

PRELIMINARY OFFICIAL STATEMENT

Dated August 7, 2025



Ratings:

Moody's: Aaa

S&P: AAA

(See "OTHER INFORMATION – Ratings" herein.)

NEW ISSUE – Book-Entry-Only

In the opinion of Bond Counsel (defined below), assuming continuing compliance by the District (defined below) after the date of initial delivery of the Bonds (defined below) with certain covenants contained in the Resolution (defined below) and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date thereof (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. See "TAX MATTERS" herein.

\$295,780,000*

ALAMO COMMUNITY COLLEGE DISTRICT

(A political subdivision of the State of Texas located in Bexar County, Texas)

LIMITED TAX AND REFUNDING BONDS, SERIES 2025

Dated Date: August 15, 2025

Due: August 15, as shown on inside cover page

Interest to Accrue from Date of Delivery (defined below)

PAYMENT TERMS . . . Interest on the \$295,780,000* Alamo Community College District Limited Tax and Refunding Bonds, Series 2025 (the "Bonds") will accrue from the Date of Delivery to the Underwriters (defined below), will be payable on February 15 and August 15 of each year, commencing February 15, 2026, until stated 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. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of 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 is BOKF, NA, Dallas, Texas. See "THE BONDS – Paying Agent/Registrar".

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including, Section 130.122, Texas Education Code, as amended, Chapter 1207, Texas Government Code, as amended, Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), an election held in the District on May 3, 2025, and a resolution authorizing the issuance of the Bonds (the "Resolution") adopted by the Board of Trustees (the "Board") of the Alamo Community College District (the "District" or the "Issuer") on June 14, 2025. See "THE BONDS – Authority for Issuance" and "THE BONDS – Security and Source of Payment and Tax Rate Limitation" herein. In the Resolution, the Board has, in accordance with Chapter 1371, delegated to certain District officials the authority to execute an approval certificate (the "Approval Certificate") evidencing final terms of the sale of the Bonds.

SECURITY . . . The Bonds constitute direct obligations of the District, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property located within the District. See "THE BONDS – Security and Source of Payment and Tax Rate Limitation".

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) design, construct, renovate, improve, acquire, upgrade, update, and equip new and existing facilities in the District and the purchase of the necessary sites therefor, (ii) refund certain maturities of the District's currently outstanding indebtedness as disclosed in Schedule I hereto (the "Refunded Obligations") in order to achieve debt service savings, and (iii) pay the costs of issuance of the Bonds. See "THE BONDS – Purpose".

**MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS,
CUSIP NUMBERS, AND REDEMPTION PROVISIONS**

See Schedule on Page 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchasers thereof named below (the "Underwriters") and are subject to the approving opinion of the Attorney General of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, San Antonio, Texas, as Bond Counsel (see APPENDIX C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on or about Thursday, August 28, 2025 (the "Date of Delivery").

JEFFERIES

**FROST BANK
RAMIREZ & CO., INC.**

**STEPHENS INC.
BAIRD**

* Preliminary, subject to change.

MATURITY SCHEDULE*

CUSIP No. Prefix: 011415⁽¹⁾

Maturity (August 15)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾	Maturity (August 15)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
2026	\$11,805,000				2039	\$ 9,435,000			
2027	3,390,000				2040	9,905,000			
****	****				2041	10,400,000			
2029	4,160,000				2042	10,920,000			
****	****				2043	11,470,000			
2031	9,760,000				2044	12,040,000			
2032	10,255,000				2045	12,675,000			
2033	13,050,000				2046	13,340,000			
2034	20,280,000				2047	14,040,000			
2035	21,705,000				2048	14,775,000			
2036	22,530,000				2049	15,550,000			
2037	18,940,000				2050	16,370,000			
2038	8,985,000								

(Interest accrues from the Date of Delivery)

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the District, the Financial Advisor, or the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, ____, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, ____, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. In addition, any Bonds structured as Term Bonds (defined herein) will be subject to mandatory sinking fund redemption at the times and in the amounts as specified in the Approval Certificate, which provisions will be disclosed in the final Official Statement. See "THE BONDS - Redemption" herein.

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* Preliminary, subject to change.

USE OF INFORMATION IN 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 of this Preliminary Official Statement ("Rule 15c2-12"), this document constitutes an "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.

No dealer, broker, salesman or other person has been authorized by the District, the Financial Advisor or the Underwriters to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District, the Financial Advisor or the Underwriters. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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 JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE DISTRICT, THE FINANCIAL ADVISOR, OR THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

The agreements of the District and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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

OFFICIAL STATEMENT SUMMARY

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

- THE DISTRICT**..... The Alamo Community College District (the "District" or the "Issuer") is a multi-college system established through a public election in 1945. The corporate boundaries of the District are coterminous with those of Bexar County, Texas with the exception of satellite campuses in Comal and Kerr Counties, Texas. The District includes five comprehensive two-year colleges: San Antonio College, St. Philip's College, Palo Alto College, Northwest Vista College and Northeast Lakeview College (collectively, the "Colleges"). Policy-making and supervisory functions are the responsibility of, and are vested in, a nine-member Board of Trustees (the "Board"). Members of the Board serve six-year staggered terms with elections held every two years. The Chancellor is the chief administrative officer for the District. Support services are provided by independent consultants and advisors. The total area of the District is approximately 1,257 square miles. In addition to its corporate boundaries, the service area from which the District draws students, as designated by the Texas Higher Education Coordinating Board, includes the areas within the seven additional counties of Atascosa, Bandera, Comal, Guadalupe, Kendall, Kerr and Wilson. In total, the District serves a service area population of 2,773,291, which is projected for 2025.
- THE BONDS** The Bonds are issued as \$295,780,000* Limited Tax and Refunding Bonds, Series 2025. The Bonds are issued as serial bonds maturing on August 15 in each of the years 2026, 2027, 2029, and 2031 through 2050*, unless the Underwriters combine two or more of the maturities into Term Bonds (defined herein). See "THE BONDS - Description of the Bonds".
- PAYMENT OF INTEREST** Interest on the Bonds accrues from the date of initial delivery to the Underwriters (anticipated to occur on or about August 28, 2025), and will be payable on February 15 and August 15 of each year commencing February 15, 2026, until stated maturity or prior redemption. See "THE BONDS - Description of the Bonds".
- AUTHORITY FOR ISSUANCE** The Bonds are being issued pursuant to the Constitution and the general laws of the State of Texas, including Section 130.122, Texas Education Code, as amended, Chapter 1207, Texas Government Code, as amended, Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), an election held in the District on May 3, 2025, and a resolution (the "Resolution") adopted by the Board on June 14, 2025. See "THE BONDS - Authority for Issuance". In the Resolution, the Board has, in accordance with Chapter 1371, delegated to certain District officials the authority to execute an approval certificate (the "Approval Certificate") evidencing final terms of sale of the Bonds.
- SECURITY FOR THE BONDS** The Bonds constitute direct obligations of the District, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property located within the District. See "THE BONDS - Security and Source of Payment and Tax Rate Limitation".
- REDEMPTION** The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, ____, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, ____, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. In addition, any Bonds structured as Term Bonds will be subject to mandatory sinking fund redemption at the times and in the amounts as specified in the Approval Certificate, which provisions will be disclosed in the final Official Statement (see "THE BONDS - Redemption" herein).
- TAX EXEMPTION**..... In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income of the owners thereof for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption "TAX MATTERS" herein.
- USE OF PROCEEDS** Proceeds from the sale of the Bonds will be used to (i) design, construct, renovate, improve, acquire, upgrade, update, and equip new and existing facilities in the District and the purchase of the necessary sites therefor, (ii) refund certain maturities of the District's currently

* Preliminary, subject to change.

outstanding indebtedness as disclosed in Schedule I hereto (the “Refunded Obligations”) in order to achieve debt service savings, and (iii) pay the costs of issuance of the Bonds. See “THE BONDS – Purpose”.

RATINGS The Bonds and the presently outstanding ad valorem tax supported debt of the District is rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings (“S&P”), without regard to credit enhancement. 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 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”.

FUTURE DEBT

ISSUANCE..... On May 3, 2025, the District voters authorized the District to issue \$987,000,000 in limited tax bonds. This authorization is intended to fund the District’s capital improvement plan through 2029. The new money portion of the Bonds represents the first installment of this authorization, applying bond proceeds in the aggregate amount of \$223,000,000* (leaving \$764,000,000* unissued) against the same.

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

*Preliminary, subject to change.

SELECTED FINANCIAL INFORMATION⁽¹⁾

Fiscal Year Ended 8/31	Net Taxable Assessed Valuation ⁽²⁾	Tax Levy	% Current Collections	% Current and Delinquent Collections
2021	\$ 183,317,712,833	\$ 254,322,861	101.40%	101.66%
2022	193,446,171,103	274,877,046	98.58%	99.17%
2023	224,282,768,584	308,255,579	101.37%	102.08%
2024	247,492,590,589	344,263,311	100.93%	101.51%
2025	263,013,562,857 ⁽³⁾	365,601,295	96.78% ⁽⁴⁾	97.36% ⁽⁴⁾

(1) Source: Finance and Fiscal Services.

(2) Source: Alamo Community College District Annual Comprehensive Financial Report (FY 2021-2024). FY 2025 figures taken from the Bexar County Appraisal District’s Certified Tax Roll dated July 23, 2024 and includes all of the Certified Value and 90% of \$16,542,629,253 in property remaining under review; subject to change during the ensuing year as contested values are resolved and the Bexar Appraisal District updates its records.

(3) The District’s Certified Totals for Tax Year 2025 were released by Bexar County Appraisal District on July 19, 2025, showing the District’s Net Taxable Assessed Valuation of \$268,969,085,789 for Fiscal Year Ended August 31, 2026.

(4) Collections through June 30, 2025.

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REVENUES, EXPENSES AND CHANGES IN NET POSITION CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended August 31,				
	2020	2021	2022	2023	2024
Operating Revenues	\$ 86,533,245	\$ 93,270,727	\$ 92,780,381	\$ 92,013,386	\$ 102,596,585
Operating Expenses	(460,207,575)	(484,466,459)	(533,436,823)	(574,478,258)	(648,441,553)
Nonoperating Revenues	440,047,141	479,476,293	541,455,112	605,276,764	652,359,737
Nonoperating Expenses	(35,246,899)	(19,512,998)	(20,982,662)	(30,171,541)	(28,316,671)
Other Revenues, (Expenses), Gains, (Losses) ⁽¹⁾	-	10,123,836	4,237,380	3,980,480	4,455,480
Increase in Net Position	<u>\$ 31,125,912</u>	<u>\$ 78,891,399</u>	<u>\$ 84,053,388</u>	<u>\$ 96,620,831</u>	<u>\$ 82,653,578</u>
Net Position - Beginning of Year	\$ 183,032,495	\$ 214,158,407	\$ 305,501,676	\$ 389,579,891	\$ 486,200,722
Net Position - Beginning of Year (Restated)	<u>\$ 183,032,495</u>	<u>\$ 226,610,277</u> ⁽²⁾	<u>\$ 305,526,503</u> ⁽³⁾	<u>\$ 389,579,891</u>	<u>\$ 487,343,831</u> ⁽⁴⁾
Net Position - End of Year	<u>\$ 214,158,407</u>	<u>\$ 305,501,676</u>	<u>\$ 389,579,891</u>	<u>\$ 486,200,722</u>	<u>\$ 569,997,409</u>

- (1) Other Revenues (Expenses), Gains (Losses) includes State appropriations for construction projects, loan forgiveness related to donated real estate, and donations for capital assets.
- (2) Due to the effects of reclassifying state appropriations for construction as nonexchange transactions, the fiscal year ended 2020 net position was restated.
- (3) In fiscal year 2022, The District implemented GASB Statement No. 87, "Leases". Net position as of the beginning of the year was restated by \$24,827 for the cumulative effect of applying GASB Statement No. 87.
- (4) During fiscal year 2023, the District implemented GASB Statement No. 96, Subscription-based Information Technology Arrangements. The August 31, 2023 net position balance was restated by \$1.1 million due to the effects of the GASB Statement No. 96.

For additional information regarding the District, please contact:

Ms. Lisa L. Mazure, MSA, CPA, CGFM
Associate Vice Chancellor for Finance and Fiscal Services
Alamo Community College District
2222 N. Alamo Street
San Antonio, Texas 78215
Telephone: (210) 485-0307
lmazure@alamo.edu

Ms. Michelle Aragon
Managing Director
Hilltop Securities Inc.
70 Northeast Loop 410, Suite 750
San Antonio, Texas 78216
Telephone: (210) 308-2200
michelle.aragon@hilltopsecurities.com

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DISTRICT OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>Board of Trustees</u>	<u>District</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Mr. Clint Kingsbery Chair	8	11 Years	May, 2026	Testing Center Coordinator
Mr. Joe Alderete, Jr. Vice Chair	1	15 Years	May, 2028	Intergovernmental Affairs Consultant
Ms. Anna U. Bustamante Secretary	3	17 Years	May, 2028	Educator
Ms. Gloria Ray Assistant Secretary	2	5 Years	May, 2028	Retired
Dr. Lorena "Lorraine" Pulido	4	4.5 Years	May, 2026	Communications Manager
Gerald Lopez	5	1 Year	May, 2030	Small Business Owner
Dr. Gene Sprague	6	31 Years	May, 2030	Professor
Dr. Yvonne Katz	7	13 Years	May, 2030	Retired School District Superintendent
Mr. Leslie Sachanowicz	9	4.5 Years	May, 2026	Attorney
Mr. Josiah Rodriguez Student Trustee ⁽¹⁾	N/A	Newly Appointed	April, 2026	Student

(1) Non-voting advisory position appointed by Board.

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>
Dr. Mike Flores	Chancellor
Mr. Xavier Urrutia	Interim Vice Chancellor of Economic and Workforce Development
Dr. George Railey, Jr.	Vice Chancellor for Academic Success
Ms. Debi Gaitan ⁽¹⁾	Interim Vice Chancellor for Student Success
Dr. Thomas S. Cleary ⁽¹⁾	Vice Chancellor for Planning, Performance and Information Systems and Interim Vice Chancellor for Finance and Administration
Mr. Ross Laughead	General Counsel
Ms. Lisa L. Mazure, MSA, CPA, CGFM	Associate Vice Chancellor for Finance and Fiscal Services
Mr. Lacy Hampton	Associate Vice Chancellor, G.O. Bond Construction Improvement Program
Mr. Patrick F. Vrba, Jr., CPA	Controller
Mr. Sean Mullen, CTP, CFP	Treasurer

(1) The District is currently conducting a national search for the Vice Chancellor for Student Success and Vice Chancellor for Finance and Administration.

CONSULTANTS AND ADVISORS

Bond Counsel	Norton Rose Fulbright US LLP San Antonio, Texas
Outside Counsel	Langley & Banack, Inc. San Antonio, Texas
Certified Public Accountants	CliftonLarsonAllen LLP San Antonio, Texas
Paying Agent/Registrar	BOKF, NA Dallas, Texas
Financial Advisor	Hilltop Securities Inc. San Antonio, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

\$295,780,000*

ALAMO COMMUNITY COLLEGE DISTRICT

(A political subdivision of the State of Texas located in Bexar County, Texas)

LIMITED TAX AND REFUNDING BONDS, SERIES 2025

INTRODUCTION

This Official Statement, which includes the cover page, Schedule I, and the Appendices hereto, provides certain information regarding the issuance of \$295,780,000* Alamo Community College District Limited Tax and Refunding Bonds, Series 2025 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution (defined herein), except as otherwise indicated herein.

The Alamo Community College District (the "District" or the "Issuer") is a multi-college system located in, and coterminous with, the boundaries of Bexar County, Texas (the "County"), with the exception of the satellite campuses in Comal and Kerr Counties. All other educational facilities owned by the District are located within the County. The District serves a service area designated by the Texas Higher Education Coordinating Board that includes the areas within seven additional counties of Atascosa, Bandera, Comal, Guadalupe, Kendall, Kerr and Wilson, and a service area population of 2,773,291, which is projected for 2025. The District is a political subdivision of the State of Texas and operates as a junior college district under the laws of the State of Texas, serving as an educational and cultural resource center to the residents of the District and of this additional seven county service area.

There follows in this Official Statement descriptions of the plan of financing, the Bonds, the Resolution, and security for the Bonds, and certain information about 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, Hilltop Securities Inc. ("HilltopSecurities"), San Antonio, Texas by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Final Official Statement pertaining to the Bonds will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Markets Access ("EMMA") System. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

PLAN OF FINANCING

PURPOSE OF THE BONDS. . . . Proceeds from the sale of the Bonds will be used to (i) design, construct, renovate, improve, acquire, upgrade, update, and equip new and existing facilities in the District and the purchase of the necessary sites therefor, (ii) refund certain maturities of the District's currently outstanding indebtedness as disclosed in Schedule I hereto (the "Refunded Obligations") in order to achieve debt service savings, and (iii) pay the costs of issuance of the Bonds.

REFUNDED OBLIGATIONS . . . The Refunded Obligations, and interest due thereon, are to be paid on their respective scheduled redemption date from cash and investments to be deposited with BOKF, NA, Dallas, Texas (the "Escrow Agent") pursuant to an Escrow and Trust Agreement, dated as of June 14, 2025 (the "Escrow Agreement") between the District and the Escrow Agent.

The Resolution provides that the District will deposit certain proceeds of the sale of the Bonds along with other lawfully available funds of the District, if any, with the Escrow Agent in the amount necessary to accomplish the discharge and final payment of the Refunded Obligations at their respective scheduled date of redemption (the "Redemption Date"). Such funds shall be held by the Escrow Agent in an escrow fund (the "Escrow Fund"), and used to purchase direct obligations of the United States of America or other permitted defeasance securities (the "Federal Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations.

Prior to, or simultaneously with, the issuance of the Bonds, the District will give irrevocable instructions to provide notice to the owners of the Refunded Obligations that the Refunded Obligations will be redeemed prior to stated maturity on which date money will be made available to redeem the Refunded Obligations from money held under the Escrow Agreement.

Public Finance Partners LLC will verify at the time of delivery of the Bonds to the Underwriters thereof the mathematical accuracy of the schedules that demonstrate the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. Such maturing principal of and interest on the Federal Securities will not be available to pay the Bonds (see "OTHER INFORMATION - Verification of Mathematical Computations").

* Preliminary, subject to change.

By the deposit of the Federal Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of all of the Refunded Obligations in accordance with the law. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the report of Public Finance Partners LLC, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the District payable from taxes nor for the purpose of applying any limitation on the issuance of debt.

The District has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated August 15, 2025, and mature on August 15 in each of the years and in the amounts shown on the inside cover page hereof. Interest on the Bonds accrues from the date of initial delivery of the Bonds to the Underwriters (expected to occur on or about August 28, 2025), will be payable on February 15 and August 15 of each year, commencing February 15, 2026, until stated maturity or prior redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one stated 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 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.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to Constitution and the general laws of the State of Texas (the “State”), Section 130.122, Texas Education Code, as amended, Chapter 1207, Texas Government Code, as amended, Chapter 1371, Texas Government Code, as amended (“Chapter 1371”), an election held in the District on May 3, 2025, and a resolution authorizing the Bonds (the “Resolution”) adopted by the Board of Trustees (the “Board”) on June 14, 2025. In the Resolution, the Board has, in accordance with Chapter 1371, delegated to certain District officials the authority to execute an approval certificate (the “Approval Certificate”) evidencing final terms of sale of the Bonds.

SECURITY AND SOURCE OF PAYMENT AND TAX RATE LIMITATION. . . The Bonds are direct obligations of the District payable from a continuing direct ad valorem tax, within the limits prescribed by law, on all taxable property in the District. The District is limited under State law to a total annual tax levy, including both a debt service tax levy and a maintenance tax levy, not to exceed \$1.00 per \$100 valuation, of which it may levy up to \$0.50 per \$100 valuation for debt service for all limited tax Bonds of the District that are currently outstanding or issued hereafter. The remainder of the limited tax, after subtracting the amount of the tax levied to secure payment of limited tax bonds, may be used to pay for the District’s maintenance and operations expenses and to secure payment of bonds and maintenance tax notes, including the Bonds. By local referendum held on September 30, 1952 (which tax rate could be increased at a subsequent election), the District is limited to a total tax rate of not to exceed \$0.25 per \$100 taxable assessed valuation for maintenance and operations and debt service purposes. The District’s tax rate is lower than the \$1.00 per \$100 taxable assessed valuation limitation (of which a maximum of \$0.50 may be utilized for debt service purposes) on ad valorem tax rates for community college districts authorized by Section 130.122, as amended, Texas Education Code. For the fiscal year ending August 31, 2025, the District levied an ad valorem tax for local maintenance at the rate of \$0.10776 per \$100 of taxable assessed valuation and an ad valorem tax for debt service at the rate of \$0.04139 (see “Table 4 – Tax Rate, Levy and Collection History” herein). The Bonds constitute direct obligations of the District, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property located within the District. Amounts received by the District from State appropriations, generally, may not be used to pay debt service on bonds (including the Bonds) or any other indebtedness of a junior college district.

REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, ____, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, ____, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

In addition, any consecutive serial maturities of Bonds aggregated into one or more term Bonds (the “Term Bonds”) will be subject to mandatory sinking fund redemption at the times and in the amounts as specified in the Resolution, which provisions will be disclosed in the final Official Statement.

SELECTION OF BONDS FOR 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) will 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) has been called for redemption and notice of such redemption given, such Bond (or the principal amount thereof to be redeemed) will become due and payable on such redemption date and interest thereon will 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.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the District must 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 OF REDEMPTION SO MAILED WILL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE BONDHOLDER, AND SUBJECT TO PROVISION FOR PAYMENT OF THE REDEMPTION PRICE HAVING BEEN MADE AND THE SATISFACTION OF ANY OTHER CONDITION SPECIFIED IN THE NOTICE, INTEREST ON THE REDEEMED BONDS WILL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A BOND HAS NOT BEEN PRESENTED FOR PAYMENT.

All notices of redemption must (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed, and in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, will become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, will cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, will be made at the designated corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the registered owner.

The Paying Agent/Registrar and the District, so long as the Book-Entry-Only System is used of the Bonds, will send any notice of redemption (with respect to the Bonds), notice of proposed amendment to the Resolution or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect DTC participants may implement a redemption of such Bonds from the beneficial owners. Any such selection of Bonds to be redeemed will not be governed by the Resolution and will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds from redemption. See "THE BONDS – Book-Entry-Only System" herein.

DEFEASANCE . . . The Resolution provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the 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 a paying agent, in trust (1) money sufficient to make such payment, (2) Government Obligations (defined below), that mature as to principal and interest in such amounts and at such times to ensure 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, or (3) a combination of money and Government Obligations together so certified sufficient to make such payment. The sufficiency of deposits as hereinbefore described shall be certified by the District's Financial Advisor, the Paying Agent/Registrar, or some other qualified third party as specified in the Resolution. The Resolution provides that "Government Obligations" 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 the governing body of the District authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the District adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, or (d) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Bonds. Authorized District officials are permitted to limit the foregoing defeasance securities in connection with the sale of the Bonds. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Bonds, or those for any other Government Obligations, will be maintained at any particular rating category. Further, there is no assurance that current Texas law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of those securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Bonds ("Defeasance Proceeds"), though the District has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Resolution does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the District to use lawfully available Defeasance Proceeds to defease all or any portion of the Bonds, registered owners of Bonds are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under Texas law as permissible defeasance securities.

Upon such deposit as described above, such Bonds will no longer be regarded to be outstanding obligations for purpose of applying any limitation on indebtedness or for purposes of taxation. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the District to initiate proceeding to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that, the District's right to redeem Bonds defeased to stated maturity is not extinguished if the District has reserved the option, to

be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their stated maturity date, if the District: (i) in the proceeding 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 owners 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; except that, without the consent of the registered owners of all of the Bonds then outstanding and affected thereby, no such amendment, addition, or rescission may (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 rate of interest thereon, or the redemption price therefor, or in any way modify the terms of payment of the principal of 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 for consent to any amendment, addition, or rescission.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor, and the Underwriters believe the source of such information to be reliable, but take 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 United States 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 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 S&P Global Ratings rating of "AA+." The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. Please note that the information contained on (or accessed through) this website is not incorporated herein and should not be construed as part of this Official Statement.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, who 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 the 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 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 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 Paying Agent/Registrar, on the payment 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, 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 Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are 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, the Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates representing each Stated Maturity of the Bonds, as appropriate, will be printed and delivered to the holder of such Bonds and 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.

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

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.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the Book-Entry-Only System of the Bonds is discontinued, printed Bonds will be issued to the DTC Participants or the owner, as the case may be, and such 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.

MUTILATED, DESTROYED, LOST, OR STOLEN BONDS . . . Upon discontinuance of the Book-Entry-Only System, the District has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges, and other expenses in connection with such replacement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Resolution, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar must be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the 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 will also give the address of the new Paying Agent/Registrar.

SUCCESSOR PAYING AGENT/REGISTRAR . . . The District reserves the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar must accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District must be a (i) a national or state banking institution, or (ii) an association or a corporation organized and doing business under the laws of the United States of America or of any state authorized under such laws to exercise trust power. Upon a change in the Paying Agent/Registrar for the Bonds, the District will 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 will give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the 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 will 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 will be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal 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.

LIMITATION ON TRANSFER OF THE BONDS. . . Neither the District nor the Paying Agent/Registrar shall be required to exchange any Bonds to an assignee of the owner of the Bonds (i) during the period commencing with the close of business on the Record Date and ending with the opening of business on the next interest payment date, or (ii) with respect to any Bond subject to redemption, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer will not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT. . . The record date ("Record Date") for determining the person to whom the interest on the Bonds is payable on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which must be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a 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. . . If the District defaults in the payment of principal, interest, or redemption price 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 for 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 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 bondowners upon any failure of the District to perform in accordance with the terms of the Resolution, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, which pertains to the issuance of public securities by issuers such as the District, permits the District to waive sovereign immunity in the proceedings authorizing the issuance of the Bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds (as further described under "THE BONDS – Authority for Issuance"), the District has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages outside of Chapter 1371, registered owners may not be able to bring such a suit against the District for breach of the Bond or Resolution covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source

of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under 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 registered owners of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce 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 and general principles of equity that permit the exercise of judicial discretion.

USE OF BOND PROCEEDS . . . Proceeds from the sale of the Bonds, including the District's contribution, if any, are expected to be expended as follows:

Sources:

Principal Amount of the Bonds	\$	-
Net Reoffering Premium		-
District's Cash Contribution		-
Total Sources of Funds	\$	-

Uses:

Deposit to Construction Fund	\$	-
Deposit to Escrow Fund		-
Underwriters' Discount		-
Costs of Issuance and additional proceeds		-
Total Uses of Funds	\$	-

AD VALOREM PROPERTY TAXATION

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

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

The Governor called for a special session on June 23, 2025, which commenced on July 21, 2025, and may last no longer than 30 days (the "First Special Session"). The Governor identified eighteen (18) agenda items that will be considered in the First Special Session. Among the items being considered is "legislation reducing the property tax burden on Texans and legislation imposing spending limits on entities authorized to impose property taxes." The District is unable to predict the substance of such legislation or the effect, if any, it will have on the District's finances or operations.

Additional special sessions may be called by the Governor. During such time, the Legislature may enact laws that materially change current law as it relates to the District's finances and operations. The District is still in the process of reviewing legislation passed during the 89th Regular Session. At this time, the District cannot make any representations as to the full impact of such legislation. Further, the District can make no representations or predictions regarding the scope of legislation that may be considered in any special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

THE 88TH TEXAS LEGISLATURE. . . The regular session of the 88th Texas Legislature began on January 10, 2023 and ended on May 29, 2023 (the "88th Regular Legislative Session"). The Governor called and the Legislature concluded four special sessions (the 88th Regular Legislative Session and the four called special sessions, collectively, the "88th Texas Legislature"). During the 88th Texas Legislature, the Legislature passed and the Governor signed House Bill 8 ("HB 8"), now codified, in part, as Chapter 130A, Texas Education Code. Among other provisions, HB 8 amends the Texas Education Code by requiring money appropriated from the state treasury to public junior colleges to be allocated on the basis of the number of students that graduate with a degree or certificate or transfer to a four-year university. Prior to the passage of HB 8, public junior colleges were largely funded based on contact hours (the number of hours students spend in a classroom). HB 8 also created a state financing program for public junior colleges (the "financing program") that ensures each public junior college has access to adequate state appropriations and local resources. The financing program consists of two components: (1) a base tier of state and local funding

(the "Base Tier Formula") and (2) a performance tier of state funding (the "Performance Tier Formula") which constitutes the majority of state funding to be distributed based on measurable outcomes aligned with (a) regional and state workforce needs and (b) state goals aligned to the state's long-range master plan for higher education. HB 8 authorizes the Texas Higher Education Coordinating Board (the "THECB") to adopt rules, require reporting by public junior colleges and take other actions consistent with HB 8 to administer the financing program.

Base Tier Formula. Pursuant to HB 8, the Base Tier Formula a junior college is entitled to receive from the state for instruction and operations for a state fiscal year is the amount a public junior college district's Guaranteed Instruction and Operations Funding (defined below) exceeds its Local Share (defined below).

"Guaranteed Instruction and Operations Funding" means, for a state fiscal year, the sum of: (1) the product of (A) the amount per weighted full-time equivalent student set by the general appropriations act or other legislative appropriation and (B) the number of weighted full-time equivalent students enrolled at the public junior college; and (2) the public junior college's weighted contact hour funding by discipline. For purposes of this definition, the THECB is tasked with adopting rules to establish student weights for purposes of applying HB 8 and the financing program.

