

Annual Financial Report

For the fiscal year ended August 31, 2025 and 2024



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

**ANNUAL FINANCIAL REPORT
AUGUST 31, 2025**

TABLE OF CONTENTS

	<u>Page Number</u>
ORGANIZATIONAL DATA	
Names and Terms of the Board of Trustees & Principal Administrative Officers and Business and Financial Staff	ii
FINANCIAL SECTION	
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 14
Basic Financial Statements	
Exhibits	
1 Statement of Net Position	15
Affiliated Organization Statement of Net Position	16
2 Statement of Revenues, Expenses and Changes in Net Position	17
Affiliated Organization Statement of Revenues, Expenses and Changes in Net Position	18
3 Statement of Cash Flows	19-20
Notes to the Financial Statements	21-46
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the District's Proportionate Share of Net Pension Liability	47
Schedule of the District's Contributions for Pensions	48
Notes to the Required Supplementary Information Schedules for Pensions	49
Schedule of the District's Proportionate Share of Net OPEB Liability	50
Schedule of the District's Contributions for OPEB	51
Notes to the Required Supplementary Information Schedules for OPEB	52-53
SUPPLEMENTAL INFORMATION AND FINANCIAL ASSISTANCE SECTION	
Schedules	
A Schedule of Operating Revenues	54
B Schedule of Operating Expenses by Object	55
C Schedule of Non-Operating Revenues and Expenses	56
D Schedule of Net Position by Source and Availability	57-58
E Schedule of Expenditures of Federal Awards	59-60
Notes to Schedule of Expenditures of Federal Awards	61
F Schedule of Expenditures of State Awards	62
Notes to Schedule of Expenditures of State Awards	63
OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION	
Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	64-65
Independent Auditors' Report on Compliance for Each Major Program And on Internal Control over Compliance Required by the Uniform Guidance and the Texas Grant Management Standards	66-67
Schedule of Findings and Questioned Costs	68
Summary Schedule of Prior Audit Findings	69

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ORGANIZATIONAL DATA

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

**ORGANIZATIONAL DATA
FOR THE FISCAL YEAR 2024-2025**

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	2030
Ms. Catherine McHaney	Victoria, Texas	2028
Mr. V. Bland Proctor	Victoria, Texas	2026
Dr. Estella De Los Santos	Victoria, Texas	2026
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. Marisa Pierce	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

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, 2025, and 2024, 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, 2025, 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 \$24,256,564 and revenues of \$6,069,893. 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 Auditors' 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 17 to the financial statements, in 2025, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

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.

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 and state 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* and the Texas Grant Management Standards, 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 and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025, 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
Brownsville, Texas
December 8, 2025

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

**Management's Discussion and Analysis
(Unaudited)
Year Ended August 31, 2025**

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, 2025. 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, 2024; 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, 2025 and 2024 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, 2025**

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

	Fiscal Year			Change	
	2025	2024	2023	2025 to 2024	2024 to 2023
Assets					
Cash and Investments	\$ 21,573,175	\$ 28,291,504	\$ 34,497,114	\$ (6,718,329)	\$ (6,205,610)
Other Assets	12,021,996	13,360,474	13,347,399	(1,338,478)	13,075
Capital Assets, Net	<u>88,615,090</u>	<u>69,205,443</u>	<u>58,332,636</u>	<u>19,409,647</u>	<u>10,872,807</u>
Total Assets and Deferred Outflows	<u>122,210,261</u>	<u>110,857,421</u>	<u>106,177,149</u>	<u>11,352,840</u>	<u>4,680,272</u>
Liabilities					
Current Liabilities	15,511,500	13,574,355	8,966,230	1,937,145	4,608,125
Long-term Liabilities	<u>65,893,247</u>	<u>63,955,876</u>	<u>67,545,161</u>	<u>1,937,371</u>	<u>(3,589,285)</u>
Total Liabilities and Deferred Inflows	<u>81,404,747</u>	<u>77,530,231</u>	<u>76,511,391</u>	<u>3,874,516</u>	<u>1,018,840</u>
Net Position					
Invested in Capital Assets, Net of					
Related Debt	59,384,684	43,458,779	30,785,743	15,925,905	12,673,036
Unrestricted	(18,445,756)	(19,947,369)	(19,493,194)	1,501,613	(454,175)
Restricted	<u>(133,414)</u>	<u>9,815,780</u>	<u>18,373,209</u>	<u>(9,949,194)</u>	<u>(8,557,429)</u>
Total Net Position	<u>\$ 40,805,514</u>	<u>\$ 33,327,190</u>	<u>\$ 29,665,758</u>	<u>\$ 7,478,324</u>	<u>\$ 3,661,432</u>

Highlighted information from the Statement of Net Position:

- Total assets increased by \$11,364,939 or 10.25%.
- Total liabilities decreased by \$3,886,615 or 5.01%.
- Total net position increased by \$7,478,324 or 22.44%.

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 decreased deferred outflows related to pensions (an asset) by \$972,587 for total deferred outflows related to pensions of \$3,921,335 (a 19.87% decrease). Additionally, deferred inflows related to pensions (a liability) increased by \$86,468 (3.71%) for total deferred pension inflows of \$2,417,968. The net pension liability decreased by \$770,462 (-8.29%) from \$9,292,688 to \$8,522,226.

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 \$8,522,226 was measured at August 31, 2024 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, 2025**

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 \$21,466,501 was measured at August 31, 2024 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 increased by \$379,709 (19.45%) to \$2,332,176. Deferred inflows related to OPEB decreased by \$1,930,687 (21.94%) to \$6,867,598.

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, 2025, the District designated the entirety of expendable net position, restricted for on-going projects in the amount of \$-425,948. Designations are as follows: 1) Wood Building renovation project (\$-208,423); 2) Allied Health building renovation (\$36,346); 3) student success center (\$-3,171,937); and 4) 2016-2025 master plan (\$2,918,066). 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, 2025**

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

	Fiscal Year			Change	
	2025	2024	2023	2025 to 2024	2024 to 2023
Operating Revenues					
Tuition and Fees (net of discounts)	\$ 9,886,090	\$ 9,287,238	\$ 8,747,469	\$ 598,852	\$ 539,769
Local, State and Federal Grants and Contracts	5,614,165	7,276,449	5,702,545	(1,662,284)	1,573,904
Auxiliary Enterprise	1,632,946	1,954,427	2,213,589	(321,481)	(259,162)
Other	616,379	622,389	571,166	(6,010)	51,223
Total Operating Revenues	<u>17,749,580</u>	<u>19,140,503</u>	<u>17,234,769</u>	<u>(1,390,923)</u>	<u>1,905,734</u>
Operating Expenses					
Instruction	14,365,772	14,287,743	12,584,714	78,029	1,703,029
Public Service	65,386	145,045	265,146	(79,659)	(120,101)
Academic Support	3,244,482	3,295,181	3,205,658	(50,699)	89,523
Student Services	3,185,504	3,585,108	3,609,880	(399,604)	(24,772)
Institutional Support	6,811,897	6,924,553	6,066,104	(112,656)	858,449
Operation and Maintenance of Plant	5,014,839	5,246,377	4,627,103	(231,538)	619,274
Scholarships and Fellowships	10,233,029	9,204,173	7,556,353	1,028,856	1,647,820
Auxiliary Enterprises	2,503,263	2,921,183	3,103,034	(417,920)	(181,851)
Depreciation	3,080,301	2,908,763	2,592,446	171,538	316,317
Total Operating Expenses	<u>48,504,473</u>	<u>48,518,126</u>	<u>43,610,438</u>	<u>(13,653)</u>	<u>4,907,688</u>
Operating Income (Loss)	<u>(30,754,893)</u>	<u>(29,377,623)</u>	<u>(26,375,669)</u>	<u>(1,377,270)</u>	<u>(3,001,954)</u>
Non-Operating Revenues (Expenses)					
State Appropriations	7,304,362	7,325,707	6,030,461	(21,345)	1,295,246
Taxes	17,876,701	17,014,975	16,414,368	861,726	600,607
Title IV	7,692,204	6,728,211	5,840,988	963,993	887,223
Gifts	5,720,295	1,080,597	348,610	4,639,698	731,987
Interest on Capital Related Debt	(752,514)	(823,963)	(464,548)	71,449	(359,415)
Investment Related Income	921,410	1,827,936	1,016,508	(906,526)	811,428
Gifts	-	557	-	(557)	557
Total Non-Operating Revenues (Expenses)	<u>38,762,458</u>	<u>33,154,020</u>	<u>29,186,387</u>	<u>5,608,438</u>	<u>3,967,633</u>
Income Before Other Revenues,	<u>8,007,565</u>	<u>3,776,397</u>	<u>2,810,718</u>	<u>4,231,168</u>	<u>965,679</u>
Other Revenues, (Expenses), Gains, (Losses)					
	(25,257)	(8,867)	2,053	(16,390)	(10,920)
Bond Issuance Cost	<u>(232,724)</u>	<u>-</u>	<u>(244,883)</u>	<u>(232,724)</u>	<u>244,883</u>
Increase (Decrease) in Net Position	7,749,584	3,767,530	2,567,888	3,982,054	1,199,642
Beginning Net Position	<u>33,327,190</u>	<u>29,665,758</u>	<u>27,272,443</u>	<u>3,661,432</u>	<u>2,393,315</u>
Adjustments to Net Position	<u>(271,260)</u>	<u>(106,098)</u>	<u>(174,573)</u>	<u>(165,162)</u>	<u>68,475</u>
Ending Net Position	<u>\$ 40,805,514</u>	<u>\$ 33,327,190</u>	<u>\$ 29,665,758</u>	<u>\$ 7,478,324</u>	<u>\$ 3,661,432</u>

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

- Operating revenues decreased by \$1,390,923 or 7.27%.
- Operating expenses decreased by \$13,653 or 0.03%.

