

PRELIMINARY OFFICIAL STATEMENT

Dated January 22, 2026

Ratings:

S&P: "AA+"

See ("OTHER INFORMATION – Ratings" herein)

NEW ISSUE – Book-Entry-Only

In the opinion of Bond Counsel, interest on the Notes will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS – Tax Exemption" herein.

THE NOTES WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS



\$27,555,000*

TYLER JUNIOR COLLEGE DISTRICT

(A political subdivision of the State of Texas located in Van Zandt and Smith Counties, Texas)
MAINTENANCE TAX NOTES, SERIES 2026

Dated: February 25, 2026

Due: February 15, as shown on page 2

Interest to accrue from date of initial delivery

PAYMENT TERMS . . . Interest on the \$27,555,000* Tyler Junior College District Maintenance Tax Notes, Series 2026 (the "Notes") will accrue from the date of initial delivery of the Notes (anticipated to be February 25, 2026), will be payable February 15 and August 15 of each year, commencing February 15, 2027 until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Notes will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Notes may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Notes will be made to the owners thereof.** Principal of, and interest on the Notes will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Notes. See "THE NOTES - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE NOTES - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Notes are being issued pursuant to the Constitution and general laws of the State of Texas, including Section 45.108, Texas Education Code, as amended, and are direct obligations of the Tyler Junior College District (the "District") payable from available funds of the District as authorized and provided in Section 45.108 of the Texas Education Code, including an ad valorem tax levied, within the limitations of and pursuant to the District's maintenance taxing authority, on all taxable property in the District, as provided in the resolution authorizing the Notes (the "Resolution") (see "THE NOTES – Authority for Issuance" and "THE NOTES – Security for Payment").

PURPOSE . . . Proceeds from the sale of the Notes will be used to pay costs incurred in connection with the maintenance, repair, rehabilitation, or replacement of heating, air conditioning, water, sanitation, roofing, flooring, electric or other building systems of existing school properties and to pay costs of issuance.

CUSIP PREFIX: 902299

MATURITY SCHEDULE & 9 DIGIT CUSIP

See Schedule on Page 2

LEGALITY . . . The Notes are offered for delivery when, as and if issued and received by the Purchaser and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see APPENDIX C - "Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Notes will be available for delivery through DTC on February 25, 2026.

BIDS DUE WEDNESDAY, JANUARY 28, 2026 AT 1:30 PM, CENTRAL TIME

* Preliminary, subject to change (see "CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts" in the Notice of Sale and Bidding Instructions).

MATURITY SCHEDULE*

Principal Amount	Maturity February 15	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 275,000	2028			
690,000	2029			
1,095,000	2030			
1,135,000	2031			
1,180,000	2032			
1,230,000	2033			
1,280,000	2034			
1,330,000	2035			
1,390,000	2036			
1,455,000	2037			
1,520,000	2038			
1,590,000	2039			
1,665,000	2040			
1,740,000	2041			
1,820,000	2042			
1,905,000	2043			
1,990,000	2044			
2,085,000	2045			
2,180,000	2046			

(Accrued Interest from Date of Initial Delivery)

* Preliminary, subject to change (see “CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts” in the NOTICE OF SALE AND BIDDING INSTRUCTIONS).

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Purchaser nor the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION. . . The District reserves the right, at its option, to redeem Notes maturing on and after February 15, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE NOTES – Optional Redemption”).

MANDATORY SINKING FUND REDEMPTION. . . . In the event any of the Notes are structured as “Term Notes”, such Term Notes will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Resolution, which provisions will be included in the final Official Statement.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the “Rule”), this document constitutes an “official statement” of the District with respect to the Notes that has been deemed “final” by the District as of its date except for the omission of the information permitted by Subsection (b)(1) of the Rule.

This Preliminary Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representations other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Preliminary Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the District’s undertaking to provide certain information on a continuing basis.

THE NOTES ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE NOTES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE NOTES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NEITHER THE DISTRICT, ITS FINANCIAL ADVISOR, NOR THE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS PRELIMINARY OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY ONLY SYSTEM AS DESCRIBED UNDER “BOOK-ENTRY ONLY SYSTEM”, AS SUCH INFORMATION WAS FURNISHED BY THE DEPOSITORY TRUST COMPANY.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Preliminary Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Preliminary Official Statement. The offering of the Notes to potential investors is made only by means of this entire Preliminary Official Statement. No person is authorized to detach this summary from this Preliminary Official Statement or to otherwise use it without the entire Preliminary Official Statement.

THE DISTRICT	The Tyler Junior College District is a body corporate and political subdivision of the State of Texas organized and existing under the laws of the State. The District was established in 1926 as part of the Tyler public school system to serve the higher education needs of area citizens. The District boundaries are coterminous with some or all of Chapel Hill, Tyler, Lindale, Winona, Van, and Grand Saline school districts, located in Smith and Van Zandt counties.
THE NOTES	The Tyler Junior College District \$27,555,000* Maintenance Tax Notes, Series 2026 are issued as serial Notes maturing February 15, 2028 through and including February 15, 2046, unless the Purchaser designates one or more maturities as a Term Note (see “THE NOTES - Description of the Notes”).
PAYMENT OF INTEREST	Interest on the Notes accrues from the date of initial delivery, and is payable February 15, 2027 and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE NOTES - Description of the Notes”).
AUTHORITY FOR ISSUANCE	The Notes are being issued pursuant to the laws of the State of Texas, including Section 45.108, Texas Education Code as amended; and a resolution to be passed by the Board of Trustees, and are direct obligations of the District (see “THE NOTES - Authority for Issuance”).
SECURITY FOR THE NOTES	The Notes constitute direct obligations of the District payable, both as to principal and interest, from available funds of the District as authorized and provided in Section 45.108 of the Texas Education Code, including an ad valorem tax levied, within the limitations of and pursuant to the District’s maintenance taxing authority, on all taxable property in the District, as provided in the resolution authorizing the Notes (the “Resolution”) (see “THE NOTES – Authority for Issuance” and “THE NOTES – Security for Payment”).
OPTIONAL REDEMPTION	The District reserves the right, at its option, to redeem Notes maturing on and after February 15, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE NOTES – Optional Redemption”).
MANDATORY SINKING FUND REDEMPTION	In the event any of the Notes are structured as “Term Notes”, such Term Notes will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Resolution, which provisions will be included in the final Official Statement.
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Notes will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption “TAX MATTERS – Tax Exemption” herein.
NOT QUALIFIED TAX-EXEMPT OBLIGATIONS	The Notes will not be designated as “qualified tax-exempt obligations.”
USE OF PROCEEDS	Proceeds from the sale of the Notes will be used to pay costs incurred in connection with the maintenance, repair, rehabilitation, or replacement of heating, air conditioning, water, sanitation, roofing, flooring, electric or other building systems of existing school properties and to pay costs of issuance.
RATINGS	The Notes are rated “AA+” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”) (see “OTHER INFORMATION – Ratings”).
BOOK-ENTRY-ONLY SYSTEM	The definitive Notes will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Notes may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Notes will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Notes will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Notes (see “THE NOTES - Book-Entry-Only System”).

* Preliminary, subject to change (see “CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts” in the Notice of Sale and Bidding Instructions).

PAYMENT RECORD The District has never defaulted in payment of its tax supported debt.

SELECTED INFORMATION

Fiscal Year Ended 8/31	Estimated Population ⁽¹⁾	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year ⁽²⁾	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita	% Total Collections
2022	235,806	\$ 16,450,089,846	\$ 69,761	\$ 29,784,000	0.18%	\$ 126	97.92%
2023	237,186	18,384,733,381	77,512	35,242,000	0.19%	149	98.27%
2024	245,209	21,053,634,929	85,860	46,865,000	0.22%	191	98.76%
2025	245,209	21,674,337,665	88,391	40,802,000	0.19%	166	98.87%
2026	245,209	25,126,922,199	102,471	60,518,000 ⁽³⁾	0.24%	247	N/A

Source: Smith and Van Zandt County Appraisal Districts.

(1) Source: District's audited financial statements.

(2) Valuations shown are certified taxable assessed values. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts update records.

(3) Projected, includes the Notes. Preliminary, subject to change.

For additional information regarding the District, please contact:

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or Steven Adams, CFA
Paul Jasin
Specialized Public Finance Inc.
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Dallas, Texas 75206
(214) 373-3911

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DISTRICT OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Board of Trustees	Term Expires	Occupation
David Hudson President	May, 2026	Attorney
Lonny Uzzell First Vice President	May, 2030	Banker
Clint Roxburgh Second Vice President	May, 2028	C.P.A./Retired
Rohn Boone	May, 2026	Business Owner
Ann Brookshire	May, 2026	C.P.A.
Mike Coker	May, 2030	Attorney
Paul Latta	May, 2030	Dentist
Joseph Prud'homme	May, 2028	Surgeon/Retired
Peggy Smith	May, 2028	Community Volunteer

APPOINTED OFFICIALS

Name	Position	Length of Service With District
Dr. Juan E. Mejia	President	12 Years
Sarah E. Van Cleef	Vice President for Financial and Administrative Affairs, CFO	26 Years

CONSULTANTS AND ADVISORS

Auditors.....	Whitley Penn LLP Dallas, Texas
Bond Counsel	Norton Rose Fulbright US LLP Dallas, Texas
Financial Advisor	Specialized Public Finance Inc. Dallas, Texas

PRELIMINARY OFFICIAL STATEMENT
RELATING TO
\$27,555,000*
TYLER JUNIOR COLLEGE DISTRICT
MAINTENANCE TAX NOTES, SERIES 2026

INTRODUCTION

This Preliminary Official Statement, which includes the cover page and the Appendices hereto, provides certain information regarding the issuance by the Tyler Junior College District (the “District”) of \$27,555,000* Maintenance Tax Notes, Series 2026 (the “Notes”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the resolution which authorizes the issuance of the Notes (the “Resolution”), except as otherwise indicated herein.

The District is a body corporate and political subdivision of the State of Texas, located in Smith and Van Zandt Counties, Texas. The District is governed by a nine-member Board of Trustees (the “Board”) who serve staggered six year terms with elections being held in each even numbered year. Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the President of the College who is the chief administrative officer of the District. Support services are supplied by consultants and advisors. Tyler Junior College maintains two campuses to serve its students and community partners in the City of Tyler, Texas, and the campuses are sometimes referred to collectively as the “College”.

There follows in this Preliminary Official Statement descriptions of the Notes and certain information regarding the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District's Financial Advisor, Specialized Public Finance Inc., Dallas, Texas.

THE NOTES

PURPOSE . . . Proceeds from the sale of the Notes will be used to pay costs incurred in connection with the maintenance, repair, rehabilitation, or replacement of heating, air conditioning, water, sanitation, roofing, flooring, electric or other building systems of existing school properties and to pay costs of issuance.

DESCRIPTION OF THE NOTES . . . The Notes are dated February 25, 2026 and mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Notes will accrue from the date of initial delivery, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2027 until maturity or prior redemption. The definitive Notes will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Notes will be made to the owners thereof.** Principal of, premium, if any, and interest on the Notes will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Notes. See “Book-Entry-Only System” herein.

AUTHORITY FOR ISSUANCE . . . The Notes are being issued pursuant to the Constitution and general laws of the State of Texas, including Section 45.108, Texas Education Code as amended; and the Resolution to be passed by the Board of Trustees, and are direct obligations of the District.

SECURITY FOR PAYMENT . . . The Notes are direct obligations of the District payable as to both principal and interest from available funds of the District, including an ad valorem tax levied annually against all taxable property located within the District, pursuant to the District’s maintenance tax authority and within the limits prescribed by law. The District’s maintenance tax rate is limited as described herein (See “TAX INFORMATION – Tax Rate Limitation”). As authorized by Section 45.108 of the Texas Education Code, the Resolution pledges available funds of the District, including the proceeds of the District’s maintenance tax, to the payment of the principal of and interest on the Notes while the same remain outstanding.

OPTIONAL REDEMPTION . . . The District reserves the right, at its option, to redeem Notes maturing on and after February 15, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Notes are to be redeemed, the District may select the maturities of Notes to be redeemed. If less than all the Notes of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Notes are in Book-Entry-Only form) shall determine by lot the Notes, or portions thereof, within such maturity to be redeemed. If a Note (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Note (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

* Preliminary, subject to change.

MANDATORY SINKING FUND REDEMPTION . . . In the event any of the Notes are structured as “Term Notes”, such Term Notes will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Resolution, which provisions will be included in the final Official Statement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Notes, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Notes to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE NOTES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY NOTE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH NOTE OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Notes, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Notes to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Notes and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Notes have not been redeemed.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Notes are to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and credited by DTC while the Notes are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Notes, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Notes), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Notes, in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s of rating: “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts

such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's Book-Entry Only System has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Notes are in the Book-Entry Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Notes, but (i) all rights of ownership must be exercised through DTC and the Book-Entry Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

Information concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District or the Purchaser.

EFFECT OF TERMINATION OF BOOK-ENTRY ONLY SYSTEM . . . In the event that the Book-Entry Only System is discontinued by DTC or the use of the Book-Entry Only System is discontinued by the District, printed Notes will be issued to the holders and the Notes will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "THE NOTES - Transfer, Exchange and Registration" below.

So long as Cede & Co. is the registered owner of the Notes, the District will have no obligation or responsibility to the Direct Participants or Indirect Participants, or the persons for which they act as nominees, with respect to the payment to or providing of notice to such Direct Participants, Indirect Participants or the persons for which they act as nominees.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Resolution, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Notes are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Notes. Upon any change in the Paying Agent/Registrar for the Notes, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Notes by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

The Notes will be issued in fully registered form in multiples of \$5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at stated maturity upon presentation to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Notes shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due. So long as Cede & Co. is the registered owner of the Notes, payments of principal and interest on the Notes will be made as described in "THE NOTES – Book-Entry-Only System" herein.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Notes may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar, and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Notes may be assigned by the execution of an assignment form on the respective Notes or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Notes will be delivered by the Paying Agent/Registrar, in lieu of the Notes being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Notes issued in an exchange or transfer of Notes will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Notes to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Notes registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Notes surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Notes. Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Note called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Note.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Notes on any interest payment date means the last business day of the month next preceding each interest payment date.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Note appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

NOTEHOLDERS' REMEDIES . . . The Resolution does not specify events of default with respect to the Notes. If the District defaults in the payment of principal or interest on the Notes when due, or the District defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Resolution, the registered owners may seek a writ of mandamus to compel the District or District officials to carry out the legally imposed duties with respect to the Notes if there is no other available remedy at law to compel performance of the Notes or the Resolution and the District's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and so it rests with the discretion of a court of competent jurisdiction, but may not be arbitrarily refused. There is no acceleration of maturity of the Notes in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interest of the Noteholders upon any failure of the District to perform in accordance with the terms of the Resolution, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. Ct. J. 819 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, Noteholders may not be able to bring such a suit against the District for breach of the Notes or Resolution covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Notes.

The District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Noteholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Notes are qualified with respect to the customary rights of debtors relative to their creditors.

DEFEASANCE . . . The Resolution provides for the defeasance of Notes when the payment of the principal of and premium, if any, on such Notes, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or an authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by an independent accounting or consulting firm to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Notes. The Resolution provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the District, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the District, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Notes under applicable laws of the State of Texas. The District may limit the foregoing Government Securities in connection with the sale of the Notes. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Notes. Because the Resolution does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Government Security will be maintained at any particular rating category. The District has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Notes shall no longer be regarded to be outstanding or unpaid. Provided, however, the District has reserved the option, to be exercised at the time of the defeasance of the Notes, to call for redemption, at an earlier date, those Notes which have been defeased to their maturity date, if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Notes for redemption; (ii) gives notice of the reservation of that right to the owners of the Notes immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

AMENDMENTS . . . The District may amend the Resolution without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the holders of a majority in aggregate principal amount of the Notes then Outstanding affected thereby, amend, add to, or rescind any of the provisions of the Resolution; provided that, without the consent of all registered owners of all the Outstanding Notes, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Notes, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Notes, (2) give any preference to any Note over any other Note, or (3) reduce the aggregate principal amount of Notes required to be held by registered owners for consent to any such amendment, addition, or rescission.

SOURCES AND USES OF FUNDS . . . Proceeds from the sale of the Notes will be applied approximately as follows:

<u>Sources</u>	
Par Amount of Notes	\$ -
Net Bid Premium	-
Total Sources of Funds	<u>\$ -</u>
<u>Uses</u>	
Deposit to Project Construction Fund	\$ -
Costs of Issuance/Rounding Amount	-
Total Uses of Funds	<u>\$ -</u>

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DESCRIPTION OF THE TYLER JUNIOR COLLEGE DISTRICT

THE DISTRICT . . . The District, created in 1926 as part of the Tyler public school system to serve the higher education needs of area citizens, is currently comprised of some or all of six independent school districts including Chapel Hill, Grand Saline, Lindale, Tyler, Van and Winona school districts located in Smith and Van Zandt counties. In 1995, the 74th Texas Legislature defined the District's service area by adding the Yantis, Alba-Golden, Arp, Bullard, Hawkins, Jacksonville, Mineola, New Summerfield, Quitman, Rusk, Troup, and Whitehouse independent school districts to the existing six districts mentioned. While not adding to the tax base, defining the service area clarified the geographic boundaries within which the District may offer its courses and programs.

Although the Tyler Junior College District is regional in concept, the District's forty plus areas of study in the liberal arts and vocational fields at relatively low cost attracts students from 35 states and over 35 foreign countries. Annual enrollment is approximately 11,000 academic and vocational students, with an additional 5,700 "non-credit" continuing education students. The District is committed to maintaining its strong "junior college" academic heritage of the first two years of a four-year baccalaureate degree education. In addition to outstanding instructional programs, the District offers a broad array of campus activities, men's and women's intercollegiate athletic programs, marching band, Apache Belles precision dance team, and strong performing arts programs. Student and service clubs, campus housing, career guidance and counseling, endowed scholarships, federal financial aid, and a modern 101-acre campus round out the educational experience.

GOVERNANCE . . . In 1945, Tyler voters established the Tyler Junior College District as an independent local governmental entity with a publicly elected board of trustees and the authority to levy taxes in support of the District. Each of the nine trustees serves a six year term with local elections staggered every other year. The District is considered a special-purpose, primary government engaged in business-type activities for financial reporting purposes.

THE CAMPUS . . . The campus facilities are located in Tyler, an east Texas city of approximately 100,000. The District is committed to preserving a traditional campus experience by maintaining a modern 101-acre campus including housing for students, student life activities, and intercollegiate athletic programs.

MISSION AND PHILOSOPHY STATEMENT . . . Tyler Junior College is a comprehensive community college committed to meeting the needs of East Texas by providing excellence in an environment which broadens the mind, challenges the spirit, and maximizes human potential. The College provides open access and equal opportunity to all qualified individuals for pursuit of their aspirations and goals in areas of academic endeavor and workforce preparation. As an integral part of the community, the College is also committed to meeting the needs of business and industry in a changing global environment and to providing opportunities for lifelong learning.

The College will fulfill its mission and pursue its philosophy within prevailing fiscal and legal constraints by:

- maintaining a high standard of excellence in education through...
 - providing transferable academic courses and programs, technical education, developmental education and continuing education.
 - meeting the needs of students with different learning styles.
 - promoting higher-order thinking skills.
 - recognizing scholarship among students and faculty.
 - facilitating faculty and staff professional development to enhance their academic, intellectual and societal effectiveness.
 - freeing faculty from unnecessary internal and external restraints which may impede effective instruction.
 - encouraging innovations in teaching.
 - incorporating advanced technology.
 - encouraging faculty and students to work together to forge a competitive, high quality learning outcome.
- creating environment in which development of human potential is the highest priority through...
 - sustaining an atmosphere of cooperation, respect, dignity, and equality which transcends racial, ethnic, cultural and global boundaries.
 - promoting sound, moral and ethical standards that permeate all aspects of college life.
 - providing a nonrestrictive climate that facilitates intellectual and experiential growth and development of students.
 - guiding students toward accepting responsibility for self-directed learning.
 - providing programs for physical development and competitive sports.
 - cultivating avenues for development of student leadership and citizenship.
- offering open access and equal opportunity for all qualified students through...
 - maintaining a tuition and fee structure and administering financial support programs which encourage broad participation in higher education.
 - advising to enable academic success.
 - providing counseling and support services for those with special needs and capabilities.
 - providing a developmental education program to meet the needs of under-prepared students with academic potential.
 - providing distance learning and off-campus instructional programs.
 - recruiting individuals who might not otherwise be aware of their own potential or of the educational opportunities which the College provides.