"Local Share" means, an amount equal to the sum of amounts of revenue estimated to be guaranteed (1) imposing a maintenance and operations ad valorem tax in the district at a rate of \$0.05 and (2) assessing an amount of tuition and fees to each full-time equivalent student enrolled at the public junior college equal to the statewide average amount of tuition and fees assessed by public junior college districts to a full-time equivalent student, as provided and determined by THECB rule.

Performance Tier Formula. The Performance Tier Formula of state funding entitles a junior college district to performance tier funding pursuant to the following measurable outcomes: (1) the number of credentials of value awarded (as determined by the THECB based on analyses of wages and costs associated with the credential, including degrees, certificates and other credentials from credit and non-credited programs that equip students for continued learning and greater earnings in the state economy, with an additional weight for placement of students who earn such credential in a high-demand occupation (as determined by THECB rule)); (2) the number of students who earn at least 15 semester credit hours or the equivalent at the public junior college and who (a) subsequently transfer to a general academic teaching institution or (b) are enrolled in a structured co-enrollment program (as defined by THECB rule); and (3) the number of students who complete a sequence of at least 15 semester credit hours or the equivalent for dual credit courses that apply toward academic or workforce program requirements at the postsecondary level.

The Bonds constitute direct obligations of the District, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property located within the District. See "THE BONDS - Security and Source of Payment and Tax Rate Limitation". Amounts received by the District from State appropriations, generally, may not be used to pay debt service on bonds (including the Bonds) or any other indebtedness of a junior college district.

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

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026 unless extended by the State legislature, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. For the 2025 tax year, the Maximum Property Value was increased to \$5,160,000.

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

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

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

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

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

PERSONAL PROPERTY...Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Subject to voter approval at a Statewide election to be held on November 4, 2025, legislation passed by the State Legislature and signed by the Governor during the 89th Regular Session would provide a person an exemption from taxation by a taxing unit of \$125,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit (or, if the person leases such property, regardless of where the property is located in the taxing unit).

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

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory.

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

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

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER...The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the

beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. The Legislature amended Section 11.35, Tax Code, to clarify that "damage" for purposes of such statute is limited to "physical damage". For more information on the exemption, reference is made to Section 11.35 of the Tax Code.

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

TAX ABATEMENT AGREEMENTS...Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at \$61,349,201 for the 2025 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

LEVY AND COLLECTION OF TAXES...The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the District may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1. See "AD VALOREM PROPERTY TAXATION – Temporary Exemption for Qualified Property Damaged by a Disaster" for a discussion of the applicability of this section of the Property Tax Code.

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

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

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

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

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

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

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

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

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

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

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

DISCUSSION OF STATE APPROPRIATIONS AND IMPACT TO THE DISTRICT... The THECB has released a preliminary formula run for fiscal year 2026, estimating the District's appropriations at \$92,001,688. The District projects appropriations of \$95,527,536 in fiscal year 2027. Such appropriation represents an increase of approximately \$8,014,772 to the District from the State budget passed during the 88th Legislative Session which covered fiscal years 2024 and 2025⁽¹⁾. See "AD VALOREM PROPERTY TAXATION - The 89th Texas Legislature" and " - The 88th Texas Legislature".

(1) Preliminary, subject to change.

DISTRICT APPLICATION OF TAX CODE. . . The District grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$50,000; the disabled are also granted an exemption of \$50,000.

The District has granted an additional exemption of \$5,000 or 1% of taxable value of residence homesteads (whichever is greater).

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the District against the exempt value of residence homesteads for the payment of debt.

The District does not tax nonbusiness personal property; Bexar County Tax Assessor/Collector collects taxes for the District.

The District does permit split payments, and discounts are not allowed.

The District does not grant freeport exemption.

The District, on October 25, 2011, adopted a resolution authorizing the continued taxation of goods-in-transit for the 2012 tax year and beyond.

The District has adopted a tax abatement policy (see “Tax Increment Financing Zone” below).

As previously stated (see “TAX INFORMATION – Ad Valorem Tax Law”), the District has implemented a “tax freeze” on residence homesteads of the disabled and persons 65 years of age or older.

TAX INCREMENT FINANCING ZONE . . . The District currently participates in three tax increment financing (“TIF”) projects. In the fiscal year ending August 31, 2024, participation in the TIFs cost the District approximately \$522,000 in lost ad valorem tax revenues. The District has formal guidelines for determining if participation is warranted. The District’s participation in TIFs (other than TIF agreement in existence before August 2009) will not be greater than 50% and for a period of not more than 15 years. The criteria applied to each request are:

1. Whether the proposed TIF will be used for the primary purpose of encouraging community development or revitalization within any municipality within Bexar County.
2. Whether the written request for participation includes a project location map, showing the location of the proposed project and the proximity of the proposed project to schools, libraries, parks and health facilities and places upon the map (plat) a depiction of the TIF improvements thereon as a condition of District participation.
3. The economic and social effect the TIF will have on the area contained within the boundaries of zone and the economic and social effect upon surrounding property, which shall include a cost benefits analysis for the District.
4. The participation level of other taxing entities.
5. Whether the TIF agreement provides for an administrative fee to the District as determined by the District to cover its expenses for collecting and remitting the tax proceeds to the TIF.
6. Whether any District capital projects may be leveraged (or furthered) by the TIF.
7. Whether there is a potential to affect future District expansion.
8. Whether the TIF is in an area identified by the sponsoring entity as an area targeted for reinvestment.
9. Whether there are a substantial number of vacant/abandoned or substandard commercial or residential structures to be improved by the TIF.
10. Whether there exists declining property values in the vicinity of and to be addressed by the TIF.

Should the Board approve District participation in a TIF, all of the conditions upon which the Board approves the TIF shall be incorporated in a written contract with the sponsoring entity.

Property within a reinvestment zone that is owned or leased by a member of the Board is excluded from property tax abatement or TIF.

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TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT⁽¹⁾

2025/26 Market Valuation Established by Bexar Appraisal District ⁽¹⁾		\$ 321,985,030,344
Less Exemptions/Reductions at 100% Market Value:		
Over 65	\$ 7,297,030,041	
Over 65 Surviving Spouse	62,368,902	
Disabled Persons	342,758,239	
Disabled Vet	13,679,323,874	
10% CAP Limit	2,516,137,822	
Homestead Exemption	1,982,896,913	
Totally Exempt Property	19,861,705,857	
Leased Vehicles	875,541,703	
Circuit Breaker Exemption	688,056,692	
Low Income Housing	185,662,390	
First Responders Surviving Spouse	5,992,734	
Other	50,495,346	
Productivity Loss	5,154,563,541	
Personal Property Vehicle	718,050	
Community Housing Development	236,826,241	
Pollution Control	75,866,211	53,015,944,556
2025/26 Net Taxable Assessed Valuation		\$ 268,969,085,789
Freeze Taxable Assessed Valuation		36,653,094,290
2025/26 Net Freeze Adjusted Taxable Assessed Valuation		<u>\$ 232,315,991,499</u>
Debt Payable from Ad Valorem Taxes as of June 30, 2025		
Limited Tax Bonds ⁽²⁾⁽³⁾	\$ 386,510,000	
Maintenance Tax Notes	181,485,000	
The Bonds ⁽³⁾	295,780,000	
Net Debt Payable from Ad Valorem Taxes ⁽³⁾		<u>\$ 863,775,000</u>
Unaudited Interest and Sinking Fund as of June 30, 2025		<u>\$ 65,536,047</u>
Ratio Net Tax Debt to Net Freeze Adjusted Taxable Assessed Valuation		0.37%
2025 Estimated Population - 2,110,643 ⁽⁴⁾		
Per Capita Net Freeze Adjusted Taxable Assessed Valuation - \$110,069		
Per Capita Net Debt Payable from Ad Valorem Taxes - \$409		

- (1) Figures taken from the Bexar Appraisal District's certified Tax Roll dated July 19, 2025 and include all of the certified value and 90% of \$15,624,384,702 in property remaining under review; subject to change during the ensuing year as contested values are resolved and the Bexar Appraisal District updates its records.
- (2) Excludes the Refunded Obligations.
- (3) Preliminary, subject to change.
- (4) Source: World Population Review.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended August 31,					
	2026 ⁽¹⁾		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 181,334,681,327	56.32%	\$ 179,471,853,856	57.03%	\$ 176,663,498,974	57.80%
Real, Residential, Multi-Family	25,395,642,415	7.89%	26,217,327,194	8.33%	26,049,248,730	8.52%
Real, Vacant Lots/Tracts	4,771,681,239	1.48%	4,216,439,254	1.34%	4,366,703,190	1.43%
Real, Acreage (Land Only)	5,213,896,843	1.62%	4,732,297,054	1.50%	4,482,324,103	1.47%
Real, Farm and Ranch Improvements	6,002,374,073	1.86%	5,758,419,998	1.83%	3,422,704,855	1.12%
Real, Commercial	52,544,041,656	16.32%	52,063,961,499	16.54%	50,060,927,846	16.38%
Real, Industrial	2,201,175,894	0.68%	2,228,911,622	0.71%	2,113,140,440	0.69%
Oil, Gas and Mineral Reserves	79,131,770	0.02%	80,049,180	0.03%	72,962,595	0.02%
Real and Tangible Personal, Utilities	1,043,184,721	0.32%	950,392,620	0.30%	732,558,101	0.24%
Tangible Personal, Commercial	16,211,269,718	5.03%	15,366,044,577	4.88%	14,766,358,278	4.83%
Tangible Personal, Industrial	2,358,421,012	0.73%	1,940,145,474	0.62%	2,253,753,337	0.74%
Tangible Personal, Mobile Homes	730,412,087	0.23%	721,788,263	0.23%	691,219,981	0.23%
Real Inventory	1,911,751,678	0.59%	1,680,397,232	0.53%	2,123,720,744	0.69%
Special Inventory	736,776,809	0.23%	736,057,774	0.23%	735,484,532	0.24%
Exempt	21,450,589,103	6.66%	18,533,933,814	5.89%	17,136,541,163	5.61%
Total Appraised Value Before Exemptions	\$ 321,985,030,344	100.00%	\$ 314,698,019,411	100.00%	\$ 305,671,146,868	100.00%
Adjustments	-		-		(3,370,961,741)	
Less: Total Exemptions	53,015,944,556		51,684,456,554		54,807,594,538	
Total Assessed Value	<u>\$ 268,969,085,789</u>		<u>\$ 263,013,562,857</u>		<u>\$ 247,492,590,589</u>	

Category	Taxable Appraised Value for Fiscal Year Ended August 31,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 156,765,593,808	58.12%	\$ 124,723,983,415	55.83%
Real, Residential, Multi-Family	22,777,672,236	8.45%	19,097,286,187	8.55%
Real, Vacant Lots/Tracts	3,485,736,142	1.29%	3,028,529,709	1.36%
Real, Acreage (Land Only)	3,858,832,703	1.43%	3,359,682,877	1.50%
Real, Farm and Ranch Improvements	3,100,500,068	1.15%	2,334,074,931	1.04%
Real, Commercial	44,711,675,906	16.58%	39,803,698,998	17.82%
Real, Industrial	1,974,121,705	0.73%	1,651,974,327	0.74%
Oil, Gas and Mineral Reserves	64,958,572	0.02%	56,938,764	0.03%
Real and Tangible Personal, Utilities	702,569,929	0.26%	688,290,337	0.31%
Tangible Personal, Commercial	12,781,748,528	4.74%	11,510,223,358	5.15%
Tangible Personal, Industrial	2,169,300,591	0.80%	2,066,740,882	0.93%
Tangible Personal, Mobile Homes	636,228,918	0.24%	375,637,231	0.17%
Real Inventory	1,704,952,798	0.63%	1,424,719,888	0.64%
Special Inventory	675,452,436	0.25%	543,248,281	0.24%
Exempt	14,304,873,399	5.30%	12,750,268,873	5.71%
Total Appraised Value Before Exemptions	\$ 269,714,217,738	100.00%	\$ 223,415,298,057	100.00%
Adjustments	(2,067,964,888)		(1,409,966,428)	
Less: Total Exemptions	43,363,484,265		28,559,160,526	
Total Assessed Value	<u>\$ 224,282,768,584</u>		<u>\$ 193,446,171,103</u>	

NOTE: Valuations shown are certified taxable assessed values before the freeze reported by the Bexar Appraisal District. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates its records.

- (1) Figures taken from the Bexar County Appraisal District's Certified Tax Roll dated July 19, 2025 and includes all of the Certified Value and 90% of \$15,624,384,702 in property remaining under review; subject to change during the ensuing year as contested values are resolved and the Bexar Appraisal District updates its records.

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 8/31	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Tax Debt Outstanding at End of Year	Ratio Tax Debt to Taxable Assessed Valuation	Tax Debt Per Capita
2021	2,038,779	\$ 183,317,712,833	\$ 89,915	\$ 578,325,000	0.32%	\$ 284
2022	2,068,234	193,446,171,103	93,532	529,820,000	0.27%	256
2023	2,115,336	224,282,768,584	106,027	773,715,000	0.34%	366
2024	2,116,800	247,492,590,589	116,918	707,460,000	0.29%	334
2025	2,110,643	263,013,562,857 ⁽³⁾	124,613	843,680,000 ⁽⁴⁾	0.32% ⁽⁴⁾	400 ⁽⁴⁾

(1) Source: For years 2021 through 2023 from OpenDataNetwork.com. For years 2024 and 2025 from World Population Review.

(2) Source: Alamo Community College District Annual Comprehensive Financial Report (FY 2021-2024). FY 2025 figures taken from the Bexar Appraisal District's Certified Tax Roll dated July 23, 2024 and includes all of the Certified Value and 90% of \$16,542,629,253 in property remaining under review; subject to change during the ensuing year as contested values are resolved and the Bexar Appraisal District updates its records.

(3) The District's Certified Totals for Tax Year 2025 were released by Bexar County Appraisal District on July 19, 2025, showing the District's Net Taxable Assessed Valuation of \$268,969,085,789 for Fiscal Year Ended August 31, 2026.

(4) Includes the Bonds and excludes the Refunded Obligations. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 8/31	Tax Rate	Maintenance and Operations	Debt Service Fund	Tax Levy	% Current Collections	% Total Collections
2021	\$0.149150	\$ 0.107760	\$ 0.041390	\$254,322,861	101.40%	101.66%
2022	0.149150	0.107760	0.041390	274,877,046	98.58%	99.17%
2023	0.149150	0.107760	0.041390	308,255,579	101.37%	102.08%
2024	0.149150	0.107760	0.041390	344,263,311	100.93%	101.51%
2025	0.149150	0.107760	0.041390	365,601,295	96.78% ⁽¹⁾	97.36% ⁽¹⁾

(1) Unaudited. Collections through June 30, 2025.

TABLE 5 - TEN LARGEST TAXPAYERS⁽¹⁾

Name of Taxpayer	Type of Property	2024/25 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
H.E. Butt Grocery Company	Groceries	\$ 2,243,036,704	0.83%
Microsoft Corporation	Manufacturer	1,675,532,170	0.62%
Toyota Motor MFG Texas Inc	Manufacturer	1,075,136,602	0.40%
Methodist Healthcare System of San Antonio LTD LLP	Healthcare	923,472,522	0.34%
Amazon Data Services Inc	Retail	784,881,900	0.29%
Wal-Mart Stores Inc. #2404	Retail	647,712,792	0.24%
VHS San Antonio Partners LP	Healthcare	572,076,452	0.21%
USAA	Insurance	403,479,524	0.15%
RHP Property SA LLC	Real Estate	366,902,834	0.14%
La Cantera Specialty Retail LP	Real Estate	362,129,820	0.13%
		<u>\$ 9,054,361,320</u>	<u>3.37%</u>

(1) Effective for the tax levy beginning October 1, 2024.

TABLE 6 - TAX ADEQUACY

Limited Tax Obligation Debt Service Requirements, Fiscal Year Ending 2025 ⁽¹⁾	\$ 43,953,913
\$0.02154 Non Frozen Interest and Sinking Fund Tax Levy at 98% Collection ⁽²⁾	\$ 48,280,977
Freeze Tax Levy at 98% Collections (Interest and Sinking Fund portion) ⁽²⁾	<u>4,333,205</u>
Total Interest and Sinking Fund Tax Levy	<u>\$ 52,614,182</u>
Maintenance & Operations Tax Obligation Debt Service Requirements, Fiscal Year Ending August 31, 2025	<u>\$ 40,520,125</u>
\$0.01985 Non Frozen Interest and Sinking Fund Tax Levy at 98% Collection ⁽²⁾	\$ 44,492,915
Freeze Tax Levy at 98% Collections (Maintenance and Operations portion) ⁽²⁾	<u>3,994,684</u>
Total Maintenance & Operations Tax Levy	<u>\$ 48,487,599</u>

(1) Includes the Bonds and excludes the Refunded Obligations. Preliminary, subject to change.

(2) Based upon 2024/2025 Net Freeze Adjusted Taxable Assessed Valuation of \$228,720,070,729 certified by Bexar Appraisal District as of July 23, 2024 plus Frozen Tax Levy of \$8,497,846 applicable to Debt Service.

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TABLE 7 - ESTIMATED OVERLAPPING DEBT

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

Taxing Jurisdiction	2024/25 Taxable Assessed Valuation	2024/25 Tax Rate	Total Tax Debt as of 5/31/2025	Estimated % Applicable	Overlapping Tax Debt	Authorized But Unissued Tax Debt as of 5/31/2025
Alamo Community College District	\$ 263,013,562,857	\$ 0.1492	\$ 863,775,000 ⁽¹⁾	100.00%	\$ 863,775,000 ⁽¹⁾	\$ 764,000,000 ⁽²⁾
Alamo Heights ISD	8,435,302,508	0.9660	263,585,000	100.00%	263,585,000	245,810,000
Alamo Heights, City of	2,470,726,836	0.3700	14,210,000	100.00%	14,210,000	-
Balcones Heights, City of	375,343,115	0.6040	116,000	100.00%	116,000	-
Bexar Co	225,077,496,945	0.2880	2,222,135,000	100.00%	2,222,135,000	-
Bexar Co Hospital District	229,211,538,249	0.2760	1,238,865,000	100.00%	1,238,865,000	-
Boerne ISD	11,586,681,091	0.9910	384,264,896	30.65%	117,777,191	-
Castle Hills, City of	1,008,430,472	0.5410	11,770,000	100.00%	11,770,000	-
Cibola Canyons SID	1,710,043,056	0.5420	30,280,000	100.00%	30,280,000	74,540,000
Cibola, City of	3,872,916,134	0.4990	64,585,000	0.00%	-	24,065,000
Comal ISD	32,746,480,543	1.0870	1,230,925,214	14.66%	180,453,636	213,564,863
Converse, City of	2,828,821,759	0.4310	22,145,000	100.00%	22,145,000	-
Crosswinds at South Lake SID	227,609,990	0.5420	10,635,000	100.00%	10,635,000	103,965,000
East Central ISD	8,456,216,438	0.9330	306,673,479	100.00%	306,673,479	309,150,000
Edgewood ISD [Bexar]	2,292,542,563	0.9870	41,460,000	100.00%	41,460,000	-
Elmendorf, City of	286,951,332	0.3880	11,901,000	99.10%	11,793,891	-
Fair Oaks Ranch, City of	2,701,102,700	0.2850	9,795,000	62.67%	6,138,527	12,415,000
Floresville ISD	1,985,333,690	0.9000	41,680,000	0.15%	62,520	-
Harlandale ISD	2,483,542,893	1.2580	215,237,045	100.00%	215,237,045	53,000,000
Helotes, City of	1,773,692,302	0.3100	4,645,000	100.00%	4,645,000	-
Hill Country Village, City of	501,177,373	0.1450	6,685,000	100.00%	6,685,000	-
Hollywood Park, Town of	802,258,483	0.4620	2,715,000	100.00%	2,715,000	-
Judson ISD	14,857,783,544	1.0350	801,944,085	100.00%	801,944,085	-
Kirby, City of	604,362,200	0.5800	5,065,000	100.00%	5,065,000	-
Lackland ISD	-	-	-	100.00%	-	-
Leon Valley, City of	1,399,837,381	0.4850	5,675,000	100.00%	5,675,000	-
Live Oak, City of	2,164,730,242	0.3710	21,785,000	100.00%	21,785,000	-
Lytle, City of	294,001,797	0.3980	8,275,000	0.70%	57,925	-
Medina Valley ISD	5,942,249,683	1.1670	547,141,680	52.52%	287,358,810	278,800,000
North East ISD	56,537,129,215	1.0010	1,108,080,000	100.00%	1,108,080,000	-
Northside ISD [Bexar]	77,193,881,620	1.0050	2,622,140,000	99.61%	2,611,913,654	542,000,000
Olmos Park, City of	992,211,995	0.5000	5,125,000	100.00%	5,125,000	-
Randolph Field ISD	-	-	2,102,000	100.00%	2,102,000	-
Redbird Ranch WC&ID # 2	198,231,877	1.0000	29,920,000	62.53%	18,708,976	869,052,000
San Antonio ISD	29,111,565,056	1.1550	1,353,094,988	100.00%	1,353,094,988	675,000,000
Saint Hedwig, City of	275,477,977	0.4950	-	0.00%	-	-
San Antonio MUD # 1	79,899,699	0.2000	280,000	100.00%	280,000	24,396,000
San Antonio, City of	161,240,688,035	0.5420	2,798,005,000	100.00%	2,798,005,000	647,115,000
Sandy Oaks, City of	250,735,259	0.3440	570,000	100.00%	570,000	-
Schertz-Cibola-Universal City ISD	7,902,930,714	1.1370	302,125,612	17.08%	51,603,055	-
Schertz, City of	6,392,831,995	0.4900	103,855,000	15.05%	15,630,178	-
Selma, City of	2,189,962,858	0.1880	22,710,000	55.23%	12,542,733	-
Shavano Park, City of	1,871,226,355	0.3130	10,930,711	100.00%	10,930,711	-
Somerset ISD	962,588,465	1.0760	43,075,000	67.87%	29,235,003	-
Somerset, City of	143,712,404	0.7170	2,018,000	100.00%	2,018,000	-
South San Antonio ISD	2,752,338,587	1.1960	118,464,710	100.00%	118,464,710	-
Southside ISD	2,538,457,568	1.0900	74,170,000	100.00%	74,170,000	385,000
Southwest ISD	6,833,648,930	1.1600	402,243,090	100.00%	402,243,090	50,000,000
Terrell Hills, City of	2,079,335,915	0.3550	4,375,000	100.00%	4,375,000	-
Universal City, City of	2,203,685,536	0.5140	22,790,000	97.47%	22,213,413	24,000,000
Von Ormy, City of	84,933,586	-	108,000	100.00%	108,000	-
Westpointe SID	603,481,975	0.5420	31,365,000	100.00%	31,365,000	916,547,000
Westside 211 SID	352,030,544	0.1810	19,915,000	100.00%	19,915,000	318830000
Windcrest, City of	1,039,063,657	0.3940	6,520,000	100.00%	6,520,000	-
Total Direct and Overlapping Tax Debt					\$ 15,392,256,618	
Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation					5.85%	
Per Capita Direct and Overlapping Tax Debt					\$ 7,293	

(1) Includes the Bonds and excludes the Refunded Obligations. Preliminary, subject to change.

(2) Preliminary, subject to change.

DEBT INFORMATION

TABLE 8 – PRO FORMA TAX DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Limited Tax Bond Debt Service ⁽¹⁾			Maintenance Tax Notes Debt Service ⁽²⁾			The Bonds ⁽³⁾			Total Tax Debt Service Requirements ⁽⁴⁾	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total		
2025	\$ 22,800,000	\$ 21,153,913	\$ 43,953,913	\$ 30,705,000	\$ 9,815,125	\$ 40,520,125	\$ -	\$ -	\$ -	\$ 84,474,038	
2026	21,100,000	15,354,013	36,454,013	32,280,000	8,240,500	40,520,500	11,805,000	14,493,009	26,298,009	103,272,522	
2027	22,155,000	14,299,013	36,454,013	33,935,000	6,585,125	40,520,125	3,390,000	14,445,725	17,835,725	94,809,863	
2028	23,260,000	13,191,263	36,451,263	35,670,000	4,845,000	40,515,000	-	14,276,225	14,276,225	91,242,488	
2029	11,875,000	12,028,263	23,903,263	37,500,000	3,015,750	40,515,750	4,160,000	14,276,225	18,436,225	82,855,238	32.39%
2030	12,470,000	11,434,513	23,904,513	39,425,000	1,092,625	40,517,625	-	14,068,225	14,068,225	78,490,363	
2031	17,535,000	10,811,013	28,346,013	2,675,000	53,500	2,728,500	9,760,000	14,068,225	23,828,225	54,902,738	
2032	18,300,000	10,041,213	28,341,213	-	-	-	10,255,000	13,580,225	23,835,225	52,176,438	
2033	16,775,000	9,292,563	26,067,563	-	-	-	13,050,000	13,067,475	26,117,475	52,185,038	
2034	15,300,000	8,604,063	23,904,063	-	-	-	20,280,000	12,414,975	32,694,975	56,599,038	51.99%
2035	15,990,000	7,914,013	23,904,013	-	-	-	21,705,000	11,400,975	33,105,975	57,009,988	
2036	16,710,000	7,192,463	23,902,463	-	-	-	22,530,000	10,315,725	32,845,725	56,748,188	
2037	17,465,000	6,438,013	23,903,013	-	-	-	18,940,000	9,189,225	28,129,225	52,032,238	
2038	18,255,000	5,649,063	23,904,063	-	-	-	8,985,000	8,242,225	17,227,225	41,131,288	
2039	19,080,000	4,824,013	23,904,013	-	-	-	9,435,000	7,792,975	17,227,975	41,131,988	70.84%
2040	19,905,000	3,999,263	23,904,263	-	-	-	9,905,000	7,321,225	17,226,225	41,130,488	
2041	20,665,000	3,233,663	23,898,663	-	-	-	10,400,000	6,825,975	17,225,975	41,124,638	
2042	21,450,000	2,450,588	23,900,588	-	-	-	10,920,000	6,305,975	17,225,975	41,126,563	
2043	13,120,000	1,708,463	14,828,463	-	-	-	11,470,000	5,759,975	17,229,975	32,058,438	
2044	13,495,000	1,336,938	14,831,938	-	-	-	12,040,000	5,186,475	17,226,475	32,058,413	86.82%
2045	13,875,000	953,744	14,828,744	-	-	-	12,675,000	4,554,375	17,229,375	32,058,119	
2046	14,270,000	558,763	14,828,763	-	-	-	13,340,000	3,888,938	17,228,938	32,057,700	
2047	3,365,000	151,425	3,516,425	-	-	-	14,040,000	3,188,588	17,228,588	20,745,013	
2048	-	-	-	-	-	-	14,775,000	2,451,488	17,226,488	17,226,488	
2049	-	-	-	-	-	-	15,550,000	1,675,800	17,225,800	17,225,800	98.18%
2050	-	-	-	-	-	-	16,370,000	859,425	17,229,425	17,229,425	100.00%
	<u>\$ 389,215,000</u>	<u>\$ 172,620,231</u>	<u>\$ 561,835,231</u>	<u>\$ 212,190,000</u>	<u>\$ 33,647,625</u>	<u>\$ 245,837,625</u>	<u>\$ 295,780,000</u>	<u>\$ 219,649,672</u>	<u>\$ 515,429,672</u>	<u>\$ 1,323,102,528</u>	

- (1) Payable from the statutory \$0.50 debt service tax authorized for voter approved Bonds, but within the \$0.25 voter approved total tax rate (debt service and maintenance and operations) applicable to the District. See “THE BONDS - Security and Source of Payment and Tax Rate Limitations.” Excludes the Refunded Obligations. Preliminary, subject to change.
- (2) Payable from the statutory \$0.50 maintenance and operations tax, but within the \$0.25 voter approved total tax rate (debt service and maintenance and operations). See “THE BONDS - Security and Source of Payment and Tax Rate Limitations.”
- (3) Calculated at an assumed rate for purposes of illustration only. Preliminary, subject to change.
- (4) Preliminary, subject to change.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Debt Service Requirements, 8/31/2025 ⁽¹⁾		\$ 84,474,038
\$0.04139 Non Frozen Interest and Sinking Fund Tax Levy at 98% Collection ⁽²⁾	\$ 92,773,893	
Freeze Tax Levy at 98% Collections	8,327,889	
Interest and Sinking Fund, 8/31/2024	<u>12,699,791</u>	<u>113,801,572</u>
Estimated Balance, 8/31/2025		<u>\$ 29,327,535</u>

(1) Includes the Bonds and excludes the Refunded Obligations. Preliminary, subject to change.

(2) Based upon 2024/2025 Net Freeze Adjusted Taxable Assessed Valuation of \$228,720,070,729 certified by Bexar Appraisal District as of July 23, 2024 plus Frozen Tax Levy of \$8,497,846 applicable to Debt Service.

TABLE 10 - AUTHORIZED BUT UNISSUED TAX BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Designing, constructing, renovating, improving acquiring, and equipping new and existing facilities and the purchase of necessary sites	5/3/25	\$ 987,000,000	\$ -	\$ 223,000,000 ⁽¹⁾	\$ 764,000,000 ⁽²⁾

(1) Preliminary, subject to change. Includes the principal amount of the Bonds and certain premium allocated to the voted authorization.

(2) Preliminary, subject to change.

