

COASTAL BEND COLLEGE

FINANCIAL STATEMENTS
August 31, 2025 and 2024

COASTAL BEND COLLEGE

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INTRODUCTORY SECTION



COASTAL BEND COLLEGE
ORGANIZATIONAL DATA
For the Year Ended August 31, 2025

Board of Trustees

		<u>Term Expires</u>
Jerry Sanchez	Chair	2030
Kevin Behr	Vice Chair	2030
Mercy Flynn	Secretary	2026
Jeff Massengill	Trustee	2028
Velma Elizalde	Trustee	2028
Victor Gomez	Trustee	2028
Eloy Rodriguez	Trustee	2026

Principal Administrative Officers

Dr. Zachary Suarez	President
Dr. Dreand Johnson	Vice President of Instruction & Chief Academic Officer
Dr. David Byrd	Vice President of Student Success & Engagement
Tara Boiles, CPA	Vice President of Finance & Business Operations
Dr. Dixie Lytle	Vice President of Talent Engagement & Title IX



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Coastal Bend College
Beeville, Texas

We have audited the financial statements of the business-type activities of Coastal Bend College (the College), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College, as of August 31, 2025, and the respective changes in financial position, and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller general of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the College, 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.

Other Matter

The financial statements of the College for the year ended August 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on December 19, 2024.

Responsibilities of Management for the Financial Statements

The College's 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 College'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.

To the Board of Trustees
Coastal Bend College

Auditor’s 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of College’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 College’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 management’s discussion and analysis, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 College’s basic financial statements. The Supplemental Schedules A through D, as required by the Texas Higher Education Coordinating Board’s (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*, the *Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Expenditures of State Awards*, as required by the Texas Comptroller of Public Accounts, Texas Grant Management Standards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplemental Schedules A through D, the Schedule of Expenditures of Federal Awards, and the Schedule of

To the Board of Trustees
Coastal Bend College

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


Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor’s report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, on our consideration of the College’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 College’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 the College’s internal control over financial reporting and compliance.


Houston, Texas
December 16, 2025



COASTAL BEND COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements and Financial Analysis

For financial reporting purposes, Coastal Bend College (the "College") is considered a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

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 the reporting requirements as set by the Texas Higher Education Coordinating Board (THECB).

The financial statements of this report consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flow. These statements provide both long-term and short-term financial information for the College and should be read in conjunction with the notes to the financial statements. These statements are prepared in accordance with the Governmental Accounting Standards Board Statements No. 34 (GASB 34), Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; and Statement No. 35 (GASB 35), Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. Each statement is intended to provide the following information:

The Statement of Net Position is the equivalent to an entity's balance sheet. It provides the financial status of an entity at a specific point in time.

The Statement of Revenues, Expenses and Changes in Net Position is the equivalent to an entity's income statement. It provides the financial performance of an entity during a specific time-period, or fiscal year.

The Statement of Cash Flows shows an entity's inflow and outflow of cash transactions over the fiscal year.

The Notes to the Financial Statements entail the specific accounting policies and assumptions applied by the College in preparing internal financial statements and are an integral part of an entity's external financial statements.

The discussion and analysis of the College's financial statements provides an overview of its financial activities as of and for the year ended August 31, 2025. This discussion gives a comparative analysis of business-type activity from fiscal year 2024 to fiscal year 2025.

Financial Highlights

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

The statement of net position includes all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector organizations. Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is one way to measure the College's financial health, or position. Over time, increases or decreases in the College's net position are an indicator of whether its financial health is improving or deteriorating. Non-financial factors are also important to consider, including student enrollment and the condition of campus facilities. All current year revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

COASTAL BEND COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The following table summarizes the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of August 31, 2025, and includes the comparison to the prior year:

	<u>August 31,</u>		<u>2024 - 2025</u>	<u>August 31,</u>	<u>2023 - 2024</u>
	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>2023</u>	<u>Increase (Decrease)</u>
Assets					
Current assets	\$ 20,475,789	\$ 11,222,761	\$ 9,253,028	\$ 14,207,790	\$ (2,985,029)
Non-current assets:					
Capital assets, net	21,046,952	21,161,985	(115,033)	16,953,849	4,208,136
ROU lease assets, net	32,994	60,278	(27,284)	88,099	(27,821)
ROU subscriptions assets, net	681,390	581,996	99,394	843,778	(261,782)
Investments	5,110,790	4,882,250	228,540	2,294,064	2,588,186
Restricted cash and cash equivalents	4,581,897	11,941,690	(7,359,793)	10,817,147	1,124,543
Total Assets	<u>51,929,812</u>	<u>49,850,960</u>	<u>2,078,852</u>	<u>45,204,727</u>	<u>4,646,233</u>
Deferred Outflows of Resources	<u>6,355,522</u>	<u>6,957,444</u>	<u>(601,922)</u>	<u>6,462,949</u>	<u>494,495</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 58,285,334</u>	<u>\$ 56,808,404</u>	<u>\$ 1,476,930</u>	<u>\$ 51,667,676</u>	<u>\$ 5,140,728</u>
Liabilities					
Current liabilities	\$ 10,854,933	\$ 9,128,580	\$ 1,726,353	\$ 10,098,499	\$ (969,919)
Noncurrent liabilities	32,157,074	30,409,509	1,747,565	29,923,530	485,979
Total Liabilities	<u>43,012,007</u>	<u>39,538,089</u>	<u>3,473,918</u>	<u>40,022,029</u>	<u>(483,940)</u>
Deferred Inflows of Resources	<u>4,851,045</u>	<u>7,071,409</u>	<u>(2,220,364)</u>	<u>8,726,863</u>	<u>(1,655,454)</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 47,863,052</u>	<u>\$ 46,609,498</u>	<u>\$ 1,253,554</u>	<u>\$ 48,748,892</u>	<u>\$ (2,139,394)</u>
Net Position					
Net investment in capital assets	\$ 18,708,815	\$ 14,123,985	\$ 4,584,830	\$ 9,487,201	\$ 4,636,784
Restricted	265,409	6,971,101	(6,705,692)	4,743,386	2,227,715
Unrestricted	(8,551,942)	(10,896,180)	2,344,238	(11,311,803)	415,623
Total Net Position	<u>\$ 10,422,282</u>	<u>\$ 10,198,906</u>	<u>\$ 223,376</u>	<u>\$ 2,918,784</u>	<u>\$ 7,280,122</u>

Changes in Assets

In fiscal year 2025, current assets consist primarily of short-term investments and student accounts receivable while non-current assets primarily consist of restricted cash and net capital assets. The increase in total assets totaled \$2.1 million from August 31, 2024 to August 31, 2025. The net increase is a result of the increase in unrestricted cash.

In fiscal year 2024, current assets consist primarily of short-term investments and student accounts receivable while non-current assets primarily consist of restricted cash and net capital assets. The increase in total assets totaled \$4,646,233 from August 31, 2023 to August 31, 2024. The net increase is a result of the increase in construction in progress of \$4,521,759 due to several projects related to HVAC upgrades. Restricted long-term investments increased by \$2,588,186 due to an increase in favorable investment activity and earnings.

COASTAL BEND COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Changes in Liabilities

In fiscal year 2025, current liabilities primarily consist primarily of accounts payable and unearned revenues. From August 31, 2024 to August 31, 2025 total current liabilities increased by \$1.8 million, largely due to an increase in unearned revenues of \$1.2 million. Additionally, accounts payable increased by \$0.4 million. Non-current liabilities, primarily consisting of long-term debt and pension and OPEB liabilities, increased by \$1.7 million in 2025. This is due to an increase in the net OPEB liability \$2.8 million partially offset by decreases in the non-current portions note, subscription, and net pension liabilities.

In fiscal year 2024, current liabilities primarily consist primarily of accounts payable and unearned revenues. From August 31, 2023 to August 31, 2024 total current liabilities decreased by \$969,919 largely due to a decrease in unearned revenues of \$2,324,132. The unearned revenue decrease is related to primarily related to the recognition of pandemic-related Federal funding. Additionally, accounts payable increased by \$1,042,428. Non-current liabilities, primarily consisting of long-term debt and pension and OPEB liabilities, increased by \$485,979 in 2024. This is due to an increase in the net pension liability of \$1,909,837 partially offset by decreases in the non-current portions of lease, note, subscription, and OPEB liabilities.

Analysis of Net Position

Net position may serve as a useful indicator of the College's financial position. For the College, assets and deferred outflows exceeded liabilities and deferred inflows by \$10,422,282 at the close of August 31, 2025, as compared to \$10,198,906 as of August 31, 2024. Deferred outflows decreased by \$0.6 million during the current year end and totaled \$6,355,522 as of August 31, 2025. Deferred inflows decreased by \$2.2 million in the current year and totaled \$4,851,045 as of August 31, 2025.

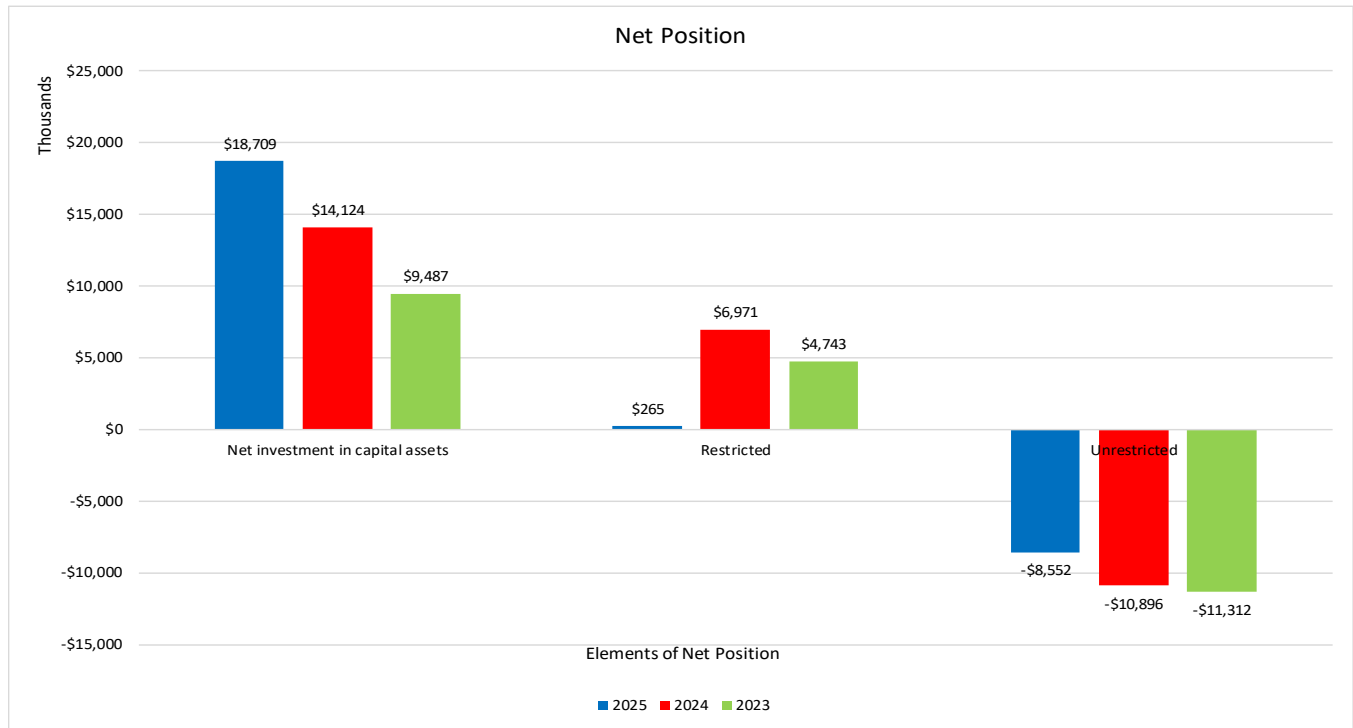
As of August 31, 2025, net investment in capital assets totaled \$18,708,815. The College uses these capital assets in its mission to provide postsecondary educational services to the College's service area; consequently, these assets are not available for future spending. Net capital assets decreased \$43 thousand during fiscal year 2025. The increase in capital assets of \$2.3 million was offset by \$2.3 million in depreciation/amortization. Net position also consists of unrestricted net position a deficit of (\$8,551,942). Unrestricted net position includes the recording of net pension and OPEB liabilities of \$7,236,192 and \$18,606,736 , respectively. Efforts at the federal and state level contributed significantly to the increase in the College's unrestricted net position as the College was able to recoup estimated lost revenues from prior fiscal years. This afforded the College the opportunity to strive toward pre-pandemic levels of revenue and services. Federal and state grants for institutional aid were provided and assisted students with their ability to return to campus. See Note 13 in the notes to the financial statements for a further discussion of the pension and Note 16 of the notes to the financial statements for a further discussion of the OPEB.

As of August 31, 2024, net investment in capital assets totaled \$14,123,985. The College uses these capital assets in its mission to provide postsecondary educational services to the College's service area; consequently, these assets are not available for future spending. Net capital assets increased in the 2024 fiscal year by \$3,918,533 , net of depreciation/ expense of \$1,801,727. Combined assets, net of depreciation/amortization, totaled \$21,804,259 , a \$3,918,533 increase from the prior year, which can be attributed to the \$6,009,341 of fixed assets purchased by the College during 2024. Net position also consists of unrestricted net position of (10,896,180). Unrestricted net position includes the recording of net pension liability of \$7,889,158 and the recording of OPEB liability of \$15,854,171. Efforts at the federal and state level contributed significantly to the increase in the College's unrestricted net position as the College was able to recoup estimated lost revenues from fiscal years. This in addition to the return of students to campus following the coronavirus pandemic that continued into fiscal year 2024 afforded the college the opportunity to strive toward pre-pandemic levels of revenue and services. Federal and state grants for institutional aid were provided and assisted students with their ability to return to campus. These efforts will continue into fiscal year 2025 and the College expends remaining coronavirus funds at its disposal. See Note 13 in the notes to the financial statements for a further discussion of the pension and Note 16 of the notes to the financial statements for a further discussion of the OPEB.

COASTAL BEND COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the College, assets and deferred outflows exceeded liabilities and deferred inflows by \$10,198,906 at the close of August 31, 2024, as compared to \$2,918,784 as of August 31, 2023. Deferred outflows increased by \$494,495 in 2024 and totaled \$6,957,444 as of August 31, 2024. Deferred inflows decreased by \$1,665,454 in 2024 and totaled \$7,071,409 as of August 31, 2024.

The following is a graphic illustration of net position (in thousands) as of August 31, 2023, through 2025:



Analysis of Changes in Net Position

The following table summarizes the College’s change in net position for August 31, 2025, compared to the net position for August 31, 2024:

For the Years Ended August 31,	2025	2024	2025 - 2024		2024 - 2023	
			Increase	Decrease	2023	Increase (Decrease)
Net Position - Beginning of Year, restated	\$ 10,137,483	\$ 2,918,784	\$ 7,218,699	\$ (81,589)	\$ 3,000,373	
Net Position - End of Year	10,422,282	10,198,906	223,376	2,918,784	7,280,122	
Increase in Net Position	<u>\$ 284,799</u>	<u>\$ 7,280,122</u>	<u>\$ (6,995,323)</u>	<u>\$ 3,000,373</u>	<u>\$ 4,279,749</u>	

The College’s net position increased by \$284,799 during the 2025 fiscal year as compared to an increase of \$7,280,122 for fiscal year 2024. Operating revenues were \$6,142,056 in 2025, which is a decrease of \$3,624,079 from fiscal year 2024. Operating expenses were \$31,429,461 for fiscal year 2025, which is an increase of \$5,316,900 compared to fiscal year 2024.

The College’s net position increased by \$7,280,122 during the 2024 fiscal year as compared to an increase of \$3,000,373 for the 2023 fiscal year. Operating revenues were \$9,873,445 in 2024, which is an increase of \$1,044,538 from fiscal year 2023. Operating expenses were \$26,180,559 in fiscal year 2024, which is an increase of \$2,611,808 from fiscal year 2023.

COASTAL BEND COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Analysis of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net position focuses on the primary factors which produce the overall results of the College's operations. The statement is divided into operating revenues and expenses and non-operating revenues and expenses.

The College's primary sources of revenue are derived from local property taxes, state appropriations and tuition and fees. Tuition and fees collected from students is the only primary source of revenue produced from the exchange of services. State appropriations, student financial aid (Title IV funds), and monies received from grant and property taxes are classified as non-operating revenues, per the Governmental Accounting Standards Board (GASB) requirements. In general, for community colleges, the deficit presented by non-operating revenues represents the net cost of student services that will need to be funded through other means such as local taxpayer support, state support, and other revenue sources.

