# PRELIMINARY OFFICIAL STATEMENT

**Dated May 5, 2025**

**Ratings:**
**S&P: "AA-"**
**(See "OTHER INFORMATION - Ratings" herein)**

**NEW ISSUE - Book-Entry-Only**

In the opinion of Bond Counsel, interest on the Bonds 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 BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS**

**$25,155,000***
**NORTH CENTRAL TEXAS COMMUNITY COLLEGE DISTRICT**
**(A Political Subdivision of the State of Texas with a taxing area in Cooke County, Texas)**
**TUITION AND COMBINED FEE REVENUE BONDS, SERIES 2025**

**Dated Date: May 1, 2025**
**Interest Accrues from Date of Initial Delivery**

**Due: June 1, as shown on Page 2**

**PAYMENT TERMS** . . . Interest on the $25,155,000* North Central Texas Community College District Tuition and Combined Fee Revenue Bonds, Series 2025 (the "Bonds") will accrue from the date of initial delivery of the Bonds (anticipated to be June 12, 2025), will be payable June 1 and December 1 of each year, commencing December 1, 2025 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 Bonds 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 Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a stated maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds 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 Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar for the Bonds is BOKF, N.A., Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE** . . . The Bonds are issued pursuant to the Constitution and the general laws of the State of Texas (the "State"), particularly Vernon's Texas Codes Annotated ("V.T.C.A."), Education Code, Sections 130.123 and 130.125, as amended, and a resolution (the "Resolution") to be passed by the Board of Trustees, and are special obligations of the North Central Texas Community College District (the "District") payable solely from and secured by a lien on and pledge of the Pledged Revenues, as provided in the Resolution. **The District has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation and holders of the Bonds are not entitled to demand payment of the Bonds from any money raised or to be raised by taxation** (see "THE BONDS - Authority for Issuance" and "- Security and Source of Payment").

**PURPOSE** . . . Proceeds from the sale of the Bonds will be used for (i) construction of a new dormitory, and (ii) paying costs of issuance of the Bonds (see "THE BONDS").

**CUSIP PREFIX:**
**MATURITYSCHEDULE & CUSIP SUFFIX**
**See Schedule on Page 2**

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

**DELIVERY** . . . It is expected that the Bonds will be available for delivery through DTC on or about June 12, 2025.

## BIDS DUE MONDAY, MAY 12, 2025 AT 10:30 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).

**CUSIP Prefix: [(1)]**

**MATURITY SCHEDULE***

| Principal Amount | Maturity June 1 | Interest Rate | Initial Yield | CUSIP Suffix [(1)] |
|---|---|---|---|---|
| $ 185,000 | 2026 | | | |
| 125,000 | 2027 | | | |
| 115,000 | 2028 | | | |
| 125,000 | 2029 | | | |
| 120,000 | 2030 | | | |
| 80,000 | 2031 | | | |
| 100,000 | 2032 | | | |
| 890,000 | 2033 | | | |
| 930,000 | 2034 | | | |
| 965,000 | 2035 | | | |
| 1,005,000 | 2036 | | | |
| 1,050,000 | 2037 | | | |
| 1,100,000 | 2038 | | | |
| 1,150,000 | 2039 | | | |
| 1,205,000 | 2040 | | | |
| 1,265,000 | 2041 | | | |
| 1,325,000 | 2042 | | | |
| 1,395,000 | 2043 | | | |
| 1,460,000 | 2044 | | | |
| 1,535,000 | 2045 | | | |
| 1,620,000 | 2046 | | | |
| 1,705,000 | 2047 | | | |
| 1,800,000 | 2048 | | | |
| 1,900,000 | 2049 | | | |
| 2,005,000 | 2050 | | | |

**(Interest accrues from the 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 numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. 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 of the Bonds 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 Bonds having stated maturities on and after June 1, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on June 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption").

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

*For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes a Preliminary Official Statement of the District with respect to the Bonds that has been "deemed final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.*

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

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

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

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

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

*THE BONDS 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 BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.*

*Neither the District nor the Purchaser makes any representation regarding the information contained in this Preliminary Official Statement regarding The Depository Trust Company or its book-entry-only system, as such information has been provided by DTC. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau, and are included solely for the convenience of the owners of the Bonds. Neither the District nor the Purchaser shall be responsible for the selection or correctness of the CUSIP numbers shown on the inside cover page.*

## TABLE OF CONTENTS


PRELIMINARY OFFICIAL STATEMENT SUMMARY . 4
DISTRICT OFFICIALS, STAFF AND CONSULTANTS . 6
INTRODUCTION .......... 7
THE BONDS .......... 7
BOND INSURANCE .......... 13
BOND INSURANCE RISKS .......... 13
DEBT INFORMATION .......... 14
TABLE 1 – PRO-FORMA DEBT SERVICE REQUIREMENTS ... 14
PLEDGED REVENUES .......... 15
TABLE 2 – HISTORICAL ANALYSIS OF UNRESTRICTED /UNPLEDGED TUITION REVENUE FOR ALL CAMPUSES .. 15
DESCRIPTION OF NORTH CENTRAL TEXAS COMMUNITY COLLEGE DISTRICT .......... 16
TABLE 3 – ENROLLMENT .......... 18
TABLE 4 – TUITION CHARGES AND FEES .......... 20
TABLE 5 – HISTORIC TUITION AND FEES .......... 20
FINANCIAL INFORMATION .......... 21
TABLE 6 – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION .......... 21
INVESTMENTS .......... 23
TABLE 7 - CURRENT INVESTMENTS .......... 24
SELECTED PROVISIONS OF THE RESOLUTION .......... 25
TAX MATTERS .......... 30
CONTINUING DISCLOSURE OF INFORMATION .......... 32
OTHER INFORMATION .......... 33

APPENDICES
GENERAL INFORMATION REGARDING THE DISTRICT .......... A
EXCERPTS FROM THE ANNUAL FINANCIAL REPORT .......... B
FORM OF BOND COUNSEL'S OPINION .......... C


The cover page hereof, this page, 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 Preliminary Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Preliminary Official Statement. No person is authorized to detach this summary from this Preliminary Official Statement or to otherwise use it without the entire Preliminary Official Statement.

**THE DISTRICT**............................. 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 and Montague Counties and portions of Denton County and Tarrant County, Texas. The District presently operates campuses in the Cities of Bowie, Corinth, 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 BONDS**................................. The $25,155,000* North Central Texas Community College District Tuition and Combined Fee Revenue Bonds, Series 2025 are issued as serial bonds maturing on June 1 of each year, commencing June 1, 2026 through and including June 1, 2050, unless the Purchaser designates one or more maturities as a Term Bond (see "THE BONDS - Description of the Bonds").

**PAYMENT OF INTEREST** ............. Interest on the Bonds accrues from the date of initial delivery, and is payable December 1, 2025, and each June 1 and December 1 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds").

**AUTHORITY FOR ISSUANCE**......... The Bonds are issued pursuant to the Constitution and the general laws of the State of Texas (the "State"), particularly Vernon's Texas Codes Annotated ("V.T.C.A."), Education Code, Sections 130.123 and 130.125, as amended, and a resolution (the "Resolution") to be passed by the Board of Trustees (see "THE BONDS - Authority for Issuance").

**SECURITY FOR THE BONDS** ......... The Bonds are special obligations of the North Central Texas Community College District (the "District") payable solely from and secured by a lien on and pledge of the Pledged Revenues, as provided in the Resolution. **The District has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation and holders of the Bonds are not entitled to demand payment of the Bonds from any money raised or to be raised by taxation** (see "THE BONDS - Authority for Issuance" and "- Security and Source of Payment").

**REDEMPTION**.............................. The District reserves the right, at its option, to redeem Bonds having stated maturities on and after June 1, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on June 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption"). In the event any of the Bonds are structured as "term" Bonds, such term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Resolution, which provisions will be included in the final Official Statement.

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

**NOT QUALIFIED TAX-EXEMPT OBLIGATIONS**........................... The Bonds will not be designated as "qualified tax-exempt obligations."

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

**USE OF PROCEEDS** ...................... Proceeds from the sale of the Bonds will be used for (i) construction of a new dormitory, and (ii) paying costs of issuance of the Bonds (see "THE BONDS").

**RATINGS** .................................... The Bonds are rated "AA-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") (see "OTHER INFORMATION – Ratings").

**BOOK-ENTRY-ONLY SYSTEM** ...................................... The definitive Bonds 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 Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds 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 Bonds (see "THE BONDS - Book-Entry-Only System").

**PAYMENT RECORD** ..................... The District has never defaulted in the payment of its bonded indebtedness.

For additional information regarding the District, please contact:

| | | |
|---|---|---|
| Dr. Van Miller<br>Vice Chancellor of Fiscal Affairs/CFO<br>North Central Texas Community College District<br>1525 W. California Street<br>Gainesville, Texas 76240<br>(940) 668-7731 | or | Steven Adams, CFA<br>Paul Jasin<br>Specialized Public Finance Inc.<br>4925 Greenville Avenue, Suite 1350<br>Dallas, Texas 75206<br>(214) 373-3911 |

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## DISTRICT OFFICIALS, STAFF AND CONSULTANTS

### ELECTED OFFICIALS

| Board of Regents | Term Expires |
|---|---|
| Karla Metzler<br>Chair | May, 2027 |
| Christy Morris<br>Vice-Chair | May, 2025 |
| Dillon Ott<br>Secretary | May, 2025 |
| Jerry Don Henderson<br>Board Member | May, 2029 |
| Erica Sullivan<br>Board Member | May, 2027 |
| Lisa Bellows, Ph.D.<br>Board Member | May, 2029 |
| Jon Grime<br>Board Member | May, 2027 |

### APPOINTED OFFICIALS

| Name | Position |
|---|---|
| Dr. G. Brent Wallace | Chancellor/CEO |
| Dr. Van Miller | Vice Chancellor of Fiscal Affairs/CFO |
| Sandy Otto | Executive Assistant to Chancellor & Board of Regents |
| 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**

**$25,155,000***
**NORTH CENTRAL TEXAS COMMUNITY COLLEGE DISTRICT**
**TUITION AND COMBINED FEE REVENUE BONDS, SERIES 2025**

## INTRODUCTION

This Preliminary Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $25,155,000* North Central Texas Community College District Tuition and Combined Fee Revenue Bonds, Series 2025. Capitalized terms used in this Preliminary Official Statement have the same meanings assigned to such terms in the resolution, which authorized the issuance of the Bonds (the "Resolution"), except as otherwise indicated herein (see "SELECTED PROVISIONS OF THE RESOLUTION").

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 portions of Denton County, and Tarrant 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 Obligations 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 BONDS

**PURPOSE** . . . Proceeds from the sale of the Bonds will be used for (i) construction of a new dormitory, and (ii) paying costs of issuance of the Bonds.

**DESCRIPTION OF THE BONDS** . . . The Bonds are dated May 1, 2025 and mature on June 1 in each of the years and in the amounts shown on page two hereof. Interest will accrue from the date of delivery, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on June 1 and December 1 of each year, commencing December 1, 2025 until maturity or prior redemption. The definitive Bonds 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 Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds 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 Bonds. See "Book-Entry-Only System" herein.

Interest on the Bonds is payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (as defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Bonds is payable at maturity, upon their presentation and surrender to the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

**AUTHORITY FOR ISSUANCE** . . . The Bonds are issued pursuant to the Constitution and the general laws of the State of Texas (the "State"), particularly V.T.C.A. Education Code, Sections 130.123 and 130.125, as amended, and a resolution (the "Resolution") to be passed by the Board of Trustees.

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* Preliminary, subject to change.

**SECURITY FOR PAYMENT** . . . The Bonds are special obligations of the North Central Texas Community College District (the "District") payable solely from and secured by a lien on and pledge of the Pledged Revenues, as provided in the Resolution (see "PLEDGED REVENUES").

**OPTIONAL REDEMPTION** . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after June 1, 2036, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on June 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the District may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (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 Bonds are structured as "term" Bonds, such term Bonds 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 Bonds, 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 Bonds 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 BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds 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 Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

**RATE COVENANT** . . . The Board covenants and agrees while any of the Bonds Similarly Secured are Outstanding to (i) maintain and establish tuition charges for students enrolled each semester or term at the District to provide Pledged Tuition Revenues and (ii) maintain, establish and collect from students enrolled at the District or others attending courses offered by the District fees or charges for the occupancy, use and/or availability of all or any of the Districts' properties, buildings, structures, activities, operations, or facilities to provide Pledged Fee Revenues, and such Pledged Tuition Revenues and Pledged Fee Revenues shall collectively provide Pledged Revenues each Fiscal Year equal to or exceeding 1.25 times the annual debt service requirements during such Fiscal Year of the Bonds Similarly Secured then Outstanding (see "SELECTED PROVISIONS OF THE RESOLUTION" herein).

**RESERVE FUND** . . . The "North Central Texas Community College Special Tuition And Combined Fee Revenue Bond Reserve Fund" (hereinafter sometimes referred to as "Reserve Fund") is established for the benefit of the Bonds Similarly Secured. The District reserves the right, in connection with the issuance of a series of Bonds Similarly Secured, to establish within the Reserve Fund an account to provide additional security for holders of that series of Bonds Similarly Secured. With respect to the Bonds, the District shall not establish an account within the Reserve Fund for the benefit of Holders of the Bonds (see "SELECTED PROVISIONS OF THE RESOLUTION – Reserve Fund Requirements").

THE BONDS ARE NOT A GENERAL OBLIGATION OF THE DISTRICT, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, AND THE BONDHOLDERS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THE BONDS OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION OR ANY SOURCES OTHER THAN THOSE SPECIFIED IN THE RESOLUTION.

**FLOW OF FUNDS** . . . Under the Resolution, all Pledged Revenues will be credited to the Revenue Fund upon receipt and will be further deposited to the Interest and Sinking Fund and the Reserve Fund, if necessary, on the dates and in amounts required as described in the Resolution.

See "SELECTED PROVISIONS OF THE RESOLUTION" for further information regarding the Bonds, including the Flow of Funds and Events of Default and Remedies.