ANTICIPATED ISSUANCE OF ADDITIONAL DEBT . . . On May 3, 2025, the District voters authorized the District to issue \$987,000,000 in limited tax bonds. This authorization is intended to fund the District's capital improvement plan through 2029. The new money portion of the Bonds represents the first installment of this authorization, applying bond proceeds in the aggregate amount of \$223,000,000* (leaving \$764,000,000* unissued) against the same.

*Preliminary, subject to change.

TABLE 11 – OTHER OBLIGATIONS

PENSION FUND AND OTHER POST-EMPLOYMENT BENEFITS . . . Pension funds for employees of Texas school districts, and any employee in public education in Texas, are administered by the Teacher Retirement System of Texas (the "System"). The individual employees contribute a fixed amount of their salary into the System, currently 8.25%, and the State of Texas contributes funds to the System based on statutory required minimum salary for verified personnel, except any District personnel paid by local funds and federally funded programs. Eligible faculty and administrative personnel may participate in an optional retirement plan in lieu of the Teacher Retirement System Plan. The District contributes to the plan; additional information can be found in Note 10 of the District's Annual Comprehensive Financial Report for the year ended August 31, 2024. Liability and actuarial information can be found on the System's website www.trs.state.tx.

The District offers post employment retirement benefits through a cost-sharing, multi-employer, defined benefit postemployment health care plan administered by the Employee Retirement System of Texas (ERS). The State Retiree Health Plan (SRHP) provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefits and contribution provisions of the SRHP are authorized by the state law and may be amended by the Texas Legislature. Additional information may be found in Note 18 of the District's Annual Comprehensive Financial Report for the year ended August 31, 2024.

In June 2012, Government Accounting Standards Board (GASB) Statement No. 68 (Accounting and Financial Reporting for Pensions) which was later amended by GASB Statement No. 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date) (collectively, "GASB Statement No. 68") were each issued to improve accounting and financial reporting by state and local governments regarding pensions. GASB Statement No. 68 requires reporting entities, such as the District, to recognize their proportionate share of the net pension liability and operating statement activity related to changes in the collective pension liability. This means that reporting entities, such as the District, that contribute to the TRS pension plan will report a liability on the face of their government-wide financial statements. Such reporting began with the District's fiscal year ending August 31, 2015. See "Table 12 – Change in Net Position". GASB Statement No. 68 applies only to pension benefits and does not apply to Other Post-Employment Benefits (OPEB) or TRS-Care related liabilities.

FINANCIAL INFORMATION

TABLE 12 – CHANGE IN NET POSITION

	Fiscal Years Ended August 31,				
	2020	2021	2022	2023	2024
Operating revenues					
Tuition and Fees, Net	\$ 53,795,869	\$ 49,729,748	\$ 48,439,185	\$ 44,766,677	\$ 53,042,745
Federal Grants and Contracts	19,346,775	28,454,909	22,241,508	22,002,312	22,789,964
State Grants and Contracts	1,117,668	905,002	2,369,756	1,370,715	1,706,198
Local Grants and Contracts	2,161,308	5,504,441	9,478,470	11,956,914	13,229,734
Non-Governmental Grants and Contracts	994,812	1,054,201	1,424,254	3,359,090	2,196,015
Auxiliary Enterprises	3,600,934	2,112,045	2,757,370	2,842,482	2,963,396
Other Operating Revenues	5,515,879	5,510,381	6,069,838	5,715,196	6,668,533
	<u>86,533,245</u>	<u>93,270,727</u>	<u>92,780,381</u>	<u>92,013,386</u>	<u>102,596,585</u>
Operating expenses					
Instruction	146,595,063	139,556,329	132,658,723	172,536,419	192,686,519
Public Service	1,707,366	1,427,197	1,600,865	1,795,974	2,148,352
Academic Support	30,809,869	28,846,462	27,602,595	33,052,138	37,991,019
Student Services	61,569,925	58,279,636	59,706,913	72,383,991	85,023,717
Institutional Support	80,542,548	101,071,351	118,854,158	120,056,331	122,128,616
Operation and Maintenance of Plant	44,586,134	46,120,491	47,989,332	61,534,011	62,727,914
Scholarships and Fellowships	59,182,167	73,404,712	107,597,069	67,900,031	92,604,943
Auxiliary Enterprises	1,676,970	1,346,261	1,204,666	1,042,051	1,004,729
Depreciation and Amortization	33,537,533	34,414,020	36,222,502	44,177,312	52,125,744
	<u>460,207,575</u>	<u>484,466,459</u>	<u>533,436,823</u>	<u>574,478,258</u>	<u>648,441,553</u>
Operating Loss	(373,674,330)	(391,195,732)	(440,656,442)	(482,464,872)	(545,844,968)
Nonoperating revenues (expenses)					
State Appropriations	83,718,786	80,008,148	72,944,697	76,606,931	109,417,933
Ad Valorem Taxes:					
Taxes for Maintenance and Operations	178,390,458	188,598,432	198,786,795	229,619,121	254,814,109
Taxes for Maintenance Tax Notes	9,071,983	40,309,557	24,140,547	46,247,762	40,462,146
Taxes for General Obligation Bonds	59,595,081	32,293,103	52,405,149	42,173,257	57,620,011
Federal Grants, Non-Operating	99,458,627	133,437,673	189,360,434	181,190,755	139,968,174
State Grants, Non-Operating	3,878,086	3,866,594	4,778,583	5,068,138	13,362,148
Gifts	707,835	315,739	3,286,946	2,345,954	879,298
Investment Income	5,226,285	647,047	(4,248,039)	22,024,846	30,812,713
Other state funding - FAST funds	-	-	-	-	5,023,205
Interest on Capital Related Debt	(15,473,146)	(16,519,474)	(19,219,947)	(17,801,191)	(16,804,778)
Interest on Maintenance Tax Notes	(2,316,983)	(3,749,557)	(1,790,547)	(12,327,762)	(11,252,146)
Other Non-Operating Revenues/(Expenses)	(17,456,770)	756,033	27,832	(42,588)	(259,747)
	<u>404,800,242</u>	<u>459,963,295</u>	<u>520,472,450</u>	<u>575,105,223</u>	<u>624,043,066</u>
Income (loss) Before Other Revenues	<u>31,125,912</u>	<u>68,767,563</u>	<u>79,816,008</u>	<u>92,640,351</u>	<u>78,198,098</u>
Other Revenues, (Expenses), Gains, (Losses) ⁽¹⁾					
State Appropriations for Capital Assets	-	4,058,400	3,855,480	3,855,480	3,855,480
Contributions for Capital Assets	-	2,123,956	381,900	125,000	600,000
Donated Capital Assets	-	3,941,480	-	-	-
	<u>-</u>	<u>10,123,836</u>	<u>4,237,380</u>	<u>3,980,480</u>	<u>4,455,480</u>
Increase (Decrease) in Net Position	<u>31,125,912</u>	<u>78,891,399</u>	<u>84,053,388</u>	<u>96,620,831</u>	<u>82,653,578</u>
Net Position - Beginning of the Year	<u>183,032,495</u>	<u>214,158,407</u>	<u>305,501,676</u>	<u>389,579,891</u>	<u>486,200,722</u>
Restated Net Position - Beginning of the Year	<u>183,032,495</u>	<u>226,610,277</u> ⁽²⁾	<u>305,526,503</u> ⁽³⁾	<u>389,579,891</u>	<u>487,343,831</u> ⁽⁴⁾
Net Position - End of the Year	<u>\$ 214,158,407</u>	<u>\$ 305,501,676</u>	<u>\$ 389,579,891</u>	<u>\$ 486,200,722</u>	<u>\$ 569,997,409</u>

Source: The District's Audited Financial Statements.

- (1) Other Revenues (Expenses), Gains (Losses) includes State appropriations for construction projects, loan forgiveness related to donated real estate, and donations for capital assets.
- (2) Due to the effects of reclassifying state appropriations for construction as nonexchange transactions, the fiscal year ended 2020 net position was restated.
- (3) In fiscal year 2022, The District implemented GASB Statement No. 87, "Leases". Net position as of the beginning of the year was restated by \$24,827 for the cumulative effect of applying GASB Statement No. 87.
- (4) During fiscal year 2023, the District implemented GASB Statement No. 96, Subscription based Information Technology Arrangements. The August 31, 2023 net position balance was restated by \$1.1 million due to the effects of the GASB Statement No. 96.

TABLE 12A – STATEMENT OF NET POSITION

	Fiscal Years Ended August 31,				
	2020	2021	2022	2023	2024
<u>Assets:</u>					
<u>Current Assets</u>					
Cash and Cash Equivalents	\$ 17,795,511	\$ 14,229,949	\$ 16,908,345	\$ 25,588,310	\$ 63,628,904
Restricted Cash and Cash Equivalents	88,683,380	42,651,028	52,773,318	29,685,636	27,333,217
Short-Term Investments	74,262,735	95,046,329	56,602,245	54,665,850	59,454,761
Investments Restricted	-	124,698,486	-	-	7,986,679
Accounts Receivable (net)	10,748,605	33,121,720	34,066,001	37,492,452	42,734,698
Other Assets	1,138,924	221,791	770,742	303,100	850,505
Total Current Assets	\$ 192,629,155	\$ 309,969,303	\$ 161,120,651	\$ 147,735,348	\$ 201,988,764
<u>Noncurrent Assets</u>					
Restricted Cash and Cash Equivalents	\$ 53,550,048	\$ 19,707,293	\$ 37,299,433	\$ 378,788,163	\$ 332,610,641
Other Noncurrent Investments	80,816,552	112,812,326	153,358,855	168,228,012	139,203,482
Investments Restricted	-	62,117,105	49,618,963	-	9,878,125
Other Assets	3,997,746	1,970,840	6,051,552	5,232,641	4,699,857
Capital Assets, Net of Accumulated Depreciation	817,532,051	922,297,612	1,031,850,158	1,099,530,655	1,115,259,466
Total Noncurrent Assets	\$ 955,896,397	\$ 1,118,905,176	\$ 1,278,178,961	\$ 1,651,779,471	\$ 1,601,651,571
Total Assets	\$ 1,148,525,552	\$ 1,428,874,479	\$ 1,439,299,612	\$ 1,799,514,819	\$ 1,803,640,335
<u>Deferred Outflow of Resources</u>	\$ 80,528,366	\$ 65,393,647	\$ 62,633,903	\$ 68,644,634	\$ 61,514,440
<u>Liabilities and Net Position</u>					
<u>Current Liabilities</u>					
Accounts Payable and Accrued Liabilities	\$ 40,849,118	\$ 71,870,565	\$ 59,519,790	\$ 58,544,968	\$ 46,805,679
Funds Held for Others	868,062	798,690	936,923	1,094,225	1,175,230
Deferred Revenues	43,327,556	38,611,747	39,677,352	39,746,456	43,804,731
Current Portion of Long-Term Liabilities	71,611,076	60,054,026	47,163,670	73,986,096	74,125,641
Total Current Liabilities	\$ 156,655,812	\$ 171,335,028	\$ 147,297,735	\$ 173,371,745	\$ 165,911,281
<u>Noncurrent Liabilities</u>					
Total Noncurrent Liabilities	\$ 788,129,714	\$ 950,318,111	\$ 883,757,873	\$ 1,134,105,571	\$ 1,064,267,604
Total Liabilities	\$ 944,785,526	\$ 1,121,653,139	\$ 1,031,055,608	\$ 1,307,477,316	\$ 1,230,178,885
<u>Deferred Inflows of Resources</u>	\$ 70,109,985	\$ 67,113,311	\$ 81,298,016	\$ 73,338,306	\$ 64,978,481
<u>Net Position</u>					
Invested in Capital Assets, Net of Related Debt Expendable	\$ 335,842,314	\$ 372,564,502	\$ 423,581,645	\$ 502,437,612	\$ 571,441,722
Student Aid	9,095,214	10,229,318	8,351,203	8,952,401	7,774,911
Instructional Programs	1,113,178	848,381	2,675,026	2,182,661	2,319,247
Capital Projects	719,444	20,290,805	23,993,482	33,750,141	45,558,209
Debt Service	12,723,271	14,861,212	17,272,910	14,883,008	12,699,791
Unrestricted	(145,335,014)	(113,292,542)	(86,294,375)	(74,861,992)	(69,796,471)
Total Net Position ⁽¹⁾⁽²⁾⁽³⁾	\$ 214,158,407	\$ 305,501,676	\$ 389,579,891	\$ 487,343,831	\$ 569,997,409
Total Liabilities And Net Position	\$ 1,158,943,933	\$ 1,427,154,815	\$ 1,420,635,499	\$ 1,794,821,147	\$ 1,800,176,294

Source: The District's Audited Financial Statements.

- (1) Due to the effects of reclassifying state appropriations for construction as nonexchange transactions, the fiscal year ended 2020 net position was restated.
- (2) In fiscal year 2022, The District implemented GASB Statement No. 87, "Leases". Net position as of the beginning of the year was restated by \$24,827 for the cumulative effect of applying GASB Statement No. 87.
- (3) During fiscal year 2023, the District implemented GASB Statement No. 96, Subscription based Information Technology Arrangements. The August 31, 2023 net position balance was restated by \$1.1 million due to the effects of the GASB Statement No. 96.

FINANCIAL POLICIES

BASIS OF ACCOUNTING . . . The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") as established by the Governmental Accounting Standards Board ("GASB") and comply with reporting requirements as set by the THECB. The financial statements of the District have been prepared on the accrual basis, whereby all revenues are recorded when earned, and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

INVESTMENTS . . . Investments are reported at fair value. Short-term investments have an original maturity of less than one year at the time of purchase. Long-term investments include investments with original maturities greater than one year at the time of purchase. The District intends to hold these investments until maturity. The District classifies its investments within a fair value hierarchy based on the relative inputs used to value the investments, in accordance with the provisions of GASB Statement 72, Fair Value Measurement and Application (GASB 72). For more detailed information, see Note 4 of the District's FY 2024 Annual Comprehensive Financial Report.

TUITION DISCOUNTING . . . The District waives tuition for concurrently enrolled high school students (dual credit). These amounts are recorded as a tuition discount. Other State required and Board authorized exemptions are also recorded as a tuition discount. For a detailed listing, refer to Note 2 and Schedule A "Schedule of Operating Revenues" in the FY 2024 Annual Comprehensive Financial Report. The District awards tuition and fee scholarships from institutional funds to students who qualify. When these funds are used for tuition and fees, the awards are recorded as a tuition discount. When these awards are used for purposes other than tuition and fees, the amounts are recorded as a scholarship expense.

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

TITLE IV HIGHER EDUCATION ACT (HEA) PROGRAM FUNDS . . . Certain Title IV HEA Program funds are received by the District to pass through to students. These funds are received by the District and recorded as revenue. When a student uses the award for tuition and fees, the amount is recorded as a tuition discount. When the award is used for purposes other than tuition and fees, the amount is recorded as a scholarship expense and refunded to students.

OTHER TUITION DISCOUNTS . . . The District awards tuition and fee scholarships from institutional funds to students who qualify. When these funds are used for tuition and fees, the awards are recorded as a tuition discount. When these awards are used for purposes other than tuition and fees, the amounts are recorded as a scholarship expense.

RELEVANT GASB PRONOUNCEMENTS

The District prepares its financial statements in accordance with GAAP as established by the GASB. As the GASB issues new pronouncements, the District evaluates the new standards to assess the accounting and financial reporting implications on its accounting records and financial statements. Please refer to Note 2 of the District's FY 2024 Annual Comprehensive Financial Report (ACFR) for a list of GASB pronouncements that have been recently implemented and for additional GASB pronouncements that were issued as of the time of ACFR publication and that will be implemented by the District in the future, if applicable.

COORDINATING BOARD . . . The District is subject to the supervisory powers of the THECB. The THECB 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 THECB is the highest authority in the State in matters of public higher education and exercises general control of the public junior colleges of Texas. The THECB 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 State Legislature. The THECB periodically reviews all degree and certificate programs offered by the State's junior colleges and annually reviews the academic courses offered by such institutions.

INVESTMENTS

The District invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board. The District's current investment policy is more narrow in scope than permitted by State law. Both State law and the District's investment policies are subject to change. The Board retains the option to revise the investment policies, to permit investment of District funds in the manner permitted, from time to time, by State law, as reviewed and approved annually.

LEGAL INVESTMENTS... Under State law and subject to certain limitations, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The District may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the District may not invest more than 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

In addition to the authorized investments permitted by the Texas Public Funds Investment Act, institutions of higher education, such as the District, may purchase, sell, and invest its funds and funds under its control in the following: (1) cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f)); (2) negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and (3) corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.

INVESTMENT POLICIES . . . Under State law, the District is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The District is required to adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield. State law requires the District's investments 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." The District is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

TABLE 13 - CURRENT INVESTMENTS⁽¹⁾

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

Type of Security	Book Value	Market Value
U.S. Government	\$ 170,864,434	\$ 171,192,836
U.S. Government Agency	49,794,227	49,551,740
Municipal Bonds	-	-
Commercial Paper	19,869,300	19,861,820
TexPool	134,985,691	134,985,691
Money Market Fund	13,123,446	13,123,446
Investment Sweep (Treasuries)	1,626,342	1,626,342
U.S. Treasury Demand Deposit SLGS	183,012,250	183,012,250
Total	<u>\$ 573,275,691</u>	<u>\$ 573,354,126</u>

(1) Unaudited.

No funds of the District are invested in derivative securities; i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity. As of such date, the market value of such investments (as determined by the District by reference to published quotations, dealer bids, and comparable information) was approximately 98.98% of book value.

TAX MATTERS

TAX EXEMPTION . . . The delivery of the Bonds is subject to the opinion of Norton Rose Fulbright US LLP of San Antonio, Texas, as Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes (1) is excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), of the owners thereof 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. The statute, regulations, rulings, and court decisions on which such opinion is based are subject to change. A form of Bond Counsel's opinion appears in Appendix C hereto.

In rendering the foregoing opinions, Bond Counsel will rely upon the Verification Report of the Verification Agent regarding the sufficiency of the deposit of funds to the Escrow Fund on the date of the closing of the Bonds (see "PLAN OF FINANCING - Refunded Obligations") and upon the 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 Order subsequent to the issuance of the Bonds. The Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any arbitrage "profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

TAX CHANGES . . . Existing law may change to reduce or eliminate the benefit to registered owners 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.

ANCILLARY TAX CONSEQUENCES . . . 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, property and casualty insurance companies, life 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 ("FASIT"), 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. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

TAX ACCOUNTING TREATMENT OF DISCOUNT BONDS . . . The initial public offering price to be paid for certain Bonds may be less than the amount payable on such Bonds at maturity (the "Discount Bonds"). 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 Bonds. A portion of such original issue discount, allocable to the holding period of a Discount Bond by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Bonds. 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 his taxable year.

However, such accrued 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, property and casualty insurance companies, life insurance companies, 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 FASIT, 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.

In the event of the sale or other taxable disposition of a Discount Bond 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 for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

TAX ACCOUNTING TREATMENT OF PREMIUM BONDS . . . The initial public offering price to be paid for certain Bonds may be greater than the stated redemption price on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and its stated redemption price at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial 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 with respect to the Premium Bonds. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

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.

LITIGATION

Except as disclosed in this Official Statement, the District is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the District, would have a material adverse effect on the financial statements of the District.

At the time of the initial delivery of the Bonds, the District will provide to the Underwriters of the Bonds a certificate to the effect that no litigation of any nature had been filed or is then pending challenging the issuance of the Bonds or that affected the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of said Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the District has made the following agreement for the benefit of the beneficial 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 MSRB. The information provided to the MSRB will be available to the public free of charge via the EMMA system through an internet website accessible at www.emma.msrb.org. The District has engaged HTS Continuing Disclosure Services to assist in providing such information and they will be compensated annually for its services.

ANNUAL REPORTS . . . The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables 1 through 6 and 8 through 13. The District will update and provide this information within six months after the end of each fiscal year ending in or after 2025.

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 EMMA internet website or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If audited financial statements are not provided with annual information, the District will provide unaudited financial statements by the required time and audited financial statements when and if the audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation.

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

NOTICE OF CERTAIN EVENTS . . . The District will file with the MSRB notice of any of the following events with respect to the Bonds in a timely manner (and not more than 10 business days after 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 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 Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bond holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties. None of the Bonds or the Resolution makes any provision for debt service reserves, credit enhancement, liquidity enhancement, or redemption prior to stated maturity. In the Resolution, the District has adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports". The District will provide each notice described in this paragraph to the MSRB.

For these purposes, (a) any event described in clause (12) of 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, and (b) the District intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

AVAILABILITY OF INFORMATION . . . Effective July 1, 2009 (the "EMMA Effective Date"), the SEC implemented amendments to the Rule which approved the establishment by the MSRB of EMMA, which is now the sole successor to the national municipal securities information repositories with respect to filings made in connection with undertakings made under the Rule after the EMMA Effective Date. Commencing with the EMMA Effective Date, all information and documentation filing required to be made by the District in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

With respect to debt of the District issued prior to the EMMA Effective Date, the District remains obligated to make annual required filings, as well as notices of certain events, under its continuing disclosure obligations relating to those debt obligations (which includes a continuing obligation to make such filings with the Texas state information depository (the "SID")). Prior to EMMA Effective Date, the Municipal Advisory Council of Texas (the "MAC") had been designated by the State and approved by the SEC staff as a qualified SID. Subsequent to the EMMA Effective Date, the MAC entered into a Subscription Agreement with the MSRB pursuant to which the MSRB makes available to the MAC, in electronic format, all Texas-issuer continuing disclosure documents and related information posted to EMMA's website simultaneously with such posting. Until the District receives notice of a change in this contractual agreement between the MAC and EMMA or of a failure of either party to perform as specified thereunder, the District has determined, in reliance on guidance from the MAC, that making its continuing disclosure filings solely with the MSRB will satisfy its obligations to make filings with the SID pursuant to its continuing disclosure agreements entered into prior to the EMMA Effective Date.

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 continuing disclosure 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 registered 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 continuing disclosure agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

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

OTHER INFORMATION

RATINGS

The Bonds and the presently outstanding limited ad valorem tax supported debt of the District is rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings ("S&P"), without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the District. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Bonds remain outstanding could undertake such an evaluation process.

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.

It is the obligation of the Underwriters to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The District will cooperate, at the Underwriters' written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the District shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

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 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. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by

the District has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The District will furnish a complete transcript of proceedings to the Underwriters incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas as to the Bonds to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel with respect to the Bonds issued in compliance with the provisions of the Resolution to like effect and to the effect that the interest on the Bonds will be excludable from gross income for Federal income tax purposes under Section 103(a) of the Internal Revenue Code, subject to the matters described under "TAX MATTERS" herein. A form of Bond Counsel's opinion is attached to this Official Statement as Appendix C. Though it represents the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the District in connection with the issuance 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 which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions and subcaptions "PLAN OF FINANCING - Refunded Obligations", "THE BONDS" (excluding the information under the subcaptions "Book-Entry-Only System", "Bondholders' Remedies", and "Use of Bond Proceeds", as to which no opinion is expressed), "TAX MATTERS", "OTHER INFORMATION - Registration and Qualification of Bonds for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas", "OTHER INFORMATION - Legal Matters (excluding the last sentence of the first paragraph) and "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings", as to which no opinion is expressed), and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the information purported to be described therein and, with respect to the Bonds, such information conforms to the Resolution. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, whose fee is contingent on the delivery of the Bonds.

The 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 that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

CYBERSECURITY

The District's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. While the District continually assesses and monitors its cybersecurity risks, the District has been (and may be in the future) subject to cyber-attacks from time to time. Between 2020 and 2022, the District was the subject of various phishing and malware attacks, as well as attempted data breaches. The District responded timely with its incident response plan for such threats, preventing propagation throughout the network. The threats did not compromise any data, and was ultimately unsuccessful in infiltrating the networks. The costs of the foregoing were less than \$500,000 in aggregate, but did result in approximately 400 internal man hours. In response to such assessments and monitoring, the District takes actions it deems appropriate in response to cybersecurity risks, including, but not limited to, implementing cybersecurity training programs, obtaining technology improvements to mitigate cybersecurity risks, and taking other similar measures. To date, the District has not been the victim of any cyber-attack that has had a material adverse effect on its operations or financial condition. However, no assurance can be given that the District will fully prevent or successfully remediate the operational and/or financial impact of any cybersecurity incursions or incidents arising from events wholly or partially beyond the District's control, including electrical telecommunications outages, natural disasters or cyber-attacks initiated by criminal activities of individuals or organizations. Any such occurrence could materially and adversely affect the District's operations and/or financial condition.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Public Finance Partners LLC will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Federal Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Obligations. Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Public Finance Partners LLC has relied on any information provided to it by the District's retained advisors, consultants and legal counsel.

FINANCIAL ADVISOR

Hilltop Securities 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. Hilltop Securities Inc., in its capacity as Financial Advisor, 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.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the District, at the prices indicated on the inside front cover hereof, less an underwriting discount of \$_____ and no accrued interest. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following paragraphs for inclusion in this Official Statement, and the District takes no responsibility for the accuracy thereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriters have reviewed the information in this Official Statement in accordance with their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Jefferies, as the lead Underwriter of the Bonds, and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, Jefferies and its affiliates may have certain creditors and/or other rights against the District and its affiliates in connection with such activities. In the course of their various business activities, Jefferies and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. Jefferies and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to the clients that they should acquire, long and/or short positions in such assets, securities and instruments.

FORWARD-LOOKING STATEMENTS

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in the Rule.

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 Resolution authorizing the issuance of the Bonds approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Bonds by the Underwriters.

/s/

Chair, Board of Trustees
Alamo Community College District

ATTEST:

/s/

Secretary, Board of Trustees
Alamo Community College District

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS*

Limited Tax Bonds, Series 2007

<u>Original Dated Date</u>	<u>Maturity (August 15)</u>	<u>Interest Rate</u>	<u>Amount</u>
March 15, 2007	2033 ⁽¹⁾	4.500%	\$ 15,760,000
			<u>\$ 15,760,000</u>

These Refunded Bonds are to be called on October 2, 2025

(1) Term Bond.

Limited Tax Refunding Bonds, Series 2012

<u>Original Dated Date</u>	<u>Maturity (August 15)</u>	<u>Interest Rate</u>	<u>Amount</u>
June 15, 2012	2033	3.500%	\$ 2,285,000
	2034	5.000%	16,710,000
	2035	5.000%	10,185,000
	2037 ⁽¹⁾	3.750%	10,000,000
	2037 ⁽¹⁾	4.000%	11,105,000
			<u>\$ 50,285,000</u>

These Refunded Bonds are to be called on October 2, 2025.

(1) Term Bond.

Limited Tax Refunding Bonds, Series 2016

<u>Original Dated Date</u>	<u>Maturity (February 15)</u>	<u>Interest Rate</u>	<u>Amount</u>
May 15, 2016	2026	5.000%	\$ 2,845,000
	2027	5.000%	2,985,000
	2028	5.000%	3,135,000
	2029	5.000%	3,300,000
	2030	5.000%	3,470,000
	2031	5.000%	3,645,000
	2032	4.000%	3,820,000
	2033	3.500%	3,960,000
	2034	4.000%	4,110,000
	2035	4.000%	4,280,000
	2036	4.000%	4,460,000
			<u>\$ 40,010,000</u>

These Refunded Bonds are to be called on October 2, 2025.

* Preliminary, subject to change.

APPENDIX A

INFORMATION REGARDING THE DISTRICT

GENERAL INFORMATION REGARDING THE DISTRICT

INTRODUCTION . . . Located in the area of San Antonio, Bexar County and surrounding counties, Alamo Community College District (the “ACD”, “District” or “Alamo Colleges District”) is a multi-college system, consisting of five colleges. For fiscal year 2024, the total unduplicated headcount was 74,499⁽¹⁾ making the District one of the top five community colleges in Texas and the largest institution of higher education in South Texas with multiple locations (five colleges, ten satellite campuses / regional centers, five academies, and fifteen Early College High Schools (ECHS). The colleges comprising the District are geographically dispersed over the region, and represent its multicultural community: San Antonio College, St. Philip’s College, Palo Alto College, Northwest Vista College and Northeast Lakeview College. The District’s high quality and low costs provide exceptional value to students and alumni, who are major contributors to the economy and culture of San Antonio, Bexar County and the additional seven counties in the District’s service area of Atascosa, Bandera, Comal, Guadalupe, Kendall, Kerr and Wilson counties.

The District provides academic, vocational and technical courses for certificates of completion, associate degrees, bachelor’s degrees, continuing education and workforce training at its five colleges and seven education and training centers. The District has successfully increased student completion, awarding more than 10,671 degrees and certificates to students in FY 2024, approximately the same level of 10,324 awarded in FY 2023. For FY 2022, the last period measured, 88% of academic and 90% of technical students were employed and/or enrolled at a transfer institution within 6 months of graduation.

