

PRELIMINARY OFFICIAL STATEMENT

April 13, 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 BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS”
FOR FINANCIAL INSTITUTIONS**



\$6,755,000*

**NORTH CENTRAL TEXAS COMMUNITY COLLEGE DISTRICT
(A Political Subdivision of the State of Texas with a taxing area in Cooke County, Texas)
TAX NOTES, SERIES 2026**

Dated Date: April 15, 2026; Interest Accrues from Date of Initial Delivery

Due: August 15, as shown herein

PAYMENT TERMS . . . The North Central Texas Community College District (the “District”) is issuing its \$6,755,000* Tax Notes, Series 2026 (the “Notes”). Interest on the Notes will accrue from the date of the initial delivery, 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 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” 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 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 “Note Resolution” or “Resolution”) (see “THE NOTES - Authority for Issuance”, “- Security for the Notes”, and “TAX RATE LIMITATIONS”).

PURPOSE . . . Proceeds from the sale of the Notes will be used to (i) repair, rehabilitation, renovation, replacement and equipment of existing school facilities (the "Project") and (ii) paying the costs of issuance of the Notes.

**CUSIP PREFIX: 65854Y
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 initial purchaser of the Notes (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 B, “Form of Bond Counsel's Opinion”).

DELIVERY . . . It is expected that the Notes will be available for delivery through DTC on May 20, 2026 (the “Date of Initial Delivery”).

BIDS DUE ON MONDAY, APRIL 20, 2026, AT 10:00 AM, 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).

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE*

Principal Amount	August 15 Maturity	Interest Rate	Initial Price/Yield	CUSIP Suffix ⁽¹⁾
\$ 405,000	2027			
520,000	2028			
565,000	2029			
610,000	2030			
665,000	2031			
690,000	2032			
715,000	2033			
825,000	2034			
860,000	2035			
900,000	2036			

(Interest Accrues 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 FactSet Research System Inc. 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. Neither 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 having stated maturities on and after August 15, 2035, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2034, 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 (see “THE NOTES – Mandatory Sinking Fund Redemption”).

For purpose of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (“Rule 15c2-12” or the “Rule”), this document, as the same may be supplemented or corrected from time to time, may be treated as an Official Statement with respect to the Notes described herein deemed “final” by the District as of the date hereof (or of any supplement or correction) except for the omission of no more than the information provided by Subsection (b)(1) of Rule 15c2-12.

This 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 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 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 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 NOR THE FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM AS DESCRIBED UNDER “THE NOTES - BOOK-ENTRY-ONLY SYSTEM”, AS SUCH INFORMATION WAS FURNISHED BY THE DEPOSITORY TRUST COMPANY.

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The cover page hereof, this page, and the appendices included herein and any addenda, supplement or amendment hereto, are part of the 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 Official Statement. The offering of the Notes to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE DISTRICT..... North Central Texas Community College District (the “District”) was established in 1924 as Gainesville Junior College in accordance with the laws of the State of Texas. The District is a two year institution of higher education of the State of Texas, with its primary taxing district located in Cooke County, Texas. A branch campus maintenance tax has been approved by the voters in the Graham Independent School District in Young County, Texas. The designated-statutory service area of the District is Cooke, Montague, and Denton Counties, Texas. The District presently operates campuses in the Cities of Bowie, Corinth, Denton, Gainesville, Graham, Flower Mound, and Fort Worth, and several secondary instructional sites in North Texas.

The District is governed by a publicly elected Board of Trustees (the “Board”), a seven-member group constituting an on-going entity which has decision-making authority, the power to designate management, and the responsibility to significantly influence operation and primary accountability for fiscal matters.

THE NOTES The District’s \$6,755,000* Tax Notes, Series 2026 are being issued as serial notes maturing on August 15 in each of the years 2027 through 2036, unless the Purchaser designates two or more consecutive maturities as one or more Term Notes. (See “THE NOTES - Description of the Notes”).

PAYMENT OF INTEREST Interest on the Notes will accrue from the date of the initial delivery of the Notes and is payable February 15, 2027, and each August 15 and February 15 thereafter until maturity, or prior redemption (“THE NOTES - Description of the Notes” and “- Optional Redemption”).

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 passed by the Board of the District (the “Resolution”) (See “THE NOTES - Authority for Issuance”).

SECURITY FOR THE NOTES The Notes are direct obligations of 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. (See “THE NOTES - Security for the Notes” and “TAX RATE LIMITATIONS”).

QUALIFIED TAX-EXEMPT OBLIGATIONS..... The District will designate the Notes as “qualified tax-exempt obligations” for financial institutions. (See “TAX MATTERS – Qualified Tax-Exempt Obligations” herein.)

OPTIONAL REDEMPTION The District reserves the right, at its option, to redeem Notes having stated maturities on and after August 15, 2035, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2034, 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 (see “THE NOTES – Mandatory Sinking Fund Redemption”).

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.

USE OF PROCEEDS Proceeds from the sale of the Notes will be used to (i) repair, rehabilitation, renovation, replacement and equipment of existing school facilities (the "Project") and (ii) paying the costs of issuance of the Notes.

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

RATINGS The Notes are rated “AA-” by S&P Global Ratings, a division of Standard & Poor’s Financial Services (“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 within a stated maturity. 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”).

PAYMENT RECORD The District has never defaulted in payment of its general obligation debt.

For additional information regarding the District, please contact:

<p>North Central Texas Community College District Dr. G. Brent Wallace Chancellor/CEO 1525 W. California Street Gainesville, Texas 76240 Phone: 940-668-7731</p>	<p>or</p>	<p>Specialized Public Finance Inc. Steven A. Adams Paul N. Jasin 4925 Greenville Avenue, Suite 1350 Dallas, Texas 75206 Phone: 214-373-3911</p>
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DISTRICT OFFICIALS AND CONSULTANTS

ELECTED OFFICIALS

<u>Board of Trustees</u>	<u>Term Expires</u>
Karla Metzler Chair	May, 2027
Christy Morris Vice-Chair	May, 2031
Jon Grime Secretary	May, 2027
Jerry Don Henderson Board Member	May, 2029
Erica Sullivan Board Member	May, 2027
Lisa Bellows, Ph.D. Board Member	May, 2029
Aaron Krebs Board Member	May, 2031

APPOINTED OFFICIALS

<u>Name</u>	<u>Position</u>
Dr. G. Brent Wallace	Chancellor/CEO
Annette Ferguson	Chief Financial Officer
Sandy Otto	Chief of Executive and Board Affairs
LaDonna Howell	Controller

CONSULTANTS AND ADVISORS

Auditors	Lott, Vernon & Company, P.C. Temple, Texas
Bond Counsel	Norton Rose Fulbright US LLP Dallas, Texas
Financial Advisor.....	Specialized Public Finance Inc. Dallas, Texas

PRELIMINARY OFFICIAL STATEMENT
RELATING TO
NORTH CENTRAL TEXAS COMMUNITY COLLEGE DISTRICT

\$6,755,000*
TAX NOTES, SERIES 2026

INTRODUCTION

This Official Statement, which includes the cover page and the Appendices hereto, provides certain information regarding the issuance by the North Central Texas Community College District (the "District") of its \$6,755,000* Tax Notes, Series 2026 (the "Notes"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the resolution authorizing the issuance of the Notes (the "Resolution"), except as otherwise indicated herein.

The District was established in 1924 as Gainesville Junior College in accordance with the laws of the State of Texas. The District is a two year institution of higher education of the State of Texas, with its primary taxing district located in Cooke County, Texas. A branch campus maintenance tax has been approved by the voters in the Graham Independent School District in Young County, Texas. The designated-statutory service area of the District is Cooke and Montague Counties, and Denton County, Texas. The District presently operates campuses in the Cities of Bowie, Corinth, Gainesville, Graham and Flower Mound, and Fort Worth, and several secondary instructional sites in North Texas. The District is governed by a publicly elected Board of Trustees (the "Board"), a seven-member group constituting an on-going entity which has decision-making authority, the power to designate management, and the responsibility to significantly influence operation and primary accountability for fiscal matters.

There follows in this 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

DESCRIPTION OF THE NOTES . . . The Notes are dated April 15, 2026 and are scheduled to mature on August 15 in each of the years and in the amounts shown on page 2 hereof. Interest will accrue from the date of their initial delivery to the initial purchaser of the Notes (the "Purchaser" or "Initial Purchaser") and will be computed on the basis of a 360-day year consisting 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 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" herein.

Interest on the Notes shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States mail, first class, postage prepaid, to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Notes will be paid to the registered owner at the stated maturity, or upon earlier redemption, upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Notes, all payments will be made as described under "THE NOTES - Book-Entry-Only System" herein. 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 designated payment/transfer office of 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.

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.

SECURITY FOR THE NOTES . . . The Notes are direct obligations of 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. See "TAX RATE LIMITATIONS" herein.

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

OPTIONAL REDEMPTION . . . The District reserves the right, at its option, to redeem Notes having stated maturities on and after August 15, 2035, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2034, 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.

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 is to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and credited by The Depository Trust Company (“DTC”), New York, NY, while the Notes are registered in its nominee’s 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 Participant, (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 initially 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 certificate will be issued for each maturity of the Notes in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities 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 corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of 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 the 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 Paying Agent/Registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI 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, premium, if any, 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 principal, premium, if any, and interest 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. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the Notes are required to be printed and delivered.

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

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.

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

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the Book-Entry-Only System is discontinued by DTC, printed Notes will be issued to the DTC Participants or Beneficial Owners, as the case may be, 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.

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 bank, trust company, financial institution, 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.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Notes will be printed and delivered to the registered owners thereof, and thereafter 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 “THE NOTES - 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 on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an 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 close of business on the last business day of the preceding month. 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 registered owner of an 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.

REGISTERED OWNERS’ REMEDIES . . . In the event the District defaults in the payment of principal, interest or redemption price, as applicable, on the Notes when due, or if it fails to make payments into any fund or funds created in the Resolution or defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in the Resolution, the registered owners of the Notes 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. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (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. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such provisions are 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 registered owners 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 under the Resolution 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 Resolution and the Notes are qualified with respect to the customary rights of debtors relative to their creditors.

DEFEASANCE OF NOTES . . . The Resolution provides for the defeasance of the Notes when the payment of the principal of and premium, if any, on the 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 other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by the District's Financial Advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, 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 the principal of and interest on which 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 under applicable State law that may be used to defease obligations such as the Notes. 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.

There is no assurance that 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 may 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 as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, the 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 that 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 TO THE RESOLUTION . . . In the Resolution, the District has reserved the right to, without the consent of or notice to any Holders, from time to time and at any time, amend the Resolution in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of Holders holding 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 Holders of 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 thereof, 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 Holders for consent to any such amendment, addition, or rescission.

PURPOSE . . . Proceeds from the sale of the Notes will be used to (i) repair, rehabilitation, renovation, replacement and equipment of existing school facilities (the "Project") and (ii) paying the costs of issuance of the Notes.

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

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

BOND INSURANCE

The District has submitted applications to municipal bond insurance companies (an “Insurer”) to have the payment of the principal of and interest on the Notes insured by a municipal bond insurance policy (a “Policy”). In the event the Notes are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the insurance premium will be paid by the Initial Purchaser. The final Official Statement shall disclose, to the extent necessary, any relevant information relating to any such municipal bond insurance policy.

BOND INSURANCE RISKS

If an insurance policy is purchased, the following are risk factors relating to bond insurance.

BOND INSURANCE RISK FACTORS . . . In the event of default of the scheduled payment of principal of or interest on the Notes when all or a portion thereof becomes due, any owner of the Notes shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Notes by the District which is recovered by the District from a Noteholder as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the District (unless the Insurer chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Notes will not be subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see “THE NOTES – Registered Owners’ Remedies”). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Noteholders.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Notes are payable solely from the ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the District. In the event the Insurer becomes obligated to make payments with respect to the Notes, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Notes.

If a Policy is acquired, the long-term ratings on the Notes will be dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer’s financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the ratings on the Notes, whether or not subject to a Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Notes.

The obligations of the Insurer under a Policy are contractual obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the District, the Financial Advisor or the Initial Purchaser have made independent investigation into the claims-paying ability of any potential Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Insurer is given.

CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS . . . Moody’s Investor Services, Inc., Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and Fitch Ratings (the “Rating Agencies”) have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, previous events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Notes. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Notes and the claims-paying ability of any such bond insurer, particularly over the life of the Notes.

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DESCRIPTION OF NORTH CENTRAL TEXAS COMMUNITY COLLEGE DISTRICT

HISTORY . . . The District was established in 1924 as Gainesville Junior College, in accordance with the laws of the State of Texas, to serve the educational needs of Cooke County and the surrounding area. It is the oldest public two-year college in the State of Texas. The District is considered to be a special purpose, primary government, according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. While the District receives funding from local, state, and Federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

The Board of Trustees, a seven-member group constituting an on-going entity, is the level of government that has governance responsibilities over all activities, programs, and facilities of the District. The Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operation, and primary accountability for fiscal matters.

OBJECTIVES . . . North Central Texas College is dedicated to student success and institutional excellence. The District encourages student achievement by providing affordable, quality learning environments, comprehensive student support, and public services.

The District fulfills its mission by offering programs leading to associate degrees and certificates and by providing: University Transfer Education, General Education, Workforce and Technical Education, Developmental Education, Student Development, Continuing Education, and Community Education.

North Central Texas College is a coeducational institution meeting the needs of high school graduates and students of all educational levels who are beyond the age limits of the regular public schools. The College maintains an open admissions policy designed to give all students the opportunity to realize their full potential through higher education.

CAMPUSES . . . The College consists of seven campuses: Gainesville in Cooke County, Corinth, Denton Center, Flower Mound, and Champions Circle in Denton County, Bowie in Montague County, Graham in Young County.

Gainesville Campus: The Gainesville Campus is the College's oldest and primary campus, which rests on 132 acres of land located in the southwest section of Gainesville, Texas, on U.S. Highway 51. Opened in 1959, the Gainesville Campus currently consists of more than 20 separate buildings. In addition to classrooms, campus buildings include learning laboratories, shop facilities for technical programs, a field house, student activities center, a bookstore, a cafeteria/snack bar and a planetarium, in addition to such outdoor facilities as tennis courts, intramural playing fields and a baseball/softball field complex.

The Gainesville Campus also includes facilities for the visual and performing arts, including a visual arts center with studio spaces for painting, sculpture, ceramics and jewelry making, and a foundry and welding/metalwork lab. The District also maintains a 110-acre experimental farm and beef cattle evaluation center near Gainesville, as well as an equine center adjacent to the main campus with facilities including stables, barns, indoor and outdoor arenas, paddocks and pasture.

Bowie Campus: The Bowie Campus, along with the Corinth Campus, opened in January, 2000. The Bowie Campus is operated under a lease with Bowie 4B Sales Tax Corporation (the "Corporation"). Sales tax revenues from the City of Bowie provide for the construction and maintenance of the facility. Per the lease with the Corporation, the District leases the facility from the Corporation at a rate of \$1 per year until the debt associated with the facility is paid in full. At that time, the District has the option to purchase the facility as a cost of \$1. In addition to the rent, the District pays to the Corporation a "Building Usage Fee" based on student enrollment at the Bowie Campus in the amount of \$25 per student. The Building Usage Fee is payable twice per year; on or before October 1 based on the fall semester enrollment and on or before March 1 based on the spring semester enrollment.

The Bowie Campus includes classrooms, computer and science labs, a learning resource center and a student services center. Through the support of local employers, donors, the City of Bowie and other partners, the campus was recently expanded to house a larger library and workforce training programs, such as oil and gas technology.

Corinth Campus: The Corinth Campus, along with the Bowie Campus, opened in January, 2000. The Corinth Campus is situated just off Interstate 35 in Corinth, Texas, and is centrally located in Denton County. With an enrollment of approximately 6,000 students taking a wide range of credit courses, this campus has the District's largest student base. The 75,000 square foot building located on the Corinth Campus provides students with modern, fully equipped classrooms, science and computer labs and other amenities. Services provided at the Corinth Campus include admissions, financial aid, tutoring and counseling. In addition, there is a full-service bookstore and a modern library/learning resource center.

Denton Center: The Denton Center, opened in September 2019 in leased facilities. The lease agreement terminates in 2043.

Graham Campus: The Graham Campus was opened in August, 2009. The City of Graham is located in north Texas and is surrounded by Possum Kingdom Lake and the Brazos River. In November 2009, the citizens within the Graham Independent School District voted to join the District service area and to approve a branch campus maintenance tax to support the maintenance and operations of the campus. Such tax revenue began in the 2011 fiscal year.