**ADDITIONAL BONDS** . . . In addition to the right to issue bonds of inferior lien as authorized by laws of the State of Texas, the District reserves the right hereafter to issue additional parity revenue bonds for additions and improvements to the College. The Additional Bonds when issued shall be secured by and payable from the Pledged Revenues to the same extent as are the Bonds authorized by this Resolution and the Previously Issued Bonds, and the Bonds, the Previously Issued Bonds, and the Additional Bonds shall be in all respects of equal dignity. The Additional Bonds may be issued in one or more installments; provided, however, that none shall be issued unless and until the following conditions have been met:

(a) The District is not in default as to any covenant, condition or obligation prescribed in a resolution authorizing the issuance of the Bonds Similarly Secured;

(b) The Interest and Sinking Fund and, if applicable, Reserve Fund contain the amount of money then required to be on deposit in each of said Funds;

(c) The Additional Bonds are made to mature June 1 or December 1 in each of the years in which they are scheduled to mature;

(d) A certified public accountant or licensed public accountant certifies in writing that the Pledged Revenues for the Fiscal Year immediately preceding the adoption of the resolution authorizing the issuance of the Additional Bonds are equal to at least one and one-fourth (1-1/4) times the annual principal and interest requirements of the Bonds Similarly Secured after giving effect to the issuance of the proposed Additional Bonds; and

(e) A senior financial officer of the District certifies in writing that the projected Pledged Revenues, during each Fiscal Year Bonds Similarly Secured (including the proposed Additional Bonds) are to be outstanding, will be at least equal to one and one-fourth (1-1/4) times the average annual principal and interest requirements of all the outstanding Bonds Similarly Secured and Additional Bonds then being issued.

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

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

DTC will act as securities depository for the Bonds. The Bonds 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 Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of each 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds 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. All payments on the Bonds to the 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 Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

**USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT** . . . In reading this Official Statement it should be understood that while the Bonds 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 Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

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

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

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

**PAYING AGENT/REGISTRAR** . . . The initial Paying Agent/Registrar for the Bonds is BOKF, N.A., 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 Bonds 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 Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds 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 is discontinued, the Bonds 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. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds 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 Bonds issued in an exchange or transfer of Bonds 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 Bonds 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 Bonds 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 designated amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond 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 a Bond.

**PAYMENTS ON THE BONDS** . . . Interest on the Bonds shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below), and such interest shall be paid (i) by check sent United States mail, first class postage prepaid to the address of each 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 Bonds will be paid to each registered owner at their stated maturity or upon prior redemption upon their presentation and surrender to the Designated Payment/Transfer Office of the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds 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 be closed, 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.

**RECORD DATE FOR INTEREST PAYMENT** . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the month next preceding each interest payment date.

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

**BONDHOLDERS' REMEDIES** . . . The Resolution does not provide for specific events of default. If the District defaults in the payment of principal, interest or redemption price, as applicable, on the Bonds when due, or if it fails to make payments into any fund or funds created in the Resolution, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Resolution, the registered owners may seek a writ of mandamus to compel District officials to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds 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, so it rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds 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 holders of the Bonds 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 has 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, holders of the Bonds may not be able to bring such a suit against the District for breach of the Bonds or the 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. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). 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 holders of the Bonds of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Resolution and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

**DEFEASANCE** . . . The Resolution provides for the defeasance of Bonds when the payment of the principal of and premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or an authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by 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 to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Resolution provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the District, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. The District has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Resolution or treated as debt of the District for purposes of taxation or applying any limitation on the District's ability to issue debt or for any other purpose.

After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

**AMENDMENTS** . . . The District may amend the Resolution without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of the Resolution; provided that, without the consent of all registered owners of all the Outstanding Bonds, 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 Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by registered owners for consent to any such amendment, addition, or rescission.

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

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

## BOND INSURANCE

The District has applied for municipal bond insurance on the Bonds. The District shall notify the Purchaser upon obtaining a commitment from a municipal bond insurance company (the "Bond Insurer") concerning the Bonds. The premium for a municipal bond insurance policy (the "Policy") shall be paid by the District. The final Official Statement shall disclose, to the extent necessary, any relevant information relating to the Bond Insurer and the Policy.

## BOND INSURANCE RISKS

*The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The District has yet to determine whether any insurance will be purchased with the Bonds. If a Policy is purchased, the following are risk factors relating to bond insurance.*

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bond by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents. In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent/Registrar pursuant to the Resolution. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bond are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "BOND INSURANCE" herein.

The obligations of an insurer are contractual obligations and in an event of default by an insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of any insurer, particularly over the life of the investment.

**CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS** . . . Standard & Poor's Global Ratings, a division of Standard & Poor's Financial Services LLC, Moody's Investor Services, Inc., and Fitch Ratings (the "Rating Agencies") have downgraded 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 are possible. In addition, certain 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 the Bond Insurer.

## DEBT INFORMATION

**TABLE 1 – PRO-FORMA DEBT SERVICE REQUIREMENTS**

| Fiscal Year Ending 8/31 | Outstanding Debt Principal | Outstanding Debt Interest | Outstanding Debt Total | The Bonds [1] Principal | The Bonds [1] Interest | The Bonds [1] Total | Total Debt Service |
|---|---|---|---|---|---|---|---|
| 2025 | $ 580,000 | $ 120,890 | $ 700,890 | $ - | $ - | $ - | $ 700,890 |
| 2026 | 610,000 | 108,130 | 718,130 | 185,000 | 1,217,751 | 1,402,751 | 2,120,881 |
| 2027 | 655,000 | 94,710 | 749,710 | 125,000 | 1,248,733 | 1,373,733 | 2,123,443 |
| 2028 | 680,000 | 80,300 | 760,300 | 115,000 | 1,243,733 | 1,358,733 | 2,119,033 |
| 2029 | 690,000 | 65,340 | 755,340 | 125,000 | 1,239,133 | 1,364,133 | 2,119,473 |
| 2030 | 720,000 | 50,160 | 770,160 | 120,000 | 1,234,133 | 1,354,133 | 2,124,293 |
| 2031 | 780,000 | 34,320 | 814,320 | 80,000 | 1,229,333 | 1,309,333 | 2,123,653 |
| 2032 | 780,000 | 17,160 | 797,160 | 100,000 | 1,226,133 | 1,326,133 | 2,123,293 |
| 2033 | - | - | - | 890,000 | 1,222,133 | 2,112,133 | 2,112,133 |
| 2034 | - | - | - | 930,000 | 1,186,533 | 2,116,533 | 2,116,533 |
| 2035 | - | - | - | 965,000 | 1,149,333 | 2,114,333 | 2,114,333 |
| 2036 | - | - | - | 1,005,000 | 1,110,733 | 2,115,733 | 2,115,733 |
| 2037 | - | - | - | 1,050,000 | 1,064,000 | 2,114,000 | 2,114,000 |
| 2038 | - | - | - | 1,100,000 | 1,012,813 | 2,112,813 | 2,112,813 |
| 2039 | - | - | - | 1,150,000 | 963,313 | 2,113,313 | 2,113,313 |
| 2040 | - | - | - | 1,205,000 | 911,563 | 2,116,563 | 2,116,563 |
| 2041 | - | - | - | 1,265,000 | 851,313 | 2,116,313 | 2,116,313 |
| 2042 | - | - | - | 1,325,000 | 788,063 | 2,113,063 | 2,113,063 |
| 2043 | - | - | - | 1,395,000 | 721,813 | 2,116,813 | 2,116,813 |
| 2044 | - | - | - | 1,460,000 | 652,063 | 2,112,063 | 2,112,063 |
| 2045 | - | - | - | 1,535,000 | 577,238 | 2,112,238 | 2,112,238 |
| 2046 | - | - | - | 1,620,000 | 496,650 | 2,116,650 | 2,116,650 |
| 2047 | - | - | - | 1,705,000 | 407,550 | 2,112,550 | 2,112,550 |
| 2048 | - | - | - | 1,800,000 | 313,775 | 2,113,775 | 2,113,775 |
| 2049 | - | - | - | 1,900,000 | 214,775 | 2,114,775 | 2,114,775 |
| 2050 | - | - | - | 2,005,000 | 110,275 | 2,115,275 | 2,115,275 |
| | $ 5,495,000 | $ 571,010 | $ 6,066,010 | $ 25,155,000 | $ 22,392,876 | $ 47,547,876 | $ 53,613,886 |

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

*(The remainder of this page left blank intentionally.)*

## PLEDGED REVENUES

**PLEDGED FEE REVENUE** . . . The Pledged Fee Revenue is all income and revenues received and collected by the District from students or others enrolled or attending the District from fees lawfully fixed and established by the Board for the use or availability of any property, building, structures, activities, operations or facilities, including specifically, the Building Use Fee, Parking Fee, Lab Fee and Non Credit Fee; and any additional fee hereafter fixed and collected from students or others for the occupancy, use and/or availability of all or any of the District' properties, buildings, structures, activities, operations, or facilities of any nature lawfully fixed and established by the Board and by an amendment to the Resolution.

**TUITION PLEDGE** . . . The Tuition Pledge is that portion of the tuition charges now or hereafter required or permitted by law to be collected from all regularly enrolled students at the District (except those exempt by Chapter 54, Texas Education Code) for each regular semester and summer term pledged as payment of the Bonds, currently not to exceed 25% of tuition charges collected. This amount is allocated from regular tuition charges, as of Fall 2024, $57.00 per semester hour for Texas residents, and $206.00 per semester hour for Non-Texas residents.

**BUILDING USE FEE** . . . The Building Use Fee is the fee or charge established by the Board (pursuant Texas Education Code, Section 130.123, or other applicable law) and assessed students and others for the occupancy, use and/or availability of all or part of the property, buildings, structures, or facilities of the District.

**OTHER PLEDGED REVENUES** . . . Pledged Revenues also include any interest income and any additional revenues, income, receipts or other resources, including any grants, donations or income received from the United States Government, or any other public or private source which may be pledged to the payment of the Bonds, the Previously Issued Bonds, and any Additional Bonds. Other local revenue includes a $48.00 per semester hour General Use Fee.

**TABLE 2 – HISTORICAL ANALYSIS OF UNRESTRICTED/UNPLEDGED TUITION REVENUE FOR ALL CAMPUSES**

| | Fiscal Year Ended August 31, | | | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Unrestricted Tuition Revenues (1) | $ 16,141,261 | $ 14,993,654 | $ 17,221,853 | $ 17,571,666 | $ 19,320,586 |
| **Pledged Revenues** | | | | | |
| Pledged Tuition Revenues (2) | $ 4,035,315 | $ 3,748,414 | $ 4,305,463 | $ 4,392,917 | $ 4,830,147 |
| Pledged Fee Revenue (3) | 10,246,847 | 10,309,813 | 10,276,897 | 10,434,141 | 13,119,471 |
| Total | $ 14,282,162 | $ 14,058,227 | $ 14,582,360 | $ 14,827,058 | $ 17,949,618 |

(1) The term "Unrestricted Tuition Revenues" means all unrestricted tuition charges collected from students enrolled at the District each semester or term.
(2) The term "Pledged Tuition Revenues" means an amount equal to 25% of the Unrestricted Tuition Revenues.
(3) The term "Pledged Fee Revenue" means an amount equal to all income collected by the District from fees established by the Board.

*(The remainder of this page left blank intentionally.)*

## DESCRIPTION OF NORTH CENTRAL TEXAS COMMUNITY COLLEGE DISTRICT

**HISTORY** . . . North Central Texas Community College 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 Community College District 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.

The District 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 District maintains an open admissions policy designed to give all students the opportunity to realize their full potential through higher education.

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

The District'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.

Gainesville Campus: The Gainesville Campus is the District'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.

Champions Circle Campus: The Champions Circle Campus is located in Tarrant County on Highway 114 in Fort Worth, Texas. Champions Circle 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.

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 Campus is located in historic downtown Denton and offers in-person and hybrid core courses focused on Health Science, Business, and General Studies pathways, creating a hub of learning in downtown Denton.

The 45,214 sq. ft. facility is all about student learning and success. Within the walls are ten classrooms, which includes one large lecture hall, two large lecture classrooms, an ITV classroom, a computer lab, and science lab. The campus also includes the Black Box Theater, where drama and music students practice and perform. The Mane Stop is the central hub for assisting our students. Offices on campus also include Continuing Education, Advising, Business Office, Student Success, and Testing.

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.

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.

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.

**PUBLIC SERVICE** . . . In addition to traditional and online classroom instruction, the District 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.