- meeting the needs of business and industry for competency in a global marketplace through...
 - offering college credit programs in technical areas.
 - providing continuing education opportunities for entry level competencies and for updating professional skills.
 - tailoring training and retraining programs to prepare the work force for current and future technology.
 - supporting local and regional economic development.
- providing service to the community and opportunity for lifelong learning through...
 - expanding awareness and appreciation of and increasing sensitivity to our multicultural society.
 - offering college expertise and facilities for community members and their organizations.
 - opening college activities to community participation.
 - encouraging student and faculty involvement in community public service projects.
 - fostering appreciation of the arts, humanities and sciences.
 - cultivating an awareness of and participation in efforts toward preserving the environment.
 - providing opportunities for social, spiritual and recreational development.
 - nurturing development of intellectual and ethical standards.
 - providing abundant opportunities for personal enrichment.

STATE APPROPRIATIONS . . . State law provides for a system of biennial appropriations of State money for community and junior colleges to supplement local funds for the operation and maintenance of such colleges. The sum appropriated is required to be on the basis of contact hours within categories developed by the Texas Higher Education Coordinating Board. Among other requirements for eligibility to receive appropriations, a community or junior college must collect tuition and fees from each full-time and part-time student in an amount specified by State law and grant properly applied for scholarships and tuition exemptions which are prescribed by State law. The State is not obligated to provide a specific appropriation in any year.

TAX INCREMENT FINANCING AGREEMENT . . . The District participates in a tax increment financing agreement under Chapter 311 of the Texas Tax Code through the City of Tyler Reinvestment Zone #1 (the “Reinvestment Zone”). The Reinvestment Zone was created for the purpose of financing the construction of the District-owned Regional Skills Training Center. The District and two other taxing entities pledged their incremental tax collections on growth in the appraised value, above a base level established when the Reinvestment Zone was created in 1998, to the financing of the facility. No proceeds of the tax have been, or may be, pledged to secure the Notes. See also “Other Obligations”.

COORDINATING BOARD . . . The District is subject to the supervisory powers of the Texas Higher Education Coordinating Board (the “Coordinating Board”). The Coordinating Board is an agency of the State established to promote the efficient use of State resources by providing coordination and leadership for the State’s higher education systems, institutions and governing boards. The Coordinating Board is the highest authority in the State in matters of public higher education and exercises general control of the public junior colleges of Texas. The Coordinating Board has the responsibility for adopting policies, enacting regulations, and establishing general rules necessary for carrying out the duties with respect to public junior colleges as prescribed by the Legislature. The Coordinating Board periodically reviews all degree and certificate programs offered by the State’s junior colleges and annually reviews the academic courses offered by such institutions.

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TAX INFORMATION

TAX RATE LIMITATIONS

Subject to voter approval, Section 130.122 of the Texas Education Code provides junior college districts are authorized to levy annual ad valorem tax for the further maintenance of its colleges and for tax supported bonds and limits the maximum ad valorem tax rate for such authorized purposes to \$1.00 per \$100 of assessed valuation of taxable property within the District. Pursuant to authority conferred at an election held November 14, 1961, the District is authorized and empowered to levy a tax of not exceeding \$0.28 per \$100 valuation of taxable property in the District for maintenance and bond purposes.

AD VALOREM TAXATION

The Notes are payable from ad valorem taxes levied, upon all taxable property within the District pursuant to the Districts' maintenance tax authority and within the limits prescribed by law. (See "Tax Rate Limitations" herein.) The Texas Tax Code (the "Tax Code") contains provisions relating to property subject to taxation; property exempt from taxation and other exemptions granted and allowed, if claimed; the appraisal of property for purposes of taxation and the procedures to be followed and limitations applicable to the levy and collection of ad valorem taxes. Among other features, the Tax Code, as amended, provides as follows with respect to the District:

1. The Smith and Van Zandt County Appraisal Districts (the "Appraisal Districts") are responsible for appraising property in the District, as well as in the other taxing units within Smith and Van Zandt Counties. Each Appraisal District is governed by a separate board of directors appointed by the governing bodies of the various governmental units within the county.
2. All property in the System is assessed at 100% of its appraised value and assessment of property for taxation on the basis of a percentage of its appraised value is prohibited.
3. By the later of September 30th or the 60th day after the date the certified appraisal rolls are received by the District, the District is required to adopt a tax rate for the current year. If the tax rate exceeds the rollback rate, 10% of the qualified voters of the District may petition for an election to determine whether to reduce the tax rate the District may adopt to the rollback tax rate. The rollback tax is generally equal to 1.08 times the effective tax rate for the current year, excluding tax rates for bonds, contractual obligations and other debt obligations of the District and adjusted for new improvements, lost property and exemptions.
4. An increase in the District's tax rate above the lower of the rollback tax rate (as defined by the Tax Code) or 103% of the effective tax rate will require a public hearing.
5. Penalties for delinquent taxes are as follows:
 - a. 6% - First month
1% - Additional penalty each month through June
12% - All delinquencies on July 1 regardless of delinquency period;
 - b. The District, as permitted, has adopted an additional penalty for all delinquencies as of July 1 of 15%, the maximum allowed under State law, of taxes, penalty and interest due in order to defray costs of collection.
6. Interest charges on delinquent taxes are:
 - a. 1% - First month; and
 - b. An additional 1% increase each month thereafter.
7. Property within the Appraisal Districts must be reappraised at least once every three years.
8. Uniform discovery and appraisal procedures are provided for all types of business inventories without regard to the nature of the property comprising the inventory.
9. Local governments have the option of granting homestead exemptions of up to 20% of market value. The minimum exemption for junior college districts is \$5,000. Taxes may continue to be levied against the value of the homestead exempted where ad valorem taxes have been previously pledged for the payment of debt, if cessation of the levy would impair the obligation of the contract by which the debt was created. The District does not levy its Interest and Sinking Fund Tax Rate against the value of residence homesteads exempted from ad valorem taxes as permitted on a local option basis by the "Tax Relief Amendments." The District has not voted to grant an additional exemption.
10. Article VIII, Section 1-j of the Texas Constitution exempts from taxation goods, wares, merchandise, other tangible personal property, and ores (other than oil, natural gas, and other petroleum products) acquired or imported by a person for assembling, storing, manufacturing, processing or fabricating by the person that acquired or imported the property while such property is being detained in the State of Texas, and such property is transported outside the State of Texas within 175 days after the date of its acquisition or importation by such person. Notwithstanding such exemption, counties, school districts, junior college districts and municipalities (including home-rule cities) may continue to tax such tangible personal property provided official action to tax was taken before January 1, 1990.
11. The District and the other taxing bodies within Smith and Van Zandt Counties may jointly agree to the creation of a tax increment financing zone, under which the tax values on property in the zone are "frozen" at the value of the property at the time of creation of the zone. The District also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The District in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to ten years.

TABLE 1 – VALUATION, EXEMPTIONS AND TAX-SUPPORTED DEBT

2025/26 Market Valuation of Taxable Property Established by Van Zandt and Smith County Appraisal Districts (excluding totally exempt property)		\$ 31,530,456,196
Less Exemptions:		
Over 65 or Disabled Exemptions	\$ 370,361,848	
Homestead Cap Adjustment	1,183,129,161	
Disabled Veterans Exemptions	303,932,033	
Agricultural Land Use Reductions	3,233,786,952	
Pollution Control	26,367,680	
Charitable & Exempt Organization	-	
Freeport Exemptions	161,201,458	
Property Redevelopment and Tax Abatement Reductions	127,813,880	
Other	996,940,985	<u>\$ 6,403,533,997</u>
2025/26 Net Taxable Assessed Valuation		<u><u>\$ 25,126,922,199</u></u>
Debt Payable from Ad Valorem Taxes (as of 12/31/2025)	\$ 40,802,000	
The Notes	27,555,000	(1)
Total Debt Payable From Ad Valorem Taxes	<u>\$ 68,357,000</u>	
Interest and Sinking Fund as of 11/30/2025	\$ 1,978,856	
Ratio Funded Debt Payable from Ad Valorem Taxes to Net Taxable Assessed Valuation		0.27%
2026 Estimated Population - 245,209		
Per Capita Taxable Assessed Valuation - \$102,471		
Per Capita Debt Payable from Ad Valorem Taxes - \$279		

Note: Valuations shown are certified taxable assessed values. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts update records.

(1) Preliminary, subject to change.

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TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended August 31,					
	2026		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 15,045,104,381	47.72%	\$ 13,999,870,702	53.75%	\$ 13,246,677,210	50.11%
Real, Residential, Multi-Family	1,653,098,478	5.24%	1,537,667,815	5.90%	1,311,145,023	4.96%
Real, Vacant Lots/Tracts	622,985,737	1.98%	435,754,881	1.67%	400,079,080	1.51%
Real, Acreage (Land Only)	3,307,341,290	10.49%	1,447,808,891	5.56%	2,400,418,747	9.08%
Real, Farm and Ranch Improvements	2,596,760,862	8.24%	1,625,593,578	6.24%	2,221,321,506	8.40%
Real, Commercial	4,491,387,716	14.24%	3,563,380,856	13.68%	3,189,042,931	12.06%
Real, Industrial	579,327,208	1.84%	427,728,853	1.64%	462,042,919	1.75%
Real, Oil, Gas and Other Mineral Reserves	166,466,101	0.53%	164,447,943	0.63%	219,422,367	0.83%
Real and Tangible Personal, Utilities	591,726,320	1.88%	448,685,522	1.72%	527,385,720	2.00%
Tangible Personal, Business	2,227,716,252	7.07%	2,162,735,550	8.30%	2,204,833,866	8.34%
Tangible Personal, Other	121,884,083	0.39%	118,685,680	0.46%	130,470,725	0.49%
Real, Inventory and Special Inventory	126,657,768	0.40%	115,960,016	0.45%	122,501,326	0.46%
Total Appraised Value Before Exemptions	\$ 31,530,456,196	100.00%	\$ 26,048,320,287	100.00%	\$ 26,435,341,420	100.00%
Less: Total Exemptions/Reductions	6,403,533,997		4,373,982,622		5,381,706,491	
Taxable Assessed Value	<u>\$ 25,126,922,199</u>		<u>\$ 21,674,337,665</u>		<u>\$ 21,053,634,929</u>	

Category	Taxable Appraised Value Fiscal Year Ended August 31,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 10,516,210,177	48.57%	\$ 8,568,430,665	44.05%
Real, Residential, Multi-Family	1,089,453,758	5.03%	901,982,102	4.70%
Real, Vacant Lots/Tracts	345,524,286	1.60%	277,556,680	1.70%
Real, Acreage (Land Only)	1,806,839,824	8.34%	1,916,397,181	9.80%
Real, Farm and Ranch Improvements	1,651,254,129	7.63%	1,465,675,586	7.18%
Real, Commercial	2,976,509,484	13.75%	2,865,637,711	16.10%
Real, Industrial	422,084,070	1.95%	496,099,739	1.80%
Real, Oil, Gas and Other Mineral Reserves	163,621,646	0.76%	99,581,271	0.78%
Real and Tangible Personal, Utilities	610,931,727	2.82%	494,205,795	2.34%
Tangible Personal, Business	1,832,150,930	8.46%	1,741,292,135	10.36%
Tangible Personal, Other	107,571,114	0.50%	68,534,442	0.40%
Real, Inventory and Special Inventory	130,409,647	0.60%	131,465,379	0.79%
Total Appraised Value Before Exemptions	\$ 21,652,560,792	100.00%	\$ 19,026,858,686	100.00%
Less: Total Exemptions/Reductions	3,267,827,411		2,576,768,840	
Taxable Assessed Value	<u>\$ 18,384,733,381</u>		<u>\$ 16,450,089,846</u>	

Note: Valuations shown are certified taxable assessed values reported by the Appraisal Districts to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts update records.

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TABLE 3 – VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 8/31	Estimated Population ⁽¹⁾	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year ⁽²⁾	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2022	235,806	\$ 16,450,089,846	\$ 69,761	\$ 29,784,000	0.18%	\$ 126
2023	237,186	18,384,733,381	77,512	35,242,000	0.19%	149
2024	245,209	21,053,634,929	85,860	46,865,000	0.22%	191
2025	245,209	21,674,337,665	88,391	40,802,000	0.19%	166
2026	245,209	25,126,922,199	102,471	60,518,000 ⁽³⁾	0.24%	247

(1) Source: District's audited financial statements.

(2) Valuations shown are certified taxable assessed values. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts update records.

(3) Projected, includes the Notes. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 8/31	Tax Rate	Maintenance & Operations	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2022	\$ 0.1999	\$ 0.1592	\$ 0.0407	\$ 30,374,222	97.84%	97.92%
2023	0.1880	0.1525	0.0355	32,755,980	97.28%	98.27%
2024	0.1880	0.1471	0.0409	37,354,516	97.66%	98.76%
2025	0.1869	0.1453	0.0416	39,946,866	98.02%	98.87%
2026	0.1850	0.1500	0.0350	43,525,221	In Process of Collection	

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	2025/26 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Delek Refining Ltd.	\$ 317,435,836	1.26%
Oncor Electric	258,893,799	1.03%
Tyler Regional Hospital LLC	215,126,695	0.86%
Target Corporation/Dayton Hudson Corp.	182,961,613	0.73%
Brookshire Grocery	159,894,649	0.64%
Wal-Mart Stores/Real Estate	103,267,700	0.41%
Genecov Investment Ltd.	73,987,328	0.29%
Delek Refining	70,301,921	0.28%
Atmos Energy/Mid-Tex Pipeline	67,852,292	0.27%
Cebridge Acquisitions	48,780,081	0.19%
Totals	<u>\$ 1,498,501,914</u>	<u>5.96%</u>

TABLE 6 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax obligations ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional obligations since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional obligations, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the District.

Taxing Jurisdiction	Total G.O. Tax Debt	Estimated % Applicable	District's Overlapping G.O. Tax Debt As of 12/31/2025
Tyler Junior College District	\$ 68,357,000 ⁽¹⁾	100.00%	\$ 68,357,000 ⁽¹⁾
Chapel Hill ISD	114,211,000	100.00%	114,211,000
East Texas MUD of Smith Co.	3,660,000	100.00%	3,660,000
Grand Saline ISD	30,090,000	100.00%	30,090,000
Grand Saline, City of	3,137,000	100.00%	3,137,000
Lindale ISD	54,404,912	100.00%	54,404,912
Lindale, City of	27,397,543	100.00%	27,397,543
Smith County	228,730,000	71.80%	164,228,140
Tyler ISD	388,365,000	100.00%	388,365,000
Van ISD	31,239,447	100.00%	31,239,447
Van Zandt County	-	22.35%	-
Van, City of	11,435,000	100.00%	11,435,000
Winona ISD	33,275,000	100.00%	33,275,000
Total Direct and Overlapping G.O. Tax Debt			\$ 929,800,042
Ratio of Direct and Overlapping G.O. Tax Debt to Taxable Assessed Valuation			3.70%

(1) Includes the Notes. Preliminary, subject to change.

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DEBT INFORMATION

TABLE 7 – PROFORMA - TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Outstanding Debt			The Notes ⁽¹⁾			Total Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2026	\$ 7,839,000	\$ 1,455,110	\$ 9,294,110	\$ -	\$ -	\$ -	\$ 9,294,110
2027	8,246,000	1,183,016	9,429,016	-	1,741,694	1,741,694	11,170,710
2028	8,457,000	861,771	9,318,771	275,000	1,178,775	1,453,775	10,772,546
2029	8,974,000	487,126	9,461,126	690,000	1,163,300	1,853,300	11,314,426
2030	5,171,000	184,494	5,355,494	1,095,000	1,134,294	2,229,294	7,584,788
2031	1,620,000	42,300	1,662,300	1,135,000	1,093,800	2,228,800	3,891,100
2032	495,000	4,950	499,950	1,180,000	1,047,500	2,227,500	2,727,450
2033	-	-	-	1,230,000	999,300	2,229,300	2,229,300
2034	-	-	-	1,280,000	949,100	2,229,100	2,229,100
2035	-	-	-	1,330,000	896,900	2,226,900	2,226,900
2036	-	-	-	1,390,000	839,025	2,229,025	2,229,025
2037	-	-	-	1,455,000	775,013	2,230,013	2,230,013
2038	-	-	-	1,520,000	708,075	2,228,075	2,228,075
2039	-	-	-	1,590,000	638,100	2,228,100	2,228,100
2040	-	-	-	1,665,000	564,863	2,229,863	2,229,863
2041	-	-	-	1,740,000	488,250	2,228,250	2,228,250
2042	-	-	-	1,820,000	408,150	2,228,150	2,228,150
2043	-	-	-	1,905,000	324,338	2,229,338	2,229,338
2044	-	-	-	1,990,000	236,700	2,226,700	2,226,700
2045	-	-	-	2,085,000	145,013	2,230,013	2,230,013
2046	-	-	-	2,180,000	49,050	2,229,050	2,229,050
	<u>\$ 40,802,000</u>	<u>\$ 4,218,765</u>	<u>\$ 45,020,765</u>	<u>\$ 27,555,000</u>	<u>\$ 15,381,238</u>	<u>\$ 42,936,238</u>	<u>\$ 87,957,003</u>

(1) Interest on the Notes has been calculated as of the posted date of the Preliminary Official Statement for purposes of illustration. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF ADDITIONAL NOTES . . . The District is considering the possibility of calling a Bond Referendum at its February 2026 Board meeting. If the Board calls a Bond Referendum, it will be placed on the ballot for voter consideration on the general election date of May 2, 2026.

OTHER OBLIGATIONS . . . The District has obtained office space, copy machines, and vehicles through long-term operating leases. The terms and conditions for the leases vary. All leases are fixed with periodic payments over the lease term, which ranges between 1-5 years. For reference see Note 10 – Leases in the District’s Annual Comprehensive Financial Report for Fiscal Year 2025.