The Graham Campus consists of a renovated elementary school campus and includes facilities for distance education and workforce training. The facility has over 49,800 square feet of instructional and administrative space, including a large lecture hall, performance stage, distance education classrooms, state-of-the-art culinary arts center, and a computer lab. The District also started a licensed vocational nurse program at the Graham Campus.

Flower Mound Campus: The Flower Mound Campus began enrolling students in October 2010. The Town of Flower Mound is located in Denton County approximately 5 miles west of Interstate 35 and is surrounded by the City of Lewisville to the east, the City of Highland Village to the north and the Cities of Southlake, Grapevine and Coppell to the south. The Flower Mound Campus is leased by the District under a lease with an option to purchase, and consists of a renovated 32,000 square foot building of instructional and administrative space, including modern, fully equipped classrooms, a bookstore, a lecture hall, science and computer labs and other amenities. Services provided at the Flower Mound Campus include admissions, financial aid, and tutoring and counseling.

Champions Circle Campus: The Champions Circle Campus is located in Denton County on Highway 114 in Fort Worth, Texas. The campus opened in August 2022 in leased facilities. The lease agreement terminates in 2032. The Campus is a state of the art training center, rather than a full-service campus. Offering education with the latest technologies in robotics, health care, construction and more.

PUBLIC SERVICE . . . In addition to traditional and online classroom instruction, the College offers its facilities and services, workshops and other activities to the public at a very minimal charge, or in some cases, free of charge.

ACCREDITATION AND AFFILIATIONS . . . Among other accreditations, the District is accredited by the following organizations:

- Southern Association of Colleges and Schools
- American Association of Community Colleges
- Texas Association of Community Colleges
- Texas Education Agency

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.

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 the State. 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. The Coordinating Board also determines space utilization formulas designed to promote the efficient use of construction funds and the development of physical plants to meet projected growth estimates. These space utilization formulas directly impact the allocation of appropriated funds among the State's institutions of higher education.

TAX RATE LIMITATIONS

All taxable property within the primary taxing area of the District, being all territory located in Cooke County and Young County, is subject to the assessment, levy and collection by the District of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt, within the limits prescribed by law. Under State law, the maximum combined tax rate for the District's debt service and maintenance and operations is \$1.00 per \$100 of assessed valuation (Section 130.122, Texas Education Code). Although the \$1.00 tax may be used for both debt service and maintenance and operations purposes, the annual bond tax may never exceed \$0.50 on the \$100 valuation of the taxable property in the District. A local referendum further limits the District's tax rate to \$0.20 per \$100 of assessed valuation for maintenance and operations.

By no later than September 30 of each year or the 60th day following the date the District receives the certified appraisal roll from the Appraisal District, the District must adopt a tax rate per \$100 taxable value for the current year.

In addition to the debt service and maintenance taxes described above, a \$0.05 branch campus maintenance tax has been approved by the voters in the Graham Independent School District in Young County, Texas. The proceeds of the branch campus maintenance tax are dedicated solely to the operation of the Graham Campus of the District and may not be pledged or used to pay debt service on the Notes or to support other facilities of the District.

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title 1 of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

THE 89TH TEXAS LEGISLATURE . . . The regular session of the 89th Texas Legislature commenced on January 14, 2025 and adjourned on June 2, 2025 (the "89th Regular Session"). The Texas Legislature (the "Legislature") meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has called and the Legislature has concluded two special sessions since the conclusion of the 89th Regular Session (such special sessions, together with the 89th Regular Session, are collectively referred to herein as the "2025 Legislative Sessions").

Additional special sessions may be called by the Governor. During such time, the Legislature may enact laws that materially change current law as it relates to the District's finances and operations. The District is still in the process of reviewing legislation passed during the 2025 Legislative Sessions. At this time, the District cannot make any representations as to the full impact of such legislation. Further, the District can make no representations or predictions regarding the scope of legislation that may be considered in any special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

VALUATION OF TAXABLE PROPERTY. . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the Cooke County and Young Central Appraisal Districts (each, an "Appraisal District" and, together, the "Appraisal Districts"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property. Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5 million (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026 unless extended by the Legislature, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. For the 2026 tax year, the maximum property value was increased to \$5,320,000.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – District and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS. . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase,

decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption described in (1), above, that was granted in tax year 2022 through December 31, 2027.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED. . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY. . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Effective January 1, 2026, a person is entitled to an exemption from taxation by a taxing unit of \$125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of \$125,000, regardless of where the property is located in the taxing unit.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS. . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or outside the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or outside the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. For tax years beginning prior to January 1, 2022, except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. The Legislature amended Section 11.35 of the Property Tax Code to clarify that “damage” for purposes of such statute is limited to “physical damage.” For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

OTHER EXEMPT PROPERTY. . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

TAX INCREMENT REINVESTMENT ZONES. . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment”. During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS. . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, 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 10 years.

For a discussion of how the various exemptions described above are applied by the District, see “AD VALOREM PROPERTY TAXATION – District Application of Tax Code” below.

DISTRICT AND TAXPAYER REMEDIES. . . Under certain circumstances, taxpayers and taxing units, including the District, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the District may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$62,883,169 for the 2026 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitations”). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES. . . The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the District may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

DISTRICT’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES. . . Taxes levied by the District are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District’s tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer’s debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.08, plus the debt service tax rate.

By the later of September 30th or 60 days after the date the certified appraisal roll is received by the District, the Board adopts a tax rate per \$100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures and (2) a rate for debt service.

Under the Property Tax Code, the District must annually calculate and publicize its “no-new-revenue tax rate” and “voter-approval tax rate.” The Board may not adopt a tax rate that exceeds the prior year’s levy until it has held a public hearing on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. If the adopted tax rate exceeds the voter-approval tax rate, the District must hold an election on the next uniform election date. If the proposition is passed, the tax rate is the adopted rate. If the proposition fails, the District may not adopt tax rate that exceeds the voter-approval tax rate.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

<u>Month</u>	<u>Cumulative Penalty</u>	<u>Cumulative Interest</u>	<u>Total</u>
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, the penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney’s collection fee of up to 20% may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the District’s lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

THE PROPERTY TAX CODE AS APPLIED TO THE DISTRICT . . . The Appraisal Districts have the responsibility for appraising property in the District as well as other taxing units in Cooke and Young Counties see list here <https://youngcad.org/>. The description below relates to the collection of taxes that are collected in Cooke and Young Counties for District voted bond and operational purposes. The following described is not intended to describe the limited branch maintenance tax collected within the boundaries of the Graham Independent School District, which is solely for the benefit of the District’s campus in Graham, Texas.

The Appraisal Districts are governed by a board of directors appointed by voters of various political subdivisions within the Appraisal Districts.

Property within the District is assessed as of January 1 of each year, taxes become due October 1 of the same year and become delinquent on February 1 of the following year.

The District does not tax personal property not used in the production of income, such as personal automobiles.

The District does not collect its own taxes; the District’s taxes are collected by the Cooke County Tax Assessor/Collector and the Young Central Tax Assessor/Collector.

The Cooke County Tax Assessor/Collector does collect an additional 15% penalty to defray attorney costs in the collection of delinquent taxes over and above the penalty automatically assessed under the Code.

The Young Central Tax Assessor/Collector does not collect an additional 15% penalty to defray attorney costs in the collection of delinquent taxes over and above the penalty automatically assessed under the Code.

The District does not allow split payments of taxes and does not give discounts for early payment of taxes.

The District has authorized the tax freeze on the residence homestead of a disabled person or persons 65 years of age or older that became effective under State Tax Law on January 1, 2004.

The District has adopted a tax abatement policy which is described below. For the amount of property that has been abated pursuant to the policy, see the table "Table 1".

The District has entered into property tax abatement agreements with local businesses under the Property Redevelopment and tax Abatement Act, Chapter 312 Texas Tax Code. Localities may grant property tax abatements of up to 50% of a business' property tax bill for attracting or retaining businesses within their jurisdictions. Abatements may be granted to any business located within or promising to relocate to the service area of the College.

TABLE 1 – ASSESSED VALUATION

2025/26 Market Valuation of Taxable Property Established by Cooke and Young County Appraisal Districts (excluding totally exempt property)	\$ 18,398,723,130
Less Exemptions:	8,908,809,729
2025/26 Net Taxable Assessed Valuation	<u>\$ 9,489,913,401</u>

TABLE 2 – VOTED GENERAL OBLIGATION DEBT

Total Debt Payable From Ad Valorem Taxes as of 3/31/2026	\$ 13,735,000
The Notes	<u>6,755,000 ⁽¹⁾</u>
	<u>\$ 20,490,000</u>
Interest and Sinking Fund as of 3/31/2026	\$ 2,152,653
Ratio Funded Debt Payable from Ad Valorem Taxes to Net Taxable Assessed Valuation	0.14%
2026 Estimated Population -	44,742
Per Capita Taxable Assessed Valuation -	\$ 212,103
Per Capita Debt Payable from Ad Valorem Taxes -	\$ 458

(1) Preliminary, subject to change.

TABLE 3 – PROPERTY TAX RATES AND COLLECTIONS

Fiscal Year Ended 8/31	Tax Rate	Local Maintenance	Interest & Sinking Fund	Tax Levy	Percent of Current Collections	Percent of Total Collections
2022	\$ 0.0949	\$ 0.0731	\$ 0.0218	\$ 4,429,685	98.77%	100.44%
2023	0.0851	0.0642	0.0209	4,818,145	98.99%	98.99%
2024	0.0886	0.0642	0.0244	5,065,841	95.11%	95.11%
2025	0.0945	0.0640	0.0305	8,967,968	99.00%	99.00%
2026	0.0990	0.0681	0.0309	9,395,014	96.40% ⁽¹⁾	97.00% ⁽¹⁾

(1) Collections as of March 31, 2026.

TABLE 4 – VALUATION AND FUND DEBT HISTORY

Fiscal Year Ended 8/31	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation per Capita	Tax Supported Debt Outstanding at End of Year	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita
2022	42,781	\$ 4,915,077,660	\$ 114,889	\$ 9,630,000	0.20%	\$ 225
2023	43,219	5,130,781,001	118,716	11,485,000	0.22%	266
2024	43,219	6,297,095,164	145,702	15,090,000	0.24%	349
2025	43,219	7,779,990,334	180,013	13,735,000	0.18%	318
2026	43,219	9,489,913,401	219,577	19,085,000 ⁽³⁾	0.20%	442

(1) Source: the District.

(2) As reported by the Cooke County and Young Central Appraisal Districts on the District’s annual State Property Tax Board Reports; subject to change during the ensuing year.

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

TABLE 5 – PRINCIPAL TAXPAYERS

Name of Taxpayer	2025/2026 Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
Wildcat Creek Wind Farm	\$ 161,072,496	1.70%
Young Wind LLC	132,542,800	1.40%
Oncor Electric Delivery	106,990,490	1.13%
Weber Aircraft	110,685,937	1.17%
Donlen Trust	80,564,180	0.85%
Compadre Solar LLC	49,614,103	0.52%
Wolf Ridge Wind LLC	45,554,150	0.48%
Building Materials	39,555,216	0.42%
BNSF Railway	28,315,985	0.30%
BT Cooke Solar	24,339,217	0.26%
Compadre Cattle Co LLC	23,598,217	0.25%
	<u>\$ 802,832,791</u>	<u>8.46%</u>

Source: The Cooke County and Young Central Appraisal Districts.

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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 debt ("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 Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the District.

Issuer	Total Funded Debt	Estimated % Applicable	District's Overlapping Tax Supported Debt as of 3/31/2026
Callisburg ISD	\$ 35,480,000	100.00%	\$ 35,480,000
Clear Sky MUD #1	3,955,000	100.00%	3,955,000
Collinsville ISD	22,273,000	0.89%	198,230
Cooke County	-	100.00%	-
Era ISD	1,670,000	99.74%	1,665,658
Gainesville Hospital District	30,730,000	100.00%	30,730,000
Gainesville ISD	52,944,979	100.00%	52,944,979
City of Gainesville	51,050,000	100.00%	51,050,000
Graham ISD	5,125,000	99.95%	5,122,438
City of Graham	-	99.96%	-
Lindsay ISD	15,546,000	100.00%	15,546,000
City of Lindsay	11,315,000	100.00%	11,315,000
Muenster ISD	10,065,000	100.00%	10,065,000
City of Muenster	6,730,000	100.00%	6,730,000
Pilot Point ISD	41,705,000	18.60%	7,757,130
City of Pilot Point	77,490,000	3.34%	2,588,166
Saint Jo ISD	5,350,000	26.38%	1,411,330
Sivells Bend ISD	-	100.00%	-
Slidell ISD	25,504,000	1.70%	433,568
Valley View ISD	11,003,000	100.00%	11,003,000
Walnut Bend ISD	-	100.00%	-
Whitesboro ISD	112,875,000	10.43%	11,772,863
Young County	-	64.47%	-
North Central Texas Community College District			20,490,000 ⁽¹⁾
Total Direct Overlapping G.O. Tax Debt			<u>\$ 280,258,361</u>
Ratio of Direct Overlapping G.O. Tax Debt to Taxable Assessed Valuation			2.95%
Per Capita Overlapping G.O. Tax Debt			\$ 6,264

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

TABLE 6 – CLASSIFICATION OF ASSESSED VALUATION BY USE CATEGORY

Category	Tax Year					
	2025		2024		2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 4,773,230,073	25.94%	\$ 4,653,673,486	25.64%	\$ 4,116,609,141	26.13%
Real, Residential, Multi-Family	119,600,803	0.65%	111,585,479	0.61%	94,580,545	0.60%
Real, Vacant Lots/Tracts	150,195,773	0.82%	147,025,838	0.81%	121,019,996	0.77%
Real, Acreage (Land Only)	8,262,046,958	44.91%	8,222,636,167	45.31%	6,857,860,891	43.54%
Real, Farm and Ranch Improvements	2,292,609,275	12.46%	2,142,245,821	11.80%	1,881,870,746	11.95%
Real, Commercial	814,951,652	4.43%	778,163,443	4.29%	642,717,088	4.08%
Real, Industrial	567,460,566	3.08%	653,425,823	3.60%	672,063,814	4.27%
Real, Oil, Gas and Other Mineral Reserves	136,374,308	0.74%	205,446,712	1.13%	262,560,095	1.67%
Real and Tangible Personal, Utilities	284,974,556	1.55%	285,646,168	1.57%	294,671,744	1.87%
Tangible Personal, Business	904,374,642	4.92%	841,956,732	4.64%	704,385,073	4.47%
Tangible Personal, Other	57,647,154	0.31%	51,521,434	0.28%	58,154,182	0.37%
Real, Inventory and Special Inventory	35,257,370	0.19%	54,371,381	0.30%	44,875,599	0.28%
Total Appraised Value Before Exemptions	\$ 18,398,723,130	100.00%	\$ 18,147,698,484	100.00%	\$ 15,751,368,914	100.00%
Less: Total Exemptions/Reductions	8,908,809,729		10,367,708,150		9,454,273,750	
Taxable Assessed Value	<u>\$ 9,489,913,401</u>		<u>\$ 7,779,990,334</u>		<u>\$ 6,297,095,164</u>	

Category	Tax Year			
	2022		2021	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 3,181,263,342	27.59%	\$ 2,297,046,018	28.93%
Real, Residential, Multi-Family	79,935,548	0.69%	61,947,904	0.78%
Real, Vacant Lots/Tracts	107,907,728	0.94%	67,803,033	0.85%
Real, Acreage (Land Only)	4,772,032,416	41.39%	2,873,041,824	36.18%
Real, Farm and Ranch Improvements	1,431,095,083	12.41%	1,030,639,412	12.98%
Real, Commercial	496,269,638	4.30%	406,993,369	5.13%
Real, Industrial	481,688,714	4.18%	306,588,085	3.86%
Real, Oil, Gas and Other Mineral Reserves	206,115,616	1.79%	118,274,566	1.49%
Real and Tangible Personal, Utilities	195,081,214	1.69%	197,177,698	2.48%
Tangible Personal, Business	502,293,264	4.36%	529,590,682	6.67%
Tangible Personal, Other	52,464,574	0.46%	28,839,703	0.36%
Real, Inventory and Special Inventory	23,231,995	0.20%	22,061,416	0.28%
Total Appraised Value Before Exemptions	\$ 11,529,379,132	100.00%	\$ 7,940,003,710	100.00%
Less: Total Exemptions/Reductions	6,398,598,131		3,024,926,050	
Taxable Assessed Value	<u>\$ 5,130,781,001</u>		<u>\$ 4,915,077,660</u>	

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DEBT INFORMATION

TABLE 7 – PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Outstanding Debt Service			The Notes ⁽¹⁾			Total Outstanding Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2026	\$ 1,405,000	\$ 598,241	2,003,241	\$ -	\$ -	\$ -	\$ 2,003,241
2027	1,360,000	543,052	1,903,052	405,000	340,456	745,456	2,648,507
2028	1,405,000	489,705	1,894,705	520,000	259,225	779,225	2,673,930
2029	1,470,000	427,480	1,897,480	565,000	238,425	803,425	2,700,905
2030	1,540,000	362,348	1,902,348	610,000	215,825	825,825	2,728,173
2031	1,605,000	294,009	1,899,009	665,000	191,425	856,425	2,755,434
2032	1,675,000	222,763	1,897,763	690,000	164,825	854,825	2,752,588
2033	1,755,000	148,360	1,903,360	715,000	137,225	852,225	2,755,585
2034	1,520,000	70,350	1,590,350	825,000	108,625	933,625	2,523,975
2035	-	-	-	860,000	74,800	934,800	934,800
2036	-	-	-	900,000	38,250	938,250	938,250
	<u>\$ 13,735,000</u>	<u>\$ 3,156,308</u>	<u>\$ 16,891,308</u>	<u>\$ 6,755,000</u>	<u>\$ 1,769,081</u>	<u>\$ 8,524,081</u>	<u>\$ 25,415,388</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.