**TABLE 3 – ENROLLMENT**

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

**HISTORICAL AND PROJECTED DATA FOR ALL CAMPUSES**

| | 23-24 | 22-23 | 21-22 | 20-21 | 19-20 |
|---|---|---|---|---|---|
| Academic Credit Enrollment (Headcount) | 49,486 | 46,480 | 47,272 | 51,205 | 60,019 |
| Vocational Non-Credit Enrollment | 1,464 | 2,117 | 1,739 | 1,528 | 3,529 |
| **Total Enrollment** | 50,950 | 48,597 | 49,011 | 52,733 | 63,548 |
| | | | | | |
| Credit Hours | | | | | |
| General Academic | 120,842 | 114,702 | 118,666 | 131,609 | 152,910 |
| Vocational/Technical Credit | 31,804 | 29,055 | 27,431 | 27,561 | 32,328 |
| **Total Credit Hours** | 152,646 | 143,757 | 146,097 | 159,170 | 185,238 |
| | | | | | |
| Headcount Enrollment | | | | | |
| Full-time | 2,053 | 1,807 | 1,784 | 1,947 | 2,345 |
| Part-time | 9,178 | 9,023 | 9,229 | 10,053 | 11,423 |
| **Total** | 11,231 | 10,830 | 11,013 | 12,000 | 13,768 |
| | | | | | |
| Full-Time Equivalent Students | | | | | |
| Fall | 5,516 | 5,281 | 5,454 | 5,943 | 6,722 |
| Spring | 4,901 | 4,618 | 4,714 | 5,120 | 5,854 |
| | | | | | |
| **Contact Hours** | | | | | |
| | | | | | |
| General Academic | 2,061,552 | 1,955,856 | 2,025,920 | 2,252,544 | 2,605,488 |
| Vocational/Technical Credit | 847,664 | 771,104 | 732,320 | 764,032 | 873,712 |
| Vocational/Technical Non-Credit Funded | 31,084 | 25,674 | 24,746 | 25,673 | 26,913 |
| Vocational/Technical Non-Credit Non-Funded | 23,436 | 32,337 | 28,982 | 44,118 | 48,421 |
| **Total** | 2,963,736 | 2,784,971 | 2,811,968 | 3,086,367 | 3,554,534 |

**ENROLLMENT BY SEMESTER**

| Fiscal Year Ending 8/31 | Number of Students | | | |
|---|---|---|---|---|
| | Fall Semester | Spring Semester | Summer Semester | Total |
| 2020 | 10,012 | 8,951 | 4,371 | 23,334 |
| 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 |

**ENROLLMENT BY CAMPUS**

| Campus | Fall 2024 | Fall 2023 | Fall 2022 | Fall 2021 | Fall 2020 |
|---|---|---|---|---|---|
| Gainesville | 1,206 | 1,116 | 945 | 994 | 1,053 |
| Corinth | 1,319 | 1,278 | 1,139 | 1,101 | 648 |
| Bowie | 110 | 107 | 137 | 100 | 48 |
| Denton | 655 | 636 | 494 | 450 | 59 |
| Graham | 134 | 136 | 111 | 125 | 57 |
| Flower Mound | 786 | 744 | 783 | 779 | 374 |
| Online | 6,151 | 5,664 | 5,755 | 5,346 | 7,448 |
| Other | 1,117 | 1,212 | 1,167 | 1,276 | 1,575 |
| Total | 13,502 | 10,893 | 10,531 | 10,171 | 11,262 |

**HISTORIC STATE APPROPRIATIONS PER FULL-TIME STUDENT EQUIVALENT AND CONTACT HOUR**

| Fiscal Year Ending 8/31 | Appropriation per FTSE | | |
|---|---|---|---|
| | State Appropriation | FTSE* | State Appropration per FTSE |
| 2020 | 15,871 | 6,183 | 2.57 |
| 2021 | 15,804 | 5,316 | 2.97 |
| 2022 | 14,043 | 4,886 | 2.87 |
| 2023 | 14,370 | 4,792 | 3.00 |
| 2024 | 18,481 | 5,108 | 3.62 |

*FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 2. FTSE is defined as one undergraduate FTSE student = 30 undergraduate semester credit hours.

| Fiscal Year Ending 8/31 | Appropriation per Contact Hour | | | |
|---|---|---|---|---|
| | Academic | Technical | Total | State Appropriation Per Contact Hr. |
| 2020 | 2,605 | 949 | 3,554 | 4.47 |
| 2021 | 2,253 | 834 | 3,087 | 5.12 |
| 2022 | 2,026 | 786 | 2,812 | 4.99 |
| 2023 | 1,956 | 829 | 2,785 | 5.16 |
| 2024 | 2,062 | 902 | 2,964 | 6.24 |

Source: the District's Annual Comprehensive Financial Reports.

*(The remainder of this page left blank intentionally.)*

**TABLE 4 - TUITION CHARGES AND FEES**

| | Fiscal Year Ended August 31, | | | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| **In-District Resident** | | | | | |
| Tuition | $ 57.00 | $ 57.00 | $ 57.00 | $ 57.00 | $ 57.00 |
| Student Service Fee | - | - | - | - | - |
| General Use | 48.00 | 48.00 | 43.00 | 43.00 | 43.00 |
| Total Per Semester Hour | $ 105.00 | $ 105.00 | $ 100.00 | $ 100.00 | $ 100.00 |
| **Out-of-District Resident** | | | | | |
| Tuition | $ 115.00 | $ 115.00 | $ 115.00 | $ 115.00 | $ 115.00 |
| Student Service Fee | - | - | - | - | - |
| General Use Fee | 48.00 | 48.00 | 43.00 | 43.00 | 43.00 |
| Out-of-District Fee | 32.00 | 32.00 | 32.00 | 32.00 | 32.00 |
| Total Per Semester Hour | $ 195.00 | $ 195.00 | $ 190.00 | $ 190.00 | $ 190.00 |
| **Out-of-State Student** | | | | | |
| Tuition | $ 206.00 | $ 206.00 | $ 206.00 | $ 206.00 | $ 206.00 |
| Student Service Fee | - | - | - | - | - |
| General Use Fee | 48.00 | 48.00 | 43.00 | 43.00 | 43.00 |
| Out-of-District Fee | 46.00 | 46.00 | 46.00 | 46.00 | 46.00 |
| Total per Semester Hour | $ 300.00 | $ 300.00 | $ 295.00 | $ 295.00 | $ 295.00 |

All fees per hour.

Source: the District's Annual Comprehensive Financial Reports.

**TABLE 5 - HISTORIC TUITION AND FEES**

| | Residents of Texas | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Academic Year | Parking, Records ID Fees | In-District Tuition | Out of District Tuition | General Fee | Student Service Fee | Out of District Fee | Cost for 12 SCH In District | Cost for 12 SCH Out-of-District |
| 2020 | - | 57 | 115 | 43 | - | 32 | 1,200 | 2,280 |
| 2021 | - | 57 | 115 | 43 | - | 32 | 1,200 | 2,280 |
| 2022 | - | 57 | 115 | 43 | - | 32 | 1,200 | 2,280 |
| 2023 | - | 57 | 115 | 48 | - | 32 | 1,260 | 2,340 |
| 2024 | - | 57 | 115 | 48 | - | 32 | 1,260 | 2,340 |

| | Non-Residents of Texas/Out of State/International | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Academic Year | Parking, Records ID Fees | Non-Resident Tuition Out of State | Non-Resident Tuition International | General Fee | Student Service Fee | Out of District Fee | Cost for 12 SCH Out of State | Cost for 12 SCH International |
| 2020 | - | 206 | 206 | 43 | - | 46 | 3,540 | 3,540 |
| 2021 | - | 206 | 203 | 43 | - | 46 | 3,540 | 3,540 |
| 2022 | - | 206 | 203 | 43 | - | 46 | 3,540 | 3,540 |
| 2023 | - | 206 | 203 | 48 | - | 46 | 3,600 | 3,600 |
| 2024 | - | 206 | 203 | 48 | - | 46 | 3,600 | 3,600 |

Source: the District's Annual Comprehensive Financial Reports.

## FINANCIAL INFORMATION

**TABLE 6 – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

| | Fiscal Year Ended August 31, | | | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| OPERATING REVENUES | | | | | |
| Tuition and Fees | $ 20,328,048 | $ 18,111,543 | $ 18,119,617 | $ 20,844,482 | $ 21,504,682 |
| Federal grants and contracts | 2,294,096 | 2,360,028 | 18,267,809 | 14,483,581 | 6,411,954 |
| State Grants and contracts | 4,114,907 | 4,411,515 | 3,284,002 | 1,428,565 | 1,717,492 |
| Sales and Service of Educational Activities | 94,824 | 91,695 | 94,929 | 80,026 | 95,061 |
| Auxiliary enterprises | 274,087 | 212,402 | 251,436 | 194,681 | 398,211 |
| Private Gifts, Grants and Contracts | 714,660 | 641,931 | 607,744 | 451,671 | 441,938 |
| Miscellaneous | 3,291,701 | 3,228,531 | 1,787,522 | 2,352,431 | 2,755,491 |
| Total Operating Revenues | $ 31,112,323 | $ 29,057,645 | $ 42,413,059 | $ 39,835,437 | $ 33,324,829 |
| | | | | | |
| EXPENDITURES | | | | | |
| Instruction | $ 21,472,556 | $ 20,125,274 | $ 21,096,877 | $ 21,045,398 | $ 24,770,235 |
| Public Service | 1,313,305 | 1,698,897 | 1,296,164 | 1,442,750 | 2,162,999 |
| Academic Support | 4,627,448 | 4,398,072 | 3,946,512 | 4,031,309 | 4,405,977 |
| Student Services | 8,339,644 | 7,286,780 | 10,779,742 | 9,582,209 | 9,237,568 |
| Institutional Support | 8,937,772 | 8,184,121 | 12,546,377 | 10,750,005 | 10,703,717 |
| Operation and Maintenance of Plant | 6,953,112 | 7,702,633 | 4,909,394 | 3,631,070 | 5,001,577 |
| Scholarships and Fellowships | 10,900,777 | 7,313,145 | 9,379,133 | 7,281,257 | 5,291,251 |
| Auxiliary Enterprises | 746,970 | 1,061,578 | 794,221 | 548,969 | 595,000 |
| Depreciation | 4,611,222 | 4,293,371 | 3,789,841 | 3,714,282 | 2,506,904 |
| Research | - | - | - | - | - |
| Total Operating Expenses | $ 67,902,806 | $ 62,063,871 | $ 68,538,261 | $ 62,027,249 | $ 64,675,228 |
| | | | | | |
| Operating Income (Loss) | $ (36,790,483) | $ (33,006,226) | $ (26,125,202) | $ (22,191,812) | $ (31,350,399) |
| | | | | | |
| Non-Operating revenues and expenses | $ 36,605,296 | $ 29,885,405 | $ 27,227,592 | $ 34,278,755 | $ 30,701,820 |
| | | | | | |
| Increase in Net Position | $ (185,187) | $ (3,120,821) | $ 1,102,390 | $ 12,086,943 | $ (648,579) |
| | | | | | |
| Net Position, Beginning of Year | $ 27,951,496 | $ 31,072,317 | $ 29,969,927 | $ 17,680,718 | $ 18,329,297 |
| Prior period adjustment | - | - | - | 202,266 | - |
| Net Position, End of Year | $ 27,766,309 | $ 27,951,496 | $ 31,072,317 | $ 29,969,927 | $ 17,680,718 |

*(The remainder of this page left blank intentionally.)*

**Anticipated Issuance of Additional General Obligation Debt** . . . The District does not anticipate issuing additional revenue debt within the next twelve months.

**Other Obligations**

**Long-Term Liabilities** . . . 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 terminates in July 2029.

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.

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.

See "APPENDIX A – Excerpts from the District's Annual Financial Report," Note # 7.

**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 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 at a cost of $1. In addition to the rent, the District 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 District 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 District participates in a cost-sharing, multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). 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.

**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 B, "Excerpts from the District's Annual Financial Report" – Note #10.

## INVESTMENTS

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

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

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than “AAA” or “AAAm” or an equivalent by at least one nationally recognized rating service. The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

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

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

**TABLE 7 - CURRENT INVESTMENTS**

As of March 26, 2025, the District’s investable funds were invested in the following categories:

| Description | Market Value |
|---|---|
| TexPool | $ 26,207,780 |
| Certificates of Deposit | 1,409,247 |
| US Govt Securities | 4,028,661 |
| Bank Accounts/Other | 9,160,356 |
| Total | $ 40,806,044 |

## SELECTED PROVISIONS OF THE RESOLUTION

The following are selected provisions of the Resolution. These excerpts should be qualified by reference to the exact terms of the Resolution. Unless otherwise indicated, any references to sections listed below are to sections contained in the Resolution and section headings contained in the following excerpts are to sections contained in the Resolution.

Section 10. Definitions. For all purposes of this Resolution and in particular for clarity with respect to the issuance of the Bonds and the pledge and appropriation of revenues for the payment of the Bonds, the following definitions are provided:

(a) The term "Additional Bonds" shall mean the additional parity revenue bonds the District reserves the right to issue in accordance with the terms and conditions prescribed in Section 19 of this Resolution.

(b) The terms "Issuer" and "Board" shall mean the Board of Trustees of the District.

(c) The term "Bonds" shall mean the $______________ "North Central Texas Community College District Tuition and Combined Fee Revenue Bonds, Series 2025" issued pursuant to the provisions of this Resolution.

(d) The term "Bonds Similarly Secured" shall mean, collectively, the Bonds, the Previously Issued Bonds and Additional Bonds and any refunding bonds issued to refund any of the foregoing if issued on a parity with the Bonds, the Previously Issued Bonds or Additional Bonds.

(e) The term "Building Use Fee" shall mean the fee or charge established by the Board (pursuant Texas Education Code, Section 130.123, or other applicable law) and assessed students and others for the occupancy, use and/or availability of all or part of the property, buildings, structures, or facilities of the College.

(f) The term "College" shall mean that institution of the District, known as North Central Texas College, including its main campus in Gainesville, Texas, together with all its extension facilities and branch campuses administered, operated and maintained in the service area of the District identified in Texas Education Code, Section 130.190.

(g) The term "Depository Bank" shall mean a depository bank of the District selected in accordance with applicable laws for the deposit and security of the District's funds.

(h) The term "District" shall mean the North Central Texas Community College District (sometimes referred to as the College District).

(i) The term "Fiscal Year" shall mean the twelve-month financial accounting period of the District ending on August 31 of each year.

(j) The term "Government Securities" shall mean (i) 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, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and 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, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and 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 (iv) any other then authorized securities or obligations under applicable law that may be used to defease obligations such as the Bonds.

(k) The term "Lab Fee" shall mean the fee or charge established by the Board (pursuant to Texas Education Code, Section 130.123, or other applicable law) assessed students attending the College for laboratory supplies and use of laboratory equipment and facilities at the College.

(l) The term "Non Credit Fee" shall mean the fee or charge established by the Board (pursuant to Texas Education Code, Section 130.123, or other applicable law) and assessed persons taking continuing education courses offered by the College.

(m) The term "Outstanding" shall mean when used in this Resolution with respect to Bonds Similarly Secured, as of the date of determination, all Bonds Similarly Secured theretofore issued and delivered, except:

those Bonds Similarly Secured cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

those Bonds Similarly Secured deemed to be duly paid in accordance with the provisions of Section 24 hereof; and

those Bonds Similarly Secured that have been mutilated, destroyed, lost or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 21 hereof.

(n) The term "Parking Fee" shall mean the fee or charge established by the Board (pursuant to Texas Education Code, Section 130.123, or other applicable law) assessed students attending the College for parking provided by the College.

(o) The term "Pledged Fee Revenue" shall mean all income and revenues received and collected by the District from students or others enrolled or attending the College from fees lawfully fixed and established by the Board for the use or availability of any property, building, structures, activities, operations or facilities, including specifically, the Building Use Fee, Parking Fee, Lab Fee and Non Credit Fee; and any additional fee hereafter fixed and collected from students or others for the occupancy, use and/or availability of all or any of the Colleges' properties, buildings, structures, activities, operations, or facilities of any nature lawfully fixed and established by the Board and by an amendment to this Resolution, specifically identified in this Section and in this definition of "Pledged Fee Revenue."