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FINANCIAL INFORMATION

TABLE 8 – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Fiscal Year Ended August 31,				
	2025	2024	2023	2022	2021
<u>OPERATING REVENUES</u>					
Tuition and Fees	\$ 21,206,214	\$ 23,367,007	\$ 21,974,427	\$ 20,284,470	\$ 21,408,216
Auxiliary enterprises	1,988,207	5,440,332	5,606,221	5,241,336	4,558,483
Federal grants and contracts	3,808,040	2,005,303	4,691,590	26,964,684	21,870,257
State Grants and contracts	1,014,342	2,815,807	1,339,751	1,212,396	1,496,848
Local grants and contracts	152,582	695,157	745,581	659,387	726,872
Sales and Service of Educational Activities	17,311	137,198	100,160	116,174	143,254
Investment income - program restricted	5,688,847	20,697	16,823	-	-
Miscellaneous	3,069,173	2,811,906	3,076,456	3,200,427	13,314,675
Total Operating Revenues	<u>\$ 36,944,716</u>	<u>\$ 37,293,407</u>	<u>\$ 37,551,009</u>	<u>\$ 57,678,874</u>	<u>\$ 63,518,605</u>
<u>EXPENDITURES</u>					
Instruction	\$ 39,572,917	\$ 39,274,840	\$ 38,637,436	\$ 37,522,741	\$ 35,252,771
Public Service	663,087	829,439	680,971	622,514	1,033,887
Academic Support	5,166,619	5,197,008	5,060,902	4,501,409	4,021,600
Student Services	12,471,351	12,063,367	10,130,608	8,902,253	8,960,017
Institutional Support	21,265,929	20,386,072	20,455,589	23,648,742	33,247,192
Operation and Maintenance of Plant	15,849,229	14,541,338	11,870,715	11,094,872	9,777,367
Scholarships and Fellowships	12,980,199	9,292,623	8,437,952	17,493,431	10,673,662
Auxiliary Enterprises	12,054,399	10,998,428	9,537,804	9,485,455	9,888,795
Depreciation	9,835,912	10,494,159	11,115,692	10,233,599	9,297,214
Total Operating Expenses	<u>\$ 129,859,642</u>	<u>\$ 123,077,274</u>	<u>\$ 115,927,669</u>	<u>\$ 123,505,016</u>	<u>\$ 122,152,505</u>
Operating Loss	\$ (92,914,926)	\$ (85,783,867)	\$ (78,376,660)	\$ (65,826,142)	\$ (58,633,900)
Non-Operating revenues and expenses	\$ 99,746,571	\$ 89,380,855	\$ 78,738,909	\$ 73,180,227	\$ 69,908,837
Increase in Net Position	\$ 6,831,645	\$ 3,596,988	\$ 362,249	\$ 7,354,085	\$ 11,274,937
Capital Contributions	\$ 949,153	\$ -	\$ 2,965,573	\$ -	\$ -
Net Position, Beginning of Year	\$ 70,624,107	\$ 67,027,119	\$ 63,699,297	\$ 56,345,212	\$ 45,070,275
Prior period adjustment	-	-	-	-	-
Net Position, End of Year	<u>\$ 78,404,905</u>	<u>\$ 70,624,107</u>	<u>\$ 67,027,119</u>	<u>\$ 63,699,297</u>	<u>\$ 56,345,212</u>

Source: Annual Comprehensive Financial Reports.

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TABLE 9 - COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	Fiscal Year Ending August 31,				
	2025	2024	2023	2022	2021
<u>REVENUES</u>					
Contributions and Fund-Raising	\$ 6,710,305	\$ 2,406,870	\$ 4,642,959	\$ 5,134,495	\$ 4,013,855
Unrealized Gain (Loss) on Investments	7,337,708	11,675,946	5,654,128	(13,496,362)	9,709,203
Net Gain (Loss) on Sales	1,199,958	1,612,317	47,628	709,502	3,382,158
Investment Income	2,659,159	2,393,334	2,170,169	2,733,429	1,403,776
Income from Change in Estimate	-	-	-	-	144,932
Reimbursement from TJC	-	-	-	-	326,025
	<u>\$ 17,907,130</u>	<u>\$ 18,088,467</u>	<u>\$ 12,514,884</u>	<u>\$ (4,918,936)</u>	<u>\$ 18,979,949</u>
<u>EXPENDITURES</u>					
Administrative	\$ 574,180	\$ 513,350	\$ 490,342	\$ 121,620	\$ 123,066
Fundraising	380,417	384,058	174,002	135,637	124,187
Scholarships & Awards					
Support of TJC	5,190,610	3,895,441	5,378,851	4,406,300	8,596,641
Scholarships	-	-	-	-	-
Other Awards	-	-	-	-	-
	<u>\$ 6,145,207</u>	<u>\$ 4,792,849</u>	<u>\$ 6,043,195</u>	<u>\$ 4,663,557</u>	<u>\$ 8,843,894</u>
Changes in Net Assets	\$ 11,761,923	\$ 13,295,618	\$ 6,471,689	\$ (9,582,493)	\$ 10,136,055
Net Assets Beginning of the Year	\$ 105,985,807	\$ 92,690,189	\$ 86,218,500	\$ 95,800,993 ⁽¹⁾	\$ 86,586,924 ⁽¹⁾
Prior Period Adjustment	-	-	-	-	-
Net Assets Ending of the Year	<u><u>\$ 117,747,730</u></u>	<u><u>\$ 105,985,807</u></u>	<u><u>\$ 92,690,189</u></u>	<u><u>\$ 86,218,500</u></u>	<u><u>\$ 96,722,979</u></u>

(1) Restated.

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INVESTMENTS

The District invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board of Trustees of the District. Both state law and the District's investment policies are subject to change.

LEGAL INVESTMENTS . . . Available District funds are invested as authorized by Texas law and in accordance with investment policies approved by the Board of Trustees of the District. Both State law and the District's investment policies are subject to change. Under State law, the District is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in the State of Texas that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in the State of Texas that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, or are secured by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for District deposits, or (ii) where (a) the funds are invested by the District in a certificate of deposit through (I) a broker that has its main office or a branch office in the State of Texas and is selected by the District as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the District; (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the District appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a bank organized under the laws of the United States or any state, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the District with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal

stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for District funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All District funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each funds’ investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, District investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” At least quarterly the investment officers of the District shall submit an investment report detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest District funds without express written authority from the Board of Trustees.

ADDITIONAL PROVISIONS . . . Under Texas law the District is additionally required to: (1) annually review its adopted policies and strategies and adopt a rule, order, ordinance, or resolution stating that it has reviewed its investment policy and investment strategies and record any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance, or resolution; (2) require any investment officers’ with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board of Trustees; (3) require the registered principal of firms seeking to sell securities to the District to: (a) receive and review the District’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the District’s investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (9) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions of the District.

TABLE 10 – CURRENT INVESTMENTS

As of November 30, 2025, the District’s investable funds were invested in the following categories:

Investment Description	Book Value	% of Total
Checking Accounts	\$ 8,852,479	27.86%
Money Market Accounts	14,551,184	45.79%
TexPool	5,340,363	16.81%
Certificates of Deposit	3,034,112	9.55%
	<u>\$ 31,778,138</u>	<u>100.00%</u>

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TAX MATTERS

TAX EXEMPTION . . . The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel’s opinion is reproduced as APPENDIX C. The statute, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinion, Bond Counsel will rely upon representations and certifications of the District made in a certificate dated the date of delivery of the Notes pertaining to the use, expenditure, and investment of the proceeds of the Notes and will assume continuing compliance by the District with the provisions of the Resolution subsequent to the issuance of the Notes. The Resolution contains covenants by the District with respect to, among other matters, the use of the proceeds of the Notes and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Notes are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of the proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Notes to be includable in the gross income of the owners thereof from date of the issuance of the Notes.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Notes is commenced, under current procedures the IRS is likely to treat the District as the “taxpayer,” and the owners of the Notes would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Notes, the District may have different or conflicting interests from the owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer’s applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Notes. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Notes.

Existing law may change to reduce or eliminate the benefit to noteholders of the exclusion of interest on the Notes from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Notes. Prospective purchasers of the Notes should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN NOTES . . . The initial public offering price of certain Notes (the “Discount Notes”) may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Note (assuming that a substantial amount of the Discount Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Note. A portion of such original issue discount allocable to the holding period of such Discount Note by the initial purchaser will, upon the disposition of such Discount Note (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Notes described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Note, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Note and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with “subchapter C” earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Note by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Note in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Note was held) is includable in gross income.

Owners of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Notes may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Notes (the “Premium Notes”) paid by an owner may be greater than the amount payable on such Notes at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Note over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Note in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Note. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser’s yield to maturity.

Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the District has made the following agreement for the benefit of the holders and registered owners of the Notes. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Notes. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”).

ANNUAL REPORTS . . . The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables numbered 1 through 5 and 7 through 10 and APPENDIX B. The District will update and provide this information within six months after the end of each fiscal year ending in and after 2026.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Website or filed with the United States Securities and Exchange Commission (the “SEC”), as permitted by SEC Rule 15c2-12 (the “Rule”). The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation.

The District’s current fiscal year end is August 31. Accordingly, it must provide updated information by the last day of February in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The District will also provide timely notices of certain events to the MSRB. The District will provide notice of any of the following events with respect to the Notes to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the

District, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the District, any of which reflect financial difficulties. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under “Annual Reports”.

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. For the purposes of the above described event notices (15) and (16), the term “financial obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a “financial obligation” shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

AVAILABILITY OF INFORMATION FROM MSRB . . . The District has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Notes at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Notes may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Notes in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Notes consent to the amendment or (b) any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Notes. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Notes in the primary offering of the Notes. If the District so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS . . . The Notes are rated “AA+” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”). The rating reflects only the respective views of such organization and neither the District nor the Purchaser make any representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Notes.

LITIGATION . . . The District is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the District, would have a material adverse effect on the financial statements of the District or upon the Notes or the District’s ability to issue and secure the Notes as described herein.

REGISTRATION AND QUALIFICATION OF NOTES FOR SALE . . . The sale of the Notes has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Notes have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Notes been qualified under the securities acts of any jurisdiction. The District assumes no responsibility for qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Notes shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Notes are negotiable instruments investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (V.T.C.A., Government Code, Chapter 2256), the Notes may have to be assigned a rating of “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. No review by the District has been made of the laws in other states to determine whether the Notes are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE . . . Issuance of the Notes is subject to the approving legal opinions of the Attorney General of Texas to the effect that the Initial Note is a valid and binding obligation of the District and payable from available funds of the District as authorized and provided in Section 45.108 of the Texas Education Code, including an ad valorem tax levied, within the limitations of and pursuant to the District’s maintenance taxing authority. Issuance of the Notes is also subject to the legal opinion of Norton Rose Fulbright US LLP (“Bond Counsel”), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Notes, to the effect that the Notes are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel’s legal opinion will also address the matters described under “TAX MATTERS – Tax Exemption.” Such opinion will express no opinion with respect to the sufficiency of the security for or the marketability of the Notes. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Notes, or which would affect the provision made for their payment or security or in any manner questioning the validity of the Notes will also be furnished.

In connection with the issuance of the Notes, Bond Counsel has been engaged by, and only represents, the District. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Notice of Sale, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Notes in the Official Statement to verify that such description conforms to the provisions of the Resolution. Such firm has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm’s limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Notes are based upon a percentage of Notes actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Notes. The legal opinion of Bond Counsel will be printed on, or will accompany the definitive Notes and the form of such opinion is attached hereto as APPENDIX C.

The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the District in connection with the issuance of the Notes. The Financial Advisor’s fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. Specialized Public Finance Inc., in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Notes, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER . . . After requesting competitive bids for the Notes, the District accepted the bid of _____, or its successor interest (the “Purchaser”) to purchase the Notes at the interest rates shown on the inside cover of the Official Statement at a price of ____% of par plus a cash premium of \$_____. The Purchaser can give no assurance that any trading market will be developed for the Notes after their sale by the District to the Purchaser. The District has no control over the prices at which the Notes are subsequently sold and the initial yields at which the Notes will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

FORWARD-LOOKING STATEMENTS DISCLAIMER . . . The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The District’s actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

CERTIFICATION OF THE OFFICIAL STATEMENT . . . At the time of payment for and delivery of the Notes, the Purchaser will be furnished a certificate, executed by proper officers of the District acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the description and statements of or pertaining to the District contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of the sale of said Notes and the acceptance of the best bid therefor, and on the date of the initial delivery of the Notes, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs are concerned, such Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of circumstances under which they were made, not misleading; (c) to the best of their knowledge, insofar as the description and statements, including financial data, of or pertaining to entities other than the District, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and that the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the District since August 31, 2025, the date of the last audited financial statements of the District.

MISCELLANEOUS . . . The financial data and other information contained herein have been obtained from the District's records, audited financial statements and other sources which are believed by the District to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Resolution authorizing the issuance of the Notes will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Notes by the Purchaser.

President, Board of Trustees
Tyler Junior College District

APPENDIX A

GENERAL INFORMATION REGARDING THE DISTRICT

THE DISTRICT

LOCATION AND GENERAL DESCRIPTION . . . The City of Tyler, the county seat of Smith County, is an important East Texas commercial and industrial center located on U.S. Highway 69 just south of Interstate 20. The City is located an equal distance (approximately 100 miles) from the cities of Dallas, Texas and Shreveport, Louisiana. The City encompasses approximately 52.75 square miles. The 2010 Census population was 96,900, which was a 15.84% increase from the 2000 Census population of 83,650. The 2026 estimated population was 112,219.

The City is commonly referred to as the City of Roses primarily for its large municipal rose garden and the numerous rose and other garden festivals held annually. Economic activity within the City is diverse, consisting of medical, educational, manufacturing, oil and gas, agricultural, tourism and general trade activities.

MEDICAL CENTER . . . Tyler is the medical center of East Texas, with seven hospitals and 66 clinics. Including nursing homes and retirement centers there are more than 2,000 beds available in health care facilities. There are more than 400 medical doctors and 95 dentists in Tyler. Included in the array of medical-related services in Tyler is a three-year professional training course offered by Texas Eastern School of Nursing and a baccalaureate degree in nursing offered by University of Texas at Tyler.

MANUFACTURING . . . Tyler has a diversified industrial base with approximately 250 manufacturers, distributors and processors in the Tyler/Smith County area. Some of the products manufactured, processed or distributed in the area include: air conditioning units, cast iron pipe, life jackets, guncases, baking products, milk products, petrochemical processing equipment, petrochemical products, brass products, manufacturing and processing equipment, meat products, corrugated boxes, exercise equipment, furniture, printing, medical supplies, silk flowers, acetylene, various rubber products, adhesives, fishing lures, candy, lumber treating and many others.

Major Employers in the Tyler area for 2025:

Company	Product	Estimated Number of Employees
Trinity Mother Frances *	Medical Care	5,000
UT Health East Texas *	Medical Care	4,500
Tyler Independent School District	School District	2,550
Trane Company *	Air Conditioning	2,500
Sanderson Farms	Food Processing	1,750
Wal-Mart	Retail	1,500
Brookshire Grocery Company *	Grocery Distribution	1,450
UT Health Northeast/ UT Health Science Center	Medical Care/Research	1,450
University of Texas at Tyler	Education	1,200
Suddenlink *	Cable, Internet & Phone	1,150
Tyler Junior College	Education	1,000
		<u>24,050</u>

*Company has headquarters in Tyler, Texas.

LABOR FORCE . . . Employment figures for the Tyler Metropolitan Statistical Area (“MSA”) are as follows:

	September 2025	Average Annual			
		2024	2023	2022	2021
Civilian Labor Force	121,022	118,212	115,469	112,049	110,700
Total Employed	116,018	113,688	111,185	107,882	104,979
Total Unemployed	5,004	4,524	4,284	4,167	5,721
Unemployment Rate	4.1%	3.8%	3.7%	3.7%	5.2%

Source: Texas Labor Market Information.

TUITION COLLECTIONS⁽¹⁾

	Fiscal Year Ended August 31,				
	2025	2024	2023	2022	2021
In-District Resident	\$ 3,086,382	\$ 3,142,553	\$ 2,789,168	\$ 2,805,194	\$ 2,898,602
Out-of-District Resident	5,964,932	6,329,418	5,119,983	5,041,755	4,989,947
Texas Public Education Grants	663,274	791,079	745,185	438,503	451,723
Non-Resident	623,104	613,090	499,769	666,716	596,751
Continuing Education	819,716	678,908	657,189	531,561	889,866
Non-State Funded CE	956,337	664,566	631,888	407,698	427,459
Total Tuition	<u>\$ 12,113,745</u>	<u>\$ 12,219,614</u>	<u>\$ 10,443,182</u>	<u>\$ 9,891,427</u>	<u>\$ 10,254,348</u>

Source: Annual Comprehensive Financial Reports.

(1) In accordance with Education Code 56.033, \$623,104 and \$613,090 of tuition was set aside for Texas Public Education Grants (TPEG) for the current and prior year, respectively.

ENROLLMENT

The following tables reflect the actual and full time equivalent (“FTE”) enrollment at the District for the years August 31, 2020 through August 31, 2024.

Fiscal Year Ending 8/31	Number of Students			Total	Unduplicated Total
	Fall	Spring	Summer		
	Semester	Semester	Session I&II		
2020	12,291	13,785	7,223	33,299	16,485
2021	11,726	13,389	6,006	31,121	15,807
2022	11,989	12,778	5,724	30,491	15,854
2023	11,878	12,646	5,617	30,141	15,647
2024	11,883	12,778	4,334	28,995	15,896

Fiscal Year Ending 8/31	Full-Time Equivalent Students			Total	Semester Credit Hours
	Fall	Spring	Summer		
	Semester	Semester	Session I & II		
2020	9,559	9,134	5,534	24,227	257,519
2021	8,966	8,892	4,456	22,314	233,626
2022	9,456	8,619	4,198	22,273	242,099
2023	9,147	8,709	4,175	22,031	239,312
2024	9,896	8,576	2,119	20,591	243,946

Fiscal Year Ending 8/31	Contact Hours		
	Academic	Technical	Total
2020	3,809,632	1,628,000	5,437,632
2021	3,772,216	1,633,824	5,406,040
2022	3,534,344	1,469,936	5,004,280
2023	3,535,160	1,558,702	5,093,862
2024	3,358,256	1,552,160	4,910,416

Source: Annual Comprehensive Financial Reports.

State Appropriations per FTSE	
Fiscal Year	Appropriations
2020	1,800
2021	1,753
2022	1,916
2023	2,081
2024	2,247

Source: the District.

Note: FTSE is defined as the number of full-time students plus total hours taken by part-time students divided by 30.

TUITION AND FEES (EFFECTIVE FALL 2025 SEMESTER)

Credit Hours	Residents of Texas		Total Out-of-State/ International Students
	Total In-District Students	Total Out-of-District Students	
1	\$ 216	\$ 279	\$ 304
2	312	438	488
3	408	597	672
4	504	756	856
5	600	915	1,040
6	696	1,074	1,224
7	792	1,233	1,408
8	888	1,392	1,592
9	984	1,551	1,776
10	1,080	1,710	1,960
11	1,176	1,869	2,144
12	1,272	2,028	2,328
13	1,368	2,187	2,512
14	1,462	2,344	2,694
15	1,556	2,501	2,876
16	1,650	2,658	3,058
17	1,744	2,815	3,240
18	1,838	2,972	3,422
19	1,932	3,129	3,604
20	2,026	3,286	3,786
21	2,120	3,443	3,968
22	2,214	3,600	4,150

Source: the District.

	<u>Residents of the District</u>	<u>Texas Residents out of District</u>	<u>Non-Residents of Texas</u>
Method of			
Computation:	\$ 37/hr tuition	\$40/hr tuition	\$65/hr tuition
plus		\$60/hr surcharge	\$60/hr surcharge
plus	\$42/hr general education fee	\$42/hr general education fee	\$42/hr general education fee
plus	\$2/hr student life fee (\$26 max)	\$2/hr student life fee (\$26 max)	\$2/hr student life fee (\$26 max)
plus	\$15/hr technology fee	\$15/hr technology fee	\$15/hr technology fee
plus	\$35 health service fee	\$35 health service fee	\$35 health service fee
plus	\$45 registration fee	\$45 registration fee	\$45 registration fee
plus	\$40 campus security fee	\$40 campus security fee	\$40 campus security fee

Other Fees:

In addition to the rates shown, the following fees are charged:

Laboratory Fees (per course-specified courses only)	\$20/hour
High Cost Vo Tech Course Fee (per course-specified courses only)	\$28/hour
High Cost Health Prof Course fee (per course-specified courses only)	\$28/hour
3000/4000 Level Course Fee	\$30/hour
Individual Music Instruction (1 lesson/week)	\$85
Individual Music Instruction (2 lessons/week)	\$110
Distance Ed Fee	\$10/hour
Non-Course Based Option (NCBO) Fee	\$85
Non-Funded Course Fee	\$100/hour
Returned Check Fee (Registration)	\$30
Posting Fee (for posting credit by examination (CLEP, etc.) to permanent records)	\$25
Replacement ID Fee	\$15
Payment Plan Admin Fee	\$30
Payment Plan Late Fee	\$30
Reinstatement Fee	\$100/occurrence
Dual Credit Late Processing Fee	\$100/course
Differential Fee	Varies

Source: the District.

PENSION FUND . . . In lieu of Federal Social Security benefits, the District has chosen to participate in the Teacher Retirement System of Texas or an approved optional retirement program to provide retirement income. All full-time employees of the District are legally required to participate in the TRS unless they have previously elected to join an optional retirement plan. For more detailed information concerning the retirement plan, see APPENDIX B, "Excerpts from the District's Annual Financial Report" – Note 11.