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TABLE 8 – TAX ADEQUACY⁽¹⁾

Maximum Annual Principal and Interest Requirements, 2033	\$2,755,585
\$ 0.0300 Tax Rate at 97% Collection Produces	\$2,761,565

(1) Preliminary, subject to change.

TABLE 9 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT . . . The District has no authorized but unissued general obligation debt.

OTHER OBLIGATIONS - OPERATING LEASES

Bowie Campus Lease: The Bowie Campus in Montague County is operated under a lease with Bowie 4B Sales Tax Corporation (the Corporation); sales tax revenues from the City of Bowie provide for the construction and maintenance of the facility. Per the lease agreement with the Corporation, the College leases the facility from the Corporation at a rate of \$1 per year until the debt associated with the facility is paid in full. At that time, the College has the option to purchase the facility at a cost of \$1. In addition to the rent, the College pays to the Corporation a “Building Usage Fee”; the amount is calculated based on student enrollment at the Bowie Campus at \$25 per student. The Building Usage Fee is payable twice per year; on or before October 1 based on the Fall semester enrollment and on or before March 1 based on the Spring semester enrollment.

Graham Campus Lease: The Graham Campus in Young County is operated under a lease with the City of Graham. Per the lease agreement with the City, the College leases the facilities at a rate of \$10 per year. The primary term of the lease is for a five-year period. The lease may be renewed and extended for three additional five-year periods. Payment of the \$10 lease rate is due before September 1st of each lease year.

See APPENDIX A, “Excerpts from the District’s Annual Financial Report”, Note # 8.

EMPLOYEES RETIREMENT PLAN

Defined Benefit Pension Plan

Plan Description. The College participates in a cost-sharing, multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec 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 pensions' 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.

Contributions. Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

See APPENDIX A, “Excerpts from the District’s Annual Financial Report”, Note # 9.

CYBERSECURITY

The District utilizes technology in conducting its operations. As a user of technology, the District potentially faces cybersecurity threats (e.g., hacking, phishing, viruses, malware and ransomware) on its technology systems. Accordingly, the District may be the target of a cyber-attack on its technology systems that could result in adverse consequences to the District. The District employs a multi-layered approach to combating cybersecurity threats. While the District deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the District’s finances or operations. The costs of remedying such breaches or protecting against future cyber-attacks could be substantial and there is no assurance that these costs will be covered by insurance. Further, cybersecurity breaches could expose the District to litigation and other legal risks, which could cause the District to incur other costs related to such legal claims or proceedings.

FINANCIAL INFORMATION

TABLE 10 – 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	\$ 20,898,188	\$ 20,328,048	\$ 18,111,543	\$ 18,119,617	\$ 20,844,482
Federal grants and contracts	2,603,657	2,294,096	2,360,028	18,267,809	14,483,581
State Grants and contracts	4,519,442	4,114,907	4,411,515	3,284,002	1,428,565
Sales and Service of Educational Activities	111,505	94,824	91,695	94,929	80,026
Auxiliary enterprises	484,290	274,087	212,402	251,436	194,681
Private Gifts, Grants and Contracts	620,142	714,660	641,931	607,744	451,671
Miscellaneous	4,544,870	3,291,701	3,228,531	1,787,522	2,352,431
Total Operating Revenues	<u>\$ 33,782,094</u>	<u>\$ 31,112,323</u>	<u>\$ 29,057,645</u>	<u>\$ 42,413,059</u>	<u>\$ 39,835,437</u>
<u>EXPENDITURES</u>					
Instruction	\$ 22,313,735	\$ 21,472,556	\$ 20,125,274	\$ 21,096,877	\$ 21,045,398
Public Service	1,898,171	1,313,305	1,698,897	1,296,164	1,442,750
Academic Support	6,114,790	4,627,448	4,398,072	3,946,512	4,031,309
Student Services	9,112,068	8,339,644	7,286,780	10,779,742	9,582,209
Institutional Support	8,845,387	8,937,772	8,184,121	12,546,377	10,750,005
Operation and Maintenance of Plant	7,655,695	6,953,112	7,702,633	4,909,394	3,631,070
Scholarships and Fellowships	10,883,161	10,900,777	7,313,145	9,379,133	7,281,257
Auxiliary Enterprises	1,080,142	746,970	1,061,578	794,221	548,969
Depreciation	4,718,509	4,611,222	4,293,371	3,789,841	3,714,282
Research	-	-	-	-	-
Total Operating Expenses	<u>\$ 72,621,658</u>	<u>\$ 67,902,806</u>	<u>\$ 62,063,871</u>	<u>\$ 68,538,261</u>	<u>\$ 62,027,249</u>
Operating Income (Loss)	\$ (38,839,564)	\$ (36,790,483)	\$ (33,006,226)	\$ (26,125,202)	\$ (22,191,812)
Non-Operating revenues and expenses	\$ 41,375,286	\$ 36,605,296	\$ 29,885,405	\$ 27,227,592	\$ 34,278,755
Increase in Net Position	\$ 2,535,722	\$ (185,187)	\$ (3,120,821)	\$ 1,102,390	\$ 12,086,943
Net Position, Beginning of Year	\$ 27,312,899	\$ 27,951,496	\$ 31,072,317	\$ 29,969,927	\$ 17,680,718
Prior period adjustment	-	(453,410)	-	-	202,266
Net Position, End of Year	<u>\$ 29,848,621</u>	<u>\$ 27,312,899</u>	<u>\$ 27,951,496</u>	<u>\$ 31,072,317</u>	<u>\$ 29,969,927</u>

Source: District's Annual Financial Reports.

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TABLE 11 – STATEMENT OF NET POSITION

	Fiscal Year Ended August 31,				
	2025	2024	2023	2022	2021
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 47,424,923	\$ 22,420,574	\$ 26,699,371	\$ 27,788,892	\$ 25,720,359
Accounts Receivable	12,024,507	12,163,681	9,818,410	1,969,425	626,680
Short-term Investments	5,540,547	5,311,136	5,164,928	5,113,519	5,106,024
Inventories	42,409	44,843	70,076	31,119	23,207
Other Assets	472,113	415,000	340,541	545,902	699,965
Total Current Assets	<u>\$ 65,504,499</u>	<u>\$ 40,355,234</u>	<u>\$ 42,093,326</u>	<u>\$ 35,448,857</u>	<u>\$ 32,176,235</u>
Noncurrent Assets:					
Restricted Endowment Cash and Cash Equivalents	\$ 1,512,374	\$ 1,459,235	\$ 1,341,750	\$ 1,124,974	\$ 1,872,202
Restricted Endowment and other Investments	-	-	-	-	-
Capital Assets, Net	88,812,293	84,228,278	81,012,884	77,065,542	72,168,762
Total Noncurrent Assets	<u>\$ 90,324,667</u>	<u>\$ 85,687,513</u>	<u>\$ 82,354,634</u>	<u>\$ 78,190,516</u>	<u>\$ 74,040,964</u>
Total Assets	<u>\$155,829,166</u>	<u>\$126,042,747</u>	<u>\$124,447,960</u>	<u>\$113,639,373</u>	<u>\$106,217,199</u>
Total Deferred Outflow of Resources	<u>\$ 9,045,684</u>	<u>\$ 7,931,797</u>	<u>\$ 11,366,275</u>	<u>\$ 9,434,617</u>	<u>\$ 12,928,452</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	\$ 3,507,525	\$ 2,556,129	\$ 2,005,374	\$ 1,577,287	\$ 1,765,178
Funds Held for Others	-	-	-	-	-
Deferred Revenues	16,170,983	16,386,891	14,352,517	6,034,352	5,664,115
Accrued Liabilities	114,485	69,754	54,323	46,275	45,631
Capital Leases-Current Portion	1,314,977	1,215,617	883,443	688,566	658,472
SBITA Liabilities-Current Portion	424,347	368,986	365,878	-	-
Bonds Payable - Current Portion	2,285,000	1,560,000	1,465,000	1,255,000	1,085,000
Total Current Liabilities	<u>\$ 23,817,317</u>	<u>\$ 22,157,377</u>	<u>\$ 19,126,535</u>	<u>\$ 9,601,480</u>	<u>\$ 9,218,396</u>
Noncurrent Liabilities:					
Bonds Payable	\$ 42,359,333	\$ 15,061,833	\$ 16,634,704	\$ 15,568,435	\$ 10,218,905
Net OPEB liability	25,608,053	21,001,769	22,800,244	28,161,450	27,752,200
Compensated Absences Liability	456,711	453,410	-	-	-
Capital Leases	21,287,947	22,703,733	23,066,471	21,851,834	22,039,684
SBITA liabilities	25,846	399,255	768,241	-	-
Net pension liability	11,027,483	12,601,878	11,320,666	4,787,325	11,178,119
Total Noncurrent Liabilities	<u>\$100,765,373</u>	<u>\$ 72,221,878</u>	<u>\$ 74,590,326</u>	<u>\$ 70,369,044</u>	<u>\$ 71,188,908</u>
Total Liabilities	<u>\$124,582,690</u>	<u>\$ 94,379,255</u>	<u>\$ 93,716,861</u>	<u>\$ 79,970,524</u>	<u>\$ 80,407,304</u>

Source: District's Annual Financial Reports.

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TABLE 12 – ENROLLMENT BY SEMESTER

Fiscal Year Ending 8/31	Number of Students			Total
	Fall Semester	Spring Semester	Summer Semester	
2021	9,000	7,828	3,388	20,216
2022	8,128	7,091	3,188	18,407
2023	7,790	6,940	3,222	17,952
2024	7,938	7,135	3,471	18,544
2025	8,509	7,581	3,519	19,609

Source: The District.

TABLE 13 – FUND BALANCES AS OF AUGUST 31, 2025

Revenue Bonds - I&S	\$	-
Revenue Bonds - Reserve Fund		-
General Operating Funds		N/A

Source: The District.

TABLE 14 – SCHEDULE OF TUITION CHARGES AND FEES

	Fiscal Year Ended August 31,				
	2025	2024	2023	2022	2021
In-District Resident					
Tuition	\$ 57.00	\$ 57.00	\$ 57.00	\$ 57.00	\$ 57.00
Student Service Fee	-	-	-	-	-
General Use	55.00	48.00	48.00	43.00	43.00
Total Per Semester Hour	\$ 112.00	\$ 105.00	\$ 105.00	\$ 100.00	\$ 100.00
Out-of-District Resident					
Tuition	\$ 57.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00
Student Service Fee	-	-	-	-	-
General Use Fee	55.00	48.00	48.00	43.00	43.00
Out-of-District Fee	100.00	32.00	32.00	32.00	32.00
Total Per Semester Hour	\$ 212.00	\$ 195.00	\$ 195.00	\$ 190.00	\$ 190.00
Out-of-State Student					
Tuition	\$ 57.00	\$ 206.00	\$ 206.00	\$ 206.00	\$ 206.00
Student Service Fee	-	-	-	-	-
General Use Fee	55.00	48.00	48.00	43.00	43.00
Out-of-District Fee	205.00	46.00	46.00	46.00	46.00
Total per Semester Hour	\$ 317.00	\$ 300.00	\$ 300.00	\$ 295.00	\$ 295.00

Source: The District.

INVESTMENTS

The District invests its investable funds in investments authorized by State law in accordance with investment policies approved by the Board. 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. 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 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 this State 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 this State 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 Insurance Fund or its successor, or are secured as to principal 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 through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the District as required by law or (II) a depository institution that has its main office or a branch office in the State 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 fully 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; (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; 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 U.S. or state bank, (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 may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution. 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 State 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 State 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.

ADDITIONAL PROVISIONS . . . Under State law the District is additionally required to: (1) annually review its adopted policies and strategies; (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; (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; (9) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

TABLE 15 - CURRENT INVESTMENTS

As of March 31, 2026, the District’s investable funds were invested in the following categories:

Description	Market Value
TexPool	\$ 43,938,057
Certificates of Deposit	1,398,531
Bank Accounts/Other	12,477,545
Total	<u>\$ 57,814,133</u>

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. Form of Bond Counsel’s opinion is reproduced as APPENDIX B. The statutes, 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 or refinanced 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 the 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 bondholders 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 the 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.

QUALIFIED TAX-EXEMPT OBLIGATIONS . . . Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exemption to this interest disallowance rule for financial institutions stating that such disallowance does not apply to interest expense allocable to certain tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are properly designated by an issuer as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of certain other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations other than certain current refunding bonds) issued or reasonably anticipated to be issued by the issuer and certain related entities during the same calendar year, does not exceed \$10,000,000.

The District has designated the Notes as "qualified tax-exempt obligations" and certified its expectation that the above described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Notes will not be subject to the 100% disallowance of interest expense allocable to interest on the Notes under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Notes will be reduced by 20% pursuant to section 291 of the Code.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the District has made the following agreement for the benefit of the holders and beneficial 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 certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA").

ANNUAL REPORTS . . . The District shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in and after 2026, financial information and operating data with respect to the District of the general type of information contained in Tables 1 through 15 hereof, and (2) within twelve months after the end of each fiscal year ending in and after 2026, audited financial statements of the District. Any financial statements so provided shall be prepared in accordance with the accounting principles described in described in APPENDIX A hereof, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within 12 months after the end of any fiscal year, the District will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

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 Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The District's current fiscal year end is August 31. Accordingly, the District must provide updated information included in the above-referenced tables by the end of February in each year and the audited financial statements (or unaudited financial statements if the audited financial statements are not yet available) by August 31 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) Note 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 Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a 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 a 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 or operating data in accordance with its agreement described above under "Annual Reports".

For these purposes, any event described in clause (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. Additionally, the District intends the words used in clauses (15) and (16) in the preceding clauses to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018. The Resolution defines "Financial Obligation" as 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) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities and Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

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 certain 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 . . . In previous continuing disclosure undertakings, the District has agreed to supply financial information and operating data with respect to the District of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the District as a result of these undertakings for each of the last five years have consisted of the related District's Audit and disclosure document, which the District believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in these documents but can be derived from information in the Audit or Disclosure Document.

OTHER INFORMATION

RATINGS . . . The Notes are rated "AA-" by S&P Global Ratings, a division of Standard & Poor's Financial Services ("S&P"). Certain of the District's presently outstanding tax-supported debt is rated "AA-" by S&P without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the ratings. The ratings reflect only the respective views of such organizations and neither the District nor the Financial Advisor makes 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. At the time of the initial delivery of the Notes, the District will provide the Purchaser with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Notes or that affects the payment and security of the Notes or in any other manner questioning the issuance, sale or delivery of the Notes.

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 130.125 of the Texas Education Code, as amended provides that the Notes are negotiable instruments, investment securities governed by Texas Business and Commerce Code, Chapter 8, as amended, 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. With respect to investment in the Notes by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, requires that the Notes be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency (see "OTHER INFORMATION - Ratings" herein). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Notes are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Notes are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. 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 MATTERS . . . The District will furnish the Purchaser a complete transcript of proceedings had incident to the authorization and issuance of the Notes, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Note and to the effect that the Notes are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Notes will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The customary closing papers, including a certificate of the District as described under "OTHER INFORMATION - Certification of the Official Statement" will also be furnished to the Purchaser. Though it represents the Financial Advisor and investment banking firms such as the Purchaser from time to time in matters unrelated to the issuance of the Notes, Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Notes. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form or 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. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Notes is contingent on the sale and delivery of the Notes.