(p) The term "Pledged Tuition Revenues" shall mean the portion of the tuition charges collected from students enrolled at the College each semester or term equal to an amount up to 25% of the tuition charges collected for each enrolled student for each semester or term at the College, as authorized by Section 130.123, Texas Education Code.

(q) The term "Pledged Revenues" shall mean collectively the "Pledged Fee Revenue," the "Pledged Tuition Revenues," and all or any part of any donation or income received or to be received by the District or College from the United States government or any other public or private source, whether pursuant to an agreement or otherwise and by an amendment to this Resolution expressly pledged to the payment of the Bonds Similarly Secured; as authorized by Section 130.123, Texas Education Code.

(r) The term "Previously Issued Bonds" shall mean the "North Central Texas Community College District Tuition and Combined Fee Revenue Bonds, Series 2022," dated April 15, 2022.

Section 11. Pledge of Revenues. The Board hereby covenants and agrees that, subject to the right of the Board hereby expressly reserved to change, modify and amend the definition of Pledged Fee Revenues, the Pledged Revenues, with the exception of those in excess of the amounts required to establish and maintain the funds created for the payment and security of the Bonds Similarly Secured, are hereby irrevocably pledged, equally and ratably, to the payment and security of the Bonds, the Previously Issued Bonds and Additional Bonds, if issued, including the establishment and maintenance of the special funds created and established for the payment and security thereof, all as hereinafter provided, and it is hereby resolved that the Bonds Similarly Secured and the interest thereon, shall constitute a lien on the Pledged Revenues and be valid and binding and fully perfected from and after the date of adoption of this Resolution without physical delivery or transfer or transfer of control of the Pledged Revenues, the filing of this Resolution or any other act; all as provided in Chapter 1208 of the Texas Government Code.

Section 1208, Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the District under this Section 10, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the District under this Section 10 is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the District agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 12. Revenue Fund. The Board hereby covenants and agrees that the Pledged Revenues shall be kept separate from all other funds of the District, and such Pledged Revenues as collected and received shall be deposited to the credit of a special account maintained at a Depository Bank to be known as "SPECIAL REVENUE BOND FUND" (hereinafter called the "Revenue Fund"), to be maintained while the Bonds are Outstanding. All Pledged Revenues deposited to the credit of the Revenue Fund shall be appropriated and employed as follows in the order of precedence shown, to wit:

FIRST: To the payment of the amounts required to be deposited to the "North Central Texas Community College Special Tuition and Combined Fee Revenue Bond Interest and Sinking Fund" hereinafter created for the payment of principal of and interest on Bonds Similarly Secured; and

SECOND: If applicable to a series of Bonds Similarly Secured, to the payment of the amounts required to be deposited to the "North Central Texas Community College Special Tuition and Combined Fee Revenue Bond Reserve Fund" hereinafter referenced to provide a reserve for the payment of principal of and interest on Bonds Similarly Secured.

After making all deposits or transfers to the Fund noted above which are required to be made in the then current calendar year and the curing of any deficiencies in said Fund, any Pledged Revenues remaining in the Revenue Fund (upon order of the Board) may be (1) transferred to one or more operating funds of the District and used for any lawful purpose, (2) used for acquiring any Bonds Similarly Secured Outstanding for cancellation, or (3) used for the redemption of Bonds Similarly Secured.

Section 13. Interest and Sinking Fund. While any of the Bonds Similarly Secured remain Outstanding, the District covenants and agrees to establish on its books and records a special fund or account to be known as the "North Central Texas Community College Special Tuition And Combined Fee Revenue Bond Interest and Sinking Fund" (hereafter called the "Interest and Sinking Fund"), and such Fund shall be maintained at a Depository Bank. The District covenants and agrees there shall be transferred into the Interest and Sinking Fund from available Pledged Revenues in the Revenue Fund prior to each interest and principal payment date for the Bonds an amount equal to one hundred per centum (100%) of the amount required to fully pay the accrued interest and principal of the Bonds then due and payable, and such deposits to pay accrued interest and maturing principal on the Bonds shall be made in substantially equal semiannual installments on or before the 1st day of each May and November, beginning May 1, 2025. Funds deposited to the credit of the Interest and Sinking Fund may be used only for the purpose of paying the principal of and interest on the Bonds and the Additional Bonds.

Accrued interest received from the initial purchasers of the Bonds, if any, as well as any excess proceeds of sale of the Bonds shall be deposited in the Interest and Sinking Fund and the deposit of such funds may be taken into consideration and reduce the amount of the deposits hereinabove required to be deposited to the Interest and Sinking Fund from the Pledged Revenues.

Section 14. Reserve Fund. A fund known as "North Central Texas Community College Special Tuition And Combined Fee Revenue Bond Reserve Fund" (hereinafter sometimes referred to as "Reserve Fund") is established for the benefit of the Bonds Similarly Secured. The District reserves the right, in connection with the issuance of a series of Bonds Similarly Secured, to establish within the Reserve Fund an account to provide additional security for holders of that series of Bonds Similarly Secured. With respect to the Bonds, the District shall not establish an account within the Reserve Fund for the benefit of Holders of the Bonds.

Section 15. Deficiencies. If the District shall for any reason fail to make payments at the times and in the amounts hereinabove stipulated to the credit of the Interest and Sinking Fund, or, if applicable, the Reserve Fund, amounts equivalent to such deficiencies shall be set apart and paid into said Fund from the first available Pledged Revenues.

Section 16. Security of Funds. Funds deposited to the credit of the Interest and Sinking Fund and, if applicable, the Reserve Fund shall be secured in the manner and to the fullest extent permitted by the laws of the State of Texas for the security of public funds.

Section 17. Payment of Bonds. While any of the Bonds are Outstanding, the Chair, Vice-Chair and Secretary of the Board of the District, the President of the College, and the Vice Chancellor Fiscal Affairs/Chief Financial Officer, individually or jointly, are hereby authorized to transfer or cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Interest and Sinking Fund amounts sufficient to fully pay and discharge promptly each installment of interest and principal of the Bonds as the same accrue or mature; such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the business day next preceding the date of payment for the Bonds.

Section 18. Issuance of Additional Bonds. In addition to the right to issue bonds of inferior lien as authorized by laws of the State of Texas, the District reserves the right hereafter to issue additional parity revenue bonds for additions and improvements to the College. The Additional Bonds when issued shall be secured by and payable from the Pledged Revenues to the same extent as are the Bonds authorized by this Resolution, and the Bonds and the Additional Bonds shall be in all respects of equal dignity. The Additional Bonds may be issued in one or more installments; provided, however, that none shall be issued unless and until the following conditions have been met:

(a) The District is not in default as to any covenant, condition or obligation prescribed in a resolution authorizing the issuance of the Bonds Similarly Secured;

(b) The Interest and Sinking Fund and, if applicable, Reserve Fund contain the amount of money then required to be on deposit in each of said Funds;

(c) The Additional Bonds are made to mature June 1 or December 1 in each of the years in which they are scheduled to mature;

(d) A certified public accountant or licensed public accountant certifies in writing that the Pledged Revenues for the Fiscal Year immediately preceding the adoption of the resolution authorizing the issuance of the Additional Bonds are equal to at least one and one-fourth (1-1/4) times the annual principal and interest requirements of the Bonds Similarly Secured after giving effect to the issuance of the proposed Additional Bonds; and

(e) A senior financial officer of the District certifies in writing that the projected Pledged Revenues, during each Fiscal Year Bonds Similarly Secured (including the proposed Additional Bonds) are to be outstanding, will be at least equal to one and one-fourth (1-1/4) times the average annual principal and interest requirements of all the outstanding Bonds Similarly Secured and Additional Bonds then being issued.

Section 19. Refunding Bonds. The Board reserves the right to issue refunding bonds to refund all or any part of the Bonds Similarly Secured (pursuant to any law then available) upon such terms and conditions as the Board may deem to be in the best interest of the District, and if less than all such Bonds Similarly Secured then outstanding are refunded, the conditions precedent (for the issuance of Additional Bonds) set forth in subparagraphs (a) through (e) of Section 17 hereof shall be satisfied and the Accountant's certificate or opinion required in subparagraph (e) shall give effect to the debt service of the proposed refunding bonds (and shall not give effect to the debt service of the Bonds Similarly Secured being refunded following their cancellation or provision being made for their payment).

Section 20. Special Covenants. The Board further covenants and agrees that:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in any resolution authorizing the issuance of Bonds Similarly Secured; that it will promptly pay or cause to be paid from the Pledged Revenues the principal of and interest on every Bond Similarly Secured, on the dates and in the places and manner prescribed in such resolutions and the Bonds Similarly Secured; and it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Pledged Revenues the amounts required to be deposited into the Interest and Sinking Fund and, if applicable, the Reserve Fund.

(b) It is duly authorized under the laws of the State of Texas to issue the Bonds; that all action on its part for the issuance of the Bonds has been duly and effectively taken, and that the Bonds are and will be valid and enforceable special obligations of the Board in accordance with their terms.

(c) While the Bonds remain Outstanding, the Board will provide for the efficient operation and maintenance of its College, including all branch campuses or extension centers in the service area of the District in Denton and Montague Counties, Texas providing educational services of the kind and quality currently offered.

(d) It will from time to time and before the same become delinquent pay and discharge all taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon it, or the campuses, buildings and facilities of the District, that it will pay all lawful claims for rents, royalties, labor, materials and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid while the validity of the same shall be contested in good faith by the Board.

(e) It will not do or suffer any act or thing whereby the College or any of the buildings and facilities of such College might or could be impaired, and that it will at all times maintain, preserve and keep the College and its buildings and facilities in good condition and repair, and will maintain, preserve and keep all structures and equipment pertaining thereto and every part or parcel thereof in good condition and repair.

(f) While the Bonds are Outstanding, the Board shall cause the buildings and facilities of the College to be insured against casualty losses and exposure to liability in amounts at least sufficient to provide for full recovery whenever a loss from perils insured against does not exceed eighty per cent (80%) of the full insurable values of such facilities (exclusive of excavation and foundation) and providing liability coverage in amounts customarily carried by community college districts operating in the State of Texas. Such insurance shall be carried with a reliable insurance company or companies, and the premiums on such insurance shall be paid as an expense of operation from funds legally available for such purpose.

Upon the happening of any loss or damage covered by any such policies from one or more of the causes to which reference is made in this Section, the Board shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies, to make payment in full directly to the Board. The proceeds of insurance covering such property shall be used forthwith by the Board for the purpose of repairing the property damaged or replacing the property destroyed, and any insurance proceeds remaining upon the completion of such repair or replacement shall be deposited in the Revenue Fund, the Interest and Sinking Fund or in a contingency or reserve fund or account maintain by the District for upkeep and maintenance of the buildings and facilities at the College, all as shall be directed by the Board.

If the funds received from said insurance policies because of any loss shall be insufficient to make the damaged building tenantable or usable, then the Board shall hold said funds for the ratable benefit of the Holders of Bonds Similarly Secured Outstanding and interest thereon, as their respective interest may appear.

(g) Proper and accurate financial records, books and accounts shall be kept and full, accurate and complete entries made therein of all dealings and transactions relating to the Pledged Revenues, and all books, documents and vouchers relating to the properties, business and affairs of the District with regard to the Pledged Revenues shall at all reasonable times be made available and open to inspection by the Holders and their agents or representatives.

(h) Each year while the Bonds are Outstanding, and not later than one hundred twenty (120) days after the close of each Fiscal Year, the Board will cause an audit to be made of its books and accounts relating to the College and the Pledged Revenues by a certified public accountant, and thereafter will furnish a copy of each said audit for the preceding Fiscal Year to any Holder owning 10% of the Bonds who shall request the same in writing. Such report shall reflect in reasonable detail the financial condition and operations of the College, the Pledged Revenues, the enrollment of the College according to its main campus and branch campuses and the status of the several accounts and funds required by the provisions hereof, the insurance on the College's buildings, and the status of the fees and/or charges which are pledged, including the amounts collected, and the current rates of the fees and/or charges pledged. Such annual audit report shall be open to the inspection of the Holder and their agents and representatives at all reasonable times.

Section 21. Covenant Regarding Pledged Revenues. The Board covenants and agrees while any of the Bonds Similarly Secured are Outstanding to (i) maintain and establish tuition charges for students enrolled each semester or term at the College to provide Pledged Tuition Revenues and (ii) maintain, establish and collect from students enrolled at the College or others attending courses offered by the College fees or charges for the occupancy, use and/or availability of all or any of the Colleges' properties, buildings, structures, activities, operations, or facilities to provide Pledged Fee Revenues, and such Pledged Tuition Revenues and Pledged Fee Revenues shall collectively provide Pledged Revenues each Fiscal Year equal to or exceeding 1.25 times the annual debt service requirements during such Fiscal Year of the Bonds Similarly Secured then Outstanding.

If the Pledged Revenues in any Fiscal Year are less than the aggregate amount specified in the preceding paragraph, the Board shall promptly upon the approval of the District's annual audit noted in Section 19(h) above shall cause (I) tuition charges providing Pledged Tuition Revenues or (ii) the fees and charges providing Pledged Fee Revenues, or (iii) a combination thereof to be revised and adjusted to comply with the Pledged Revenues coverage requirement contained in this Section; and notwithstanding anything herein to the contrary, the Board shall be deemed to be in compliance with such coverage covenant if the revisions or adjustments to such tuition charges or fees and charges, or a combination thereof , are implemented and assessed at the semester or term at the College first to occur after sixty (60) days following the Board's approval of such annual audit.

Section 22. Mutilated - Destroyed - Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the District and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the District and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

Every replacement Bond issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Resolution equally and ratably with all other Outstanding Bonds; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

Section 23. Resolution a Contract - Amendments. This Resolution shall constitute a contract with the Holders from time to time, be binding on the District, and shall not be amended or repealed by the District so long as any Bond remains Outstanding except as permitted in this Section. The District may, without the consent of or notice to any Holders, from time to time and at any time, amend this Resolution with respect to Pledged Fee Revenues and in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the District may, with the written consent of Holders holding a majority in aggregate principal amount of the Bonds Similarly Secured then Outstanding, amend, add to, or rescind any of the provisions of this Resolution; provided that, without the consent of all Holders of

Bonds Similarly Secured then Outstanding, 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 Bonds Similarly Secured, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds Similarly Secured, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds Similarly Secured required to be held by Holders for consent to any such amendment, addition, or rescission.