APPENDIX B

EXCERPTS FROM THE TYLER JUNIOR COLLEGE DISTRICT
ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2025

The information contained in this Appendix consists of excerpts from the Tyler Junior College District Audited Financial Statements for the Year Ended August 31, 2025, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Tyler Junior College District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Tyler Junior College District (the "District") as of and for the years ended August 31, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the District as of August 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Tyler Junior College Foundation (the "Foundation"). Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis of pension 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 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 an opinion on the financial statements that collectively comprise the District'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 (Schedule E), 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 (Schedule F), as required by the *Texas Grant Management Standards* (TxGMS) are presented for additional analysis and are not a required part of the basic financial statements.

The Supplemental Schedules A through F 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 F 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 comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions 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 11, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Dallas, Texas
December 11, 2025



TJC

District

TYLER JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tyler Junior College District (the "District") is a public, open door, comprehensive community college dedicated to meeting the changing needs of citizens in its seven-county service area. By offering a broad spectrum of programs, the District provides students with opportunities for educational, personal, and professional advancement. A wide range of academic courses prepares students to transfer to four-year institutions. Technical programs equip students to master certain skills as well as to utilize them through job entry.

The District is proud to present its financial statements for fiscal year 2025. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

This discussion and analysis of the District's financial statements provides an overview of its financial activities for the year.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the District as of the end of the fiscal year. The Statement of Net Position is a 'point in time' financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Position (Assets and Deferred Outflows minus Liabilities and Deferred Inflows).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors, and lending institutions.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net position, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted resources are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the institution for any appropriate purpose of the institution.

TYLER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Condensed Statement of Net Position
(thousands of dollars)

	Fiscal Year			Change	
	2025	2024	2023	2024 to 2025	2023 to 2024
Current and other assets	\$ 57,441	\$ 60,860	\$ 45,109	\$ (3,419)	\$ 15,751
Capital assets	210,069	208,275	213,070	1,794	(4,795)
Total Assets	267,510	269,135	258,179	(1,625)	10,956
Deferred Outflows of Resources	7,972	9,706	13,753	(1,734)	(4,047)
Current and other liabilities	32,703	29,389	29,698	3,314	(309)
Long-term liabilities	153,125	161,710	155,124	(8,585)	6,586
Total Liabilities	185,828	191,099	184,822	(5,271)	6,277
Deferred Inflows of Resources	11,249	17,117	20,084	(5,868)	(2,967)
Net investment in capital assets	134,050	127,092	121,422	6,958	5,670
Restricted net position	6,618	5,278	3,271	1,340	2,007
Unrestricted net position	(62,262)	(61,746)	(57,666)	(516)	(4,080)
Total Net Position	\$ 78,406	\$ 70,624	\$ 67,027	\$ 7,782	\$ 3,597

The assets plus deferred outflows less liabilities and deferred inflows result in a net position of \$78.4 million compared to \$70.6 million at the end of the previous fiscal year and \$67.0 million for fiscal year 2023. The District's net investment in capital assets is \$134.0 million compared to \$127.1 million at the end of the previous fiscal year and \$121.4 million for fiscal year 2023.

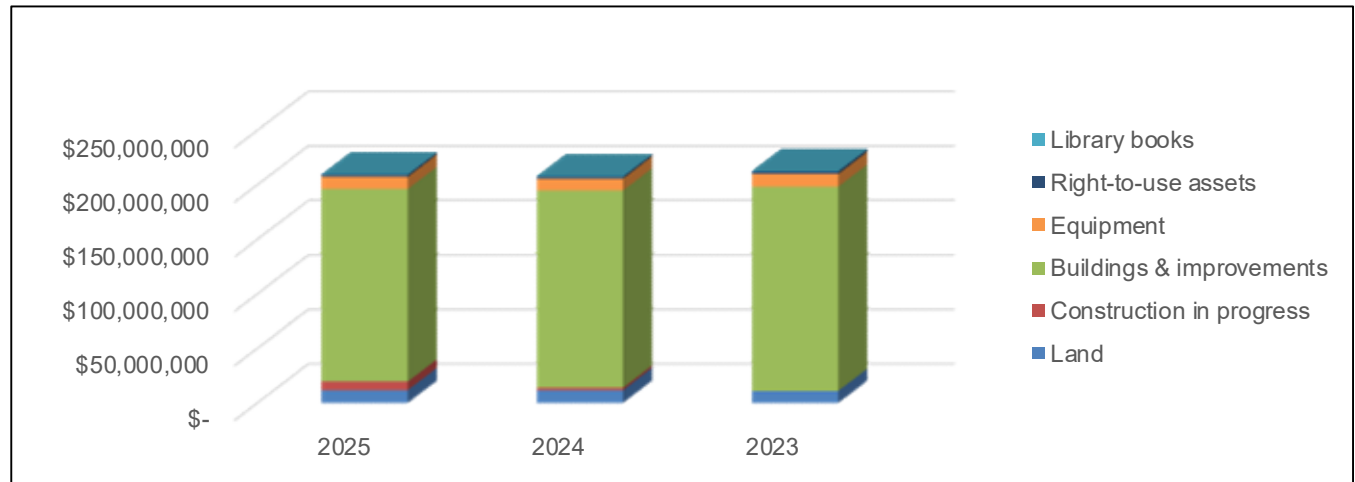
The \$267.5 million in assets includes cash and cash equivalents of \$27.9 million. This represents a decrease of \$7.4 million when compared to the previous fiscal year end total of \$35.3 million and an increase of \$7.7 million when compared to the fiscal year end 2023 total of \$20.2 million. The majority of the decrease is a result of the spend down of the proceeds from the \$17,925,000 Maintenance Tax Notes, Series 2023, issued in fiscal year 2024 for the repairs and renovations of existing campus projects. Also included in assets are accounts receivable of \$29.2 million. This represents an increase of \$3.9 million when compared to the previous fiscal year end total of \$25.3 million and an increase of \$4.6 million when compared to the fiscal year end 2023 total of \$24.6 million. Approximately 72% of the accounts receivable are for student tuition and fees.

Capital assets display the result of the implementation of a policy to capitalize only those capital assets with an acquisition cost of \$5,000 or more. The consumption of assets follows the institutional philosophy to use available resources to acquire and improve all areas of the institution to better serve the instruction and public service missions of the institution. There was continued activity on campus during FY 2025 and FY 2024 regarding renovations and upgrades, as well as equipment purchases. Preventative maintenance was performed where needed on campus. Parking lot maintenance across campus was addressed during FY 2025 and FY 2024. More detailed information of capital asset activity and long-term debt activity is presented in the note disclosures. Note 6 details the capital assets, Note 7 details the long-term liabilities, and Note 8 details all outstanding bonds payable.

TYLER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Amounts reported for capital assets, net of depreciation/amortization for the current and two previous years are as follows:

	Capital Assets, Net of Depreciation/Amortization			Change	
	Fiscal Year				
	2025	2024	2023	2024 to 2025	2023 to 2024
Land	\$ 12,653,821	\$ 12,509,871	\$ 11,925,438	\$ 143,950	\$ 584,433
Construction in progress	7,887,815	2,258,890	-	5,628,925	2,258,890
Buildings & improvements	176,508,407	180,880,040	187,215,613	(4,371,633)	(6,335,573)
Library books	74,026	80,437	88,004	(6,411)	(7,567)
Equipment	11,387,522	11,048,534	11,795,907	338,988	(747,373)
Right-to-use assets	1,556,954	1,496,928	2,044,544	60,026	(547,616)
	<u>\$ 210,068,545</u>	<u>\$ 208,274,700</u>	<u>\$ 213,069,506</u>	<u>\$ 1,793,845</u>	<u>\$ (4,794,806)</u>



Additional information on the District's capital assets can be found in Note 6 of this report.

At the end of the current fiscal year, the District had total liabilities of \$185.8 million. Of this amount, \$153.1 is reported for long-term liabilities, a decrease of \$8.6 million from the previous fiscal year. Amounts reported for long-term liabilities for the current and two previous years are as follows:

	Long-Term Liabilities			Change	
	Fiscal Year				
	2025	2024	2023	2024 to 2025	2023 to 2024
Bonds & notes	\$ 85,251,494	\$ 96,590,738	\$ 89,579,181	\$ (11,339,244)	\$ 7,011,557
Compensated absence	1,237,326	1,232,830	1,273,753	4,496	(40,923)
Finance agreements	-	47,079	93,748	(47,079)	(46,669)
Leases/SBITAs	1,519,308	1,633,252	2,161,129	(113,944)	(527,877)
Pension/OPEB liabilities	65,117,327	62,205,932	62,016,025	2,911,395	189,907
	<u>\$ 153,125,455</u>	<u>\$ 161,709,831</u>	<u>\$ 155,123,836</u>	<u>\$ (8,584,376)</u>	<u>\$ 6,585,995</u>

TYLER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Bonds and notes payable decreased by \$11.3 million when compared to the previous fiscal year end total of \$96.6 million and decreased by \$4.3 million when compared to the fiscal year end 2023 total of \$89.6 million. The decrease when compared to FY 2024 is primarily due to scheduled principal payments of \$10.5 million. Pension and other post-employment benefit (OPEB) liabilities increased by \$2.9 million. These amounts are reported in accordance with GASB Statement No. 68/75 and are determined based upon actuarial valuations performed on the plans. The total impact to net position for the pension and OPEB liabilities and related deferred inflows/outflows are as follows:

<u>Impact of Pension/OPEB Amounts on Net Position</u>					
(thousands of dollars)					
	Fiscal Year			Change	
	2025	2024	2023	2024 to 2025	2023 to 2024
Pension	\$ (14,297)	\$ (14,092)	\$ (12,642)	\$ (205)	\$ (1,450)
OPEB	(54,098)	(55,526)	(55,705)	1,428	179
Total Impact on Net Position	\$ (68,395)	\$ (69,618)	\$ (68,347)	\$ 1,223	\$ (1,271)

The District reports as an enterprise activity and as such does not have a debt limit that impacts the financing of any planned facilities or services. Additional information that pertains to the District's long-term liabilities and outstanding bonds can be found in the notes to the financial statements, Numbers 7 and 8.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by the institution.

Operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. For example, property taxes are nonoperating because the taxes are paid by citizens without the citizens receiving any commensurate goods or services. Additionally, state appropriations and Title IV financial aid revenue are considered to be nonoperating revenues based on the reporting requirements set forth by the Texas Higher Education Coordinating Board.

TYLER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Position
(thousands of dollars)

	Fiscal Year			Change	
	2025	2024	2023	2024 to 2025	2023 to 2024
Operating Revenues:					
Tuition and fees	\$ 21,206	\$ 23,367	\$ 21,974	\$ (2,161)	\$ 1,393
Federal grants and contracts	1,988	2,005	4,692	(17)	(2,687)
State grants and contracts	3,808	2,816	1,340	992	1,476
Auxiliary enterprises	5,689	5,440	5,606	249	(166)
Other	4,254	3,665	3,939	589	(274)
Total Operating Revenues	36,945	37,293	37,551	(348)	(258)
Operating Expenses:					
Instruction	39,573	39,275	38,637	298	638
Public service	663	829	681	(166)	148
Academic support	5,167	5,197	5,061	(30)	136
Student services	12,471	12,063	10,131	408	1,932
Institutional support	21,266	20,386	20,456	880	(70)
Operation and maintenance of plant	15,849	14,541	11,871	1,308	2,670
Scholarships and fellowships	12,980	9,293	8,438	3,687	855
Auxiliary enterprises	12,054	10,998	9,538	1,056	1,460
Depreciation/amortization	9,836	10,494	11,116	(658)	(622)
Total Operating Expenses	129,859	123,076	115,929	6,783	7,147
Operating Gain (Loss)	(92,914)	(85,783)	(78,378)	(7,131)	(7,405)
Non-Operating Revenues:					
State appropriations	29,872	28,556	25,011	1,316	3,545
Ad valorem taxes (net)	39,947	37,355	32,756	2,592	4,599
Federal revenue	30,397	24,085	22,183	6,312	1,902
Other	1,922	2,420	1,197	(498)	1,223
Total Non-Operating Revenues	102,138	92,416	81,147	9,722	11,269
Non-Operating Expenses:					
Interest and fees	2,391	3,035	2,408	(644)	627
Total Non-Operating Expenses	2,391	3,035	2,408	(644)	627
Capital contributions	949	-	2,966	949	(2,966)
Increase (Decrease) in Net Position	7,781	3,597	3,328	4,184	269
Net Position, Beginning	70,624	67,027	63,699	3,597	3,328
Net Position, Ending	\$ 78,405	\$ 70,624	\$ 67,027	\$ 7,781	\$ 3,597

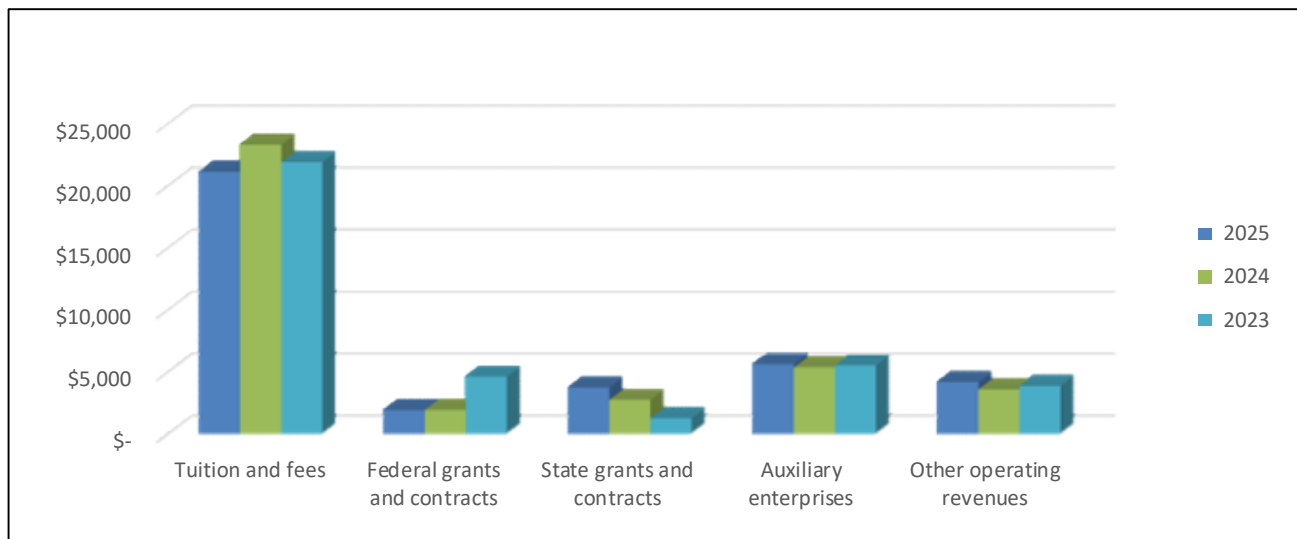
The Statement of Revenues, Expenses, and Changes in Net Position reflects a positive year with an increase of \$7.8 million in the net position at the end of the year. Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position are discussed in the following section.

TYLER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The nonoperating revenues (expenses) are comprised of revenues from state appropriations of \$29.9 million, property taxes of \$39.9 million, Title IV financial assistance of \$30.4 million, investment income of \$1.9 million, and expenses for interest/fees on capital-related debt of \$2.4 million. These numbers compare to the FY 2024 nonoperating revenues (expenses) of \$28.6 million in state appropriations, \$37.4 million in property taxes, \$24.1 million in Title IV financial assistance, \$2.4 million in investment income, and \$3.0 million in interest paid on capital related debt. The FY 2025 numbers compare to the FY 2023 nonoperating revenues (expenses) of \$25.0 million in state appropriations, \$32.8 million in property taxes, \$22.2 million in Title IV financial assistance, \$1.2 million in investment income, and \$2.4 million in interest paid on capital related debt. The total for nonoperating revenues (expenses) increased by \$10.4 million from the previous fiscal year primarily due to an increase of \$2.6 million in property taxes and an increase of \$6.3 million in Title IV financial assistance.

Operating Revenue by Type
(thousands of dollars)

	Fiscal Year			Change	
	2025	2024	2023	2024 to 2025	2023 to 2024
Tuition and fees	\$ 21,206	\$ 23,367	\$ 21,974	\$ (2,161)	\$ 1,393
Federal grants and contracts	1,988	2,005	4,692	(17)	(2,687)
State grants and contracts	3,808	2,816	1,340	992	1,476
Auxiliary enterprises	5,689	5,440	5,606	249	(166)
Other operating revenues	4,254	3,665	3,939	589	(274)
Total Operating Revenues	\$ 36,945	\$ 37,293	\$ 37,551	\$ (348)	\$ (258)



The above chart displays, in thousands of dollars, the operating revenues by type and their relationship with one another. Student tuition and fees decreased by \$2.2 million from fiscal year 2024 to 2025 due to a significant increase in Federal student awards (up \$6.3 million from the prior year) and the related increase in the tuition discount amount. As a result, student refunds, a component of the tuition discount amount, increased from \$22.8 million to \$27.6 million. Federal grants and contracts remained relatively stable from fiscal year 2024 to 2025.

TYLER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

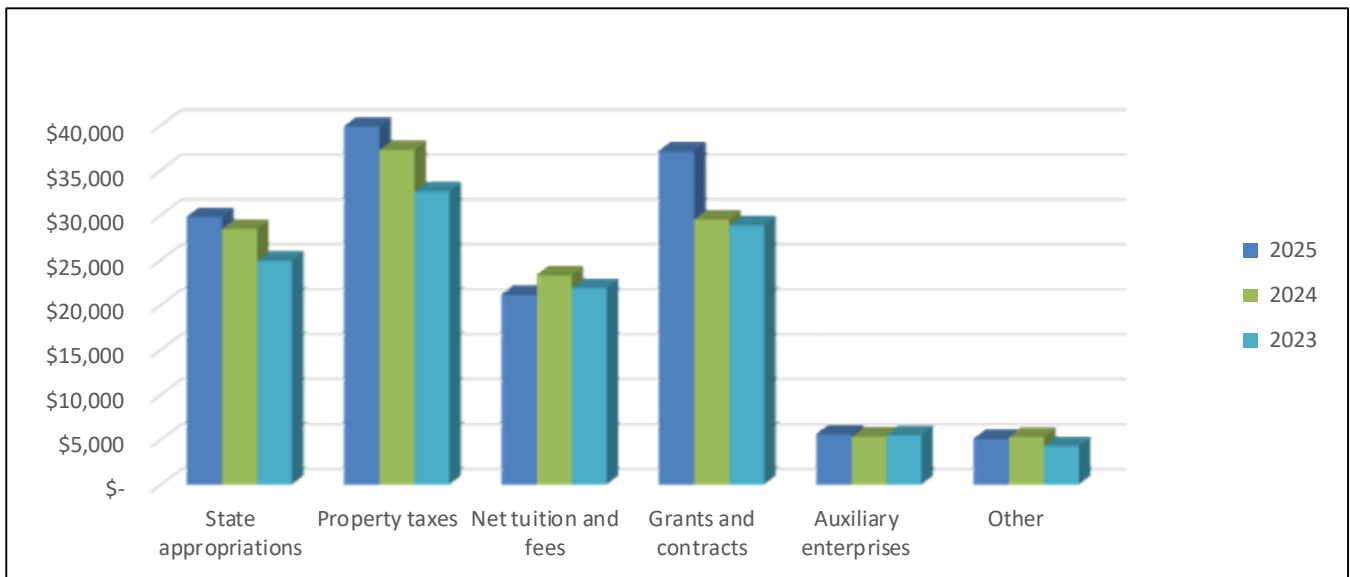
Auxiliary enterprise revenue increased by \$0.2 million from fiscal year 2024 to 2025 due to slightly higher occupancy in the resident halls. Miscellaneous and other revenues increased by \$0.6 million from fiscal year 2024 to 2025.