The legal opinion to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion the attorney does not become an insurer or guarantor of that 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 _____ (the "Purchaser") to purchase the Notes at the interest rates shown on the inside cover of the Official Statement at a price of approximately _____% of par. 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 price at which the Notes are subsequently sold and the initial yield 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 the Official Statement, and any addenda, supplement or amendment thereto, on the date of the Official Statement, on the date of the sale of the 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, the 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) insofar as the description and statements, including financial data, of or pertaining to entities other than the District, and their activities contained in the 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 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.

APPENDIX A

**EXCERPTS FROM THE
NORTH CENTRAL TEXAS COLLEGE
ANNUAL FINANCIAL REPORT**

For the Year Ended August 31, 2025

The information contained in this Appendix consists of excerpts from the North Central College 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.



NORTH CENTRAL TEXAS COLLEGE
ANNUAL FINANCIAL AND COMPLIANCE REPORT
For the Years Ended August 31, 2025 and 2024



LOTT, VERNON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Member of
American Institute & Texas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
North Central Texas College
Gainesville, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows of North Central Texas College, as of and for the year ended August 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise North Central Texas College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of North Central Texas College, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Central Texas College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 2 to the financial statements, in fiscal year ending August 31, 2025, the College adopted new accounting guidance, GASB Statement No. 101, Compensated absences. Our opinion is not modified with respect to this matter.

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 North Central Texas College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards and *Government Auditing*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Central Texas College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Central Texas College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of College's Proportionate Share of Net Pension Liability, the Schedule of College's Contributions for Pensions, the Schedule of College's Proportionate Share of Net OPEB Liability, the Schedule of College's Contributions for OPEB and Notes to Required Supplementary Information (RSI) as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Central Texas College's basic financial statements. The Supplementary Schedules (Schedules A-F), which include the Schedule of Expenditures of Federal Awards (Schedule E) and the Schedule of Expenditures of State Awards (Schedule F), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, and the State of Texas Single Audit Circular*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Supplementary Schedules (Schedules A-F), which include the Schedule of Expenditures of Federal Awards (Schedule E) and the Schedule of Expenditures of State Awards (Schedule 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 report. The other information comprises the Organizational Data 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 reports dated December 23, 2025, on our consideration of North Central Texas College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Central Texas College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Central Texas College's internal control over financial reporting and compliance.



Temple, Texas
December 23, 2025

Management's Discussion and Analysis

This section of North Central Texas College's annual financial report presents an analysis of the College's financial performance during the fiscal years ended August 31, 2023, 2024 and 2025. Since this management's discussion and analysis is designed to focus on current activities, resulting change, decisions, or conditions of facts, please read it in conjunction with the College's basic financial statements and the footnotes. The College endeavors to present an objective and easily readable analysis of the overall financial activities to students and the public. Responsibility for the completeness and fairness of this information rests with the College.

Overview of the Financial Statements

This annual report consists of four parts – management discussion and analysis, the basic financial statements, required supplementary information, and schedules of federal and state grant and contract expenditures.

The basic financial statements, according to GASB 34, Par. 138, under Business-type Activity include two kinds of statements that present different views of the College.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position are College-wide financial statements that provide both long-term and short-term information about the College's overall financial status. The remaining financial statements are Statement of Cash Flows, Schedule of Operating Revenues, Schedule of Operating Expenses by Object, Schedule of Non-Operating Revenues and Expenses, Schedule of Net Position by Source and Availability, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Awards that provide more detail on the specific revenue generated and expenditures made during the past year of operation.

The Statement of Net Position reports the total net position available to finance future services (GASB 34, Par. 430). As a business-type activity, the College reports in a single column, entity-wide format. GASB 34 specifies the elements of the statement of net position to be classified as current assets, non-current assets, current liabilities, non-current liabilities, and net position. Net Position is to be classified as invested in capital assets, net of related debt.

The Statement of Revenues, Expenses and Changes in Net Position is a statement of activities and reports the effect of non-operating (general maintenance ad-valorem tax) revenues, defined as the amounts of the functions that are not supported by charges to users (state appropriations and student tuition and fees). Revenues are presented as operating (program) revenue, non-operating (general) revenue, and other revenues, expenses, gains and losses. Expenses are reported by function, except those that meet the definition of special or extraordinary items (GASB 34, Par. 41). Functional expenses are defined as the "direct" expenses specifically associated with a function and would

not include allocations of indirect expenses. The functional categories for expenses are instruction, research, public service, academic support, institutional support, operation and maintenance of plant, scholarships and fellowships, auxiliary enterprises, and depreciation expense.

The primary purpose of the Statement of Cash Flows is to provide relevant information about the cash receipts and cash payments of an entity during the fiscal period. The statement explains the changes during the period in cash and cash equivalents regardless of whether there are restrictions on their use. The total amount of cash and cash equivalents at the beginning and end of the period shown in the statement are easily traceable to similarly titled items or subtotals shown on the statement of net position. First, the statement reports the effects during the period of operations, capital financing, non-capital financing, and investing transactions.

Secondly, related information reports the investing, capital, and financing transactions that affect financial position but do not directly affect cash flows during the period. Finally, a reconciliation of operating income to net cash from operating activities is provided.

The Schedule of Operating Revenues provides a detailed presentation of all operating revenues regardless of source. Source of operating revenues are state appropriations, tuition, fees, scholarship allowances and discounts, other operating revenues from grants and contracts, and auxiliary enterprises.

The Schedule of Operating Expenses by Object displays operating expenses split between restricted and unrestricted categories. Educational activities are reported as instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, and scholarship and fellowships. Auxiliary enterprises' expenses and depreciation expenses are also reported on this schedule.

The Schedule of Non-Operating Revenues and Expenses shows M&O ad valorem taxes, investment income, and other non-operating revenues as well as, interest on capital related debt, loss on disposal of capital assets and other non-operating revenues.

The Schedule of Net Position by Source and Availability shows details by source for unrestricted, restricted expendable, restricted non-expendable, and capital assets net of depreciation and related debt for current funds, endowment funds, and plant funds. The schedule also shows net increase or decrease by category.

The Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are schedules that satisfy the A-133 requirements and the State of Texas Single Audit Circular requirements.

Financial information for the component unit, North Central Texas College Foundation, Inc., is reported separately from the financial information presented for the primary government. Complete financial statements for the component unit are available from the Office of the Vice Chancellor Fiscal Services, North Central Texas College, upon request.

Condensed Comparative Financial Information

A comparative analysis of financial statement data is presented for the College.

Analysis of the College's Overall Financial Position

The Overall financial position of the College is quite healthy. There have been significant changes in many critical fiscal areas during recent years, but perhaps none has been more important than House Bill 8 from the 88th Legislative Session in the Spring of 2023. HB 8 provided the first significant change to state funding of community colleges in over 50 years. Instead of relying on contact hours determined by student enrollment for institutional funding, the new formula bases funding on student success in achieving tangible educational results. The new funding model has led to a 31.3% increase in state appropriations for the College over the past two years, increasing to \$15,400,288 this year from \$11,726,714 two years prior.

Another positive financial trend has been the growth of the tax base valuation of the district. The College taxing district is Cooke County, Texas. Ad valorem taxes are assessed and collected by the College based on the valuation of real property and minerals on January 1. The trend from 2000 until 2024 has been a continual increase in taxable assessed valuation from \$1,288,353,176 in 2000 to \$7,563,441,136 in 2024. The combined maintenance and operations and debt service tax rate was \$0.0945 for the fiscal year ended August 31, 2025. The approved maintenance and operation tax rate per \$100 of valuation decreased to \$0.0640 and the interest and sinking tax rate increased to \$0.0305 for a total of \$0.0945 in 2025.

While the Texas Tax Code, Title 1 Property Tax Code, Chapter 26, Assessments section 26012 states "Maintenance and Operations Assessments" can be used for any lawful purpose other than debt service for which a taxing unit may spend property tax revenues, NCTC has chosen to more narrowly define what it considers maintenance and operations. NCTC has identified a group of maintenance and operational accounts (for the Gainesville Campus only) for which taxpayers are expected to provide the necessary support. Historically, the tax revenues have not been enough to cover the maintenance and operational costs for the Gainesville Campus, thus the balance has been paid for from other unrestricted funds.

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$29,848,621 as of August 31, 2025.

**Table I
Net Assets**

	Business-type Activities 2025	Business-type Activities 2024	Business-type Activities 2023
Current and other assets	\$ 67,016,873	\$ 41,814,469	\$ 43,435,076
Capital assets	88,812,293	84,228,278	81,012,884
Total assets	<u>155,829,166</u>	<u>126,042,747</u>	<u>124,447,960</u>
Deferred Outflows of Resources	<u>9,045,684</u>	<u>7,931,797</u>	<u>11,366,275</u>
Non current liabilities	100,765,373	72,221,878	74,590,326
Other liabilities	<u>23,817,317</u>	<u>22,157,377</u>	<u>19,126,535</u>
Total liabilities	<u>124,582,690</u>	<u>94,379,255</u>	<u>93,716,861</u>
Deferred Inflows of Resources	<u>10,443,539</u>	<u>12,282,390</u>	<u>14,145,878</u>
Net Position:			
Net investment in capital assets	45,425,253	42,918,854	37,829,146
Restricted	3,313,698	3,693,822	6,469,042
Unrestricted	<u>(18,890,330)</u>	<u>(19,299,777)</u>	<u>(16,346,692)</u>
Total net position	<u>\$ 29,848,621</u>	<u>\$ 27,312,899</u>	<u>\$ 27,951,496</u>

Investments in capital assets, (e.g., land, buildings, furniture, and equipment) less any related debt used to acquire those assets that are still outstanding is \$45,425,253. The College uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A significant portion of the College's Net Position (approximately 11.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted Net Position is a deficit of (\$18,890,330) as of August 31, 2025. The reason for this deficit was due to standards that required recording the College's proportionate share of the Employees Retirement System of Texas (ERS) net other post-employment benefits (OPEB) liability, as well as leasehold interests. The total net position is not an indication that the College has significant resources available to meet financial obligations next year, but rather the results of having long-term commitments that are less than currently available resources.

The College's total net position increased by \$2,535,722 because of the current year's operation. The total cost of all business-type activities was \$74,596,937.

**Table II
Changes in Net Assets**

	Business-type Activities 2025	Business-type Activities 2024	Business-type Activities 2023
Revenues:			
Operating Revenues:			
Tuition & Fees	\$ 20,898,188	\$ 20,328,048	\$ 18,111,543
Federal Grants & Contracts	2,603,657	2,294,096	2,360,028
State Grants & Contracts	4,519,442	4,114,907	4,411,515
Private Grants	620,142	714,660	641,931
Sales & Services of Educational Activities	111,505	94,824	91,695
Auxiliary Enterprises (net)	484,290	274,087	212,402
Other Operating Revenues	4,544,870	3,291,701	3,228,531
Non-operating Revenues:			
State Appropriations	19,420,180	18,481,282	14,370,281
Property Taxes	6,698,390	5,707,038	4,818,145
Federal Grants & Contracts	15,371,495	12,186,358	10,768,262
Gifts	-	-	-
Investment Income (net)	1,921,799	1,896,327	1,495,724
Gain/(Loss) on Disposal of Fixed Assets	28,311	(6,894)	135,600
Insurance Proceeds	-	-	-
Other Non-operating Revenues	41,522	35,077	37,377
Total Revenues	<u>77,263,791</u>	<u>69,411,511</u>	<u>60,683,034</u>
Operating Expense:			
Instruction	22,313,735	21,472,556	20,125,274
Research	-	-	-
Public Service	1,898,171	1,313,305	1,698,897
Academic Support	6,114,790	4,627,448	4,398,072
Student Services	9,112,068	8,339,644	7,286,780
Institutional Support	8,845,387	8,937,772	8,184,121
Operation & Maintenance of Plant	7,655,695	6,953,112	7,702,633
Scholarship & Fellowship	10,883,161	10,900,777	7,313,145
Auxiliary Enterprises	1,080,142	746,970	1,061,578
Depreciation	4,718,509	4,611,222	4,293,371
Non-operating Expense:			
Interest on Capital Related Debt	1,975,279	1,693,892	1,736,484
Other	131,132	-	3,500
Total Expenses	<u>74,728,069</u>	<u>69,596,698</u>	<u>63,803,855</u>
Increase in Net Position	2,535,722	(185,187)	(3,120,821)
Beginning Net Position	27,312,899	27,951,496	31,072,317
Prior Period Adjustment	-	(453,410)	-
Beginning Net Position, as Restated	<u>27,312,899</u>	<u>27,498,086</u>	<u>31,072,317</u>
Ending Net Position	\$ <u>29,848,621</u>	\$ <u>27,312,899</u>	\$ <u>27,951,496</u>

Significant Capital Assets and Long-term Debt Activity

During the previous fiscal year, the College issued the 2024 Maintenance Tax Notes in the amount of \$5 million in order to fund facility improvements on the Main Campus in Gainesville. These notes were used to fund many capital improvements during the current fiscal year. In addition, the College issued the 2025 Revenue Bonds in the amount of \$25 million. These funds will be used to construct a new 150-bed dorm facility on the Main Campus in Gainesville. The College's major capital asset purchases for 2025 included the Medal of Honor Museum and other Gainesville Campus improvements, plus IT instructional equipment.

Discussion of Current Known Facts, Decisions, or Conditions

After declining during the COVID pandemic, enrollment has increased for the past couple of years. Increased enrollment, along with improvements to the state appropriation process as a result of HB8, has generated additional revenue for the College. These increases came at a critical juncture, as federal aid dollars from the COVID epidemic are no longer available for the College or its students.

Other Capital Assets and Long-term Debt Activity

For 2025, depreciation expense of \$4,718,509 was recorded. The College spent over \$9.2 million in capital outlay during the current fiscal year. The capitalization policy of recording capital assets when the item value is \$10,000 or greater and has a useful life of greater than one year became effective the beginning of the current fiscal year, September 1, 2024.

The College has five bonds/notes outstanding as of August 31, 2025, as follows:

- 1) 2022 Tuition and Combined Fee Revenue Bond in the amount of \$6,670,000. This bond was issued for the purpose of purchasing the Flower Mound campus. A principal payment of \$580,000 was made during the year and the balance outstanding at year-end was \$4,915,000. The bonds will mature in June 2032.
- 2) 2023 Maintenance Tax Notes in the amount of \$2,545,000. These notes were issued for the purpose of facility improvements on the Main Campus in Gainesville. A principal payment of \$225,000 was made during the current year and the balance outstanding at year-end was \$2,130,000. The notes will mature in August 2033.
- 3) 2024 Maintenance Tax Notes in the amount of \$4,865,000. These notes were issued for the purpose of facility improvements on the Main Campus in Gainesville. A principal payment of \$405,000 was made during the current year and the balance outstanding at year-end was \$4,460,000, The notes will mature in August 2033.

- 4) 2024 Series Limited Tax General Obligation Refunding Bond in the amount of \$7,145,000. This bond was issued for the purpose of refinancing the 2014 Series Limited Tax General Obligation Bond, originally in the amount of \$8,730,000. No principal payment was made during the year and the entire balance of \$7,145,000 was outstanding at year-end. The bonds will mature in August 2034.
- 5) 2025 Tuition and Combined Fee Revenue Bond in the amount of \$24,955,000. The bond was issued for the purpose of constructing a 150-bed dormitory on the Main Campus in Gainesville. No principal payment was made during the year and the entire balance of \$24,955,000 was outstanding at year-end. The bonds will mature in June 2050.

Revenues enough to make all required payments of principal and interest have been properly recorded. Moody's Investor Services has the College's bond rating at A1 for the revenue bonds and Aa3 for the general obligation bonds. S&P recently upgraded the College from A+ to AA-. The College has never defaulted on any outstanding bond issue.