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

**Management's Discussion and Analysis
(Unaudited)
Year Ended August 31, 2025**

- Operating loss was increased by \$1,377,270 or 4.69%.
- Non-operating revenue increased by \$5,536,989 while non-operating expenses decreased by \$71,449 for a net non-operating revenues (expenses) increase of \$5,608,438 or 16.92%.

For fiscal year ended August 31, 2025, net position from current year operations increased by \$7,749,584.

The decrease in operating revenues (\$1,390,923 or 7.27%) was primarily attributable to a \$1,662,284 (22.884%) decrease in local, state, federal and non-governmental grants and contracts. Tuition and fee revenue (net of discounts) increased by \$598,851 (6.45%), auxiliary revenues (net of discounts) decreased \$321,480 (16.45%), and other operating revenues decreased by \$74,039 (70.75%).

Operating expenses decreased by \$13,653 (0.03%). Operating expenses were impacted by increases in expenses related to instructions (\$78,029 or 0.55%), scholarships and fellowships (\$1,028,856 or 11.18%), and depreciation (\$171,538 or 5.90%). These increases in operating expenses were offset by decreases public service (\$79,659 or 54.92%), academic support (\$50,699 or 1.54%), student services (\$399,604 or 11.15%), institutional support (\$112,656 or 1.63%), operation and maintenance (\$231,538 or 4.41%) and auxiliary (\$417,920 or 14.31%).

Overall non-operating revenue (expenses) increased by \$5,608,438 (16.92%). Key elements in the increase are as follows:

- Overall state allocations decreased by \$21,345 (0.29%), which included no change in education and general state support of \$5,558,970, a increase in state group insurance of \$161,189 (16.61%), and an decrease in state retirement matching of \$407,059 (39.87%). 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 \$861,726 due to an increase in valuation that was sufficient to offset a slight increase in the tax rate adopted by the District's Board of Trustees (\$0.1832 per \$100 valuation for fiscal year 2025 versus \$0.1709 per \$100 valuation for fiscal year 2024).
- Title IV disbursements increased by \$963,993 (14.33%).
- Non-Operating gifts increased by \$4,639,698 (429.36%).
- Investment income (interest) decreased by \$906,526 or 49.59%. The decrease in investment income is attributable to a decrease in funds reaming in investment pools.
- Interest on capital related debt decreased by \$71,449 (8.67%).

Tuition and fee revenue increased by \$598,851 (6.45%) for the year ended August 31, 2025. Credit unduplicated enrollment and contact hours inclined by 3.00% and 5.40%, respectively. Fundable unduplicated non-credit enrollment and contact hours decreased by 0.62% and 0.86%, respectively for the year ended August 31, 2025. For fiscal year 2025 compared to fiscal year 2024, in-district tuition increased by \$2, non-resident tuition increased by \$0, the out of district fee increased by \$2, the general fee increased by \$2 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, 2025**

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

Tuition and Fees Non-Dual Credit - per SCH

Fiscal Year	In-District Tuition	Non-Resident Tuition	Out of District Fee	General Fee	Technology Fee
2025	\$ 60	\$ 158	\$ 61	\$ 41	\$ 23
2024	\$ 58	\$ 158	\$ 59	\$ 39	\$ 22
2023	\$ 55	\$ 155	\$ 56	\$ 35	\$ 21

Tuition and Fees for Dual Credit - per course

Fiscal Year	In-District Tuition	Non-Resident Tuition	Out of District Fee
2025	\$ 78	\$ 137	\$ 121
2024	\$ 235	\$ 410	\$ 365
2023	\$ 225	\$ 400	\$ 350

Differential Tuition by Program for Fiscal Year 2025:	Per Credit Hour
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, 2025**

Enrollment Highlights

Credit Students	2024-2025	Fall	Spring	Summer	Annual *
	Enrollment	3,276	3,018	1,097	4,189
	Contact Hours	545,440	496,848	127,616	1,169,904
	2023-2024	Fall	Spring	Summer	Annual *
	Enrollment	3,218	2,760	1,033	4,067
	Contact Hours	537,200	454,064	118,736	1,110,000
	2022-2023	Fall	Spring	Summer	Annual *
	Enrollment	3,064	2,628	1,046	3,909
	Contact Hours	511,200	451,536	121,104	1,083,840

Non-Credit Students	2024-2025	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual *
	Enrollment	484	358	297	377	1,450
	Contact Hours	42,761	30,634	16,237	18,971	108,603
	2023-2024	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual *
	Enrollment	590	296	384	421	1,459
	Contact Hours	37,296	25,961	24,269	22,021	109,547
	2022-2023	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual *
	Enrollment	433	342	354	385	1,346
	Contact Hours	33,225	25,169	19,011	17,695	95,100
* Unduplicated						

Credit student enrollment and contact hours increased by 1.80% and 1.53%, respectively, for the fall term. Headcount was 3,276 for the fall 2024-2025 term compared to 3,218 for the fall 2023-2024 term. Credit student enrollment and contact hours increased by 9.35% and 9.42% for the spring term. Headcount was 3,018 for the spring 2024-2025 term compared to 2,760 for the spring 2023-2024 term. The summer term posted an increase in credit student enrollment and contact hours by 6.20% and 7.48%, respectively. Annualized credit student enrollment and contact hours increased by 3.00% and 5.40%, respectively.

Fundable non-credit enrollment decreased by 17.97% and contact hours increased by 14.65%, respectively, for Quarter 1 2024-2025 term (484 enrollment; 42,761 contact hours) compared to Quarter 1 2023-2024 term (590 enrollment; 37,296 contact hours). Fundable non-credit enrollment and contact hours increased by 20.95% and 18.00%, respectively, for Quarter 2 2024-2025 term (358 enrollment 30,634 contact hours) compared to Quarter 2 2023-2024 term (296 enrollment; 25,961 contact hours). Quarters 3 and 4 decreased enrollment and contact hours by 16.27% and 23.94%, respectively, (enrollment 674 and contact hours 35,208) for Quarters 3 and 4 in 2024-2025 term; enrollment 805 and contact hours 46,290 for Quarters 3 and 4 2023-2024 term). Annualized fundable non-credit enrollment and contact hours decreased by 0.62% and 0.86%, 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.

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

**Management's Discussion and Analysis
(Unaudited)
Year Ended August 31, 2025**

Certificates and Degrees Conferred:

Fiscal Year	Associate of Arts	Associate of Science	Associate of Applied Sciences	Work Force Certificates	Total Degrees and Certificates
2023-2024	47	203	101	259	610
2022-2023	65	182	98	341	686
2021-2022	53	171	119	283	626

Capital Assets and Long Term Debt Administration

Capital Assets

The District's investment in capital assets as of August 31, 2024 was \$88,615,091 (net of accumulated depreciation). This amount represents a net increase (including additions, dispositions, and depreciation expense) of \$22,315,593 over fiscal year 2025. Construction in progress increased by \$17,907,148 due to the progress toward the student success center (\$21,434,295), progress related to the Museum of the Coastal Bend expansion (\$10,834), continued progress related to the Virginia Callan Welder Performance Annex (\$32,147), and new renovation to the Allied Health Building (\$82,903). Building Improvements increased \$3,860,891 (Allied Health Building \$2,021,764 and Museum of the Coastal Bend \$1,659,127). Multiple projects are ongoing at August 31, 2025. 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, 2025**

The District's capital assets, net of accumulated depreciation, as of August 31, 2025, 2024 and 2023 are summarized below:

	Balance at 8/31/2025	Balance at 8/31/2024	Balance at 8/31/2023	\$ Change 2025-2024	\$ Change 2024-2023
Land	\$ 128,942	\$ 128,942	\$ 128,942	\$ -	\$ -
Construction in Progress	32,958,158	15,051,010	4,116,952	17,907,148	10,934,058
Library Volumes and Periodicals	302,692	367,405	382,809	(64,713)	(15,404)
Buildings	79,374,172	75,693,281	76,352,403	3,680,891	(659,122)
Site Improvements	7,528,494	7,528,494	6,609,842	-	918,652
Leases	155,007	96,229	129,161	58,778	(32,932)
SBITA	1,953,340	1,925,334	963,615	28,006	961,719
Machinery, Equipment, Furniture and Vehicles	13,991,533	13,286,050	12,556,584	705,483	729,466
Totals at Historical Costs	136,392,338	114,076,745	101,240,308	22,315,593	12,836,437
Total Accumulated Depreciation	47,777,247	44,871,302	42,907,671	2,905,945	1,963,631
Net Capital Assets	<u>\$ 88,615,091</u>	<u>\$ 69,205,443</u>	<u>\$ 58,332,637</u>	<u>\$ 19,409,648</u>	<u>\$ 10,872,806</u>
				% Change 2025-2024	% Change 2024-2023
Land				0.0%	0.0%
Construction in Progress				119.0%	265.6%
Library Volumes and Periodicals				-17.6%	-4.0%
Buildings				4.9%	-0.9%
Site Improvements				0.0%	13.9%
Machinery, Equipment, Furniture and Vehicles				5.3%	5.8%
Totals at Historical Costs				19.6%	12.7%
Total Accumulated Depreciation				6.5%	4.6%
Net Capital Assets				28.0%	18.6%

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

**Management's Discussion and Analysis
(Unaudited)
Year Ended August 31, 2025**

Long-Term Debt

Long-term debt increased by \$3,680,000 during the fiscal year. 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, 2025, 2024, and 2023 is summarized in the following table:

	Balance at 8/31/2025	Balance at 8/31/2024	Balance at 8/31/2023	\$ Change 2025-2024	\$ Change 2024-2023
2012 Limited Tax Refunding Bonds	\$ 1,120,000	\$ 2,200,000	\$ 3,245,000	\$ (1,080,000)	\$ (1,045,000)
2013 Limited Tax Bonds	10,325,000	11,455,000	12,550,000	(1,130,000)	(1,095,000)
2023 Limited Tax Bond	9,735,000	9,735,000	9,735,000	-	-
2025 Combined Fee Revenue Bond	5,890,000	-	-	5,890,000	-
Total Long-Term Debt	<u>\$ 27,070,000</u>	<u>\$ 23,390,000</u>	<u>\$ 25,530,000</u>	<u>\$ 3,680,000</u>	<u>\$ (2,140,000)</u>
				% Change 2021-2020	% Change 2020-2019
2012 Limited Tax Refunding Bonds				-49.09%	-32.20%
2013 Limited Tax Bonds				-9.86%	-8.73%
2023 Limited Tax Bond				-	-
Total Long-Term Debt				15.73%	-8.38%

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 in order to ensure *Pathways to Prosperity* for all students by focusing on access, completion, and post-graduation success. The College's work of providing the trained and educated workforce to regional employers is deeply-rooted in the conviction that students will achieve upward economic mobility with the attainment of jobs with good value.