The District is a partner with many premier, local companies, large and small, in workforce development. These companies include: Toyota Motor Manufacturing of Texas, the City of San Antonio, City Public Service, HEB, Credit Human, Union Pacific, City of Converse, Navistar, A Ram Plumbing and others. The District has a proven track record with its business partners and annually provides training and talent development to incumbent workers for the region’s top companies. Additionally, other programs available at each of the campuses include the following:

- San Antonio College: Nursing, including a new program for nurses to earn a Bachelor of Science degree, Mortuary Sciences, Radio, Television and Broadcasting, First Responders Academy (educates fire science students and offers continuing education certification for firefighters)
- St. Philip’s College: Allied Health Programs – Radiology, Nursing, Physical Therapy, Respiratory Care, Sonography, Surgical Technology and others
- Palo Alto College: Training provider to Toyota and its suppliers, a Cosmetology program, providing salon services to the public, a new nursing program that commenced Fall 2022, and a new Dental Hygiene program that commenced Fall of 2024 and provides services to the public.
- Northwest Vista College: Cutting-edge training programs in Digital Game Development and Educational Robotics, Digital Media, and Digital Video & Cinema Production, an Associate of Applied Science in Customer Service/Sales Operations, and Associate of Applied Science in Pharmacy Technology
- Northeast Lakeview College: Accelerated Technology Training Center which offers certification in Cisco, Microsoft, Technology Specialist and Linus Red Hat

Alamo Colleges District is an award-winning institution that has received national and regional recognition:

- In 2024 the Alamo Colleges District received the Malcolm Baldrige National Quality Award for the second time, the only higher educational institution to earn the award twice. This award is the nation’s highest honor for performance excellence. ACD first received the award in 2018 as the first community college system to achieve this level of recognition in the history of the program.
- In 2025 Northwest Vista College, one of the five Alamo Colleges, was recognized as a finalist for the coveted Aspen Prize for Community College Excellence. The award honors institutions for high levels of academic success and equitable outcomes for students from lower-income backgrounds.
- In 2024, Alamo Colleges District was recognized by Achieving the Dream (“ATD”) as a Leader College of Distinction and received ATD’s 20th Anniversary Network Legend Award.
- The Alamo Colleges District earned the Great Places to Work certification most recently in 2024, the award is earned by companies that meet specific employee experience benchmarks. It highlights organizations with a positive, engaging workplace culture.
- Alamo Colleges District received one of the 2024 Global Best Awards from The Association of Talent Development for its excellence in fostering talent and professional development.
- The Texas Veterans Commission awarded all five Alamo Colleges the prestigious Gold Veteran Education Excellence Recognition Award in 2024. The award recognizes universities and colleges that excel in supporting the academic success of student veterans and military-connected students.

- Alamo Colleges District was awarded a 2023 National Bellwether Award for its off-campus work-study employment program.
- In October 2022, San Antonio College was named among six trendsetting colleges and universities to receive the Seal of Excelencia granted by Excelencia in Education, an organization dedicated to closing the education equity gap and increasing Hispanic degree holders. This seal is the first and only national certification that recognizes a college's or university's commitment and achievements in serving Hispanic students.
- In May 2022, the Alamo Colleges District was nationally recognized by the American Association of Community Colleges with the 2022 Award of Excellence in Student Success. This coveted award recognizes a community college that has shown a sustained commitment to and proactively advances the cause of student success.
- In April 2022, four of the Alamo Colleges were named the 2022 Most Promising Places to Work in Community Colleges, by the news magazine *Diverse: Issues in Higher Education*. Northwest Vista College, Northeast Lakeview College, St. Philip's College and San Antonio College were each chosen among 24 community colleges in the nation. The study focused on workplace diversity, staffing practices and work environment.
- In March 2022, *Hispanic Outlook Magazine* named San Antonio College, Northwest Vista College and Palo Alto College as being among the Top 25 Community Colleges in the nation for Hispanic/Latino students. The list recognizes community colleges across the country that serve the highest number of and grant the highest number of associate degrees to Hispanic/Latino students.
- In May 2021, San Antonio College was named the best community college in the nation, honored with the biennially awarded Aspen Prize for Community College Excellence. San Antonio College is the only community college in Texas to have been chosen for this honor since it was first awarded in 2011. In 2019 and 2021, one of the Alamo Colleges has placed first or second, and the majority of the District's colleges have been in the top 10 percent. Awarded every two years since 2011, the Aspen Prize recognizes institutions that achieve strong student outcomes across four key areas of teaching and learning, degree completion/successful transfer, success in the workforce, and equitable outcomes for diverse student groups.
- Additionally, Intelligent.com named the Alamo Colleges District one of the Top 50 Community Colleges for 2021 and also as the best community college network in the nation. Intelligent.com's evaluation was based on curriculum quality, graduation rate, reputation, and post-graduate employment.
- Alamo Colleges District was one of only two winners in North America of the National 2021 Technology Leadership Award as recognized by the Tambellini Group for the 6th Annual Tambellini Technology Leadership Award. The Tambellini Group, the leading independent technology research and advisory firm dedicated exclusively to higher education, received a record number of nominations for the award. The IT team led innovations including a "Park-n-Learn Strategy," which brought free and fast Wi-Fi to campus parking lots at each of the District's 13 sites, benefiting thousands of students weekly. Through a series of 10 targeted technology efforts for students and faculty, the Alamo Colleges IT team made significant strides in swiftly meeting the numerous needs of their diverse community of learners.
- Three of the colleges in the District were named to the list of the "2021 Most Promising Places to Work in Community Colleges" in the nation by *Diverse: Issues in Higher Education* magazine. Northeast Lakeview College, Northwest Vista College, and St. Philip's College were named to the list. In choosing institutions for the list, the magazine's research team focuses on workplace diversity, staffing practices and work environment, using a web-based survey approach to examine categories such as family friendliness, salary/benefits, and professional development opportunities.
- The District is one of two 2020 Leah Meyer Austin Award winners, which is the highest honor awarded to a college in the Achieving the Dream National Network. The award recognized institutional strength aligned policies and procedures, a student-focused culture, and notable increases in student outcomes and reduction of equity gaps.
- In August 2020, the District was named to the San Antonio Business Journal's inaugural list of honorees for the Resilience in Business Awards. This award was established during the COVID-19 pandemic to recognize those outstanding businesses, and more importantly, the teams behind them, that responded quickly and effectively to the crisis. The District was the only educational institution in the area to receive this recognition.
- In 2020, the District was nationally recognized and was the only Texas institution to receive the 2020 Ellucian Impact Award. This award recognizes higher education institutions that use technology to solve challenges, operate more efficiently and create better student experiences. Laura Ipsen, President and CEO of Ellucian, stated "the winners of our Impact Awards are excellent examples of how institutions are innovating from within to support their students, faculty, staff, and local communities."
- In July 2020, the District was honored with the Rising Star Award. The District is the only two-year institution to be recognized by Campus Labs with the Rising Star Award. The District was selected as a result of its successful

implementation of the Engage tool (a student engagement product from Campus Labs) as part of AlamoEXPERIENCE, the District's online non-academic transcript platform.

- For the second year in a row, three of the colleges of the Alamo Colleges District were ranked in the top ten on the list of 2020 Best Online Community Colleges in Texas by Guide to Online Schools, published by Optimal, formerly the SR Education Group, a leading education research publisher. Each of the colleges (San Antonio College, Palo Alto College, St. Philip's College) received a score based on several important factors, including retention and graduation rates and percentage of online enrollment data from the Integrated Postsecondary Education Data System (IPEDS). The number of online associate degrees offered was considered in the ranking score as well.
- The Alamo Colleges District was selected in January 2020 as one of 10 exceptional organizations as finalists for the *San Antonio Business Journal's* 2019 Business of the Year. The District is one of the San Antonio-area businesses which have seen remarkable success over the past year. Highlights include the opening of the District Support Operations building, the launch of AlamoPROMISE, which aims to bridge the gap between financial aid and the cost of tuition and fees at the District's five colleges, and the District's recognition as the only community college district to ever win the Malcolm Baldrige National Quality Award (see above).
- For the fifteenth year in a row, the Alamo Community College District's Finance and Fiscal Services Department has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association for the Annual Comprehensive Financial Report (ACFR) prepared for the fiscal year ending August 31, 2023. According to the Government Finance Officers Association, the Certificate of Achievement is awarded to governments that go beyond the minimum requirements of generally accepted accounting principles to prepare a ACFR that evidences the spirit of transparency and full disclosure which allows readers to assess the financial health of the issuing government.
- In 2025, the District's Investment Policy was awarded the Certificate of Distinction from the Government Treasurers' Organization of Texas for the fifth consecutive period. The District is one of only five community colleges in Texas currently holding this designation.

The District includes three Hispanic-Serving Institutions, and a fourth college, which is the nation's only institution that is both a Historically Black College and a Hispanic-Serving Institution, is the nation's third largest producer of Hispanic nurses, and is one of Texas' largest providers of online post-secondary education. A vibrant international program brings Central American and other teachers to San Antonio for advanced education while affording students and faculty the opportunity to travel to many regions of the world.

San Antonio College

President: Dr. Francisco Solis

The largest of the District's five college campuses, San Antonio College began as the University Junior College in 1925 under the control of the University of Texas. In 1926 control of the College was transferred to the San Antonio Independent School District, and its name was changed to San Antonio Junior College. The newly created San Antonio Union Junior College District assumed control of the College in 1945. In subsequent years the name "San Antonio College" evolved. Serving students for nearly 90 years, today the college offers numerous, credit/certificate programs at the main campus, north of downtown San Antonio including a new program for a Bachelor of Science in nursing. Founded in 1967, the College's nursing program is the largest in San Antonio. In May 2021, San Antonio College was named the best community college in the nation, honored with the Aspen Prize for Community College Excellence. San Antonio College is the only community college in Texas to have been chosen for this honor since it was first awarded in 2011. San Antonio College was named in the top 150 community colleges in the nation by the Aspen Institute, and is ranked among the Top 10 colleges for Hispanics by *Hispanic Outlook Magazine*, the national publication that focuses on issues related to Hispanic education and institutions of higher learning. San Antonio College placed in the Top 20 among two-year colleges for Hispanic Enrollment and placed twice in the "Top 10 for Majors" category - once for computer information systems and for engineering as well. In 2021, San Antonio College was re-designated by the National Security Agency as the Southwest Center of Academic Excellence in Cybersecurity Regional Hub. San Antonio College previously served as the South Central Regional Hub since 2017, providing leadership in cybersecurity education among colleges and universities in five states. San Antonio College's role now expands to lead cybersecurity education efforts in a broader region that includes nine states—Texas, Louisiana, Arkansas, Oklahoma, New Mexico, Arizona, Nevada, California and Hawaii. In May of 2019, San Antonio College was named a finalist for the Star Award, a prestigious honor given by the Texas Higher Education Coordinating Board. The College was nominated for its Student Advocacy Center, a first-of-its-kind integrated, campus-based, case management and mental health services support program for students. In July 2019, San Antonio College was recognized as having one of the top online community college programs in the nation according to BestColleges.com, a leading source of information on higher education preparation and college planning resources. San Antonio College received the Progress Level award from the Quality Texas Foundation in 2017 for demonstrating strong and noteworthy capacities for dedication to quality and high performance. San Antonio College was one of only four recipients of the Progress Level award in 2017.

St. Philip's College

President: Dr. Adena Williams Loston

In 1898, Steptoe Johnston, an Episcopal Bishop, founded St. Philip's as a parochial school to provide a well-rounded quality education for African American girls. Shortly after the turn of the century, St. Philip's had become a grammar and industrial school and, by 1917, an industrial high school. By that time the school had outgrown its original location in what is now San Antonio's La Villita and moved to the east side of San Antonio, where it is now located. St. Philip's first opened as a private junior college in 1927. Today it serves students offering over 80 programs leading to associate degrees or certificates of completion. Southwest Campus of St. Philip's College serves as its primary facility for large vocational and technical programs. St. Philip's College is the only college to be federally designated as both a Historically Black College and a Hispanic-Serving Institution. In 2021, St. Philip's College Health Information Technology (HIT) program earned top ranking for The Best Registered Health Information Technician degree by Intelligent.com. The HIT program was listed 25th in the nation and named "Best in South" amongst thousands of public institutions. The College was recognized on the Top 100 Colleges and Universities for Hispanics list published in the October issue of *The Hispanic Outlook on Education Magazine*. The college ranked 62 for associate degrees conferred to Hispanic students and 58 for the total number of enrolled students in a two-year institution. In September 2019, St. Philip's received the 2019 Inspiring Programs in STEM Award from INSIGHT Into Diversity magazine. The Inspiring Programs in STEM Award honors colleges and universities that encourage and assist students from underrepresented groups to enter the fields of science, technology, engineering, and mathematics. In March, 2019, the SR Education Group Guide to Online Schools, an online consumer search provider for consumers of higher education, evaluated and designated the portfolio of St. Philip's College's online degree and certificate programs among the top 10 online community college programs in Texas. St. Philip's was honored with the Achievement Level recognition in 2017 from the Quality Texas Foundation.

Palo Alto College

President: Dr. Robert Garza

Palo Alto College began operations in 1985 to meet the need for higher education in San Antonio's southern sector. During the Fall semester of 2005, Palo Alto College moved to the college's 108-acre campus located at the south side of San Antonio. In 2020 the College was the recipient of an eight-figure gift from author and philanthropist Mackenzie Scott. This marks the largest one-time donation in the College's history. Ms. Scott, wrote that in light of the pandemic and its effect on the lives of Americans already struggling, she charged her team of advisors to help her accelerate her giving, "identifying organizations with strong leadership teams and results." Palo Alto College was recognized in 2021 for having two of the top 20 associate degree programs in cybersecurity by Best Value Schools, which ranks schools and their programs by the annual tuition and fees per year and the annual graduation rate. In April 2019, the Aspen Institute's College Excellence Program announced that Palo Alto College was a "Rising Star" award winner of the 2019 Aspen Prize for Community College Excellence, the nation's signature recognition of high achievement and performance among America's community colleges and marking the institution as one of the top five community colleges in the nation. Palo Alto College was recognized in July 2019 as one of the best online community colleges in the nation by BestColleges.com, an informative source on educational programs and higher education intended to help students find the right path to a college degree. The College is ranked third in Texas for community colleges on BestColleges.com.

Northwest Vista College

President: Dr. Amy Bosley

Northwest Vista College began operations in 1995, and moved to its current location in 1998. The first buildings, totaling 100,000 square feet, are located on the 132-acre campus situated on the northwest side of San Antonio near Sea World of Texas. Northwest Vista College is one of only two community colleges in Texas that has been invited to compete for the 2025 Aspen Prize for Community College Excellence. The recognition was announced June 2024 by the Aspen Institute. Institutions chosen have a chance to compete for a \$1 million Aspen Prize for Community College Excellence, which is awarded every two years. The Aspen Prize is the nation's highest recognition in community college education. Northwest Vista College was ranked the No. 1 community college in San Antonio, No. 2 in Texas and 34 in the nation by Niche.com for 2022 Best Colleges, a national search and data tool that helps millions of students and families find schools, colleges and universities. Niche uses academic, financial and student life data from the U.S. Department of Education along with reviews from students and alumni. Northwest Vista College also ranked as the No. 4 community college in Texas on BestColleges.com for 2021. BestColleges.com ranking is based on data from the IPEDS and the College Navigator, both of which are hosted by the National Center for Educational Statistics. The ranking is based on key performance indicators such as acceptance, retention, graduation, enrollment rates and loan default percentages as a measure of graduates' success. The data comes from the U.S. Department of Education's National Center for Educational Statistics.

Northeast Lakeview College

President: Dr. Veronica R. Garcia

The newest campus in the District, Northeast Lakeview College opened in November 2008 and is located on 239 acres in northeast Bexar County in the communities of Live Oak and Universal City. Northeast Lakeview College was recognized in

2021 for having two of the top 20 associate degree programs in cybersecurity by Best Value Schools, which ranks schools and their programs by the annual tuition and fees per year and the annual graduation rate. Northeast Lakeview College was ranked 12 in March 2019 by Learn.Org as a Recognized School. Learn.Org selected the 50 best community colleges in the nation based on several factors including school data reported by the U.S. Department of Education, program offerings, and campus activities. In June 2019, Northeast Lakeview College completed the requirements for recognition at the Commitment Level by the Quality Texas Foundation (“QTF”). The College has also been recognized by the Live Oak Economic Development Corporation as the Best Educational Facility in the northeast San Antonio/Bexar County region.

BOARD OF TRUSTEES . . . The Board of Trustees is the governing body of the District. The Board has specific powers and duties imposed by state statutes including policy direction for the District and establishing goals consistent with the District’s role and mission.

Members of the Board serve six-year staggered terms with elections held every two years on the first Saturday in May. On May 7, 1988, Board membership was expanded from seven to nine trustees who are elected from single-member districts in which they are required to reside. The changes in number of trustees, from seven to nine, and manner of representation, from at-large to single-member districts, is the result of an election held on August 9, 1986, wherein voters authorized the Board to expand the District’s boundaries to become coterminous with those of Bexar County. The District’s original geographical boundaries, established by the 1945 election, remained unchanged until 1983, when voters in a public election authorized expansion of the boundaries to the city limits of San Antonio, Texas. In 2014, Alamo Community College District’s Board of Trustees appointed the first Student Trustee for a community college in the State of Texas. The Student Trustee serves in an advisory/non-voting role.

The current members of the Board are named on page 8 of the body of this Official Statement.

STUDENT ENROLLMENT . . . For fiscal year 2024, the total unduplicated headcount was 74,499, making the District one of the five largest community colleges in Texas⁽¹⁾. The unduplicated enrollment is for the District and students would only be counted once regardless of number of colleges attended within the District. The duplicated enrollment is 111,600 and is the sum of individual college unduplicated enrollment by college and registration. Students enrolled at more than one college are counted at each college. In addition, the District’s continuing education programs serve more than 6,000 students each year. Comparisons of District enrollment to other colleges and universities in San Antonio indicate that the community colleges serve more students than all of the other post-secondary institutions combined.

(1) THECB data as of FY 2024.

DISTRICT FINANCE/FISCAL YEAR 2024-2025 OPERATING BUDGET . . . The primary sources of revenue for the District are State appropriations, tuition and fees, local ad valorem property taxes, and federal funds. The strategic plan initially adopted by the Board includes the strategic priorities of 1) propelling our learners’ success from connection through completion 2) nurturing a mission-driven workplace that enhances performance, collaboration and leadership among all our employees, 3) delivering efficient and effective instruction, services and operations 4) strengthening our community through collaboration and service. Specific revenue enhancements include higher tuition for high-cost programs, out-of-district, out-of-state and international students. All measures have produced substantial progress toward the strategic objectives.

The District’s total general fund expenditure budget for 2024-2025, including auxiliary enterprises, is \$528,564,216. Of the District’s total \$528,564,216 of expected revenues (projected FY 2025), 20.9% will come from Tuition and Fees, 21.6% from State Appropriations, 51.3% from ad valorem taxes, and 6.2% from all other sources.

DEPENDENCE ON STATE APPROPRIATIONS . . . In recent years State-appropriated funds have provided approximately 13.4% of the District’s revenues⁽¹⁾. The revenues from the State are derived from legislative appropriations, determined at each Session of the State Legislature. The State Legislature meets biennially in odd numbered years.

In 2023, House Bill 8 passed during the 88th Legislature and changed the funding landscape for community colleges in Texas from a credit hour base to a performance funding base. State Appropriations are based on expected achievements. Based on actual performance, dynamic adjustments are made to true-up the forecasted appropriations to actuals. For the last fiscal year, the District received an additional \$4.2 million as the District exceeded the THECB expectations of performance. In the current 89th Legislative Session, House Bill 8 was amended to provide funding for transfer to any four-year college in Texas. This will have an impact on the District’s formula funding, as the District is one of the top institutions with the largest amount of transfers to four-year colleges. The District anticipates receiving a total of over \$92 million in state funding for fiscal year 2026.

While no State funds secure the Bonds, the ability of the District to continue operations at current levels will be affected by the amount of support which is provided by annual State appropriations to the District.

(1) State appropriation is ACFR average of previous 5 years using the Statistical Supplement 2 percentage information.

HISTORICAL HEADCOUNT ENROLLMENT⁽¹⁾

Headcount enrollment for all students, including academic, vocational and continuing education programs, for the past ten years is shown below. The information is presented in both a duplicated and unduplicated format. The duplicated enrollment is the sum of individual college unduplicated headcount by college of registration, and students enrolled at more than one college are counted at each college. The unduplicated enrollment is for the District and students would only be counted once regardless of number of colleges attended within the District.

Fiscal	San	St.	Palo	Northwest	Northeast		
Year	Antonio	Philip's	Alto	Vista	Lakeview	Duplicated	Unduplicated
Ended	College	College	College	College	College	Total	Total ⁽²⁾
8/31							
2015	36,599	21,244	16,300	25,654	5,504	105,301	76,797
2016	35,079	21,492	17,297	26,157	7,046	107,071	77,331
2017	33,733	21,762	17,389	25,949	6,730	105,563	76,984
2018	33,097	22,390	17,534	26,543	7,156	106,720	78,270
2019	30,061	22,341	17,053	25,743	9,919	105,117	77,198
2020	29,971	22,726	17,935	26,496	10,345	107,473	77,369
2021	28,542	21,257	17,339	26,478	10,421	104,037	70,009
2022	27,547	20,881	16,537	24,991	10,249	100,205	67,699
2023	28,135	22,199	17,060	25,578	11,402	104,374	71,074
2024	29,275	24,464	17,951	27,195	12,716	111,601	74,499

(1) Enrollment numbers have been revised and are based on Certified Unduplicated Headcount Credit and Non-Credit (primarily Continuing Education) students as reported to the Texas Higher Education Coordinating Board. The historical enrollment has been restated to reflect the change.

(2) Source: Alamo Colleges District Factbook and THECB Accountability System.

HISTORICAL CONTACT HOURS⁽¹⁾

Total Contact Hours of the District for the past ten years are shown below:

Fiscal	Contact Hours			
	Academic	Technical	Continuing Ed	Total
Year				
2014-2015	16,160,456	3,503,232	511,826	20,175,514
2015-2016	16,441,240	3,322,624	387,855	20,151,719
2016-2017	16,287,624	3,278,480	386,313	19,952,417
2017-2018	16,560,800	3,408,176	377,511	20,346,487
2018-2019	16,183,408	3,511,728	341,698	20,036,834
2019-2020	16,673,976	3,464,704	309,282	20,447,962
2020-2021	14,686,392	3,301,655	192,137	18,180,184
2021-2022	13,586,840	3,323,578	248,544	17,158,962
2022-2023	14,427,408	3,742,339	148,573	18,318,320
2023-2024	15,594,736	4,221,016	136,841	19,952,593

Source: Annual Report of Fundable Operating Expenses from THECB

(1) Contact Hours have been revised to include Continuing Education as reported to the Texas Higher Education Coordinating Board. Prior years have been restated to reflect the change.

ATTENDANCE COSTS . . . The cost of attending the Colleges is competitive with other Texas colleges and universities, including other area colleges and universities. In March 2024, the Board adopted a new tuition schedule, with rates ranging from \$109 per semester hour for In District students to \$327 per semester hour for Non-Resident and International Students for Fall 2025. These rates remain unchanged for the current and next fiscal years.

ACCREDITATION . . . All five of the Alamo Colleges (San Antonio College, St. Philip's College, Palo Alto College, Northwest Vista College, and Northeast Lakeview College) are accredited by the Southern Association of Colleges and Schools Commission on Colleges. One or more colleges in the District are accredited by the Board of Nurse Examiners, the Board of Vocational Nurse Examiners, the National League of Nursing, the Committee on Allied Health Education and Accreditation, the Joint Review Committee on Education in Radiologic Technology, the Clinical Laboratory Sciences, the Texas Department of Health, the American Association of Medical Assistants Curriculum Review Board, the American Medical Record Association,

the Joint Review Committee on Education to Diagnostic Medical Stenography, and the American Association of Occupational Therapy.

TUITION RATES

Tuition is based on residency determined by the District's Admissions Office. Tuition and fees are subject to change without notice by the Board of Trustees. The Texas Attorney-General has recently joined with the federal Department of Justice to enjoin application of a state statute which allowed persons resident in the state without legal immigration status to pay tuition at resident rates. Based on the Fall 2024 and Spring 2025 enrollment data, this population made up less than 2% of both student headcount and total scheduled credit hours.

Current Tuition Rates

Texas Residents		Non-Texas/International
In-District Per Semester Credit Hour (SCH)	Out of District Per Semester Credit Hour (SCH)	Non-Resident Per Semester Credit Hour (SCH)
\$109	\$180	\$327

Online eRate Tuition (Students taking courses in a 100% online program with no classes on-campus)

In-District Per Semester Credit Hour (SCH)	Out of District Per Semester Credit Hour (SCH)	Non-Texas/Non-Resident Per Semester Credit Hour (SCH)	International/Non-Resident Per Semester Credit Hour (SCH)
\$109	\$180	\$180	\$476

Summer Momentum Plan (SMP)

The Expanded Summer Momentum Plan allows students who earned hours in Fall and Spring at any of the Alamo Colleges to receive free credit hours in the summer semester.

3 SCH for Alamo Colleges First Time in College students enrolled for the first time in Spring taking a minimum of 6 SCH.

6 SCH for Alamo Colleges students enrolled in Fall who enroll part-time (11 or fewer credits) in the immediately following Spring taking a minimum of 18 SCH combined for Fall and Spring Terms.

9 SCH for Alamo Colleges students enrolled in Fall and the immediately following Spring taking a minimum of 24 SCH combined for Fall and Spring Terms.

Free hours must be taken in the Summer term immediately following the Fall and Spring Terms, which qualified the student for the SMP.

Please refer to the alamo.edu website for the most current plan details.

Tuition is assessed per semester credit hour at the rates shown. There are no minimums.

Tuition rates do not include \$3.00 per credit hour Student Activity Fee, Student Support Fee of \$25 per semester (maximum \$50 per year) and International Education Fee of \$1 per semester.

27 Hour Rule – Special Tuition: Students taking in excess of 27 hours of Development Education courses will be charged an additional rate of \$118 per hour for In-District and \$176 per hour for Out-of-District.

“3-Peat”: Students registering for a course for the third time will be charged the rate of \$384 per hour.

Special fees may be charged depending on the course. All continuing education courses should fully recover direct and indirect costs. Continuing education courses, which have been advertised or related to existing contracts and grants, may not reflect an increase until a future quarter or the expiration of the contract or grant.

Launched in Fall 2019 as a collective impactful initiative, AlamoPROMISE is the district's moonshot of partnering to end poverty through education and training in the Greater San Antonio region by offering tuition-free college. Through the AlamoPROMISE program, the Alamo Colleges District covers the cost of tuition and required fees for up to three years for eligible new graduates from high schools and home schools located within Bexar County seeking an academic certificate or associate degree at one of the five Alamo Colleges.

Since the program's inception, AlamoPROMISE has been simple: every student - no matter what their circumstances - should be free to pursue their full potential. Every AlamoPROMISE student is an investment in the city's prosperity and the families served by the Alamo Colleges District. AlamoPROMISE expansive service levels include seventy-three public high schools and programs - plus charter, private, and home schools in San Antonio and Bexar County - where eligible graduating seniors can enroll as AlamoPROMISE Scholars receiving last-dollar scholarship funding that helps ensure 100% of tuition and required fees are fully funded after financial aid awards are applied. AlamoPROMISE is currently available to approximately 26,000 high school seniors in San Antonio and Bexar County.

The continued implementation of AlamoPROMISE is possible due to support from governmental partners totaling \$15.7M secured to date; the Alamo Colleges Foundation, a 501(c)(3) tax-exempt non-profit and philanthropic arm of the District, has been successful in raising over \$16.3M in private funding across the program, scholarship, and endowment allocations. Because of the ongoing support of our moonshot to end poverty by partnering through education, ACD has served over 23,000 AlamoPROMISE Scholars to date since program enrollment began in the Fall of 2020. Since AlamoPROMISE launched, Bexar County has realized a 7.4% increase in college-going rates as reflected by high school graduates enrolling in Texas public higher education, increasing from 48.6% in 2019 to 56% in 2023. With a future focus in mind, there is continuous support for AlamoPROMISE across governmental entities, institutional support, individual donors, foundations and corporations, non-profit organizations, and school district partners.

BEXAR COUNTY

Information concerning Bexar County (the "County") is included herein to provide regional information. The County provides no security and otherwise has no liability on the Bonds. The County has a diversified economic base which is composed of agribusiness, manufacturing, construction, tourism, medicine and the military. The County's proximity to Mexico provides favorable conditions for international business relations with the country in the areas of agriculture, tourism, manufacturing, wholesale and retail markets. Industry ranges from the manufacturing of apparel, food products, aircraft, electronics and pharmaceuticals to iron and steel products and oil well equipment. San Antonio is a major insurance center in the southwest, serving as the headquarters for several insurance companies, including United Services Automobile Association. Higher education is provided by 11 colleges and universities.

LABOR FORCE STATISTICS FOR BEXAR COUNTY⁽¹⁾

	2025 ⁽²⁾	2024 ⁽³⁾	2023 ⁽³⁾	2022 ⁽³⁾	2021 ⁽³⁾
Civilian Labor Force	1,064,156	1,038,335	1,010,042	983,255	958,647
Total Employed	1,023,362	998,663	971,849	946,503	907,781
Total Unemployed	40,794	39,672	38,193	36,752	50,866
Unemployment Rate	3.8%	3.8%	3.8%	3.7%	5.3%
% Unemployed (Texas)	4.1%	4.1%	4.0%	3.9%	5.6%
% Unemployed (U.S.)	4.4%	4.0%	3.6%	3.6%	5.3%

(1) Source: Texas Employment Commission.

(2) As of June 2025.

(3) Actual annual statistics.

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APPENDIX B

**EXCERPTS FROM THE
ALAMO COMMUNITY COLLEGE DISTRICT
ANNUAL FINANCIAL REPORT**

For the Year Ended August 31, 2024

The information contained in this Appendix consists of excerpts from the Alamo Community College District 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.