The following table summarizes the College's revenues, expenses, and changes in net position for the years ended August 31:

For the Years Ended August 31,	2025	2024	2024 - 2025 Increase (Decrease)	2023	2023 - 2024 Increase (Decrease)
Operating Revenues	\$ 6,142,056	\$ 9,766,135	\$ (3,624,079)	\$ 8,828,907	\$ 937,228
Non-operating Revenues	25,849,476	24,067,301	1,782,175	18,160,905	5,906,396
Total Revenues	31,991,532	33,833,436	(1,841,904)	26,989,812	6,843,624
Operating Expenses	31,429,461	26,112,561	5,316,900	23,568,751	2,543,810
Nonoperating Expenses	277,272	440,753	(163,481)	420,688	20,065
Total Expenses	31,706,733	26,553,314	5,153,419	23,989,439	2,563,875
Increase in net position	284,799	7,280,122	(6,995,323)	3,000,373	4,279,749
Net Position - Beginning of Year, Restated	10,137,483	2,918,784	7,218,699	(81,589)	3,000,373
Net Position - End of Year	\$ 10,422,282	\$ 10,198,906	\$ 223,376	\$ 2,918,784	\$ 7,280,122

COASTAL BEND COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

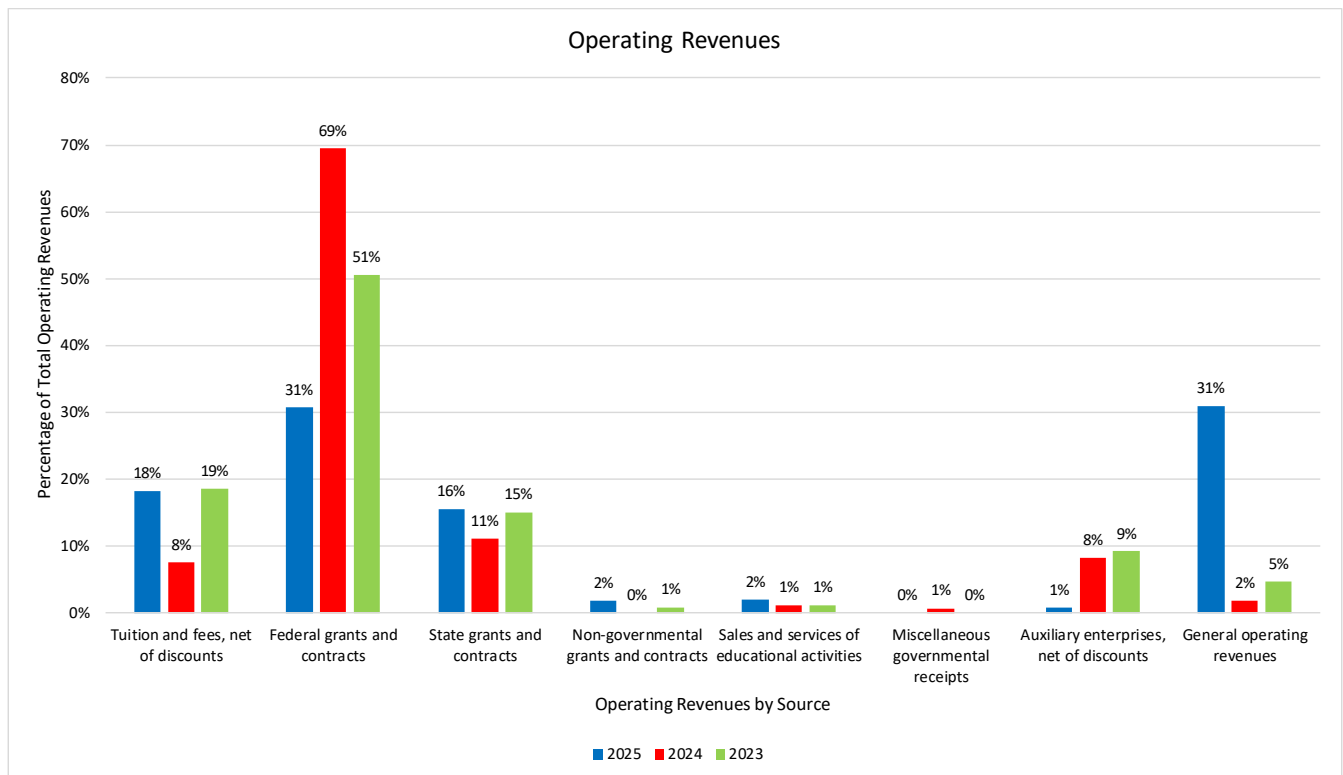
Operating Revenues

The following table summarizes the College's operating revenues of \$6,142,056 for the 2025 fiscal year as compared to the operating revenues of \$9,766,135 for the 2024 fiscal year. The decrease in operating revenues for fiscal year 2025 is primarily related to an increase in discounts and allowances as described in Schedule A.

Additionally, the following table summarizes the College's operating revenues of \$9,766,135 for the 2024 fiscal year as compared to the operating revenues of \$8,828,907 for fiscal year 2023. The increase in operating revenues for fiscal year 2024 is related to an increase in federal grants and contracts.

For the Years Ended August 31,	2025	2024	2024 - 2025	2023	2023 - 2024
			Increase Decrease		Increase (Decrease)
Tuition and fees, net of discounts	\$ 1,119,019	\$ 736,767	\$ 382,252	\$ 1,637,930	\$ (901,163)
Federal grants and contracts	1,885,849	6,779,357	(4,893,508)	4,461,435	2,317,922
State grants and contracts	956,975	1,079,723	(122,748)	1,328,235	(248,512)
Non-governmental grants and contracts	113,766	-	113,766	73,470	(73,470)
Sales and services of educational activities	117,284	118,464	(1,180)	101,102	17,362
Miscellaneous governmental receipts	-	69,697	(69,697)	-	69,697
Auxiliary enterprises, net of discounts	47,377	807,635	(760,258)	811,130	(3,495)
General operating revenues	1,901,786	174,492	1,727,294	415,605	(241,113)
Total Operating Revenues	\$ 6,142,056	\$ 9,766,135	\$ (3,624,079)	\$ 8,828,907	\$ 937,228

The following is a graphic illustration of operating revenues by source for the years ended August 31, 2023 through 2025:



COASTAL BEND COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

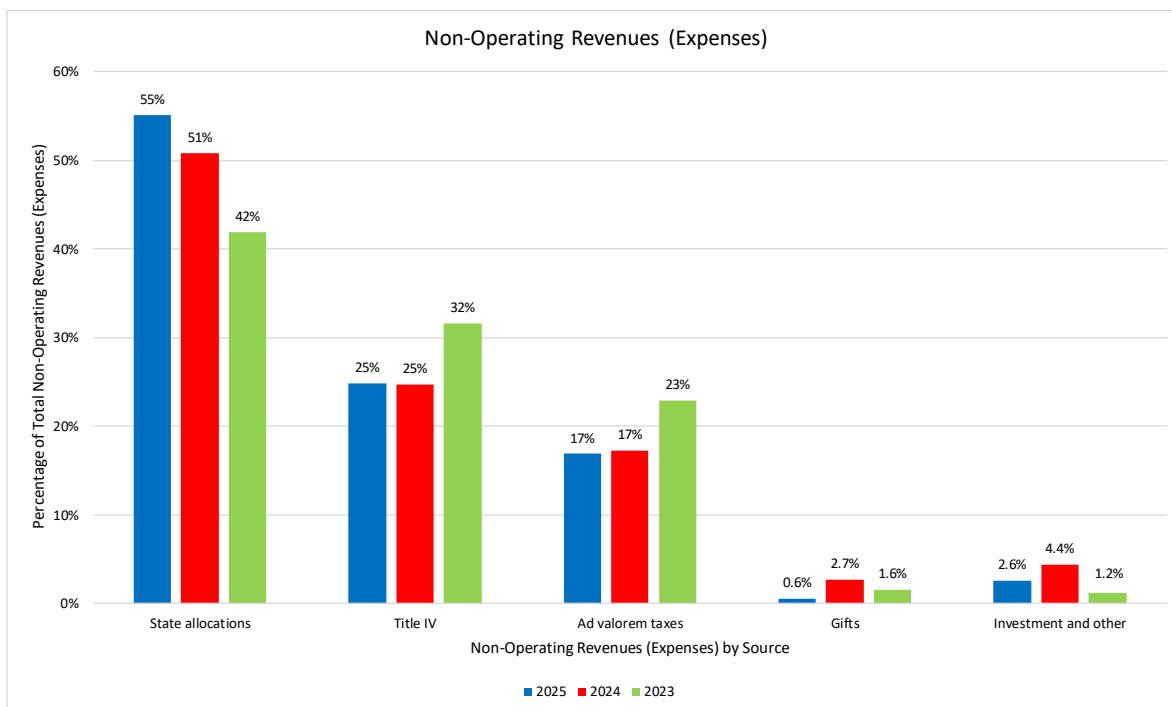
Non-Operating Revenues (Expenses)

The following table summarizes the College's non-operating revenues (expenses) of \$24,572,204 for the fiscal year ended August 31, 2025, which is an increase of \$1.9 million as compared to the fiscal year ended August 31, 2024. This increase can be primarily attributed to an increase in state allocations and Title IV funding of \$2.0 million and \$0.5 million, respectively.

In fiscal year 2025 due to the changes in formula funding under House Bill 8. Increases were predominantly due to the calculations associated with our Base Tier funding and the Dynamic Payment that included performance funding for high demand occupation credentials awarded and awarding to academically and educationally disadvantaged populations. Supporting documentation can be found here: <https://www.highered.texas.gov/community-college-finance/formula-funding>. Additionally, the following table summarizes the College's non-operating revenues (expenses) of \$23,626,548 for the fiscal year ended August 31, 2024, which is an increase of \$5,847,019 as compared to the fiscal year ended August 31, 2023. This increase can be attributed to an increase in \$4.6 million in state allocations and \$0.7 million in investment income.

For the Years Ended August 31,	2025	2024	2024 - 2025	2023	2023 - 2024
			Increase Decrease		Increase (Decrease)
State allocations	\$ 14,085,814	\$ 12,012,305	\$ 2,073,509	\$ 7,440,885	\$ 4,571,420
Title IV	6,344,591	5,845,596	498,995	5,604,776	240,820
Ad valorem taxes:					
Taxes for maintenance and operation	3,713,389	3,339,661	373,728	3,444,013	(104,352)
Taxes for debt service	606,238	736,537	(130,299)	619,743	116,794
Gifts	145,824	643,288	(497,464)	284,578	358,710
Investment income, net	945,812	1,219,726	(273,914)	536,445	683,281
Other non-operating revenue	7,808	270,188	(262,380)	230,465	39,723
Other non-operating expense	-	(116)	116	(248,882)	248,766
Other non-government funded expense	(94,500)	(91,000)	(3,500)	(99,000)	8,000
Interest on capital related debt	(182,772)	(349,637)	166,865	(72,806)	(276,831)
Total Non-Operating Revenues (Expenses)	\$ 25,572,204	\$ 23,626,548	\$ 1,945,656	\$ 17,740,217	\$ 5,886,331

The following is a graphic illustration of non-operating revenues by source for the years ended August 31, 2023 through 2025.



COASTAL BEND COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

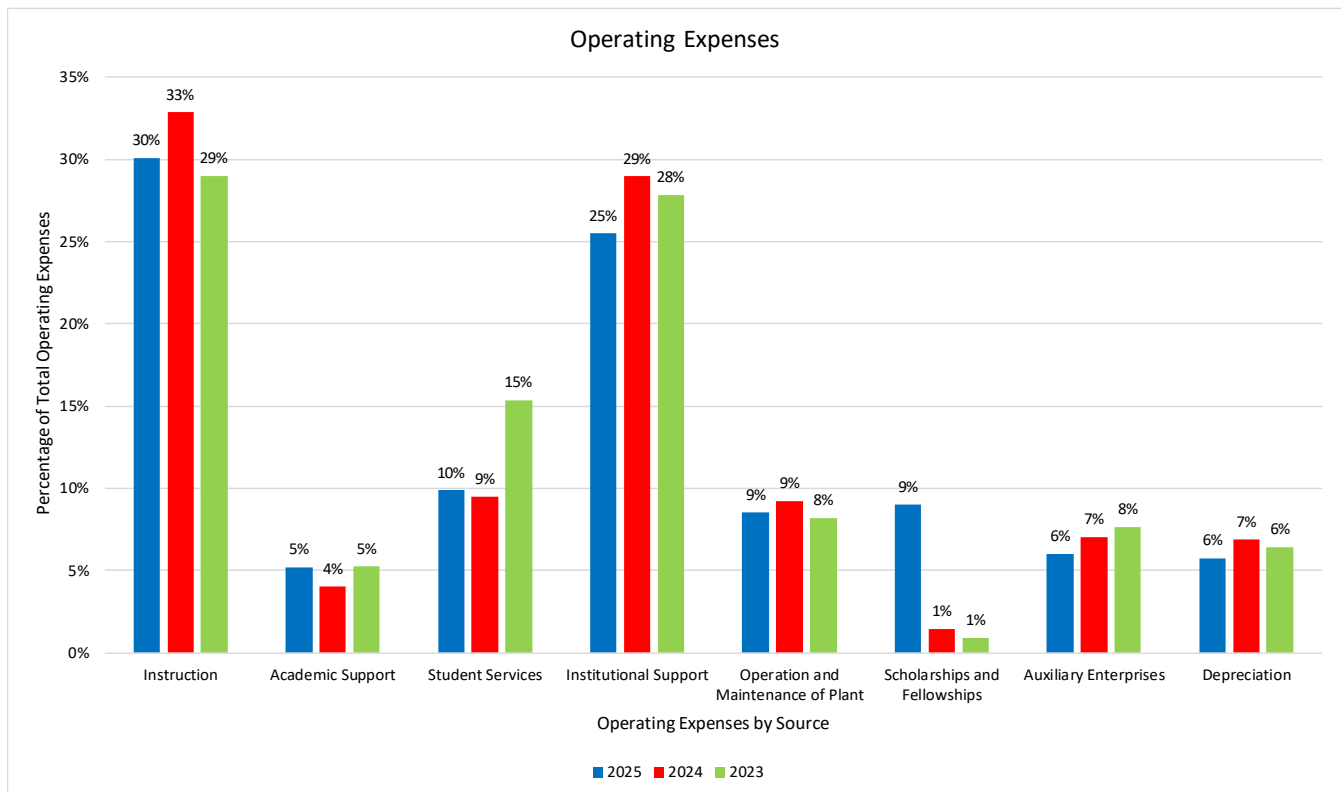
Operating Expenses

The following table summarizes the College's operating expenses of \$31,429,461 for the fiscal year ended August 31, 2025, as compared to the operating expenses of \$26,112,561 in 2024. The 20.0% increase in operating expenses is primarily due to increases in instruction, academic support, student services, institutional support, and scholarships and fellowships.

Additionally, the following table summarizes the College's operating expenses of \$26,180,559 for the fiscal year ended August 31, 2024, as compared to the operating expenses of \$23,568,751 in 2023. The increase in operating expenses is attributed to a 2% pay raise overall, increase in adjunct stipend, and filled several vacant positions.

For the Years Ended August 31,	2024 - 2025			2023 - 2024	
	2025	2024	Increase Decrease	2023	Increase (Decrease)
Instruction	\$ 9,463,948	\$ 8,580,322	\$ 883,626	\$ 6,678,725	\$ 1,901,597
Academic Support	1,640,589	1,058,197	582,392	1,235,697	(177,500)
Student Services	3,100,749	2,480,367	620,382	3,621,891	(1,141,524)
Institutional Support	8,014,127	7,562,498	451,629	6,562,460	1,000,038
Operation and Maintenance of Plant	2,674,460	2,408,602	265,858	1,938,401	470,201
Scholarships and Fellowships	2,827,354	377,433	2,449,921	218,690	158,743
Auxiliary Enterprises	1,894,014	1,843,415	50,599	1,800,368	43,047
Depreciation	1,814,220	1,801,727	12,493	1,512,519	289,208
Total Operating Expenses	\$ 31,429,461	\$ 26,112,561	\$ 5,316,900	\$ 23,568,751	\$ 2,543,810

A schedule and a graphic illustration of operating expenses by function is as follows:



COASTAL BEND COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Assets and Debt Administration

At August 31, 2025, the College had \$21,761,336 invested in capital assets as compared to \$21,804,259 at August 31, 2024. The net capital asset amounts decreased by \$43 thousand. The College added \$2,289,059 in capital assets. This amount was offset by current year depreciation and amortization of \$2,331,982. In fiscal year 2024, capital assets increased by \$3,918,533 from fiscal year 2023. The increase year over year reflects purchases of capital assets in the amount of \$6,009,863 during the year which is partially offset by depreciation and amortization expense of \$2,091,330.