The overarching goals of Equity, Learning Environment, Community Enrichment, Ensuring Achievement, & Synergistic Culture have guided efforts in reforms to become a more student-centered college. Specifically, the college prioritizes:

Equity Commitment

Victoria College will commit to fair treatment, access, opportunity, and advancement for all students, while identifying and eliminating barriers that have prevented underserved and underrepresented groups from earning college credentials, particularly in fields of high economic value.

Learning Environment

Victoria College will meet students where they are by enhancing the learning environment and empowering students to achieve educational, career, and personal success.

Community Enrichment

Victoria College will positively impact our service area by providing instructional opportunities aligned with labor market needs and enhancing cultural experiences that enrich our community.

Ensuring Achievement

Victoria College will build pathways that lead students to timely completion of a VC credential, transfer to a university, or attainment of a family-sustaining career.

Synergistic Culture

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

**Management's Discussion and Analysis
(Unaudited)
Year Ended August 31, 2025**

Victoria College will create a synergistic culture that is welcoming and supportive, where all employees value how they contribute to student success.

To facilitate further the achievement of strategic goals, College administration and the Board of Trustees have worked to implement 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. All projects are expected to complete in the next two years.

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. With the implementation of HB8, outcomes-based state funding has changed the funding landscape and has allowed the College to ensure resource allocation to priorities of student success. 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 remain largely flat, 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 \$0.1709 per \$100 valuation. Victoria College strategically and aggressively seeks external support through donations and grants to help offset the cost of 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 has been recognized at the state level for its implementation of student reforms in the Talent Strong Texas Pathways.

With implementation of the FAST program, the College has continued to open the doors of access to new dual credit students and has reached new growth of high school enrollment. Additionally, the implementation of OER has removed the financial burden of instructional materials for students in the majority of college classes. The College estimates a savings of \$500,000 to students in its first year of implementation.

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.

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BASIC FINANCIAL STATEMENTS

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VICTORIA COUNTY JUNIOR COLLEGE DISTRICT
VICTORIA, TEXAS
Statement of Net Position
August 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash & cash equivalents	\$ 2,035,025	\$ 3,590,312
Short-term investments	15,305,523	12,093,313
Restricted short-term investments	4,232,628	12,607,879
Due from component unit	31,143	55,612
Accounts receivable (net)	4,199,886	3,814,816
Restricted accounts receivable	1,250,673	2,313,629
Inventories	228,560	269,764
Prepaid expenses	58,222	60,264
Total Current Assets	<u>27,341,660</u>	<u>34,805,589</u>
Noncurrent Assets		
Construction in progress	32,958,158	15,051,010
Land	128,942	128,942
Capital assets (net)	<u>55,527,990</u>	<u>54,025,491</u>
Total Noncurrent Assets	<u>88,615,090</u>	<u>69,205,443</u>
Total Assets	<u>115,956,750</u>	<u>104,011,032</u>
Deferred Outflow of Resources		
Deferred outflows related to pensions	3,921,335	4,893,922
Deferred outflows related to other post-employment benefits	<u>2,332,176</u>	<u>1,952,467</u>
Total Deferred Outflow of Resources	<u>6,253,511</u>	<u>6,846,389</u>
LIABILITIES		
Current Liabilities		
Accounts payable	5,249,359	4,050,208
Accrued liabilities	703,902	733,588
Funds held for others	248,086	256,449
Unearned revenues	5,796,515	5,237,352
Bonds payable - current portion	2,285,000	2,210,000
Lease Payable - current portion	31,020	17,959
SBITA Payable - current portion	383,889	479,064
Compensated Vacation Liability - current portion	183,545	-
Compensated Sick Liability - current portion	2,931	-
Net other post-employment benefits liability - current	<u>627,253</u>	<u>589,735</u>
Total Current Liabilities	<u>15,511,500</u>	<u>13,574,355</u>
Noncurrent Liabilities		
Bonds payable	24,785,000	21,180,000
Lease Payable	91,583	20,342
SBITA Payable	394,413	749,710
Compensated Sick Liability-Non-Current	88,457	-
Net pension liability	8,522,226	9,292,688
Net other post-employment benefits liability - non-current	<u>21,466,501</u>	<u>20,493,762</u>
Total Noncurrent Liabilities	<u>55,348,180</u>	<u>51,736,502</u>
Total Liabilities	<u>70,859,680</u>	<u>65,310,857</u>
Deferred Inflows of Resources		
Unamortized premiums on bonds	1,259,501	1,089,589
Deferred inflows related to pensions	2,417,968	2,331,500
Deferred inflows related to other post-employment benefits	<u>6,867,598</u>	<u>8,798,285</u>
Total Deferred Inflows of Resources	<u>10,545,067</u>	<u>12,219,374</u>
NET POSITION		
Invested in capital assets, net of related debt	59,384,684	43,458,779
Restricted for		
Expendable		
Student aid	(184,056)	(27,802)
Unexpended capital projects		
designated for Wood Building renovation project	(208,423)	(325,678)
designated for Allied Health Building renovation	36,346	(275,172)
designated for Comprehensive Student Center project	(3,171,937)	7,997,272
designated for 2016-2025 Master Plan	2,918,066	1,792,828
Debt service	476,590	554,690
Unrestricted	<u>(18,445,756)</u>	<u>(19,847,727)</u>
Total Net Position (Schedule D)	<u>\$ 40,805,514</u>	<u>\$ 33,327,190</u>

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash & cash equivalents	\$ 7,157,573	\$ 8,991,151
Pledges receivable	309,885	426,701
Other current assets	<u>27,592</u>	<u>24,113</u>
Total Current Assets	<u>7,495,050</u>	<u>9,441,965</u>
Other Assets		
Restricted cash - endowment money market funds	514,020	34,046
Endowment investments	<u>16,247,494</u>	<u>15,369,762</u>
Total Other Assets	<u>16,761,514</u>	<u>15,403,808</u>
 Total Assets	 <u>24,256,564</u>	 <u>24,845,773</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	-	510
Due to Victoria College	<u>31,143</u>	<u>4,849</u>
Total Liabilities	<u>31,143</u>	<u>5,359</u>
 NET POSITION		
Without donor restriction	382,435	210,386
With donor restriction	<u>23,842,986</u>	<u>24,630,028</u>
Total Net Position	<u>\$ 24,225,421</u>	<u>\$ 24,840,414</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 Revenues, Expenses and
Changes in Net Position
For The Year Ended August 31, 2025 and 2024

	2025	2024
OPERATING REVENUES		
Tuition and fees (net)	\$ 9,886,090	\$ 9,287,239
Federal grants and contracts	2,980,000	5,003,325
State grants and contracts	1,335,900	668,840
Local grants and contracts	78,222	133,142
Non-governmental grants and contracts	1,220,043	1,471,142
Sales and services of educational activities	585,774	517,745
Auxiliary enterprises (net)	1,632,946	1,954,426
General operating revenues	<u>30,605</u>	<u>104,644</u>
Total Operating Revenues (Schedule A)	<u>17,749,580</u>	<u>19,140,503</u>
OPERATING EXPENSES		
Instruction	14,311,763	14,287,743
Public service	65,386	145,045
Academic support	3,245,021	3,295,181
Student services	3,465,150	3,585,108
Institutional support	6,376,204	6,924,553
Operation and maintenance of plant	5,068,848	5,246,377
Scholarships and fellowships	10,388,537	9,204,173
Auxiliary enterprises	2,503,263	2,921,183
Depreciation	<u>3,080,301</u>	<u>2,908,763</u>
Total Operating Expenses (Schedule B)	<u>48,504,473</u>	<u>48,518,126</u>
Operating (Loss)	<u>(30,754,893)</u>	<u>(29,377,623)</u>
Non-Operating Revenues (Expenses)		
State allocations	7,304,362	7,325,707
Title IV	7,692,204	6,728,211
Ad valorem taxes		
Taxes for maintenance and operations	14,895,411	14,092,169
Taxes for debt service	2,981,290	2,922,806
Gifts	5,720,295	1,080,597
Investment income (net of investment expenses)	921,410	1,827,936
Other income	-	557
Interest on capital related debt	<u>(752,514)</u>	<u>(823,963)</u>
Total Non-Operating Revenues (Expenses) (Schedule C)	<u>38,762,458</u>	<u>33,154,020</u>
Income Before Other Revenues, (Expenses), Gains and (Losses)	<u>8,007,565</u>	<u>3,776,397</u>
Other Revenues, (Expenses), Gains		
Gain/(Loss) on disposal of capital assets	(25,257)	(8,867)
Bond issuance costs	<u>(232,724)</u>	<u>-</u>
Total Other Revenues, (Expenses), Gains	<u>(257,981)</u>	<u>(8,867)</u>
Increase in Net Position	7,749,584	3,767,530
NET POSITION		
Net Position - Beginning of Year	33,327,190	29,665,758
Adjustment to Net Position	<u>(271,260)</u>	<u>(106,098)</u>
Net Position - End of Year	<u>\$ 40,805,514</u>	<u>\$ 33,327,190</u>