Section 24. Remedy in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the District covenants and agrees particularly that in the event the District (a) defaults in payments to be made to the Interest and Sinking Fund or, if applicable, the Reserve Fund as required by this Resolution, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Resolution, the Holder or Holders of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the District and its officers to observe and perform any covenant, condition, or obligation prescribed in this Resolution. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

## TAX MATTERS

**TAX EXEMPTION** . . . The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A proposed form of Bond Counsel's opinion for the Bonds is reproduced as APPENDIX C. 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 Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the District with the provisions of the Resolution subsequent to the issuance of the Bonds. The Resolution contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds 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 Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

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 Bonds is commenced, under current procedures the IRS is likely to treat the District as the "taxpayer," and the owners of the Bonds 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 Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds 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 Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds 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.

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 Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds 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 Bonds. Prospective purchasers of the Bonds 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 BONDS** . . . The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds 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 Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (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 Bonds 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 Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond 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, individual recipients of Social Security or Railroad Retirement benefits, corporations subject to the alternative minimum tax on corporations, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds 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 Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes on a Premium Bond 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 in the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond).

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

## CONTINUING DISCLOSURE OF INFORMATION

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

**ANNUAL REPORTS** . . . The District shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2025, financial information and operating data with respect to the District of the general type of information contained in Tables 1 through 7 hereof, and (2) within twelve months after the end of each fiscal year ending in or after 2025, 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, it must provide updated information by the end of February and the audited financial statement due 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 Bonds 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 Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, 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 Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the District, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the District, any of which reflect financial difficulties. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

**LIMITATIONS AND AMENDMENTS** . . . The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds. 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 Bonds in the primary offering of the Bonds. 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 Bonds are rated "AA-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"). An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

**LITIGATION** . . . It is the opinion of the District's Attorney and District Staff that there is no pending litigation against the District that would have a material adverse financial impact upon the District or its operations. At the time of the initial delivery of the Bonds, 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 Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of the Bonds.

**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.

**REGISTRATION AND QUALIFICATION OF BONDS FOR SALE** . . . The sale of the Bonds 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 Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

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

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

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

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

**FINANCIAL ADVISOR** . . . Specialized Public Finance Inc. is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. 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 Bonds, 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 Bonds, the District accepted the bid of ____________, or its successor interest (the "Purchaser") to purchase the Bonds at the interest rates shown on the inside cover of the Official Statement at a price of 100% of par plus a cash premium of $____________. The Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the District to the Purchaser. The District has no control over the prices at which the Bonds are subsequently sold and the initial yields at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

**CERTIFICATION OF THE OFFICIAL STATEMENT** . . . At the time of payment for and delivery of the Bonds, the District will furnish the Purchaser a certificate, executed by an authorized representative of the District, acting in such person's representative capacity, to the effect that to the best of such person's knowledge and belief: (a) the descriptions 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 sale of the Bonds and the acceptance of the best bid therefor, and on the date of the delivery, 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 an 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 the circumstances under which they were made, not misleading in any material respect; (c) insofar as the descriptions 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 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 the date of the last audited financial statements of the District.

**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.

**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 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 District provides and publishes a variety of information concerning its affairs, including information provided on the District's website. Such information, however, is not generally prepared for the benefit of investors or in connection with the offering of securities by the District. No such public information is incorporated herein by reference.

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

**APPENDIX A**

GENERAL INFORMATION REGARDING THE DISTRICT

## GENERAL INFORMATION REGARDING THE DISTRICT

North Central Texas Community College 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. The designated-statutory service area of the District is Cooke and Montague Counties and portions of Denton County, Texas. Taxing area is coterminous with Cooke County boundaries. The District presently operates campuses in the Cities of Bowie, Corinth, Gainesville, Graham and Flower Mound and several secondary instructional sites in North Texas. The City of Gainesville is the County seat and principal commercial center of Cooke County, located at the intersection of Interstate Highway 35 and U.S. Highway 82. The District is governed by a publicly elected Board of Trustees 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.

### POPULATION

| Cooke County Census Bureau Population | |
|---|---|
| 2025 | 44,258 |
| 2020 | 41,668 |
| 2010 | 38,437 |

### MAJOR EMPLOYERS

| Company | Product | Estimated Number of Employees |
|---|---|---|
| Windstar | Casino | 3,600 |
| Weber Aircraft | Manufacturing | 2,100 |
| Wal-Mart | Retail | 427 |
| Complete Energy | Oil & Gas | 385 |
| Gainesville ISD | Education | 380 |
| North Central Medical Center | Hospital | 372 |
| Gainesville State School | Corrections | 337 |
| Cooke County | Government | 235 |
| City of Gainesville | Government | 223 |
| Poly Pipe | Manufacturing | 195 |
| | | 8,254 |

Source: Municipal Advisory Council of Texas.

### LABOR FORCE

Employment figures for Cooke County are as follows:

| | January | Average Annual | | | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| Civilian Labor Force | 22,735 | 22,307 | 21,222 | 20,399 | 19,722 |
| Total Employed | 21,961 | 21,510 | 20,513 | 19,704 | 18,727 |
| Total Unemployed | 774 | 797 | 709 | 695 | 995 |
| Unemployment Rate | 3.4% | 3.6% | 3.3% | 3.4% | 5.0% |

Source: Texas Labor Market Information.

# APPENDIX B

EXCERPTS FROM THE NORTH CENTRAL TEXAS COLLEGE
ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2024

The information contained in this Appendix consists of excerpts from the North Central Texas College Audited Financial Statements for the Year Ended August 31, 2024, 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.

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

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## 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, 2024 and 2023, 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, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *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, 2024, the College adopted new accounting guidance, GASB Statement No. 100, Accounting Changes and Error Corrections. 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, Notes to Required Supplementary Information (RSI) Schedules for Pensions, and Notes to Required Supplementary Information (RSI) Schedules for OPEB 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 6, 2024, 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.

Pattillo, Vernon + Co. P.C.

Temple, Texas
December 6, 2024

# Management's Discussion and Analysis

This section of North Central Texas College's annual financial report presents a discussion and analysis of the College's financial performance during the fiscal years ended August 31, 2022, 2023 and 2024. 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 very good. 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 $88^{th}$ 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 led to a 23.3% increase in state appropriations for the College this year, increasing to $14,455,840 from $11,726,714 in the previous fiscal year.

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 2023 has been a continual increase in taxable assessed valuation from $1,288,353,176 in 2000 to $6,803,987,015 in 2023. The combined maintenance and operations and debt service tax rate was $0.0886 for the fiscal year ended August 31, 2024. The approved maintenance and operation tax rate per $100 of valuation stayed the same at $0.0642 and the interest and sinking tax rate increased to $0.0244 for a total of $0.0886 in 2024.

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 $27,766,309 as of August 31, 2024.

**Table I**
**Net Assets**

| | Business-type Activities 2024 | Business-type Activities 2023 | Business-type Activities 2022 |
|---|---|---|---|
| Current and other assets | $ 41,814,469 | $ 43,435,076 | $ 36,573,831 |
| Capital assets | 84,228,278 | 81,012,884 | 77,065,542 |
| Total assets | 126,042,747 | 124,447,960 | 113,639,373 |
| Deferred Outflows of Resources | 7,931,797 | 11,366,275 | 9,434,617 |
| Non current liabilities | 71,768,468 | 74,590,326 | 70,369,044 |
| Other liabilities | 22,157,377 | 19,126,535 | 9,601,480 |
| Total liabilities | 93,925,845 | 93,716,861 | 79,970,524 |
| Deferred Inflows of Resources | 12,282,390 | 14,145,878 | 12,031,149 |
| Net Position: | | | |
| Net investment in capital assets | 42,918,854 | 37,829,146 | 37,701,707 |
| Restricted | 3,693,822 | 6,469,042 | 3,708,290 |
| Unrestricted | (18,846,367) | (16,346,692) | (10,337,680) |
| Total net position | $ 27,766,309 | $ 27,951,496 | $ 31,072,317 |

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 $42,918,854. 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 13.3%) 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 ($18,846,367) as of August 31, 2024. 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 decreased by $185,187 because of the current year's operation. The total cost of all business-type activities was $69,596,698.

## Table II
## Changes in Net Assets

| | Business-type Activities 2024 | Business-type Activities 2023 | Business-type Activities 2022 |
|---|---|---|---|
| Revenues: | | | |
| Operating Revenues: | | | |
| Tuition & Fees | $ 20,328,048 | $ 18,111,543 | $ 18,119,617 |
| Federal Grants & Contracts | 2,294,096 | 2,360,028 | 18,267,809 |
| State Grants & Contracts | 4,114,907 | 4,411,515 | 3,284,002 |
| Private Grants | 714,660 | 641,931 | 607,744 |
| Sales & Services of Educational Activities | 94,824 | 91,695 | 94,929 |
| Auxiliary Enterprises (net) | 274,087 | 212,402 | 251,436 |
| Other Operating Revenues | 3,291,701 | 3,228,531 | 1,787,522 |
| Non-operating Revenues: | | | |
| State Appropriations | 18,481,282 | 14,370,281 | 14,043,433 |
| Property Taxes | 5,707,038 | 4,818,145 | 4,500,945 |
| Federal Grants & Contracts | 12,186,358 | 10,768,262 | 9,617,544 |
| Gifts | - | - | - |
| Investment Income (net) | 1,896,327 | 1,495,724 | 199,320 |
| Gain/(Loss) on Disposal of Fixed Assets | (6,894) | 135,600 | 188,118 |
| Insurance Proceeds | - | - | - |
| Other Non-operating Revenues | 35,077 | 37,377 | 15,036 |
| Total Revenues | 69,411,511 | 60,683,034 | 70,977,455 |
| Operating Expense: | | | |
| Instruction | 21,472,556 | 20,125,274 | 21,096,877 |
| Research | - | - | - |
| Public Service | 1,313,305 | 1,698,897 | 1,296,164 |
| Academic Support | 4,644,005 | 4,398,072 | 3,946,512 |
| Student Services | 8,339,644 | 7,286,780 | 10,779,742 |
| Institutional Support | 8,937,772 | 8,184,121 | 12,546,377 |
| Operation & Maintenance of Plant | 6,936,555 | 7,702,633 | 4,909,394 |
| Scholarship & Fellowship | 10,900,777 | 7,313,145 | 9,379,133 |
| Auxiliary Enterprises | 746,970 | 1,061,578 | 794,221 |
| Depreciation | 4,611,222 | 4,293,371 | 3,789,841 |
| Non-operating Expense: | | | |
| Interest on Capital Related Debt | 1,693,892 | 1,736,484 | 1,283,548 |
| Other | - | 3,500 | 53,256 |
| Total Expenses | 69,596,698 | 63,803,855 | 69,875,065 |
| Increase in Net Position | (185,187) | (3,120,821) | 1,102,390 |
| Beginning Net Position | 27,951,496 | 31,072,317 | 29,969,927 |
| Prior Period Adjustment | - | - | - |
| Beginning Net Position, as Restated | 27,951,496 | 31,072,317 | 29,969,927 |
| Ending Net Position | $ 27,766,309 | $ 27,951,496 | $ 31,072,317 |

**Significant Capital Assets and Long-term Debt Activity**
During the previous fiscal year, the College issued the 2023 Maintenance Tax Notes 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. The College's major capital asset purchases for 2024 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 for several years, enrollment increased during the current fiscal year. Increased enrollment, along with improvements to the state appropriation process as a result of HB8, has generated additional revenue for the College. These increases have come 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 2024, depreciation expense of $4,611,222 was recorded. The College spent over $6.8 million in capital outlay during the current fiscal year. The capitalization policy of recording capital assets when the item value if $5,000 or greater and has a useful life of greater than one year became effective with the year ended August 31, 2002.

The College has four bonds/notes outstanding as of August 31, 2024, as follows:

1) 2013 Series Limited Tax General Obligation Bond in the amount of $5,500,000. This bond was issued for the purpose of constructing the Health Science Building and adding on to the Industrial Technology Center. A principal payment of $590,000 was made during the year and the balance outstanding at year-end was $610,000. The bonds will mature in August 2025.
2) 2014 Series Limited Tax General Obligation Bond in the amount of $8,730,000. This bond was issued for the purpose of constructing the Health Science Building and adding on to the Industrial Technology Center. A principal payment of $120,000 was made during the year and the balance outstanding at year-end was $7,620,000. The bonds will mature in August 2034.
3) 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 $565,000 was made during the year and the balance outstanding at year-end was $5,495,000. The bonds will mature in June 2032.
4) 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 $190,000 was made during the current year and the balance outstanding at year-end was $2,355,000. The notes will mature in August 2033.

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**

Since the economic disruption caused by the COVID epidemic in the early part of this decade, student enrollment has begun to climb once again. Increases are now occurring in academic, as well as workforce education classes; credit, as well as non-credit. The service area continues to grow as Denton County recently surpassed 1 million residents. This growth is expected to continue and expand into adjacent counties, such as Cooke and Montague. The challenge for the College will be to meet that increased demand with the limited resources the College has available for use in Denton County. There will continue to be increasing competition from other higher ed providers such as University of North Texas, Texas Woman's University, Texas State Technical College, and adjacent community college districts. The recently-opened Champions Circle site in southwestern Denton County should result in a continued growth in workforce education opportunities in that rapidly-expanding area.

As mentioned previously, the State of Texas dramatically changed the funding of community colleges with its recent passage of HB 8. The College expects this shift toward performance-based funding to provide opportunities for additional appropriation dollars for all academic and technical offerings, including dual credit.