Capital Assets, Net

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 36,126,187	\$ 32,007,785	\$ 31,624,976
Furniture, fixtures, and equipment	15,935,102	15,722,026	14,616,731
Library books	1,329,740	1,329,740	1,329,740
ROU assets	2,037,887	1,448,015	1,448,015
Total Capital Assets	<u>55,428,916</u>	<u>50,507,566</u>	<u>49,019,462</u>
Less accumulated depreciation/ amortization	(36,757,669)	(34,425,687)	(32,334,357)
Land	476,889	476,889	476,889
Construction in progress	2,613,200	5,245,491	723,732
Property and Equipment, Net	<u>\$ 21,761,336</u>	<u>\$ 21,804,259</u>	<u>\$ 17,885,726</u>

Additional information on the College's capital assets can be found in Note 6 to the financial statements.

Debt Administration

The notes payable liability balances for the fiscal years ended August 31 are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Tax Notes Payable			
Maintenance Tax Note, Series 2011	\$ 223,000	\$ 438,000	\$ 645,000
Maintenance Tax Note, Series 2014	-	-	167,000
Maintenance Tax Note, Series 2023	6,460,000	6,600,000	6,600,000
Total	<u>\$ 6,683,000</u>	<u>\$ 7,038,000</u>	<u>\$ 7,412,000</u>

The proceeds of the notes payable will be utilized by the College for the following projects:

- Roofing and repairs, new sidewalks, electrical upgrades, new carpet, exterior repairs, piping replacements, HVAC upgrades, and facility accessibility.
- Coastal Bend College's debt issuance was sold via a competitive private placement sale method. Therefore, the College was not required to incur an expense to attain a bond rating and does not have a rating assigned. The College has never held a bond election, so it does not have debt authorization.
- Additional information on the College's long-term debt can be found in Note 9 and Note 12 to the financial statements.

Strategic Direction and Planning

The College is preparing to launch a new institutional strategic plan in Spring 2026, replacing the prior Strategic Plan 2025. This new plan will be data-informed, fiscally aligned, and intentionally designed to support the long-term sustainability of a rural, multi-campus institution.

COASTAL BEND COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Key priorities anticipated in the new plan include:

- **Student Success and Affordability:** Strengthen end-to-end student pathways by implementing evidence-based practices that increase access, persistence, and completion. Prioritize affordability through initiatives such as OER expansion, streamlined advising, and the Coastal Bend Promise Program, ensuring alignment with Texas performance metrics and CBC's mission of broadening opportunity for rural students.
- **Leadership and Talent Continuity:** Grow career and technical education programs that reflect regional labor market needs while building a sustainable talent pipeline across instructional, technical, and leadership roles.
- **Fiscal and Operational Stewardship:** Advance transparent, data-informed budgeting and resource allocation processes that maximize return on investment. Prioritize operational efficiency, responsible cost-containment, and long-range planning to ensure financial sustainability while maintaining high-quality student services and institutional resilience.
- **Data Informed Excellence:** Enhance institutional decision-making by strengthening data systems, reporting tools, and enterprise technologies. Improve access to actionable analytics—including enrollment, student success, and financial dashboards—to support planning, advising, accreditation, and continuous improvement across all units.
- **Communication, Trust, and Community Engagement:** Deepen relationships with employers, ISDs, municipal partners, regional workforce boards, and community agencies to expand educational access and amplify CBC's regional impact. Strengthen communication, transparency, and trust through consistent engagement, collaborative initiatives, and high-visibility community events that advance CBC's mission and brand.
- **Strategic Planning and Readiness:** Advance institutional readiness through a comprehensive, forward-looking strategic planning process. Conduct environmental scanning, establish measurable priorities, and align goals, policies, and operational practices to support growth, accreditation compliance, and CBC's long-term vision as a premier rural-serving institution.

This strategic planning process will unify budget modeling, enrollment forecasting, academic planning, and institutional effectiveness measures into a cohesive framework that aligns mission, performance outcomes, and financial sustainability.

Outlook


HB 8 fundamentally shifts Texas community college funding toward measurable student outcomes, including credentials of value, transfers, and completion success points. As a rural college serving a broad geographic region, Coastal Bend College is prioritizing strategic investments that strengthen academic and workforce programs and support students through comprehensive services such as advising, tutoring, transportation, and basic-needs assistance.

The College anticipates continued stability in state appropriations due to ongoing alignment with HB 8 metrics, alongside expanded opportunities for grant funding, industry partnerships, and career-focused programming. Enrollment fluctuations remain a risk factor, but the College continues to implement initiatives designed to improve student retention, persistence, and program completion.

Management remains committed to maintaining strong financial controls, ensuring compliance with state and federal regulations, and pursuing long-term sustainability as the College prepares for the 2026 strategic planning cycle.

Contacting Financial Management

Question about this report or additional financial information can be obtained from the Coastal Bend College business office via email request at busoffice@coastalbend.edu.


Dr. Zachary Suarez
President

12-17-2025

BASIC FINANCIAL STATEMENTS

COASTAL BEND COLLEGE
STATEMENTS OF NET POSITION
August 31, 2025 and 2024

Exhibit 1
Page 1 of 2

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash and cash equivalents	11,418,194	\$ 1,463,034
Short-term investments	2,335,777	2,531,588
Accounts receivable, net	6,264,890	6,573,622
Prepaid expenses	456,928	654,517
Total Current Assets	<u>20,475,789</u>	<u>11,222,761</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	4,581,897	11,941,690
Long-term investments	5,110,790	4,882,250
Capital assets:		
Non-depreciable:		
Land	476,889	476,889
Construction-in-progress	2,613,200	5,245,491
Depreciable, net of accumulated depreciation and amortization:		
Buildings and improvements	15,305,815	12,036,238
Library books	11,946	15,970
Furniture, machinery, and equipment	2,639,102	3,387,397
Right-to-use lease assets, net	32,994	60,278
Right-to-use subscription assets, net	681,390	581,996
Total Noncurrent Assets	<u>31,454,023</u>	<u>38,628,199</u>
Total Assets	<u>51,929,812</u>	<u>49,850,960</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	2,245,975	3,656,014
Deferred outflows related to OPEB	4,109,547	3,301,430
Total Outflows of Resources	<u>6,355,522</u>	<u>6,957,444</u>
Total Assets and Deferred Outflows	<u>58,285,334</u>	<u>56,808,404</u>
Liabilities		
Current Liabilities:		
Accounts payable	2,789,215	2,421,740
Accrued payroll	809,143	679,199
Compensated absences	69,115	541,241
Funds held for others	81,547	71,685
Unearned revenue	5,487,877	4,320,947
Current portion of lease liabilities	30,608	28,928
Current portion of note payable	618,000	355,000
Current portion of subscription liability	441,255	266,377
Current portion of OPEB liability	528,173	443,463
Total Current Liabilities	<u>10,854,933</u>	<u>9,128,580</u>
Noncurrent Liabilities:		
Unearned revenue to be expended after one year	74,210	75,151
Leases liabilities due after one year	5,270	35,873
Notes payable due after one year	6,065,000	6,683,000
Subscription liability due after one year	208,876	315,619
Net OPEB liability	18,078,563	15,410,708
Net pension liability	7,236,192	7,889,158
Accrued compensated absences	488,963	-
Total Noncurrent Liabilities	<u>32,157,074</u>	<u>30,409,509</u>
Total Liabilities	<u>43,012,007</u>	<u>39,538,089</u>

COASTAL BEND COLLEGE
STATEMENTS OF NET POSITION
August 31, 2025 and 2024

Exhibit 1
Page 2 of 2

	<u>2025</u>	<u>2024</u>
Deferred Inflows of Resources		
Deferred inflows related to leases	\$ 11,687	\$ 99,822
Deferred inflows related to pensions	351,855	674,844
Deferred inflows related to OPEB	4,487,503	6,296,743
Total Deferred Inflows of Resources	<u>4,851,045</u>	<u>7,071,409</u>
Total Liabilities and Deferred Inflows of Resources	<u>47,863,052</u>	<u>46,609,498</u>
Net Position		
Net investment in capital assets	18,708,815	14,123,985
Restricted for:		
Nonexpendable:		
Endowments	-	6,509,293
Expendable:		
Student aid	32	76,299
Parking lot requirements	-	146,573
Debt service	265,377	238,936
Unrestricted	<u>(8,551,942)</u>	<u>(10,896,180)</u>
Total Net Position	<u>10,422,282</u>	<u>10,198,906</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 58,285,334</u>	<u>\$ 56,808,404</u>

COASTAL BEND COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended August 31, 2025 and 2024

Exhibit 2

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Tuition and fees (net of scholarship allowances and discounts of \$7,771,348 and \$8,295,013, respectively)	\$ 1,119,019	\$ 736,767
Federal grants and contracts	1,885,849	6,779,357
State grants and contracts	956,975	1,079,723
Non-governmental grants and contracts	113,766	-
Sales and services of educational activities	117,284	118,464
Miscellaneous governmental receipts	-	69,697
Auxiliary enterprises (net of scholarship allowances and discounts of \$920,786 and \$149,400, respectively)	47,377	807,635
General operating revenues	1,901,786	174,492
Total Operating Revenues (Schedule A)	<u>6,142,056</u>	<u>9,766,135</u>
Operating Expenses		
Instruction	9,463,948	8,580,322
Academic support	1,640,589	1,058,197
Student services	3,100,749	2,480,367
Institutional support	8,014,127	7,562,498
Operation and maintenance of plant	2,674,460	2,408,602
Scholarships and fellowships	2,827,354	377,433
Auxiliary enterprises	1,894,014	1,843,415
Depreciation and amortization expense	1,814,220	1,801,727
Total Operating Expenses (Schedule B)	<u>31,429,461</u>	<u>26,112,561</u>
Operating income (loss)	<u>(25,287,405)</u>	<u>(16,346,426)</u>
Nonoperating Revenues (Expenses)		
State allocations	14,085,814	12,012,305
Title IV	6,344,591	5,845,596
Ad valorem taxes:		
Taxes for maintenance and operations	3,713,389	3,339,661
Taxes for debt service	606,238	736,537
Gifts	145,824	643,288
Investment income, net of investment expenses	945,812	1,219,726
Other non-operating revenues	7,808	270,188
Other non-operating expenses	-	(116)
Other non-government funded expense	(94,500)	(91,000)
Interest on capital related debt	(182,772)	(349,637)
Net Nonoperating Revenues (Expenses)	<u>25,572,204</u>	<u>23,626,548</u>
Increase in net position	<u>284,799</u>	<u>7,280,122</u>
Net Position - Beginning of Year, as Reported	10,198,906	2,553,857
Adjustment for GASB No. 101 Implementation	(61,423)	-
Adjustment for error correction (see Note 2)	-	364,927
Net Position - Beginning of Year, as Restated	<u>10,137,483</u>	<u>2,918,784</u>
Net Position - End of Year, as Restated	<u>\$ 10,422,282</u>	<u>\$ 10,198,906</u>

COASTAL BEND COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2025 and 2024

Exhibit 3
Page 1 of 2

	<u>2025</u>	<u>2024</u>
Operating Activities		
Receipts from students and other customers	\$ 2,621,585	\$ 1,564,473
Receipts from grants and contracts	2,956,590	5,381,987
Payments to suppliers for goods or services	(8,546,247)	(7,157,290)
Payments to or on behalf of employees	(14,391,909)	(15,104,527)
Payments of scholarships and fellowships	(2,827,354)	(377,433)
Other receipts	2,066,447	717,020
Net Cash Used In Operating Activities	<u>(18,120,888)</u>	<u>(14,975,770)</u>
Noncapital Financing Activities		
Receipts of state appropriations	11,373,551	10,553,489
Receipts from ad valorem taxes	4,291,780	4,035,969
Receipts from non-operating federal revenue	6,344,591	5,845,596
Gifts	145,824	644,205
Payments to student organizations and other agency transactions	-	(91,116)
Receipts (Payments) from others	(94,500)	(80,286)
Proceeds from insurance claims	7,808	270,188
Net Cash Provided By Noncapital Financing Activities	<u>22,069,054</u>	<u>21,178,045</u>
Capital And Related Financing Activities		
Purchases of capital assets	(1,699,187)	(6,009,863)
Payment on note payable	(355,000)	-
Payments on capital debt - principal	(28,923)	(368,154)
Payments on capital debt - interest	(182,772)	(349,637)
Net Cash Provided By (Used In) Capital And Related Financing Activities	<u>(2,265,882)</u>	<u>(6,727,654)</u>
Investing Activities		
Proceeds from sales and maturities of investments	195,811	3,824,000
Purchase of investments	(228,540)	(4,339,364)
Interest on investments	847,734	960,004
Increase (decrease) from unrealized gain (loss) on investments	98,078	259,722
Net Cash Provided By (Used In) Investing Activities	<u>913,083</u>	<u>704,362</u>
Net increase (decrease) in cash and cash equivalents	2,595,367	178,983
Cash and Cash Equivalents - Beginning of Year	<u>13,404,724</u>	<u>13,225,741</u>
Cash and Cash Equivalents - End of Year	<u>\$ 16,000,091</u>	<u>\$ 13,404,724</u>

COASTAL BEND COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2025 and 2024

Exhibit 3
Page 2 of 2

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Loss to Net Cash		
Used In Operating Activities:		
Operating income (loss)	\$ (25,287,405)	\$ (16,346,426)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation and amortization expense	1,814,220	1,801,727
Bad debt allowance	227,273	472,831
Payments made directly by state for benefits	2,558,732	729,408
Change in assets, deferred outflows, liabilities, and deferred inflows:		
(Increase) decrease in assets and deferred outflows:		
Accounts receivables, net	109,304	413,750
Prepaid expenses	197,589	(273,345)
Pension related deferred outflows	1,410,039	(869,925)
Other post employee benefits related deferred outflows	(808,117)	375,430
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	367,475	1,042,428
Accrued payroll	129,944	209,285
Compensated absences	16,837	(27,870)
Funds held for others	9,862	(3,229)
Unearned revenue	1,165,989	(2,584,403)
Net pension liability	(652,966)	1,909,837
Net other post employee benefits (OPEB) liability	2,752,565	(312,213)
Pension related deferred inflows	(322,989)	(354,102)
Other post employee benefits related (OPEB) deferred inflows	(1,809,240)	(1,158,953)
Net cash used in operating activities	<u>\$ (18,120,888)</u>	<u>\$ (14,975,770)</u>
Noncash Capital and Related Financing Activities:		
Unrealized gain (loss) on investments	<u>\$ 98,078</u>	<u>\$ 184,446</u>
Subscription-based assets obtained through subscription-based liabilities	<u>\$ 589,849</u>	<u>\$ -</u>

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS

Note 1 - Reporting Entity

Coastal Bend College (the “College”) was established in 1965, in accordance with laws of the state of Texas, to serve the educational needs of Bee County and the surrounding communities. The College is classified as a special-purpose, primary government engaged in business-type activities. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

A. Component Unit

The Coastal Bend College Foundation (the “Foundation”) is a nonprofit organization with the purpose of supporting the educational and other activities of the College. The Foundation solicits donations and acts as coordinator of gifts made by other parties. Under Governmental Accounting Standards Board (GASB) Statement No. 39, Determining Whether Certain Organizations are Component Units, the Foundation is considered a blended component unit of the College, as the Foundation is fiscally dependent on the College and provides services exclusively, or almost exclusively, for the benefit of the College. The financial statements of the Foundation are not material to the financial statements of the College and have not been included in the basic financial statements. Complete financial statements for the Foundation may be obtained from the Coastal Bend College Office of Business Services, 3800 Charco Road, Beeville, Texas, 78102.

Note 2 - Summary Of Significant Accounting Policies

A. Reporting Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the Annual Financial Reporting Requirements for Texas Public Community Colleges established by the Texas Higher Education Coordinating Board (THECB). For financial reporting purposes, the College is considered a special-purpose, primary government engaged in business-type activities.

B. New Accounting Pronouncements

All GASB Statements up to Statement No. 104 were reviewed for applicability to the College. Implementation status and applicability information is provided below.