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Grants and contributions	\$ 3,640,943	\$ 2,455,535
In-kind donations	<u>324,259</u>	<u>319,724</u>
Total Revenue and Support	<u>3,965,202</u>	<u>2,775,259</u>
OPERATING EXPENSES		
Institutional support	6,364,141	2,510,685
Administration and collection	42,520	45,765
Other	<u>278,225</u>	<u>275,096</u>
Total Expenses	<u>6,684,886</u>	<u>2,831,546</u>
NON-OPERATING REVENUES		
Investment income	<u>2,104,691</u>	<u>2,399,262</u>
Change in Net Position	(614,993)	2,342,975
NET POSITION		
Net Position, Beginning of Year	<u>24,840,414</u>	<u>22,497,439</u>
Net Position, End of Year	<u>\$24,225,421</u>	<u>\$24,840,414</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, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 12,278,903	\$ 12,933,256
Receipts from grants and contracts	6,677,121	5,813,106
Other receipts	30,605	168,193
Payments to suppliers for goods or services	(8,444,351)	(5,226,689)
Payments to or on behalf of employees	(26,451,567)	(27,007,513)
Payments of scholarships and fellowships	(10,364,068)	(9,204,173)
Net cash provided (used) by operating activities	<u>(26,273,357)</u>	<u>(22,523,820)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state allocations	7,304,362	6,355,320
Receipts from federal (Title IV) allocations	7,692,204	6,728,211
Receipts from ad valorem tax revenues	17,876,701	14,092,169
Gifts and grants (other than capital)	5,720,295	1,080,597
Deferred inflows/outflows net	-	(861,805)
Payments for leases	84,302	(16,946)
Payments for SBITA	(450,472)	529,963
Net pensions	-	1,154,115
Net OPEB	-	(482,426)
Student organization and other agency transactions	(8,363)	21,457
Net cash provided (used) by non-capital financing activities	<u>38,219,029</u>	<u>28,600,655</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from ad valorem tax revenues	-	2,922,806
Receipts from issuance of capital debt	5,890,000	-
Purchases of capital assets	(22,450,084)	(3,917,347)
Proceeds from disposal of capital assets	-	360
(Gain) loss on disposal of capital assets	-	(8,867)
Bond premium amortization	-	(173,246)
Payments on capital debt - principal	(2,040,088)	(2,140,000)
Payments on interest and fees on capital debt and leases	(985,238)	-
Net cash provided (used) by capital and related financing activities	<u>(19,585,410)</u>	<u>(3,316,294)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Other income	-	557
Investment earnings	921,410	1,827,936
Investment purchases	5,163,041	(5,397,322)
Net cash provided (used) by investing activities	<u>6,084,451</u>	<u>(3,568,829)</u>
Increase (decrease) in cash and cash equivalents	(1,555,287)	(808,288)
Cash and cash equivalents - September 1	<u>3,590,312</u>	<u>4,398,600</u>
Cash and cash equivalents - August 31	<u><u>2,035,025</u></u>	<u><u>3,590,312</u></u>
Cash & cash equivalents	<u>2,035,025</u>	<u>3,590,312</u>
Total cash and cash equivalents	<u><u>\$ 2,035,025</u></u>	<u><u>\$ 3,590,312</u></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, 2025 and 2024
(Continued)

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating (loss)	\$ (30,754,893)	\$ (29,377,623)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation expense	3,080,301	2,908,763
State group insurance	-	970,387
Changes in assets and liabilities:		
Receivables (net)	702,355	(1,463,343)
Due from component unit	592,878	63,549
Inventories	41,204	67,170
Prepaid expenses	2,042	19,549
Capital assets-Lease and SBITA	(65,121)	
Accounts payable	1,199,151	2,999,197
Accrued liabilities	(29,686)	114,685
Compensated absences	3,673	-
Post employment benefits	(1,806,701)	-
Deferred inflows of resources	202,277	-
Unearned revenue	559,163	1,173,846
Net cash provided (used) by operating activities	<u>\$ (26,273,357)</u>	<u>\$ (22,523,820)</u>

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, 2025 and 2024

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 \$24,492,045 and \$30,098,514 at August 31, 2025, and 2024, 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, 2025 and 2024, unearned revenue was \$5,796,515 and \$5,237,352 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, 2025 and 2024.

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, 2025, 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 States 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 2256.0115, (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		
	8/31/2025	8/31/2024
Bank Deposits		
Demand Deposits	\$ 2,013,900	\$ 3,564,635
	<u>2,013,900</u>	<u>3,564,635</u>
Cash and Cash Equivalents		
Cash on Hand	21,125	25,677
	<u>21,125</u>	<u>25,677</u>
Total Cash and Deposits	<u>\$ 2,035,025</u>	<u>\$ 3,590,312</u>

Reconciliation of Cash, Deposits and Investments to Exhibit 1

Type of Security	Market Value	
	8/31/2025	8/31/2024
Tex Pool	\$ 19,538,151	\$ 24,701,192
Total Investments	<u>\$ 19,538,151</u>	<u>\$ 24,701,192</u>
Total Cash and Deposits	\$ 2,035,025	\$ 3,590,312
Total Investments	<u>19,538,151</u>	<u>24,701,192</u>
Total Deposits and Investments	<u>\$ 21,573,176</u>	<u>\$ 28,291,504</u>
Cash and Cash Equivalents (Exhibit 1)	\$ 2,035,025	\$ 3,590,312
Investments (Exhibit 1)	<u>19,538,151</u>	<u>24,701,192</u>
Total Deposits and Investments	<u>\$ 21,573,176</u>	<u>\$ 28,291,504</u>

As of August 31, 2025 the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			S&P Rating
		Maturity Less than 1	1 to 2	2 to 3	
Uncategorized Investments					
Tex Pool Prime	\$ 19,538,151	\$ 19,538,151	\$ -	\$ -	AAAm
Total Uncategorized Investments	<u>\$ 19,538,151</u>	<u>\$ 19,538,151</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, 2025, 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 or 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, 2025 is as follows:

	Level 1	Level 2	Level 3	Total
External Investment Pools	\$ 19,538,151	\$ -	\$ -	\$ 19,538,151
Total	<u>\$ 19,538,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,538,151</u>

5. **Derivatives**

The District did not invest in derivative investment products or repurchase agreements during the fiscal year ended August 31, 2025.

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

Accounts receivable consist of the following at August 31:

	2025	2024
Student receivables	\$ 6,128,726	\$ 5,783,544
Third-party contractor receivables	297,062	378,999
Ad valorem taxes receivables	1,361,619	1,380,458
Federal grant receivables	957,745	2,262,153
State grant receivables	294,034	29,304
Local grant receivables	6,257	10,072
Other receivables	<u>25,663</u>	<u>13,470</u>
Total accounts receivable	9,071,106	9,858,000
Allowance for doubtful accounts	<u>(3,620,547)</u>	<u>(3,729,555)</u>
Accounts receivable (net)	<u>\$ 5,450,559</u>	<u>\$ 6,128,445</u>
Accounts receivable (net)	\$ 4,199,886	\$ 3,814,816
Restricted accounts receivable	<u>1,250,673</u>	<u>2,313,629</u>
	<u>\$ 5,450,559</u>	<u>\$ 6,128,445</u>

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

	<u>2025</u>	<u>2024</u>
Accounts payable:		
Vendor payables	\$ 4,831,403	\$ 3,660,362
Other payables	<u>417,956</u>	<u>389,846</u>
Total accounts payable	<u>5,249,359</u>	<u>4,050,208</u>
Accrued liabilities:		
Accrued payroll	240,562	236,578
Employee benefits payable	321,785	331,433
Accrued Workers Compensation Claims	124,929	144,527
Accrued Compensated Absences	186,477	-
Sales tax payable	<u>16,625</u>	<u>21,050</u>
Total accrued liabilities	<u>890,378</u>	<u>733,588</u>
Total accounts payable and accrued liabilities	<u>\$ 6,139,737</u>	<u>\$ 4,783,796</u>

7. **Capital Assets Activity**

Capital asset activity for the years ended August 31, 2025 and 2024, was as follows:

	2025			
	Balance	Changes During the Year		Balance
	September 1, 2024	Additions	Deletions	August 31, 2025
Not Depreciated:				
Land	\$ 128,942	\$ -	\$ -	\$ 128,942
Construction in Progress	15,051,010	21,588,039	(3,680,891)	32,958,158
Subtotal	<u>15,179,952</u>	<u>21,588,039</u>	<u>(3,680,891)</u>	<u>33,087,100</u>
Other Capital Assets:				
Library Volumes and				
Periodicals	367,405	15,516	(80,229)	302,692
Buildings	75,693,281	3,680,891	-	79,374,172
Site Improvements	7,528,494	-	-	7,528,494
Leases	96,229	58,778	-	155,007
SBITA	1,925,334	28,006	-	1,953,340
Machinery, Equipment,				
Furniture and Vehicles	<u>13,286,050</u>	<u>759,745</u>	<u>(54,262)</u>	<u>13,991,533</u>
Subtotal	<u>98,896,793</u>	<u>4,542,936</u>	<u>(134,491)</u>	<u>103,305,237</u>
Accumulated Depreciation:				
Library Volumes and				
Periodicals	170,535	20,178	(54,972)	135,741
Buildings	27,633,386	1,553,202	-	29,186,588
Site Improvements	6,163,145	184,628	-	6,347,773
Leases	57,601	28,709	(51,669)	34,641
SBITA	778,518	666,163	(13,453)	1,431,228
Machinery, Equipment,				
Furniture and Vehicles	<u>10,068,117</u>	<u>627,421</u>	<u>(54,262)</u>	<u>10,641,276</u>
Subtotal	<u>44,871,302</u>	<u>3,080,301</u>	<u>(174,356)</u>	<u>47,777,247</u>
Net Other Capital Assets	<u>54,025,491</u>	<u>1,462,635</u>	<u>39,865</u>	<u>55,527,989</u>
Net Capital Assets	<u>\$ 69,205,443</u>	<u>\$ 23,050,674</u>	<u>\$ (3,641,026)</u>	<u>\$ 88,615,089</u>