**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

Exhibit 1

## STATEMENT OF NET POSITION
## AUGUST 31, 2024 AND AUGUST 31, 2023

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 22,420,574 | $ 26,699,371 |
| Short term investments | 5,311,136 | 5,164,928 |
| Accounts receivable (net) | 12,163,681 | 9,818,410 |
| Inventories | 44,843 | 70,076 |
| Other assets | 415,000 | 340,541 |
| **Total Current Assets** | 40,355,234 | 42,093,326 |
| **Noncurrent Assets** | | |
| Restricted cash and cash equivalents | 1,459,235 | 1,341,750 |
| Capital assets (net) | 84,228,278 | 81,012,884 |
| **Total Noncurrent Assets** | 85,687,513 | 82,354,634 |
| **TOTAL ASSETS** | 126,042,747 | 124,447,960 |
| | | |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred loss on refunding | - | - |
| Deferred outflows related to OPEB | 1,355,750 | 3,663,907 |
| Deferred outflows related to pensions | 6,576,047 | 7,702,368 |
| **TOTAL DEFERRED OUTFLOWS OF RESOURCES** | 7,931,797 | 11,366,275 |
| | | |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Accounts payable | 2,556,129 | 2,005,374 |
| Accrued liabilities | 69,754 | 54,323 |
| Funds held for others | - | - |
| Unearned revenue | 16,386,891 | 14,352,517 |
| Capital leases-current portion | 1,215,617 | 883,443 |
| SBITA liabilities - current portion | 368,986 | 365,878 |
| Bonds payable-current portion | 1,560,000 | 1,465,000 |
| **Total Current Liabilities** | 22,157,377 | 19,126,535 |
| **Noncurrent Liabilities** | | |
| Net pension liability | 12,601,878 | 11,320,666 |
| Net OPEB liability | 21,001,769 | 22,800,244 |
| Capital leases | 22,703,733 | 23,066,471 |
| SBITA liabilities | 399,255 | 768,241 |
| Bonds payable | 15,061,833 | 16,634,704 |
| **Total Noncurrent Liabilities** | 71,768,468 | 74,590,326 |
| **TOTAL LIABILITIES** | 93,925,845 | 93,716,861 |
| | | |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Deferred Inflows of Resources related to Pensions | 3,368,000 | 4,774,944 |
| Deferred Inflows of Resources related to OPEB | 8,914,390 | 9,370,934 |
| **TOTAL DEFERRED INFLOWS OF RESOURCES** | 12,282,390 | 14,145,878 |
| | | |
| **NET POSITION** | | |
| Net investment in capital assets | 42,918,854 | 37,829,146 |
| Restricted for | | |
| Expendable | | |
| Student aid | 1,207,201 | 1,167,521 |
| Instructional programs | 2,343,394 | 3,309,874 |
| Construction projects | - | - |
| Debt service | 143,227 | 1,991,647 |
| Unrestricted | (18,846,367) | (16,346,692) |
| **TOTAL NET POSITION** | $ 27,766,309 | $ 27,951,496 |

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

# NORTH CENTRAL TEXAS COLLEGE
## STATEMENT OF FIDUCIARY NET FINANCIAL POSITION
## CUSTODIAL FUNDS
## AUGUST 31, 2024 and AUGUST 31, 2023

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and Cash Equivalents | $ 90,008 | $ 96,812 |
| | | |
| **LIABILITIES & NET POSITION** | | |
| | | |
| **NET POSITION** | | |
| Restricted for: | | |
| Individuals, organizations and other governments | 90,008 | 96,812 |
| **TOTAL NET POSITION** | 90,008 | 96,812 |
| | | |
| **TOTAL LIABILITIES AND NET POSITION** | $ 90,008 | $ 96,812 |

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**

| | 8/31/2024 | 8/31/2023 |
|---|---|---|
| **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** | 7,265,654 | 5,493,180 |
| **Permanently Restricted Endowment** | 9,074,849 | 8,459,603 |
| **TOTAL ASSETS** | $ 16,340,503 | $ 13,952,783 |
| **LIABILITIES & NET ASSETS** | | |
| **Liabilities** | | |
| Accounts Payable | $ - | $ - |
| **Total Liabilities/Current Liabilities** | - | - |
| **Net Assets** | | |
| Without Donor Restrictions | 30,869 | 33,035 |
| With Donor Restrictions | 16,309,634 | 13,919,748 |
| **Total Net Assets** | 16,340,503 | 13,952,783 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 16,340,503 | $ 13,952,783 |

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, 2024 AND AUGUST 31, 2023

| | 2024 | 2023 |
|---|---|---|
| **REVENUES** | | |
| **Operating Revenues** | | |
| Tuition and fees (net of discounts of $6,060,060 and $7,191,924 respectively) | $ 20,328,048 | $ 18,111,543 |
| Federal grants and contracts | 2,294,096 | 2,360,028 |
| State grants and contracts | 4,114,907 | 4,411,515 |
| Private grants | 714,660 | 641,931 |
| Sales and services of educational activities | 94,824 | 91,695 |
| Auxiliary enterprises (net of discounts $426,843 and $397,700 respectively) | 274,087 | 212,402 |
| Other operating revenues | 3,291,701 | 3,228,531 |
| **Total Operating Revenues (Schedule A)** | 31,112,323 | 29,057,645 |
| | | |
| **EXPENSES** | | |
| **Operating Expenses** | | |
| Instruction | 21,472,556 | 20,125,274 |
| Public service | 1,313,305 | 1,698,897 |
| Academic support | 4,627,448 | 4,398,072 |
| Student services | 8,339,644 | 7,286,780 |
| Institutional support | 8,937,772 | 8,184,121 |
| Operation and maintenance of plant | 6,953,112 | 7,702,633 |
| Scholarship and fellowships | 10,900,777 | 7,313,145 |
| Auxiliary enterprises | 746,970 | 1,061,578 |
| Depreciation | 4,611,222 | 4,293,371 |
| **Total Operating Expenses (Schedule B)** | 67,902,806 | 62,063,871 |
| | | |
| **OPERATING INCOME (LOSS)** | (36,790,483) | (33,006,226) |
| | | |
| **NON-OPERATING REVENUES (EXPENSES)** | | |
| State appropriations | 18,481,282 | 14,370,281 |
| Maintenance ad-valorem taxes | | |
| Taxes for maintenance and operations | 4,139,863 | 3,592,903 |
| Taxes for general obligation bonds | 1,567,175 | 1,225,242 |
| Federal Revenue, non-operating | 12,186,358 | 10,768,262 |
| Investment income (net of investment expenses) | 1,896,327 | 1,495,724 |
| Interest on capital related debt | (1,693,892) | (1,736,484) |
| Gain (Loss) Loss on disposal of fixed assets | (6,894) | 135,600 |
| Other non-operating revenues | 35,077 | 37,377 |
| Other non-operating expenses | - | (3,500) |
| **Net Non-Operating Revenues (Schedule C)** | 36,605,296 | 29,885,405 |
| | | |
| **INCREASE (DECREASE) IN NET POSITION** | (185,187) | (3,120,821) |
| | | |
| **NET POSITION-BEGINNING OF YEAR** | 27,951,496 | 31,072,317 |
| **PRIOR PERIOD ADJUSTMENT** | | |
| **NET POSITION-END OF YEAR** | $ 27,766,309 | $ 27,951,496 |

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, 2024 AND AUGUST 31, 2023

| | 2024 | 2023 |
|---|---|---|
| **ADDITIONS** | | |
| Contributions | | |
| Students | $ 2,750 | $ 4,185 |
| Fundraising | 6,043 | 4,837 |
| **Total Additions** | 8,793 | 9,022 |
| | | |
| **DEDUCTIONS** | | |
| Benefits paid to students | 15,597 | 9,711 |
| | | |
| **NET DECREASE IN FIDUCIARY NET POSITION** | (6,804) | (689) |
| **NET POSITION AT BEGINNING OF YEAR** | 96,812 | 97,501 |
| **NET POSITION AT END OF YEAR** | $ 90,008 | $ 96,812 |

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, 2024 AND AUGUST 31, 2023

| | 2024 | 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Receipts from students and customers | $ 23,725,645 | $ 21,721,599 |
| Receipts of appropriations, grants and contracts | 7,192,822 | 7,909,432 |
| Payments to or on behalf of employees | (33,654,138) | (30,284,053) |
| Payments to suppliers | (26,253,114) | (23,157,355) |
| **NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | (28,988,785) | (23,810,377) |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES** | | |
| Ad valorem tax revenues | 5,689,983 | 4,977,655 |
| State appropriations | 14,815,924 | 11,421,474 |
| Non-operating federal revenue | 12,186,358 | 10,768,262 |
| Other cash receipts (payments) | 50,882 | 37,745 |
| **NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES** | 32,743,147 | 27,205,136 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Purchases of capital assets | (7,534,331) | (6,548,473) |
| Sale of fixed assets | (6,894) | 88,557 |
| Insurance proceeds | - | - |
| Proceeds from Debt | - | 2,545,000 |
| Reclassification of custodial funds | - | - |
| Principal paid on debt | (1,465,000) | (1,255,000) |
| Interest paid on debt | (617,533) | (530,975) |
| **NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES** | (9,623,758) | (5,700,891) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Investment earnings | 1,708,084 | 1,433,387 |
| Purchases of investments | - | - |
| **NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES** | 1,708,084 | 1,433,387 |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | (4,161,312) | (872,745) |
| **CASH AND CASH EQUIVALENTS - SEPTEMBER 1** | 28,041,121 | 28,913,866 |
| **CASH AND CASH EQUIVALENTS - AUGUST 31** | $ 23,879,809 | $ 28,041,121 |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:** | | |
| Operating income (loss) | $ (36,790,483) | $ (33,006,226) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | |
| Payments made directly by state for benefits | 3,665,358 | 2,948,807 |
| Depreciation expense | 4,611,222 | 4,293,371 |
| OPEB expense | (1,798,475) | (5,361,206) |
| Bad debt expense | 1,212,603 | 1,271,886 |
| Pension expense | 1,281,212 | 6,533,341 |
| Changes in assets and liabilities: | | |
| Receivables, net | (3,552,381) | (9,049,438) |
| Inventories | 25,233 | (38,957) |
| Other assets | (74,459) | 205,361 |
| Accounts payable | 419,089 | 128,231 |
| Deferred revenue | 2,012,296 | 8,264,453 |
| Deposits held for others | - | - |
| **NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | $ (28,988,785) | $ (23,810,377) |
| **Cash Reconciliation:** | | |
| Cash and cash equivalents | $ 22,420,574 | $ 26,699,371 |
| Restricted cash | 1,459,235 | 1,341,750 |
| **Total Cash** | $ 23,879,809 | $ 28,041,121 |

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

## 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.

## 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 $17,990,115 and $21,177,787 on August 31, 2024 and August 31, 2023 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 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, 2024 | August 31, 2023 |
|---|---|---|
| Fuel | $ 1,518 | $ 2,743 |
| Cosmetology Stock | 29,825 | 45,656 |
| Cattle | 13,500 | 21,677 |
| | 44,843 | 70,076 |

**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 $5,000 or more and an estimated life of more than 2 years. 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; 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, 2024 and 2023 were as follows:

| | August 31, 2024 | August 31, 2023 |
|---|---|---|
| Tuition | $ 15,876,473 | $ 13,920,893 |
| State Grant | 15,193 | 182,498 |
| Federal Grant | 257,475 | 33,454 |
| Taxes | 237,750 | 215,672 |
| | $ 16,386,891 | $ 14,352,517 |

**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 100, 'Accounting Changes and Error Corrections' in FY 23-24. The College had no changes in accounting principal, accounting estimates, or changes to/within the college that require a correction of previously issued financial statements.

**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, 2024 and 2023, net position of the College consisted of the following:

| | August 31, 2024 | August 31, 2023 |
|---|---|---|
| Net property, plant and equipment | $ 84,228,278 | $ 81,012,884 |
| Less: | | |
| General obligation bonds payable, net | (16,621,833) | (18,099,704) |
| Capital Leases, net | (23,919,350) | (23,949,915) |
| SBITA | (768,241) | (1,134,119) |
| Amount of debt related to unspent proceeds | - | - |
| Total net investment in capital assets | 42,918,854 | 37,829,146 |
| Restricted for debt service | 143,227 | 1,991,647 |
| Restricted for student aid | 1,207,201 | 1,167,521 |
| Restricted for instructional programs | 2,343,394 | 3,309,874 |
| Restricted for construction projects | | |
| Unrestricted | (18,846,367) | (16,346,692) |
| Total net position | $ 27,766,309 | $ 27,951,496 |

**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. For 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.

## 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, 2024 and 2023, the carrying amounts of the College's bank deposits were $5,887,519 and $6,861,158, respectively and total bank balances equaled $5,888,577 and $6,640,290. Bank balances of $760,142 and $617,523 were covered by FDIC, and $5,128,435 and $6,022,767 were covered by collateral pledged in the College's name for the years ended August 31, 2024 and 2023, 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 & Poors. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poors, 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.

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

| | The College (Primary Government) | |
|---|---|---|
| | Assets - Exhibit 1 | |
| | 8/31/2024 | 8/31/2023 |
| Bank Deposits | | |
| Demand Deposits | $ 5,887,519 | $ 6,861,159 |
| Petty Cash and Cash on Hand | 2,175 | 2,175 |
| Total Cash and Deposits | 5,889,694 | 6,863,334 |
| Cash Equivalents | | |
| TexPool | 17,990,115 | 21,177,787 |
| Total Cash, Deposits, and Cash Equivalents | $ 23,879,809 | $ 28,041,121 |

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, 2024, 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, 2024 and 2023, the College had the following investments:

| | Fair Value | Investment Maturities in Years | | | |
|---|---|---|---|---|---|
| Investment Type | 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 | - | - |

| | Fair Value | Investment Maturities in Years | | | |
|---|---|---|---|---|---|
| Investment Type | 8/31/2023 | 1 or Less | 1 to 5 | 5 to 10 | 10 to 15 |
| Certificates of Deposit | $ 2,012,123 | $ 1,012,123 | $ 1,000,000 | $ - | $ - |
| FSB Investment Acct | $ 3,152,805 | $ 986,150 | $ 2,166,655 | $ - | $ - |
| Total | 5,164,928 | 1,998,273 | 3,166,655 | - | - |

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, 2024 and 2023, the College was not exposed to credit risk.