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Alamo Community College District
San Antonio, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Alamo Community College District, as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Alamo Community College District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Alamo Community College District, as of August 31, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alamo Community College District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the schedule of expenditures of state awards and the Texas Grant Management Standards, the schedule of operating revenues, schedule of operating expenses by object, schedule of nonoperating revenues and expenses, and schedule of net position by source and availability 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 GAAS. In our opinion, the schedule of expenditures of federal and state awards, the schedule of operating revenues, schedule of operating expenses by object, schedule of nonoperating revenues and expenses, and schedule of net position by source and availability are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, the other information – by location and statistical sections, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, on our consideration of the Alamo Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alamo Community College District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alamo Community College District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

San Antonio, Texas
December 18, 2024



ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

Management's Discussion and Analysis (MD&A) is included to provide a narrative introduction, overview and analysis of the financial position and changes in financial position of the Alamo Community College District (Alamo Colleges District, District or ACCD) for the fiscal year ended August 31, 2024. This discussion is prepared by management and should be read in conjunction with the accompanying financial statements and notes.

The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). The notes to the financial statements are considered an integral part of the financial statements and should be read in conjunction with them. Management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of the financial statements and notes.

The District's financial report includes three basic financial statements: The Statements of Net Position provide a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of August 31, 2024; the Statements of Revenues, Expenses and Changes in Net Position provide a summary of operations for the fiscal year; and the Statements of Cash Flows provide categorized information about cash inflows and outflows for the fiscal year. Highlighted information from each basic financial statement is presented below.

Financial Highlights for 2024

- The District's net position at August 31, 2024 was \$570.0 million, reflecting a \$82.7 million increase from the prior year.
- Updated funding formula for allocating State funding to community colleges.
- Revenues increased \$58.1 million to \$759.4 million.
- Total assets increased \$4.1 million and total liabilities decreased \$77.3 million.
- The District's operating loss was \$545.8 million.
- Cash and cash equivalents decreased \$10.5 million during the year ended August 31, 2024.
- The bond rating for the District's general obligations bonds is Aaa by Moody's Investors Service and AAA by S&P Global Ratings, the highest rating possible from both respective agencies.

Financial Highlights for 2023

- The District's net position at August 31, 2023 was \$487.3 million, reflecting a \$96.6 million increase from the prior year.
- Total assets increased \$352.2 million and total liabilities increased \$269.6 million.
- Revenues increased \$65.8 million to \$701.3 million.
- The District's operating loss was \$482.5 million.
- Cash and investments increased \$290.4 million during the year ended August 31, 2023.
- The bond rating for the District's general obligations bonds is Aaa by Moody's Investors Service and AAA by S&P Global Ratings, the highest rating possible from both respective agencies.

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

The financial statements for the District's component unit, the Alamo Colleges Foundation, Inc. (the Foundation), are discretely presented with the financial statements of the District since the economic resources received or held by the Foundation that the District is entitled to, or has the ability to otherwise access, are significant (Notes 1 and 25). The separately issued financial statements of the Foundation can be obtained from the Finance and Fiscal Services department of the Alamo Colleges District.

In fiscal year 2012, the Alamo Colleges District formed the ACCD Public Facility Corporation (the PFC) for the sole purpose of assisting the District in the financing or acquisition of public facilities. The PFC was incorporated on September 23, 2011 as a public non-profit corporation under the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended.

In accordance with GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No: 14 and No: 34, the PFC is reported as a discrete component unit in the financial statements of the District (Notes 1 and 26). The separately issued financial statements of the PFC can be obtained from the Finance and Fiscal Services department of the Alamo Colleges District.

The emphasis of this MD&A is on the District itself. Reference should be made to the separately issued financial statements of the component units for additional information.

Statements of Net Position

The Statements of Net Position represent the District's financial position at the end of the fiscal year and include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District. Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and serves as a general indicator of financial stability.

Current liabilities are generally those obligations expected to be settled within one year, and current assets are those assets which are available to satisfy current liabilities. Noncurrent assets include restricted cash and cash equivalents, capital assets, long-term investments and other assets not classified as current. Noncurrent liabilities include bonds and tax notes payable, net pension liability, net other postemployment benefit (OPEB) liability and other long-term commitments. Deferred outflows of resources represent a consumption of net assets applicable to a future reporting period. The District's deferred outflows of resources include deferred charges on bond refundings, deferred outflows of resources related to pensions and deferred outflows of resources related to OPEB. Deferred inflows of resources represent an acquisition of net assets applicable to a future reporting period. The District's deferred inflows of resources include deferred charges on bond refundings, deferred inflows of resources related to pensions, deferred inflows of resources related to OPEB and deferred inflows related to leases.

A Condensed Schedule of Net Position and analysis is presented on the following pages. In fiscal year 2024, total assets increased \$4.1 million, or 0.2%, due to a decrease in cash and investments of \$16.9 million, an increase in net capital assets of \$15.7 million, and an increase in receivables and other items of \$5.4 million. Capital asset categories increased \$68.3 million as a result of the ongoing \$450 million bond construction program authorized by voters in fiscal year 2017, the FY23 issuance of \$247.6 million of maintenance tax notes, and grant funding.

In fiscal year 2023, total assets increased \$352.2 million, or 24.3%, due to increases in cash and investments of \$290.4 million and net capital assets of \$59.7 million. Construction in progress and buildings and building improvements capital asset categories both increased significantly as a result of the ongoing \$450 million bond construction program authorized by voters in fiscal year 2017, resulting in the final tranche issuance of \$49.8 million in general obligation bonds, and the FY23 issuance of \$247.6 million of maintenance tax notes. With the premium on those maintenance tax notes, \$270 million was realized for maintenance projects.

Total liabilities decreased by \$77.3 million or 5.9% in fiscal year 2024 with a decrease in current liabilities of \$7.5 million coupled with a decrease in noncurrent liabilities of \$69.8 million. The \$7.5 million decrease to current liabilities was primarily related to a \$11.7 million decrease to accounts payable and accrued liabilities, offset by an increase of \$4.1

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

million in unearned revenues mostly from tuition and fees. The \$69.8 million decrease to noncurrent liabilities resulted mainly from a decrease to bonds and tax notes payable of \$74.0 million resulting from scheduled and additional bond and note payments and refinancings, amortization of premiums of \$8.3 million, an decrease in net OPEB liability of \$9.4 million, an increase to the net pension liability of \$16.1 million, an increase in compensated absences of \$1.0 million, and an increase to arbitrage interest payable of \$4.6 million. For more information, see Note 7.

For fiscal year 2023, total liabilities increased by \$269.6 million or 26.0% with an increase in current liabilities of \$23.4 million coupled with an increase in noncurrent liabilities of \$246.2 million. The \$23.4 million increase to current liabilities was primarily related to a \$24.1 million increase to the current portion of long-term debt, offset by a reduction of \$0.7 million in accounts payable and other current liabilities. The \$247.2 million increase to noncurrent liabilities resulted mainly from the \$323.9 million increase to bonds, tax notes payable and related premium, offset by current year bond payments and premium amortization. Within the \$323.9 million increase, was the third and last tranche issuance of \$49.8 million related to the \$450 million voter-approved bond construction program, a new bond issuance of \$247.6 million of maintenance tax bonds, and related premium increase of \$26.5 million, partially offset by the \$68.4 million decrease to bonds and tax notes payable resulting from scheduled and additional bond payments and refinancings and premium amortization of \$8.2 million. Net pension liability increased \$51.3 million, while net OPEB liability decreased \$37.5 million. With interest rates rising, a liability for \$4.5 million was set up for arbitrage rebate on bonds earnings. Other long-term liabilities decreased \$1.5 million due to scheduled reductions. For more information, see Note 7.

In fiscal year 2024, deferred outflows of resources decreased \$7.1 million due to a decrease to deferred outflows of resources related to OPEB of \$10.7 million, offset by an increase in deferred outflows of resources related to pension of \$4.0 million. The decrease in OPEB deferred outflows is due mainly to a decrease from changes in actuarial assumptions resulting in a reduction of \$4.6 million. Change in proportion generated another \$6.4 million reduction to deferred outflows. The increase in deferred outflows was generated by increases in the difference between expected and actual economic experience category of \$2.5 million, changes in actuarial assumptions and proportionate share categories cancelling each other out at around \$6.5 million each, and contributions made subsequent to the measurement date increasing \$1.3 million. Deferred inflows of resources decreased \$8.4 million primarily related to decreases in both deferred inflows of resources related to pensions and OPEB. Deferred inflows for pension decreased \$3.7 million due primarily to change in actuarial assumptions and change in proportion. The decrease in deferred inflows related to OPEB of \$3.6 million were related to the changes in between expected and actual economic conditions category and changes in actuarial assumptions.

In fiscal year 2023, deferred outflows of resources increased \$6.1 million due to increases to deferred outflows of resources related to pensions of \$13.8 million, offset by a decrease in deferred outflows of resources related to OPEB of \$7.3 million, and a \$0.4 million decrease in deferred outflows related to bond refunding. Deferred inflows of resources decreased \$7.8 million primarily related to a decrease in deferred inflows of resources related to pensions of \$35.8 million, an increase to deferred inflows related to OPEB of \$29.3 million, a \$0.3 million decrease to deferred inflows of resources related to bond refunding, and a \$1.1 million decrease in deferred inflows of resources related to leases.

The District's net position at August 31, 2024 was \$570.0 million compared to \$487.3 million at August 31, 2023. All classifications of net position increased by a combined \$82.7 million, with the largest increase of \$69.0 million to net investment in capital assets, followed by a \$8.6 million increase in restricted capital funds, and \$5.1 million increase in unrestricted net position. The fiscal year 2024 increases to net position are due to conservative spending and tax revenues received for payment of debt that increased equity in capital assets.

In the fiscal year 2023, the District's net position was \$487.3, reflecting an increase of \$96.6 million from the prior year. The primary contributors to this growth were a \$76.7 million rise in net investment in capital assets, a \$12.4 million increase in unrestricted net position, and a \$7.5 million upswing in restricted capital net assets. These improvements in net position during fiscal year 2023 can be attributed to the culmination of the final year of federal aid related to the pandemic, coupled with tax revenues dedicated to debt payment which, in turn, increased equity in capital assets.

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

Condensed Schedule of Net Position (in millions)

	Fiscal Year			Change	
	2024	2023	2022, as Restated	2023 to 2024	2022 to 2023
Assets					
Cash and cash equivalents	\$ 423.6	\$ 434.1	\$ 107.0	\$ (10.5)	\$ 327.1
Accounts and notes receivable, net	42.7	37.4	34.0	5.3	3.4
Investments	216.5	222.9	259.6	(6.4)	(36.7)
Other	5.6	5.5	6.8	0.1	(1.3)
Capital assets	1,734.6	1,670.3	1,569.5 *	64.3	100.8
Accumulated depreciation and amortization	(619.3)	(570.7)	(529.6) *	(48.6)	(41.1)
Total assets	<u>1,803.6</u>	<u>1,799.5</u>	<u>1,447.3</u>	<u>4.1</u>	<u>352.2</u>
Deferred Outflows of Resources					
Deferred outflows related to bond refundings	4.8	5.2	5.6	(0.4)	(0.4)
Deferred outflows related to OPEB	16.3	27.1	34.4	(10.7)	(7.3)
Deferred outflows related to pensions	40.4	36.4	22.6	4.0	13.8
Total deferred outflows of resources	<u>61.5</u>	<u>68.7</u>	<u>62.6</u>	<u>(7.1)</u>	<u>6.1</u>
Liabilities					
Current liabilities	165.8	173.4	150.0 *	(7.6)	23.4
Noncurrent liabilities	<u>1,064.3</u>	<u>1,134.1</u>	<u>887.9</u> *	<u>(69.8)</u>	<u>246.2</u>
Total liabilities	<u>1,230.1</u>	<u>1,307.5</u>	<u>1,037.9</u> *	<u>(77.4)</u>	<u>269.6</u>
Deferred Inflows of Resources					
Deferred inflows related to leases	3.4	3.9	5.0	(0.5)	(1.1)
Deferred inflows related to bond refundings	2.5	3.1	3.4	(0.6)	(0.3)
Deferred inflows related to OPEB	54.3	57.9	28.6	(3.6)	29.3
Deferred inflows related to pensions	4.8	8.5	44.3	(3.7)	(35.8)
Total deferred inflows of resources	<u>65.0</u>	<u>73.4</u>	<u>81.3</u>	<u>(8.4)</u>	<u>(7.8)</u>
Net Position					
Net investment in capital assets	571.4	502.4	425.7 *	69.0	76.7
Restricted (expendable)	68.4	59.8	52.3	8.6	7.5
Unrestricted	<u>(69.8)</u>	<u>(74.9)</u>	<u>(87.3)</u> *	<u>5.1</u>	<u>12.4</u>
Total net position	<u>\$ 570.0</u>	<u>\$ 487.3</u>	<u>\$ 390.7</u> *	<u>\$ 82.7</u>	<u>\$ 96.6</u>
Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.					
Note: *Due to the implementations of GASB 96 & 87, certain FY22 balances have been restated (see Note 2).					

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position present the District's results of operations for the fiscal year. Operating revenues are generated from the services provided to students and other customers of the District. Operating expenses include those costs incurred in the production of goods and services which result in operating revenues, as well as depreciation and amortization. All other activity is classified as non-operating revenues and expenses. Since a large portion of the revenue stream, including ad valorem property taxes, state appropriations and all federal financial aid grants, is classified as non-operating revenues, Texas public community colleges will generally reflect an operating loss with the increase or decrease in net position reflective of all activity. Total revenues and total expenses should be considered in assessing the change in the District's financial position. When total revenues exceed total expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. Further detail is presented in the Statements of Revenues, Expenses and Changes in Net Position and notes to the financial statements.

A summarized comparison of the District's revenues, expenses and changes in net position for the years ended August 31, 2024, 2023 and 2022 is presented below in table and chart form.

Condensed Schedule of Revenues, Expenses and Changes in Net Position

(in millions)

	Fiscal Year			Change	
	2024	2023	2022, as Restated	2023 to 2024	2022 to 2023
Operating revenues and expenses:					
Operating revenues (detail in following sections)	\$ 102.6	\$ 92.0	\$ 89.8	\$ 10.6	\$ 2.2
Operating expenses (detail in following sections)	648.4	574.5	529.2	73.9	45.3
Operating loss	(545.8)	(482.5)	(439.4)	(63.3)	(43.1)
Non-operating revenues (expenses):					
State appropriations	109.4	76.6	72.9	32.8	3.7
Ad valorem taxes	352.9	318.0	275.3	34.9	42.7
Federal and State grants, non-operating	153.3	186.3	194.1	(32.9)	(7.8)
Investment income (loss)	30.8	22.0	(4.2)	8.8	26.2
Other state funding - FAST funds	5.0	-	-	5.0	-
Interest on capital related debt & maintenance tax notes	(28.1)	(30.1)	(21.1)	2.1	(9.0)
Other non-operating revenues	0.6	2.3	3.3	(1.7)	(1.0)
Total non-operating revenues, net	623.9	575.1	520.3	48.9	54.7
Capital contributions:					
State appropriations for capital assets	3.9	3.9	3.9	-	-
Contributions for capital assets	0.6	0.1	0.4	0.5	(0.3)
Total capital contributions	4.5	4.0	4.3	0.5	(0.3)
Increase in net position	82.7	96.6	85.2	(13.9)	11.4
Net position - beginning of year	487.3	390.7	305.5	96.6	85.2
Net position - end of year	\$ 570.0	\$ 487.3	\$ 390.7	\$ 82.7	\$ 96.6

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

Operating Revenues (in millions)

	2024		2023		2022, as Restated		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	2023 to 2024	2022 to 2023
Net tuition and fees	\$ 53.0	51.7%	\$ 44.8	48.7%	\$ 45.4	50.6%	\$ 8.3	\$ (0.6)
Grants and contracts	39.9	38.9%	38.7	42.1%	\$ 35.5	39.5%	1.2	3.2
Auxiliary enterprises	3.0	2.9%	2.8	3.0%	\$ 2.8	3.1%	0.2	-
Other operating revenues	6.7	6.4%	5.7	6.2%	\$ 6.1	6.8%	1.0	(0.4)
Total operating revenues	<u>\$ 102.6</u>	<u>100.0%</u>	<u>\$ 92.0</u>	<u>100.1%</u>	<u>\$ 89.8</u>	<u>100.0%</u>	<u>\$ 10.6</u>	<u>\$ 2.2</u>

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

As shown in the operating revenues table above, operating revenues for fiscal year 2024 increased by \$10.6 million. The majority of the increase to operating revenues resulted from increases to net tuition and fees of \$8.3 million, or 18.5%, due to increases in student enrollment, coupled with a tuition increase, increase in operating grants and contracts of \$1.2 million, and combined increases in auxiliary enterprise revenues and other operating income of \$1.2 million. Fiscal year enrollment increased 9.9% from the prior year and In-District tuition rates were increased by 10.1%. Grants show a net increase of \$1.2 million, reflecting an increase in federal grants of \$0.8 million, a \$0.3 million increase in state funding, offset by a drop in non-governmental grants of \$1.2 million. Local funding reflects an increase of \$1.2 million from the City of San Antonio for partnerships in job training.

For fiscal year 2023, operating revenues increased by \$2.2 million. The majority of the increase to operating revenues resulted from an increase in local and non-governmental grants and contracts of \$3.2 million, offset by a decrease to net tuition and fees of \$0.6 million and a decrease of other operating revenues of \$0.4 million.

Fiscal year 2024 net non-operating revenues and expenses increased \$48.9 million, with the largest revenue increases reflected in state appropriations, ad valorem taxes, non-operating state funding, and investment income in the amounts of \$32.8 million, \$34.9 million, \$13.3 million, and \$8.8 million, respectively. Federal non-operating revenue declined \$41.2 million reflecting the substantial completion of HEERF funding to combat the pandemic. Interest expense increased \$2.1 million. Gifts and other items decreased \$1.7 million. State appropriations grew \$32.8 million. The Texas state legislature implemented a significant shift in how community colleges are funded with the adoption of a new funding formula, the first change in over a decade. This new model, enacted by the passing of House Bill 8 by the 88th Texas Legislature, moves away from an enrollment-based system to one focused on student outcomes, such as credential attainment and successful transfer to four-year institutions. The primary goal of this transition is to better align funding with the state's workforce and economic needs. Under the new approach, 95% of state funding is tied to metrics reflecting student success, including the number of students who transfer to four-year colleges, earn credentials, or participate in dual enrollment programs. The formula also introduces a focus on credentials with proven value in the workforce. Colleges are incentivized with bonus funding for students who earn high-demand credentials that lead to higher wages compared to those holding only a high school diploma. Additionally, House Bill 8 established a new financial aid program that covers the cost of dual-credit courses for economically disadvantaged high school students, further expanding access to higher education.

Fiscal year 2023 net non-operating revenues and expenses increased \$54.7 million, with the largest revenue increases reflected in ad valorem taxes, investment income, and state appropriations, in the amounts of \$42.7, \$26.2 and \$3.7 million, respectively. These increases were offset by nonoperating federal revenues decreasing \$7.8 million reflective of the tail end of pandemic grant aid. Tax revenues reached a peak of \$318.0 million in fiscal year 2023 reflecting a continued growth in taxable property values in San Antonio and surrounding areas. Investment income of \$22.0 million is due to fast-raising interest rates in FY23, in addition to new borrowing detailed in the cash and liability sections above. Interest expense increased \$9.0 million reflective of the additional capital financing activities.

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

For fiscal year 2024, capital contributions increased \$0.5 million due to increased contributions for capital assets. In fiscal year 2023, capital contributions decreased \$0.3 million. This category includes state appropriations, cash contributions and donated items for capital assets. The \$0.3 million decrease is attributed to a decrease in cash contributions for capital assets.

Components of Net Tuition and Fees (in millions)

	2024		2023		2022	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Tuition	\$ 150.5	95.2%	\$ 127.3	92.7%	\$ 120.5	92.8%
CE and contract training	3.7	2.3%	4.1	3.0%	5.8	4.5%
Fees	3.9	2.5%	5.9	4.3%	3.5	2.7%
Total tuition and fees	<u>\$ 158.1</u>	<u>100.0%</u>	<u>\$ 137.3</u>	<u>100.0%</u>	<u>\$ 129.8</u>	<u>100.0%</u>

Waivers and financial aid as a % of total tuition and fees:

	% of Total		% of Total		% of Total	
	Amount	Tuition & Fees	Amount	Tuition & Fees	Amount	Tuition & Fees
Waivers and financial aid	<u>\$ 105.0</u>	<u>66.4%</u>	<u>\$ 92.5</u>	<u>67.4%</u>	<u>\$ 84.3</u>	<u>65.0%</u>

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

The primary component of operating revenue is net tuition and fees. A table showing the components of net tuition and fees is presented above. For financial statement presentation, total tuition and fees are presented net of waivers and financial aid applicable to tuition and fees, referred to as discounts, as well as bad debt expenses. The table identifies the sources of tuition and fees and provides the total waivers and financial aid discounts applied. For 2024, tuition represents 95.2% of the total tuition and fee revenue, with continuing education (CE) and contract training contributing 2.3% and the remaining 2.5% consisting of student services and CE fees. The increase in tuition in 2024 reflects growth in enrollment, coupled with rate increases and the consolidation of the instructional materials fee into the tuition cost. This also correlates to the decrease in fee percentage, with fees down from the prior year from \$5.9 million to \$3.9 million. For 2023, tuition represents 92.7% of the total tuition and fee revenue, with fees related to continuing education and student services contributing 4.3% and the remaining 3.0% consisting of continuing education (CE) and contract training tuition. Tuition and fees increased 5.8%, or \$7.5 million, reflecting a 4.9% increase in enrollment and the addition of a new fee for instructional materials that generated \$2.3 million in 2023. These increases were offset by increases in waivers and discounts of 9.7%, or \$8.2 million.

Operating expenses are presented on the following pages for three years in both natural and functional classifications.

In fiscal year 2024, salaries and wages increased \$24.4 million or 10.0%. The increase in salary and wages is mainly due to strengthening core operations, implementing enhancements and innovations, and planning for student success in current market conditions. To successfully launch and manage these enhancements and innovations, maintaining and retaining qualified employees is crucial. One of the Board's Charges to the Chancellor is to lead an organizational push to develop a competitive employee compensation program, aiming to position Alamo Colleges among nationally recognized, high-performing community colleges. These compensation adjustments directly support the recruitment and retention of talent, which in turn helps fulfill our mission of student success. Alamo Colleges' continued commitment to faculty and staff compensation is evident in the FY24 talent strategies. The impact to employees by these changes include those receiving a 6.5% flat market adjustment, which affects 5,567 employees across the institution. Additionally, there are high wage/high demand faculty stipend adjustments, impacting 263 faculty members, as well as the completion of staff equity pay adjustments, which will benefit 841 employees in College Services, Academic Support, and other remaining job families. Full-time employees will receive a minimum market increase of \$2,000 per year, while part-time employees

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

will receive an increase of \$0.96 per hour. The 6.5% market rate adjustment will affect every Alamo Colleges employee, including full-time, part-time, revenue-funded, and grant-funded employees. To keep pace with the market, the Board of Trustees approved increases in high-wage/high-demand stipends for faculty. The staff equity pay project, developed in collaboration with the Staff Senate, focuses on providing fair and equitable pay increases for staff that align with current economic trends. FY24 marks the third and final year of this project, supporting college services, academic support, and other job families. Additionally, the Executive Faculty Senate, in collaboration with TOSI (Talent, Organization, and Strategic Innovation), continues their efforts to achieve a 1:1 lab loading ratio, with FY24 increasing the effort from 0.75 to 0.8. Alamo Colleges ensures that all employees and student workers receive a pay increase of at least \$0.96 per hour for part-time employees or \$2,000 per year for full-time employees.

In fiscal year 2023, salaries and wages increased \$26.5 million or 12.2%. The primary factors contributing to the increase was payment and accrual of a retirement incentive program totaling \$8.0 million, a general 4.5% salary increase, increases to high wage earners, and adjunct faculty salary increases of \$6.6 million resulting from enrollment bouncing back 4.9% from pandemic levels, going from a total duplicated count of 148,631 students in 2022 to 155,884 students in 2023 for the Fall, Spring and Summer semesters, using end of term counts for regular academic tuition. In its 2023-24 budget, the District planned on hiring 178 new full time positions, plus additional adjunct faculty and summer pay for the growth in enrollment during the year.

Benefits increased \$17.0 million or 27.4% in fiscal year 2024, primarily due to accounting entries for pension expenses related to reporting requirements under GASB 68. Actuarially-calculated pension expense increased \$14.0 million in FY24 compared to FY23 including support provided by the State as disclosed in Note 11. In addition, the District recognized \$2.8 million more in 2024 for FICA and compensable absences related to salary increases.

Benefits increased \$13.4 million or 27.5% in fiscal year 2023, primarily due to accounting entries for pension and OPEB expenses related to reporting requirements under GASB 68 and GASB 75, and related benefits for salary increases detailed above. Actuarially-calculated pension expense increased \$16.5 million in FY23 compared to FY22 and actuarially-calculated OPEB expense decreased \$6.4 million in FY23 compared to FY22.

Scholarships and fellowships increased by \$24.7 million in 2024, primarily due to federal grant increases and additional enrollment. For federal Pell, a total of 27,114 students were paid \$91.5 in FY23 compared to a total of 30,820 students receiving \$115.5 million in Pell in FY24. This amounts to an increase of 3,706 students receiving an additional \$24.0 million in FY24 alone. While the maximum Pell award did not change from 23-24 academic year to the 24-25 academic year, the year over year increase is due to an increase in enrollment (more eligible Pell students) and a formula change by the Department of Education from using Expected Family Contribution (EFC) to the Student Aid Index (SAI) which presumably created more students who are Pell/SEOG eligible. EFC was used to determine a student's eligibility for federal financial aid by estimating how much a family could contribute toward education costs. The EFC was based on factors like income, assets, and household size. However, it was criticized for its complexity and not always reflecting a family's true ability to pay. Starting with the 2024-2025 academic year, the Student Aid Index replaced the EFC. The SAI simplifies the calculation and aims to offer a more accurate and equitable assessment of financial need. While both the EFC and SAI serve similar purposes, the SAI is expected to provide a clearer and more consistent approach to determining financial aid eligibility. For federal SEOG, a total of 6,450 students were paid \$4.1 million in FY23. In FY 24, there were a total of 5,304 students paid \$2.7 million, for a decrease of 1,146 students and \$1.4 million in FY24. Scholarships and fellowships decreased by \$36.7 million in 2023, primarily due to the substantial conclusion of aid awarded to students under the various tranches of the HEERF grants.

Supplies and services expense are expenses other than for payroll and benefits and increased by \$0.1 million in fiscal year 2024 and by \$37.4 million in fiscal year 2023. This is primarily attributable to the winding down of expenses related to pandemic aid and other grants, utilities, travel, equipment and furniture, and supplies. Attributed to grant activity, the District received \$17.8 million to support operating expenses, travel, and equipment. Instructional supplies in relation to AlamoBOOKS+ increased \$9.5 million. AlamoBOOKS+ is a revolutionary way to dispense academic materials to students without students having to purchase expensive textbooks. Instead, students rent the materials from Alamo at a reduced price. Contracted services including maintenance and housekeeping increased \$3.6 million. Software

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subscriptions and maintenance increased \$1.5 million as security, data mining, and artificial intelligence began to increase in importance in the marketplace. Utilities, travel, equipment, and other expenses increased \$5.2 million.

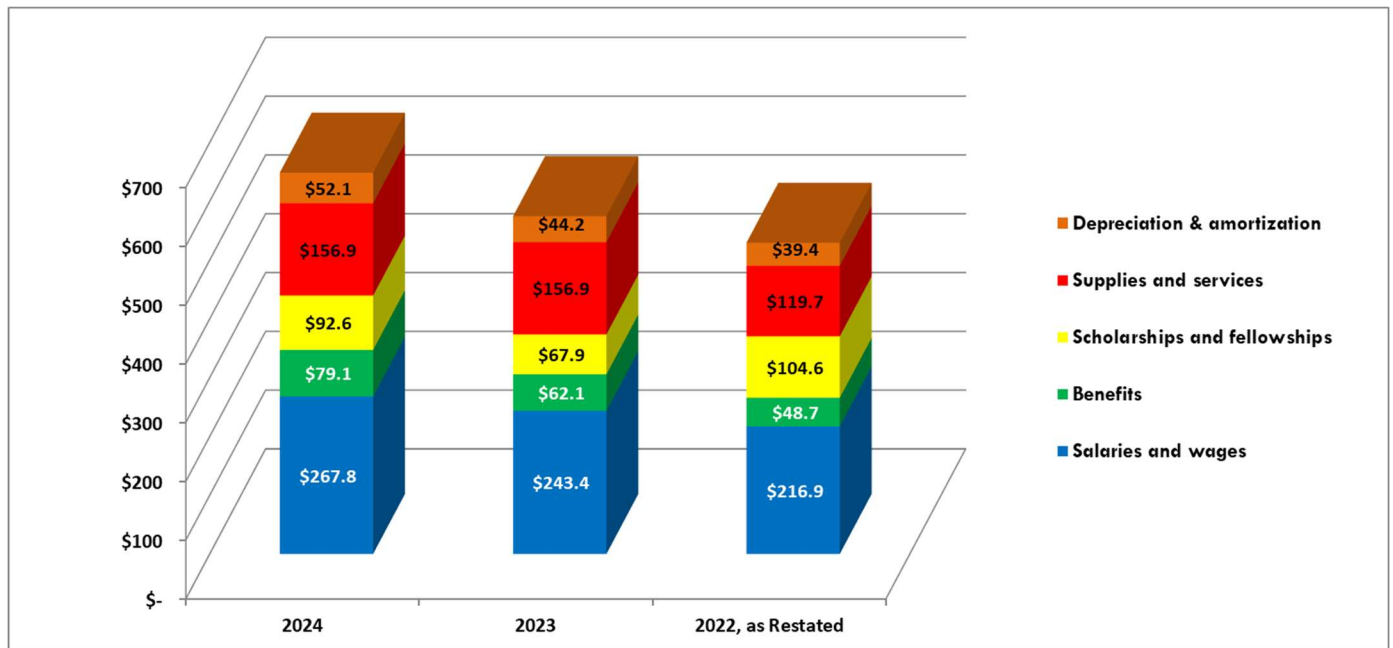
Depreciation and amortization increased \$7.9 and \$4.8 million in fiscal years 2024 and 2023, respectively, due to building and equipment additions. Total additions in 2024 amounted to \$68.3 million, while \$221.7 million was added in FY23. Implementation of GASB 96 related to subscription-based information technology arrangements added \$3.0 million in amortization costs to 2023.