	2024			
	Balance September 1, 2023	Changes During the Year		Balance August 31, 2024
		Additions	Deletions	
Not Depreciated:				
Land	\$ 128,942	\$ -	\$ -	\$ 128,942
Construction in Progress	<u>4,116,952</u>	<u>11,852,710</u>	<u>(918,652)</u>	<u>15,051,010</u>
Subtotal	<u>4,245,894</u>	<u>11,852,710</u>	<u>(918,652)</u>	<u>15,179,952</u>
Other Capital Assets:				
Library Volumes and				
Periodicals	382,809	17,676	(33,080)	367,405
Buildings	76,352,403	-	(659,122)	75,693,281
Site Improvements	6,609,842	918,652	-	7,528,494
Leases	129,161	-	(32,932)	96,229
SBITA	963,615	961,719	-	1,925,334
Machinery, Equipment,				
Furniture and Vehicles	<u>12,556,584</u>	<u>896,228</u>	<u>(166,762)</u>	<u>13,286,050</u>
Subtotal	<u>96,994,414</u>	<u>2,794,275</u>	<u>(891,896)</u>	<u>98,896,793</u>
Accumulated Depreciation:				
Library Volumes and				
Periodicals	169,897	24,493	(23,855)	170,535
Buildings	26,812,922	1,479,584	(659,120)	27,633,386
Site Improvements	5,975,534	187,611	-	6,163,145
Leases	73,200	30,612	(46,211)	57,601
SBITA	242,968	584,734	(49,184)	778,518
Machinery, Equipment,				
Furniture and Vehicles	<u>9,633,150</u>	<u>601,729</u>	<u>(166,762)</u>	<u>10,068,117</u>
Subtotal	<u>42,907,671</u>	<u>2,908,763</u>	<u>(945,132)</u>	<u>44,871,302</u>
Net Other Capital Assets	<u>54,086,743</u>	<u>(114,488)</u>	<u>53,236</u>	<u>54,025,491</u>
Net Capital Assets	\$ 58,332,637	\$ 11,738,222	\$ (865,416)	\$ 69,205,443

8. Non-Current Liabilities

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

	September 1, 2024	Additions	Reductions	August 31, 2025	Current Portion
Bonds					
Limited tax refunding 2012 bonds	\$ 2,200,000	\$ -	\$ 1,080,000	\$ 1,120,000	\$ 1,120,000
Limited tax 2013 bonds	11,455,000	-	1,130,000	10,325,000	1,165,000
Limited tax 2023 bonds	9,735,000	-	-	9,735,000	-
Combined Fee Revenue 2025 bond	-	5,890,000	-	5,890,000	-
Subtotal	<u>23,390,000</u>	<u>5,890,000</u>	<u>2,210,000</u>	<u>27,070,000</u>	<u>2,285,000</u>
Net pension liability	9,292,688	-	770,462	8,522,226	-
Net OPEB liability	21,083,497	1,010,257	-	22,093,754	627,253
Lease Liability	38,301	84,302	-	122,603	31,020
SBITA Liability	1,228,774	-	450,472	778,302	383,889
Compensated Absences	-	274,933	-	274,933	186,476
	<u>\$ 55,033,260</u>	<u>\$ 7,259,492</u>	<u>\$ 3,430,934</u>	<u>\$ 58,861,818</u>	<u>\$ 3,513,638</u>

	2024				
	Balance September 1, 2023	Additions	Reductions	Balance August 31, 2024	Current Portion
Bonds					
Limited tax refunding 2012 bonds	\$ 3,245,000	\$ -	\$ 1,045,000	\$ 2,200,000	\$ 1,080,000
Limited tax 2013 bonds	12,550,000	-	1,095,000	11,455,000	1,130,000
Limited tax 2023 bonds	<u>9,735,000</u>	<u>-</u>	<u>-</u>	<u>9,735,000</u>	<u>-</u>
Subtotal	<u>25,530,000</u>	<u>-</u>	<u>2,140,000</u>	<u>23,390,000</u>	<u>2,210,000</u>
Net pension liability	8,138,573	1,154,115	-	9,292,688	-
Net OPEB liability	22,150,550	-	1,067,053	21,083,497	589,735
Lease Liability	55,247	-	16,946	38,301	17,959
SBITA Liability	<u>698,811</u>	<u>529,963</u>	<u>-</u>	<u>1,228,774</u>	<u>479,064</u>
	<u>\$ 56,573,181</u>	<u>\$ 1,684,078</u>	<u>\$ 3,223,999</u>	<u>\$ 55,033,260</u>	<u>\$ 3,296,758</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

Combined Fee Revenue Bond, Series 2025

- Issued to construct Student Success Center
- Issued January 27, 2025
- Amount authorized and issued - \$5,890,000
- Source of revenue for debt service – Tuition and general use fee

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	
		2025	2024
Limited Tax Bonds, Series 2006	2012	\$ 1,150,000	\$ 2,245,000
Total		<u>\$ 1,150,000</u>	<u>\$ 2,245,000</u>

12. Short Term Debt

The District used no short-term debt for the year ended August 31, 2025.

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			
2026	\$ 1,120,000	\$ 39,200	\$ 1,159,200	\$ 1,165,000	\$ 306,662	\$ 1,471,662			
2027	-	-	-	1,200,000	271,712	1,471,712			
2028	-	-	-	1,235,000	235,713	1,470,713			
2029	-	-	-	1,265,000	201,750	1,466,750			
2030	-	-	-	1,305,000	163,800	1,468,800			
2031-2035	-	-	-	4,155,000	251,700	4,406,700			
2036-2049	-	-	-	-	-	-			
Totals	<u>\$ 1,120,000</u>	<u>\$ 39,200</u>	<u>\$ 1,159,200</u>	<u>\$ 10,325,000</u>	<u>\$ 1,431,337</u>	<u>\$ 11,756,337</u>			

Fiscal Year Ended August 31,	General Obligation Bonds Limited Tax Refunding Bonds, Series 2023			General Obligation Bonds Combined Fee Revenue Bond, Series 2025			Total Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ -	\$ 432,381	\$ 432,381	\$ -	\$ 388,446	\$ 388,446	\$ 2,285,000	\$ 1,166,689	\$ 3,451,689
2027	260,000	432,381	692,381	195,000	260,600	455,600	\$ 1,655,000	\$ 964,693	2,619,693
2028	270,000	419,381	689,381	205,000	250,850	455,850	\$ 1,710,000	\$ 905,944	2,615,944
2029	285,000	405,881	690,881	215,000	240,600	455,600	\$ 1,765,000	\$ 848,231	2,613,231
2030	300,000	391,631	691,631	225,000	229,850	454,850	\$ 1,830,000	\$ 785,281	2,615,281
2031-2035	1,745,000	1,598,655	3,343,655	1,305,000	968,750	2,273,750	\$ 7,205,000	\$ 2,819,105	10,024,105
2036-2040	2,225,000	1,179,055	3,404,055	1,655,000	618,900	2,273,900	\$ 3,880,000	\$ 1,797,955	5,677,955
2041-2045	2,730,000	728,155	3,458,155	2,025,000	249,000	2,274,000	\$ 4,755,000	\$ 977,155	5,732,155
2046-2049	1,920,000	159,693	2,079,693	-	-	-	\$ 1,920,000	\$ 159,693	2,079,693
Totals	<u>\$ 9,735,000</u>	<u>\$ 5,747,214</u>	<u>\$ 15,482,214</u>	<u>\$ 5,825,000</u>	<u>\$ 3,206,996</u>	<u>\$ 9,031,996</u>	<u>\$ 27,005,000</u>	<u>\$ 10,424,746</u>	<u>\$37,429,746</u>

Leases

Obligations under leases at August 31, 2025:

Fiscal Year Ended August 31,	Principal	Interest	Total
2026	31,020	7,779	38,799
2027	28,506	5,629	34,135
2028	25,553	3,557	29,110
2029	24,553	1,787	26,340
2030	12,971	199	13,170
Total	<u>\$ 122,603</u>	<u>\$ 18,951</u>	<u>\$ 141,554</u>

Subscription Based Information Technology

Obligations under (SBITA) at August 31, 2025:

Fiscal Year Ended August 31,	Principal	Interest	Total
2026	383,889	38,377	422,266
2027	194,007	19,274	213,281
2028	200,406	4,035	204,441
2029	-	-	-
2030	-	-	-
Total	<u>\$ 778,302</u>	<u>\$ 61,686</u>	<u>\$ 839,988</u>

14. Net Position Designations

At August 31, 2025, the District designated the entirety of expendable net position, restricted for on-going projects

in the amount of \$-425,948. Designations are as follows: 1) Wood Building renovation project (-\$208,423); 2) Allied Health building renovation (\$36,346); 3) student success center (-\$3,171,937); and 4) 2016-2025 master plan (\$2,918,066). 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 (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 86th 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

	<u>2025</u>	<u>2024</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.00%
2024 Member Contributions	\$ 1,301,237	
2024 NECE On-behalf Contributions	\$ 475,904	
2024 District Contributions	\$ 786,223	

The District's contributions to the TRS pension plan in fiscal year 2024 were \$786,223 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 2024 were \$475,904.

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

Actuarial Assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
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 2023	3.87% - 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)	2123
Inflation	2.3%
Salary Increases	2.95% - 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, 2024 are summarized below:

Asset Class	Target Allocation % *	Long-Term Expected Geometric Real Rate of Return **	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return (Including Credit Sensitive Investments)	-	4.00%	-
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources and Infrastructure	6.00%	5.60%	0.40%
Commodities	-	2.50%	-
Risk Parity			
Risk Parity	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag***			-0.70%
Expected Return	<u>100.00%</u>		<u>7.90%</u>

* Target allocation are based on the FY2024 policy model.