GASB Statement No. 100 - Accounting Changes and Error Corrections

The primary objective of this Statement is to enhance accounting and financial reporting related to accounting changes and error corrections. This Statement: (1) defines accounting changes and describes the transactions or other events that constitute those changes, (2) addresses corrections of errors in previously issued financial statements, (3) prescribes the accounting and financial reporting for each type of accounting change and error corrections, (4) requires note disclosures, and (5) addresses how accounting changes and error corrections should be presented in required supplementary information (RSI) and supplementary information (SI). The application of this Statement is intended to result in greater consistency and understandable, reliable, and relevant information. This Statement was adopted during the College’s fiscal year-end August 31, 2024 and implemented in the financial statements.

GASB Statement No. 101 – Compensated Absences

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary Of Significant Accounting Policies (continued)

B. New Accounting Pronouncements (continued)

GASB Statement No. 101 – Compensated Absences (continued)

A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

This Statement amends the existing requirement to disclose the gross increases and decreases in liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. Requirements of this Statement are effective for reporting periods beginning after December 15, 2023. This Statement was adopted during the College's fiscal year-end August 31, 2025.

GASB Statement No. 102 – Certain Risk Disclosures

The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. This statement was adopted during the College's fiscal year end August 31, 2025.

GASB Statement No. 103 – Financial Reporting Model Improvements

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability. This Statement also addresses certain application issues.

The requirements for Management Discussion and Analysis (MD&A) will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for the presentation of major component unit information will improve comparability.

The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The College is currently evaluating the impact of adopting this Statement.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary Of Significant Accounting Policies (continued)

B. New Accounting Pronouncements (continued)

GASB Statement No. 104 – Disclosure of Certain Capital Assets

The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The College is currently evaluating the impact of adopting this Statement.

C. Tuition Discounting

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

Title IV, Higher Education Act Program Funds - Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other tuition discounts - The College awards tuition and fee scholarships from institutional funds to students who qualify when these amounts are used for tuition and fees, the amounts are recorded as tuition and fee revenue and a corresponding amount as recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

D. Basis of Accounting

The accounting and reporting policies of the College reflected in the accompanying financial statements conform to accounting principles generally acceptable in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

As a public institution, the College is considered a special-purpose government under the provisions of GASB Statement No. 35. The College records revenue in part from fees and other charges for services to external users and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged in business-type activities.

The financial statements of the college 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.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

E. Categories and Classification of Fund Equity

The College's net position is classified into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation, amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when constraints placed on net asset use are either (1) externally imposed by creditors, grantors, contributions or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted - All other categories of net position. In addition, unrestricted net position may be designated for use by management of the College. This requirement limits the area of operations for which expenditures of net position may be made, and require that unrestricted net position be designated to support future operations in these areas. College housing programs are a primary example of operations that have unrestricted net position with designated uses.

F. Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1st. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget must be filed with the Texas Higher Education Coordinating Board Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1st.

G. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments. For purposes of the statement of cash flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Immediate cash needs are met with resources deposited at the College's bank. Cash and cash equivalents that are externally restricted as to their use are classified as noncurrent assets on the Statements of Net Position.

H. Investments

In accordance with GASB 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, and GASB 72, Fair Value Measurement and Application, the College 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. Long-term investments have an original maturity of greater than one year at the time of purchase.

I. Receivables

Receivables consist primarily of amounts due from federal and state governmental entities for grants and contracts, local government entities for unremitted levy collections, and student and third-party payers for student tuition and fees. The allowance for doubtful accounts is maintained at a level which, in the administration's judgment based on historic, uncollectible rates, is sufficient to provide for expected losses in the collection of these accounts.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

J. Interfund Activities and Transactions

Interfund borrowing is recorded in each fund as due to/due from other funds. Such borrowing is temporary in nature and is authorized in advance by the board or administrative action. The borrowing provides the College with needed working capital. No interest is charged on interfund loans.

K. Restricted Cash

Restricted cash included in other long-term assets on the statement of financial position represents amounts pledged as collateral for long-term financing arrangements as contractually required by a lender. The restriction will lapse when the related long-term debt is paid off.

L. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. As of August 31, 2025 and 2024, prepaid expenses were \$456,928 and \$654,517, respectively.

M. Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College’s capitalization policy includes all items with a unit cost of \$10,000 or more and an estimated useful life in excess of one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are charged to operating expense in the year in which the expense incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

	Estimated Useful Lives (In Years)
	<hr/>
Buildings and Improvements	20-50
Furniture, machinery, vehicles, and other equipment	10
Telecommunications and peripheral equipment	5
Library books	15

Subscription-based assets resulting from qualifying subscription-based information technology arrangements (SBITAs) are amortized over the subscription term.

N. Leases Assets and Liabilities

The College is a lessee for a noncancelable lease of equipment. The College recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The College recognizes lease liabilities with an initial individual value of \$20,000 or more.

At the commencement of a lease, the College initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 – Summary of Significant Accounting Policies (continued)

N. Leases Assets and Liabilities (continued)

Lessee

Key estimates and judgements related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College is using the incremental borrowing rate.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to affect the amount of the lease liability significantly.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor

The College is a lessor related to meeting and office room space on the campuses. The College recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the College initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the College determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The College uses its estimated incremental borrowing rate of 5% as the discount rate for leases when an interest rate is not stated in a lease.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

O. Subscription-Based Assets and Liabilities

For subscription agreements that have a maximum possible term of 12 months or less at commencement, the College recognizes expense based on the provisions of the subscription agreement.

For all other subscription-based agreements, the College recognizes a subscription-based liability and an intangible right-to-use subscription asset. The College recognizes subscription agreements that allow the College the right to control another party's IT software alone or in combination with tangible capital assets. The College recognizes SBITA liabilities with an initial individual value of \$20,000 or more over the contract term.

At agreement commencement, the College initially measures the subscription liability at the present value of all payments expected to be made during the subscription term using the then current discount rate. The College uses its estimated incremental borrowing rate as the discount rate.

The incremental borrowing rate for subscription-based agreements is based on the rate of interest it would have to pay if it issued general obligation bonds to borrow an amount equal to the subscription payment under similar terms at the commencement or remeasurement date. The subscription liability is reduced by the principal portion of payments made to the vendor. Subscription assets are amortized into amortization expense on a straight-line basis over the subscription term.

The subscription term includes a non-cancellable period to use certain third-party vendor information technology software plus any additional periods covered by either the College or the vendor's option to extend or terminate. Extension of additional periods is reasonably certain to be exercised, while termination of periods is reasonably certain to not be exercised. Periods for which both the College and the SBITA vendor have an option to terminate without permission from the other party are cancelable periods and are excluded from the subscription term. Preliminary project costs and training costs are expensed as incurred. Initial implementation costs are capitalized but are excluded from the present value calculation of the subscription asset. Operation and additional implementation costs that occur after putting the IT software in place are expensed as incurred (See Note 10).

P. Unearned Revenues

Tuition and fees of \$4,524,760 and \$3,855,875 and federal, state, local, and private grants of \$1,037,327 and \$540,223 have been reported as short-term and long-term unearned revenues as of August 31, 2025, and 2024, respectively. Total unearned revenues were \$5,562,087 and \$4,396,098 as of August 31, 2025 and 2024, respectively.

Q. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

R. Deferred Outflows of Resources

In addition to assets, the Statements of Net Position include a separate section for deferred outflows of resources, which represents a consumption of net assets that applies to future periods and thus, will not be recognized as an outflow of resources (expensed) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. The College recorded deferred outflow of resources for its proportionate share of collective deferred outflows of the Teacher Retirement System of Texas (TRS) pension plan required by the implementation of GASB Statement 68, Accounting and Financial Reporting for Pensions and for contributions made to the TRS plan subsequent to the measurement date of the respective net pension liability. In addition, the College recorded deferred outflow of resources for its proportionate share of collective deferred outflows of the Employees Retirement System of Texas (ERS) other post-employment benefits (OPEB) plan required by the implementation of GASB Statement 75, Accounting and Financial Reporting for OPEB and for contributions made to the ERS plan subsequent to the measurement date of the respective net OPEB liability. For additional information, see Notes 13 and 16.

S. Deferred Inflows of Resources

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources, which represents an acquisition of net assets that applies to future periods and thus, will not be recognized as an inflow of resources (revenue) until then. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. The College records deferred inflows of resources related to leases and its proportionate share of collective deferred inflows of the TRS pension plan and the ERS OPEB plan. For additional information, see Notes 8, 13, and 16, respectively.

T. Other Post-Employment Benefits (OPEB)

The College participates in other post-employment benefits (OPEB) offered through the Employee Retirement System of Texas (ERS) State Retiree Health Plan. The fiduciary net position of the OPEB plan 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 the OPEB plan's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

U. Compensable Absences

The College recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not (MLTN) to be used as time off or settled during or upon separation from employment. The College's assumption for leave usage flow is Last In, First Out (LIFO), meaning that the College assumes employees used the most recent hours accrued as the first to be used for time off. Based on those criteria, two types of leave qualify for liability recognition for compensated absences.

Full-time employees earn one day of sick leave per month and may accumulate and roll to the next period up to 360 hours. Vacation is also earned by full-time employees and can earn 80 hours per year. Employees may only carryover 160 hours to the next fiscal year. No more than 160 hours of vacation will be paid out to employees at termination or retirement.

COASTAL BEND COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

V. Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a business-type activity and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state allocations, Title IV financial aid funds (i.e., Federal Pell Grants) and ad valorem tax collections. The operations of the bookstore are performed by a third party contracted by the College.

Operating expenses include the cost of providing instruction, student services and support, administrative expenses, and depreciation and amortization on capital assets. Non-operating expenses consist of interest on capital related debt and other non-government funded expenses.

W. Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

X. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to management's estimate of depreciation on assets over their estimated useful lives, net pension liability, net OPEB liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

Y. Subsequent Events

The College has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued. No matters were identified that require disclosure or adjustment to these financial statements or related disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Z. Income Taxes

The College 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 College had no unrelated business income tax liability for the years ended August 31, 2025 and 2024.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 3 - Authorized Investments

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code) and is permitted to invest in the following:

- a) Obligations of, or guaranteed by governmental entities.
- b) Certificates of deposit that are fully guaranteed or insured by the FDIC to one or more depository institutions.
- c) Repurchase Agreements that are fully collateralized.
- d) Mutual Funds and Public Investment Pools.
- e) Cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501.
- f) Internal Revenue Code of 1986 (26 U.S.C Section 501(f)).
- g) Corporate bonds, debentures or similar debt obligations rated by a nationally recognized investment firm in one of the two highest long-term rating categories.

Note 4 - Deposits and Investments

A. Deposits

Cash and deposits included on Exhibit 1, the statements of net position, consist of the following:

	<u>2025</u>	<u>2024</u>
Demand deposits	\$ 4,593,739	\$ 1,458,379
Tex Pool	-	1,322
Texas class	11,406,352	11,941,690
Petty cash on hand	-	3,333
Total Cash and Equivalents	<u>\$ 16,000,091</u>	<u>\$ 13,404,724</u>
Current assets	\$ 2,335,777	\$ 1,463,034
Non-current assets	5,110,790	11,941,690
Total Cash and Cash Equivalents	<u>\$ 7,446,567</u>	<u>\$ 13,404,724</u>

As of August 31, 2025 and 2024, deposits were entirely covered by FDIC insurance or pledged by collateral held by the College’s agent bank in the College’s name. Cash and equivalents increased by \$2.6 million from August 31, 2024 to August 31, 2025 for additional interest income and less capital related activities than the prior year.

Reconciliation of Deposits and Investments to Exhibit 1 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Short-term investments	\$ 2,335,777	\$ 2,531,588
Long-term investments	5,110,790	4,882,250
Total Non-Cash Investments	7,446,567	7,413,838
Total Cash and Equivalents	16,000,091	13,404,724
Total Cash, Cash Equivalents, and Investments	<u>\$ 23,446,658</u>	<u>\$ 20,818,562</u>

Credit Risk - Credit risk is the risk that the issuer of the debt security will not pay its par value upon maturity. The College’s investment policy limits credit risk based on meeting requirements of State Law. In accordance with state law and the College’s investment policy, investments in mutual funds and investment pools must be rated at least AAA, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The College’s investments in investment pools were rated AAA.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 4 - Deposits and Investments (continued)

A. Deposits (continued)

Credit Risk - Credit risk is the risk that the issuer of the debt security will not pay its par value upon maturity. The College's investment policy limits credit risk based on meeting requirements of State Law. In accordance with state law and the College's investment policy, investments in mutual funds and investment pools must be rated at least AAA, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The College's investments in investment pools were rated AAA.

Concentration of Credit Risk is the risk of loss attributable to the magnitude of the College's investment in a single type of security. Currently, the College does not place a limit on the amount the College may invest in any other issuer. As of August 31, 2025, 100% of the College's investments were held in Fixed Income Securities. As of August 31, 2024, 100% of the College's investments were held in Fixed Income Securities.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an instrument. To mitigate this risk, and in accordance with state law and College policy, the College does not purchase any investments with maturities greater than 10 years.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of August 31, 2025 and 2024, the College did not have direct exposure to foreign currency risk through its investments. The Investment Policy Statement is silent on the subject of foreign currency risk.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty, the College would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Investment Policy Statement is silent on the subject of custodial credit risk.

B. Fair Value Measurements

GASB 72, *Fair Value Measurement and Application*, for financial reporting purposes provides the framework for measuring fair value. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

See above for discussion of valuation methodologies used to measure fair value of investments.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 4 - Deposits and Investments (continued)

B. Fair Value Measurements (continued)

The fair values of the College’s investments are summarized below as follows:

<u>As of August 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Municipal bonds	\$ -	\$ 1,293,695	\$ -
Corporate bonds	-	6,152,872	-
Total Fair Value	<u>\$ -</u>	<u>\$ 7,446,567</u>	<u>\$ -</u>

<u>As of August 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Municipal bonds	\$ -	\$ 1,545,886	\$ -
Corporate bonds	-	5,867,952	-
Total Fair Value	<u>\$ -</u>	<u>\$ 7,413,838</u>	<u>\$ -</u>

Note 5 - Disaggregation Of Receivables and Payables Balances

The following table summarizes the disaggregation of the College’s receivables and payables balances as of August 31, 2025 and 2024, respectively.

	<u>2025</u>	<u>2024</u>
Receivables		
Student receivables	\$ 5,416,536	\$ 5,539,675
Ad valorem receivables	399,889	372,042
Tuition sponsor receivables	691,221	753,948
Grant and contract receivables	582,163	1,107,605
Lease receivable	11,687	99,822
Other receivables	765,156	104,923
Total Receivables	<u>7,866,652</u>	<u>7,978,015</u>
Allowance for doubtful accounts	<u>(1,601,762)</u>	<u>(1,404,393)</u>
Total Receivables, Net	<u>\$ 6,264,890</u>	<u>\$ 6,573,622</u>
Payables		
Vendor payable	<u>\$ 2,789,215</u>	<u>\$ 2,421,740</u>
Total Payables	<u>\$ 2,789,215</u>	<u>\$ 2,421,740</u>

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 6 - Capital Assets

The following table summarizes the changes in the College's capital assets during the fiscal year ended August 31, 2025. Land and construction in progress is not subject to depreciation.

	Balance September 1, 2024	Increases	Decreases	Balance August 31, 2025
Capital Assets, Not Being Depreciated:				
Land	\$ 476,889	\$ -	\$ -	\$ 476,889
Construction in progress	5,245,491	1,486,110	(4,118,401)	2,613,200
Total Capital Assets, Not Being Depreciated	<u>5,722,380</u>	<u>1,486,110</u>	<u>(4,118,401)</u>	<u>3,090,089</u>
Capital Assets, Being Depreciated:				
Buildings and building improvements	32,007,785	4,118,402	-	36,126,187
Library books	1,329,740	-	-	1,329,740
Furniture and equipment	15,722,026	213,076	-	15,935,102
Total Capital Assets, Being Depreciated	<u>49,059,551</u>	<u>4,331,478</u>	<u>-</u>	<u>53,391,029</u>
Less Accumulated Depreciation:				
Buildings and building improvements	(19,971,547)	(848,825)	-	(20,820,372)
Library books	(1,313,770)	(4,024)	-	(1,317,794)
Furniture and equipment	(12,334,629)	(961,371)	-	(13,296,000)
Total Accumulated Depreciation	<u>(33,619,946)</u>	<u>(1,814,220)</u>	<u>-</u>	<u>(35,434,166)</u>
Total Capital Assets, Being Depreciated (Net)	<u>15,439,605</u>	<u>2,517,258</u>	<u>-</u>	<u>17,956,863</u>
Right-to-Use Lease Assets, Being Amortized				
Copier Machine	139,103	-	-	139,103
Less Accumulated Amortization:				
Copier Machine	(78,825)	(27,284)	-	(106,109)
Total Right-to-Use Lease Assets Being Amortized, Net	<u>60,278</u>	<u>(27,284)</u>	<u>-</u>	<u>32,994</u>
Right-to-Use Subscription Assets				
Subscription-based information technology	1,308,912	589,849	-	1,898,761
Less Accumulated Amortization:				
Right-to-use subscriptions assets	(726,916)	(490,455)	-	(1,217,371)
Total Right-to Use Subscriptions Assets Being Amortized, Net	<u>581,996</u>	<u>99,394</u>	<u>-</u>	<u>681,390</u>
Total Capital Assets, Net	<u>\$ 21,804,259</u>	<u>\$ 4,075,478</u>	<u>\$ (4,118,401)</u>	<u>\$ 21,761,336</u>

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 6 - Capital Assets (continued)

The following table summarizes the changes in the College’s capital assets during the fiscal year ended August 31, 2024. Land is not subject to depreciation.