The auxiliary services, other than the residence halls, are not self-supporting activities. Two principal auxiliary services, athletics and the TJC Science Center, are programmed to be supported by the general operating resources.

The District relies equally on operating revenue as well as nonoperating revenue. When all of the revenues by source are combined, the District experienced an increase of \$9.4 million in total revenue from 2024 to 2025.

Total Revenues by Source
(thousands of dollars)

	Fiscal Year			Change	
	2025	2024	2023	2024 to 2025	2023 to 2024
State appropriations	\$ 29,872	\$ 28,556	\$ 25,011	\$ 1,316	\$ 3,545
Property taxes	39,947	37,355	32,756	2,592	4,599
Net tuition and fees	21,206	23,367	21,974	(2,161)	1,393
Grants and contracts	37,208	29,602	28,960	7,606	642
Auxiliary enterprises	5,689	5,440	5,606	249	(166)
Other	5,160	5,389	4,391	(229)	998
Total Revenues	\$ 139,082	\$ 129,709	\$ 118,698	\$ 9,373	\$ 11,011

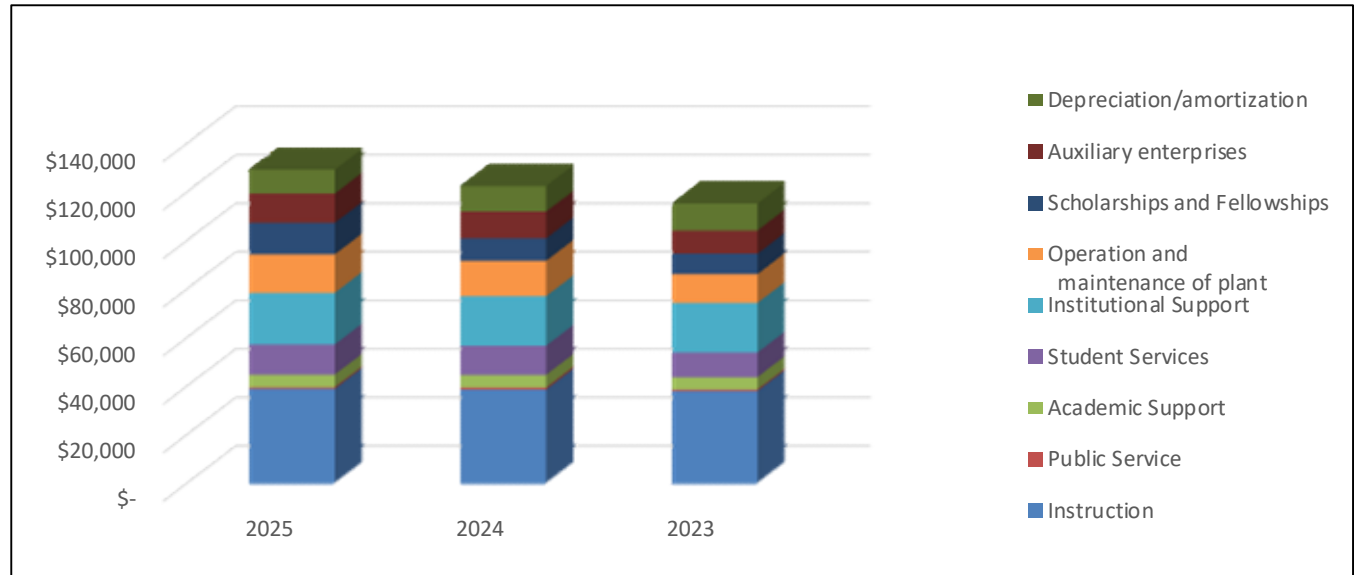


TYLER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

While the District's operating revenues experienced a decrease of \$0.3 million, the operating expenses experienced an increase of \$6.8 million from the previous fiscal year.

Operating Expenses by Function
(thousands of dollars)

	Fiscal Year			Change	
	2025	2024	2023	2024 to 2025	2023 to 2024
Instruction	\$ 39,573	\$ 39,275	\$ 38,637	\$ 298	\$ 638
Public Service	663	829	681	(166)	148
Academic Support	5,167	5,197	5,061	(30)	136
Student Services	12,471	12,063	10,131	408	1,932
Institutional Support	21,266	20,386	20,456	880	(70)
Operation and maintenance of plant	15,849	14,541	11,871	1,308	2,670
Scholarships and Fellowships	12,980	9,293	8,438	3,687	855
Auxiliary enterprises	12,054	10,998	9,538	1,056	1,460
Depreciation/amortization	9,836	10,494	11,116	(658)	(622)
Total Operating Expenses	\$ 129,859	\$ 123,076	\$ 115,929	\$ 6,783	\$ 7,147

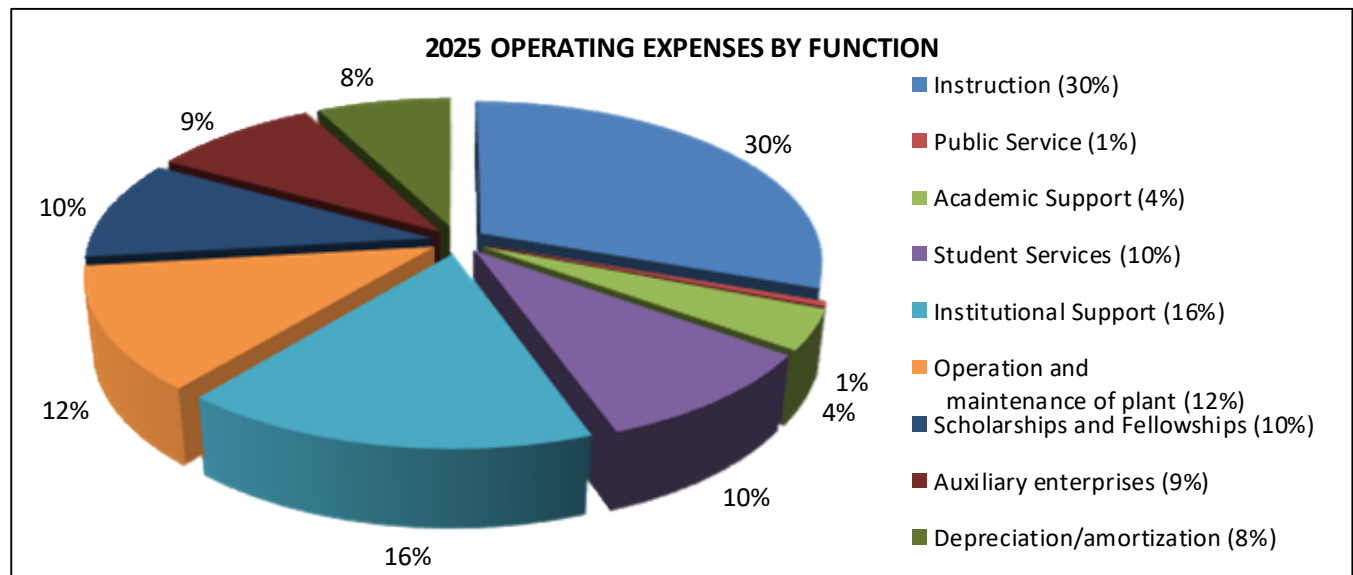


Costs to maintain enrollment at the District remained strong at \$39.6 million for FY 2025. Instruction costs increased by \$0.3 million (1%) over FY 2024 and increased by \$0.9 million (3%) when compared to fiscal year 2023 due to the continued implementation of the Texas Association of School Boards (TASB) salary and compensation study the District commissioned during FY 2023. Public service expenses decreased by \$0.2 million (-13%) over FY 2024 and remained relatively stable over FY 2023 due to the implementation of the salary and compensation study. Academic support remained relatively stable over FY 2024 and increased by \$0.1 million (2%) when compared to fiscal year 2023 due to the implementation of the salary and compensation study.

TYLER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Student service expenses increased by \$0.4 million (3%) over FY 2024 and increased by \$2.3 million (24%) when compared to fiscal year 2023 due to the implementation of the salary and compensation study. The expenses for institutional support expenses increased by \$0.9 million (4%) over FY 2024 and increased by \$0.8 million (4%) when compared to fiscal year 2023 due to the implementation of the salary and compensation study. Operation and maintenance of plant expenses increased by \$1.3 million (9%) over FY 2024 and increased by \$4.0 million (33%) when compared to fiscal year 2023 due to the implementation of the salary and compensation study. Auxiliary enterprise expenses increased by \$1.1 million (10%) over FY 2024 and increased by \$2.5 million (27%) when compared to fiscal year 2023 due to the implementation of the salary and compensation study. Scholarships and fellowships increased by \$3.7 million (40%) over FY 2024 and increased by \$4.5 million (55%) when compared to fiscal year 2023 due to an increase in Federal Pell grant awards in each of FY 2025 and FY 2024.

The District's operating expenses are reported by function for fiscal year 2025 as follows:

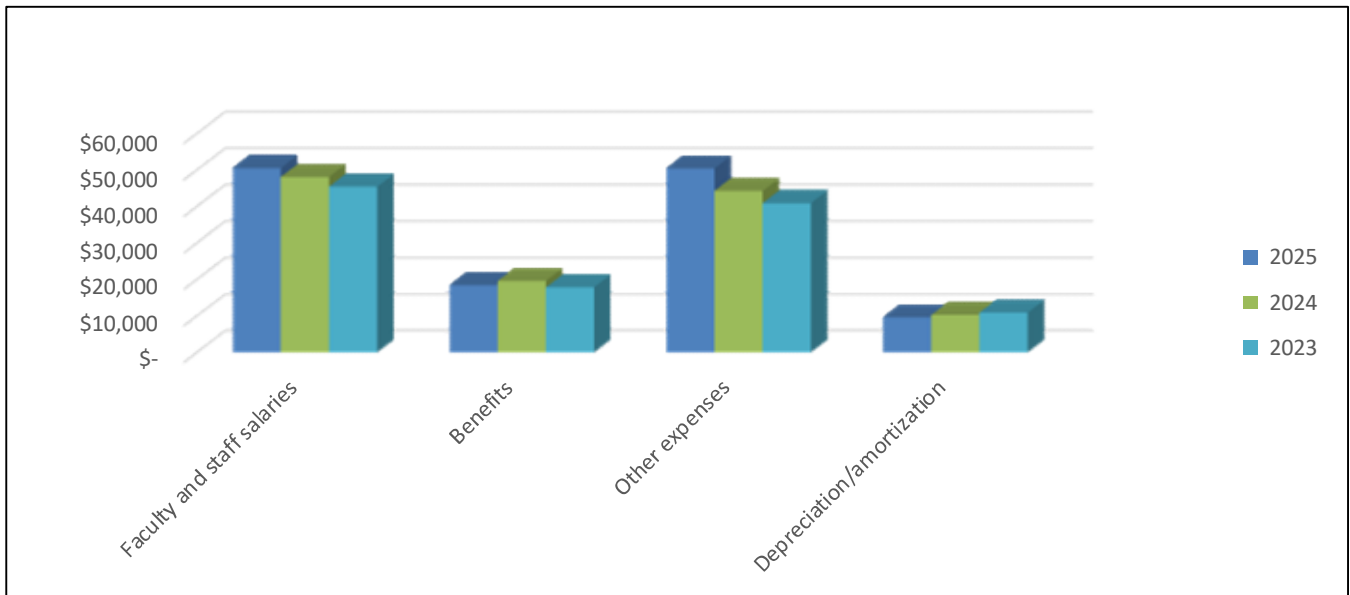


TYLER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Although the District's operating expenses are reported by functional classification, the operating expenses restated by their natural classification is necessary because each function contains each of the natural classification expenses except depreciation/amortization that is considered both a functional and natural expense class. Natural classification displays the type of expense regardless of program. Operating expenses are summarized below by natural classification:

Operating Expenses by Natural Classification
(thousands of dollars)

	Fiscal Year			Change	
	2025	2024	2023	2024 to 2025	2023 to 2024
Faculty and staff salaries	\$ 50,749	\$ 48,311	\$ 45,641	\$ 2,438	\$ 2,670
Benefits	18,611	19,807	18,038	(1,196)	1,769
Other expenses	50,664	44,466	41,133	6,198	3,333
Depreciation/amortization	9,836	10,494	11,116	(658)	(622)
Total Operating Expenses	\$ 129,860	\$ 123,078	\$ 115,928	\$ 6,782	\$ 7,150



Approximately \$50.7 million (39.1%) of the District's \$129.9 million operating expenses are expended for salaries and wages. When the benefits are combined with the salaries and wages, the total of \$69.4 million is 53.4% of the District's total operating expenses, as compared to 55.3% in FY 2024 and 54.9% in FY 2023. The second highest portion of the operating expenses is the \$50.7 million (39.0%) of operating expenses that the District paid in FY 2025 to its vendors to acquire supplies, goods and services. This amount expended to vendors compared to \$44.5 million in FY 2024 and \$41.1 million in FY 2023. Depreciation/amortization expense decreased by \$0.7 million (-7%) to equate to \$9.8 million for FY 2025 as compared to \$10.5 million in FY 2024 and \$11.1 million in FY 2023.

TYLER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Statement of Cash Flows

The final statement presented by the District is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five components. The first component deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third component deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth component reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth and final component presented in the statement reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Condensed Statement of Cash Flows (thousands of dollars)					
	Fiscal Year			Change	
	2025	2024	2023	2024 to 2025	2023 to 2024
Cash Provided (Used) by:					
Operating activities	\$ (77,494)	\$ (68,032)	\$ (63,663)	\$ (9,462)	\$ (4,369)
Noncapital financing activities	92,733	83,004	74,490	9,729	8,514
Capital and related financing activities	(24,585)	(2,260)	(16,066)	(22,325)	13,806
Investing activities	1,921	2,420	1,198	(499)	1,222
Net Change in Cash	(7,425)	15,132	(4,041)	(22,557)	19,173
Cash, Beginning of Year	35,346	20,213	24,254	15,133	(4,041)
Cash, End of Year	<u>\$ 27,921</u>	<u>\$ 35,346</u>	<u>\$ 20,213</u>	<u>\$ (7,424)</u>	<u>\$ 15,132</u>

The primary cash receipts from operating activities consist of tuition and fees and auxiliary enterprises. Operating cash receipts in FY 2025 totaled \$35.2 million as compared to \$35.8 million in FY 2024 and \$36.9 million in FY 2023. Operating cash outlay payments totaled \$112.7 million in FY 2025 as compared to \$103.8 million in FY 2024 and \$100.6 million in FY 2023. These receipts and cash outlay payments resulted in a decrease of \$9.5 million in net cash used by operating activities in FY 2025.

State educational contracts were once the primary source of noncapital financing. Nonoperating federal revenue and property tax revenue are now the primary sources of noncapital financing. State educational contracts make up the third largest source of noncapital financing. These sources of revenue are categorized as noncapital even though the District's budget depends on them to continue the current level of operations. In FY 2025, \$92.7 million was received as net cash provided by noncapital financing activities as compared to \$83.0 million in FY 2024 and \$74.5 million in FY 2023.

TYLER JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital and related financing activities in FY 2025 included \$9.9 million expended for campus construction, improvements, and renovations, compared to \$5.4 in FY 2024 and \$2.7 million in FY 2023. Financing outflows also include expenditures for debt service payments on bonds, leases, subscription-based information technology agreements, financing agreements, and the related interest charges. Outflows for long-term debt in FY 2025 was \$14.7 million compared to \$15.4 million in FY 2024 and \$13.4 million in FY 2023. The change from FY 2023 to FY 2025 was due to the District's scheduled principal and interest payments on bonds and other long-term financing agreements.

Investing activities reflect purchases, sales, and interest income earned on investments. Investments identified in the cash flow statement investing activities include both short- and long-term investments. The total amount of investment income received in FY 2025 was a decrease of \$0.5 million when compared to FY 2024 and an increase of \$1.2 million over FY 2023.

Economic Outlook

As in prior years, the District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the forthcoming fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

Fall enrollment at the District remained steady for the 2024-2025 academic year, as compared to the enrollment for the 2023-2024 and 2022-2023 years. Unemployment rates within the District boundaries continue to remain low, post the disruption caused by the coronavirus pandemic. Unemployment rates are expected to remain low. The District continued efforts to maintain and attempt to increase enrollment into early 2025, while providing support and assistance to students to encourage their continued success. Efforts directed at increasing enrollment showed tremendous success, with Fall 2025 setting a record high enrollment. The addition of new programs and certificates; the expansion of current classes; and the increased offerings of academic and technical dual credit to the local high school students continue to positively contribute to the District's enrollment.

Fiscal 2025 was the second year under the State's new community college funding model, which includes performance and base tiers. The performance tier of the model funds Colleges based primarily on outcomes (success metrics), rather than enrollment, the focus of the previous funding model. The new model intends to reward colleges for their progress toward the State's higher educational goals while also ensuring colleges have access to the resources needed to support their educational missions. Base tier funding is provided to colleges if the costs of their operating needs (Instruction and Operations) exceed the amount they can expect to access via local resources (tuition and fees, as well as district tax revenue). As the model anticipates increases in district tax, as well as tuition and fee revenues, the portion of state appropriations provided as base tier funding decreases.

TYLER JUNIOR COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The District's overall financial position is strong. The District underwent credit rating reviews with Standard & Poor's Rating Services during the 2023 year. Standard & Poor's assigned its 'AA+' long-term rating for the District's Series 2023 Maintenance Tax Notes, with a stable outlook. As part of the issuance process, S&P Global Ratings affirmed the District's tax-supported bond rating of "AA+" stating the rating reflects: strong and growing economic base that includes the City of Tyler, which serves as a regional trade, service, and healthcare center; stable-to-growing enrollment base trends, following a period of modest pandemic-induced reduction in demand; and moderate overall net debt profile, with rapid amortization. Additionally, S&P Global Ratings upgraded the District's revenue-supported bond rating from 'A+' to 'AA+'.

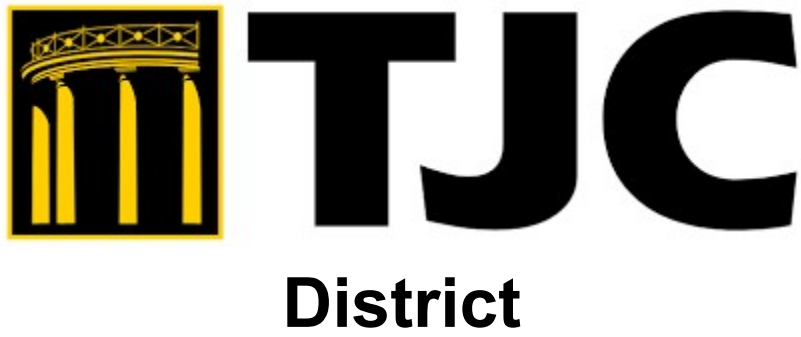
Given the economic constraints at the local, state, and national level, strong ad-valorem tax valuation changes and the ability to adjust student fees, the District anticipates fiscal year 2026 will be comparable to fiscal year 2025. Leadership will continue monitoring the environment and institutional resources to maintain the District's ability to react to unknown internal and external issues.