Economic Factors That Will Affect the Future

The service area for North Central Texas College continues to grow. Denton County, now with a population exceeding 1,000,000, is growing at a rate of 3.5% per year. This tremendous rate of growth will simultaneously provide opportunities and challenges for the College. The influx of residents means a greater need for workforce training, as well as academic preparation. At the same time, the College continues to struggle with its ability to fund this growth without the assistance of any tax base within the County. The recent enactment of HB8 has dramatically changed state funding for all community colleges in Texas. NCTC continues to adjust to this new formula. Success metrics are the key to increasing state funding and the College has had to adapt to the changing environment for state appropriations. The new formula places an increased emphasis on workforce education and the College has taken steps to increase both credit and non-credit opportunities in key workforce areas. At the same time, NCTC will continue to rely upon its academic partners within the service area – namely, University of North Texas and Texas Woman's University – to provide academic preparation for students pursuing four-year degrees.

Contacting the College's Financial Management

The financial report is designed to provide taxpayers, customers, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Vice Chancellor Fiscal Affairs, North Central Texas College, 1525 West California St., Gainesville, Texas 76240.

Basic Financial Statements

NORTH CENTRAL TEXAS COLLEGE
STATEMENT OF NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2025 AND AUGUST 31, 2024

Exhibit 1

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 47,424,923	\$ 22,420,574
Short term investments	5,540,547	5,311,136
Accounts receivable (net)	12,024,507	12,163,681
Inventories	42,409	44,843
Other assets	472,113	415,000
Total Current Assets	65,504,499	40,355,234
Noncurrent Assets		
Restricted cash and cash equivalents	1,512,374	1,459,235
Capital assets (net)	88,812,293	84,228,278
Total Noncurrent Assets	90,324,667	85,687,513
TOTAL ASSETS	155,829,166	126,042,747
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	-	-
Deferred outflows related to OPEB	4,287,310	1,355,750
Deferred outflows related to pensions	4,758,374	6,576,047
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,045,684	7,931,797
 LIABILITIES		
Current Liabilities		
Accounts payable	3,507,525	2,556,129
Accrued liabilities	114,485	69,754
Funds held for others	-	-
Unearned revenue	16,170,983	16,386,891
Capital leases-current portion	1,314,977	1,215,617
SBITA liabilities - current portion	424,347	368,986
Bonds payable-current portion	2,285,000	1,560,000
Total Current Liabilities	23,817,317	22,157,377
Noncurrent Liabilities		
Net pension liability	11,027,483	12,601,878
Net OPEB liability	25,608,053	21,001,769
Compensated Absences Liability	456,711	453,410
Capital leases	21,287,947	22,703,733
SBITA liabilities	25,846	399,255
Bonds payable	42,359,333	15,061,833
Total Noncurrent Liabilities	100,765,373	72,221,878
TOTAL LIABILITIES	124,582,690	94,379,255
 DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	250,139	-
Deferred Inflows of Resources related to Pensions	3,459,472	3,368,000
Deferred Inflows of Resources related to OPEB	6,733,928	8,914,390
TOTAL DEFERRED INFLOWS OF RESOURCES	10,443,539	12,282,390
 NET POSITION		
Net investment in capital assets	45,425,253	42,918,854
Restricted for		
Expendable		
Student aid	1,263,950	1,207,201
Instructional programs	1,823,881	2,343,394
Construction projects	-	-
Debt service	225,867	143,227
Unrestricted	(18,890,330)	(19,299,777)
TOTAL NET POSITION	\$ 29,848,621	\$ 27,312,899

The Notes to Financial Statements are an integral part of this statement.

NORTH CENTRAL TEXAS COLLEGE
STATEMENT OF FIDUCIARY NET FINANCIAL POSITION
CUSTODIAL FUNDS
FOR THE YEARS ENDED AUGUST 31, 2025 AND AUGUST 31, 2024

	2025	2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 87,761	\$ 90,008
LIABILITIES & NET POSITION		
NET POSITION		
Restricted for:		
Individuals, organizations and other governments	87,761	90,008
TOTAL NET POSITION	87,761	90,008
TOTAL LIABILITIES AND NET POSITION	\$ 87,761	\$ 90,008

The Notes to Financial Statements are an integral part of this statement.

NORTH CENTRAL TEXAS COLLEGE FOUNDATION, INC.

A COMPONENT UNIT OF NORTH CENTRAL TEXAS COLLEGE

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2024

With Comparative Totals for August 31, 2023

	<u>8/31/2024</u>	<u>8/31/2023</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 131,753	\$ 106,905
Investments	7,082,037	5,344,406
Unconditional Promises to Give	-	-
Interest Receivable	51,864	41,869
Total Current Assets	<u>7,265,654</u>	<u>5,493,180</u>
Permanently Restricted Endowment	<u>9,074,849</u>	<u>8,459,603</u>
TOTAL ASSETS	<u>\$ 16,340,503</u>	<u>\$ 13,952,783</u>
LIABILITIES & NET ASSETS		
Liabilities		
Accounts Payable	\$ -	\$ -
Total Liabilities/Current Liabilities	<u>-</u>	<u>-</u>
Net Assets		
Without Donor Restrictions	30,869	33,035
With Donor Restrictions	16,309,634	13,919,748
Total Net Assets	<u>16,340,503</u>	<u>13,952,783</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,340,503</u>	<u>\$ 13,952,783</u>

See accompanying notes and independent auditor's report.

NORTH CENTRAL TEXAS COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2025 AND AUGUST 31, 2024

	2025	2024
REVENUES		
Operating Revenues		
Tuition and fees (net of discounts of \$8,324,284 and \$6,060,060 respectively)	\$ 20,898,188	\$ 20,328,048
Federal grants and contracts	2,603,657	2,294,096
State grants and contracts	4,519,442	4,114,907
Private grants	620,142	714,660
Sales and services of educational activities	111,505	94,824
Auxiliary enterprises (net of discounts \$300,894 and \$426,843 respectively)	484,290	274,087
Other operating revenues	4,544,870	3,291,701
Total Operating Revenues (Schedule A)	33,782,094	31,112,323
EXPENSES		
Operating Expenses		
Instruction	22,313,735	21,472,556
Public service	1,898,171	1,313,305
Academic support	6,114,790	4,627,448
Student services	9,112,068	8,339,644
Institutional support	8,845,387	8,937,772
Operation and maintenance of plant	7,655,695	6,953,112
Scholarship and fellowships	10,883,161	10,900,777
Auxiliary enterprises	1,080,142	746,970
Depreciation	4,718,509	4,611,222
Total Operating Expenses (Schedule B)	72,621,658	67,902,806
OPERATING INCOME (LOSS)	(38,839,564)	(36,790,483)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	19,420,180	18,481,282
Maintenance ad-valorem taxes		
Taxes for maintenance and operations	4,547,569	4,139,863
Taxes for general obligation bonds	2,150,821	1,567,175
Federal Revenue, non-operating	15,371,495	12,186,358
Investment income (net of investment expenses)	1,921,799	1,896,327
Interest on capital related debt	(1,975,279)	(1,693,892)
Gain (Loss) Loss on disposal of fixed assets	28,311	(6,894)
Other non-operating revenues	41,522	35,077
Other non-operating expenses	(131,132)	-
Net Non-Operating Revenues (Schedule C)	41,375,286	36,605,296
INCREASE (DECREASE) IN NET POSITION	2,535,722	(185,187)
NET POSITION-BEGINNING OF YEAR	27,312,899	27,951,496
PRIOR PERIOD ADJUSTMENT		(453,410)
NET POSITION-END OF YEAR	\$ 29,848,621	\$ 27,312,899

The Notes to Financial Statements are an integral part of this statement.

NORTH CENTRAL TEXAS COLLEGE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEARS AUGUST 31, 2025 AND AUGUST 31, 2024

	2025	2024
ADDITIONS		
Contributions		
Students	\$ 25	\$ 2,750
Fundraising	6,313	6,043
Total Additions	6,338	8,793
 DEDUCTIONS		
Benefits paid to students	8,585	15,597
 NET DECREASE IN FIDUCIARY NET POSITION	(2,247)	(6,804)
NET POSITION AT BEGINNING OF YEAR	90,008	96,812
NET POSITION AT END OF YEAR	\$ 87,761	\$ 90,008

The Notes to Financial Statements are an integral part of this statement.

NORTH CENTRAL TEXAS COLLEGE FOUNDATION, INC.

A COMPONENT UNIT OF NORTH CENTRAL TEXAS COLLEGE

STATEMENT OF ACTIVITIES

YEAR ENDED AUGUST 31, 2024

With Comparative Totals for Year Ended August 31, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTALS	8/31/2023
SUPPORT AND REVENUE:				
Support:				
Donations	\$ 9,785	\$ 902,359	\$ 912,144	\$ 938,890
Endowments Received	-	509,240	509,240	63,041
Fund Raising	8,744	326,526	335,270	148,301
Total Support	18,529	1,738,125	1,756,654	1,150,232
Revenue:				
Investment Income	1,162	627,939	629,101	671,237
Gain (Loss) on Sale of Assets	1,059	397,561	398,620	77,039
Unrealized Gain (Loss)	-	984,324	984,324	125,839
Investment Expenses	(128)	(52,598)	(52,726)	(46,924)
Amortization of Bond Premium	(26)	(11,684)	(11,710)	(15,796)
Net Assets Released from Restrictions-Satisfaction of Program Restrictions	1,293,781	(1,293,781)	-	-
Total Revenue	1,295,848	651,761	1,947,609	811,395
TOTAL SUPPORT AND REVENUE	1,314,377	2,389,886	3,704,263	1,961,627
EXPENSES:				
Program Services:				
Scholarships	738,084	-	738,084	343,603
Departmental Expenses	287,461	-	287,461	185,824
Total Program Services	1,025,545	-	1,025,545	529,427
Support Services:				
Management and General	190,823	-	190,823	210,627
Fund Raising	100,175	-	100,175	82,569
Total Support Services	290,998	-	290,998	293,196
TOTAL EXPENSES	1,316,543	-	1,316,543	822,623
EXCESS SUPPORT AND REVENUE OVER EXPENSES	(2,166)	2,389,886	2,387,720	1,139,004
NET ASSETS, BEGINNING OF YEAR	33,035	13,919,748	13,952,783	12,813,779
NET ASSETS, END OF YEAR	\$ 30,869	\$ 16,309,634	\$ 16,340,503	\$ 13,952,783

See accompanying notes and independent auditor's report.

NORTH CENTRAL TEXAS COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2025 AND AUGUST 31, 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and customers	\$ 25,633,027	\$ 23,725,645
Receipts of appropriations, grants and contracts	7,743,774	7,192,822
Payments to or on behalf of employees	(29,871,992)	(33,654,138)
Payments to suppliers	(30,501,986)	(26,253,114)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(26,997,177)	(28,988,785)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Ad valorem tax revenues	6,587,053	5,689,983
State appropriations	15,659,766	14,815,924
Non-operating federal revenue	15,371,495	12,186,358
Other cash receipts (payments)	(89,610)	50,882
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	37,528,704	32,743,147
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(12,256,244)	(7,534,331)
Sale of fixed assets	28,310	(6,894)
Insurance proceeds	-	-
Proceeds from Debt	27,894,677	-
Reclassification of custodial funds	-	-
Principal paid on debt	(1,935,000)	(1,465,000)
Interest paid on debt	(939,338)	(617,533)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	12,792,405	(9,623,758)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	1,733,556	1,708,084
Purchases of investments	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,733,556	1,708,084
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,057,488	(4,161,312)
CASH AND CASH EQUIVALENTS - SEPTEMBER 1	23,879,809	28,041,121
CASH AND CASH EQUIVALENTS - AUGUST 31	\$ 48,937,297	\$ 23,879,809
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (38,839,564)	\$ (36,790,483)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Payments made directly by state for benefits	3,760,414	3,665,358
Depreciation expense	4,718,509	4,611,222
OPEB expense	4,606,284	(1,798,475)
Bad debt expense	895,396	1,212,603
Pension expense	(1,574,395)	1,281,212
Changes in assets and liabilities:		
Receivables, net	(740,818)	(3,552,381)
Inventories	2,434	25,233
Other assets	(57,112)	(74,459)
Accounts payable	533,458	419,089
Deferred revenue	(301,783)	2,012,296
Deposits held for others	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (26,997,177)	\$ (28,988,785)
Cash Reconciliation:		
Cash and cash equivalents	\$ 47,424,923	\$ 22,420,574
Restricted cash	1,512,374	1,459,235
Total Cash	\$ 48,937,297	\$ 23,879,809

The Notes to Financial Statements are an integral part of this statement.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

1. REPORTING ENTITY

North Central Texas College (the College) was established in 1924 as Gainesville Junior College, in accordance with the laws of the State of Texas, to serve the educational needs of Cooke County and the surrounding area. The College is considered to be a special purpose, primary government, according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. While the College 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.

The Board of Regents (the Board), a seven-member group constituting an on-going entity, is the level of government that has governance responsibilities over all activities, programs, and facilities of the College. The Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operation and primary accountability for fiscal matters.

The governmental reporting entity consists of the College and its component unit. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the College are such that exclusion would cause the College's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the College's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the College.

The basic financial statements include both blended (M.J. Cox) and discretely presented (NCTC Foundation) component units. The blended component unit, although a legally separate entity, is in substance, part of the College's operations and so data from this unit is combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate statement to emphasize it is legally separate from the government.

For financial reporting purposes, the College's basic financial statement includes all financial activities that are controlled by or are dependent upon actions taken by the College's board of regents. The financial statements of the component unit may be obtained by writing to North Central Texas College, 1525 W. California, Gainesville, TX 76240.

The facilities utilized in the College system are located on seven distinct campuses, Gainesville in Cooke County, Corinth, Denton Center, Flower Mound, and Champions Circle in Denton County, Bowie in Montague County, and Graham in Young County. The College's primary campus rests on 132 acres of land located in the southwest section of Gainesville, Texas, on TX Highway 51. In January 2000, the College opened two extension centers located at Corinth and at Bowie. The Gainesville and Corinth campuses are capitalized assets of the College. The Bowie campus is operated under a lease with the Bowie 4B Sales Tax Corporation; the lease is discussed elsewhere in these disclosures. The fourth campus was opened in Graham, in Young County; citizens of Graham Independent School District passed a Branch Campus Maintenance Tax in November 2009 with tax revenue beginning in 2010-2011. The fifth campus Flower Mound opened in January 2011 in leased facilities and converted to a lease-to-own agreement which was purchased in 2022. The sixth campus, Denton Center, opened in September 2019 in leased facilities. The lease agreement terminates in 2043. The seventh campus, Champions Circle, opened in August 2022 in leased facilities. The lease agreement terminates in 2032.

The College offers academic and professional courses for students who plan to transfer to senior colleges and universities to continue to work toward a baccalaureate degree as well as technical and vocational courses to develop occupational skills and continuing education courses for adults. The College has several secondary instruction sites in North Texas.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

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 amount, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.0333). When the student uses the award 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 (HEA) Program Funds: Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as restricted revenue. When the student uses the award 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 College awards tuition and fee scholarships from institutional funds to students who qualify. When the student uses the award 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.

Basis of Accounting

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

Budgetary Data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The Board 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 College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The College sets aside resources for the repayment of the bonds. The College has designated public funds investment pools comprised of \$43,315,114 and \$17,990,115 on August 31, 2025 and August 31, 2024 respectively, to be cash equivalents. The College also segregates bond proceeds to be used for capital projects. These assets are classified as restricted cash on the statement of net position because their use is limited by applicable bond covenants, and they are maintained in separate bank accounts.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories

Inventories of the College consist of consumable fuel, cosmetology stock, and cattle. Consumable fuel and cosmetology stock inventories are valued at cost, using the average cost method of valuation and are charged to expense as consumed or sold. Cattle inventory are valued at fair market value. Inventory at year-end consisted of the following amounts:

	August 31, 2025	August 31, 2024
Fuel	\$ 187	\$ 1,518
Cosmetology Stock	42,222	29,825
Cattle	-	13,500
	42,409	44,843

Capital Assets

Capital assets are recorded at cost at the date of acquisition or estimated fair market value at the date donated. The College’s capitalization policy includes all real or personal property with a value of \$10,000 or more and an estimated life of more than 1 year. Renovations of \$100,000 to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are charged to operating expense in the year in which the expense is incurred.

The right-to-use lease asset capitalization level is determined by the Board of Regents. The term of the lease must be the non-cancelable period during which the College has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. Existing contracts were evaluated for this year of implementation and the recording of the lease assets and liability has been reported in the financial statements.