	Restated Balance			Balance
	September 1, 2023	Increases	Decreases	August 31, 2024
Capital Assets, Not Being Depreciated:				
Land	\$ 476,889	\$ -	\$ -	\$ 476,889
Construction in progress	723,732	4,521,759	-	5,245,491
Total Capital Assets, Not Being Depreciated	<u>1,200,621</u>	<u>4,521,759</u>	<u>-</u>	<u>5,722,380</u>
Capital Assets, Being Depreciated:				
Buildings and building improvements	31,624,976	382,809	-	32,007,785
Library books	1,329,740	-	-	1,329,740
Furniture and equipment	14,616,731	1,105,295	-	15,722,026
Total Capital Assets, Being Depreciated	<u>47,571,447</u>	<u>1,488,104</u>	<u>-</u>	<u>49,059,551</u>
Less Accumulated Depreciation:				
Buildings and building improvements	(19,117,546)	(854,001)	-	(19,971,547)
Library books	(1,308,454)	(5,316)	-	(1,313,770)
Furniture and equipment	(11,392,219)	(942,410)	-	(12,334,629)
Total Accumulated Depreciation	<u>(31,818,219)</u>	<u>(1,801,727)</u>	<u>-</u>	<u>(33,619,946)</u>
Total Capital Assets, Being Depreciated (Net)	<u>15,753,228</u>	<u>(313,623)</u>	<u>-</u>	<u>15,439,605</u>
Right-to-Use Lease Assets, Being Amortized				
Copier Machine	139,103	-	-	139,103
Less Accumulated Amortization:				
Copier Machine	(51,004)	(27,821)	-	(78,825)
Total Right-to-Use Lease Assets Being Amortized, Net	<u>88,099</u>	<u>(27,821)</u>	<u>-</u>	<u>60,278</u>
Right-to-Use Subscription Assets				
Subscription-based information technology	1,308,912	-	-	1,308,912
Less Accumulated Amortization:				
Right-to-use subscriptions assets	(465,134)	(261,782)	-	(726,916)
Total Right-to Use Subscriptions Assets Being Amortized, Net	<u>843,778</u>	<u>(261,782)</u>	<u>-</u>	<u>581,996</u>
Total Capital Assets, Net	<u>\$ 17,885,726</u>	<u>\$ 3,918,533</u>	<u>\$ -</u>	<u>\$ 21,804,259</u>

For the years ended August 31, 2025 and 2024, depreciation/amortization expense was \$2,331,959 and \$2,091,330, respectively.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 - Compensable Absences

The College The College recorded compensated absences for both vacation and sick leave totaling \$558,078 in fiscal year 2025. The 2024 amount was restated for the implementation of GASB No. 101. The original compensated absences amount prior to implementation was \$541,241. The restated balance, as shown below, is \$602,664. The difference of \$61,423 reduced net position.

	<u>2025</u>	<u>2024</u>
Compensable Absences - Beginning of Year, restated	\$ 602,664	\$ 569,111
Additions	11,083	104,845
Deletions	(55,669)	(132,715)
Compensable Absences - End of Year	<u>\$ 558,078</u>	<u>\$ 541,241</u>

The College estimates that \$69,115 will be due within one year as of August 31, 2025.

Note 8 - Lease Obligations and Rental Agreements

Leases - Lessee

The College has entered into a lease agreement to obtain the right-to-use copier machines on campus for a monthly payment of \$2,654 at a discount rate of 3.65%, the College’s estimated incremental borrowing rate.

The following is a schedule of minimum future lease payments from lease agreements as of August 31, 2025:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 30,608	\$ 1,240	\$ 31,848
2027	5,270	37	5,307
Total	<u>\$ 35,878</u>	<u>\$ 1,277</u>	<u>\$ 37,155</u>

The following is a schedule of minimum future lease payments from lease agreements as of August 31, 2024:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 28,928	\$ 2,915	\$ 31,843
2026	30,602	1,240	31,842
2027	5,271	37	5,308
Total	<u>\$ 64,801</u>	<u>\$ 4,192</u>	<u>\$ 68,993</u>

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 - Lease Obligations and Rental Agreements (continued)

Leases - Lessor

Effective May 1, 2021 the College entered into a rental agreement with the Workforce Solutions of the Coastal Bend for meeting and office room space on the campuses. The lessee will remit to the College monthly payments of \$12,891 and the College is reasonably certain to extend the lease agreement through September 30, 2025. As of August 31, 2025, the remaining lease obligation is \$11,687 and interest of \$1,204.

Lessors remaining lease obligation as of August 31, 2025 were as follows:

Fiscal Year	Principal Payments	Interest Expense	Total
2026	\$ 11,687	\$ 1,204	\$ 12,891
Total	\$ 11,687	\$ 1,204	\$ 12,891

Lessors remaining lease obligation as of August 31, 2024 were as follows:

Fiscal Year	Principal Payments	Interest Expense	Total
2025	\$ 95,749	\$ 1,670	\$ 97,419
2026	4,073	12	4,085
Total	\$ 99,822	\$ 1,682	\$ 101,504

Note 9 - Non-Current Liabilities

General information related to notes payable is summarized below:

Note Issue Name: Coastal Bend College Maintenance Tax Notes, Series 2011

- Purpose of Issuance: College wide HVAC improvements
- Issue Date: March 29, 2011
- Original Amount of Issue: \$2,585,000
- Interest Rate: 3.780%
- Source of Revenue for note payments: Interest and Sinking portion of property taxes

Note Issue Name: Coastal Bend College Maintenance Tax Notes, Series 2014

- Purpose of Issuance: Joe Hunter Baseball field upgrades
- Issue Date: August 13, 2014
- Original Amount of Issue: \$1,500,000
- Interest Rate: 2.510%
- Source of Revenue for note payments: Interest and Sinking portion of property taxes

Note Issue Name: Coastal Bend College Maintenance Tax Notes, Series 2023

- Purpose of Issuance: College wide capital improvements
- Issue Date: March 23, 2023
- Original Amount of Issue: \$6,600,000
- Interest Rate: 3.650%
- Source of Revenue for note payments: Interest and Sinking portion of property taxes

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 9 - Non-Current Liabilities (continued)

The following tables summarize the non-current liabilities held by the College as of August 31, 2025 and 2024, respectively.

	Balance August 31, 2024	Additions	Reductions	Balance August 31, 2025	2025 Current Portion
Bonds and Notes:					
Maintenance tax notes	\$ 7,038,000	\$ -	\$ (355,000)	\$ 6,683,000	\$ 618,000
Total Bonds and Notes	<u>7,038,000</u>	<u>-</u>	<u>(355,000)</u>	<u>6,683,000</u>	<u>618,000</u>
Other Liabilities:					
Lease liabilities	64,801	-	(28,923)	35,878	30,608
Subscription liability	581,996	369,064	(300,929)	650,131	441,255
Net pension liability	7,889,158	1,028,851	(1,681,817)	7,236,192	-
Net OPEB liability	15,854,171	3,556,995	(804,430)	18,606,736	528,173
Total Other Liabilities	<u>24,390,126</u>	<u>4,954,910</u>	<u>(2,816,099)</u>	<u>26,528,937</u>	<u>1,000,036</u>
Total Non-Current Liabilities	<u>\$ 31,428,126</u>	<u>\$ 4,954,910</u>	<u>\$ (3,171,099)</u>	<u>\$ 33,211,937</u>	<u>\$ 1,618,036</u>

	Balance August 31, 2023	Additions	Reductions	Balance August 31, 2024	2024 Current Position
Bonds and Notes:					
Maintenance tax notes	\$ 7,412,000	\$ -	\$ (374,000)	\$ 7,038,000	\$ 355,000
Bus note	54,648	-	(54,648)	-	-
Total Bonds and Notes	<u>7,466,648</u>	<u>-</u>	<u>(428,648)</u>	<u>7,038,000</u>	<u>355,000</u>
Other Liabilities:					
Lease liabilities	92,146	-	(27,345)	64,801	28,928
Subscription liability	843,778	-	(261,782)	581,996	266,377
Net pension liability	5,979,321	2,500,199	(590,362)	7,889,158	-
Net OPEB liability	16,166,384	2,668,314	(2,980,527)	15,854,171	443,463
Total Other Liabilities	<u>23,081,629</u>	<u>5,168,513</u>	<u>(3,860,016)</u>	<u>24,390,126</u>	<u>738,768</u>
Total Non-Current Liabilities	<u>\$ 30,548,277</u>	<u>\$ 5,168,513</u>	<u>\$ (4,288,664)</u>	<u>\$ 31,428,126</u>	<u>\$ 1,093,768</u>

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 10 - Subscription-Based Liabilities

The College has the non-cancellable right to use certain third-party vendor information technology software. These subscription-based technology arrangements primarily consist of software used for the College’s accounting and operational needs as well as student assessment and engagement and other software needs. These arrangements have terms ranging from 1 to 3 years.

The principal and interest payments to maturity for subscription-based liabilities at August 31, 2025 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 441,255	\$ 12,152	\$ 453,407
2027	208,876	6,020	214,896
Total	\$ 650,131	\$ 18,172	\$ 668,303

The principal and interest payments to maturity for subscription-based liabilities at August 31, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 266,377	\$ 19,393	\$ 285,770
2026	263,929	9,415	273,344
2027	51,690	3,711	55,401
Total	\$ 581,996	\$ 32,519	\$ 614,515

Note 11 - Funds Held in Trust by Others

As of August 31, 2025 and 2024, the College held, in trust funds, amounts of \$81,547 and \$71,685, respectively, that pertain primarily to student organizations. These funds are not available to support the College’s programs.

Note 12 - Debt Obligations

Debt service obligation for notes are as follows:

<u>Fiscal Year</u>	<u>Maintenance Tax Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 618,000	\$ 237,011	\$ 855,011
2027	410,000	213,890	623,890
2028	425,000	198,651	623,651
2029	440,000	182,865	622,865
2030	460,000	166,440	626,440
2031	475,000	149,376	624,376
2032	490,000	131,765	621,765
2033	510,000	113,515	623,515
2034	530,000	94,535	624,535
2035	550,000	74,825	624,825
2036	570,000	54,385	624,385
2037	590,000	33,215	623,215
2038	615,000	11,224	626,224
Total	\$ 6,683,000	\$ 1,661,697	\$ 8,344,697

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 13 - Employee Retirement Systems and Pension Plans

Plan Description

The College participates in a multiple-employer, cost-sharing, 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 benefit terms.

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

Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/learning-resources/publications>, or by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. 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 under a previous rule. There are no automatic post-employment benefit changes, including automatic 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. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

One-Time Stipends

Stipends, regardless of annuity amount, were paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- A one-time \$7,500 stipend to eligible annuitants who are 75 years of age and older.
- A one-time \$2,400 stipend to eligible annuitants age 70 to 74.

Cost-of-Living Adjustment

A cost-of-living adjustment (COLA) was dependent on Texas voters approving a constitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 2023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment:

- 2% COLA for eligible retirees who retired between September 1, 2013 through August 31, 2020.
- 4% COLA for eligible retirees who retired between September 1, 2001 through August 31, 2013.
- 6% COLA for eligible retirees who retired on or before August 31, 2001.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 13 - Employee Retirement Systems and Pension Plans (continued)

Benefits Provided (continued)

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. Actuarial implications of the funding provided in this manner are determined by the TRS actuary.

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 2019 through 2025.

	Contributions Rates	
	September 1, 2024 to August 31, 2025	September 1, 2023 to August 31, 2024
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
FY 2025 Employer (College)	\$ 696,986	
FY 2025 Employee (Member)	\$ 949,610	
FY 2025 Non-employer Contributing Entity On-behalf Contributions (State)	\$ 474,731	

The College’s contributions to the TRS pension plan for FY 2025 were \$696,986 as reported in the Schedule of College’s Contributions for Pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for FY 2025 were \$474,731.

- 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 the employers.

Employers (public schools, junior colleges, other entities, or the State of Texas as the employer for senior colleges, universities and medical schools) 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, from non-educational and general, or local funds.
- When the employing college 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.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 13 - Employee Retirement Systems and Pension Plans (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 31, 2024	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	2.30%
Salary increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2023.

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on 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 9.54% of payroll in fiscal year 2025 and thereafter. 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 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.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 13 - Employee Retirement Systems and Pension Plans (continued)

Discount Rate (continued)

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 estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2024 are summarized below:

Asset Class	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	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 ¹	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return ¹	0.00%	4.00%	0.00%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources & Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
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 ⁴			-0.70%
Expected Return	100.00%		7.90%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2024 policy model.

³ Capital Market Assumptions (CMA) come from 2024 AAA Study CMA Survey (as of 12/31/2023)

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (7.00%) in measuring the Net pension liability:

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 13 - Employee Retirement Systems and Pension Plans (continued)

Discount Rate Sensitivity Analysis (continued)

	<u>August 31, 2025</u>		
	Discount Rate		
	1% Decrease	Current Rate	1% Increase
	6.00%	7.00%	8.00%
The College's proportional share of the net pension liability	\$ 11,558,032	\$ 7,236,192	\$ 3,655,240

	<u>August 31, 2024</u>		
	Discount Rate		
	1% Decrease	Current Rate	1% Increase
	6.00%	7.00%	8.00%
The College's proportional share of the net pension liability	\$ 11,794,727	\$ 7,889,158	\$ 4,641,674

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

On August 31, 2025, the College reported a liability of \$7,236,192 for its proportionate share of the TRS’s net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College 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 College were as follows:

	<u>August 31, 2025</u>	<u>August 31, 2024</u>
College's proportionate share of the collective net pension liability	\$ 7,236,192	\$ 7,889,158
State's proportionate share that is associated with the College	2,745,058	2,724,024
Total	<u>\$ 9,981,250</u>	<u>\$ 10,613,182</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, through August 31, 2024.

On August 31, 2024 the College’s proportion of the collective net pension liability was 0.011846% which was an increase from its proportion measured as of August 31, 2023 of 0.011485%.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The 2023 Texas Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 13 - Employee Retirement Systems and Pension Plans (continued)

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

Pension Expense

For the year ended August 31, 2025, the College recognized pension expense of \$1,131,054. The College also recognized on-behalf pension expense and revenue of \$328,080 for support provided by the State.

At August 31, 2025, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 398,849	\$ (56,497)
Changes of assumptions	373,620	(50,090)
Difference between projected and actual investment earnings	43,986	-
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	732,535	(245,268)
Contributions paid to TRS subsequent to the measurement date	696,985	-
Total	\$ 2,245,975	\$ (351,855)

At August 31, 2024, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 281,093	\$ (95,529)
Changes of assumptions	746,160	(182,602)
Difference between projected and actual investment earnings	1,148,064	-
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	813,103	(396,713)
Contributions paid to TRS subsequent to the measurement date	667,594	-
Total	\$ 3,656,014	\$ (674,844)

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 13 - Employee Retirement Systems and Pension Plans (continued)

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

The College recognized \$696,985 as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the College’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending	
August 31,	Amount
2026	\$ 171,394
2027	851,024
2028	204,842
2029	(76,031)
Thereafter	45,906
	<u>\$ 1,197,135</u>

Optional Retirement Plan

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentage of participant salaries contributed by the State and each participant are as follows:

Year	State	Participant
2025	6.6%	6.60%
2024	6.6%	6.65%
2023	6.6%	6.65%

In addition, for fiscal years 2025, 2024, and 2023, the College contributed 1.9% of annual compensation for each participant hired on or before September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. SB 1812, effective September 1, 2013, passed by the 83rd Texas Legislature, limits the amount of the state’s contribution of 50 percent of eligible employees in the reporting district.

