</b>		
<i>Direct funding:</i>		
Texas Educational Opportunity Grant Program	-	\$ 216,400
Texas Public Education Grant Program	-	214,598
2018 College Readiness and Success Models for 60x30TX (CRSM-2018)	20529	48,531
Nursing & Allied Health - Supporting Clinical Learning to Mitigate Impediments due to COVID-19	23816	<u>6,747</u>
Total Direct Funding		<u>486,276</u>
Total Texas Higher Education Coordinating Board		<u>486,276</u>
<i>Passed through Texas Workforce Commission:</i>		
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	-	<u>24,066</u>
Total Passed Through Texas Workforce Commission		<u>24,066</u>
Total Department of State Health Services		<u>24,066</u>
<b>THE GOLDEN CRESCENT REGIONAL PLANNING COMMISSION</b>		
Public Safety Answering Point	-	<u>8,420</u>
Total Golden Crescent Regional		<u>8,420</u>
<b>TEXAS WORKFORCE COMMISSION</b>		
<i>Direct:</i>		
Jobs and Education for Texans	-	<u>(3,068)</u>
Total Texas Workforce Commission		<u>(3,068)</u>
<b>TOTAL EXPENDITURE OF STATE AWARDS</b>		<u>\$ 515,694</u>

Notes to the Schedule on the following page.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT**  
**VICTORIA, TEXAS**  
**Notes to Schedule of Expenditures of State Awards**  
**For the Year Ended August 31, 2023**

**Note 1: State Assistance Reconciliation**

<b>State Assistance Reconciliation</b>	
per Schedule of Expenditures of State Awards	\$ 515,694
Less: TPEG (included in "Tuition" section)	<u>(214,598)</u>
Total included in "Tuition and Fees"	<u>(214,598)</u>
Total State Revenues per Schedule A	<u>\$ 301,096</u>

**Note 2: Significant Accounting Policies Used in Preparing the Schedule**

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 of the notes to the financial statements for the District's significant accounting policies. These expenditures are reported on the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

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**OVERALL COMPLIANCE AND INTERNAL CONTROLS  
SECTION**

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# Cascos & Associates, PC

Certified Public Accountants

Audit/Accounting/Tax/Consulting

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Trustees of  
Victoria County Junior College District  
Victoria, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Victoria County Junior College District (the District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 28, 2023.

***Report on Internal Control over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.



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**Purpose of this Report**

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

*Cascos & Associates, PC*

Cascos & Associates, PC  
Brownsville, Texas  
November 28, 2023





# Cascos & Associates, PC

Certified Public Accountants  
Audit/Accounting/Tax/Consulting

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

The Board of Trustees of  
Victoria County Junior College District  
Victoria, Texas

### Report on Compliance for Each Major Federal Program

#### Opinion on Each Major Program

We have audited the Victoria County Junior College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

#### *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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the District 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 the District'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 the District's federal programs.

#### *Auditors' 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 the District'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 generally accepted auditing standards, *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 the District's compliance with the requirements of each major federal program as a whole.



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In performing an audit in accordance with generally accepted auditing standards, *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 the District'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 the District'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 the District'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.

*Cascos & Associates, PC*

Cascos & Associates, PC  
Brownsville, Texas  
November 28, 2023



**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report on financial statements in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? None reported

Noncompliance material to the basic financial statements? No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? None reported

Type of auditors' report on compliance with major programs Unmodified

Any audit findings which are required to be reported in accordance with 2 CFR 200.516 (a): No

Dollar threshold considered between Type A and Type B federal programs \$750,000

Low risk auditee: Yes

Major federal programs:

Student Financial Assistance Cluster 84.007, 84.033, 84.063, & 84.268

COVID-19 - THECB True Grant 21.027

**II. Financial Statement Findings**

The audit disclosed no findings required to be reported.

**III. Federal Award Findings and Questioned Costs**

None reported.