- 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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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 | |
|---|---|---|
| | 8/31/2024 | 8/31/2023 |
| Total Cash and Deposits | $ 5,889,694 | $ 6,863,334 |
| TexPool | 17,990,115 | 21,177,787 |
| Certificates of Deposit | 2,395,000 | 2,012,123 |
| FSB Investment | 2,916,136 | 3,152,805 |
| Total Deposits and Investments | $ 29,190,945 | $ 33,206,049 |
| Per Statement of Net Assets - Exhibit 1: | | |
| Cash and Cash Equivalents | $ 22,420,574 | $ 26,699,371 |
| Short-term Investments | 5,311,136 | 5,164,928 |
| Restricted Cash | 1,459,235 | 1,341,750 |
| Total Deposits and Investments | $ 29,190,945 | $ 33,206,049 |

## 5. CAPITAL ASSETS – COMPARATIVE

Capital assets activity for the years ended August 31, 2024 and 2023 was as follows:

| August 31, 2024 | Balance 9/1/2023 | Increases | Decreases | Balance 8/31/2024 |
|---|---|---|---|---|
| Not Depreciated: | | | | |
| 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 |
| Other Capital Assets: | | | | |
| 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 |
| Accumulated Depreciation: | | | | |
| 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 |

| August 31, 2023 | Balance 9/1/2022 | Increases | Decreases | Balance 8/31/2023 |
|---|---|---|---|---|
| Not Depreciated: | | | | |
| Land | $ 989,786 | $ - | $ - | $ 989,786 |
| Construction In Progress | 832,206 | 3,308,022 | (867,881) | 3,272,347 |
| Subtotal | 1,821,992 | 3,308,022 | (867,881) | 4,262,133 |
| Other Capital Assets: | | | | |
| Buildings and Improvements | 65,509,128 | 1,041,165 | - | 66,550,293 |
| Equipment | 15,611,457 | 1,259,407 | (5,783) | 16,865,081 |
| Library Books | 1,772,198 | 4,445 | (144,063) | 1,632,580 |
| Automobiles | 530,930 | - | (258,029) | 272,901 |
| SBITA | | 1,134,119 | | 1,134,119 |
| Right of Use Buildings | 24,444,915 | 2,089,523 | (97,254) | 26,437,184 |
| Right of Use Vehicles | 69,711 | 95,703 | | 165,414 |
| Right of Use Equipment | 524,300 | 153,646 | (407,134) | 270,812 |
| Subtotal | 108,462,639 | 5,778,008 | (912,263) | 113,328,384 |
| Accumulated Depreciation: | | | | |
| Buildings and Improvements | (17,263,157) | (1,395,813) | - | (18,658,970) |
| Equipment | (10,360,436) | (1,109,650) | 5,783 | (11,464,303) |
| Library Books | (1,501,832) | (91,561) | 191,105 | (1,402,288) |
| Automobiles | (399,486) | (34,545) | 233,551 | (200,480) |
| SBITA | | (63,007) | | (63,007) |
| Right of Use Buildings | (3,234,426) | (1,446,415) | 30,728 | (4,650,113) |
| Right of Use Vehicles | (4,478) | (132,662) | 106,295 | (30,845) |
| Right of Use Equipment | (455,274) | (19,718) | 367,364 | (107,628) |
| Subtotal | (33,219,089) | (4,293,371) | 934,826 | (36,577,634) |
| Net Other Capital Assets | 75,243,550 | 1,484,637 | 22,563 | 76,750,750 |
| Net Capital Assets | $ 77,065,542 | $ 4,792,659 | $ (845,318) | $ 81,012,883 |

The depreciation expense for the year ended August 31, 2024 was $4,611,222 and for the year ended August 31, 2023 was $4,293,371.

## 6. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Current and noncurrent receivables on August 31, 2024 and 2023 were as follows:

| | The College (Primary Government) | |
|---|---|---|
| | 8/31/2024 | 8/31/2023 |
| Taxes Receivable | 233,243 | 227,750 |
| Federal Receivable | 559,629 | 319,337 |
| State & Local Receivable | 77,831 | 387,282 |
| Student Receivable | 21,180,600 | 17,603,780 |
| Other Receivable | 37,980 | 25,342 |
| Subtotal | 22,089,283 | 18,563,491 |
| Allowance for Doubtful Accounts | (9,925,602) | (8,745,081) |
| Total Receivables | $ 12,163,681 | $ 9,818,410 |

Accounts payables and accrued liabilities on August 31, 2024 and 2023, were as follows:

| | The College (Primary Government) | |
|---|---|---|
| | 8/31/2024 | 8/31/2023 |
| Vendor Payable | $ 1,513,085 | $ 1,237,475 |
| Student Payable | 237,534 | 108,564 |
| Other Payable | 295,371 | 298,577 |
| Salary & Benefit Payable | 2,285 | |
| Interest Payable | 507,854 | 360,758 |
| Total Accounts Payable | 2,556,129 | 2,005,374 |
| Accrued Liabilities | | |
| Salary & Benefit Payable | 69,754 | 54,323 |
| Total Payables | $ 2,625,883 | $ 2,059,697 |

## 7. LONG-TERM LIABILITIES

Bonds payable on August 31, 2024 were comprised of the following individual issues:

NCTC District Limited Tax General Obligation Bonds, Series 2013

- For the construction and renovation of College buildings on the Gainesville campus
- Issue date December 30, 2013
- Original amount authorized and issued $5,500,000
- Source of revenue for debt service-Ad Valorem Tax
- Payable in annual installments varying from $140,000 to $610,000
- Interest rate 2.64%
- Final installment due August 2025

NCTC District Limited Tax General Obligation Bonds, Series 2014

- For the construction and renovation of College buildings on the Gainesville campus
- Issue date February 27, 2014
- Original amount authorized and issued $8,730,000
- Source of revenue for debt service-Ad Valorem Tax
- Payable in annual installments varying from $165,000 to $1,025,000
- Interest rate 2.0% to 4.75%
- Final installment due August 2034

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 Gainesvillle 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%
- Final installment due August 2033

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 terminates in July 2029.

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.

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, 2024 and 2023, was as follows:

| August 31, 2024 | Beginning Balance | Activity Additions | Activity Reductions | Ending Balance | Current 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 |
| | $ 77,304,647 | $ 5,923,257 | $ (8,314,833) | $ 74,913,071 | $ 3,144,603 |

| August 31, 2023 | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|---|---|---|---|---|---|
| Tax Notes: | | | | | |
| 2023 Tax Note | - | 2,545,000 | - | 2,545,000 | 190,000 |
| Revenue Bonds: | | | | | |
| 2022 Series | 6,625,000 | - | (565,000) | 6,060,000 | 565,000 |
| General Obligation Bonds: | | | | | |
| 2013 Series | 1,775,000 | - | (575,000) | 1,200,000 | 590,000 |
| 2014 Series | 7,855,000 | - | (115,000) | 7,740,000 | 120,000 |
| CAB Accretion | 170,310 | 23,647 | - | 193,957 | - |
| Premium on Bonds | 398,125 | - | (37,378) | 360,747 | - |
| Capital Leases Buildings | 22,402,312 | 2,023,900 | (777,640) | 23,648,572 | 796,912 |
| Capital Leases Equipment | 73,119 | 139,101 | (46,096) | 166,124 | 47,871 |
| Capital Leases Vehicles | 64,969 | 95,702 | (25,453) | 135,218 | 38,660 |
| SBITA Liability | - | 1,134,119 | - | 1,134,119 | 365,878 |
| Net Pension Liability | 4,787,325 | 7,423,148 | (889,807) | 11,320,666 | N/A |
| Net OPEB Liability | 28,161,450 | 3,661,484 | (9,022,690) | 22,800,244 | N/A |
| | $ 72,312,610 | $ 17,046,101 | $ (12,054,064) | $ 77,304,647 | $ 2,714,321 |

Debt service requirements for bonds, capital leases, and SBITA on August 31, 2024 are summarized below:

| | BONDS | | | CAPITAL LEASES | SBITA |
|---|---|---|---|---|---|
| Fiscal Year August 31, | Principal | Interest | Total Requirements | Right to Use | Right to Use |
| 2025 | 1,530,000 | 550,792 | 2,080,792 | 2,120,092 | 391,273 |
| 2026 | 1,325,000 | 779,871 | 2,104,871 | 2,120,209 | 410,837 |
| 2027 | 1,645,000 | 488,062 | 2,133,062 | 2,055,588 | - |
| 2028 | 1,710,000 | 431,380 | 2,141,380 | 1,792,968 | - |
| 2029 | 1,765,000 | 372,395 | 2,137,395 | 1,754,441 | - |
| 2030-2034 | 8,105,000 | 891,070 | 8,996,070 | 8,689,177 | - |
| 2035-2039 | - | - | - | 7,697,200 | - |
| 2040-2044 | - | - | - | 6,149,000 | - |
| Total Requirements | $ 16,080,000 | $ 3,513,570 | $ 19,593,570 | $ 32,378,675 | $ 802,110 |

Accreted Interest Payable
A portion of the 2013 General Obligation Bond and the 2014 General Obligation Bonds consisted of capital appreciation bonds (CABS). These bonds are zero-coupon bonds with deep discounts. The difference between the initial price of the bonds plus the premium on the CABS and the maturity value represents interest. This interest is accreted over the term of the bonds and is recorded as a liability in the District's financial statements. The following schedule summarizes the changes in accreted interest payable during the years ended August 31, 2024 and 2023:

| August 31, 2024 | Balance 9/1/2023 | Booked | Retired | Balance 8/31/2024 |
|---|---|---|---|---|
| Accreted Interest Payable | $ 193,957 | $ 24,506 | $ - | $ 218,463 |

| August 31, 2023 | Balance 9/1/2022 | Booked | Retired | Balance 8/31/2023 |
|---|---|---|---|---|
| Accreted Interest Payable | $ 170,310 | $ 23,647 | $ - | $ 193,957 |

## 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. DEFEASED BONDS AND ADVNACE REFUNDING BONDS OUTSTANDING

For the year ending August 31, 2024 the College no longer has any defeased bonds outstanding nor any advance refunding bonds outstanding.

## 10. 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.

*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 http://www.trs.texas.gov/Pages/aboutpublications.aspx; by writing to TRS, 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

*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 cost of living adjustments (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description above.

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.

| | 2024 | 2023 |
|---|---|---|
| Member | 8.25% | 8.00% |
| Non-Employer Contributing Entity (State) | 8.25% | 8.00% |
| Employers | 8.25% | 8.00% |
| | | |
| Current fiscal year employer contributions | | $ 1,028,342 |
| Current fiscal year member contributions | | $ 1,851,815 |
| 2023 measurement year NECE on-behalf contributions | | $ 762,887 |

Contributors to the plan include members, employers and the state of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools 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 school, junior college, other entities or the State of Texas as the employer for senior 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 1.8% of the member's salary beginning in fiscal year 2022, 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 in the August 31, 2023, rolled forward from the August 31, 2022 actuarial valuation, was determined using the following actuarial assumptions:

Methods and Assumptions Used to Determine Contribution Rates

| | |
|---|---|
| Valuation Date | August 31, 2022 rolled forward to August 31, 2023 |
| 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, 2023 | 4.13%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index." |
| Last year ending August 31 in Projection Period (100 Years) | 2122 |
| Inflation | 2.30% |
| Salary Increases | 2.95% to 8.95%, including inflation |
| Ad hoc post-employment benefit changes | None |

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2022.

***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 9.50% of payroll in fiscal year 2024 increasing to 9.56% 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-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System’s target asset allocation as of August 31, 2023 are summarized below:

| Asset Class* | Target Allocation** | Long-term Expected Geometric Real Rate of Return *** | Expected Contribution to Long-Term Portfolio Return **** |
|---|---|---|---|
| **Global Equity** | | | |
| USA | 18.0% | 4.0% | 1.00% |
| Non-U. S. Developed | 13.0% | 4.5% | 0.90% |
| Emerging Markets | 9.0% | 4.8% | 0.70% |
| Private Equity | 14.0% | 7.0% | 1.50% |
| **Stable Value** | | | |
| Government Bonds | 16.0% | 2.5% | 0.50% |
| Absolute Return (Including Credit Sensitive | 0.0% | 3.6% | 0.00% |
| Stable Value Hedge Funds | 5.0% | 4.1% | 0.20% |
| **Real Return** | | | |
| Real Estate | 15.0% | 4.9% | 1.10% |
| Energy, Natural Resources and Infrastructure | 6.0% | 4.8% | 0.40% |
| Commodities | 0.0% | 4.4% | 0.00% |
| **Risk Parity** | | | |
| Risk Parity | 8.0% | 4.5% | 0.40% |
| **Asset Allocation Leverage** | | | |
| Cash | 2.0% | 3.7% | 0.00% |
| Asset Allocation Leverage | -6.0% | 4.4% | -0.10% |
| Inflation Expectation | | | 2.30% |
| Volatility Drag | | | -0.90% |
| **Expected Return** | 100.0% | | 8.00% |

* Absolute Return includes Credit Sensitive Investments
***Target Allocation based on the FY23 policy model*
****Capital Market Assumptions come from AON Hewitt (as of 6/30/23)*
*****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 | $ 18,840,505 | $ 12,601,878 | $ 7,414,456 |

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** On August 31, 2024, the College reported a liability of $12,601,878 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

| | |
|---|---|
| College's proportionate share of the collective net pension liability | $ 12,601,878 |
| State's proportionate share that is associated with the College | 10,194,665 |
| Total | $ 22,796,543 |

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 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, 2022 thru August 31, 2023.

At the measurement date of August 31, 2023, the employer's portion of the collective net pension liability was 0.0183459217% which was a decrease of 0.0007228945% from its portion measured as of August 31, 2022.

**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 legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

For the year ended August 31, 2024, the College recognized pension expense of $2,539,895 and revenue of $1,539,306 for support provided by the State.

On August 31, 2024, 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.)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ 449,009 | $ 152,595 |
| Changes in actuarial assumptions | 1,191,891 | 291,683 |
| Difference between projected and actual investment earnings | 3,937,706 | 2,103,827 |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 148,724 | 819,895 |
| Subtotal | 5,727,330 | 3,368,000 |
| Contributions paid to TRS subsequent to the measurement date * | 848,717 | - |
| Total | $ 6,576,047 | $ 3,368,000 |

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 | $ | 484,104 |
| 2026 | | 180,667 |
| 2027 | | 1,327,221 |
| 2028 | | 359,713 |
| 2029 | | 7,625 |

**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 2024 and 2023. 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 date 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 $863,814 and $780,724 for the fiscal years ended August 31, 2024 and 2023 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 $27,612,952 and $26,227,786 for fiscal years August 31, 2024 and 2023, respectively. The total payroll of employees covered by the TRS was $22,291,970 and $20,147,720; and the total payroll of employees covered by the ORP was $2,197,321 and $2,044,772 fiscal years August 31, 2024 and 2023, respectively.