BASIC FINANCIAL STATEMENTS





TYLER JUNIOR COLLEGE DISTRICT
STATEMENTS OF NET POSITION
August 31, 2025 and 2024

Exhibit 1

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 27,920,817	\$ 35,345,826
Accounts receivable, net	29,227,549	25,330,827
Prepaid expenses	286,421	175,963
Total Current Assets	<u>57,434,787</u>	<u>60,852,616</u>
Noncurrent Assets:		
Other noncurrent assets	6,441	7,557
Capital assets, net	210,068,545	208,274,700
Total Noncurrent Assets	<u>210,074,986</u>	<u>208,282,257</u>
Total Assets	<u>267,509,773</u>	<u>269,134,873</u>
Deferred Outflows of Resources		
Deferred outflows related to pension activities	4,111,158	7,374,613
Deferred outflows related to OPEB activities	3,861,132	2,331,364
Total Deferred Outflows of Resources	<u>7,972,290</u>	<u>9,705,977</u>
Liabilities		
Current Liabilities:		
Accounts payable	2,162,694	2,064,713
Accrued liabilities	1,307,824	1,189,144
Funds held for others	3,914,696	2,909,505
Unearned revenue	25,317,032	23,226,110
Compensated absences - current portion	123,733	123,283
Lease/SBITA payable - current portion	622,685	667,380
Financing agreements - current portion	-	47,079
Bond payable - current portion	12,442,000	10,505,000
Net OPEB liability - current	1,344,557	1,189,851
Total Current Liabilities	<u>47,235,221</u>	<u>41,922,065</u>
Noncurrent Liabilities:		
Compensated absences	1,113,593	1,109,547
Lease/SBITA payable	896,623	965,872
Net pension liability	17,750,611	19,667,817
Net OPEB liability	46,022,159	41,348,264
Bonds payable	72,809,494	86,085,738
Total Noncurrent Liabilities	<u>138,592,480</u>	<u>149,177,238</u>
Total Liabilities	<u>185,827,701</u>	<u>191,099,303</u>
Deferred Inflows of Resources		
Deferred inflows related to pension activities	657,433	1,798,379
Deferred inflows related to OPEB activities	10,592,024	15,319,061
Total Deferred Inflows of Resources	<u>11,249,457</u>	<u>17,117,440</u>
Net Position		
Net Investment in capital assets	134,049,679	127,092,492
Restricted for:		
Expendable:		
Financial aid and scholarships	2,929,804	1,689,139
Debt service	3,687,918	3,588,594
Unrestricted	(62,262,496)	(61,746,118)
Total Net Position (Schedule D)	<u>\$ 78,404,905</u>	<u>\$ 70,624,107</u>

TYLER JUNIOR COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENTS OF FINANCIAL POSITION
Tyler Junior College Foundation
August 31, 2025 and August 31, 2024

Exhibit 1-1

	2025	2024
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 1,350,327	\$ 1,480,552
Pledges Receivable, net	644,650	563,577
Deferred expenses	450	8,002
Deferred Construction Costs	1,740,000	1,924,000
Deferred Scholarships	881,932	664,166
Total Current Assets	4,617,359	4,640,297
Non-Current Assets:		
Pledges Receivable, net	3,314,169	780,150
Investments:		
Marketable Securities	110,658,144	102,488,247
Funds Held in Trust	150,385	146,824
Annuity Arbitrage	998,167	994,062
Charitable Gift Annuities	354,873	351,621
Real Estate and Mineral Interests	507,304	587,364
Other Investments	41,803	43,824
Total Investments	112,710,676	104,611,942
Total Non-Current Assets	116,024,845	105,392,092
Total Assets	\$ 120,642,204	\$ 110,032,389
Liabilities and Net Assets		
Liabilities:		
Current Liabilities:		
Due to Tyler Junior College District	\$ 2,643,777	\$ 2,588,166
Accounts Payable	72,833	42,527
Accrued Interest	5,414	14,689
Deferred Revenue	62,450	251,200
Total Current Liabilities	2,784,474	2,896,582
Long-Term Liabilities:		
Line of Credit	110,000	1,150,000
Total Long-Term Liabilities	110,000	1,150,000
Total Liabilities	2,894,474	4,046,582
Net Assets:		
Without Donor Restrictions	40,599,778	33,432,761
With Donor Restrictions	77,147,952	72,553,046
Total Net Assets	117,747,730	105,985,807
Total Liabilities and Net Assets	\$ 120,642,204	\$ 110,032,389

TYLER JUNIOR COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended August 31, 2025 and August 31, 2024

Exhibit 2

	2025	2024
Operating Revenues		
Tuition and fees (net of discounts of \$19,687,609 and \$16,602,443)	\$ 21,206,214	\$ 23,367,007
Federal grants and contracts	1,988,207	2,005,303
State grants and contracts	3,808,040	2,815,807
Local grants and contracts	1,014,342	695,157
Sales and services of educational activities	152,582	137,198
Investment income - program restricted	17,311	20,697
Auxiliary enterprises (net of discounts)	5,688,847	5,440,332
Miscellaneous operating revenues	3,069,173	2,811,906
Total Operating Revenues (Schedule A)	36,944,716	37,293,407
Operating Expenses		
Instruction	39,572,917	39,274,840
Public service	663,087	829,439
Academic support	5,166,619	5,197,008
Student services	12,471,351	12,063,367
Institutional support	21,265,929	20,386,072
Operation and maintenance of plant	15,849,229	14,541,338
Scholarships and fellowships	12,980,199	9,292,623
Auxiliary enterprises	12,054,399	10,998,428
Depreciation/amortization expense	9,835,912	10,494,159
Total Operating Expenses (Schedule B)	129,859,642	123,077,274
Operating Income (loss)	(92,914,926)	(85,783,867)
Non-Operating Revenues (expenses)		
State appropriations	29,872,186	28,555,584
Ad valorem taxes (net)	39,946,867	37,354,515
Federal revenue, non-operating	30,397,193	24,085,427
Investment income	1,921,171	2,420,256
Interest and fees on capital-related debt	(2,390,846)	(3,034,927)
Non-Operating Revenue (expenses) (Schedule C)	99,746,571	89,380,855
Income (Loss) Before Capital Contributions	6,831,645	3,596,988
Capital contributions	949,153	-
Change in net position	7,780,798	3,596,988
Net Position - Beginning of Year	70,624,107	67,027,119
Net Position - End of Year	\$ 78,404,905	\$ 70,624,107

TYLER JUNIOR COLLEGE DISTRICT
Exhibit 2-1
STATEMENTS OF ACTIVITIES
Tyler Junior College Foundation
For the Year Ended August 31, 2025 with Comparative Totals for August 31, 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions of cash and other financial assets	\$ 41,246	\$ 5,453,076	\$ 5,494,322	\$ 100,554	\$ 2,119,436	\$ 2,219,990
Contributions of nonfinancial assets	8,174	889,835	898,009	31,647	29,009	60,656
Grants	-	196,000	196,000	-	-	-
Special events	121,974	-	121,974	126,224	-	126,224
Unrealized gain (loss) on investments	7,426,516	(88,808)	7,337,708	11,630,530	45,416	11,675,946
Realized gain on investments	1,199,958	-	1,199,958	1,612,317	-	1,612,317
Investment income	2,517,175	141,984	2,659,159	2,226,799	166,535	2,393,334
Donor transfers in (out)	(2,843,097)	2,843,097	-	(1,359,528)	1,359,528	-
Net assets released from donor restrictions:						
Satisfaction of program restrictions	4,840,278	(4,840,278)	-	3,776,812	(3,776,812)	-
Total Support and Revenue	13,312,224	4,594,906	17,907,130	18,145,355	(56,888)	18,088,467
Expenses						
Program	5,190,610	-	5,190,610	3,895,441	-	3,895,441
General and Administrative	574,180	-	574,180	513,350	-	513,350
Fundraising	380,417	-	380,417	384,058	-	384,058
Total Expenses	6,145,207	-	6,145,207	4,792,849	-	4,792,849
Change in Net Assets	7,167,017	4,594,906	11,761,923	13,352,506	(56,888)	13,295,618
Net Assets, Beginning	33,432,761	72,553,046	105,985,807	20,080,255	72,609,934	92,690,189
Net Assets, Ending	\$ 40,599,778	\$ 77,147,952	\$ 117,747,730	\$ 33,432,761	\$ 72,553,046	\$ 105,985,807

TYLER JUNIOR COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended August 31, 2025 and 2024

Exhibit 3

	2025	2024
Cash Flows From Operating Activities:		
Receipts from students and other customers	\$ 21,108,892	\$ 21,116,021
Receipts from operating grants and contracts	6,719,433	5,724,163
Receipts from auxiliary enterprises	5,688,847	5,440,332
Other cash receipts	1,665,772	3,528,004
Payments to suppliers for goods and services	(50,676,080)	(43,636,159)
Payments to or on behalf of employees	(63,004,453)	(60,376,606)
Loans issued to students	1,003,135	172,667
Net Cash (Used) by Operating Activities	(77,494,454)	(68,031,578)
Cash Flows from Non-Capital Financing Activities:		
Receipts from state appropriations	22,430,913	21,706,638
Receipts from ad valorem taxes	39,904,895	37,211,864
Receipts from federal grants for non-operating activities	30,397,193	24,085,427
Net Cash Provided by Non-Capital Financing Activities	92,733,001	83,003,929
Cash Flows from Capital and Related Financing Activities:		
Proceeds from capital debt, net of issuance cost	-	18,505,663
Purchase of capital assets	(9,919,171)	(5,405,657)
Payments on capital bonds/notes - principal	(10,505,000)	(10,609,000)
Payments on leases/SBITAs - principal	(874,261)	(859,827)
Payments on financing agreements - principal	(47,079)	(46,669)
Payments on long-term debt - interest and fees	(3,239,216)	(3,844,036)
Net Cash Provided (Used) by Capital and Related Financing Activities	(24,584,727)	(2,259,526)
Cash Flows from Investing Activities:		
Investment income	1,921,171	2,420,256
Net Cash Provided (Used) by Investing Activities	1,921,171	2,420,256
Increase (decrease) in cash and cash equivalents	(7,425,009)	15,133,081
Cash and Cash Equivalents, Beginning of Year	35,345,826	20,212,745
Cash and Cash Equivalents, End of Year	\$ 27,920,817	\$ 35,345,826
Reconciliation of Net Operating Income (Loss) to Net Cash provided (used) by operating activities:		
Operating income (loss)	\$ (92,914,926)	\$ (85,783,867)
Adjustments:		
Depreciation/amortization expense	9,835,912	10,494,159
Payments made directly by state for benefits	7,441,273	6,848,946
Changes in assets and liabilities:		
(Increase) decrease in receivables (net)	(3,854,750)	(542,118)
(Increase) decrease in prepaid expenses	(110,458)	66,391
(Increase) decrease in pension/OPEB related deferred outflows	1,733,687	4,047,396
Increase (decrease) in accounts payable	97,981	762,992
Increase (decrease) in accrued liabilities	132,806	(338,041)
Increase (decrease) in funds held for others	1,005,191	172,025
Increase (decrease) in unearned revenues	2,090,922	(942,127)
Increase (decrease) in compensated absences	4,496	(40,923)
Increase (decrease) in net pension liability	(1,917,206)	2,551,514
Increase (decrease) in net OPEB liability	4,828,601	(2,361,607)
Increase (decrease) in pension/OPEB related deferred inflows	(5,867,983)	(2,966,318)
Net Cash (Used) by Operating Activities	\$ (77,494,454)	\$ (68,031,578)
Schedule of Non-Cash Capital and Related Financing Activities		
Payments made directly by state for benefits	\$ 7,441,273	\$ 6,848,946
Contribution of capital assets	949,153	-
Carrying value of refunded bonds	-	(18,495,000)
Issuance of refunding bonds	-	17,230,000
Issuance of debt - leases/SBITAs	760,317	331,950
Amortization of premium on bonds	(834,244)	(845,657)



TYLER JUNIOR COLLEGE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1 — Reporting Entity

The Tyler Junior College District (the “District”) was established in 1926 in accordance with the laws of the State of Texas, to serve the educational needs of the City of Tyler and surrounding communities. The District is governed by an elected nine-member Board of Trustees which has oversight responsibility over all District activities. The District consists of the areas of six Independent School Districts located in Smith and Van Zandt Counties, Texas. The Tyler Junior College District is considered to be a special purpose, primary government according to the definition in *Governmental Accounting Standards Board (GASB) Statement 14* and as amended by *(GASB) Statement 61*. While the District receives funding from local, state, and federal sources and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

Tyler Junior College Foundation is a legally separate, tax-exempt component unit of the District. The foundation acts primarily as a fund-raising organization to supplement the resources that are available to the District in support of its educational programs and student services. The foundation is a non-governmental entity and follows accounting standards set forth by the *Financial Accounting Standards Board (FASB)*. Although the District does not control the timing or the amount of receipts from the foundation, the majority of resources, or income thereon that the foundation holds and invests is restricted to the activities of the District. Because these restricted resources held by the foundation can only be used by, or for the benefit of, the District, the foundation is considered a component unit of the District and is discretely presented in the District’s financial statements.

During the year ended August 31, 2025 and 2024, the foundation distributed \$5,190,610 and \$3,895,441 in support and scholarships to the District. Complete financial statements for the foundation can be obtained from the foundation’s offices in the White Administrative Services Center on the District’s main campus or at <https://foundation.tjc.edu/s/1945/bp21/interior.aspx?sid=1945&gid=2&pgid=544>.

Note 2 — Summary Of Significant Accounting Policies

Reporting Guidelines

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

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 — Summary Of Significant Accounting Policies (continued)

Basis of Accounting

The financial statements of the District have been prepared on the accrual basis of accounting as appropriate for public colleges and universities. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act Program Funds

Certain Title IV, HEA Program funds are received by the District to pass through to the student. These funds are initially received by the District and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

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

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 — Summary Of Significant Accounting Policies (continued)

Budgetary Data

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

Cash and Cash Equivalents

The District considers cash and cash equivalents as cash on-hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition. Also, cash equivalents include funds maintained at TexPool, which is an overnight investment pool and the funds held there can be readily converted to cash on a daily basis.

Investments

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but one year or less at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Deferred Outflows

The District is aware that the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and is not recognized as an outflow of resources (expense) until that time. GASB standards authorize the reporting on deferred outflows in connection with the timing of pension activity, other post-employment benefit activity, and reporting.

Allowance for Doubtful Accounts

The allowances for doubtful accounts for accounts receivable, taxes receivable and notes receivable are based on management's estimate of the anticipated collectability of the respective accounts.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 — Summary Of Significant Accounting Policies (continued)

Capital Assets

Capital assets include land, infrastructure, buildings, improvements, equipment, the intangible right-to-use lease assets, and the intangible right-to-use subscription-based information technology arrangements (“SBITAs” or “subscription assets”) The District’s board voted to set a capitalization policy for tangible assets with a unit cost of \$5,000 and an estimated useful life of greater than one year for tangible assets. Such assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or significantly extend an asset’s useful life are charged to expense when incurred. Costs incurred for capital projects are included in construction in progress until the project is completed at which time the asset is properly categorized and depreciated over its estimated useful life. The District’s policy is to capitalize intangible assets with a unit cost of \$200,000 and an estimated useful life of greater than one year. The measurement of the intangible right-to-use assets and SBITAs are discussed in their respective sections of this note.

Capital assets of the District are depreciated using the straight-line and composite methods over the following useful lives.

<u>Asset Class</u>	<u>Years</u>
Buildings and renovations	50
Improvements	20
Equipment	10
Library Books	10
Right-to-use lease assets	Lease term
Right-to-use subscription asset	Subscription term

Note 2 — Summary Of Significant Accounting Policies (continued)

Compensated Absences

The District 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 to be used as time off or settled during or upon separation from employment. Based on that criteria, two types of leave qualify for liability recognition for compensated absences.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 — Summary Of Significant Accounting Policies (continued)

Compensated Absences (continued)

Vacation – The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment. A liability for the value of unused vacation, including salary-related benefits, is included in the liability for compensated absences.

Sick Leave – The District's policy permits employees to accumulate earned but unused sick leave. Full-time 12-month employees earn one day (8 hours) of paid sick leave per month in accordance with administrative regulations. Sick leave shall accumulate to a maximum of 90 workdays. Upon termination or retirement from the District, all accumulated sick leave is forfeited by the employee with exception of those employed prior to May 22, 1997. The District evaluated the potential liability for the estimated value of sick leave that will be used by employees as time off. Based on historical experience, annual usage is less than the amount of sick leave earned each year and the District does not have a policy with a requirement to use the oldest sick leave hours earned first. Therefore, the District determined that employees are more likely to not use sick leave hours already earned and accrued. As a result, only the value of unused sick leave earned by those employed prior to May 22, 1997, including salary-related benefits, is included in the liability for compensated absences.

Leases and Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for various agreements for leases for the right-to-use lease assets and SBITAs for the right-to-use subscription assets (software). The agreements are noncancellable, and the District recognizes a liability and an intangible right-to-use asset for agreements with an initial, individual value of \$200,000 or more.

At the commencement of the agreement, the District initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made. The intangible capital asset is initially measured as the sum of (1) the initial liability amount, (2) payments made to the vendor before commencement of the contract/subscription term, and (3) capitalizable implementation costs, less any incentives received from the vendor at or before the commencement of the term. Key estimates and judgments related to leases and SBITAs include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) terms, and (3) payments.

- The District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 — Summary Of Significant Accounting Policies (continued)

Leases and Subscription-Based Information Technology Arrangements (SBITAs) (continued)

- The term includes the noncancellable period of the right to use the intangible capital asset and payments included in the measurement of the liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its assets and liabilities and will remeasure if certain changes occur that are expected to significantly affect the amount of the liability. The intangible capital assets are reported with other capital assets and liabilities are reported with long-term debt on the statement of net position.

Pensions

The District participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost-sharing-defined benefit pension plan with a special funding situation. The fiduciary net position of TRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for 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.

Post-employment Benefits Other than Pensions (OPEB)

The fiduciary net position of the Employee Retirement System (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Unearned Revenues

The District has recorded tuition and related fees as well as housing and related fees in the amount of \$25,317,032 and \$23,226,110 as of August 31, 2025 and 2024 in the statement of net position. These amounts represent revenues for the subsequent fall semesters that are recognized in revenues in the subsequent fiscal years.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 — Summary Of Significant Accounting Policies (continued)

Tax Abatements

The tax abatements for the District are less than 2.00% of total tax revenues and are considered to be immaterial to the financial statements.

Deferred Inflows

The District is aware that the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and is not recognized as an inflow of resources (revenue) until that time. GASB standards authorize the reporting on deferred inflows in connection with the timing of pension activity, other post-employment benefit activity, and reporting.

Estimates

Preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Operating and Non-Operating Revenue and Expense Policy

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing goods and related services in connection with the District's ongoing operations to provide educational needs to its students and community. The principal operating revenues of the District are tuition and fees along with auxiliary revenues. The major non-operating revenues are state appropriations, property tax collections and Title IV financial aid. Operating expenses include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 — Summary Of Significant Accounting Policies (continued)

Post-employment Benefits Other than Pensions (OPEB)

Implementation of New Standards

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. The primary 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. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and the impact is reflected in the financial statements. A restatement to beginning net position as of September 1, 2024 or 2023, was not required for proper presentation in accordance with GASB 101.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The primary 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. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and did not impact the financial statements.

Note 3 — Authorized Investments

The District is authorized to invest in obligations and instruments as defined in the *Public Funds Investment Act* (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than "A" by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. The fair value of the District's position in TexPool is the same as the value of the pool shares.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 4 — Deposits And Investments

As of August 31, 2025 and August 31, 2024, the District had the following deposits and investments:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents:		
Cash and Demand Deposits:		
Petty cash on hand and change funds	\$ 3,550	\$ 3,550
Demand deposits	21,920,764	20,472,712
Government Investment Pools:		
TexPool	<u>2,996,503</u>	<u>2,474,107</u>
Total Cash and Cash Equivalents	<u>24,920,817</u>	<u>22,950,369</u>
Investments:		
Certificates of deposit	<u>3,000,000</u>	<u>12,395,457</u>
Total Cash and Investments	<u><u>\$ 27,920,817</u></u>	<u><u>\$ 35,345,826</u></u>

The bank balance of the District's demand deposits as of August 31, 2025 and August 31, 2024, were \$24,544,355 and \$23,298,470, respectively. All of the District's demand deposits were fully insured by FDIC insurance and collateral held by the depository's trust department in the District's name.

Interest Rate Risk – The District's investment policy allows for portfolio maturities to be structured to meet the obligations of the District first, and then to achieve the highest return of interest. The maximum allowable stated maturity of any individual investment of the District is ten years. The average rate of maturity for the District's investment in TexPool cannot exceed 60 days. The weighted average maturity of the District's investments was 59 as of August 31, 2025.