Operating Expenses in Natural Classification (in millions)

	Fiscal Year			Change	
	2024	2023	2022, as Restated	2023 to 2024	2022 to 2023
Salaries and wages	\$ 267.8	\$ 243.4	\$ 216.9	\$ 24.4	\$ 26.5
Benefits	79.1	62.1	48.7	17.0	13.4
Scholarships and fellowships	92.6	67.9	104.6	24.7	(36.7)
Supplies and services	156.8	157.0	119.6	(0.2)	37.4
Depreciation & amortization	52.1	44.2	39.4	7.9	4.8
Total operating expenses	<u>\$ 648.4</u>	<u>\$ 574.6</u>	<u>\$ 529.2</u>	<u>\$ 73.8</u>	<u>\$ 45.4</u>

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

Operating Expenses in Natural Classification (in millions)



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Operating Expenses in Functional Classification (in millions)

	Fiscal Year			Change	
	2024	2023	2022, as Restated	2023 to 2024	2022 to 2023
Instruction	\$ 192.7	\$ 172.5	\$ 141.4	\$ 20.2	\$ 31.1
Public service	2.1	1.8	1.6	0.4	0.2
Academic support	38.0	33.1	27.4	4.9	5.7
Student services	85.0	72.4	59.6	12.6	12.8
Institutional support	122.1	120.1	106.3	2.0	13.8
Operation and maintenance of plant	62.7	61.5	47.7	1.2	13.8
Depreciation and amortization	52.1	44.2	39.4	7.9	4.8
Scholarships and fellowships	92.6	67.9	104.6	24.7	(36.7)
Total educational and general expenses	647.3	573.5	528.0	73.8	45.5
Auxiliary enterprises	1.1	1.1	1.2	-	(0.1)
	<u>\$ 648.4</u>	<u>\$ 574.6</u>	<u>\$ 529.2</u>	<u>\$ 73.8</u>	<u>\$ 45.4</u>

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

Factors influencing operating expenses grouped by functional classification include the following:

- Instruction includes expenses for all activities that are part of the District's instructional programs, such as faculty salaries and benefits. Instructional expenses increased by \$20.2 million, or 11.7%, in fiscal year 2024 primarily related to a \$10.5 million increase in salaries and wages including \$7.6 million in additional adjunct and summer costs. In the 2023-24 budget there was a provision for hiring 84 additional positions. Enrollment increased 10.0%. Benefits increased \$6.4 million, related to pension expense, FICA and compensable absences related to additional salary expenses. Instructional non-labor operating expenses also increased by \$3.2 million. Instructional expenses increased by \$31.1 million, or 22.0%, in fiscal year 2023 primarily related to a generally approved average salary increase of 4.5% plus related benefits, and a retirement incentive program allocated by functional category which contributed to an increase in instructional salaries of \$13.5 million. Related benefits for those increases net of increases to actuarially-calculated pension and OPEB expense contributed to fringe benefits increasing \$6.0 million. Other operating expenses increased \$11.9 million primarily due to the expansion of the AlamoBOOKS+ program, where Alamo purchases books and supplies for all students. These textbooks and materials which were previously bought by students, are now rented back to students at a much more economical rate and ensure that all students are prepared on day one of classes with all the resources needed for class. This results in a significant decrease in the cost of attendance for students.
- Public service expenses include funds expended for activities that are established primarily to provide non-instructional services that benefit individuals and groups external to the District. In fiscal year 2024, public services increased \$0.4 million due to a general wage increase, along with FICA, compensable absences and TRS pension expense increases. In fiscal year 2023, public service expenses increased by \$0.2 million. The 2023 increase resulted from approved salary increases and related benefits and the net increase from actuarially-calculated pension and OPEB expense entries.

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- Academic support includes funds expended primarily to provide support services to the District's primary missions of instruction, research, and public service. In fiscal year 2024, academic support costs increased by \$4.9 million or 14.9% primarily as the result of salary and benefits increases discussed previously. Salaries and wages increased \$2.6 million and benefits increased \$1.4 million. Academic support was scheduled to receive 11 new positions in 2024. Operating expenses for academic support increased \$0.9 million to support additional enrollment. Academic support costs increased by \$5.7 million in fiscal year 2023, primarily attributable to the general salary increase, and allocated costs for the retirement incentive program, resulting in a salary increase of \$2.9 million and net increase of \$1.0 million in related benefits; and a net increase in actuarially-calculated pension and OPEB expense entries. Other expenses increased \$1.5 million related to grant activity.
- The student services category includes funds expended for activities that primarily contribute to students' emotional and physical well-being and to their intellectual, cultural and social development outside the context of the formal instruction program. In fiscal year 2024, overall student services expenses increased \$12.6 million. Salaries increased by \$6.8 million or 15.3% as a result of the general wage increase and market adjustments to student success personnel. This area was also scheduled to operate with 56 new positions in 2024. Benefits increased \$3.6 million due to pension expense related to GASB 68 actuarial activity, FICA and compensable absences costs. Supplies, travel, and furniture and equipment also increased by \$0.3 million. Student services expenses increased by \$12.8 million in 2023 due to a general salary increase of 4.5%, the allocated retirement incentive program, grant funding for the Ready to Work 2025 programs and federal work study program, resulting in an overall salary increase of \$6.2 million. Related benefits, net of actuarially-calculated pension and OPEB entries, resulted in an increase to benefits in the amount of \$2.6 million. All other expenses increased \$3.9 million, spurred by additional grant activity of \$1.9 million, coupled by unrestricted increases of \$2.0 million in support of student programs.
- The institutional support category is primarily comprised of salaries and other operating expenses for central executive-level management that engage in long-range planning for the entire institution as well as other centralized support operations including accounting and fiscal affairs, procurement and safety, legal, information technology and human resources, among others. Institutional support expenses increased \$2.0 million in fiscal year 2024. Salaries and benefits increased \$8.0 million, offset by reductions in operating expenses (supplies, travel, equipment, other) of \$5.9 million. Institutional support was scheduled to receive 20 new positions for the fiscal year. In fiscal year 2023, institutional support costs increased \$13.8 million. The \$13.8 million increase primarily resulted from the following: \$5.4 million in increased salaries, wages and associated fringe benefits for institutional support employees partially attributable to the general salary increase of 4.5% and allocated retirement incentive program; a net increase in actuarially-calculated pension and OPEB expenses, a \$6.9 million increase in operating expenses related to increases in expenditures from the winding down of HEERF funding in support of the institution.
- The category of operation and maintenance of plant includes all expenses of current funds for the operation and maintenance of physical plant, net of amounts charged to auxiliary enterprises and other independent operations. In fiscal year 2024, operation and maintenance of plant increased by \$1.2 million. Increases in salaries, benefits, and noncapitalized expenses of \$0.5 million, \$1.4 million and \$3.7 million, respectively, were offset by reductions in utilities and operating expenses of \$0.3 million and \$3.9 million, respectively. Operation and maintenance of plant expenses increased by \$13.8 million in 2023. The increase was primarily attributable to approximately \$11.3 million in increased costs for non-capitalized equipment and renovation costs funded by bonds and grants. In addition, salaries and benefits increased \$2.4 million due to the general salary increase and allocated retirement incentive expenses and the net impact of actuarially-calculated pension and OPEB expenses.
- Scholarships and fellowships include expenses for scholarships and fellowships from restricted and unrestricted funds and grants to students. In fiscal year 2024, scholarships and fellowships increased by \$24.7 million almost exclusively related to additional aid awarded to students under Title IV and state funding. In fiscal year 2023, scholarships and fellowships decreased by \$36.7 million attributed to phasing down of aid awarded to students under the various tranches of the HEERF grants.

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Management's Discussion and Analysis (Unaudited)

Statements of Cash Flows

The Statements of Cash Flows provide information about the resources of cash and the uses of cash in the operations and activities of the District. The Statements of Cash Flows help users determine the entity's ability to meet its obligations as they come due and the impact of external financing. The primary use of cash in operations is for payment of salaries, wages, and benefits, followed by payments to suppliers for goods and services, then payments for scholarships and fellowships. Sources of cash from operations arise primarily from student tuition and fees as well as operating grant and contract revenues. Sources of cash from non-capital financing activities are primarily from ad valorem taxes, non-operating federal and state revenue and state appropriations.

The Statements of Cash Flows reported an overall decrease in cash and cash equivalents of \$10.5 million for fiscal year 2024 and an overall increase in cash and cash equivalents of \$327.1 million during fiscal year 2023. Cash flows from operating activities increased from the prior year, totaling \$472.6 million in 2024. This was primarily due to higher payments for salaries, supplies, and scholarships, despite higher receipts from students and customers. Non-capital financing activities, included within operating activities, provided cash inflows of \$503.1 million, driven by increased state appropriations and ad valorem tax receipts. Capital and related financing activities resulted in a net outflow of \$83.0 million, mainly due to no new debt issuances and \$111.2 million in debt service payments, and \$76.9 in capital asset purchases, supported by \$97.9 million in tax revenues for debt service. Lastly, investing activities produced a net inflow of \$42.0 million, a decrease from 2023, primarily due to higher investment purchases. Overall, while cash flows from operations and capital activities showed a slight decline, the institution remains in a strong financial position, supported by stable and recurring revenue sources. The \$327.1 million increase to cash and cash equivalents in fiscal year 2023 was primarily related to proceeds from issuance of debt for construction spending.

Capital Assets

Changes in net capital assets are the result of completed and in process construction projects, acquisitions, improvements, deletions, and changes in accumulated depreciation and amortization. The District had \$1.1 billion invested in capital assets net of accumulated depreciation and amortization at August 31, 2024 and 2023. Depreciation and amortization expense totaled \$52.1 million in fiscal year 2024 and \$44.2 million in fiscal year 2023 (Note 6). A summary of net capital assets is presented below:

Net Capital Assets at Fiscal Year End (in millions)

	Fiscal Year			Change	
	2024	2023	2022, as Restated	2023 to 2024	2022 to 2023
Land	\$ 67.7	\$ 55.6	\$ 55.7	\$ 12.1	\$ (0.1)
Construction in progress and works of art	62.3	35.7	154.4	26.6	(118.7)
Buildings and building improvements	915.6	933.8	755.8	(18.2)	178.0
Other real estate improvements	41.2	46.2	50.6	(5.0)	(4.4)
Furniture, machinery and equipment	21.2	22.3	14.6	(1.1)	7.7
Software	0.2	0.1	0.1	0.1	-
Subscription-based IT arrangements	6.4	5.3	8.0	1.1	(2.7)
Library materials	0.7	0.5	0.7	0.2	(0.2)
Total capital assets, net of accumulated depreciation & amortization	<u>\$ 1,115.3</u>	<u>\$ 1,099.5</u>	<u>\$ 1,039.9</u>	<u>\$ 15.8</u>	<u>\$ 59.6</u>

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

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Depreciable Capital Assets and Accumulated Depreciation & Amortization Percentages (in millions)

	Fiscal Year 2024			Fiscal Year 2023		
	Capitalized Amount	Accumulated Depreciation & Amortization	% Depreciated	Capitalized Amount	Accumulated Depreciation & Amortization	% Depreciated
Other real estate improvements	\$ 142.2	\$ 101.0	71.0%	\$ 142.2	\$ 96.0	67.5%
Buildings and bldg improvements	1,359.6	444.0	32.7%	1,341.4	407.6	30.4%
Furniture, machinery and equipment	70.5	49.3	69.9%	64.1	42.6	66.5%
Software	3.4	3.2	94.1%	3.3	3.2	97.0%
Subscription-based IT arrangements	13.2	6.8	51.5%	11.4	6.2	54.4%
Library materials	15.6	15.0	96.2%	15.7	15.1	96.2%
Total	<u>\$ 1,604.5</u>	<u>\$ 619.3</u>	<u>38.6%</u>	<u>\$ 1,578.1</u>	<u>\$ 570.7</u>	<u>36.2%</u>

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

The District added approximately \$30.2 million to construction in progress balances in fiscal year 2024 for continuing projects that have not been completed. In addition to the costs added to construction in progress, major capital additions and renovations completed during fiscal years 2024 and 2023 include the following:

Fiscal Year 2024	Amount (in millions)
SAC Women's Empowerment Center	\$ 9.3
NVC Veterans Center	7.7
Property Purchase (Location - Northern Bexar County, Texas)	8.0
Property Purchase from SAISD (EETC Location)	4.0

Fiscal Year 2023	Amount (in millions)
San Antonio College New Science Building	\$ 14.6
San Antonio College Early Childhood and John L. Santikos Micronaut Center	16.0
San Antonio College First Responders Academy	19.3
St. Philip's College Bowden Legacy Building	17.0
St. Philip's College Campus Center Renovation	19.5
St. Philip's College Welding Auto Collision Building	22.8
Palo Alto College Rio Grande Building	47.0
Southside Education and Training Center	17.7
Westside Education and Training Center	21.9

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The District does not record the cost of capital assets as an expense at the time of acquisition or completion of the asset, but rather shows the expense systematically over the expected life of the asset as depreciation expense. The amount shown in the accounting records for the value of the asset will decrease each year until the asset is fully depreciated or removed from service. As a result, the amount of capital assets shown in the Statements of Net Position may decrease from one year to another, even though new assets have been acquired during the year. Capital assets subject to depreciation include improvements to land (such as parking lots and signage), buildings, library books, furniture, machinery, equipment, and software. Land, construction in progress and works of art are not depreciated.

The District has entered into several contracts for construction and various other renovation and projects financed by bond proceeds. At August 31, 2024 and 2023, the District was committed for approximately \$179.0 million and \$62.6 million, respectively. For additional information concerning the District's capital assets and commitments, see Note 6 and Note 23, respectively, to the financial statements.

Debt

As of August 31, 2024, the Alamo Colleges District had outstanding bond and maintenance tax note debt totaling \$755.8 million, compared to \$829.1 million for the same period in 2023, excluding premiums. Outstanding debt decreased \$73.3 million in fiscal year 2024 and increased \$237.1 million in fiscal year 2023. The following table summarizes these amounts by type of debt instrument. See also Notes 7, 8 and 9 to the basic financial statements for additional information.

Bonds and Tax Notes Payable

(in millions)

	Fiscal Year			Change	
	2024	2023	2022	2023 to 2024	2022 to 2023
General obligation bonds	\$ 495.3	\$ 532.3	\$ 502.1	\$ (37.0)	\$ 30.2
Revenue bonds	48.3	55.4	62.1	(7.1)	(6.7)
Tax notes	212.2	241.4	27.8	(29.2)	213.6
Total outstanding debt	<u>\$ 755.8</u>	<u>\$ 829.1</u>	<u>\$ 592.0</u>	<u>\$ (73.3)</u>	<u>\$ 237.1</u>

Due to rounding, certain totals in this schedule may not add exactly to their constituent amounts.

The decrease in debt in 2024 is reflective of no new debt issuances, regular and scheduled debt principal payments and additional debt reduction transactions totaling \$73.3 million. The increase in 2023 is related mainly to the issuance of the third and final tranche of general obligation bonds in the amount of \$49.8 million under the voter-approved capital improvements program, and the issuance of new maintenance tax notes in the amount of \$247.6 million, offset by regularly scheduled payments.

The general obligation debt and maintenance tax notes of the Alamo Colleges District are payable from the proceeds of a continuing, direct ad valorem tax levied against all taxable property within the taxing district. Revenue bonds are special obligations of the District that are payable solely from and will be equally and ratably secured by an irrevocable first lien on pledged revenues. The pledged revenue is all revenue from tuition pursuant to applicable Texas law. The District received bond ratings for its general obligation bonds of Aaa and AAA from Moody's Investors Service and S&P Global Ratings, respectively. These are the highest ratings available from these rating agencies and the Alamo Colleges District is one of only 5 community college systems in Texas and one of only 26 community colleges in the United States to

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receive the highest rating from both agencies. In addition, S&P raised the long-term rating on the District's existing revenue bonds from AA to AAA. More detailed information about the District's noncurrent liabilities is presented in Notes 7, 8 and 9 to the basic financial statements.

Factors Having Probable Future Financial Significance

In May 2023, the 88th Texas Legislature approved a historic change in the state funding methodology for public community colleges in Texas with the passing of House Bill 8 (HB 8). Beginning with fiscal year 2024, HB 8 transitions state funding from the traditional model largely based on student contact hours and, to a lesser degree, student success points, to a model with a primary focus on student performance. The updated funding formula will focus on four key areas of student success: obtaining credentials of value, obtaining credentials in high demand areas, transfer to four-year universities and completing sequences of courses in high school programs. Student success has always been a top institutional priority and the District is optimistic that it will be well positioned for favorable results under the new model.

While the new funding model for funding state community colleges has the potential to positively impact both students and community colleges, some experts suggest the first few years will be a period of adjustment. Lawmakers may need to refine the formula as its long-term effects become clearer. Overall, Texas is shifting its community college finance system to ensure that funding is more directly linked to outcomes that contribute to both individual student success and the state's economic goals.

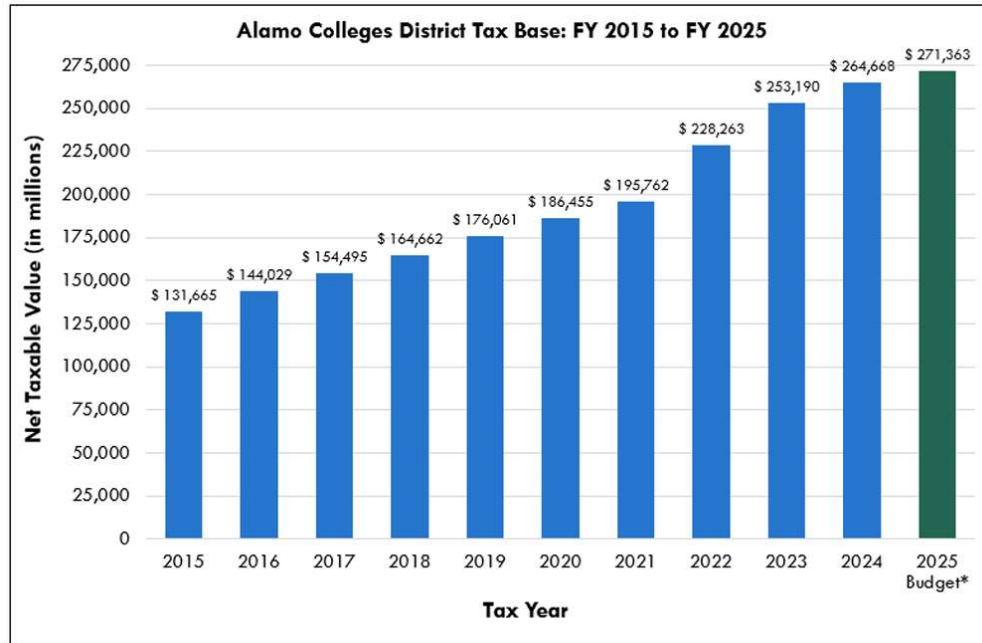
The economic landscape of the Alamo Colleges District is significantly shaped by the broader economic conditions of the State of Texas, Bexar County, surrounding counties, and the City of San Antonio. As the seventh-largest city in the United States and the second-largest in Texas, San Antonio plays a pivotal role in regional economic dynamics. After navigating through the COVID-19 pandemic era, the state, county, and city are navigating a complex array of challenges and opportunities. Key factors such as return of inflation, higher relative interest rates, a potential economic slow-down, political disunity, climate change, and advancements in artificial intelligence, among others, as well as the shifting state funding formula, are influencing the economic outlook.

As of August 2024, the national unemployment rate is 4.2%, with Texas slightly lower at 4.1%. In the San Antonio area, the unemployment rate stands at 3.8%, reflecting a significant recovery from the pandemic peak of 13.6% in April 2020. In response to the pandemic's lasting impact, San Antonio is focused on revitalizing its job market and enhancing workforce capabilities. Local governments have implemented targeted economic incentives and fostered strategic regional partnerships. A key initiative is the SA Ready to Work program, financed through a 1/8 cent sales tax until December 2025. This program aims to equip residents with the skills needed for in-demand jobs, thereby strengthening both the local economy and workforce and the Alamo Colleges District was named as one of the prime partners.

The San Antonio metropolitan area, including Bexar County, is an attractive hub for business expansion, driven by several key advantages: affordability, abundant power resources, and a continuously evolving education system. The region boasts a robust and diverse economy that spans multiple industries, including bioscience, healthcare, aerospace, aviation, military, tourism, financial services, manufacturing, and information technology, with a particular emphasis on cybersecurity. The area is characterized by a strong history of collaboration among government entities, nonprofit organizations, industry stakeholders, and educational institutions. This partnership-focused approach underscores the region's commitment to creating a thriving environment for businesses and consumers alike. The accompanying chart illustrates the strength of the property tax base, which contributes significantly to the District's revenues.

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*Due to difference in time of reporting, the certified tax year is one year behind the reported fiscal year.

This financial report is designed to provide the District's citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Finance and Fiscal Services Department at 2222 N. Alamo Street, San Antonio, Texas 78215 or visit our Financial Transparency website at: <https://www.alamo.edu/about-us/compliance/financial-information/>.

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 1**

**Statements of Net Position
August 31, 2024 and 2023**

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 63,628,904	\$ 25,588,310
Restricted cash and cash equivalents	27,333,217	29,685,636
Investments	59,454,761	54,665,850
Investments - restricted	7,986,679	-
Accounts receivable and notes receivable, net of allowance	42,734,698	37,492,452
Other assets	850,505	303,100
Total current assets	<u>201,988,764</u>	<u>147,735,348</u>
Noncurrent assets:		
Restricted cash and cash equivalents	332,610,641	378,788,163
Investments	139,203,482	168,228,012
Investments - restricted	9,878,125	-
Other assets	1,202,021	1,402,763
Leases receivable	3,497,836	3,829,878
Capital assets (net)	1,115,259,466	1,099,530,655
Total noncurrent assets	<u>1,601,651,571</u>	<u>1,651,779,471</u>
TOTAL ASSETS	<u>1,803,640,335</u>	<u>1,799,514,819</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to bond refundings	4,819,145	5,217,195
Deferred outflows related to OPEB	16,328,144	27,069,657
Deferred outflows related to pensions	40,367,151	36,357,782
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>61,514,440</u>	<u>68,644,634</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	46,805,679	58,544,968
Funds held for others	1,175,230	1,094,225
Unearned income	43,804,731	39,746,456
Current portion of noncurrent liabilities	74,125,641	73,986,096
Total current liabilities	<u>165,911,281</u>	<u>173,371,745</u>
Noncurrent liabilities	1,064,267,604	1,134,105,571
TOTAL LIABILITIES	<u>1,230,178,885</u>	<u>1,307,477,316</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	3,408,933	3,871,318
Deferred inflows related to bond refundings	2,529,038	3,083,571
Deferred inflows related to OPEB	54,263,577	57,908,705
Deferred inflows related to pensions	4,776,933	8,474,712
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>64,978,481</u>	<u>73,338,306</u>
NET POSITION		
Net investment in capital assets	571,441,722	502,437,612
Restricted for:		
Expendable		
Student aid	7,774,911	8,952,401
Instructional programs	2,319,247	2,182,661
Capital projects	45,558,209	33,750,141
Debt service	12,699,791	14,883,008
Unrestricted	(69,796,471)	(74,861,992)
TOTAL NET POSITION	<u>\$ 569,997,409</u>	<u>\$ 487,343,831</u>

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

ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 1A

Statements of Financial Position of Alamo Colleges Foundation, Inc.
(A Component Unit of Alamo Community College District)
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 1,946,221	\$ 1,361,122
Contributions receivable, net of allowance and discounts	1,741,844	3,644,617
Investments:		
Fixed income securities	15,081,513	13,793,743
Mutual funds/exchange-traded funds	52,780,727	42,958,989
Marketable securities	<u>7,555,342</u>	<u>6,233,813</u>
TOTAL ASSETS	<u><u>79,105,647</u></u>	<u><u>67,992,284</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 900	\$ 62,222
Due to affiliates	<u>155,858</u>	<u>-</u>
TOTAL LIABILITIES	<u>156,758</u>	<u>62,222</u>
Net Assets:		
Without donor restrictions	421,867	332,357
With donor restrictions	<u>78,527,022</u>	<u>67,597,705</u>
TOTAL NET ASSETS	<u>78,948,889</u>	<u>67,930,062</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 79,105,647</u></u>	<u><u>\$ 67,992,284</u></u>

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

ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 1B

Statements of Net Position of ACCD Public Facility Corporation
(A Component Unit of Alamo Community College District)
August 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets:		
Cash	\$ 42,184	\$ 21,618
Noncurrent assets:		
Capital assets not being depreciated	5,099,847	5,099,847
Capital assets being depreciated, net	<u>22,997,147</u>	<u>24,314,118</u>
Total noncurrent assets	<u>28,096,994</u>	<u>29,413,965</u>
TOTAL ASSETS	<u>28,139,178</u>	<u>29,435,583</u>
LIABILITIES		
Noncurrent liabilities:		
Note payable	<u>1,362,860</u>	<u>1,362,860</u>
Total noncurrent liabilities	<u>1,362,860</u>	<u>1,362,860</u>
TOTAL LIABILITIES	<u>1,362,860</u>	<u>1,362,860</u>
NET POSITION		
Net investment in capital assets	26,734,134	28,051,105
Unrestricted	<u>42,184</u>	<u>21,618</u>
TOTAL NET POSITION	<u><u>\$ 26,776,318</u></u>	<u><u>\$ 28,072,723</u></u>

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

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 2**

**Statements of Revenues, Expenses and Changes in Net Position
For Years Ended August 31, 2024 and 2023**

	2024	2023
OPERATING REVENUES:		
Tuition and fees (net of discounts of \$104,973,812 and \$92,493,126, respectively)	\$ 53,042,745	\$ 44,766,677
Federal grants and contracts	22,789,964	22,002,312
State grants and contracts	1,706,198	1,370,715
Local grants and contracts	13,229,734	11,956,914
Non-governmental grants and contracts	2,196,015	3,359,090
Auxiliary enterprises	2,963,396	2,842,482
Other operating revenues	6,668,533	5,715,196
Total operating revenues (Schedule A)	102,596,585	92,013,386
OPERATING EXPENSES:		
Instruction	192,686,519	172,536,419
Public service	2,148,352	1,795,974
Academic support	37,991,019	33,052,138
Student services	85,023,717	72,383,991
Institutional support	122,128,616	120,056,331
Operation and maintenance of plant	62,727,914	61,534,011
Scholarships and fellowships	92,604,943	67,900,031
Auxiliary enterprises	1,004,729	1,042,051
Depreciation and amortization	52,125,744	44,177,312
Total operating expenses (Schedule B)	648,441,553	574,478,258
Operating loss	(545,844,968)	(482,464,872)
NON-OPERATING REVENUES/(EXPENSES):		
State appropriations	109,417,933	76,606,931
Ad valorem taxes		
Taxes for maintenance and operations	254,814,109	229,619,121
Taxes for maintenance notes	40,462,146	46,247,762
Taxes for general obligation bonds	57,620,011	42,173,257
Federal grants, non-operating	139,968,174	181,190,755
State grants, non-operating	13,362,148	5,068,138
Gifts	879,298	2,345,954
Investment income	30,812,713	22,024,846
Other state funding - FAST funds	5,023,205	-
Interest on capital related debt	(16,804,778)	(17,801,191)
Interest on maintenance tax notes	(11,252,146)	(12,327,762)
Other non-operating expenses	(259,747)	(42,588)
Net non-operating revenues (Schedule C)	624,043,066	575,105,223
Income before capital contributions	78,198,098	92,640,351
CAPITAL CONTRIBUTIONS:		
State appropriations for capital assets	3,855,480	3,855,480
Contributions for capital assets	600,000	125,000
Total capital contributions	4,455,480	3,980,480
Increase in net position	82,653,578	96,620,831
NET POSITION:		
Net position - beginning of year	487,343,831	390,723,000
Net position - end of year (Schedule D)	\$ 569,997,409	\$ 487,343,831