** Capital Market Assumptions come from 2024 SAA Study CMA Survey as of 12-31-2023

*** 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	\$ 13,612,154	\$ 8,522,226	\$ 4,304,858

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

At August 31, 2025, the District reported a liability of \$8,522,226 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	\$ 8,522,226
State's proportionate share that is associated with District	<u>5,158,545</u>
Total	<u>\$ 13,680,771</u>

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2023 thru August 31, 2024.

At August 31, 2024, the District's proportion of the collective net pension liability was .0139% which was a decrease of 3.13% from its proportion measured as of August 31, 2023.

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, 2025, the District recognized pension expense of \$616,532 and revenue of \$616,532 for support provided by the State.

At August 31, 2025, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 469,733	\$ 66,537
Changes in actuarial assumptions	440,021	58,992
Difference between projected and actual investment earnings	2,046,248	1,994,445
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	182,065	297,994
Contributions paid to TRS subsequent to the measurement date	783,268	-
Total	<u>\$ 3,921,335</u>	<u>\$ 2,417,968</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:

For the Year Ended August 31,	Pension Expense Amount
2025	\$ (65,730)
2026	846,727
2027	74,448
2028	(189,285)
2029	53,939
Thereafter	-
	<u>\$ 720,099</u>
Contributions paid to TRS subsequent to the measurement date	783,268
Total deferred outflows (inflows) of resources, net	<u>\$ 1,503,367</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, 83rd 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 \$76,221 and \$81,277 for the fiscal years ended August 31, 2025 and 2024, 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 \$20,140,511 and \$19,477,404 for the fiscal years ended August 31, 2025 and 2024, respectively. The total payroll of employees covered by the TRS was \$15,766,277 and \$15,436,300, and the total payroll of employees covered by the Optional Retirement Program was \$2,336,535 and \$2,462,933 for the fiscal years ended August 31, 2025 and 2024, 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, 2025 and 2024, the District had no employees electing to defer compensation.

17. Compensable Absences

Victoria College recognizes a liability for compensated absences for leave time that (1) has been earned for service previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on that criteria, two types of leave qualify for liability recognition for compensated absences.

Vacation – the policy permits full-time employees to accumulate 40 hours 3 quarter-time employees to accumulate 30 hours and half-time employees to accumulate 20 hours of unused vacation benefit to be used in the following year at the employee’s current pay rate. Upon termination, employees with at least one year’s service shall receive payment for unused vacation leave earned in the current fiscal year. The District a First-In, First-Out flow assumption in determining the liability for vacation leave.

Sick Leave – the policy permits employees to accumulate earned but unused sick leave. Sick leave is earned at the rate of 8 hours for full-time employees, 6 hours per for 3 quarter-time employees and 4 hours for half-time employees per month. Full-time employees may accrue up to 640 hours, 3 quarter-time employees may accrue up to 480 hours, and half-time employees may accrue up to 320 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. Additionally, a liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences. The District a Last-In, First-Out flow assumption in determining the liability for sick leave.

At August 31, 2025 the liability for compensated absences is \$274,933.

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, 2025 (\$625 per month for fiscal year 2024) and totaled \$992,150 for the year ended August 31, 2025 (\$995,385 for the year ended August 31, 2024). The cost of providing those benefits for 142 retirees in the year ended August 31, 2025 was \$764,551 (retiree benefits for 138 retirees cost \$763,321 in fiscal year 2024). For 288 active employees, the cost of providing benefits was \$2,229,588 for the year ended August 31, 2025 (active employee benefits for 286 employees cost \$2,295,301 for the year ended August 31, 2024). 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 18th 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 2024 (Measurement Year)**

Retiree Only	\$	625
Retiree & Spouse		1,341
Retiree & Children		1,104
Retiree & Family		1,820

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, 2024 and 2023**

	FY 2024	FY 2023
Employers	\$ 603,563	\$ 632,105
Member (Employees)	141,198	143,583
Non-employer Contributing Entity (State of Texas)	32,472	33,341

Actuarial Assumptions. The Total OPEB Liability was determined by an actuarial valuation as of August 31, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless other specified:

Actuarial Assumption ERS Group Benefits Program Plan

Valuation date	August 31, 2024
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	3.87%
Projected annual salary increase	2.3% to 8.95%, including inflation
Annual healthcare trend rate	
<u>HealthSelect</u>	5.60% for FY2026, 5.60% for FY2027, 5.25% for FY2028, 5.0% for FY2029, 4.75% for FY2030, 4.50% for FY2031, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2033
<u>HealthSelect Medicare Advantage</u>	36.00% for FY2026, 8.00% for FY2027, 5.25% for FY2028, 5.00% for FY2029, 4.75% for FY2030, 4.50% for FY2031 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2033
<u>Pharmacy</u>	11.50% for FY2026, 11.00% for FY2027, 10.00% for FY2028, 8.50% for FY2029, 7.00% for FY2030, decreasing 100 basis points per year to 5.00% for FY2032 and 4.30% for FY2033 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

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	3.87%
Year fiduciary net position depleted	2025
Single Discount Rate	3.87%

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 (3.87%) 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 (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the net OPEB liability:	\$ 25,706,094	\$ 22,093,754	\$ 19,194,631

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: 35.00% to 3.30%; Pharmacy: 10.50% decreasing to 3.30%) in Discount Rate (3.30%)	1% Decrease (HealthSelect: 5.60% decreasing to 4.30%; HealthSelect Medicare Advantage: 36.00% to 4.30%; Pharmacy: 11.50% decreasing to 4.30%) in Discount Rate (4.30%)	1% Decrease (HealthSelect: 6.60% decreasing to 5.30%; HealthSelect Medicare Advantage: 37.00% to 5.30%; Pharmacy: 12.50% decreasing to 5.30%) in Discount Rate (5.30%)
District's proportionate share of the net OPEB liability:	\$ 18,957,466	\$ 22,093,754	\$ 26,091,448

OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2025, the District reported a liability of \$22,093,654 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 it's 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	\$	22,093,754
State's proportionate share that is associated with District		<u>15,435,562</u>
Total	\$	<u><u>37,529,316</u></u>

The net OPEB liability was measured as of August 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contribution to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2023 thru August 31, 2024.

At the measurement date of August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.07539%, which is a decrease of 4.463% over the proportionate share measured at August 31, 2023 (0.078912%).

For the year ended August 31, 2025, the District recognized OPEB expense of \$1,055,355 and revenue of \$1,055,355 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 3.59% to 3.87% 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 FY2025, are provided in the FY2025 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, 2025, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 364,519
Changes in actuarial assumptions	1,209,617	4,401,223
Difference between projected and actual investment earnings	-	845
Changes in proportion and difference between the employers contributions and the proportionate share of contributions	610,924	2,101,011
Contributions paid to ERS subsequent to the measurement date	511,635	-
Total	<u>\$ 2,332,176</u>	<u>\$ 6,867,598</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:

For the Year Ended August 31,	OPEB Expense Amount
2026	\$ (2,019,237)
2027	(1,747,902)
2028	(1,086,107)
2029	(160,939)
2030	(32,873)
Thereafter	-
	(5,047,057)
Contributions paid to ERS subsequent to the measurement date	511,635
Total deferred outflows (inflows) of resources, net	<u>\$ (4,535,422)</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, 2025, 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, 2025, and 2024, for which monies have not been received nor funds expended totaled \$2,681,348 and \$3,191,639, respectively. Of these amounts \$1,538,741 and \$2,645,355 were from Federal Contracts and Grant Awards; \$1,142,560 and \$545,447 were from State Contracts and Grant Awards; and \$48 and \$837 were from Local Contracts and Grant Awards at August 31, 2025 and 2024, respectively.

22. Self-Insured Plans

The District has various self-insured arrangements for coverage in the areas of workers' compensation and unemployment compensation. An accrued liability in the amount of \$124,929 and \$144,527 as of August 31, 2025 and 2024, respectively has been established as an estimate for unpaid claims and incurred but not reported claims. 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.

Liability for Estimated Claims	2025	2024
Beginning Balance, September 1	\$ 144,527	\$ 106,098
Claims incurred and changes in estimates	8,392	68,125
Payments on claims	(27,990)	(29,696)
Ending Balance, August 31	<u>\$ 124,929</u>	<u>\$ 144,527</u>

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:

	2025	2024
Assessed Valuation of the District:	\$ 12,255,230,306	\$ 11,453,326,235
Less: Exemptions	<u>(1,335,591,731)</u>	<u>(1,351,861,169)</u>
Net Assessed Valuation of the District	<u>\$ 10,919,638,575</u>	<u>\$ 10,101,465,066</u>

	2025			2024		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
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>\$ 0.154900</u>	<u>\$ 0.028300</u>	<u>\$ 0.183200</u>	<u>\$ 0.142400</u>	<u>\$ 0.028500</u>	<u>\$ 0.170900</u>

Taxes levied for the years ended August 31, 2025 and 2024 were \$17,770,666 and \$17,183,092, 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>2025</u>			<u>2024</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	\$ 14,496,885	\$ 2,898,160	\$ 17,395,045	\$ 13,751,005	\$ 2,853,629	\$ 16,604,634
Delinquent Taxes Collected	304,683	63,127	367,810	197,722	39,516	237,238
Penalties and Interest Collected	<u>93,843</u>	<u>20,004</u>	<u>113,847</u>	<u>143,442</u>	<u>29,661</u>	<u>173,103</u>
Total Collections	<u>\$ 14,895,411</u>	<u>\$ 2,981,291</u>	<u>\$ 17,876,702</u>	<u>\$ 14,092,169</u>	<u>\$ 2,922,806</u>	<u>\$ 17,014,975</u>