Credit Risk – The District's investment pool with TexPool has an AAAM rating with Standard and Poor's.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 5 — Disaggregation Of Receivables And Payables Balances

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

	2025	2024
Property Taxes Receivable	\$ 2,001,785	\$ 1,765,451
Allowance for doubtful accounts	(1,048,913)	(854,551)
Property Taxes Receivable, Net	<u>952,872</u>	<u>910,900</u>
 Tuition and Fees Receivable	 29,714,272	 26,311,978
Allowance for doubtful accounts	(8,762,901)	(7,701,433)
Tuition and Fees Receivable, Net	<u>20,951,371</u>	<u>18,610,545</u>
 Student Loan Receivable	 2,069,489	 2,071,885
Allowance for doubtful accounts	(1,781,568)	(1,786,020)
Student Loan Receivable, Net	<u>287,921</u>	<u>285,865</u>
 Federal receivable	 349,831	 945,676
Other receivables	6,685,554	4,577,841
Total Receivables, Net	<u><u>\$29,227,549</u></u>	<u><u>\$25,330,827</u></u>

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

	2025	2024
Vendors payable	\$ 2,162,694	\$ 2,064,713
Salaries and benefits payable	899,393	821,559
Interest payable	147,235	161,361
Other accrued liabilities	261,196	206,224
Total Payables	<u><u>\$ 3,470,518</u></u>	<u><u>\$ 3,253,857</u></u>

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 6 — Capital Assets

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

	Balance 09/01/24	Additions	Retirements	Transfers	Balance 08/31/25
Capital Assets, Not Being Depreciated					
Land	\$ 12,509,871	\$ 143,950	\$ -	\$ -	\$ 12,653,821
Construction in progress	2,258,890	7,605,815	-	(1,976,890)	7,887,815
Total Capital Assets, Not Being Depreciated	<u>14,768,761</u>	<u>7,749,765</u>	<u>-</u>	<u>(1,976,890)</u>	<u>20,541,636</u>
Capital Assets, Being Depreciated/Amortized					
Buildings	262,765,917	1,285,400	-	-	264,051,317
Improvements	52,036,817	57,919	-	1,976,890	54,071,626
Equipment	60,691,749	1,763,063	(13,820)	-	62,440,992
Library books	216,584	13,293	(32,847)	-	197,030
Intangible assets:					
Lease assets - buildings	1,364,393	-	(5,860)	-	1,358,533
Lease assets - vehicles	225,664	-	-	-	225,664
Subscription assets	1,747,098	760,317	(483,759)	-	2,023,656
Total Capital Assets, Being Depreciated/Amortized	<u>379,048,222</u>	<u>3,879,992</u>	<u>(536,286)</u>	<u>1,976,890</u>	<u>384,368,818</u>
Accumulated Depreciation/Amortization					
Buildings	(98,011,990)	(6,010,157)	-	-	(104,022,147)
Improvements	(35,910,704)	(1,681,685)	-	-	(37,592,389)
Equipment	(49,643,215)	(1,424,075)	13,820	-	(51,053,470)
Library books	(136,147)	(19,704)	32,847	-	(123,004)
Intangible assets:					
Lease assets - buildings	(605,593)	(151,299)	5,860	-	(751,032)
Lease assets - vehicles	(120,806)	(55,625)	-	-	(176,431)
Subscription assets	(1,113,828)	(493,367)	483,759	-	(1,123,436)
Total Accumulated Depreciation/Amortization	<u>(185,542,283)</u>	<u>(9,835,912)</u>	<u>536,286</u>	<u>-</u>	<u>(194,841,909)</u>
Net Capital Assets	<u>\$ 208,274,700</u>	<u>\$ 1,793,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,068,545</u>

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

	Balance 09/01/23	Additions	Retirements	Transfers	Balance 08/31/24
Capital Assets, Not Being Depreciated					
Land	\$ 11,925,438	\$ 584,433	\$ -	\$ -	\$ 12,509,871
Construction in progress	-	2,258,890	-	-	2,258,890
Total Capital Assets, Not Being Depreciated	<u>11,925,438</u>	<u>2,843,323</u>	<u>-</u>	<u>-</u>	<u>14,768,761</u>
Capital Assets, Being Depreciated/Amortized					
Buildings	261,461,963	1,303,954	-	-	262,765,917
Improvements	51,933,751	103,066	-	-	52,036,817
Equipment	59,807,131	1,112,938	(228,320)	-	60,691,749
Library books	241,493	14,091	(39,000)	-	216,584
Intangible assets:					
Lease assets - buildings	1,364,393	-	-	-	1,364,393
Lease assets - vehicles	225,664	-	-	-	225,664
Lease assets - equipment	604,285	-	(604,285)	-	-
Subscription assets	1,415,148	331,950	-	-	1,747,098
Total Capital Assets, Being Depreciated/Amortized	<u>377,053,828</u>	<u>2,865,999</u>	<u>(871,605)</u>	<u>-</u>	<u>379,048,222</u>
Accumulated Depreciation/Amortization					
Buildings	(91,980,294)	(6,031,696)	-	-	(98,011,990)
Improvements	(34,199,807)	(1,710,897)	-	-	(35,910,704)
Equipment	(48,011,224)	(1,850,342)	218,351	-	(49,643,215)
Library books	(153,489)	(21,658)	39,000	-	(136,147)
Intangible assets:					
Lease assets - buildings	(454,195)	(151,398)	-	-	(605,593)
Lease assets - vehicles	(65,181)	(55,625)	-	-	(120,806)
Lease assets - equipment	(453,214)	(151,071)	604,285	-	-
Subscription assets	(592,356)	(521,472)	-	-	(1,113,828)
Total Accumulated Depreciation/Amortization	<u>(175,909,760)</u>	<u>(10,494,159)</u>	<u>861,636</u>	<u>-</u>	<u>(185,542,283)</u>
Net Capital Assets	<u>\$ 213,069,506</u>	<u>\$ (4,784,837)</u>	<u>\$ (9,969)</u>	<u>\$ -</u>	<u>\$ 208,274,700</u>

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 6 — Capital Assets (continued)

Remaining commitments for open construction projects as of August 31, 2025 were as follows:

Project	Contract Amount	Construction in Progress	Remaining Commitment
Emergency & safety preparedness	\$ 5,910,527	\$ 6,058,159	\$ (147,632)
West Campus infrastructure	541,000	24,313	516,687
West Campus workforce renovation	9,000,000	521,699	8,478,301
Central Campus infrastructure	1,537,238	1,283,644	253,594
	<u>\$ 16,988,765</u>	<u>\$ 7,887,815</u>	<u>\$ 9,100,950</u>

Net investment in capital assets as of August 31, 2025 and 2024 consisted of the following:

	2025	2024
Capital Assets, Net	\$ 210,068,545	\$ 208,274,700
Less bonds payable	(85,251,494)	(96,590,738)
Less leases/SBITAs payable	(1,519,308)	(1,633,252)
Less financing agreements payable	-	(47,079)
Unspent bond/note proceeds	10,751,936	17,088,861
Net Investment in Capital Assets	<u>\$ 134,049,679</u>	<u>\$ 127,092,492</u>

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 7 — Long-Term Liabilities

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

	Balance 09/01/24	Additions	Retirements	Balance 08/31/25	Current Portion
Bonds and Notes Payable					
General obligation bonds	\$ 27,735,000	\$ -	\$ (1,255,000)	\$ 26,480,000	\$ 1,305,000
Revenue bonds	28,745,000	-	(4,442,000)	24,303,000	4,603,000
Maintenance tax notes	36,360,000	-	(4,808,000)	31,552,000	6,534,000
Premium	3,750,738	-	(834,244)	2,916,494	-
Total Bonds and Notes Payable	96,590,738	-	(11,339,244)	85,251,494	12,442,000
Other Liabilities					
Compensated absences *	1,232,830	4,496	-	1,237,326	123,733
Financing agreements	47,079	-	(47,079)	-	-
Leases	953,350	-	(202,910)	750,440	200,606
SBITAs	679,902	760,317	(671,351)	768,868	422,079
Net pension liability *	19,667,817	-	(1,917,206)	17,750,611	-
Net OPEB liability *	42,538,115	4,828,601	-	47,366,716	1,344,557
Total Long-term Liabilities	\$ 161,709,831	\$ 5,593,414	\$ (14,177,790)	\$ 153,125,455	\$ 14,532,975

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

	Balance 09/01/23	Additions	Retirements	Balance 08/31/24	Current Portion
Bonds and Notes Payable					
General obligation bonds	\$ 11,725,000	\$ 17,230,000	\$ (1,220,000)	\$ 27,735,000	\$ 1,255,000
Revenue bonds	51,547,000	-	(22,802,000)	28,745,000	4,442,000
Maintenance tax notes	23,517,000	17,925,000	(5,082,000)	36,360,000	4,808,000
Premium	2,790,181	1,806,214	(845,657)	3,750,738	-
Total Bonds and Notes Payable	89,579,181	36,961,214	(29,949,657)	96,590,738	10,505,000
Other Liabilities					
Compensated absences *	1,273,753	-	(40,923)	1,232,830	123,283
Financing agreements	93,748	-	(46,669)	47,079	47,079
Leases	1,303,093	-	(349,743)	953,350	202,909
SBITAs	858,036	331,950	(510,084)	679,902	464,471
Net pension liability *	17,116,303	2,551,514	-	19,667,817	-
Net OPEB liability *	44,899,722	-	(2,361,607)	42,538,115	1,189,851
Total Long-term Liabilities	\$ 155,123,836	\$ 39,844,678	\$ (33,258,683)	\$ 161,709,831	\$ 12,532,593

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 8 — Bonds Payable

Bonds payable as of August 31, 2025 and August 31, 2024 were comprised of the following:

Name (Issuance Date)	Original Amount	Outstanding Balance	
		08/31/25	08/31/24
Combined Fee Revenue Bonds, Series 2013 (December 2013) Maturity Date: August 2028 Interest Rate: 2.650% to 3.200% Purpose: Construct new Energy Center on West Campus Source of Revenue for Debt Service: Pledged revenues consisting of certain tuition, fees, and auxiliary revenues	\$ 9,705,000	\$ 2,375,000	\$ 3,120,000
Combined Fee Revenue Bonds, Series 2014 (February 2014) Maturity Date: August 2034 Interest Rate: 4.000% to 4.125% Purpose: Construct new residence hall and complete new Nursing and Health Sciences Building Source of Revenue for Debt Service: Pledged revenues consisting of certain tuition, fees, and auxiliary revenues	41,385,000	4,480,000	6,620,000
Combined Fee Revenue Bonds, Series 2015 (March 2015) Maturity Date: August 2030 Interest Rate: 2.620% Purpose: Construct new residence hall Source of Revenue for Debt Service: Pledged revenues consisting of certain tuition, fees, and auxiliary revenues	5,316,000	2,148,000	2,545,000
Combined Fee Revenue Bonds, Series 2016 (August 2016) Maturity Date: August 2036 Interest Rate: 2.000% to 5.000% Purpose: Retire remaining Series 2006 bonds Source of Revenue for Debt Service: Pledged revenues consisting of certain tuition, fees, and auxiliary revenues	27,325,000	15,300,000	16,460,000
Maintenance Tax Note, Series 2015 (March 2015) Maturity Date: February 2030 Interest Rate: 2.310% Purpose: Repairs and renovations of existing campus projects Source of Revenue for Debt Service: Designated property tax revenues	4,684,000	1,412,000	1,675,000
Maintenance Tax Note, Series 2016 (September 2016) Maturity Date: February 2026 Interest Rate: 2.000% Purpose: Repairs and renovations of existing campus projects Source of Revenue for Debt Service: Designated property tax revenues	9,830,000	1,720,000	3,405,000
Maintenance Tax Note, Series 2019 (September 2019) Maturity Date: February 2029 Interest Rate: 2.000% to 4.000% Purpose: Repairs and renovations of existing campus projects Source of Revenue for Debt Service: Designated property tax revenues	20,140,000	13,345,000	15,015,000
Series 2022 Refunding (February 2022) Maturity Date: February 2032 Interest Rate: 2.000% to 4.000% Purpose: Retire remaining Series 2012 bonds Source of Revenue for Debt Service: Designated property tax revenues	12,920,000	9,250,000	10,505,000
Maintenance Tax Note, Series 2023 (October 2023) Maturity Date: February 2030 Interest Rate: 5.000% Purpose: Repairs and renovations of existing campus projects Source of Revenue for Debt Service: Designated property tax revenues	17,925,000	15,075,000	16,265,000
Combined Fee Revenue Refunding Bonds, Series 2024 (May 2024) Maturity Date: August 2034 Interest Rate: 4.000% Purpose: Refund a portion of Series 2014 bonds Source of Revenue for Debt Service: Pledged revenues consisting of certain tuition, fees, and auxiliary revenues	17,230,000	17,230,000	17,230,000
	<u>\$ 166,460,000</u>	<u>\$ 82,335,000</u>	<u>\$ 92,840,000</u>

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 8 — Bonds Payable (continued)

The future principal and interest bond payments as of August 31, 2025, were as follows:

Fiscal Year	Principal	Interest	Totals
2026	\$ 12,442,000	\$ 2,829,711	\$ 15,271,711
2027	12,994,000	2,406,120	15,400,120
2028	13,181,000	1,946,955	15,127,955
2029	13,005,000	1,421,690	14,426,690
2030	9,333,000	987,004	10,320,004
2031 - 2035	19,810,000	1,967,874	21,777,874
2036 - 2040	1,570,000	47,100	1,617,100
	<u>\$ 82,335,000</u>	<u>\$ 11,606,454</u>	<u>\$ 93,941,454</u>

Note 9 — Financing Agreements

The District had two separate financing agreements to purchase capital assets. The ownership of the assets transferred to the District at the end of the contract terms. The financing agreement liabilities outstanding as of August 31, 2025 and August 31, 2024, were as follows:

	Start Date	End Date	Interest Rate	Original Amount	Financing Agreement Liabilities		Capital Assets, Net	
					August 31, 2025	August 31, 2024	August 31, 2025	August 31, 2024
Technology	04/06/21	03/31/25	5.000%	\$ 233,360	\$ -	\$ 47,079	\$ -	\$ 46,060
				<u>\$ 233,360</u>	<u>\$ -</u>	<u>\$ 47,079</u>	<u>\$ -</u>	<u>\$ 46,060</u>

There are no remaining future principal and interest financing agreement payments as of August 31, 2025.

Note 10 — Leases

The District has obtained office space, copy machines, and vehicles through long-term lease agreements. The terms and conditions for the leases vary. All leases are fixed with periodic payments over the lease term, which ranges between 1-5 years. The lease liabilities outstanding as of August 31, 2025 and August 31, 2024, were as follows:

	Start Date	End Date	Interest Rate	Original Amount	Lease Liabilities		Right-to-use Assets, Net	
					August 31, 2025	August 31, 2024	August 31, 2025	August 31, 2024
Vehicles:								
Fleet A	03/01/22	02/28/26	1.870%	\$ 47,243	\$ 6,091	\$ 18,103	\$ 5,906	\$ 17,716
Fleet B	08/01/22	08/26/26	2.970%	178,421	45,631	89,928	43,327	87,141
Buildings:								
Office Space A	09/01/20	07/31/25	0.280%	5,860	-	1,098	-	1,092
Office Space B	09/01/20	09/16/29	2.300%	1,358,533	698,718	844,221	607,501	757,709
				<u>\$ 1,590,057</u>	<u>\$ 750,440</u>	<u>\$ 953,350</u>	<u>\$ 656,734</u>	<u>\$ 863,658</u>

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 10 — Leases (continued)

All amounts paid were previously included in the measurement of the lease liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any lease term and there were no impairment losses related to lease assets. The future principal and interest lease payments as of August 31, 2025, were as follows:

Fiscal Year	Principal	Interest	Totals
2026	\$ 200,606	\$ 15,278	\$ 215,884
2027	165,313	10,985	176,298
2028	182,274	6,930	189,204
2029	186,510	2,694	189,204
2030	15,737	30	15,767
	<u>\$ 750,440</u>	<u>\$ 35,917</u>	<u>\$ 786,357</u>

Note 11 — Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for noncancellable SBITAs that convey control of the right-to-use software. The SBITA liabilities outstanding as of August 31, 2025 and August 31, 2024, were as follows:

	Start Date	End Date	Interest Rate	Original Amount	SBITA Liabilities		SBITA Assets, Net	
					August 31, 2025	August 31, 2024	August 31, 2025	August 31, 2024
Subscription A	04/15/22	04/14/27	1.680%	\$ 456,706	\$ 98,516	\$ 192,534	\$ 148,176	\$ 239,517
Subscription B	12/01/22	11/30/25	3.380%	236,606	-	102,149	19,718	98,586
Subscription C	05/27/22	05/26/25	1.460%	238,077	-	-	-	58,637
Subscription D	10/05/21	10/04/24	0.328%	483,759	-	161,743	-	15,230
Subscription E	09/01/23	08/31/25	4.260%	331,950	116,914	223,476	110,650	221,300
Subscription F	05/27/25	05/26/28	1.460%	320,894	217,174	-	288,479	-
Subscription G	09/01/24	08/31/28	3.074%	444,264	336,264	-	333,197	-
				<u>\$ 2,512,256</u>	<u>\$ 768,868</u>	<u>\$ 679,902</u>	<u>\$ 900,220</u>	<u>\$ 633,270</u>

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 11 — Subscription-Based Information Technology Arrangements (SBITAs) (continued)

All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any SBITA term and there were no impairment losses related to SBITA assets. The future principal and interest SBITA payments as of August 31, 2025, were as follows:

Fiscal Year	Principal	Interest	Totals
2026	\$ 422,079	\$ 20,143	\$ 442,222
2027	225,492	8,827	234,319
2028	121,297	3,729	125,026
	<u>\$ 768,868</u>	<u>\$ 32,699</u>	<u>\$ 801,567</u>

Note 12 — Employees' Retirement Plan

Plan Description

The District 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.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 12 — Employees' Retirement Plan (continued)

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above. 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.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 12 — Employees’ Retirement Plan (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 percent of the member’s annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code, Section 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code, Section 825.402, for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

	Fiscal Year	
	2025	2024
Member	8.25%	8.25%
Non-employer contributing agency	8.25%	8.25%
Employers	8.25%	8.25%

The District’s contributions to the TRS pension plan, as reported in the Schedule of District Contributions for pensions in the Required Supplementary Information section of these financial statements, the employee contributions, and the estimated state of Texas on-behalf contributions in fiscal years 2025 and 2024, were as follows:

	Fiscal Year	
	2025	2024
Employer (District)	\$ 1,794,787	\$ 1,672,616
Employee (Member)	3,174,041	2,956,258
Non-employer Contributing Entity		
On-behalf Contributions (State)	1,391,785	1,295,082

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 12 — Employees' Retirement Plan (continued)

Contributions (continued)

Contributors to the plan include active members, employers and the State of Texas as the only non-employer contributing entity. The State is also the employer for senior colleges and universities, medical schools, and other entities, including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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 part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is a surcharge an employer is subject to.

- All public schools, charter schools, and regional education service centers must contribute 1.9% of the member's salary beginning in fiscal year 2024, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 12 — Employees' Retirement Plan (continued)

Contributions (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 2020	3.87% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
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 21, 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.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 12 — Employees' Retirement Plan (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 Allocation²	Long-Term Expected Geometric Real Rate of Return³	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.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 12 — Employees’ Retirement Plan (continued)

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportional share of the net pension liability	\$ 28,352,223	\$ 17,750,611	\$ 8,966,421

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

On August 31, 2025, the District reported a liability of \$17,750,611 for its proportionate share of the net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 17,750,611
State's proportionate share that is associated with the District	13,247,232
Total	<u><u>\$ 30,997,843</u></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 District’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 District’s proportion of the collective net pension liability was 0.0291%, which was an increase of 0.0005% from its proportion measured as of August 31, 2023.

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.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 12 — Employees' Retirement Plan (continued)

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

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.