Retirement expense. ORP expense to the State for the College, representing the portion of expended appropriations made by the State Legislature on behalf of the College, was \$23,205, \$23,206, and \$22,160 for the fiscal years ended August 31, 2025, 2024, and 2023, respectively. The total payroll for all College employees was \$13,357,287, \$12,865,890, and \$11,645,292 for the fiscal years ended August 31, 2025, 2024, and 2023, respectively. The total payroll of employees covered by ORP was \$697,758, \$703,200, and \$671,514 for fiscal years August 31, 2025, 2024, and 2023, respectively.

Note 14 - Deferred Compensation Program

College 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. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants. At August 31, 2025 and 2024, the College had no employees electing to defer compensation.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 15 - 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 these benefits by expending the annual insurance premiums. The State’s maximum contribution per full-time employee was \$625 and \$625 per month for the years ended August 31, 2025 and 2024, respectively. The State’s maximum contribution for dependent coverage was \$1,223 and \$1,223 per month for August 31, 2025 and 2024, respectively.

The table below depicts the cost of providing health care benefits to the College's retired and active employees, and the amount appropriated to the College from the State of Texas. Beginning September 1, 2013, SB 1812 limited the state's contribution to 50% of eligible employees for community colleges.

For the Years Ended August 31,	2025	2024
Number of retirees	133	120
Cost of health benefits for retirees	\$ 565,008	\$ 648,915
Number of active full-time employees	199	188
Cost of health benefits for active full-time employees	\$ 920,050	\$ 1,287,316
State appropriation for health insurance	\$ 820,308	\$ 874,944

Note 16 - Other Post-Employment Benefits (OPEB)

Plan Description

The College participates in the State Retiree Health Plan (SRHP) which is a cost-sharing, defined benefit multiple-employer, other post-employment benefit (OPEB) plan with a special funding situation. Through the SRHP, the Employees Retirement System of Texas (ERS) administers the Texas Employees Group Benefits Program (GBP). 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 these post-employment benefits if they reach normal retirement age while working for the State and retire with at least ten years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position

Detailed information about the SRHP’s fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report that includes financial statements, notes to the financial statements, and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>, or by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 16 - Other Post-Employment Benefits (OPEB) (continued)

Benefits Provided

Retiree health benefits offered through the GBP are available to most State retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees through a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of 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. 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 pays part of the premiums for the College.

**Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Plan Years 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Retiree Only	\$ 624.82	\$ 624.82
Retiree and Spouse	1,340.82	1,340.82
Retiree and Children	1,104.22	1,104.22
Retiree and Family	1,820.22	1,820.22

Contributions of premiums to the SRHP 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 Plan Years Ended August 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Employer	\$ 1,717,732	\$ 1,769,620
Members (Employees)	400,154	388,850
Nonemployer Contributing Entity (State of Texas)	820,308	874,944

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 16 - Other Post-Employment Benefits (OPEB) (continued)

Actuarial Assumptions

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

Valuation Date	August 31, 2024
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
Actuarial Assumptions:	
Discount Rate	3.87%
Projected Annual Salary Increase	2.30% to 8.95%, including inflation
Annual Healthcare Trend Rate per year: HealthSelect	5.60% for FY2026, 5.60% 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 and later years
HealthSelect Medicare Advantage	HealthSelect Medicare Advantage 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 and later years
Pharmacy	Pharmacy 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	2.30%
Ad hoc Post-employment Benefit Changes	None
Mortality Assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021.
Disability retirees	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
Active members	Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP 2021 Projection Scale from the year 2010.

*Source: 2024 ERS ACFR except for mortality assumptions obtained from ERS 2024 GASB 74 Actuarial Valuation.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 16 - Other Post-Employment Benefits (OPEB) (continued)

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuaries for the 7-year period (September 1, 2010 to August 31, 2017) for higher education members.

Investment Policy

The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System’s Board of Trustees amended the investment policy statement in August 2022 to require that all funds in this plan be invested in cash and equivalent securities.

Discount Rate

Because the SRHP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rates. The discount rate used to determine the total OPEB liability as of the end of the measurement year was 3.87% to reflect the requirements of GASB 75. 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 SRHP are equal to projected benefit payments out of the plan. Because SRHP 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.

Discount Rate Sensitivity Analysis

The following schedule shows the impact on the College’s proportionate share of the collective net OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.87%) in measuring the net OPEB Liability.

	2025		
	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
Proportionate share of net OPEB liability (in thousands)	\$21,649,043	\$18,606,736	\$ 16,165,248
	2024		
	1% Decrease in Discount Rate (2.81%)	Discount Rate (3.81%)	1% Increase in Discount Rate (4.81%)
Proportionate share of net OPEB liability (in thousands)	\$18,396,198	\$15,854,171	\$13,809,149

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 16 - Other Post-Employment Benefits (OPEB) (continued)

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 5.6% and the ultimate rate is 4.3%. The following schedule shows the impact on the College’s proportionate share of the collective net OPEB liability if the health care cost trend rate used was 1% less than and 1% greater than the health care cost trend rate that was used (5.6% decreasing to 4.3%) in measuring the net OPEB liability.

	2025		
	1% Decrease in Healthcare Cost Trend Rates (4.6% decreasing to 3.3%)	Current Healthcare Cost Trend Rates (5.6% decreasing to 4.3%)	1% Increase in Healthcare Cost Trend Rates (6.6% decreasing to 5.3%)
Proportionate share of net OPEB liability	\$ 15,965,514	\$ 18,606,736	\$ 21,973,579

	2024		
	1% Decrease in Healthcare Cost Trend Rates (4.6% decreasing to 3.3%)	Current Healthcare Cost Trend Rates (5.6% decreasing to 4.3%)	1% Increase in Healthcare Cost Trend Rates (6.6% decreasing to 5.3%)
Proportionate share of net OPEB liability	\$ 13,636,791	\$ 15,854,171	\$ 18,670,256

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

At August 31, 2025, the College reported a liability of \$18,606,736 for its proportionate share of the ERS’s net OPEB liability. This liability reflects a reduction for state support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the College were as follows:

	2025	2024
The College's proportionate share of the collective net OPEB liability	\$ 18,606,736	\$ 15,854,171
State's proportionate share that is associated with the College	7,882,853	7,838,696
	<u>\$ 26,489,589</u>	<u>\$ 23,692,867</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 College’s proportion of the net OPEB liability was based on the College’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2023 through August 31, 2024.

At the measurement date of August 31, 2024, the College’s proportion of the collective net OPEB liability was 0.06349210%, which was an increase of 0.00415214% from its proportion measured as of August 31, 2023.

For the year ended August 31, 2025, the College recognized OPEB expense of \$534,945 and negative revenue of \$1,624 \$for support provided by the state.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 16 - Other Post-Employment Benefits (OPEB) (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to cover dependent children.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-out Credit at retirement.
- Annual rate of increase in the Patient Centered Outcomes Research Institute fee payable under the Affordable Care Act.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.

The discount rate was changed from 3.81% as of August 31, 2023, to 3.87% as of August 31, 2024, as a result of requirements by GASB No. 74 to reflect the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

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

Under Q/A #4.107 of GASB’s Implementation Guide No. 2017-2, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, any plan changes that have been adopted and communicated to plan members by the time the valuation is prepared must be included in the valuation. The valuation reflects Senate Bill 1055, which added Stephen F. Austin State University into the University of Texas System. As a result, eligible employees of Stephen F. Austin ceased being members under this OPEB plan effective August 31, 2024. Accordingly, this valuation reflects the minor benefit changes that will become effective September 1, 2024, since these changes were communicated to plan members in advance of the preparation of this report. These changes, which are not expected to have a significant impact on plan costs for Fiscal Year 2025, are provided for in the Fiscal Year 2025 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

At August 31, 2025, the College 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	\$ -	\$ 306,989
Changes in actuarial assumptions	1,018,710	3,706,602
Difference between projected and actual economic experience	-	711
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,692,179	473,201
Contributions paid to ERS subsequent to the measurement date	398,658	-
Total	\$ 4,109,547	\$ 4,487,503

The deferred outflows of resources resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2025.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 16 - Other Post-Employment Benefits (OPEB) (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

At August 31, 2024, the College 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	\$ -	\$ (510,069)
Changes in actuarial assumptions	949,840	(4,997,182)
Difference between projected and actual economic experience	2,788	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	2,359,305	(1,948,445)
Contributions paid to ERS subsequent to the measurement date	364,927	-
Total	\$ 3,676,860	\$ (7,455,696)

The College recognized as deferred outflows of resources related to OPEB resulting from the College contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the measurement year ended August 31, 2025. The other amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31,	OPEB Expense Amount
2026	\$ (654,319)
2027	(513,674)
2028	(128,641)
2029	308,048
2030	211,972
Total	\$ (776,614)

Note 17 - Contract and Grant Awards

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Contract and grant awards are recognized as revenues, on Exhibit 2 and Schedule A, as funds that are actually expended. Contracts and grant award funds expended but not collected are reported as receivables on Exhibit 1. Funds received but not expended during the reporting period are deferred until earned. Contracts and grant awards that are not funded and the College has not yet performed services for are not included in the financial statements. As of August 31, 2025 and 2024, \$1,037,378 and \$540,223, respectively, of grant funds have been received in advance.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 18 - Property Tax

The College’s ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real, business/land personal property located in the tax area of the College. The table below represents the Bee County assessed valuation of the College and the tax rates as of August 31, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Assessed Valuation of the College	\$ 3,477,731,279	\$ 3,247,363,284
Less: Exemptions	(54,676,570)	(49,747,820)
Net Assessed Valuation of the College	<u>\$ 3,423,054,709</u>	<u>\$ 3,197,615,464</u>

	Current		
<u>For Year Ended August 31, 2025</u>	<u>Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized rate per \$100 valuation	\$ 0.110680	\$ 0.018020	\$ 0.128700
Assessed tax rate per \$100 valuation	\$ 0.110680	\$ 0.018020	\$ 0.128700

	Current		
<u>For Year Ended August 31, 2024</u>	<u>Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized rate per \$100 valuation	\$ 0.110680	\$ 0.018020	\$ 0.128700
Assessed tax rate per \$100 valuation	\$ 0.105500	\$ 0.023430	\$ 0.128930

Taxes levied, including penalty and interest assessed, for the years ended August 31, 2025 and 2024, based on certified rolls, as reported by the taxing authorities amounted to \$4,276,709 and \$4,035,969, respectively. Bee County Tax Assessor and Collector is the collecting agency for the levy and remits collections to the College net a collection fee. Taxes are due on receipt of the tax bill and are delinquent if not paid before February the year following the year in which imposed.

<u>For the Year Ended August 31,</u>	<u>2025</u>	<u>2024</u>
Current taxes collected	\$ 4,186,275	\$ 3,925,143
Delinquent taxes collected	74,367	89,800
Penalties and interest collected	62,718	71,781
Less: Discounts and commission	(46,651)	(50,755)
Total Tax Levies	<u>\$ 4,276,709</u>	<u>\$ 4,035,969</u>

Tax collections for the years ended August 31, 2025 and 2024 were 97% of the current tax levy. The allowance for uncollectible taxes are based upon the historical experience in the collection of property taxes. As of August 31, 2025 and 2024, management considers all property taxes to be collectible and no allowance has been established as of yearend. The use of tax proceeds by the College is restricted to maintenance and operations or interest and sinking expenditures. Property taxes are an imposed non-exchange revenue. Assets from non-exchange transactions are recorded when the entity has an enforceable legal claim to the asset or when the entity receives the resources, whichever comes first.

The enforceable legal claim date is the assessment date. Resources received or recognized as receivable before the period for which they are levied should be reported as deferred revenues. Accordingly, the College has recognized all assessed taxes in the current year and has a recorded a receivable for uncollected taxes revenue.

COASTAL BEND COLLEGE
NOTES TO FINANCIAL STATEMENTS (continued)

Note 19 - Tax Abatements

The College entered into property tax abatement agreement with Karankawa Wind, LLC (formerly known as Pacific Wind Development, LLC), a wholly-owned subsidiary of Avangrid Renewables, under the Property Redevelopment Tax Abatement Act (Chapter 312 of Texas Tax Code). The abatement was granted for the construction and operation of a wind power project. Karankawa Wind, LLC will contribute to the expansion of employment, attract major investment, benefit the property on which it is constructed, and contribute to the economic development of Bee County. The project consists of a renewable energy wind-powered electric generating facility with an estimated value of at least \$75,000,000 upon completion of the project. The operation and maintenance of this project will create at least 9 new fulltime jobs with full benefits. Salaries of Wind turbine technicians will exceed the minimum living wage requirements for Bee County. For fiscal year 2025, the terms of the agreement were met and \$7,808 in tax revenue was received.

The property tax abatement was granted for a period of 10 years, in which, the owner agreed to pay \$180,000 to the College to fund the College's sidewalk project and a Dual Enrollment Scholarship in exchange for an abatement of 100% of maintenance and operations ad valorem taxes during the first-year construction period for their wind farm project. Additionally, there will be an abatement for years 2-9 thereafter at a rate of 60%. Under this program, the abatements are comprised of a partial exemption from ad valorem taxes of certain added value to real and personal property in a zone designated for economic development purposes pursuant to the Act by the County of Bee. Per Texas Tax Code 312.205, if Karankawa Wind, LLC fails to make the improvement as provided for by their agreement, the College is entitled to cancel the agreement and recover the property tax revenue abated under this agreement through the cancellation date. There is no abatement for debt service portion of ad valorem tax under the agreement.

Note 20 - Commitments and Contingencies

Federal and State of Texas Assisted Programs

The College participates in a number of State of Texas and federally assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the College's compliance with applicable grant requirements will be finally determined at a future date. The amount, if any, of expenditures, which may be disallowed by the grantor agencies, cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

Note 21 - Workers' Compensation

During the years ended August 31, 2025 and 2024, the College met its statutory workers' compensation obligation through participation in the Texas Public Schools Workers' Compensation Project, known as SchoolComp. The College participates through an inter-local agreement that was authorized by Sec. 504.011 of the Texas Labor Code. All members participating in SchoolComp execute Interlocal Agreements that define the responsibilities of the parties. SchoolComp through its Contractor for Program Management (Creative Risk Funding, Inc.) provides statutory workers' compensation benefits to its members injured employees.

Each member funds the cost of each of its claim occurrences based upon an estimated payroll worksheet for each classification code of employees. The Contractor determines the annual required contribution to be deposited based upon the payroll estimates using manual premiums and experience modifiers. Each member funds claim payments with an individual self-insured retention and within a shared self-insured retention. SchoolComp will maintain specific and aggregate excess of loss insurance capping the member's self-insured retentions. Since the College's annual premium is less than \$350,000, the requirement to fund claim retention is capped at 30%. Any costs above the claim retention limit are the shared responsibility of the remaining SchoolComp members.

COASTAL BEND COLLEGE

NOTES TO FINANCIAL STATEMENTS (continued)

Note 22 - Risk Management

The College is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The College has commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 23 - Coastal Bend College Foundation and Related Party Transactions

The Foundation is a nonprofit organization with the sole purpose of supporting educational and other activities of the College.

The Foundation remitted \$ 119,239 and \$114,492 to the College for scholarship awards during the years ended August 31, 2025 and 2024, respectively. The Foundation did not fund any grant programs in 2025 and 2024.

During the years ended August 31, 2025 and 2024, the College provided office space and staff assistance to the Foundation at no cost. The College's management estimates the value of the salary, benefits, and operational expense provided to the Foundation to be \$194,501 and \$185,683 for fiscal years 2025 and 2024, respectively.

Note 24 – Restatement of Net Position

During fiscal year 2025, the College implemented GASB No. 101 *Compensated Absences*. The College did not consider it necessary to restate the 2024 beginning net position (i.e. fiscal year 2023 ending net position) and instead only restated the 2025 beginning net position (fiscal year end 2024 ending net position). Compensated absences for fiscal year 2024 under GASB No. 101 increased by \$61,423, the amount of the restatement. In turn, beginning net position was decreased by this same amount. The amount for 2023 was immaterial. The restated beginning net position for fiscal year 2025 is \$10,137,483 versus the original amount of \$10,198,906.

During fiscal year 2024, the College recorded a restatement of \$364,927 for a correction of an error related to the deferred outflows of resources for other post-employment benefits (OPEB). The correction of the error increased deferred outflows related to OPEB by \$364,927 and decreased operating expenses by the same amount. The restated beginning net position amount for fiscal year 2024 is \$2,918,784.