Tax collections for the years ended August 31, 2025 and 2024 were 97.27% and 96.72%, 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, 2025 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, 2022	50%	\$ 111,057

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. Accounting Change – Implementation of GASB 101

In the presentation of the financial statements, certain adjustments to net position have been recorded within the

Financial statements and are listed as follows:

Prior Year Restatement of Beginning Net Position

	<u>8/31/2025</u>
Beginning net position	\$ 33,327,190
Prior period adjustment:	
Implementation of GASB 101	
Compensated Absences	<u>(271,260)</u>
Adjustment to beginning net position	<u>(271,260)</u>
Beginning net position, as restated	<u>\$ 33,055,930</u>

27. Subsequent Events

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

End of Notes

**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, 2025 and 2024**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Current Year	Prior Year
Tuition:						
State funded credit courses						
In-district resident tuition	\$ 4,639,119	\$ -	\$ 4,639,119	\$ -	\$ 4,639,119	\$ 3,573,762
Out-of-district resident tuition	2,823,722	-	2,823,722	-	2,823,722	2,955,900
Non-resident tuition	103,027	-	103,027	-	103,027	114,684
TPEG set aside*	209,057	-	209,057	-	209,057	227,886
State funded continuing education	1,509,660	-	1,509,660	-	1,509,660	1,457,232
Non-state funded continuing education	53,351	-	53,351	-	53,351	45,706
Total Tuition	<u>9,337,936</u>	<u>-</u>	<u>9,337,936</u>	<u>-</u>	<u>9,337,936</u>	<u>8,375,170</u>
Fees:						
General fee	3,869,008	-	3,869,008	-	3,869,008	3,533,000
Technology fee	2,286,999	-	2,286,999	-	2,286,999	1,995,212
Out-of-district fees	2,794,981	-	2,794,981	-	2,794,981	2,253,571
Laboratory fee	284,874	-	284,874	-	284,874	242,508
Course fees	263,700	-	263,700	-	263,700	224,833
Total Fees	<u>9,499,562</u>	<u>-</u>	<u>9,499,562</u>	<u>-</u>	<u>9,499,562</u>	<u>8,249,124</u>
Scholarship Allowances and Discounts:						
Remissions and exemptions - state	(749,180)	-	(749,180)	-	(749,180)	(354,382)
Title IV federal grants	(6,274,159)	-	(6,274,159)	-	(6,274,159)	(5,081,810)
TPEG awards	(98,500)	-	(98,500)	-	(98,500)	(137,512)
Other state grants	(630,838)	-	(630,838)	-	(630,838)	(405,062)
Other local scholarships	(1,198,731)	-	(1,198,731)	-	(1,198,731)	(1,358,289)
Total Scholarship Allowances	<u>(8,951,408)</u>	<u>-</u>	<u>(8,951,408)</u>	<u>-</u>	<u>(8,951,408)</u>	<u>(7,337,055)</u>
Total Net Tuition and Fees	<u>9,886,090</u>	<u>-</u>	<u>9,886,090</u>	<u>-</u>	<u>9,886,090</u>	<u>9,287,239</u>
Additional Operating Revenues:						
Federal grants and contracts	62,055	2,917,945	2,980,000	-	2,980,000	5,003,325
State grants and contracts	1,051	1,334,849	1,335,900	-	1,335,900	668,840
Local grants and contracts	-	78,222	78,222	-	78,222	133,142
Non-governmental grants and contracts	775,568	444,475	1,220,043	-	1,220,043	1,471,142
Sales and services of educational activities	585,774	-	585,774	-	585,774	517,745
General operating revenues	30,605	-	30,605	-	30,605	104,644
Total Additional Operating Revenues	<u>1,455,053</u>	<u>4,775,491</u>	<u>6,230,544</u>	<u>-</u>	<u>6,230,544</u>	<u>7,898,838</u>
Auxiliary Enterprises:						
Bookstore	-	-	-	1,098,184	1,098,184	1,606,003
Title IV federal grants	-	-	-	(285,750)	(285,750)	(377,689)
TPEG awards	-	-	-	(3,906)	(3,906)	(8,871)
Other state grants	-	-	-	(25,015)	(25,015)	(26,131)
Other local scholarships	-	-	-	(47,535)	(47,535)	(87,625)
Net Bookstore	<u>-</u>	<u>-</u>	<u>-</u>	<u>735,978</u>	<u>735,978</u>	<u>1,105,687</u>
Conference & Education Center	-	-	-	341,464	341,464	294,190
Facilities rentals	-	-	-	52	52	61
Leo J. Welder Center for Performing Arts	-	-	-	555,452	555,452	554,488
Total Net Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,632,946</u>	<u>1,632,946</u>	<u>1,954,426</u>
Total Operating Revenues	<u>\$ 11,341,143</u>	<u>\$ 4,775,491</u>	<u>\$ 16,116,634</u>	<u>\$ 1,632,946</u>	<u>\$ 17,749,580</u> (Exhibit 2)	<u>\$ 19,140,503</u> (Exhibit 2)

* In accordance with Education Code 56.003, \$209,064 and \$227,886 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2025 and 2024, respectively.

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VICTORIA COUNTY JUNIOR COLLEGE DISTRICT
VICTORIA, TEXAS
Schedule of Operating Expenses by Object
For the Year Ended August 31, 2025 and 2024

	Operating Expenses				Current Year Total	Prior Year Total
	Salaries and Wages	State Benefits	Local Benefits	Other Expenses		
Unrestricted - Educational Activities						
Instruction	\$ 8,913,406	\$ -	\$ 1,430,779	\$ 1,234,305	\$ 11,578,490	\$ 11,505,727
Public service	37,041	-	2,937	25,408	65,386	145,045
Academic support	2,135,546	-	334,572	562,350	3,032,468	3,044,535
Student services	1,800,226	-	288,558	263,721	2,352,505	2,375,481
Institutional support	3,179,379	-	686,282	2,064,789	5,930,450	6,220,284
Operation and maintenance of plant	1,549,453	-	479,559	2,878,842	4,907,854	5,042,407
Scholarships and fellowships	305,709	-	426	1,170,069	1,476,204	1,186,102
Total Unrestricted Educational Activities	17,920,760	-	3,223,113	8,199,484	29,343,357	29,519,581
Restricted - Educational Activities						
Instruction	1,112,432	804,677	311,146	505,018	2,733,273	2,782,015
Academic support	-	193,023	-	19,530	212,553	250,646
Student services	550,401	186,701	80,642	294,901	1,112,645	1,209,627
Institutional support	11,195	426,475	6,464	1,620	445,754	704,269
Operation and maintenance of plant	-	160,994	-	-	160,994	203,970
Scholarships and fellowships	20,087	-	-	8,892,246	8,912,333	8,018,072
Total Restricted Educational Activities	1,694,115	1,771,870	398,252	9,713,315	13,577,552	13,168,599
Total Educational Activities	19,614,875	1,771,870	3,621,365	17,912,799	42,920,909	42,688,180
Auxiliary Enterprises	529,309	17,596	187,257	1,769,101	2,503,263	2,921,183
Depreciation Expense						
Buildings and other real estate improvements	-	-	-	1,737,830	1,737,830	1,667,195
Equipment and furniture	-	-	-	627,421	627,421	601,729
Lease Amortization	-	-	-	28,708	28,708	30,612
SBITA Amortization	-	-	-	666,164	666,164	584,734
Library volumes and periodicals	-	-	-	20,178	20,178	24,493
Total Operating Expenses	\$ 20,144,184	\$ 1,789,466	\$ 3,808,622	\$ 22,762,201	\$ 48,504,473 (Exhibit 2)	\$ 48,518,126 (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, 2025 and 2024

	Unrestricted	Restricted	Auxiliary Enterprises	Current Year	Prior Year
Non-Operating Revenues					
State Allocations:					
Education and general state support	\$ 5,558,970	\$ -	\$ -	\$ 5,558,970	\$ 5,334,445
State group insurance	-	1,055,355	-	1,055,355	970,387
State retirement matching	-	690,037	-	690,037	1,020,875
Total State Allocations	<u>5,558,970</u>	<u>1,745,392</u>	<u>-</u>	<u>7,304,362</u>	<u>7,325,707</u>
Ad valorem taxes:					
Taxes for maintenance and operations	14,895,411	-	-	14,895,411	14,092,169
Taxes for debt service	-	2,981,290	-	2,981,290	2,922,806
Title IV	-	7,692,204	-	7,692,204	6,728,211
Gifts	1,514,425	4,194,505	11,365	5,720,295	1,080,597
Other revenue	-	-	-	-	557
Investment income	-	920,940	470	921,410	1,827,936
Total Non-Operating Revenues	<u>21,968,806</u>	<u>17,534,331</u>	<u>11,835</u>	<u>39,514,972</u>	<u>33,977,983</u>
Non-Operating Expenses					
Interest on capital related debt	-	752,514	-	752,514	823,963
Total Non-Operating Expenses	<u>-</u>	<u>752,514</u>	<u>-</u>	<u>752,514</u>	<u>823,963</u>
Net Non-Operating Revenues	<u>\$ 21,968,806</u>	<u>\$ 16,781,817</u>	<u>\$ 11,835</u>	<u>\$ 38,762,458</u> (Exhibit 2)	<u>\$ 33,154,020</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, 2025 and 2024