## 11. 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 administrated 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.

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

| | 2023 | 2022 |
|---|---|---|
| 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 8/31/24 | Fiscal Year Ended 8/31/23 |
|---|---|---|
| Employers | $ 629,654 | $ 560,262 |
| Members (Employees) | 143,026 | 152,599 |
| Federal Revenue | 33,212 | 90,539 |
| Nonemployer Contributing Entity (State of Texas) | 97,102 | 29,414 |
| Total Contributions | $ 902,994 | $ 832,814 |

*Actuarial Assumptions.* The total OPEB liability was determined by an actuarial valuation as of August 31, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions**
**ERS Group Benefits Program Plan**

| | |
|---|---|
| Valuation Date | August 31, 2023 |
| 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 FY2025, 5.30% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2032 and later years |
| Medical (Health Select Medicare) Advantage | 16.40% for FY2025, 8.40% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2032 and later years |
| Pharmacy | 10.0% for FY2025 10%.0 for FY2026, decreasing 100 basis points per year to 5.0% for FY2031 and 4.3% for FY2032 and later years |
| Salary Increases | 2.3%-8.95%, including inflation |
| Discount rate | 3.81% |
| 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 and JRS I and II 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-2019 Projection Scale are projected from the year 2020. |
| b. Disability Retirees (Regular, Elected, CPO,CO and JRS1 and II Employee Classes | 2020 State Retirees of Texas Mortality table three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2018 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males andfemales, 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-2019 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. |

**Investment Policy.** The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System's Board of Trustees adopted the amendment to the investment policy in August 2022 to require that all funds in the plan be invested in cash and equivalent securities. The expected rate of return on these investments is currently 4.1%, in line with the prevailing returns on 90-day US treasury bills.

*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 3.59%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.81%, which amounted to an increase of 0.22%. 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 (2.81) | Discount Rate (3.81) | 1% Increase in Discount Rate (4.81) |
|---|---|---|---|
| College's proportionate share of the net OPEB liability | $ 24,369,536 | $ 21,001,769 | $ 18,292,988 |

*Healthcare Trend Rate Sensitivity Analysis.* The initial healthcare trend rate is 5.60% for HealthSelect and the ultimate rate is 4.30%. 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 (5.60%) in calculating the net OPEB Liability.

| | Healthcare Cost Trend | | |
|---|---|---|---|
| | 1% Decrease Rates 4.6% Decreasing to 3.3% | Current Trend Rates 5.6% Decreasing to 4.3% | 1% Increase Rates 6.6% Decreasing to 5.3% |
| College's proportionate share of the net OPEB liability | $ 18,064,440 | $ 21,001,769 | $ 24,732,191 |

*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, 2024. The College reported a liability of $21,001,769 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:

| | | |
|---|---|---|
| College's proportionate share of the collective net OPEB liability | $ | 21,001,769 |
| State's proportionate share that is associated with the College | | 17,953,681 |
| Total | $ | 38,955,450 |

The net OPEB liability was measured as of August 31, 2023, 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, 2022 thru August 31, 2023.

At the measurement date of August 31, 2023, the employer's proportion of the collective net OPEB liability was .07860670% which was a decrease of .00143076% from its proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the district recognized total OPEB expense of ($478,478) and revenue for support provided by state and federal sources of $531,616.

On August 31, 2024, 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 | $ - | $ 555,508 |
| Changes in actuarial assumptions | 700,596 | 6,559,132 |
| Difference between projected and actual investment earnings | 1,697 | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 236,081 | 1,799,750 |
| Total as of measurement date | 938,374 | 8,914,390 |
| Contributions paid to ERS subsequent to the measurement date * | 417,376 | - |
| Total | $ 1,355,750 | $ 8,914,390 |

*The $417,376 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, 2024.

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 |
|---|---|
| 2025 | (2,298,267) |
| 2026 | (2,267,775) |
| 2027 | (1,946,253) |
| 2028 | (1,211,785) |
| 2029 | (251,936) |

## 12. 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 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, 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.

As of August 31, 2023, the College had 23 employees participating in the program. A total of $206,648 in payroll deductions were invested in approved plans during the fiscal year.

## 13. 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. It is the policy of the College to not record accrued sick leave as a component of compensation expense because the benefits become compensation when the sick leave is utilized, not when accumulated. Upon termination, an employee does not receive payment for any accumulated sick leave.

## 14. PENDING LAWSUITS AND CLAIMS

None.

## 15. 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 2024 and 2023 for which monies have not been received nor funds expended, totaled $2,571,491 and $2,130,081 respectively. Of this amount, $2,201,351 and $1,789,220 were from Federal Contract and Grant awards, respectively and $370,140 and $340,861 were from State Contract and Grant awards.

## 16. 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.

## 17. 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 coverage for the years ended August 31, 2024 and 2023, respectively. The cost of providing these benefits and the total number of employees participating in the plan and contributions were as follows:

| | August 31, 2024 | | August 31, 2023 | |
|---|---|---|---|---|
| | Number of Employees | Contribution | Number of Employees | Contribution |
| Active Employees | 390 | $ 1,331,820 | 385 | $ 1,483,670 |
| Retired Employees | 142 | 484,441 | 135 | 520,258 |
| | 532 | $ 1,816,261 | 520 | $ 2,003,928 |

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

## 18. 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 2024 | Fiscal Year 2023 |
|---|---|---|
| Assessed Valuation | 8,235,441,136 | 6,692,327,355 |
| Less: Exemptions & Abatements | (672,152,641) | (404,608,448) |
| Less: Freeze Adjustment | (1,266,193,331) | (1,156,937,906) |
| Net Assessed Valuation | 6,297,095,164 | 5,130,781,001 |

The tax rates per $100 valuation were as follows:

| | Fiscal Year 2024 | | Fiscal Year 2023 | |
|---|---|---|---|---|
| | Current Operations | Debt Service | Current Operations | Debt Service |
| Authorized | 0.200000 | 0.500000 | 0.200000 | 0.500000 |
| Assessed | 0.064200 | 0.024400 | 0.064200 | 0.020900 |

Taxes levied for the years ended August 31, 2024 and 2023, were $5,065,841 and $4,818,145 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, 2024 and 2023, were 95.11% and 98.99%, 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.

| | Current Operations | Debt Service | Total |
|---|---|---|---|
| Fiscal Year Ended August 31, 2024 | | | |
| Current Taxes Collected | $ 3,670,733 | $ 1,395,107 | $ 5,065,840 |
| Delinquent Taxes Collected | 445,214 | 162,898 | 608,112 |
| Penalties & Interest Collected | 23,916 | 9,170 | 33,086 |
| Total Collections | $ 4,139,863 | $ 1,567,175 | $ 5,707,038 |
| Fiscal Year Ended August 31, 2023 | | | |
| Current Taxes Collected | $ 3,634,840 | $ 1,183,305 | $ 4,818,145 |
| Delinquent Taxes Collected | 111,755 | 35,832 | 147,587 |
| Penalties & Interest Collected | 18,894 | 6,105 | 24,999 |
| Total Collections | $ 3,765,489 | $ 1,225,242 | $ 4,990,731 |

## 19. 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) | |
|---|---|---|
| | August 31, 2024 | August 31, 2023 |
| Young County | $ 558,297 | $ 507,453 |

## 20. 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, 2024 and 2023.

## 21. 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 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023 is as follows:

**Condensed Statement of Net Position**

| | Fiscal Year Ended | |
|---|---|---|
| | 8/31/2024 | 8/31/2023 |
| Assets | | |
| Current assets | $ 1,207,201 | $ 1,167,521 |
| Capital assets, net | 139,250 | 135,831 |
| Total Assets | 1,346,451 | 1,303,352 |
| Liabilities | | |
| Current liabilities | - | - |
| Net Position | | |
| Net investment in capital assets | 139,250 | 135,831 |
| Restricted | | |
| Expendable | 1,207,201 | 1,167,521 |
| Total Net Position | $ 1,346,451 | $ 1,303,352 |

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

| | | |
|---|---|---|
| Operating Expense | | |
| Scholarship | $ 2,100 | $ 6,000 |
| Other | 575 | - |
| Depreciation | - | - |
| Total Operating Expense | 2,675 | 6,000 |
| Nonoperating Revenues/Expense | | |
| Investment income | 61,824 | 48,564 |
| Gain on Sale of Assets | - | - |
| Total Nonoperating Revenues/Expense | 61,824 | 48,564 |
| Income Before Transfers | 59,149 | 42,564 |
| Transfers Out | (16,050) | (2,000) |
| Change in Net Position | 43,099 | 40,564 |
| Net Position, Beginning of Year | 1,303,352 | 1,262,788 |
| Net Position, End of Year | $ 1,346,451 | $ 1,303,352 |

**Condensed Statement of Cash Flows**

| | | |
|---|---|---|
| Net Cash Provided (Used) by Operating Activities | $ (2,675) | $ (6,000) |
| Net Cash Provided (Used) by Investing Activities | 42,355 | 49,983 |
| Net increase/(decrease) in cash | 39,680 | 43,983 |
| Cash, Beginning of Year | 1,167,521 | 1,123,538 |
| Cash, End of Year | $ 1,207,201 | $ 1,167,521 |

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

## 23. 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 2024 and 2023, 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.

## 24. 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, 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.

For the fiscal year ended August 31, 2023, the College abated property taxes totaling $67,971 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 $6.505.
- A 50% property tax abatement to a solar farm to stimulate investment and economic development. The abatement amounted to $13,559.
- A 50% property tax abatement to a banking institution to stimulate investment and economic development. The abatement amounted to $36,598.
- A 50% tax abatement to a building materials company to stimulate investment and economic development. The abatement amounted to $15,703.

## 25. PRIOR PERIOD ADJUSTMENT

None.

## 26. SUBSEQUENT EVENTS

The College's management has evaluated subsequent events through December 6, 2024, the date which the financial statements were available for issue.

## 27. 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). 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**

Exhibit 4

| | Measurement Year Ended August 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
| District's proportion of the net pension liability | 0.0183459% | 0.0190688% | 0.0187985% | 0.0208711% | 0.0211282% | 0.0206199% | 0.0197348% | 0.0197982% | 0.0189342% | 0.0203348% |
| District's proportion share of the net pension liability | $ 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 | $ 5,431,706 |
| States proportionate share of the net pension liability associated with the District | 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 | 4,623,508 |
| Total | 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 | 10,055,214 |
| District's covered employee payroll | 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 | 14,102,654 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 56.53% | 56.19% | 23.58% | 61.05% | 56.52% | 61.92% | 37.15% | 46.97% | 43.59% | 38.52% |
| Plan fiduciary net position as a percentage of total pension liability | 73.15% | 75.62% | 88.79% | 75.54% | 75.24% | 73.74% | 82.17% | 78.00% | 78.43% | 83.25% |

The amounts presented above are as of the measurement date of the collective net pension liability. 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 THE DISTRICT CONTRIBUTIONS
## TEACHER RETIREMENT SYSTEM

Exhibit 5

| | Fiscal Year Ended August 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
| Contractually required contributions | $ 1,028,342 | $ 944,602 | $ 889,751 | $ 801,701 | $ 860,898 | $ 737,547 | $ 691,205 | $ 646,627 | $ 629,202 | $ 560,648 |
| Contributions in relation to the contractually required contribution | (1,028,342) | (944,602) | (889,751) | (801,701) | (860,898) | (737,547) | (691,205) | (646,627) | (629,202) | (560,648) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered employee payroll | 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 | 14,102,654 |
| Contributions as a percentage of covered-employee payroll | 4.61% | 4.69% | 4.38% | 4.38% | 4.43% | 4.02% | 4.07% | 4.06% | 4.10% | 3.98% |

The amounts presented above are as the Employer's most recent fiscal year-ends. 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 THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
## EMPLOYEE RETIREMENT SYSTEM OF TEXAS
## STATE RETIREE HEALTH PLAN

| | 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 Lliability | 0.07860670% | 0.08003746% | 0.07849771% | 0.08398399% | 0.08443645% | 0.0841585% | 0.0494826% |
| District's proportion share of the Net OPEB Liability | $ 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 | 17,953,681 | 19,360,816 | 24,267,035 | 22,387,933 | 24,151,892 | 19,087,781 | 14,506,619 |
| Total | 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 | 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 | 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 | 0.63% | 0.38% | 0.32% | 0.32% | 0.17% | 1.27% | 2.04% |

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 finanical 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, 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 | $ 659,277 | $ 621,741 | $ 578,461 | $ 551,309 | $ 547,930 | $ 526,884 | $ 496,120 |
| Contributions in relation to the contractually required contribution | (659,277) | (621,741) | (578,461) | (551,309) | (547,930) | (526,884) | (496,120) |
| Contribution deficiency (excess) | - | - | - | - | - | - | - |
| District's covered employee payroll | 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 | 3.04% | 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, 2024

### NOTES TO SCHEDULES FOR THE TRS PENSION

**Changes in Actuarial Assuptions.**
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, 2013 effective for the fiscal year September 1, 2023 to August 31, 2024. This raise proportionally increases the College's current matching contributions.

### NOTES TO SCHEDULES FOR OPEB

**Changes in Actuarial Assuptions.**
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 3.59% as of August 31, 2022 to 3.81% as of August 31, 2023 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.

In addition, minor benefit changes became effecitve September 1, 2023. These minor benefit changes are not expected to have a significant impact on plan costs for FY2024.

**APPENDIX C**

FORM OF BOND COUNSEL’S OPINION

[CLOSING DATE]

NORTON ROSE FULBRIGHT

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IN REGARD to the authorization and issuance of the "North Central Texas Community College District Tuition and Combined Fee Revenue Bonds, Series 2025," dated May 1, 2025, in the principal amount of $____________ (the "Bonds"), 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 Bonds and the exclusion of the interest on the Bonds 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 Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Bonds mature on June 1 in each of the years specified in a resolution adopted by the Board of Trustees of the District authorizing the issuance of the Bonds (the "Resolution"), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Resolution.

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

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

1. The Bonds 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 and, together with the outstanding and unpaid "Previously Issued Bonds" (identified and defined in the Resolution), are payable solely from and equally and ratably secured by a first lien on and pledge of the Pledged Revenues (as defined in the Resolution), 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 Bonds 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 Bonds. Ownership of tax-exempt obligations such as the Bonds 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