The College reports depreciation under a single-line item as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following lives are used:

Buildings	50 years
Facilities and Other Improvements	20 years
Furniture, Machinery, Other Equipment	10 years
Vehicles	7 years
Telecommunications and Peripheral Equipment	5 years
Library Books	15 years

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense;

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

and information about assets, liabilities and additions to/deductions from SRHP’s fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

Pensions

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

Unearned Revenues

Unearned revenues on August 31, 2025 and 2024 were as follows:

	August 31, 2025	August 31, 2024
Tuition	\$ 15,467,393	\$ 15,876,473
State Grant	377,241	15,193
Federal Grant	2,540	257,475
Taxes	323,809	237,750
	\$ 16,170,983	\$ 16,386,891

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. The College's deferred inflows consist of inflows related to pensions and other post-employment benefits.

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. The College’s deferred outflows consist of deferred charges on refunding debt, deferred outflows related to pensions and other post-employment benefits.

Estimates

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

Accounting Changes and Corrections

The College has adopted GASB Statement 101, Compensated absences, which resulted in the recalculation of the College’s liabilities for compensated absences and total net position.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a business type activity (BTA) and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations.

The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Net Position

When the College incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first.

On August 31, 2025 and 2024, net position of the College consisted of the following:

	<u>August 31, 2025</u>	<u>August 31, 2024</u>
Net property, plant and equipment	\$ 88,812,293	\$ 84,228,278
Less:		
General obligation bonds payable, net	(44,894,472)	(16,621,833)
Capital Leases, net	(22,602,924)	(23,919,350)
SBITA	(450,193)	(768,241)
Amount of debt related to unspent proceeds	<u>24,560,549</u>	<u>-</u>
Total net investment in capital assets	<u>45,425,253</u>	<u>42,918,854</u>
Restricted for debt service	225,867	143,227
Restricted for student aid	1,263,950	1,207,201
Restricted for instructional programs	1,823,881	2,343,394
Restricted for construction projects		
Unrestricted	<u>(18,890,330)</u>	<u>(19,299,777)</u>
Total net position	<u>\$ 29,848,621</u>	<u>\$ 27,312,899</u>

Bonds and Capital Leases

Long-term debt and capital leases are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. The College implemented GASB 87 for reporting leases during the 2022 reporting period.

A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term lease provided in GASB 87 and must meet the capitalization level set by the Board. The right to use lease liability is reported on the statement of net position. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense. Beginning in the year ended 8/31/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

3. AUTHORIZED INVESTMENTS

The Board has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act. The investments of the College are in compliance with the adopted investment policies.

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

4. DEPOSITS AND INVESTMENTS

Cash and Deposits

The College's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the College's agent bank approved pledged securities in an amount sufficient to protect College funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) assurance.

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits might not be recovered. The College does have a policy for custodial credit risk. On August 31, 2025 and 2024, the carrying amounts of the College's bank deposits were \$5,620,008 and \$5,887,519, respectively and total bank balances equaled \$6,335,026 and \$5,888,577. Bank balances of \$943,987 and \$760,142 were covered by FDIC, and \$5,391,039 and \$5,128,435 were covered by collateral pledged in the College's name for the years ended August 31, 2025 and 2024, respectively.

Public Funds Investment Pool

The College has cash equivalents that consist of balances held by the Texas Local Government Investment Pool (TexPool). The State Comptroller of Public Accounts exercises oversight responsibility of TexPool. Oversight includes the ability to significantly influence operations, designations of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other people who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAm by Standard & Pools.

As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Pools, as well as the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with SEC's Rule 2a-7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. The College considers TexPool balances to be cash equivalents.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

Cash and Cash Equivalents

Cash, deposits, and cash equivalents consist of the following:

The College (Primary Government)			
Assets - Exhibit 1			
	8/31/2025		8/31/2024
Bank Deposits			
Demand Deposits	\$ 5,620,008	\$	5,887,519
Petty Cash and Cash on Hand	2,175		2,175
Total Cash and Deposits	5,622,183		5,889,694
Cash Equivalents			
TexPool	43,315,114		17,990,115
Total Cash, Deposits, and Cash Equivalents	\$ 48,937,297		\$ 23,879,809

Custodial credit risk for deposits is the risk that in the event of a bank failure, the College's deposits may not be returned, or the College will not be able to recover collateral securities in the possession of an outside party. The College's policy requires deposits to be 100% secured by collateral valued at market less the amount of the Federal Deposit Insurance Corporation (FDIC) limit. On August 31, 2025, the College's deposits are not exposed to custodial credit risk.

Investments

The College's investments consist of certificates of deposit located in several banks and investments in U.S. securities. These instruments with a maturity value of 1 year or less are considered short term investments. On August 31, 2025 and 2024, the College had the following investments:

Investment Type	Fair Value	Investment Maturities in Years			
	8/31/2025	1 or Less	1 to 5	5 to 10	10 to 15
Certificates of Deposit	\$ 1,395,000	\$ -	\$ 1,395,000	\$ -	\$ -
FSB Investment Acct	\$ 4,145,547	\$ 232,162	\$ 3,913,385	\$ -	\$ -
Total	5,540,547	232,162	5,308,385	-	-

Investment Type	Fair Value	Investment Maturities in Years			
	8/31/2024	1 or Less	1 to 5	5 to 10	10 to 15
Certificates of Deposit	\$ 2,395,000	\$ 1,000,000	\$ 1,395,000	\$ -	\$ -
FSB Investment Acct	\$ 2,916,136	\$ 9,472	\$ 2,906,664	\$ -	\$ -
Total	5,311,136	1,009,472	4,301,664	-	-

The Public Funds Investment Act also requires the College to have independent auditors perform test procedures related to investment practices as prescribed by that legislation. The College is in compliance with the requirements of the Public Funds Investment Act.

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the College was exposed to the following specific investment risks at year-end and, if so, the reporting of certain related disclosures:

- Credit Risk - Risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. For the years ended August 31, 2025 and 2024, the College was not exposed to credit risk.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

- Concentration of Credit Risk - Risk of loss attributed to the magnitude of an entity's investment in a single issuer. For the years ended August 31, 2025 and 2024, the College was not significantly exposed to a concentration of credit risk.
- Interest Rate Risk - Risk that changes in interest rates will adversely affect the fair value of an investment. For the years ended August 31, 2025 and 2024, the College was not significantly exposed to interest rate risk.
- Foreign Currency Risk - Risk that exchange rates will adversely affect the fair value of an investment. For the years ended August 31, 2025 and 2024, the College was not exposed to foreign currency risk.

Reconciliation of Deposits and Investments for the College (Primary Government) to Statement of Net Position - Exhibit 1

	Carrying Amounts	
	8/31/2025	8/31/2024
Total Cash and Deposits	\$ 5,622,183	\$ 5,889,694
TexPool	43,315,114	17,990,115
Certificates of Deposit	1,395,000	2,395,000
FSB Investment	4,145,547	2,916,136
Total Deposits and Investments	\$ 54,477,844	\$ 29,190,945
Per Statement of Net Assets - Exhibit 1:		
Cash and Cash Equivalents	\$ 47,424,923	\$ 22,420,574
Short-term Investments	5,540,547	5,311,136
Restricted Cash	1,512,374	1,459,235
Total Deposits and Investments	\$ 54,477,844	\$ 29,190,945

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

5. CAPITAL ASSETS – COMPARATIVE

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

<u>August 31, 2025</u>	Balance 9/1/2024	Increases	Decreases	Balance 8/31/2025
Not Depreciated:				
Land	\$ 989,786	\$ -	\$ -	\$ 989,786
Construction In Progress	6,439,384	8,453,129	(931,341)	13,961,172
Subtotal	7,429,170	8,453,129	(931,341)	14,950,958
Other Capital Assets:				
Buildings and Improvements	69,318,302	96,474	-	69,414,776
Equipment	17,423,174	1,575,017	(26,112)	18,972,079
Library Books	1,629,933	11,267	(21,465)	1,619,735
Automobiles	272,901	-	(49,839)	223,062
SBITA	1,134,119	127,283	-	1,261,402
Right of Use Buildings	25,818,945	-	-	25,818,945
Right of Use Vehicles	640,596	38,184	(219,777)	459,003
Right of Use Equipment	222,754	15,335	(17,498)	220,591
Subtotal	116,460,724	1,863,560	(334,691)	117,989,593
Accumulated Depreciation:				
Buildings and Improvements	(20,086,215)	(1,495,206)	-	(21,581,421)
Equipment	(12,206,198)	(1,153,660)	26,379	(13,333,479)
Library Books	(1,425,419)	(40,334)	21,465	(1,444,288)
Automobiles	(232,459)	(18,570)	49,838	(201,191)
SBITA	(441,046)	(384,168)	-	(825,214)
Right of Use Buildings	(4,960,475)	(1,444,407)	-	(6,404,882)
Right of Use Vehicles	(204,861)	(135,496)	136,686	(203,671)
Right of Use Equipment	(104,943)	(46,668)	17,499	(134,112)
Subtotal	(39,661,616)	(4,718,509)	251,867	(44,128,258)
Net Other Capital Assets	76,799,108	(2,854,949)	(82,824)	73,861,335
Net Capital Assets	\$ 84,228,278	\$ 5,598,180	\$ (1,014,165)	\$ 88,812,293

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

<u>August 31, 2024</u>	Balance 9/1/2023	Increases	Decreases	Balance 8/31/2024
<u>Not Depreciated:</u>				
Land	\$ 989,786	\$ -	\$ -	\$ 989,786
Construction In Progress	3,272,347	4,027,832	(860,795)	6,439,384
Subtotal	4,262,133	4,027,832	(860,795)	7,429,170
<u>Other Capital Assets:</u>				
Buildings and Improvements	66,550,293	2,768,009	-	69,318,302
Equipment	16,865,081	945,003	(386,910)	17,423,174
Library Books	1,632,580	16,557	(19,204)	1,629,933
Automobiles	272,901	-	-	272,901
SBITA	1,134,119			1,134,119
Right of Use Buildings	26,437,184	450,000	(1,068,239)	25,818,945
Right of Use Vehicles	165,414	483,146	(7,964)	640,596
Right of Use Equipment	270,812		(48,058)	222,754
Subtotal	113,328,384	4,662,715	(1,530,375)	116,460,724
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	(18,658,970)	(1,427,245)		(20,086,215)
Equipment	(11,464,303)	(1,105,421)	363,526	(12,206,198)
Library Books	(1,402,288)	(42,335)	19,204	(1,425,419)
Automobiles	(200,480)	(31,979)		(232,459)
SBITA	(63,007)	(378,039)		(441,046)
Right of Use Buildings	(4,650,113)	(1,410,592)	1,100,230	(4,960,475)
Right of Use Vehicles	(30,845)	(181,983)	7,967	(204,861)
Right of Use Equipment	(107,628)	(33,628)	36,313	(104,943)
Subtotal	(36,577,634)	(4,611,222)	1,527,240	(39,661,616)
Net Other Capital Assets	76,750,750	51,493	(3,135)	76,799,108
Net Capital Assets	\$ 81,012,883	\$ 4,079,325	\$ (863,930)	\$ 84,228,278

The depreciation expense for the year ended August 31, 2025 was \$4,718,509 and for the year ended August 31, 2024 was \$4,611,222.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

6. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Current and noncurrent receivables on August 31, 2025 and 2024 were as follows:

	The College (Primary Government)	
	8/31/2025	8/31/2024
Taxes Receivable	333,018	233,243
Federal Receivable	435,448	559,629
State & Local Receivable	126,256	77,831
Student Receivable	21,899,398	21,180,600
Other Receivable	29,226	37,980
Subtotal	22,823,346	22,089,283
Allowance for Doubtful Accounts	(10,798,839)	(9,925,602)
Total Receivables	<u>\$ 12,024,507</u>	<u>\$ 12,163,681</u>

Accounts payables and accrued liabilities on August 31, 2025 and 2024, were as follows:

	The College (Primary Government)	
	8/31/2025	8/31/2024
Vendor Payable	\$ 1,887,171	\$ 1,513,085
Student Payable	384,127	237,534
Other Payable	310,435	295,371
Salary & Benefit Payable	-	2,285
Interest Payable	925,792	507,854
Total Accounts Payable	3,507,525	2,556,129
Accrued Liabilities		
Salary & Benefit Payable	114,485	69,754
Total Payables	<u>\$ 3,622,010</u>	<u>\$ 2,625,883</u>

7. LONG-TERM LIABILITIES

Bonds payable on August 31, 2025 were comprised of the following individual issues:

NCTC District Tuition and Combined Fee Revenue, Series 2022

- For the purchase of the Flower Mound facility
- Issue date April 28, 2022
- Original amount authorized and issued \$6,670,000
- Source of revenue for debt service-Tuition & Fees
- Payable in annual installments varying from \$45,000 to \$780,000
- Interest rate 2.2%
- Final installment due June 2032

NCTC District 2023 Tax Notes

- For the purchase of facility improvements on the Gainesville campus
- Issue date April 27, 2023
- Original amount authorized and issued \$2,545,000
- Source of revenue for debt service-Ad Valorem Tax and/or Tuition & Fees
- Payable in annual installments varying from \$190,000 to \$300,000
- Interest rate 3.57%

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- Final installment due August 2033

NCTC District 2024 Tax Notes

- For the purchase of facility improvements on the Gainesville campus
- Issue date September 19, 2024
- Original amount authorized and issued \$4,865,000
- Source of revenue for debt service-Ad Valorem Tax and/or Tuition & Fees
- Payable in annual installments varying from \$581,221 to \$688,400
- Interest rate 4.0%
- Final installment due August 2033

NCTC District Limited Tax General Obligation Refunding Bonds, Series 2024

- For the refunding of General Obligation Bond, Series 2014
- Issue date September 19, 2024
- Original amount authorized and issued \$7,145,000
- Source of revenue for debt service-Ad Valorem Tax
- Payable in annual installments varying from \$311,330 to \$1,007,250
- Interest rate 4.0% to 5.0%
- Final installment due August 2034

NCTC District Tuition and Combined Fee Revenue, Series 2025

- For the construction of a dorm on Gainesville campus
- Issue date June 12, 2025
- Original amount authorized and issued \$24,955,000
- Source of revenue for debt service-Tuition & Fees
- Payable in annual installments varying from \$1,305,781 to \$1,933,219
- Interest rate 4.125% to 5.0%
- Final installment due June 2050

Capital Lease Obligations consist of the following:

Denton Campus Science Lab. In September 2021, the College entered into a lease agreement with Headliner Investments Ltd for the Denton Campus Science Lab located at 314 E. Hickory, Denton, TX. This lease terminates on August 31, 2031.

Corinth Campus Bookstore. In April 2019, the College entered into a lease agreement with J&A Capital Assets Ltd for the Corinth Campus Bookstore located at 1701 North Corinth, Suite 200, Denton, TX. This lease terminated in October of 2025.

Denton Campus. In June 2020, the College entered into a lease agreement with NCCD North Central Properties LLC for 316 E Hickory, Denton, TX. This lease terminates in June 2043.

MSU Flower Mound. In July 2017, the College entered into a lease agreement with Midwestern State University for the Flower Mound campus located at 100 Parker Square, Flower Mound, TX. This lease terminates in June 2027.

Champion's Circle. In August 2022, the College entered into a lease agreement with TX Champions Industrial LP for Building 1 Champions Circle, Fort Worth, TX. This lease terminates in August 2032.

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SBDC. In August 2019, the College entered into a lease agreement with First United Bank & Trust for the property located at 1517 Centre Pl Dr, Denton, TX. This lease terminates in July 2029.

Other Leases: The College leases various copiers and other equipment with terms in excess of one year. The College also entered into leases for vehicles with Enterprise Fleet Management.

SBITA: On 07/01/2023, North Central Texas College, TX entered into a 36-month subscription for the use of Remote Telehealth Consultations.