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

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 2A**

**Statements of Activities of Alamo Colleges Foundation, Inc.
(A Component Unit of Alamo Community College District)
For Years Ended December 31, 2023 and 2022**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Net assets at January 1, 2022	\$ 196,336	\$ 76,382,259	\$ 76,578,595
Support and revenue:			
Contributions	105,555	6,662,369	6,767,924
In-kind revenue	1,388,939	-	1,388,939
Interest and dividend income	2,265	1,104,852	1,107,117
Loss on investments	-	(11,378,858)	(11,378,858)
Net assets released from restrictions	<u>5,129,295</u>	<u>(5,129,295)</u>	<u>-</u>
Total revenue	6,626,054	(8,740,932)	(2,114,878)
Expenses:			
Program support and scholarships	5,421,173	-	5,421,173
General and administrative	648,811	-	648,811
Fundraising	<u>463,671</u>	<u>-</u>	<u>463,671</u>
Total expenses	6,533,655	-	6,533,655
Increase (decrease) in net assets	92,399	(8,740,932)	(8,648,533)
Designated transfers	<u>43,622</u>	<u>(43,622)</u>	<u>-</u>
Net assets at December 31, 2022	332,357	67,597,705	67,930,062
Support and revenue:			
Contributions	201,412	6,971,001	7,172,413
In-kind revenue	1,633,701	-	1,633,701
Interest and dividend income	7,076	1,528,330	1,535,406
Gain on investments	-	7,859,258	7,859,258
Net assets released from restrictions	<u>5,504,817</u>	<u>(5,504,817)</u>	<u>-</u>
Total revenue	7,347,006	10,853,772	18,200,778
Expenses:			
Program support and scholarships	5,860,471	-	5,860,471
General and administrative	778,607	-	778,607
Fundraising	<u>542,873</u>	<u>-</u>	<u>542,873</u>
Total expenses	7,181,951	-	7,181,951
Increase in net assets	165,055	10,853,772	11,018,827
Designated transfers	<u>(75,545)</u>	<u>75,545</u>	<u>-</u>
Net assets at December 31, 2023	<u>\$ 421,867</u>	<u>\$ 78,527,022</u>	<u>\$ 78,948,889</u>

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

ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 2B

Statements of Revenues, Expenses and Changes in Net Position of ACCD Public Facility Corporation
(A Component Unit of Alamo Community College District)
For Years Ended August 31, 2024 and 2023

	2024	2023
OPERATING REVENUES:		
Lease revenue	\$ 20,000	\$ 21,667
Total operating revenues	20,000	21,667
OPERATING EXPENSES:		
Bank charges	396	481
Depreciation	1,316,971	1,043,856
Total operating expenses	1,317,367	1,044,337
Operating loss	(1,297,367)	(1,022,670)
NON-OPERATING EXPENSES/(REVENUES):		
Interest revenue	962	236
Total non-operating revenues	962	236
Loss before contributions	(1,296,405)	(1,022,434)
Capital contributions	-	2,577,191
Change in net position	(1,296,405)	1,554,757
NET POSITION:		
Net position - beginning of year	28,072,723	26,517,966
Net position - end of year	<u>\$ 26,776,318</u>	<u>\$ 28,072,723</u>

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

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 3**

**Statements of Cash Flows
For Years Ended August 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 57,862,888	\$ 43,496,206
Receipts from grants and contracts	38,178,301	48,456,250
Other receipts	6,464,245	5,674,356
Payments to or on behalf of employees	(331,778,158)	(284,148,363)
Payments to suppliers for goods and services	(150,494,087)	(156,144,266)
Payments for scholarships and fellowships	(92,604,943)	(67,900,031)
Payment for Federal loans issued to students	(17,165,527)	(16,080,270)
Receipts for Federal loans to students	16,909,344	16,080,270
Net cash used by operating activities	<u>(472,627,937)</u>	<u>(410,565,848)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations (non-capital projects)	90,109,280	64,884,194
Receipts from ad valorem taxes	254,352,413	228,993,740
Receipts from non-operating federal and state revenue	152,738,774	178,617,562
Receipts from gifts and grants (other than capital)	5,784,973	765,411
Receipts from student organizations and other agency transactions	81,005	157,302
Net cash provided by non-capital financing activities	<u>503,066,445</u>	<u>473,418,209</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds on issuance of capital debt	2,686,759	323,905,884
Bond issuance costs	-	(1,905,883)
Receipts from ad valorem taxes for debt service	97,904,927	88,180,813
Receipts from state appropriations for capital projects	3,855,480	3,855,480
Receipts from sales of real estate	179,998	1,949,945
Receipts from capital grant contracts, grants and gifts	600,000	125,000
Payments for capital assets acquisition and construction of capital assets	(76,944,578)	(114,894,974)
Payments on capital debt - principal	(74,536,856)	(61,438,009)
Payments on capital debt - interest	(36,712,513)	(37,773,809)
Net cash (used)/provided by capital and related financing activities	<u>(82,966,783)</u>	<u>202,004,447</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	239,926,474	249,378,620
Interest on investments	35,668,113	25,538,004
Purchase of investments	(233,555,659)	(212,692,419)
Net cash provided by investing activities	<u>42,038,928</u>	<u>62,224,205</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(10,489,347)</u>	<u>327,081,013</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>434,062,109</u>	<u>106,981,096</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 423,572,762</u>	<u>\$ 434,062,109</u>

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

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 3**

**Statements of Cash Flows
For Years Ended August 31, 2024 and 2023
(continued)**

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH		
USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (545,844,968)	\$ (482,464,872)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense	52,125,744	44,177,312
Allowance for doubtful accounts	3,376,788	4,671,908
Non-cash state appropriations - on-behalf payments	19,308,653	11,722,737
Pension expense	8,346,739	1,674,040
OPEB expense	(2,285,665)	(648,717)
Changes in assets and liabilities:		
Receivables (net)	(7,257,790)	2,101,069
Other assets	(446,728)	584,837
Accounts payable	(4,569,144)	8,385,602
Unearned income	4,005,123	15,951
Net pension liability	16,053,887	51,289,803
Net OPEB liability	(9,382,050)	(37,335,451)
Compensable absences	984,352	83,539
Workers' compensation accrual	-	83,623
Utility escrow	91,344	213,212
Deferred inflows related to leases	(462,385)	(1,166,089)
Deferred outflows related to pensions	(12,356,108)	(15,465,170)
Deferred inflows related to pensions	(3,697,779)	(35,824,633)
Deferred outflows related to OPEB	13,027,178	8,027,724
Deferred inflows related to OPEB	(3,645,128)	29,307,727
Net cash used by operating activities	<u>\$ (472,627,937)</u>	<u>\$ (410,565,848)</u>
SCHEDULE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
State on-behalf payments	<u>\$ 19,308,653</u>	<u>\$ 11,722,737</u>
Increase in fair value of investments	<u>\$ 2,793,056</u>	<u>\$ 2,383,473</u>
Gifts of depreciable and non-depreciable assets	<u>\$ 117,530</u>	<u>\$ 1,580,543</u>
Amortization of premium on bonds	<u>\$ 8,252,721</u>	<u>\$ 8,171,432</u>

See Independent Auditor's Report and accompanying notes to Schedule of Expenditures of State Awards.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

1. REPORTING ENTITY

The Alamo Community College District (Alamo Colleges District or District) was established in 1945 in accordance with the laws of the State of Texas. It serves the educational needs of Bexar County and surrounding communities through its colleges and educational centers. The District operates five colleges including San Antonio College, St. Philip's College, Palo Alto College, Northwest Vista College and Northeast Lakeview College.

The District is considered to be a special-purpose, primary government. 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 government entity.

Alamo Colleges Foundation, Inc. – Discrete Component Unit

The Alamo Colleges Foundation, Inc. (the Foundation) is a separate non-profit organization, and its sole purpose is to provide benefits such as scholarships and grants to the students, faculty and staff of the District. The Foundation is a legally separate entity which utilizes District financial resources for its operation. The District does not appoint any of the Foundation's board members. Under Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a governmental unit when such resources are significant to the governmental unit. Accordingly, the Foundation's financial statements are included in the District's annual report as a discrete component unit (see table of contents). The Foundation reports under Financial Accounting Standards Board (FASB) Standards. As such, revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Stand-alone financial statements of the Foundation can be obtained from the Finance and Fiscal Services department of the Alamo Community College District.

ACCD Public Facility Corporation (PFC) – Discrete Component Unit

The PFC was incorporated on September 23, 2011 as a public non-profit corporation formed under the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended. It is also a public corporation within the meaning of the United States (U.S.) Treasury Department rulings of the Internal Revenue Service per sections 103 and 141 of the IRS Code of 1986, as amended.

The PFC is governed by a three-member Board of Directors that also serve on the Board of Trustees of the District. The PFC was formed exclusively for the purpose of assisting the District in financing, refinancing, or providing public facilities. The PFC may finance the acquisition of District obligations, provide for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing and placement in service of public facilities, issue bonds as permitted by the Act and perform other such activities on behalf of the District as provided in its Certificate of Formation. The PFC does not have authority to levy taxes.

In accordance with requirements of GASB Statement No. 61, *The Financial Reporting Entity Omnibus – an amendment of GASB Statements No. 14 and No. 34*, the PFC is a component unit of the District because the District appoints the voting majority of the PFC's board and can also remove appointed members of the PFC's board at will. While the District appoints the entire governing body of the PFC, this board is not considered substantively the same as the Board of Trustees of the District because it consists of less than a majority of the District's Board. Accordingly, the PFC's financial statements are included in the District's financial statements as a discrete component unit (see table of contents). Stand-alone financial statements of the PFC can be obtained from the Finance and Fiscal Services department of the Alamo Colleges District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

The significant accounting policies followed in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community Colleges* for fiscal year 2024. For financial reporting purposes, the District is considered a special-purpose, primary government engaged in business-type activities.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). The financial statements of the District have been prepared on the accrual basis, whereby all revenues are recorded when earned, and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Budgetary Data

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

Cash and Cash Equivalents

The District's cash and cash equivalents consist of operating cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Public funds investment pools (TexPool) are considered to be cash and cash equivalents.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents that can be used to pay current liabilities (in keeping with restrictions) are classified as current assets.

Cash and cash equivalents that are externally restricted (except as discussed in the preceding paragraph) as to their use are classified as noncurrent assets in the Statements of Net Position. This category includes unexpended cash balances restricted by donors or other outside agencies for specific purposes, gifts whose donors have placed limitations on their use, grants from private or governmental sources, bond proceeds and other sponsored funds.

Accounts and Notes Receivable

Accounts receivable are recorded at the invoiced amounts. Notes receivable represent short-term student loans. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses and is determined based on historical collectability. Account balances are written off against the allowance when it is probable the receivable will not be recovered.

Other Current Assets

Included in this category are prepaid expenses and inventories.

Investments

Investments are reported at fair value. Short-term investments have an original maturity greater than three months but less than one year at the time of purchase. Long-term investments include investments with original maturities greater than one year at the time of purchase. The District intends to hold these investments until maturity. The District classifies its investments within a fair value hierarchy based on the relative inputs used to value the investments, in accordance with the provisions of GASB Statement 72, *Fair Value Measurement and Application* (GASB72). For more detailed information, see Note 4.

Leases Receivable

The District is a lessor for noncancelable leases of property. The District recognizes a lease receivable and a deferred inflow of resources in the Statements of Net Position.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- The District uses the Treasury rate with the maturity that most closely matches the length of the lease term, as of the date of the beginning of the lease term, obtained from the treasury.gov website, as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

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

Capital Assets

Assets meeting the applicable capitalization threshold with useful lives extending beyond one year are recorded at cost on the date of acquisition. Donated capital assets are stated at acquisition value in accordance with GASB 72, defined as the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Improvements which significantly add value or extend the useful life of a structure are capitalized. The costs of normal maintenance and repairs are charged to operating expenses in the year the expense is incurred. The straight-line method is used for depreciating assets over their useful lives. Depreciation begins in the following year after capitalization except for equipment, which is prorated in the first year the asset is placed in service.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following table lists the capitalization thresholds and useful lives for each asset category:

Class of Asset	Capitalization Threshold	Useful Life (Years)	Salvage Value
Non-depreciable assets:			
Land	\$ 5,000	Not depreciated	-
Works of art/historical treasures	5,000	Not depreciated	-
Buildings:			
Buildings	100,000	40	10%
Portable buildings	10,000	10	10%
Other real estate improvements:			
Building improvements	100,000	20	-
Infrastructure	100,000	20	10%
Land improvements (except tennis courts)	100,000	20	-
Leasehold improvements	10,000	Shorter of lease or useful life	-
Tennis courts	10,000	7	-
Furniture, machinery and equipment:			
Furniture, machinery and equipment	5,000	5-10	-
Technology systems	5,000	5	-
Software	5,000	5	-
Library materials	All	15	-
Subscription-based information technology arrangements	100,000	Shorter of contract or useful life	-

Deferred Outflows of Resources

The Statements of Net Position include a separate section for deferred outflows of resources, which represent a consumption of net assets that applies to future periods and thus, will not be recognized as an outflow of resources (expensed) until then. The District records deferred outflows of resources for deferred charges on the refunding of debt calculated as the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt. In addition, the District records deferred outflows of resources for its proportionate share of collective deferred outflows of resources of the Teacher Retirement System of Texas (TRS) pension plan and for its proportionate share of collective deferred outflows of resources of the Employees Retirement System (ERS) other postemployment benefit (OPEB) plan. In addition, deferred outflows of resources are recorded for employer contributions made to the TRS and ERS plans subsequent to the measurement date of the respective net pension or net OPEB liabilities. For additional information, see Note 11 and Note 19.

Pensions

The fiduciary net position of the defined benefit pension plan administered by the Teacher Retirement System of Texas (TRS) has been determined on 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.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Post Employment Benefits (OPEB)

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

Compensable Absences

It is the District's policy to accrue employee annual leave as earned. Sick leave is not accrued, as a terminated employee is not paid for accumulated sick leave. See Note 7 and Note 13 for additional information.

Self-Insurance

The District is self-insured for a portion of workers' compensation losses. A liability has been recorded for the estimated amount of eventual loss which will be incurred on claims arising prior to the end of the fiscal year, including incurred but not reported claims. See Note 17 for additional information.

Deferred Inflows of Resources

The Statements of Net Position include a separate section for deferred inflows of resources, which represent an acquisition of net assets that applies to future periods and thus, will not be recognized as an inflow of resources (revenue) until then. The District records deferred inflows of resources for deferred charges on refunding of debt calculated as the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt. In addition, the District records deferred inflows of resources for its proportionate share of collective deferred inflows of resources of the Teacher Retirement System of Texas (TRS) pension plan and for its proportionate share of collective deferred inflows of resources of the Employees Retirement System (ERS) other postemployment benefit (OPEB) plan. The District also records deferred inflows of resources related to leases. For additional information, see Note 11 and Note 19.

Net Position

Net Investment in Capital Assets

This category represents the District's total investment in capital assets net of related outstanding debt used to acquire or construct those assets and accumulated depreciation and amortization related to those capital assets. Deferred inflows of resources and deferred outflows of resources attributable to those assets or related debt are also included in this component.

Restricted Net Position, Expendable

Legal or contractual obligations require this portion to be spent in accordance with external restrictions.

Unrestricted Net Position

These are resources that are not subject to any external restrictions and may be used at the discretion of the governing board for any lawful purpose of the District.

Operating and Non-operating Revenues

The District distinguishes operating and non-operating revenues. The District reports as a Business-Type Activity (BTA) and as a single proprietary fund. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are student tuition and fees net of scholarship discounts and allowances; federal, state, local and private operating grants and contracts; auxiliary enterprises and other revenues of a similar nature. The major non-operating revenues are state appropriations, ad valorem taxes, federal financial aid through Title IV Higher Education Act grants, and investment income and gifts.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition and Unearned Income

Tuition and fee revenues are recorded when earned. Unrestricted tuition and fees and other revenues related to the upcoming fall semester that are received prior to year-end are recorded as unearned revenues. Revenue from grants, contracts and state appropriations and other state aid is recognized when all eligibility requirements, if any, have been met and qualifying expenditures, if required, have been incurred. Unrestricted unearned charges have been netted against unearned income. Restricted charges where all obligations have been fulfilled are treated as expenses in the period incurred.

Tuition Discounting

Texas Public Education Grants

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

Title IV Higher Education Act (HEA) Program Funds

Certain Title IV HEA Program funds are received by the District to pass through to students. These funds are received by the District and recorded as revenue. When a student uses the award for tuition and fees, the amount is recorded as a tuition discount. The portion of the award disbursed directly to students is reported as a scholarship expense.

Other Tuition Discounts

The District awards tuition and fee scholarships from institutional funds to students who qualify. When these funds are used for tuition and fees, the awards are recorded as a tuition discount. The portion of the award disbursed directly to students is reported as a scholarship expense.

Operating and Non-operating Expenses

Operating expenses include the cost of providing instruction, student services and support, administrative expenses, and depreciation and amortization on capital assets. Expenses related to non-operating federal revenues are reported as operating expenses, either as tuition discounts (if applied to tuition) or as scholarship expenses. The auxiliary operations for campus bookstores and food service are not performed by the District. The major non-operating expense is interest on capital-related debt.

Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense against restricted resources and then against unrestricted resources.

Estimates

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

3. AUTHORIZED INVESTMENTS

The Board of Trustees of the District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (Sec. 2256, Texas Government Code, the "Act") as amended. This policy is reviewed and approved by the Board of Trustees annually. Investment of funds is required to be in compliance with the Act. Authorized investments include (1) obligations of the U.S. government 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, (5) commercial paper rated at least A-1 or P-1, and (6) other instruments and obligations authorized by statute.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The carrying amount of the District's bank deposits at August 31, 2024 and 2023 was \$12,081,684 and \$13,690,679, respectively. Total bank balances at August 31, 2024 and 2023 equaled \$13,486,381 and \$16,365,975, respectively. The FDIC insures all bank deposits up to \$250,000. Deposits in excess of \$250,000 are collateralized at a level of at least 100% in U.S. Treasuries and Government Securities and high-grade municipal bonds, per the Tri-Party Collateral Management Agreement with the District's depository bank, Bank of America N.A. All collateral is held by BNY Mellon.

Cash and cash equivalents as reported on Exhibit 1, Statements of Net Position, consisted of the following at August 31, 2024 and 2023:

	2024	2023
Bank deposits: Demand deposits	\$ 2,770,968	\$ 1,915,875
Public finance interest checking	9,310,716	11,774,804
Total bank deposits	12,081,684	13,690,679
Automated investment account	2,374,346	543,512
Local Government Investment Pool (TexPool) deposits	172,272,938	419,790,273
Petty cash on hand	36,767	37,645
Treasury demand deposit SLGS	236,807,027	-
Total cash and cash equivalents	\$ 423,572,762	\$ 434,062,109

The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256 ("PFIA"). The State Comptroller of Public Accounts (the "Comptroller") is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (the "Trust Company"), which is authorized to operate the TexPool portfolios. Pursuant to the TexPool Participation Agreement, administrative and investment services to the TexPool portfolios are provided by Federated Investors, Inc. ("Federated"), under an agreement with the Comptroller, acting on behalf of the Trust Company. The Comptroller exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. The TexPool Advisory Board, composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool, advises on the Investment Policies and approves any fee increases.

TexPool is managed according to requirements of the Public Funds Investment Act and TexPool's Investment Policy. Investments are stated at amortized cost, which in most cases approximates the fair value of securities. TexPool seeks to maintain a stable \$1.00 price per unit; however, this is not guaranteed or insured by the State of Texas. Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants*, delinks money market local government investment pools to SEC Rule 2a-7 and enables such pools to continue to utilize amortized cost for valuation and financial reporting so that the \$1.00 per unit value they pursue will not need to change to a fluctuating price.

The District utilizes the Pool option which invests conservatively in U.S. government securities, repurchase agreements, and AAA-rated money market mutual funds.

The District utilizes an Automated Investment Account ("Sweep") through its depository bank, Bank of America, N.A. Bank of America holds omnibus positions in selected PFIA-compliant BlackRock Liquidity Funds on behalf of clients who invest through the Sweep. The shares are held at BNY Mellon. The District utilizes the Treasury Trust Fund (T-Fund) institutional share class, which invests exclusively in U.S. Treasury securities and repurchase agreements secured by Treasuries.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The fair value of investments as of August 31, 2024 and 2023 is disclosed in the following section. Market values are provided by Hilltop Securities Asset Management, LLC. (HSAM). HSAM's source for pricing government securities (Treasuries and agencies) and most commercial paper is Securities Data Services (SVC), a subsidiary of SS&C Technologies, Inc. and an information aggregator. SVC uses a number of sources for their pricing data, with most government securities and commercial paper pricing provided by Interactive Data Corp (IDC), an independent third-party pricing service, which is the largest source provider of fixed income pricing. IDC utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information. Because many fixed income securities do not trade on a daily basis, IDC's evaluated pricing applications apply available information as applicable through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing to prepare evaluations. SVC and/or IDC provide some, but not all, of the commercial paper (CP) pricing, while HSAM estimates other CP prices based on comparable market offers of similar issuers with comparable credit ratings and maturity dates. All pricing and market values are based on Level 2 inputs. These sources are deemed reliable.

Investments as reported on Exhibit 1, Statements of Net Position, consisted of the following types of securities at fair value on August 31, 2024 and 2023:

Type of Security	Fair Value at August 31,	
	2024	2023
U.S. government securities:		
FHLB coupon notes	\$ 69,051,950	\$ 122,672,109
FHLMC coupon notes	-	9,969,200
FFCB coupon notes	25,002,605	44,644,235
U.S. Treasuries	111,568,944	14,676,563
Municipal bonds	1,186,368	16,103,295
Commercial paper	9,713,180	14,828,460
Total	<u>\$ 216,523,047</u>	<u>\$ 222,893,862</u>

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Reconciliation of Deposits and Investments between Note 4 and Exhibit 1, Statements of Net Position on August 31, 2024 and 2023 is as follows:

	Fair Value at August 31,	
	2024	2023
Total cash and cash equivalents	\$ 423,572,762	\$ 434,062,109
Total investments	216,523,047	222,893,862
Total	<u>\$ 640,095,809</u>	<u>\$ 656,955,971</u>
Per Exhibit 1:		
Cash and cash equivalents	\$ 63,628,904	\$ 25,588,310
Restricted cash and cash equivalents - current	27,333,217	29,685,636
Investments - current	59,454,761	54,665,850
Investments - current restricted	7,986,679	
Restricted cash and cash equivalents - noncurrent	332,610,641	378,788,163
Long-term investments	139,203,482	168,228,012
Long-term investments - restricted	9,878,125	-
Total	<u>\$ 640,095,809</u>	<u>\$ 656,955,971</u>

Fair Value Measurements

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72), establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described hereafter:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 Inputs are inputs, other than quoted prices included within Level 1, which are observable for an asset or liability, either directly or indirectly. Level 2 valuation methodologies include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to District management's perceived risk of that investment.

The District had the following recurring fair value measurements for investment assets at August 31, 2024:

Type of Security	Level 1	Level 2	Level 3	Total
U.S. Government Agency Securities	\$ -	\$ 94,054,555	\$ -	\$ 94,054,555
U.S. Treasuries	-	111,568,944	-	111,568,944
Municipal bonds	-	1,186,368	-	1,186,368
Commercial paper	-	9,713,180	-	9,713,180
Total	\$ -	\$ 216,523,047	\$ -	\$ 216,523,047

The District had the following recurring fair value measurements for investment assets at August 31, 2023:

Type of Security	Level 1	Level 2	Level 3	Total
U.S. Government Agency Securities	\$ -	\$ 177,285,544	\$ -	\$ 177,285,544
U.S. Treasuries	-	14,676,563	-	14,676,563
Municipal bonds	-	16,103,295	-	16,103,295
Commercial paper	-	14,828,460	-	14,828,460
Total	\$ -	\$ 222,893,862	\$ -	\$ 222,893,862

U.S. Government Agency securities classified in Level 2 of the fair value hierarchy are valued using a multi-dimensional relational model that consider inputs such as benchmark yields, reported trades and broker/dealer quotes. U.S. Treasuries are classified within Level 2 and are valued using electronic fixed income platform and broker feeds. Municipal bonds are valued using a multi-dimensional relational model (or series of matrices) that utilizes inputs including Municipal Securities Rulemaking Board (MSRB) reported trades and material event notices and as such are included in Level 2 of the fair value hierarchy. Commercial paper is categorized in Level 2 and is valued using a matrix pricing technique utilizing benchmark yields and ratings updates.

Interest Rate Risk – Interest rate risk is the risk of changes in the market rate of interest that could adversely affect the value of an investment. In addition to statutory limitations on the types of investments, the District's investment policy mitigates interest rate risk through the use of maturity limits set to meet the needs of various fund types. The District actively manages the time to maturity in reacting to changes in the yield curve, economic forecasts and liquidity needs of the participating funds. The District further limits interest rate risk by laddering maturities when possible.

The District has selected the weighted average maturity (WAM) as the primary method for reporting interest rate risk. The WAM method expresses investment time horizons, the time when investments become due and payable, in terms of years, weighted to reflect the dollar size of individual investments within an investment type. The overall portfolio weighted average maturity is derived by dollar-weighting the WAM for all investments. The WAM is calculated using days to maturity from the original purchase date.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The District had the following cash equivalents and investments at August 31, 2024 and 2023, excluding bank deposits and petty cash:

Type	2024			2023		
	Fair Value	% of Total	WAM* (Years)	Fair Value	% of Total	WAM* (Years)
FHLB	\$ 69,051,950	11.0% ^	2.713	\$ 122,672,109	19.1% ^	1.854
FHLMC	-	0.0%	0.000	9,969,200	1.6%	3.003
FFCB	25,002,605	4.0% ^	1.689	44,644,235	6.9% ^	2.055
U.S. Treasuries	111,568,944	17.8% ^	1.134	14,676,563	2.3% ^	1.477
Treasury demand deposit SLGS	236,807,027	37.7%	0.003	-	0.0%	0.000
Municipal bonds	1,186,368	0.2% ^	3.767	16,103,295	2.5% ^	3.130
Commercial paper	9,713,180	1.5% ^	0.737	14,828,460	2.3% ^	0.589
TexPool	172,272,938	27.4% ^	0.003	419,790,273	65.3% ^	0.003
BlackRock Treasury fund	2,320,077	0.4%	0.003	484,483	0.1%	0.003
Total	<u>\$ 627,923,089</u>	<u>100%</u>		<u>\$ 643,168,618</u>	<u>100%</u>	

Portfolio weighted average maturity at August 31 0.587 0.670

* WAM = Weighted Average Maturity, using time from purchase to scheduled maturity

^ = Investment type balance greater than 5% of total investments for respective year

Credit Risk – In accordance with state law and the District's investment policy, investments in the investment pools are limited to AAA or AAAM by at least one nationally recognized rating agency. At August 31, 2024 and 2023, TexPool was rated AAAM. All other credit standards are governed by the District's investment policy, which is in compliance with or exceeds state statutes for credit standards. These state standards include: commercial paper rated no less than A-1 or P-1 by at least two nationally recognized credit rating agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank; obligations of states, agencies, counties, cities and other political subdivisions rated no less than A or its equivalent by a nationally recognized investment rating firm.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not limit the amount it may invest in any one issuer, but does enforce restrictions on the types and credit ratings of investments permitted as described in the previous paragraph, and the high investment grades permitted help mitigate any concentration risk.

At August 31, 2024, the District's largest concentration in cash, cash equivalents and investments was in TexPool at 27.4%, down from 65.3% at August 31, 2023. The second largest concentration was in federal agencies at 15.0%, down from 27.6% in fiscal year 2023. The concentration in U.S. Treasuries increased from 2.3% in fiscal year 2023 to 17.8% in fiscal year 2024.

The District does not have any investments in foreign currency.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Below is a list of the individual investments held and their respective credit ratings at August 31, 2024 and 2023:

Issuer	Credit rating at 8/31/2024	Credit rating at 8/31/2023
BlackRock Treasury Trust Fund	AAAm	AAAm
City of San Antonio, TX	AAA/Aaa/AA+	AAA/Aaa/AA+
Emory University	*	A-1+/P-1
FFCB	AA+/Aaa/AA+	AA+/Aaa/AA+
FHLB	AA+/Aaa	AA+/Aaa
FHLMC	*	AA+ /Aaa /AA+
FNMA	*	AA+ /Aaa /AA+
J.P. Morgan Securities	*	A-1/P-1/F1+
Met Govt Nashville & Davidson Cnty	*	AA+/AA+/Aa2
Royal Bank of Canada	*	A-1+/P-1/F1+
State of California	*	A-1+/P-1/F1+
Tarrant Regl Water District	*	AAA/AA+
Texas A&M University	*	AAA/Aaa/AAA
Texas Public Finance Authority	*	AA+/Aa1
Texas State	*	AAA/Aaa
Texas Transportation Commission	*	AAA/AAA
TexPool	AAAm	AAAm
Toyota Motor Credit Corp	A-1/F1	*
Travis County, TX	*	AAA/Aaa
University of Texas	*	AAA/Aaa/AAA
US Treasury Note	AA+/Aaa/AA+	AA+/Aaa/AA+
Vanderbilt University	*	A-1+/F1+

*Investment not held as of August 31 of the respective year.

Safekeeping - The District's internally managed investments are held in safekeeping at its custodian bank, Bank of America, N.A., as required by Board policy and state statute.