	Detail by Source				
	Unrestricted	Restricted Expendable	Non-Expendable	Capital Assets Net of Depreciation and Related Debt	Current Year Total
Current					
Unrestricted	\$ (18,445,756)	\$ -	\$ -	\$ -	\$ (18,445,756)
Restricted for:					
Expendable:					
Student aid	-	(184,056)	-	-	(184,056)
Designated funds	-	-	-	(425,948)	(425,948)
Plant					
Debt service	-	476,590	-	-	476,590
Investment in plant	-	-	-	59,384,684	59,384,684
Total Net Position, August 31, 2025	(18,445,756)	292,534	-	58,958,736	40,805,514 (Exhibit 1)
Total Net Position, August 31, 2024	(19,947,369)	626,530	-	52,648,029	33,327,190 (Exhibit 1)
Adjustment to net position	(271,260)	-	-	-	(271,260)
Net Increase (Decrease) in Net Position	\$ 1,772,873	\$ (333,996)	\$ -	\$ 6,310,707	\$ 7,749,584 (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, 2025 and 2024
(continued)

	Available for Current Operations		Prior Year Total	Available for Current Operations	
	Yes	No		Yes	No
Current					
Unrestricted	\$ (18,445,756)	\$ -	(19,947,369)	\$ (19,947,369)	\$ -
Restricted for:					
Expendable:					
Student aid	-	(184,056)	71,840	-	71,840
Designated funds	-	(425,948)	9,189,250	-	9,189,250
Plant					
Debt service	-	476,590	554,690	-	554,690
Investment in plant	-	59,384,684	43,458,779	-	43,458,779
Total Net Position, August 31, 2025	(18,445,756)	59,251,270	33,327,190 (Exhibit 1)	(19,947,369)	53,274,559
Total Net Position, August 31, 2024	(19,493,194)	53,274,559	29,665,758 (Exhibit 2)	(19,493,194)	44,748,594
Adjustment to net position	(271,260)	-	(106,098)	-	-
Net Increase (Decrease) in Net Position	\$ 1,318,698	\$ 5,976,711	3,767,530 (Exhibit 2)	\$ (454,175)	\$ 8,525,965

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VICTORIA COUNTY JUNIOR COLLEGE DISTRICT
VICTORIA, TEXAS
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number		Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
U.S. DEPARTMENT OF EDUCATION				
<i>Direct Programs:</i>				
Federal Supplemental Educational Opportunity Grants	84.007	1	P007A207874	\$ 126,721
Federal Work-Study Program	84.033	1	P033A217874	20,087
TRIO - Student Support Services	84.042	3	P042A151187	323,903
Federal Pell Grant Program	84.063	1	P063P202339	6,419,377
Federal Pell Grant Program	84.063	1	P063Q202339	8,055
Federal Direct Student Loans - Subsidized	84.268	1	P268K212339	487,720
Federal Direct Student Loans - Unsubsidized	84.268	1	P268K212339	638,299
Undergraduate Gear Up	84.334A		P334A240069	76,415
Victoria College HSI Stem & Articulation Program 2021-2026 Facilitating a Regional STEM Pipeline from K-12 to Career	84.031C		P031C210172	576,328
Victoria College's 2020-2025 Title V Developing Hispanic Serving Institutions Project	84.031S		P031S210090	511,152
Total Direct Programs				<u>9,188,057</u>
<i>Passed Through From Texas Workforce Commission:</i>				
Adult Education - Basic Grants to States	84.002A	2	2924ALA035	528,451
Adult Education - Basic Grants to States	84.002A	2	2924ALAB35	76,686
Adult Education - Basic Grants to States	84.002A	2	2924ALA049	304,719
Total passed through Texas Workforce Commission				<u>909,856</u>
<i>Passed Through From Texas Higher Education Coordinating Board:</i>				
Career and Technical Education - Basic Grants to States	84.048A		23718	204,773
Total passed through Texas Higher Education Coordinating Board				<u>204,773</u>
Total U.S. Department of Education				<u>10,302,686</u>
U.S. DEPARTMENT OF LABOR				
<i>Passed Through From Texas Workforce Commission:</i>				
TWC Healthcare Internship Initiative Fund	17.258	4	1925WOS001	99,994
Total passed through Texas Workforce Commission				<u>99,994</u>
Total U.S. Department of Labor				<u>99,994</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through Substance Abuse and Mental Health Services Administration:</i>				
GLS Campus Suicide Prevention	93.243		H79SM089914	82,170
Total passed through Substance Abuse and Mental Health				<u>82,170</u>
<i>Passed Through From Texas Workforce Commission:</i>				
TWC Texas Internship	93.558	5	1925STAN001	4
Total passed through Texas Workforce Commission				<u>4</u>
<i>Passed through UTMB:</i>				
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107		5U77HP01066-16-00	119,006
Total passed through UTMB				<u>119,006</u>
Total U.S. Department of Health and Human Services				<u>201,180</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Direct Programs:</i>				
Commercial Motor Vehicle Operator Safety Training Program	20.235		69A360234125DTG0TX	38,360
Total Direct Programs				<u>38,360</u>
Total U.S. Department of Transportation				<u>38,360</u>

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VICTORIA COUNTY JUNIOR COLLEGE DISTRICT
VICTORIA, TEXAS
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number		Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
U.S. DEPARTMENT OF LABOR				
EMPLOYMENT AND TRAINING ADMINISTRATION				
<i>Passed through Golden Crescent Workforce Development Board:</i>				
<i>Workforce Innovation and Opportunity Act Title I</i>				
High Demand Job Training	17.258	4	1921HJT001	<u>15,545</u>
Total passed through Golden Crescent Workforce Development Board				<u>15,545</u>
Total U.S. Department of Labor				<u>15,545</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES				
<i>Direct Programs:</i>				
Promotion of the Humanities				
Division of Preservation & Access	45.130		CHA-268761-20	5,360
NEH Spotlight	45.162			15,134
HTX-TX Archeologist Society	45.129			<u>2,000</u>
Total Direct Programs				<u>22,494</u>
Total National Endowment for the Humanities				<u>22,494</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 10,680,259</u>

1 Student Financial Assistance Cluster - \$7,700,259

2 Adult Education - Basic Grants to States - \$909,856

3 Trio Cluster - \$323,903

4 WIOA Cluster - \$115,539

5 477 Cluster - \$4

See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

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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, 2025

Note 1: Federal Assistance Reconciliation

Federal Assistance Reconciliation

Direct federal grants and contracts revenue per Schedule A	\$ 2,980,000
Direct federal revenue, non-operating per Schedule C	7,692,204
Administration cost recovery (included in other revenue)	<u>8,055</u>
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 10,680,259</u>

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)	\$ 1,202,434	\$ -	\$ 1,202,434

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, 2025

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
TEXAS HIGHER EDUCATION COORDINATING BOARD		
<i>Direct funding:</i>		
Texas Educational Opportunity Grant Program	-	\$ 655,853
Texas Reskilling and Upskilling Grant Program	-	60,101
THECB Nursing Student Scholarship	-	61,342
Texas Reskilling TRUE CDL	-	139,354
THECB Student Success Acceleration Program	-	54,334
Texas Public Education Grant Program	-	209,057
Nursing Shortage Reduction Program NSRP	-	22,018
Law Enforcement Officer Standards & Education	-	1,455
Total Direct Funding		<u>1,203,514</u>
Total Texas Higher Education Coordinating Board		<u>1,203,514</u>
DEPARTMENT OF STATE HEALTH SERVICES		
<i>Passed through UTMB</i>		
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	-	14,190
Total Passed Through UTMB		<u>14,190</u>
Total Department of State Health Services		<u>14,190</u>
TEXAS COMMISSION ON THE ARTS		
<i>Direct funding:</i>		
Arts Respond Performance Support	77758504	9,226
Total Direct funding Texas Commission on the Arts		<u>9,226</u>
TEXAS WORKFORCE COMMISSION		
<i>Direct funding:</i>		
Texas Workforce Commission Jobs and Education for Texans JET	1924JET002	209,823
TWC Skill Development Seadrift Coke	1924SDF001	108,204
Total Direct funding Texas Workforce Commission		<u>318,027</u>
TOTAL EXPENDITURE OF STATE AWARDS		<u>\$ 1,544,957</u>

See Accompanying Notes to the Schedule of Expenditures of State Awards.

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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, 2025

Note 1: State Assistance Reconciliation

State Assistance Reconciliation	
per Schedule of Expenditures of State Awards	\$ 1,544,957
Less: TPEG (included in "Tuition" section)	<u>(209,057)</u>
Total included in "Tuition and Fees"	<u>(209,057)</u>
Total State Revenues per Schedule A	<u>\$ 1,335,900</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

**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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2025.

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*.

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
Brownsville, Texas
December 8, 2025



Cascos & Associates, PC

Certified Public Accountants

Audit/Accounting/Tax/Consulting

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

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

Report on Compliance for Each Major Federal and State 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* and the Texas Grant Management Standards (TxGMS) that could have a direct and material effect on each of the District's major federal and state programs for the year ended August 31, 2025. The District's major federal and state programs are identified in the summary of auditors' 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 and state programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal and State 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) and the TxGMS. Our responsibilities under those standards and the Uniform Guidance and TxGMS 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 and state 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 and state 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*, Uniform Guidance, and the TxGMS 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 and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the TxGMS 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 and TxGMS, 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 and state 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 and state 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 and state 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 Auditors' 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 and the TxGMS. Accordingly, this report is not suitable for any other purpose.



Cascos & Associates, PC
Brownsville, Texas
December 8, 2025

**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025**

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 and State 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) and the Texas Grant Management Standards: No

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

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

Low risk auditee - Federal: Yes

Low risk auditee - State: No

Major federal and state programs:

Assistance Listing Number

Higher Education Institutional Aid

Regional STEM Pipeline from K-12 to Career 84.031C

Economic Development Cluster 84.031S

Adult Education - Basic Grants to States 84.002A

Career and Technical Education - Basic Grants to States 84.048A

Texas Educational Opportunity Grant Program State

II. Financial Statement Findings

None reported.

III. Federal and State Award Findings and Questioned Costs

None reported.

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**VICTORIA COUNTY JUNIOR COLLEGE DISTRICT
VICTORIA, TEXAS
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2025**

There were no findings in the prior year for either federal or state programs.