REQUIRED SUPPLEMENTARY INFORMATION

COASTAL BEND COLLEGE
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
Teachers Retirement System of Texas
Last Ten Measurement Years
(Unaudited)

For the Years Ended August 31, *	2024	2023	2022	2021	2020
College's proportion of the net pension liability	0.0118460%	0.0114851%	0.0100717%	0.0097873%	0.0112224%
College's proportionate share of the net pension liability	\$ 7,236,192	\$ 7,889,158	\$ 5,979,321	\$ 2,492,481	\$ 6,010,497
State's proportionate share of the net pension liability associated with the College	2,745,058	2,724,024	1,964,075	921,714	2,540,204
Total	\$ 9,981,250	\$ 10,613,182	\$ 7,943,396	\$ 3,414,195	\$ 8,550,701
College's covered payroll (for Measurement Year)	\$ 11,241,403	\$ 9,994,809	\$ 8,103,653	\$ 7,641,041	\$ 8,832,602
College's proportionate share of the net pension liability as a percentage of it's covered payroll	64.37%	78.93%	73.79%	32.62%	68.05%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%
For the Years Ended August 31, *	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.0102248%	0.0097042%	0.0110125%	0.0122674%	0.0119473%
College's proportionate share of the net pension liability	\$ 5,318,180	\$ 5,341,411	\$ 2,521,208	\$ 4,635,652	\$ 4,223,212
State's proportionate share of the net pension liability associated with the College	2,516,326	2,533,500	1,852,551	2,436,696	2,080,573
Total	\$ 7,834,506	\$ 7,874,911	\$ 4,373,759	\$ 7,072,348	\$ 6,303,785
College's covered payroll (for Measurement Year)	\$ 7,887,066	\$ 7,837,067	\$ 7,787,109	\$ 8,703,191	\$ 7,750,856
College's proportionate share of the net pension liability as a percentage of it's covered payroll	67.43%	68.16%	32.38%	53.26%	54.49%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%

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

COASTAL BEND COLLEGE
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS FOR PENSIONS
Teachers Retirement System of Texas
Last Ten Fiscal Years
(Unaudited)

For the Years Ended August 31, *	2025	2024	2023	2022	2021
Legally required contributions	\$ 696,986	\$ 667,595	\$ 582,822	\$ 470,082	\$ 414,022
Actual contributions	(696,986)	(667,595)	(582,822)	(470,082)	(414,022)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll amount	\$ 11,508,635	\$ 11,241,403	\$ 11,428,868	\$ 8,103,653	\$ 7,641,041
Contributions as a percentage of covered payroll	6.06%	5.94%	5.10%	5.80%	5.42%
For the Years Ended August 31, *	2020	2019	2018	2017	2016
Legally required contributions	\$ 357,881	\$ 371,188	\$ 360,926	\$ 360,926	\$ 389,765
Actual contributions	(357,881)	(371,188)	(360,926)	(360,926)	(389,765)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll amount	\$ 7,887,066	\$ 7,887,066	\$ 7,837,067	\$ 7,787,109	\$ 8,703,191
Contributions as a percentage of covered payroll	4.54%	4.71%	4.61%	4.63%	4.48%

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

COASTAL BEND COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES FOR PENSIONS
For the Year Ended August 31, 2025

Note 1: Changes of Benefit Terms Include

There were no changes in benefit terms for the fiscal year ended August 31, 2025.

Note 2: Changes of Assumptions

There were no changes in assumptions for the fiscal year ended August 31, 2025.

COASTAL BEND COLLEGE
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
Employee Retirement System of Texas - State Retiree Health Plan
Last Eight Fiscal Years**
(Unaudited)

For the Years Ended August 31, *	2024	2023	2022	2021
College's proportion of the net OPEB liability	0.06349210%	0.05933996%	0.05675011%	0.05059964%
College's proportionate share of the collective net OPEB liability	\$ 18,606,736	\$ 15,854,171	\$ 16,166,384	\$ 18,152,875
State's proportionate share of the net OPEB liability associated with the College	7,882,853	7,838,696	8,453,061	12,280,374
Total	\$ 26,489,589	\$ 23,692,867	\$ 24,619,445	\$ 30,433,249
College's covered employee payroll	\$ 11,241,403	\$ 12,865,890	\$ 11,645,292	\$ 7,908,631
College's proportionate share of the collective net OPEB liability as a percentage of it's covered-employee payroll	165.52%	123.23%	138.82%	229.53%
Plan fiduciary net position as a percentage of the total OPEB liability*	0.47%	0.63%	0.57%	0.38%
For the Years Ended August 31, *	2020	2019	2018	2017
College's proportion of the net OPEB liability	0.05469961%	0.05189990%	0.05618320%	0.06511560%
College's proportionate share of the collective net OPEB liability	\$ 18,075,285	\$ 17,925,948	\$ 16,639,406	\$ 22,186,857
State's proportionate share of the net OPEB liability associated with the College	11,308,825	13,799,904	10,980,147	17,504,930
Total	\$ 29,384,110	\$ 31,725,852	\$ 27,619,553	\$ 39,691,787
College's covered employee payroll	\$ 7,646,035	\$ 7,887,066	\$ 7,837,067	\$ 7,787,109
College's proportionate share of the collective net OPEB liability as a percentage of it's covered-employee payroll	236.40%	227.28%	212.32%	284.92%
Plan fiduciary net position as a percentage of the total OPEB liability*	0.32%	0.17%	1.27%	2.04%

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

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report and Accompanying Notes to the Required Supplementary Schedules for OPEB.

COASTAL BEND COLLEGE
SCHEDULE OF COLLEGE'S CONTRIBUTIONS FOR OPEB
Employee Retirement System of Texas - State Retiree Health Plan
Last Eight Fiscal Years**

For the Years Ended August 31, *	2025	2024	2023	2022
Legally required contributions	\$ 1,717,732	\$ 1,769,620	\$ 1,783,782	\$ 1,816,532
Actual contributions	(1,717,732)	(1,769,620)	(1,783,782)	(1,816,532)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
College's covered-employee payroll amount	\$ 11,508,635	\$ 12,865,890	\$ 11,645,292	\$ 7,908,631
Contributions as a percentage of covered payroll	14.93%	13.75%	15.32%	22.97%
For the Years Ended August 31, *	2021	2020	2019	2018
Legally required contributions	\$ 1,408,754	\$ 660,000	\$ 647,628	\$ 660,000
Actual contributions	(1,408,754)	(660,000)	(647,628)	(660,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
College's covered-employee payroll amount	\$ 7,646,035	\$ 7,887,066	\$ 7,837,067	\$ 7,787,109
Contributions as a percentage of covered payroll	18.42%	8.37%	8.26%	8.48%

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

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report and Accompanying Notes to the Required Supplementary Schedules for OPEB.

COASTAL BEND COLLEGE

NOTES TO REQUIRED SUPPLEMENTARY Schedules For OPEB For the Year Ended August 31, 2025

Note 1: Changes of Benefit Terms Include

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 fiscal year 2025, are provided for in the fiscal year 2025 Assumed Per Capita Health Benefit Costs. There were no benefit changes for HealthSelect retirees and the dependents for whom Medicare is primary.

Note 2: Changes of Assumptions

The following assumptions have been updated since the previous valuation to reflect plan experience and expected trends.

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.
- Proportion of future retirees assumed to cover dependent children.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.

Economic Assumptions

- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee have been updated to reflect the most recent available information.

Other Inputs

- The discount rate was changed from 3.81% to 3.87% as a result of requirements by GASB No. 74 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date. The change in the discount rate was made to comport with the requirements of GASB No. 74.



SUPPLEMENTARY INFORMATION

COASTAL BEND COLLEGE
SCHEDULE OF OPERATING REVENUES

Schedule A

For the Year Ended August 31, 2025
(With Memorandum Totals for the Year Ended August 31, 2024)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Total	
					2025	2024
Tuition and Fees						
Tuition:						
State funded credit courses:						
In-district resident tuition	\$ 3,776,851	\$ -	\$ 3,776,851	\$ -	\$ 3,776,851	\$ 3,103,185
Out-of-district resident tuition	287,501	-	287,501	-	287,501	296,183
Non-resident tuition	24,687	-	24,687	-	24,687	21,530
TPEG - credit (set aside) *	354,921	-	354,921	-	354,921	340,630
State funded continuing education	235,965	-	235,965	-	235,965	468,311
Total Tuition	4,679,925	-	4,679,925	-	4,679,925	4,229,839
Fees:						
Out-of-district fees	1,645,649	-	1,645,649	-	1,645,649	1,708,020
Distance learning fee	823,579	-	823,579	-	823,579	829,562
Installment plan fees	26,350	-	26,350	-	26,350	28,450
Dual credit fees	61,811	-	61,811	-	61,811	62,648
Individual course fees	459,208	-	459,208	-	459,208	510,326
General fees	686,049	-	686,049	-	686,049	699,647
Parking fees	38,039	-	38,039	-	38,039	40,752
Registration fees	509,066	-	509,066	-	509,066	449,705
Total Fees	4,249,751	-	4,249,751	-	4,249,751	4,329,110
Total Tuition and Fees	8,929,676	-	8,929,676	-	8,929,676	8,558,949
Scholarship Allowances and Discounts:						
Remissions and exemptions - state	(549,856)	-	(549,856)	-	(549,856)	(390,386)
Remissions and exemptions - local	(354,921)	-	(354,921)	-	(354,921)	(340,630)
Title IV federal grants	(2,928,825)	-	(2,928,825)	-	(2,928,825)	(5,845,596)
TPEG awards	(245,327)	-	(245,327)	-	(245,327)	(257,500)
Other federal grants	(20,361)	-	(20,361)	-	(20,361)	-
Other state grants	-	-	-	-	-	(737,603)
Other local grants	40	-	40	-	40	(250,467)
Dual credit, exemptions, and scholarships	(3,711,407)	-	(3,711,407)	-	(3,711,407)	-
Total Scholarship Allowances and Discounts	(7,810,657)	-	(7,810,657)	-	(7,810,657)	(7,822,182)
Total Net Tuition and Fees	1,119,019	-	1,119,019	-	1,119,019	736,767
Additional Operating Revenues:						
Federal grants and contracts	-	1,885,849	1,885,849	-	1,885,849	6,886,667
State grants and contracts	-	956,975	956,975	-	956,975	1,079,723
Non-governmental grants and contracts	113,766	-	113,766	-	113,766	-
Sales and services of educational activities	117,284	-	117,284	-	117,284	118,464
Miscellaneous governmental receipts	-	-	-	-	-	69,697
General operating revenues	1,901,786	-	1,901,786	-	1,901,786	174,492
Total Additional Operating Revenues	2,132,836	2,842,824	4,975,660	-	4,975,660	8,329,043
Auxiliary Enterprises:						
Bookstore	-	-	-	49,090	49,090	32,204
Housing	-	-	-	690,958	690,958	695,160
Child care center	-	-	-	48,000	48,000	48,000
Facilities rental	-	-	-	164,205	164,205	181,671
Student programs	-	-	-	15,910	15,910	-
Less discounts	-	-	-	(920,786)	(920,786)	(149,400)
Total Net Auxiliary Enterprises	-	-	-	47,377	47,377	807,635
Total Operating Revenues	\$ 3,251,855	\$ 2,842,824	\$ 6,094,679	\$ 47,377	\$ 6,142,056	\$ 9,873,445
					(Exhibit 2)	(Exhibit 2)

In accordance with Texas Education Code 56.033, \$354,921 and \$340,630 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2025 and 2024, respectively.

COASTAL BEND COLLEGE
SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2025
(With Memorandum Totals for the Year Ended August 31, 2024)

Schedule B

	Operating Expenses			Total		
	Salaries and Wages	Benefits		2025	2024	
		State	Local			Other Expenses
Unrestricted - Educational Activities:						
Instruction	\$ 6,079,578	\$ -	\$ 1,364,036	\$ 860,058	\$ 8,303,672	\$ 8,284,797
Academic support	423,806	-	23,373	370,207	817,386	409,198
Student services	1,496,786	-	144,573	550,709	2,192,068	1,665,499
Institutional support	2,565,810	-	203,739	4,696,269	7,465,818	7,534,682
Operation and maintenance of plant	1,013,503	-	50,552	1,339,477	2,403,532	2,128,939
Total Unrestricted - Educational Activities	11,579,483	-	1,786,273	7,816,720	21,182,476	20,023,115
Restricted - Educational Activities:						
Instruction	-	1,157,222	-	3,054	1,160,276	295,525
Academic support	592,488	221,892	8,823	-	823,203	648,999
Student services	378,066	347,012	4,546	179,057	908,681	814,868
Institutional support	-	548,309	-	-	548,309	27,816
Operation and maintenance of plant	-	270,928	-	-	270,928	279,663
Scholarships and fellowships	-	-	-	2,827,354	2,827,354	377,433
Total Restricted - Educational Activities	970,554	2,545,363	13,369	3,009,465	6,538,751	2,444,304
Total Educational Activities	12,550,037	2,545,363	1,799,642	10,826,185	27,721,227	22,467,419
Auxiliary Enterprises	631,953	130,473	9,246	1,122,342	1,894,014	1,843,415
Amortization/Depreciation Expense:						
Depreciation expense - buildings and other improvements	-	-	-	848,825	848,825	869,833
Depreciation expense - equipment and furniture	-	-	-	965,395	965,395	931,894
Total Amortization/Depreciation Expense	-	-	-	1,814,220	1,814,220	1,801,727
Total Operating Expenses	\$ 13,181,990	\$ 2,675,836	\$ 1,808,888	\$ 13,762,747	\$ 31,429,461	\$ 26,112,561
				(Exhibit 2)	(Exhibit 2)	

COASTAL BEND COLLEGE
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2025
(With Memorandum Totals for the Year Ended August 31, 2024)

Schedule C

	Unrestricted	Restricted	Total	
			2025	2024
Non-Operating Revenues:				
State Allocations:				
Education and general state support	\$ 14,062,521	\$ -	\$ 14,062,521	\$ 11,809,256
State retirement matching	-	23,293	23,293	203,049
State Appropriations	14,062,521	23,293	14,085,814	12,012,305
Ad valorem taxes:				
Taxes for maintenance and operations	3,713,389	-	3,713,389	3,299,432
Taxes for debt service	-	606,238	606,238	736,537
Title IV	-	6,344,591	6,344,591	5,845,596
Gifts	-	145,824	145,824	644,205
Investment income	945,812	-	945,812	1,219,726
Other nonoperating revenues	7,808	-	7,808	270,188
Total Nonoperating Revenues	18,729,530	7,119,946	25,849,476	24,027,989
Non-Operating Expenses:				
Interest on capital related debt	-	(182,772)	(182,772)	(349,637)
Non-government funded expense	(94,500)	-	(94,500)	(91,000)
Other nonoperating expenses	-	-	-	(116)
Total Non-Operating Expenses	(94,500)	(182,772)	(277,272)	(440,753)
Net Non-Operating Revenues	\$ 18,635,030	\$ 6,937,174	\$ 25,572,204	\$ 23,587,236
			(Exhibit 2)	(Exhibit 2)

COASTAL BEND COLLEGE

Schedule D

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

For the Year Ended August 31, 2025

(With Memorandum Totals for the Year Ended August 31, 2024)

	Detail by Source					Available for Current Operation	
	Restricted			Capital Assets Net of Depreciation & Related Debt	Current Year Total	Yes	No
	Unrestricted	Expendable	Non-Expendable				
Current:							
Unrestricted	\$ (8,551,942)	\$ -	\$ -	\$ -	\$ (8,551,942)	\$ (8,551,942)	\$ -
Restricted for:							
Nonexpendable:							
Student aid	-	-	-	-	-	-	-
Expendable:							
Student aid	-	32	-	-	32	32	-
Plant:							
Debt service	-	265,377	-	-	265,377	-	265,377
Investment in plant	-	-	-	18,708,815	18,708,815	-	18,708,815
Total Net Position, August 31, 2025	(8,551,942)	265,409	-	18,708,815	10,422,282	(8,551,910)	18,974,192
Total Net Position, August 31, 2024, as restated	(10,957,603)	461,808	6,509,293	14,123,985	10,137,483	(10,819,881)	21,018,787
Net increase (decrease) in net position	\$ 2,405,661	\$ (196,399)	\$ (6,509,293)	\$ 4,584,830	\$ 284,799	\$ 2,267,971	\$ (2,044,595)
					(Exhibit 2)		



**OVERALL COMPLIANCE, INTERNAL CONTROL, AND
FEDERAL AND STATE AWARDS SECTION**



**INDEPENDENT AUDITOR'S 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
Coastal Bend College
Beeville, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Coastal Bend College (the "College"), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

To the Board of Trustees
Coastal Bend College

Report on Compliance and Other Matters

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

Report on Texas Public Funds Investment Act

We also performed tests of the College's compliance with the requirements of the Texas Public Funds Investment Act (the Act). The results of our tests disclosed no instances of noncompliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit and accordingly, we do not express an opinion.