Activity in long term liabilities for the years ended August 31, 2025 and 2024, was as follows:

August 31, 2025	Beginning	Activity		Ending	Current
	Balance	Additions	Reductions	Balance	Portion
Tax Notes:					
2024 Tax Note		4,865,000	(405,000)	4,460,000	510,000
2023 Tax Note	2,355,000	-	(225,000)	2,130,000	235,000
Revenue Bonds:					
2022 Series	5,495,000	-	(580,000)	4,915,000	610,000
2025 Series		24,955,000	-	24,955,000	270,000
General Obligation Bonds:					
2024 Refunding		7,145,000	-	7,145,000	660,000
2013 Series	610,000	-	(610,000)	-	-
2014 Series	7,620,000	-	(7,620,000)	-	-
CAB Accretion	218,463	-	(218,463)	-	-
Premium on Bonds	323,370	1,143,430	(427,467)	1,039,333	-
Deferred Gain on Refunding		250,139		250,139	-
Capital Leases Buildings	23,356,779		(1,104,459)	22,252,320	1,161,322
Capital Leases Equipment	122,242	15,335	(46,960)	90,617	42,905
Capital Leases Vehicles	440,329	38,182	(218,524)	259,987	110,750
SBITA Liability	768,241	127,283	(445,331)	450,193	424,347
Net Pension Liability	12,601,878	-	(1,574,395)	11,027,483	N/A
Net OPEB Liability	21,001,769	6,727,663	(2,121,379)	25,608,053	N/A
	<u>\$ 74,913,071</u>	<u>\$ 45,267,032</u>	<u>\$ (15,596,978)</u>	<u>\$ 104,583,125</u>	<u>\$ 4,024,324</u>

August 31, 2024	Beginning	Activity		Ending	Current
	Balance	Additions	Reductions	Balance	Portion
Tax Notes:					
2023 Tax Note	2,545,000		(190,000)	2,355,000	225,000
Revenue Bonds:					
2022 Series	6,060,000	-	(565,000)	5,495,000	610,000
General Obligation Bonds:					
2013 Series	1,200,000	-	(590,000)	610,000	610,000
2014 Series	7,740,000	-	(120,000)	7,620,000	115,000
CAB Accretion	193,957	24,506	-	218,463	-
Premium on Bonds	360,747	-	(37,377)	323,370	-
Capital Leases Buildings	23,648,572	511,110	(802,903)	23,356,779	1,021,839
Capital Leases Equipment	166,124	5,267	(49,149)	122,242	44,253
Capital Leases Vehicles	135,218	439,668	(134,557)	440,329	149,525
SBITA Liability	1,134,119	-	(365,878)	768,241	368,986
Net Pension Liability	11,320,666	2,224,236	(943,024)	12,601,878	N/A
Net OPEB Liability	22,800,244	2,718,470	(4,516,945)	21,001,769	N/A
	<u>\$ 77,304,647</u>	<u>\$ 5,923,257</u>	<u>\$ (8,314,833)</u>	<u>\$ 74,913,071</u>	<u>\$ 3,144,603</u>

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Debt service requirements for bonds, capital leases, and SBITA on August 31, 2025 are summarized below:

Fiscal Year August 31,	BONDS			CAPITAL LEASES	SBITA
	Principal	Interest	Total Requirements	Right to Use	Right to Use
2026	2,285,000	1,835,319	4,120,319	2,092,207	437,458
2027	2,235,000	1,788,793	4,023,793	2,046,710	26,621
2028	2,300,000	1,710,036	4,010,036	1,805,268	-
2029	2,395,000	1,622,101	4,017,101	1,760,079	-
2030	2,495,000	1,530,039	4,025,039	1,880,252	-
2031-2035	11,215,000	6,112,368	17,327,368	8,352,943	-
2036-2040	5,415,000	4,238,656	9,653,656	7,692,800	-
2041-2045	6,805,000	2,847,250	9,652,250	4,610,800	-
Thereafter	8,460,000	1,196,206	9,656,206	-	-
Total Requirements	<u>\$ 43,605,000</u>	<u>\$ 22,880,770</u>	<u>\$ 66,485,770</u>	<u>\$ 30,241,059</u>	<u>\$ 464,079</u>

8. OPERATING LEASES

Bowie Campus Lease: The Bowie campus in Montague County is operated under a lease with Bowie 4B Sales Tax Corporation (the Corporation); sales tax revenues from the City of Bowie provide for the construction and maintenance of the facility. Per the lease agreement with the Corporation, the College leases the facility from the Corporation at a rate of \$1 per year until the debt associated with the facility is paid in full. At that time, the College has the option to purchase the facility at a cost of \$1. In addition to the rent, the College pays to the Corporation a "Building Usage Fee"; the amount is calculated based on student enrollment at the Bowie campus at \$25 per student. The Building Usage Fee is payable twice per year; on or before October 1 based on the Fall semester enrollment and on or before March 1 based on the Spring semester enrollment.

Graham Campus Lease: The Graham campus in Young County is operated under a lease with the City of Graham. Per the lease agreement with the City, the College leases the facilities at a rate of \$10 per year. The primary term of the lease is for a five-year period. The lease may be renewed and extended for three additional five-year periods. Payment of the \$10 lease rate is due before September 1st of each lease year.

9. EMPLOYEES RETIREMENT PLAN

Defined Benefit Pension Plan

Plan Description. The College participates in a cost-sharing, multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec 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 pensions' 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.

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Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) 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> ; by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX 78714-0185; or by calling 1-800-223-8778.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees and their beneficiaries of public and higher education in Texas. The pension formula is calculated using 2.3% multiplier times the average of the five highest annual creditable salaries times year 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 members age and years or 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 COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description above. Accordingly, the 2023 Texas Legislature passed Senate Bill 10 and House Joint Resolution 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment.

Texas Government Code Section 821.006 prohibits benefit improvements if, because 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 the manner are determined by the System's actuary.

Contributions. Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

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

	2025	2024
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
Current fiscal year employer contributions		\$ 1,030,975
Current fiscal year member contributions		\$ 1,879,901
2024 measurement year NECE on-behalf contributions		\$ 825,548

Contributors to the plan include 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

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and state agencies, 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 for 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 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% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate of all other employees.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.9% of the member's salary beginning in fiscal year 2024, gradually increasing to a 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.

Actuarial Assumptions. The total pension liability as of August 31, 2024, rolled forward from the August 31, 2023 actuarial valuation, was determined using the following actuarial assumptions:

Methods and Assumptions Used to Determine Contribution Rates

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 31, 2024	3.87%. 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
Ad hoc post-employment benefit changes	None

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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 pension plan investments of 7.00%. The projection of cash flows used to determine the 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 these 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.

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-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 are summarized below:

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Asset Class*	Target Allocation**	Long-term Expected Geometric Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Return ****
Global Equity			
USA	18.0%	4.4%	1.00%
Non-U. S. Developed	13.0%	4.2%	0.80%
Emerging Markets	9.0%	5.2%	0.70%
Private Equity	14.0%	6.7%	1.20%
Stable Value			
Government Bonds	16.0%	1.9%	0.40%
Stable Value Hedge Funds	5.0%	3.0%	0.20%
Absolute Return (Including Credit Sensitive	0.0%	4.0%	0.00%
Real Return			
Real Estate	15.0%	6.6%	1.20%
Energy, Natural Resources and Infrastructure	6.0%	5.6%	0.40%
Commodities	0.0%	2.5%	0.00%
Risk Parity			
Risk Parity	8.0%	4.0%	0.40%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.00%
Asset Allocation Leverage	-6.0%	1.3%	-0.10%
Inflation Expectation			2.40%
Volatility Drag			-0.70%
Expected Return	100.0%		7.90%

* Absolute Return includes Credit Sensitive Investments.

**Target Allocation based on the FY2024 policy model.

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

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

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
College's proportionate share of the net pension liability	\$ 17,613,685	\$ 11,027,483	\$ 5,570,347

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. On August 31, 2025, the College reported a liability of \$11,027,483 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College.

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The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	\$ 11,027,483
State's proportionate share that is associated with the College	<u>8,948,496</u>
Total	<u><u>\$ 19,975,979</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 employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2023 thru August 31, 2024.

On August 31, 2024, the employer's portion of the collective net pension liability was 0.0180529296% which was a decrease of 0.0002929921% from its portion measured as of August 31, 2023.

Changes Since the Prior Actuarial Valuation

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

The Texas 2023 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 \$1.635 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 College recognized pension expense of \$1,404,245 and revenue of \$1,069,495 for support provided by the State.

On August 31, 2025, the College reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers for the current and prior years combined.)

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 607,820	\$ 86,097
Changes in actuarial assumptions	569,373	76,333
Difference between projected and actual investment earnings	2,647,779	2,580,747
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	67,486	716,295
Subtotal	3,892,458	3,459,472
Contributions paid to TRS subsequent to the measurement date *	865,916	-
Total	\$ 4,758,374	\$ 3,459,472

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

Year Ended August 31,	Pension Expense
2025	\$ (181,276)
2026	946,991
2027	(3,385)
2028	(349,023)
2029	19,677
Thereafter	-

Defined Contribution Plan

Plan Description. The State has also established an optional retirement program for institutions of higher education in lieu of participation in the Teacher Retirement System. 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 state legislature. State law provides for a member contribution rate of 6.60% for fiscal year 2025 and 2024. The College contributes an additional 2.5% for employees who are participating in the optional retirement program. 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 (S.B.) 1812, 83rd Texas Legislation, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the State for the College was \$921,168 and \$863,814 for the fiscal years ended August 31, 2025 and 2024 respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

Summary of Combined Retirement Plans

The total payroll of all College employees was \$28,642,093 and \$27,612,952 for fiscal years August 31, 2025 and 2024, respectively. The total payroll of employees covered by the TRS was \$22,920,216 and \$22,291,970; and the total payroll of employees covered by the ORP was \$2,169,138 and \$2,197,321 fiscal years August 31, 2025 and 2024, respectively.

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10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

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

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

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

The following table summarizes the maximum monthly employer contribution toward eligible 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.

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**Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium**

	2025	2024
Retiree only	\$ 625	\$ 625
Retiree and spouse	1,341	1,340
Retiree and children	1,104	1,104
Retiree and family	1,820	1,819

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

**Premium Contributions by Source
Group Benefits Program Plan**

	Fiscal Year Ended 8/31/25	Fiscal Year Ended 8/31/24
Employers	\$ 699,571	\$ 629,654
Members (Employees)	163,658	143,026
Federal Revenue	37,637	33,212
Nonemployer Contributing Entity (State of Texas)	129,064	97,102
Total Contributions	\$ 1,029,930	\$ 902,994

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:

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

Actuarial Assumptions
ERS Group Benefits Program Plan

Valuation Date	August 31, 2024
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	Not Applicable
Inflation Rate	2.30%
Healthcare cost trend rates	
Medical (Health Select)	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 (Health Select 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
Salary Increases	2.3%-8.95%, including inflation
Discount rate	3.87%
Aggregate payroll growth	2.70%
Retirement age	Experience-based tables of rates that are specific to the class of employee
Mortality	
1. State Agency Members	
a. Service Retirees, Survivors and Other Inactive Members (Regular, Elected, CPO/CO Employee Classes)	2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2021 Projection Scale are projected from the year 2020.
b. Service Retirees, Survivors and Other Inactive Members (JRS I and II Employee Classes)	2020 State Retirees of Texas Mortality table with a 2 year setback. Generational mortality improvements in accordance with the Ultimate MP-2020 Projection Scale are projected from the year 2020.
c. Disability Retirees (Regular, Elected, CPO,CO and JRS1 and II Employee Classes)	2020 State Retirees of Texas Mortality table setforward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2021 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively.
c. Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2021 Projections Scale are projected from the year 2010.
2. Higher Education Members	
a. Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021.
b. Disability Retirees	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
c. Active Members	Sex Distinct Pub-2010 Amount-Weighted Bleow-Median Income Teacher Moratility with a 2-year set forward for males with Ultimate MP-2021 Projection Scale form the year 2010.

NORTH CENTRAL TEXAS COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

Discount Rate. Because the State Retiree Health Plan does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.81%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.87%, which amounted to an increase of 0.06%. 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 Investor Service’s Aa2 rating and Standard & Poor’s Corp’s AA rating.

Discount Rate Sensitivity Analysis. The following schedule shows the impact on the College’s proportionate share of the collective net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.87)	Discount Rate (3.87)	1% Increase in Discount Rate (4.87)
College's proportionate share of the net OPEB liability	\$ 29,795,117	\$ 25,608,053	\$ 22,247,887

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 5.60% for HealthSelect and 36.00% for HealthSelect Medicare Advantage and the ultimate rate is 4.30% for both. The following schedule shows the impact on the College’s proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1% lower or 1% greater than the healthcare cost trend rate that was used in calculating the net OPEB Liability.

	Healthcare Cost Trend		
	1% Decrease (HealthSelect: 4.60% decreasing to 3.30%; HealthSelect Medicare Advantage: 35.00% to 3.30%; Pharmacy: 10.50% decreasing to 3.30%)	Current Healthcare Cost Trend Rates (HealthSelect: 5.60% decreasing to 4.30%; HealthSelect Medicare Advantage: 36.00% to 4.30%; Pharmacy: 11.50% decreasing to 4.30%)	1% Increase (HealthSelect: 6.60% decreasing to 5.30%; HealthSelect Medicare Advantage: 37.00% to 5.30%; Pharmacy: 12.50% decreasing to 5.30%)
College's proportionate share of the net OPEB liability	\$ 21,972,997	\$ 25,608,053	\$ 30,241,769

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB. For the Plan Year ended On August 31, 2025. The College reported a liability of \$25,608,053 for its proportionate share of the ERS’s net OPEB liability. This liability reflects a reduction for State support provided to the college for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College was as follows:

NORTH CENTRAL TEXAS COLLEGE
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College's proportionate share of the collective net OPEB liability	\$	25,608,053
State's proportionate share that is associated with the College		17,453,584
Total	\$	43,061,637

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 September 1, 2023 thru August 31, 2024.

At the measurement date of August 31, 2023, the employer's proportion of the collective net OPEB liability was .0873828% which was an increase of .0087761% from its proportion measured as of August 31, 2023.

For the year ended August 31, 2025, the district recognized total OPEB expense of (\$507,850) and revenue for support provided by state and federal sources of \$2,112.

On August 31, 2025, the College reported its proportionate share of the ERS' plans collective deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 422,503
Changes in actuarial assumptions	1,402,029	5,101,318
Difference between projected and actual investment earnings	-	979
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,396,728	1,209,128
Total as of measurement date	3,798,757	6,733,928
Contributions paid to ERS subsequent to the measurement date *	488,553	-
Total	\$ 4,287,310	\$ 6,733,928

*The \$488,533 reported as Deferred Outflows of Resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the year ended August 31, 2025.

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

Year Ended August 31,	Pension Expense
2026	(1,744,653)
2027	(1,406,259)
2028	(616,856)
2029	444,817
2030	387,779

11. DEFERRED COMPENSATION PLAN

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. This plan is funded by employee contributions such that the College is not liable for the diminution in value or loss of all or part of the

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

participating employees' deferred amounts or investment income due to market conditions or the failure, insolvency or bankruptcy of a qualified vendor. The total of deferred salaries of employees since the inception of the program is not determinable.

As of August 31, 2025, the College had 24 employees participating in the program. A total of \$259,267 in payroll deductions were invested in approved plans during the fiscal year.

As of August 31, 2024, the College had 24 employees participating in the program. A total of \$216,769 in payroll deductions were invested in approved plans during the fiscal year.

12. COMPENSATED ABSENCES

Full-time employees earn vacation leave at 8.00 hours per month (96 hours per year). Full-time staff employees with 15+ years of service, Directors and above earn vacation at 11.34 hours per month (136 hours per year). The College's policy is that an employee may not carry vacation leave forward from one fiscal year to another fiscal year. Accordingly, the College did not recognize an accrued liability for the unpaid vacation leave in the financial statements.

A liability for accrued sick leave, which is earned at 8.66 hours per month (104 hours per year) can be accumulated up to 45 days (360 hours) for employees with less than 10 years of service or 60 days (480 hours) for employees with 10+ years of service, is not recorded. With the implementation of GASB 101, it is the policy of the College to record 15% of accumulated sick leave as being reasonably certain to expend. Upon termination, an employee does not receive payment for any accumulated sick leave.

13. PENDING LAWSUITS AND CLAIMS

None.

14. CONTRACT AND GRANT AWARDS

Contracts and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *State and Local Governments*, 8.99). For Federal Contract and Grant Awards, funds expended but not collected are reported as Federal Receivables on Exhibit 1. Non-federal contracts and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed (e.g., multi-year awards) or funds awarded during fiscal years 2025 and 2024 for which monies have not been received nor funds expended, totaled \$1,894,033 and \$2,571,491 respectively. Of this amount, \$1,206,152 and \$2,201,351 were from Federal Contract and Grant awards, respectively and \$687,881 and \$370,140 were from State Contract and Grant awards.

15. SELF-INSURED PLANS

The College maintains a self-insured arrangement for coverage in the area of unemployment compensation. The unemployment compensation plan is on a pay-as-you-go basis. Payments for incurred claims are charged to current funds expenditures. Prior to 1998, the College maintained a self-insured arrangement for coverage in the area of workers' compensation insurance. The College has funds available to cover claims incurred in the period the institution was in this plan. Claims Administrative Services, Inc. of Tyler, Texas administers the plan.

16. HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State and College recognize the cost of providing these benefits by expending the annual insurance premiums. The State's and College's contributions per full-time employee were \$625 and \$625 per month for employee-only

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

coverage for the years ended August 31, 2025 and 2024, respectively. The cost of providing these benefits and the total number of employees participating in the plan and contributions were as follows:

	August 31, 2025		August 31, 2024	
	Number of Employees	Contribution	Number of Employees	Contribution
Active Employees	381	\$ 1,315,581	390	\$ 1,331,820
Retired Employees	145	500,680	142	484,441
	526	\$ 1,816,261	532	\$ 1,816,261

S.B. 1812, effective September 1, 2013, limits the amount of the state’s contribution to 50% of eligible employees in the reporting district.

17. AD VALOREM TAX

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

Net assessed valuation on August 31 was as follows:

	Fiscal Year 2025	Fiscal Year 2024
Assessed Valuation	8,690,504,210	8,235,441,136
Less: Exemptions & Abatements	(719,541,546)	(672,152,641)
Less: Freeze Adjustment	(1,488,973,934)	(1,266,193,331)
Net Assessed Valuation	6,481,988,730	6,297,095,164

The tax rates per \$100 valuation were as follows:

	Fiscal Year 2025		Fiscal Year 2024	
	Current Operations	Debt Service	Current Operations	Debt Service
Authorized	0.200000	0.500000	0.200000	0.500000
Assessed	0.064000	0.030500	0.064200	0.024400

Taxes levied for the years ended August 31, 2025 and 2024, were \$6,652,723 and \$5,065,841 respectively. 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 years ended August 31, 2025 and 2024, were 99% and 95.11%, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

	Current Operations	Debt Service	Total
<u>Fiscal Year Ended August 31, 2025</u>			
Current Taxes Collected	\$ 3,430,833	\$ 1,635,007	\$ 5,065,840
Delinquent Taxes Collected	1,084,671	501,481	1,586,152
Penalties & Interest Collected	<u>32,064</u>	<u>14,333</u>	<u>46,397</u>
Total Collections	<u>\$ 4,547,568</u>	<u>\$ 2,150,821</u>	<u>\$ 6,698,389</u>
<u>Fiscal Year Ended August 31, 2024</u>			
Current Taxes Collected	\$ 3,670,733	\$ 1,395,107	\$ 4,818,145
Delinquent Taxes Collected	445,214	162,898	147,587
Penalties & Interest Collected	<u>23,916</u>	<u>9,170</u>	<u>24,999</u>
Total Collections	<u>\$ 4,139,863</u>	<u>\$ 1,567,175</u>	<u>\$ 4,990,731</u>

18. BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax established by election has been levied by Graham Independent School District in Young County, Texas. It 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 Graham Independent School District. Collections are transferred to the College to be used for the operation of a Branch Campus at Graham. This revenue is reported under Private grants.

	Collections (including penalties and interest)	
	<u>August 31, 2025</u>	<u>August 31, 2024</u>
Young County	\$ 620,142	\$ 558,297

19. INCOME TAXES

The College is exempt from income taxes under Internal Revenue Service 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 College had no unrelated business income tax liability for the years ended August 31, 2025 and 2024.

20. BLENDED COMPONENT UNIT

Mary Josephine Cox Estate Trust: The Mary Josephine Cox Estate (the Trust) is a Trust that has been granted tax-exempt status pursuant to the provisions of the Internal Revenue Code Section 501(c)(3). The resources of the Trust are to be used to provide scholarships to North Central Texas College for Cooke County, Texas residents that meet certain specified criteria. The Trust owns real property located in Texas. The Texas property is the site of an agricultural experiment farm.

For the fiscal years 2025 and 2024, the Trust was totally managed by the Administration of the College and falls under the direct oversight of the College's Board of Regents. For the years ended August 31, 2025 and 2024, the Trust is presented using the blended method of inclusion.

Condensed component unit information for Mary Josephine Cox Estate Trust, the College's blended component for the year ended August 31, 2025 and 2024 is as follows:

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

Condensed Statement of Net Position

	Fiscal Year Ended	
	8/31/2025	8/31/2024
Assets		
Current assets	\$ 1,263,836	\$ 1,207,201
Capital assets, net	139,250	139,250
Total Assets	1,403,086	1,346,451
Liabilities		
Current liabilities	-	-
Net Position		
Net investment in capital assets	139,250	139,250
Restricted		
Expendable	1,263,836	1,207,201
Total Net Position	\$ 1,403,086	\$ 1,346,451

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

Operating Expense		
Scholarship	\$ 7,000	\$ 2,100
Other	-	575
Depreciation	-	-
Total Operating Expense	7,000	2,675
Nonoperating Revenues/Expense		
Investment income	63,635	61,824
Gain on Sale of Assets	-	-
Total Nonoperating Revenues/Expense	63,635	61,824
Income Before Transfers	56,635	59,149
Transfers Out	-	(16,050)
Change in Net Position	56,635	43,099
Net Position, Beginning of Year	1,346,451	1,303,352
Net Position, End of Year	\$ 1,403,086	\$ 1,346,451

Condensed Statement of Cash Flows

Net Cash Provided (Used) by Operating Activities	\$ (7,000)	\$ (2,675)
Net Cash Provided (Used) by Investing Activities	63,635	42,355
Net increase/(decrease) in cash	56,635	39,680
Cash, Beginning of Year	1,207,201	1,167,521
Cash, End of Year	\$ 1,263,836	\$ 1,207,201

21. COMMITMENTS AND CONTINGENT LIABILITIES

Grants: The College participates in grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the College, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the

NORTH CENTRAL TEXAS COLLEGE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 and 2024

respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

22. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2025 and 2024, the College purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

23. TAX ABATEMENTS

North Central Texas College has entered into property tax abatement agreements with local businesses under the Property Redevelopment and tax Abatement Act, Chapter 312, V.T.C.A, Tax Code. Localities may grant property tax abatements of up to 50% of a business' property tax bill for attracting or retaining businesses within their jurisdictions. Abatements may be granted to any business located within or promising to relocate to the service area of the College.

For the fiscal year ended August 31, 2025, the College abated property taxes totaling \$84,398 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 50% property tax abatement to a wind farm to stimulate investment and economic development. The abatement amounted to \$22,294.
- A 50% property tax abatement to a solar farm to stimulate investment and economic development. The abatement amounted to \$23,001.
- A 50% property tax abatement to a banking institution to stimulate investment and economic development. The abatement amounted to \$19,240.
- A 50% tax abatement to a building materials company to stimulate investment and economic development. The abatement amounted to \$4,691.
- A 50% tax abatement to a company for renovations to stimulate investment and economic development. The abatement amounted to \$15,173.

For the fiscal year ended August 31, 2024, the College abated property taxes totaling \$73,790 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 50% property tax abatement to a wind farm to stimulate investment and economic development. The abatement amounted to \$25,705.
- A 50% property tax abatement to a solar farm to stimulate investment and economic development. The abatement amounted to \$14,116.
- A 50% property tax abatement to a banking institution to stimulate investment and economic development. The abatement amounted to \$15,438.
- A 50% tax abatement to a building materials company to stimulate investment and economic development. The abatement amounted to \$4,411.
- A 50% tax abatement to a company for renovations to stimulate investment and economic development. The abatement amounted to \$14,120.

24. PRIOR PERIOD ADJUSTMENT

Restatement of Beginning Balances:

During the current year, the College implemented GASB Statement 101, Compensated Absences, this implementation resulted in recalculation of the College's liabilities for compensated absences. The effects of this change in accounting principle are summarized in the restatement table below:

NORTH CENTRAL TEXAS COLLEGE
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AUGUST 31, 2025 and 2024

Compensated Absences

Net Position August 31, 2024 as previously stated	Restatement - GASB 101 Implementation	Net Position August 31, 2024 as restated
\$ 27,766,309	\$ (453,410)	\$ 27,312,899
\$ 27,766,309	\$ (453,410)	\$ 27,312,899

25. SUBSEQUENT EVENTS

The College’s management has evaluated subsequent events through December 23, 2025, the date which the financial statements were available for issue.

26. NORTH CENTRAL TEXAS COLLEGE FOUNDATION – DISCRETE COMPONENT UNIT

The North Central Texas College Foundation, Inc., (formerly Cooke County College Endowment Foundation, Inc.), a non-profit corporation, organized and existing under the laws of the State of Texas, with its principal office at 1525 California, Gainesville, Texas, 76240, was created on October 17, 1984.

The Foundation’s purpose is two-fold: to receive, hold, and manage private gifts and bequests of money for the benefit and advancement of North Central Texas College and its students and to promote a positive public image for North Central Texas College. The Foundation is organizationally and fiscally separate from North Central Texas College, but it utilizes the name and mission of the College and operates only under the approval and sanction of the College’s Board of Trustees.

Accordingly, the Foundation financial statements are included in the College’s annual report as a discrete component unit (see table of contents). Fiscal year 2025 financial statements were not included, as the audit for 2025 was not completed by the date the College’s financial statements were audited and submitted. Complete financial statements of North Central Texas College Foundation, Inc. can be obtained from the administrative office of the Foundation.

Required Supplementary Information

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
Last Ten Fiscal Years

Exhibit 4

	Measurement Year Ended August 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.0180529%	0.0183459%	0.0190688%	0.0187985%	0.0208711%	0.0211282%	0.0206199%	0.0197348%	0.0197982%	0.0189342%
District's proportion share of the net pension liability	\$ 11,027,483	\$ 12,601,878	\$ 11,320,666	\$ 4,787,325	\$ 11,178,119	\$ 10,983,077	\$ 11,349,689	\$ 6,310,110	\$ 7,481,446	\$ 6,692,988
States proportionate share of the net pension liability associated with the District	8,948,496	10,194,665	9,007,147	4,025,356	9,143,933	8,727,990	9,049,608	5,305,618	6,277,519	5,831,190
Total	19,975,979	22,796,543	20,327,813	8,812,681	20,322,052	19,711,067	20,399,297	11,615,728	13,758,965	12,524,178
District's covered employee payroll	22,920,216	22,291,970	20,147,720	20,300,242	18,311,260	19,433,025	18,330,433	16,986,236	15,928,660	15,354,615
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.11%	56.53%	56.19%	23.58%	61.05%	56.52%	61.92%	37.15%	46.97%	43.59%
Plan fiduciary net position as a percentage of total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

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

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

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
Last Ten Fiscal Years

Exhibit 5

	2025	2024	2023	2022	Fiscal Year Ended August 31,		2019	2018	2017	2016
					2021	2020				
Contractually required contributions	\$ 1,030,975	\$ 1,028,342	\$ 944,602	\$ 889,751	\$ 801,701	\$ 860,898	\$ 737,547	\$ 691,205	\$ 646,627	\$ 629,202
Contributions in relation to the contractually required contribution	<u>(1,030,975)</u>	<u>(1,028,342)</u>	<u>(944,602)</u>	<u>(889,751)</u>	<u>(801,701)</u>	<u>(860,898)</u>	<u>(737,547)</u>	<u>(691,205)</u>	<u>(646,627)</u>	<u>(629,202)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	22,920,216	22,291,970	20,147,720	20,300,242	18,311,260	19,433,025	18,330,433	16,986,236	15,928,660	15,354,615
Contributions as a percentage of covered-employee payroll	4.50%	4.61%	4.69%	4.38%	4.38%	4.43%	4.02%	4.07%	4.06%	4.10%

The amounts presented above are as the Employer's most recent fiscal year-ends.

5 The accompanying notes are an integral part of the financial statements.

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
EMPLOYEE RETIREMENT SYSTEM OF TEXAS
STATE RETIREE HEALTH PLAN

	Measurement Year Ended August 31, 2025	Measurement Year Ended August 31, 2024	Measurement Year Ended August 31, 2023	Measurement Year Ended August 31, 2022	Measurement Year Ended August 31, 2021	Measurement Year Ended August 31, 2020	Measurement Year Ended August 31, 2019	Measurement Year Ended August 31, 2018
District's proportion of the Net OPEB Liability	0.08738283%	0.07860670%	0.08003746%	0.07849771%	0.08398399%	0.08443645%	0.0841585%	0.0494826%
District's proportion share of the Net OPEB Liability	\$ 25,608,053	\$ 21,001,769	\$ 22,800,244	\$ 28,161,450	\$ 27,752,200	\$ 29,183,496	\$ 24,942,682	\$ 16,860,212
States proportionate share of the Net OPEB Liability associated with the District	17,453,584	17,953,681	19,360,816	24,267,035	22,387,933	24,151,892	19,087,781	14,506,619
Total	43,061,637	38,955,450	42,161,060	52,428,485	50,140,133	53,335,388	44,030,463	31,366,831
District's covered employee payroll	22,930,071	21,704,189	20,287,989	19,617,851	19,383,512	20,251,517	19,192,608	18,182,296
District's proportionate share of the Net OPEB Liability as a percentage of its covered-employee payroll	111.68%	96.76%	112.38%	143.55%	143.17%	144.11%	129.96%	92.73%
Plan fiduciary net position as a percentage of total OPEB liability	0.47%	0.63%	0.57%	0.38%	0.32%	0.17%	1.27%	2.04%

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Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

NORTH CENTRAL TEXAS COLLEGE
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS FOR OPEB
EMPLOYEE RETIREMENT SYSTEM OF TEXAS
STATE RETIREE HEALTH PLAN

	Fiscal Year Ended August 31, 2025	Fiscal Year Ended August 31, 2024	Fiscal Year Ended August 31, 2023	Fiscal Year Ended August 31, 2022	Fiscal Year Ended August 31, 2021	Fiscal Year Ended August 31, 2020	Fiscal Year Ended August 31, 2019	Fiscal Year Ended August 31, 2018
Contractually required contributions	\$ 689,151	\$ 659,277	\$ 621,741	\$ 578,461	\$ 551,309	\$ 547,930	\$ 526,884	\$ 496,120
Contributions in relation to the contractually required contribution	(689,151)	(659,277)	(621,741)	(578,461)	(551,309)	(547,930)	(526,884)	(496,120)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered employee payroll	22,930,071	21,704,189	20,287,989	19,617,851	19,383,512	20,251,517	19,192,608	18,182,296
Contributions as a percentage of covered-employee payroll	3.01%	3.04%	3.06%	2.95%	2.84%	2.71%	2.75%	2.73%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

NORTH CENTRAL TEXAS COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2025

NOTES TO SCHEDULES FOR THE TRS PENSION

Changes in Actuarial Assumptions.

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

Changes of Benefit Contributions.

The College approved a 3% raise for all employees hired before May 1, 2025 and a raise equal to the increase in health insurance costs for those hired after May 1, 2025 effective for the fiscal year September 1, 2025 to August 31, 2026. These raises proportionally increase the College's current matching contributions.

NOTES TO SCHEDULES FOR OPEB

Changes in Actuarial Assumptions.

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the TRS Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS 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. Furthermore, (a) the percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (b) the percentage of future retirees assumed to cover dependent children, (c) 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 (d) the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act have been updated to reflect recent plan experience and expected trends.

Lastly, the discount rate was changed from 3.81% as of August 31, 2023 to 3.87% as of August 31, 2024 as a result of requirements by GASB No. 75 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

Changes of Benefit Terms.

Texas Senate Bill 1055, which was signed by the Governor on May 10, 2023, added Stephen F. Austin State University Employees into the University of Texas System. As a result, eligible employees of Stephen F. Austin State University ceased being members under this OPEB plan effective August 31, 2023.

APPENDIX B

FORM OF BOND COUNSEL'S OPINION



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[CLOSING DATE]

IN REGARD to the authorization and issuance of the “North Central Texas Community College District Tax Notes, Series 2026,” dated April 15, 2026, in the aggregate principal amount of \$[] (the “Notes”), we have examined into their issuance by the North Central Texas Community 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 August 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”), unless redeemed prior to maturity in accordance with the terms stated on the Notes. 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 of the District in connection with the issuance of the Notes, including the Resolution, (ii) certifications and opinions 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 to certain other facts within the knowledge and control of the District, and (iii) such other documentation, including an examination of the initial Note executed and delivered initially by the District (which we found to be in due form and properly executed), and such matters of law as we deem relevant to the matters discussed below. In such examinations, 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 and information 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:

302763885/1001384335

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com

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 the Resolution, including an ad valorem tax levied, within the limitations of and pursuant to the District's maintenance taxing authority, upon 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.