For the year ended August 31, 2025, the District recognized pension expense of \$1,965,066. The District also recognized on-behalf pension expense and revenue of \$1,583,266 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 978,389	\$ (138,588)
Changes of assumption	916,502	(122,872)
Net difference between projected and actual earnings on pension plan investments	107,899	-
Changes in proportion and differences between District contributions and proportionate share of contributions	313,581	(395,973)
District contributions subsequent to the measurement date of the net pension liability	1,794,787	-
Total	\$ 4,111,158	\$ (657,433)

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 12 — Employees' Retirement Plan (continued)

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

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2026. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Pension Expense	Balance of Deferred Outflows (Inflows)
2026	\$ 64,142	\$ 1,594,796
2027	1,812,066	(217,270)
2028	124,221	(341,491)
2029	(426,723)	85,232
2030	85,232	-
	<u>\$ 1,658,938</u>	

Note 13 — Optional Retirement Plan – Defined Contribution Plan

Plan Description

Participation in the Optional Retirement Program is in lieu of participation in the TRS retirement program. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state and each participant are (3.30 percent – State; 3.30 percent - District) and (6.65 percent), respectively. The District contributes 1.90 percent for employees who are participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 13 — Optional Retirement Plan – Defined Contribution Plan (continued)

The retirement expense to the state for the District was \$271,056 and \$277,668 for the fiscal years ended August 31, 2025 and 2024, respectively. This amount represents the portion of expensed appropriations made by the Legislature on behalf of the District. The total payroll for all District employees was \$49,421,196 and \$46,981,081 for fiscal years ended August 31, 2025 and 2024, respectively. The total payroll of employees covered by the TRS was \$38,631,588 and \$35,817,989, and the total payroll of employees covered by the Optional Retirement Program was \$8,221,594 and \$8,663,529 for the fiscal years ended August 31, 2025 and 2024, respectively.

Note 14 — Deferred Compensation Plan

District employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Texas Government Code 609.001. The employees' investments are held in tax-deferred annuity plans pursuant to Internal Revenue Code Section 403(b). Employees also have the option to defer a portion of their earnings for tax treatment pursuant to IRC Section 457(g)(3). As of August 31, 2025, the District had 20 employees participating in the 403(b) program and 4 employees participating in the 457 plan. A total of \$132,122 and \$19,200 in payroll deductions had been invested in the 403(b) and 457 approved plans, respectively, during the fiscal year.

Effective January 2013, the District developed an additional retirement plan for employees to elect to defer a portion of their earnings for tax treatment pursuant to IRC Section 457(g)(3). The District also created a 401(a) plan at the same time. As of September 1, 2013, the District contributes 4% of all eligible full-time employees' payroll to a retirement account in the employee's name whether the employee contributes or not. If the employee chooses to contribute a portion of their salary, the employee's contributions are deposited into a 457 plan in the employee's name. The District also contributes an additional matching percentage of up to 3% if the employee contributes. As of August 31, 2025, the District had 790 participants in the 401(a) plan and 624 participants in the 457 employee plan. The District contributed \$2,611,392 and employees contributed \$1,121,797 to this plan during the fiscal year.

Note 15 — Pending Lawsuits And Claims

From time to time, the District is named as a defendant in legal actions arising out of the ordinary course of business. There were no such legal actions as of August 31, 2025 that are required to be disclosed in the financial statements.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 16 — Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There has been no reduction in insurance coverage from the prior year. Settlements in each of the past three fiscal years have not exceeded insurance coverage. Prior to the current year, the District was self-insured for coverage under workers' compensation. Pursuant to terms of terminating this plan, claims can arise for a five-year period and be required to be covered. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Changes in the balances in claims liabilities related to this plan during the past two years are as follows:

	Fiscal Year	
	2025	2024
Liability, Beginning of Year	\$ 234,202	\$ 175,309
Claims incurred	151,742	173,257
Claim payments	(118,310)	(114,364)
Liability, End of Year	<u>\$ 267,634</u>	<u>\$ 234,202</u>

Note 17 — Post-employment Benefits Other Than Pensions

Plan Description

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

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 17 — Post-employment Benefits Other Than Pensions (continued)

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in a separately issued ERS Annual Comprehensive Financial Report that includes financial statements, notes to the financial statements, and required supplementary information. That report may be obtained online; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

Benefits Provided

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

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of the ERS staff and consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated, and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

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

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 17 — Post-employment Benefits Other Than Pensions (continued)

Contributions

Employer contributions for healthcare insurance for fiscal years 2025 and 2024 were as follows:

	Fiscal Year	
	2025	2024
Retiree only	\$ 624.82	\$ 624.82
Retiree & Spouse	1,340.82	1,340.82
Retiree & Children	1,104.22	1,104.22
Retiree & Family	1,820.22	1,820.22

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

	Fiscal Year	
	September 1, 2024 to August 31, 2025	September 1, 2023 to August 31, 2024
Employer (District) Contributions - Active Employees	\$ 4,351,629	\$ 4,141,130
Employer (District) Contributions - Retirees	952,734	845,837
Employee (Member)	2,660,751	2,619,999
Non-employer Contributing Entity On-behalf Contributions (State)	4,084,819	4,084,819

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 17 — Post-employment Benefits Other Than Pensions (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/Period	Level of percentage of payroll, open
Asset Valuation Method	Not applicable
Inflation	2.30%
Salary Increases	2.30% to 8.95%, including inflation
Discount Rate	3.81%
Aggregate Payroll Growth	2.70%
Retirement Age	Experience-based tables of rates that are specific to the class of employee.

Healthcare Cost Trend Rates

Medication (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
Medical (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	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

Mortality

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.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 17 — Post-employment Benefits Other Than Pensions (continued)

Actuarial Assumptions (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 actuary for the period ending August 31, 2023 and the TRS retirement plan actuary for the period ending August 31, 2021.

Investment Policy

The SRHP is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The ERS’s Board of Trustees amended the investment policy statement in August 2022 to require that all funds in the SRHP 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 District’s proportionate share of collective net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.87%) in measuring the net OPEB Liability.

	Discount Rate		
	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
District's proportional share of the net OPEB liability	\$ 55,111,447	\$ 47,366,716	\$ 41,151,483

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 17 — Post-employment Benefits Other Than Pensions (continued)

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 5.60% and the ultimate rate is 4.30%. The following schedule shows the impact on the District’s proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1% less than and 1% greater than the healthcare cost trend rate that was used in measuring the net OPEB Liability.

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	\$ 40,643,024	\$ 47,366,716	\$ 55,937,610

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

At August 31, 2025, the District reported a liability of \$47,366,716 for its proportionate share of the ERS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District for OPEB. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 47,366,716
State's proportionate share that is associated with the District	39,253,648
Total	<u><u>\$ 86,620,364</u></u>

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

At the measurement date of August 31, 2024, the employer’s proportion of the collective net OPEB liability was 0.1616%, which was 0.0024% more than the proportion measured as of August 31, 2023.

For the year ended August 31, 2025, the District recognized negative OPEB expense of \$472,725. In addition, the District recognized on-behalf negative OPEB expense and revenue of \$8,089 for support provided by the State.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 17 — Post-employment Benefits Other Than Pensions (continued)

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

Changes Since the Prior Actuarial Valuation – The Actuarial Assumptions are used to project the demographic events and economic forces that affect the cost of the plan. Since the last valuation was prepared for this plan, demographic assumptions (including the mortality projection scale for all State Agency members; base mortality for Judges; assumed rates of retirement for certain members who are Regular Class, Elected Class or Certified Peace Officers/Custodial Officers (CPO/CO); assumed rates of termination for certain members who are Regular Class, Judges or Certified Peace Officers/Custodial Officers (CPO/CO); and assumed rates of disability for all State Agency members) have been updated to reflect assumptions recently adopted by the ERS Trustees. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary. In addition, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short-term expectations. In addition, (a) the percentage of future retirees assumed to be married and electing coverage for their spouse, (b) the proportion of future retirees assumed to elect health coverage at retirement and the proportion of future retirees expected to receive the Opt-Out Credit at retirement, and (c) 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 recent plan experience and expected trends. Lastly, the discount rate was changed from 3.81% to 3.87% as a result of requirements by GASB No. 74 to utilize 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.

At August 31, 2025, the District reported its proportionate share of the ERS' deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (781,495)
Changes of assumption	2,593,305	(9,435,809)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,811)
Changes in proportion and differences between District contributions and proportionate share of contributions	315,093	(372,909)
District contributions subsequent to the measurement date	952,734	-
Total	\$ 3,861,132	\$ (10,592,024)

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 17 — Post-employment Benefits Other Than Pensions (continued)

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

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in fiscal year 2026. The net amounts of the remaining deferred amounts will be recognized in OPEB expense as follows:

Fiscal Year	OPEB Expense	Balance of Deferred Outflows (Inflows)
2026	\$ (3,351,937)	\$ (4,331,689)
2027	(2,888,455)	(1,443,234)
2028	(1,790,816)	347,582
2029	92,810	254,772
2030	254,772	-
	<u>\$ (7,683,626)</u>	

Note 18 — Property Taxes

The District's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District.

The net assessed taxable values as of August 31, 2025 and August 31, 2024 were as follows:

	2025	2024
Assessed Valuation of the District	\$ 24,369,642,356	\$ 22,696,471,685
Less Exemptions	(5,094,062,616)	(4,750,969,060)
Net Assessed Valuation of the District	<u>\$ 19,275,579,740</u>	<u>\$ 17,945,502,625</u>

The authorized rates for the year ended August 31, 2025 and August 31, 2024 were as follows:

	2025			2024		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized Tax Rate per \$100 Valuation	\$ 0.280000	\$ -	\$ 0.280000	\$ 0.280000	\$ -	\$ 0.280000
Assessed Tax Rate per \$100 Valuation	\$ 0.145346	\$ 0.041571	\$ 0.186917	\$ 0.147085	\$ 0.040908	\$ 0.187993

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 18 — Property Taxes (continued)

The District’s tax rate for debt service is limited to \$0.500000. However, the District is further limited by local referendum which limits the combined tax rate for the District to \$0.280000.

Taxes levied for the years ended August 31, 2025 and 2024 amounted to \$40,331,906 and \$37,347,910, respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Tax collections for the year ended August 31, 2025 and August 31, 2024 were as follows:

	2025			2024		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Collections:						
Current taxes	\$ 30,380,038	\$ 8,774,899	\$ 39,154,937	\$ 27,180,975	\$ 9,297,832	\$ 36,478,807
Delinquent taxes	270,276	71,193	341,469	328,916	82,615	411,531
Penalties and interest	363,046	87,415	450,461	369,571	94,606	464,177
Total Collections	<u>\$ 31,013,360</u>	<u>\$ 8,933,507</u>	<u>\$ 39,946,867</u>	<u>\$ 27,879,462</u>	<u>\$ 9,475,053</u>	<u>\$ 37,354,515</u>

Tax collections for the year ended August 31, 2025 and 2024 were as follows:

	2025	2024
Taxes levied	\$ 40,331,906	\$ 37,347,910
% of taxes collected of current levy	97.08%	97.67%

Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service.

Note 19 — Income Taxes

The District is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, etc. Organizations*. The District had no material unrelated business income tax liability for the years ended August 31, 2025 and 2024.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 20 — Contractual Agreements

The District's current contract for food services for students, faculty, staff, employees and invited guests was awarded on May 20, 2023 and runs through May 20, 2033. Under the agreement, the food service provider bills the District periodically for service based on day rates per resident under resident meal plans plus other special events. In consideration of the right to operate the campus dining services, the District is paid 10% commission on retail and catering sales and 15% on concessions.

The District also has an agreement for the operation and management of the campus bookstore. The operator owns all inventories of merchandise and has the sole and exclusive right to sell this inventory. Effective July 1, 2023, following a competitive solicitation, the District entered into a contract with a new provider for campus bookstore services. This contract runs through June 30, 2028 and includes a single 5-year renewal option. In consideration for the use of campus space, the agreement provides commission revenue to the District of 10.1% on all course material and general merchandise sales, and 5.1% on the sale of inclusive access and digital product.

The District maintains a contract with a company to provide beverage and food vending services to its main campus and to its Regional Training and Development Center (RTDC) complex. The District is paid a commission for vending sales based on the products sold at varying commission rates as set forth in the agreement. The current agreement was effective August 1, 2021 and runs through July 31, 2026, the final year of the of the contract.

The District also has a contract with a local bottling company for exclusive rights as beverage supplier for all District events. Under the agreement, the District will receive commissions on beverages sold as outlined in the agreement, as well as other sponsorship and contributions for the District's academic and athletic programs. This contract was awarded in February 2018 and is effective through March 31, 2028.

The District participates in a tax increment financing agreement under Chapter 311 of the Texas Tax Code through the City of Tyler Reinvestment Zone #1. The Reinvestment Zone was created in 1998 for the purpose of financing the construction of a District-owned educational facility. The original financing agreement was paid in full earlier than scheduled and the agreement was amended in 2014. The amended agreement is for the purpose of financing construction of another District-owned educational facility in the Reinvestment Zone. The District and one other taxing entity pledged their incremental tax collections on growth in the appraised values for the construction of the new facility.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 20 — Contractual Agreements (continued)

The District has a contract with a local hospital to provide on-campus medical care. The healthcare provider maintains a clinic in the Rogers Nursing and Health Sciences Center on the main campus. The previous contract was effective September 1, 2020 and called for an annual payment of \$307,750. The contract expired August 31, 2024. A new contract was executed effective September 1, 2024 and runs through August 31, 2026, with the option for three 1-year renewals. On-campus clinic service days have been reduced with this new contract to align with actual student demand. Annual payments under the new contract are expected to be approximately \$192,000 annually.

The District also has a contract for custodial services with an outside company. The contract was renewed beginning September 1, 2014, to include additional buildings. This contract was amended in October 2017 to split out the Residential Life and Housing (RLH) building from the main campus. A new agreement was awarded effective August 1, 2021 and ran through July 31, 2022 with 4 additional 1-year renewals available. Beginning in August 2023, the monthly contract amount was \$27,610.88 + weekend charges of \$1,441.44 as needed only and \$132,518.68 for the RLH buildings and the main campus, respectively. Beginning January 16, 2024, services for the Lindale campus were added at \$627.76 monthly. Beginning August 1, 2025, the monthly rates for the general campus are \$140,919.97. For Residential Life and Housing the new rates are \$29,235.51 + \$1,526.25 for weekend services, as needed. The current contract is under the final renewal which runs through July 31, 2026.

The District has two separate agreements to provide educational opportunities at satellite centers. The first agreement was a joint effort with a local hospital and a neighboring Economic Development Corporation to provide nursing classes in a renovated wing of an existing hospital. Under this agreement, the District received funding from the hospital and the Economic Development Corporation over a 3-year period to assist in building improvements and the operations of the nursing program. This contract was renewed effective August 1, 2025, ends July 31, 2028, and includes two additional 1-year renewals.

The second agreement also originally provided regional Economic Development Center support. The current affiliation agreement, with a State hospital within the District's service area, includes the lease of classroom space. This agreement was initiated in 2016 and is renewable annually.

The District entered into a new agreement beginning September 1, 2022, with a local orthopedic hospital to provide sports medicine and rehabilitation services for the District's athletic department. As part of the agreement the facility will provide scholarship funds for the Sports Medicine Training Program and the District will pay for graduate assistant trainers under a schedule within the agreement. The agreement runs through June 30, 2026, and includes one optional 4-year renewal.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 20 — Contractual Agreements (continued)

The District entered into an agreement to provide Campus/Residential Life and Housing laundry services beginning May 1, 2025. The contract ends July 31, 2028, and includes two 1-year renewals. A total of 143 new machines were installed with a per machine, per month cost for equipment and services of \$49.00. The contract includes a cost escalation factor of 3% at renewal.

Note 21 — Tuition And Fees

Tuition and fees are the student component of the Texas public junior college funding model, the other components consisting of state contracts and local district property taxes. Tuition and fees are set by the Board of Trustees and accounted for approximately 57% of total current operating revenues for the year ended August 31, 2025 as compared to 63% for the year ended August 31, 2024. While total operating revenues remained relatively flat, the portion attributable to State grants and contracts increased 37% from the prior year, due to an increase in the Texas Educational Opportunity Grant program.

Tuition rates for Texas public junior colleges are authorized by state law with an \$8 per semester credit hour minimum. Fees are established by the local governing board and are frequently used to designate, but not legally restrict, charges for certain purposes. An additional reason designated fees are levied, instead of increasing tuition rates, is the tendency of state legislators to focus on “tuition” when mandating set asides, waivers, exemptions, or otherwise restricting portions of local revenues available for college operations. The District’s tuition and fees for 2025 are listed below. Prudent fiscal management in an inflationary environment necessitated modest increases in tuition rates for the 2023-2024 academic year. Previous tuition rates were: (\$32) per Semester Hour for district residents; (\$32) per Semester Hour for out-of-district residents, and (\$56) per semester hour for non-Texas residents.

Tuition – (\$37) per Semester Hour for District residents; (\$40) per Semester Hour for Texas residents Out-of-District; (\$65) per semester hour non-Texas residents

Contributes to the support of the District’s educational operations.

General Education Fee – (\$42) per Semester Hour

Adopted to supplement state contracts in funding regularly scheduled academic functions.

Registration Fee - \$45 per Semester

Defrays increased labor and processing expenses during registration.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 21 —Tuition And Fees (continued)

Laboratory Fee - \$20 per Semester Hour

Defrays the cost of supplies used in courses with laboratory sessions.

Music Fees - \$85-\$110 for Private Lessons

Defrays the cost of private lessons.

Distance Education Fee - (\$10) per Semester Hour

Charged to students registered for online courses to help defray costs associated with technology costs.

Technology Fee - (\$15) per Semester Hour

Defrays the cost of instruction-based technology improvements.

Differential Fee - (\$7-\$25) per Semester Hour

Defrays the costs for certain programs with higher instructional costs.

Out of District Surcharge – (\$60) per Semester Hour

Charged to students from outside the District's taxing district to partially equalize operational costs borne by District taxpayers.

Campus Security Fee – (\$40) per Semester

Designated for use in constructing and maintaining parking facilities.

Health Service Fee – (\$35) per semester

Charged to students for use of on-campus medical care facility.

Student Life Fee - \$2 per Semester Hour (max of \$26)

Charged to students for on campus extracurricular activities.

Course Specific Fees (vary by program/major)

Defray the costs associated with specific course materials required to complete the course/program.

TYLER JUNIOR COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 22 — Related Party Disclosure Required by the U.S. Department of Education

To comply with the Financial Responsibility, Administrative Capability, Certification Procedures, Ability To Benefit regulation promulgated by the U.S. Department of Education, the District has no related party transactions during the audit period to report.

Note 23 — Subsequent Events

Subsequent events have been evaluated through December 11, 2025, the date which the financial statements were available to be issued.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

[closing date]

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IN REGARD to the authorization and issuance of the “Tyler Junior College District Maintenance Tax Notes, Series 2026,” dated _____, 2026, in the principal amount of \$_____ (the “Notes”), we have examined into their issuance by the Tyler Junior College District (the “District”), solely to express legal opinions as to the validity of the Notes and the exclusion of the interest on the Notes from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the District, the disclosure of any financial or statistical information or data pertaining to the District and used in the sale of the Notes, or the sufficiency of the security for or the value or marketability of the Notes.

THE NOTES are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Notes mature on February 15 in each of the years specified in the resolution adopted by the Board of Trustees of the District authorizing the issuance of the Notes (the “Resolution”), without right of prior redemption. The Notes accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Resolution.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Notes, including the Resolution and an examination of the initial Note executed and delivered by the District (which we found to be in due form and properly executed); (ii) certifications of officers of the District relating to the expected use and investment of proceeds of the sale of the Notes and certain other funds of the District and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Notes, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Notes have been duly authorized by the District and, when issued in compliance with the provisions of the Resolution, are valid, legally binding and enforceable obligations of the District payable from available funds of the District as authorized and provided in Texas Education Code, Section 45.108, as amended, and the Resolution, including an ad valorem tax levied, within the limitations of and pursuant to the District’s maintenance taxing authority, on all taxable property in the District, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the District with the provisions of the Resolution relating to sections 141 through 150 of the Code, interest on the Notes for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.