Purpose of this Report

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



Houston, Texas
December 16, 2025

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

The Board of Trustees
Coastal Bend College
Beeville, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coastal Bend College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2025. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Coastal Bend College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed two instances of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

To the Board of Trustees
Coastal Bend College

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002.

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

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

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



Houston, Texas
December 16, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TEXAS GRANT MANAGEMENT STANDARDS

Board of Trustees
Coastal Bend College
Beeville, Texas

Report on Compliance for the Major State Program

Opinion on the Major State Program

We have audited Coastal Bend College's (the College) compliance with the types of compliance requirements identified as subject to audit in the State Comptroller's Office, *Texas Grant Management Standards* that could have a direct and material effect on the College's major state program for the year ended August 31, 2025. The College's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended August 31, 2025.

Basis for Opinion on the Major 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 *Texas Grant Management Standards*. Our responsibilities under those standards 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 College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for the major state program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and *Texas Grant Management Standards* 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 College's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and *Texas Grant Management Standards*, 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 College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Texas Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

To the Board of Trustees
Coastal Bend College

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 *Texas Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

Whitley Penn LLP

Houston, Texas
December 16, 2025

COASTAL BEND COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2025

Schedule E

Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass Through Grantor Number or Grant ID	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Direct Programs:				
<i>TRIO Upward Bound</i>	84.047A	P047A221356-24	\$ -	\$ 611,825
<i>TRIO Educational Talent Search</i>	84.044A	P044A210563-23	-	586,950
<i>Total TRIO Cluster (ALN 84.047 & 84.044)</i>			<u>-</u>	<u>1,198,775</u>
<i>Supplemental Educational Opportunity Grants</i>	84.007	P007A243966	-	141,356
<i>Work-Study Program</i>	84.033	P033A243966	-	115,976
<i>Pell Grant Program</i>	84.063	P063P242261	-	6,223,945
<i>Direct Student Loans</i>	84.268	P268K252261	-	1,072,650
<i>Total Student Financial Assistance Cluster (ALN 84.007, 84.033, 84.063, 84.268)</i>			<u>-</u>	<u>7,553,927</u>
<i>2021 Title III, Part A, Strengthening Institutions Program</i>	84.031A	P031A220197-23	-	7,895
<i>2021 Title III, Part A, Strengthening Institutions Program</i>	84.031A	P031A220197-24	-	384,774
<i>Total ALN 84.031</i>			<u>-</u>	<u>392,669</u>
Passed-Through From Texas Higher Education Coordinating Board:				
<i>Career and Technical Education - Basic Grants to States</i>	84.048A	254202067110001	-	274,797
Total U.S. Department of Education			<u>-</u>	<u>9,420,168</u>
Total Federal Awards			<u>\$ -</u>	<u>\$ 9,420,168</u>

COASTAL BEND COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2025

Note 1 - Significant Accounting Policies Used in Preparing the Schedule

The schedule of expenditures of Federal awards presents the activity of Federal financial assistance programs of the College for the year ended August 31, 2025. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the College for the purposes of the award and 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 College has followed all applicable guidelines issued by various entities in the preparation of the schedules.

Expenditures presented on the schedule of expenditures of Federal awards are recognized following the cost principles as found in the Uniform Guidance. The College has elected not to use the 15 percent de minimus indirect cost rate as allowed under the Uniform Guidance. The College did not receive any federal noncash assistance for the year ended August 31, 2025.

Note 2 - Federal Assistance Reconciliation

The information in this schedule of expenditures of Federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the College's financial statements. See reconciliation below:

Additional Operating Revenues - Federal Grants and Contracts Per Schedule A	\$ 1,885,849
Add: Non-Operating Revenues - Title IV Per Schedule C	<u>6,344,591</u>
Total Federal Revenues Per Schedule A and Schedule C	<u><u>8,230,440</u></u>
Reconciling Items:	
Add: Direct Student Loans	1,072,650
Indirect Cost	<u>117,078</u>
Total Federal Revenues Per Schedule of Expenditures of Federal Awards	<u><u>\$ 9,420,168</u></u>

Note 3: Relationship to Federal Reports

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedule of expenditures of Federal awards are due to different program year ends and accruals that will be reflected in the next report filed with the agencies.

Note 4: Expenditures Not Subject to Federal Single Audit

None.

Note 5: Student Loans Processed and Administrative Costs Recovered

None.

Note 6: Non-Monetary Federal Assistance

None.

Note 7: Amounts Passed Through by The College

None.

COASTAL BEND COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2025

Schedule F

Grantor/Pass-Through Grantor/ Program Title	Contract Number	Expenditures
Texas Higher Education Coordinating Board		
Direct Programs:		
<i>College Work-Study Program</i>	9920050M	\$ 3,800
<i>Texas Education Opportunity Grant B.1.10</i>	18872	753,959
<i>Nursing Shortage Reduction Program</i>	17752	9,417
<i>Nursing Student Scholarship Program</i>	9P253835	51,538
<i>Texas Reskilling and Upskilling Through Education (TRUE) 2024-2025 Grant Program</i>	01482	138,261 **
Total Texas Higher Education Coordinating Board		<u><u>956,975</u></u>
Total State Financial Assistance		<u><u>\$ 956,975</u></u>

**amount of the award \$279,390

COASTAL BEND COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2025

Note 1 - Significant Accounting Policies Used in Preparing The Schedule

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

Note 2 - State Assistance Reconciliation

State Revenues Per Schedule A	\$ 956,975
Total State Revenues Per Schedule of Expenditures of State	<u>\$ 956,975</u>

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported.
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes; Findings 2025-001 and 2025-002
Type of auditors' report issued on compliance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes; Findings 2025-001 and 2025-002

Identification of Federal major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
---	--

US Department of Education

Student Financial Assistance Cluster:	
<i>Supplemental Education Opportunity Grant Program</i>	84.007
<i>Work Study Program</i>	84.033
<i>Pell Grant Program</i>	84.063
<i>Direct Student Loans</i>	84.268
Trio Cluster	
<i>TRIO Upward Bound</i>	84.047A
<i>TRIO Educational Talent Search</i>	84.044A
Dollar Threshold Considered Between Type A and Type B Federal Programs:	\$750,000
Federal Single Audit - Auditee qualified as low risk auditee?	No

State Awards

Internal control over major programs:

Material weakness (es) identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditors' report issued on compliance with major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with TxGMS? No

Identification of State major program:

Name of State Program

Texas Education Opportunity Grant

Dollar Threshold Considered Between Type A and Type B State Programs: \$750,000

State Single Audit - Auditee qualified as low risk auditee? No

SECTION II: FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III: FEDERAL AND STATE AWARD FINDINGS

Finding 2025-001 – Required Services to Eligible Participants

Type of Finding: Significant Deficiency and Compliance

Federal Grant Name and ALN: TRIO Cluster: TRIO Educational Talent Search (84.044A)

Federal Agency: U.S. Department of Education (Grant ID P-044A210563-23)

Compliance Requirement: N. Special Tests and Provisions

Repeat Finding: No

Criteria:	Federal regulations stipulate that Talent Search projects must deliver certain core services to eligible participants, including academic tutoring, course selection advising, college entrance exam prep, financial aid assistance, and guidance for GED or reentry programs. This requirement is codified in 34 CFR § 643.4. Additionally, applicable provisions in the OMB Compliance Supplement (2 CFR 200, Appendix XI, Part 4 – Department of Education: Special Tests and Provisions) require auditors to verify that all required services are provided to participants.
Condition:	During our test of controls and compliance with Special Tests and Provisions <i>Services that Student Support Services, Talent Search, Upward Bound or McNair Projects Must Provide</i> , we identified one participant who did not receive a required service—specifically, no academic tutoring or college entrance exam preparation was provided during the program year.
Cause:	Lack of internal controls over compliance—specifically, monitoring—did not allow the College to ensure all eligible participants received the required services <ul style="list-style-type: none">• Case management or service delivery records were not consistently reviewed.• There was no verification step or supervisory review confirming service delivery before participant files were closed.
Effect:	By not delivering at least one mandated service to the participant: <ul style="list-style-type: none">• The program falls into noncompliance with 34 CFR § 643.4, risking funding eligibility.• Potentially eligible students may not receive crucial educational support, which doesn't align with the Talent Search's objectives to improve college readiness and access.
Questioned Cost:	None.
Context	This issue was identified during a special test focusing on required services We tested a sample of 40 from a population of 1,369 students. Only one exception was found, suggesting this may not be systemic; however, even a single instance represents noncompliance with federal regulation.
Recommendation:	We recommend that Talent Search management: <ol style="list-style-type: none">1. Enhance monitoring controls and documentation—implement a checklist or sign-off process ensuring each required service is either recorded or formally declined in writing before participant case closure.2. Conduct supervisory or quality assurance reviews—periodically (e.g., monthly), review a sample of participant files to confirm all mandated services have been delivered and properly documented, with corrective action taken when omissions are identified.
Views of Responsible Officials	The College agrees with the recommendation and has provided a corrective action.

Finding 2025-002 – Time and Effort Documentation

Type of Finding: Significant Deficiency and Compliance

Federal Grant Name and ALN: TRIO Cluster: TRIO Educational Talent Search (84.044A) and TRIP Upward Bound (84.047A)

Federal Agency: U.S. Department of Education (Grant ID P-044A210563-23 and P047A221356-24)

Compliance Requirement: B. Allowable Costs/Costs Principles

Repeat Finding: No

- Criteria:** 2 CFR 200.430 (g)(vi) requires that charges to Federal Awards for salaries and wages be based on records that accurately reflect the work performed and that the records support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- Condition:** The College complies with 2 CFR 430 (g)(vi) by requiring employees to complete time and effort form reflecting the employees' duties within the grant. The forms are signed by the employees as well as a supervisor having firsthand knowledge of the employees' duties. Two (2) forms from our sample of 40 were not signed when requested.
- Cause:** Due to an administrative oversight, these forms were overlooked.
- Effect:** Without completed time and effort forms, the College could risk unallowable employees to the TRIO Cluster.
- Questioned Cost:** None.
- Context** During our tests of federal payroll, we selected a sample of 40 from a population of 853. Two (2) employees from our sample did not have signed time and effort records until requested by the auditors.
- Recommendation:** The College should review all charges, both planned and actual, against grant documents and time and effort forms to ensure that the planned expenditures conform to the grant application and that the actual charges are for employees working in the federal program.
- Views of Responsible Officials** The College agrees with the finding and recommendation and has prepared a corrective action plan.



COASTAL BEND COLLEGE
STATUS OF PRIOR YEAR FINDINGS
For the Year Ended August 31, 2025

Finding ID	Title	Rating	Brief Descriptions	Date Resolved	Action Taken
2024-001	Capital Assets, Repair and Maintenance Expenditures	MW	Improper capitalization, incorrect general ledger coding and lack of fixed asset policy.	6/30/2025	<ul style="list-style-type: none"> Adoption of comprehensive inventory policy CDB (LOCAL). Physical inventories for all sites completed per CDB. All assets now capitalized at point of receipt, and tracked in new KACE system
2024-002	Miscellaneous Income, Bad Debt Expense	MW	<ul style="list-style-type: none"> Audit entries not recorded; Misclassification of prior year adjustments. 	1/31/2025	FY23/24 audit entries posted
2024-003	Accounts Payable Expense	MW	Improper reconciliation of accounts payable, backdating check.	5/31/2025	<ul style="list-style-type: none"> Account reconciliations are in periodic workflow. Process to ensure all expenses are recorded in the appropriate period on an accrual basis will be enforced at year-end.
2024-004	Accrued Liabilities, Payroll Expense, Net Assets, Bad Debt Expense	MW	Vacation accruals exceeded policy limits; ERS liabilities Misstated	6/30/2025	<ul style="list-style-type: none"> Adoption of updated vacation accrual policy DEC(LOCAL) ERS liabilities were reconciled
2024-005	Allowance for Doubtful Accounts, Bad Debt Expense	MW	No review of current A/R balances for collectability	5/31/2025	<ul style="list-style-type: none"> -Process to review and calculate estimate of uncollectable student accounts created
2024-006	Prepaid Assets, Expense	SD	Prepaid expenses were expensed immediately instead of being accrued.	2/28/2025	<ul style="list-style-type: none"> Controller and Business Accounting Technician identify prepaids as they occur for proper recording
2024-007	Account Reconciliations not performed	SD	Balance sheet accounts not reconciled; journal entries not reviewed	3/31/2025	<ul style="list-style-type: none"> Qualified staff accountant assigned to reconcile significant balance sheet accounts periodically throughout the year with review by Controller
2024-008	Non-Compliance and Significant Deficiency - CARES Institutional (HEERF)	SD	No internal controls over cash drawdowns or interest monitoring for HEERF.	3/31/2025	<ul style="list-style-type: none"> - CFO began reconciling grants on a monthly basis to ensure accuracy in managing grant funds Staff accountant responsible for grants was subsequently hired, and reconciles all grants with review by CFO

COASTAL BEND COLLEGE
STATUS OF PRIOR YEAR FINDINGS
For the Year Ended August 31, 2025

Finding ID	Title	Rating	Brief Descriptions	Date Resolved	Action Taken
					•
2024-009	Internal Controls - CARES Institutional (HEERF)	SD	- Process will be utilized at year end for proper recording of bad debt expense	5/31/2025	<ul style="list-style-type: none"> • Purchasing technician researches all potential purchases from federal awards to ensure vendors are not subject to suspension or debarment utilizing SAM.gov
2024-010	Internal Controls - Texas Educational Opportunity Grant (TEOG)	MW	No internal controls over compliance with TEOG requirements.	4/30/2025	<ul style="list-style-type: none"> • Processes and procedures for reviewing TEOG grant awards were updated in October 2024. • - Staff accountant periodically reviews a sample of financial aid TEOG awards each semester to ensure all requirements are met
2024-011	Non-Compliance – Matching Requirements TEOG	SD	Used Pell grants for TEOG matching, against state requirements.	4/30/2025	<ul style="list-style-type: none"> • Processes and procedures for reviewing TEOG grant awards were updated in October 2024. • - Staff accountant periodically reviews a sample of financial aid TEOG awards each semester to ensure all requirements are met
2024-012	Internal Control - Student Financial Aid Cluster	SD	Did not submit cash management contract to Federal Student Aid website.	5/31/2025	<ul style="list-style-type: none"> • Cash management contract is uploaded to Federal Student Aid website. • Consistent servicer and contract has been in place since 2014



Corrective Action Plan

Finding 2025-001: Required Services to Eligible Participants

Name of Contact Person: TRIO Talent Search Beeville Project Director, Ruby Hernandez

Corrective Action: The College has corrected this issue by requiring staff to submit bimonthly student contact reports through Blumen within five business days following each reporting period. This process ensures consistent and well-documented outreach to students while strengthening the accuracy and completeness of program records. Under the leadership of the new TRIO Talent Search Beeville Director, the system is now fully operational and demonstrating compliance, with supervisory oversight in place to prevent future occurrences. This reporting practice has been standardized and implemented across all four TRIO programs.

Proposed Completion Date: 11/01/2025

Anticipated Completion Date: Completed

Finding 2025-002: Time and Effort Documentation

Name of Contact Person: TRIO Upward Bound Project Director, Vacant. In the Interim, contact will be Dr. Kayla Devora-Jones.

Corrective Action: To prevent future occurrences, the College has implemented strengthened safeguards. All Time and Effort reports are now housed in Microsoft Teams with shared access for the TRIO Directors, the supervising Institutional Project Manager, and the Human Resources Payroll Specialist, ensuring clear accountability in the submission and review process. TRIO Directors and the supervising Institutional Project Manager are responsible for the timely completion and submission of all Time and Effort reports, which must now be submitted within five business days following each payroll cycle. Human Resources is responsible for reviewing all submitted reports to verify completeness. This corrective action ensures systematic monitoring, real-time verification, and timely completion of all personnel activity reports. The shared filing structure also eliminates gaps in documentation and has been fully implemented across all four TRIO programs.

Proposed Completion Date: 10/31/2025

Anticipated Completion Date: Completed

Alice
704 Coyote Trail
Alice, TX 78332
1-866-891-2981

Beeville
3800 Charco Road
Beeville, TX 78102
1-866-722-2838

Kingville
1814 Brahma Blvd.
Kingville, TX 78363
1-866-262-1615

Pleasanton
1411 Bensdale
Pleasanton, TX 78064
1-866-361-4222