5. LEASES RECEIVABLE

The District, as lessor, entered into a lease agreement with 1415 North Main, LLC to lease a portion of Parking Garage #2 located at San Antonio College. The lease term is September 24, 2021 through December 31, 2096. In exchange for access to 381 parking spaces the District will receive \$76,200 annually through December 31, 2085, and then receive \$91,440 annually through the remainder of the term of the lease. Accordingly, the District recorded a lease receivable asset in the amount of \$2,933,861 at inception. The District began receiving lease payments in January 2024.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

5. LEASES RECEIVABLE (continued)

The District, as lessor, entered into a lease agreement with San Antonio MTA, L.P. d/b/a Verizon Wireless to lease 336 square feet of rooftop space at Northwest Vista College for the installation of communications equipment. The lease term began January 1, 2016 for a five-year term. The lease is automatically renewed for four additional five-year terms unless lessee terminates by written notice. In exchange for the space the District will receive \$13,200 annually, subject to a 3% per annum increase on the anniversary of the commencement date. Accordingly, the District recorded a lease receivable asset in the amount of \$356,141 at inception. In FY24, lease revenue and interest revenue for this lease was \$17,895 and \$4,546, respectively. In FY23, lease revenue and interest revenue for this lease was \$17,515 and \$4,715, respectively.

The District, as lessor, entered into a lease agreement with New Cingular Wireless PCS, LLC to lease 2,500 square feet of rooftop space at Northeast Lakeview College for the installation of communications equipment. The lease term began August 28, 2013 for a five-year term. The lease is automatically renewed for four additional five-year terms unless lessee terminates by written notice, making it possible for this lease to extend through August 27, 2038. In exchange for the space the District will receive \$12,000 annually, subject to a 3% per annum increase on the anniversary of the commencement date. Accordingly, the District recorded a lease receivable asset in the amount of \$307,897 at inception. In FY24, lease revenue and interest revenue for this lease was \$17,462 and \$3,196, respectively. In FY23, lease revenue and interest revenue for this lease was \$17,105 and \$3,493, respectively.

The District, as lessor, entered into a lease agreement with New Frontiers to lease 6,800 square feet of classroom space at San Antonio College. The lease term began May 19, 2022, with a termination date of June 30, 2024 with an option to renew for two two-year periods. In exchange for the space the District will receive \$74,800 annually. Accordingly, the District recorded a lease receivable asset in the amount of \$411,069 at inception. In FY24, New Frontiers opted to not renew the lease and terminated it as of June 30, 2024. In fiscal year 2024, prior to the lease termination, lease revenue and interest revenue for this lease was \$61,518 and \$8,355, respectively. In FY23, lease revenue and interest revenue for this lease was \$67,111 and \$10,765, respectively.

Leases receivable at August 31, 2024 and 2023 were as follows:

	Interest Rate(s)	Receivable At Commencement	Lease Term In Years	Balance 8/31/2024	Balance 8/31/2023
Business-type Activities					
Parking garage spaces at San Antonio College with 1415 N. Main	1.92%	\$ 2,933,861	75.3	\$ 3,029,213	\$ 2,928,075
Cell phone tower space at Northwest Vista College with Verizon	1.43%	356,141	45.3	311,451	330,134
Cell phone tower space at Northeast Lakeview College with AT&T	1.20%	307,897	18.0	259,626	272,430
Classroom space at San Antonio College with New Frontiers*	2.94%	411,069	6.1	-	389,969
Total leases receivable				<u>\$ 3,600,290</u>	<u>\$ 3,920,608</u>

*The lease with New Frontiers at San Antonio College was terminated early by the tenant as of 6/30/2024.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

6. CAPITAL ASSETS

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

	Balance 9/1/2023	Increases	Decreases	Balance 8/31/2024
<u>Not Depreciated:</u>				
Land	\$ 55,642,957	\$ 12,049,300	\$ -	\$ 67,692,257
Works of art	900,855	32,450	-	933,305
Construction in progress	35,662,989	30,181,573	4,467,249	61,377,313
Subtotal	92,206,801	42,263,322	4,467,249	130,002,874
<u>Subject to Depreciation or Amortization:</u>				
Buildings and building improvements	1,341,412,579	18,200,777	-	1,359,613,356
Other real estate improvements	142,231,393	-	-	142,231,393
Total buildings and other real estate improvements	1,483,643,972	18,200,777	-	1,501,844,749
Software	3,327,104	38,274	-	3,365,378
Furniture, machinery and equipment	64,072,582	7,969,566	1,516,183	70,525,965
Library materials	15,656,219	239,379	248,453	15,647,145
Subscription-based IT arrangements (SBITAs)	11,362,755	4,050,231	2,219,841	13,193,145
Total buildings and other capital assets	1,578,062,632	30,498,227	3,984,477	1,604,576,383
<u>Accumulated Depreciation or Amortization:</u>				
Buildings and building improvements	407,593,887	36,385,313	-	443,979,200
Other real estate improvements	96,013,402	5,034,051	-	101,047,453
Total buildings and other real estate improvements	503,607,289	41,419,363	-	545,026,652
Software	3,184,866	7,275	-	3,192,141
Furniture, machinery and equipment	42,631,694	7,774,765	1,076,438	49,330,021
Library materials	15,123,673	96,415	248,453	14,971,635
Subscription-based IT arrangements (SBITAs)	6,191,256	2,827,926	2,219,841	6,799,341
Total accumulated depreciation and amortization	570,738,778	52,125,744	3,544,732	619,319,790
Net capital assets	\$1,099,530,655	\$ 20,635,805	\$ 4,906,994	\$ 1,115,259,466

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

6. CAPITAL ASSETS (continued)

Capital assets activity for the year ended August 31, 2023 was as follows:

	Balance 9/1/2022 (as restated)	Increases	Decreases	Balance 8/31/2023
<u>Not Depreciated:</u>				
Land	\$ 55,650,908	\$ -	\$ 7,951	\$ 55,642,957
Works of art	860,855	40,000	-	900,855
Construction in progress	153,512,688	27,384,465	145,234,164	35,662,989
Subtotal	210,024,451	27,424,465	145,242,115	92,206,801
<u>Subject to Depreciation or Amortization:</u>				
Buildings and building improvements	1,133,013,365	209,074,015	674,801	1,341,412,579
Other real estate improvements	141,622,902	608,491	-	142,231,393
Total buildings and other real estate improvements	1,274,636,267	209,682,506	674,801	1,483,643,972
Software	3,264,428	62,676	-	3,327,104
Furniture, machinery and equipment	54,554,412	11,803,427	2,285,257	64,072,582
Library materials	15,827,169	-	170,950	15,656,219
Subscription-based IT arrangements (SBITAs)	11,166,420	196,335	-	11,362,755
Total buildings and other capital assets	1,359,448,696	221,744,944	3,131,008	1,578,062,632
<u>Accumulated Depreciation or Amortization:</u>				
Buildings and building improvements	377,190,873	31,061,181	658,167	407,593,887
Other real estate improvements	91,006,733	5,006,669	-	96,013,402
Total buildings and other real estate improvements	468,197,606	36,067,850	658,167	503,607,289
Software	3,181,516	3,350	-	3,184,866
Furniture, machinery and equipment	39,908,025	4,946,861	2,223,192	42,631,694
Library materials	15,169,422	125,201	170,950	15,123,673
Subscription-based IT arrangements (SBITAs)	3,157,206	3,034,050	-	6,191,256
Total accumulated depreciation and amortization	529,613,775	44,177,312	3,052,309	570,738,778
Net capital assets	\$1,039,859,372	\$ 204,992,097	\$ 145,320,814	\$ 1,099,530,655

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

7. NONCURRENT LIABILITIES

At August 31, 2024, noncurrent liabilities are \$1,064,267,604 with activity for the fiscal year as follows:

	Balance 9/1/23	Additions	Reductions	Balance 8/31/24	Current Portion
Bonds and tax notes payable					
General obligation bonds	\$ 532,315,000	\$ -	\$ 37,045,000	\$ 495,270,000	\$ 22,800,000
Revenue bonds	55,400,000	-	7,055,000	48,345,000	4,245,000
Maintenance tax notes	241,400,000	-	29,210,000	212,190,000	30,705,000
Premium on bonds payable	100,737,011	-	8,252,721	92,484,290	7,690,703
Subtotal	929,852,011	-	81,562,721	848,289,290	65,440,703
Notes payable	2,299,932	-	1,226,856	1,073,076	946,846
Subscription-based IT arrangements	4,384,990	2,686,759	1,752,704	5,319,045	2,295,295
Compensable absences	8,180,716	7,866,362	6,882,010	9,165,068	927,315
Unearned income	690,976	-	53,152	637,824	53,152
Arbitrage liability	4,503,952.00	4,554,063	-	9,058,015	-
Net pension liability	89,265,151	16,053,887	-	105,319,038	-
Net OPEB liability	168,913,939	21,721,909	31,103,959	159,531,889	4,462,330
Total	\$ 1,208,091,667	\$ 52,882,980	\$ 122,581,402	\$ 1,138,393,245	\$ 74,125,641

At August 31, 2023, noncurrent liabilities are \$1,134,105,571 with activity for the fiscal year as follows:

	Balance 9/1/22* (Restated)	Additions	Reductions	Balance 8/31/23	Current Portion
Bonds and tax notes payable					
General obligation bonds	\$ 502,070,000	\$ 49,845,000	\$ 19,600,000	\$ 532,315,000	\$ 21,700,000
Revenue bonds	62,115,000	-	6,715,000	55,400,000	7,055,000
Maintenance tax notes	27,750,000	247,570,000	33,920,000	241,400,000	29,210,000
Premium on bonds payable	82,417,559	26,490,884	8,171,432	100,737,011	7,731,052
Subtotal	674,352,559	323,905,884	68,406,432	929,852,011	65,696,052
Notes payable	3,502,940	-	1,203,008	2,299,932	1,227,106
Subscription-based IT arrangements	6,866,104	196,335	2,677,449	4,384,990	1,671,186
Compensable absences	8,097,178	7,577,823	7,494,285	8,180,716	947,198
Unearned income	744,128	-	53,152	690,976	53,152
Arbitrage liability	-	4,503,952	-	4,503,952	-
Net pension liability	37,975,348	51,289,803	-	89,265,151	-
Net OPEB liability	206,249,390	29,459,512	66,794,963	168,913,939	4,391,402
Total	\$ 937,787,647	\$ 416,933,309	\$ 146,629,289	\$ 1,208,091,667	\$ 73,986,096

*Due to the implementation of GASB 96, certain FY2022 balances have been restated (see Note 2).

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

7. NONCURRENT LIABILITIES (continued)

The District has subscription-based IT arrangements (SBITAs) for various software licenses and subscriptions, as shown in the table above. The SBITAs were recorded at the present value of the future payments as of the inception using incremental borrowing rates ranging between 0.27% - 3.99%.

The cost and accumulated amortization of the assets for the SBITAs totaled approximately \$13,193,145 and \$6,799,341, respectively as of August 31, 2024 as reported in Note 6. The cost and accumulated amortization of the assets for the SBITAs totaled approximately \$11,362,755 and \$6,191,256, respectively as of August 31, 2023 as reported in Note 6.

The table below summarizes the required principal and interest payments against the SBITA liabilities recorded as of August 31, 2024:

Years Ending				
August 31,	Payment	Principal	Interest	
2025	\$ 2,401,858	\$ 2,295,295	\$ 106,563	
2026	1,427,352	1,359,596	67,756	
2027	975,869	939,033	36,836	
2028	740,779	725,121	15,658	
2029	-	-	-	
Thereafter	-	-	-	

8. DEBT OBLIGATIONS

Debt service requirements at August 31, 2024 were as follows (table amounts in 000s):

For the Year Ending August 31,	General Obligation Bonds		Revenue Bonds*		Maintenance Tax Notes		TOTAL BONDS	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 22,800	\$ 21,154	\$ 4,245	\$ 2,092	\$ 30,705	\$ 9,815	\$ 57,750	\$ 33,061
2026	23,945	20,010	3,395	1,910	32,280	8,241	59,620	30,161
2027	25,140	18,810	2,110	1,784	33,935	6,585	61,185	27,179
2028	26,395	17,549	2,190	1,703	35,670	4,845	64,255	24,097
2029	26,685	16,225	2,275	1,618	37,500	3,016	66,460	20,859
2030-2034	122,630	65,229	10,185	6,786	42,100	1,146	174,915	73,162
2035-2039	127,530	34,933	9,265	4,587	-	-	136,795	39,520
2040-2044	88,635	12,729	8,485	2,625	-	-	97,120	15,354
2045-2047	31,510	1,664	6,195	475	-	-	37,705	2,139
TOTAL	\$ 495,270	\$ 208,303	\$ 48,345	\$ 23,581	\$ 212,190	\$ 33,648	\$ 755,805	\$ 265,531

*The interest rate as of August 31, 2024 (1.7%) was used to compute future interest costs for the variable rate revenue bonds included in the table above.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

8. DEBT OBLIGATIONS (continued)

Debt service requirements at August 31, 2023 were as follows (table amounts in 000s):

For the Year Ending August 31,	General Obligation Bonds		Revenue Bonds*		Maintenance Tax Notes		TOTAL BONDS	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 21,700	\$ 22,930	\$ 7,055	\$ 2,356	\$ 29,210	\$ 11,313	\$ 57,965	\$ 36,599
2025	22,800	21,841	4,245	2,092	30,705	9,815	57,750	33,748
2026	23,945	20,698	3,395	1,910	32,280	8,241	59,620	30,848
2027	25,140	19,497	2,110	1,784	33,935	6,585	61,185	27,867
2028	26,395	18,236	2,190	1,703	35,670	4,845	64,255	24,785
2029-2033	113,195	73,692	10,510	7,216	79,600	4,162	203,305	85,069
2034-2038	159,915	43,003	9,745	5,023	-	-	169,660	48,026
2039-2043	94,220	16,216	8,090	3,021	-	-	102,310	19,237
2044-2047	45,005	3,001	8,060	832	-	-	53,065	3,832
TOTAL	\$ 532,315	\$ 239,113	\$ 55,400	\$ 25,937	\$ 241,400	\$ 44,961	\$ 829,115	\$ 310,011

*The interest rate as of August 31, 2023 (1.7%) was used to compute future interest costs for the variable rate revenue bonds included in the table above.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

9. BONDS AND TAX NOTES PAYABLE

Bonds and tax notes payable for the years ended August 31, 2024 and 2023 were as follows:

Series	Instrument Type and Purpose	Amount Issued and Authorized	Current Interest Rates	Balance August 31, 2024	Balance August 31, 2023
General Obligation Bonds (Repayment source - Ad valorem taxes)					
2007	Construct, renovate, acquire and equip new and existing facilities. Dated March 15, 2007.	\$ 271,085,000	4.5%	\$ 15,760,000	\$ 15,760,000
2012	Refund certain of the District's outstanding Limited Tax Bonds Series 2007 and 2007A. Dated June 15, 2012.	74,110,000	3.5% - 5.0%	50,285,000	65,630,000
2016	Refund the District's outstanding Limited Tax Bonds Series 2006 and 2006A. Dated May 15, 2016.	72,065,000	3.5% - 5.0%	42,715,000	45,280,000
2017	Refund the District's outstanding Limited Tax Bonds Series 2007 and 2007A and construct, renovate, acquire and equip new and existing facilities. Dated September 15, 2017.	258,940,000	4.0% - 5.0%	153,250,000	166,820,000
2021	Construct, renovate, acquire and equip new and existing facilities. Dated May 15, 2021.	195,980,000	2.375% - 5.0%	184,540,000	188,980,000
2022	Construct, renovate, acquire and equip new and existing facilities. Dated November 1, 2022	49,845,000	4.5% - 5.0%	48,720,000	49,845,000
Subtotal - General Obligation Bonds				\$ 495,270,000	\$ 532,315,000
Maintenance Tax Notes (Repayment source - Ad valorem taxes)					
2014	Refunding of certain maturities of the 2007 Maintenance Tax Notes. Dated January 15, 2014.	\$ 40,665,000		\$ -	\$ -
2020	Renovate and repair existing District facilities. Dated January 28, 2020.	48,475,000		-	-
2021	Refund the District's outstanding Maintenance Tax Notes, Series 2011. Dated April 1, 2021.	21,660,000	4.0% - 5.0%	16,255,000	18,150,000
2022	Renovate and repair existing District facilities. Dated August 1, 2022.	247,570,000	5.0%	195,935,000	223,250,000
Subtotal - Maintenance Tax Notes				\$ 212,190,000	\$ 241,400,000
Revenue Financing System (Repayment source - Pledged revenue*)					
2012A	Refund certain of the District's outstanding Combined Fee Revenue bonds and to construct a parking facility. Dated March 1, 2012.	\$ 55,800,000	3.0% - 5.25%	\$ 17,220,000	\$ 23,240,000
2017	Acquire, purchase, construct, equipping of any property or buildings of any nature of the District. Dated January 15, 2017.	34,880,000	3.0% - 5.0%	30,615,000	31,330,000
2017	(Variable Rate) Acquire, purchase, construct, equipping of any property or buildings of any nature of the District. Dated January 15, 2017. Remarketed November 1, 2019 and converted to Term Rate Period.	15,690,000	1.7%	510,000	830,000
Subtotal - Revenue Financing System Bonds				\$ 48,345,000	\$ 55,400,000
Total Bonds				\$ 755,805,000	\$ 829,115,000
*Pledged revenue is all revenue to the extent it may be pledged as security for debt obligations pursuant to applicable Texas law.					

Bonds payable are due in annual installments varying from \$175,950 to \$37,793,875 with coupon rates from 1.7% to 5.5%, with the final installment due in fiscal year 2047.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

9. BONDS AND TAX NOTES PAYABLE (continued)

The Tax Reform Act of 1986 enacted Section 148(f) of the Internal Revenue Code relating to arbitrage rebate requirements. This section generally provides that in order for interest on any issue of obligations to be excluded from gross income (i.e. tax-exempt) the issuer must rebate to the United States the sum of (1) the excess of the amount earned on all "nonpurpose investments" acquired with "gross proceeds" of the issue over the amount which would have been earned if such investments had been invested at a yield equal to the yield on the issue, and (2) the earnings on such excess earnings.

The U.S. Department of Treasury regulations and the District's bond covenants require the District to calculate annually, on the anniversary date of each bond issue subject to rebate, the arbitrage rebate amount. A rebate computation and payment to the Federal Government, if applicable, is required to be made at least every five years or each "Rebate Installment Computation Date" and upon final redemption or maturity of the bonds. The amount reserved for arbitrage rebate is reflected as part of noncurrent liabilities in the amount of \$9,095,015 and \$4,503,952 as of August 31, 2024, and 2023 respectively.

10. DEFEASED BONDS OUTSTANDING

As of August 31, 2024, and 2023, the District had no defeased bonds outstanding.

11. EMPLOYEES' RETIREMENT PLANS

The State of Texas has joint contributory retirement plans for almost all of its employees. The District requires all full-time employees to participate in either the Teacher Retirement System of Texas (TRS) or in the Optional Retirement Plan (ORP). Faculty, administrators, counselors and librarians may enroll in either the TRS or the ORP. Secretarial, clerical and professional employees are limited to participation in the TRS. Employees who are eligible to participate in the ORP have ninety days from the date of their employment to select the optional retirement program. Employees who previously had the opportunity to participate in the ORP but declined must remain with the TRS for the duration of their employment in the Texas education system.

Teacher Retirement System of Texas – Defined Benefit 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 TRS. TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code.

The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension plan's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load 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 TRS's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information.

The report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; by calling (512) 542-6592; or online at <https://www.trs.texas.gov/TRS%20Documents/2023%20ACFR%20Final%2011-20-2023.pdf>.

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 a 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity. For members who are grandfathered, the three highest annual salaries are used.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

11. EMPLOYEES' RETIREMENT PLANS (continued)

The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years.

Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the plan description paragraph above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. 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. Contribution rates can be found in the TRS 2023 ACFR, Note 11, on page 88.

	<u>Contribution Rates</u>	
	<u>2023</u>	<u>2024</u>
Member	8.0%	8.25%
District/Non-employer contributing entity (State)	8.0%	8.25%
District contributions (audited)	\$ 7,881,238	
State of Texas on-behalf contributions (unaudited)	\$ 6,440,637	

The District's contributions to the TRS pension plan in 2024 were \$9,232,518 as reported in the Schedule of District Contributions for Pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2024 were \$7,490,250.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year, reduced by the amounts described below which are paid by the employers.

Public junior colleges or junior college districts are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

11. EMPLOYEES' RETIREMENT PLANS (continued)

- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the TRS, 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, 2022 (rolled forward to August 31, 2023) actuarial valuation was determined using the following actuarial assumptions:

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 investment rate of return	7.00%
Municipal bond rate as of August 2023*	4.13%
Last year ending August 31 in projection period (100 years)	2122
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

*Rate source 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"

The actuarial methods and assumptions 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, see the TRS actuarial valuation report dated November 22, 2022. The TRS Board of Trustees have the sole authority to determine the actuarial assumptions used for the plan.

Changes Since the Prior Actuarial Valuation: There were no changes in assumptions since the prior measurement date.

Discount Rate: The single discount rate used to measure the total pension liability was 7.00%. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine 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, gradually increasing to 9.56% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected 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.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

11. EMPLOYEES' RETIREMENT PLANS (continued)

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 ²	Long-Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global equity			
U.S.	18.0%	4.0%	1.0%
Non-U.S. developed	13.0%	4.5%	0.9%
Emerging markets	9.0%	4.8%	0.7%
Private equity ¹	14.0%	7.0%	1.5%
Stable value			
Government bonds	16.0%	2.5%	0.5%
Absolute return ¹	0.0%	3.6%	0.0%
Stable value hedge funds	5.0%	4.1%	0.2%
Real return			
Real estate	15.0%	4.9%	1.1%
Energy, natural resources and infrastructure	6.0%	4.8%	0.4%
Commodities	0.0%	4.5%	0.0%
Risk parity			
Risk parity	8.0%	4.5%	0.4%
Asset allocation leverage			
Cash	2.0%	3.7%	0.0%
Asset allocation leverage	-6.0%	4.4%	-0.1%
Inflation expectation			2.3%
Volatility drag ⁴			-0.9%
Expected return	100.0%		8.0%

¹ Absolute return includes credit sensitive investments

² Target allocations are based on the FY2023 policy model.

³ Capital market assumptions come from Aon Hewitt (as of 6/30/2023).

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

Source: Teacher Retirement System of Texas 2023 Annual Comprehensive Financial Report

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

11. EMPLOYEES' RETIREMENT PLANS (continued)

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, 2022 are summarized below:

Asset Class ¹	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global equity			
U.S.	18.0%	4.6%	1.12%
Non-U.S. developed	13.0%	4.9%	0.90%
Emerging markets	9.0%	5.4%	0.75%
Private equity	14.0%	7.7%	1.55%
Stable value			
Government bonds	16.0%	1.0%	0.22%
Absolute return	0.0%	3.7%	0.00%
Stable value hedge funds	5.0%	3.4%	0.18%
Real return			
Real estate	15.0%	4.1%	0.94%
Energy, natural resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk parity			
Risk parity	8.0%	4.6%	0.43%
Leverage			
Cash	2.0%	3.0%	0.01%
Asset allocation leverage	-6.0%	3.6%	-0.05%
Inflation expectation			2.70%
Volatility drag ⁴			-0.91%
Expected return	100.0%		8.19%

¹ Absolute return includes credit sensitive investments

² Target allocations are based on the FY2022 policy model.

³ Capital market assumptions come from Aon Hewitt (as of 8/31/2022).

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

Source: Teacher Retirement System of Texas 2022 Annual Comprehensive Financial Report

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

11. EMPLOYEES' RETIREMENT PLANS (continued)

Discount Rate Sensitivity Analysis: The following table shows the impact on the District's proportionate share of the collective net pension liability if the discount rate used was 1 percent less than or 1 percent greater than the discount rate that was used (7.00%) in measuring the net pension liability reported at August 31, 2024.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	\$ 157,457,795	\$ 105,319,038	\$ 61,965,634

The following table shows the impact on the District's proportionate share of the collective net pension liability if the discount rate used was 1 percent less than or 1 percent greater than the discount rate that was used (7.00%) in measuring the net pension liability reported at August 31, 2023.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	\$ 138,862,729	\$ 89,265,151	\$ 49,063,986

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The District reported a liability of \$105,319,038 and \$89,265,151 for its proportionate share of the TRS's net pension liability at August 31, 2024 and 2023, respectively. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District at August 31, 2024 and 2023 were as follows:

	FY24	FY23
District's proportionate share of the collective net pension liability	\$ 105,319,038	\$ 89,265,151
State's proportionate share that is associated with District	86,067,918	72,592,477
Total	\$ 191,386,956	\$ 161,857,628

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 District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At the measurement date of August 31, 2023, the District's proportion of the collective net pension liability was 0.1533243562%, which was an increase of 0.0029638746% from its proportion measured as of August 31, 2022. At the measurement date of August 31, 2022, the District's proportion of the collective net pension liability was 0.1503604816%, which was an increase of 0.0012414198% from its proportion measured as of August 31, 2021.

For the year ended August 31, 2024, the District recognized pension expense of \$8,338,698 and additional on-behalf revenue and expense of \$12,995,511 for support provided by the State. For the year ended August 31, 2023, the District recognized pension expense of \$1,675,019 and additional on-behalf revenue and expense of \$6,939,018 for support provided by the State.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

11. EMPLOYEES' RETIREMENT PLANS (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,752,553	\$ 1,275,298
Changes in actuarial assumptions	9,961,118	2,437,713
Net difference between projected and actual investment earnings	15,326,477	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	2,094,485	1,063,922
Contributions paid to TRS subsequent to the measurement date	9,232,518	-
Total	\$ 40,367,151	\$ 4,776,933

At August 31, 2023, the District's proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,294,337	\$ 1,946,149
Changes in actuarial assumptions	16,633,003	4,145,409
Net difference between projected and actual investment earnings	8,819,111	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,722,052	2,383,154
Contributions paid to TRS subsequent to the measurement date	7,889,279	-
Total	\$ 36,357,782	\$ 8,474,712

The \$9,232,518 amount reported at August 31, 2024 as deferred outflows of resources related to pensions resulting from District contributions to the pension plan made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2025.

The net amounts of the District's balances of deferred outflows of resources and deferred inflows of resources related to pensions, other than deferred outflows of resources for contributions made subsequent to the measurement date of the net pension liability, will be recognized in pension expense as follows:

Year ending August 31,	Pension Expense Amount
2025	\$ 4,846,792
2026	3,583,150
2027	13,250,404
2028	4,127,751
2029	549,602
Thereafter	-

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

11. EMPLOYEES' RETIREMENT PLANS (continued)

Optional Retirement Plan (ORP) – Defined Contribution Plan

Plan Description: The State has also established an optional retirement program for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS. The optional retirement program is a defined contribution plan that 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. Since individual annuity contracts are purchased, the State has no additional or unfunded liability for this program. Senate Bill 1812, effective September 1, 2013, limits the amount of the State's contribution to 50% of eligible employees in the reporting district.

Total payroll for the District and for employees under each retirement plan, retirement expense for the State and the District, and contribution rates mandated by the State for the years ended August 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Payroll - all District employees	\$ 267,803,106	\$ 243,427,345	\$ 216,908,133
Payroll - TRS participants	207,481,380	181,562,648	165,846,480
Payroll - ORP participants	28,148,527	29,007,092	27,852,415
Total required annual contributions:			
State on-behalf contributions	\$ 7,358,859	\$ 6,651,605	\$ 6,264,657
District contributions	10,826,745	9,580,381	8,424,181
District/State contribution percentages - TRS	8.25%	8.00%	7.75%
Participant contribution percentages - TRS	8.25%	8.00%	8.00%
District/State contribution percentages - ORP	8.25%	8.00%	7.75%
Participant contribution percentages - ORP	6.65%	6.65%	6.65%

In certain instances, the District is required to make all or a portion of the State's contribution.

12. DEFERRED COMPENSATION PROGRAM

District employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the Texas Government Code 609.001.

A total of approximately \$2,716,000 was contributed by 332 District employees under the Internal Revenue Code Section 403(b) Tax Sheltered Annuity program including designated Roth accounts and 248 participants contributed a total of approximately \$1,681,000 to a Section 457 Deferred Compensation Plan in the fiscal year ended August 31, 2024.

A total of approximately \$1,897,000 was contributed by 314 District employees under the Internal Revenue Code Section 403(b) Tax Sheltered Annuity program including designated Roth accounts and 185 participants contributed a total of approximately \$872,000 to a Section 457 Deferred Compensation Plan in the fiscal year ended August 31, 2023.

The District does not contribute to the Section 403(b) or Section 457 plan. The deferred compensation plans are not included in the basic financial statements because the program assets are assets of the plan participants and not of the District.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

13. COMPENSABLE ABSENCES

The District's full-time employees earn 8 hours of sick leave per month. Administrators earn 14 hours of annual leave per month and other full-time employees earn from 6.66 to 12 hours of annual leave per month depending on their length of employment with the District. Sick leave balances may accumulate with no maximum and are forfeited at the time of separation. Employees who successfully complete the ninety-day initial employment period and terminate their employment are entitled to payment for accumulated annual leave up to the maximum allowed. The District's policy is that an employee may carry accrued annual leave forward from one fiscal year to another with a maximum of 288 hours for employees with 16 years or more of service and 336 hours for administrators.

On an annual basis, the District allows regular, full-time employees who earn vacation hours to elect to be paid for any accrued and unused hours from the employee's available vacation balance in 8-hour increments up to 80 hours if they meet all conditions. For the year ending August 31, 2024, a total of 640 employees redeemed approximately 41,000 hours, valued at around \$1,700,000. In comparison, for the year ended August 31, 2023, 648 employees redeemed approximately 43,000 hours, totaling about \$1,500,000.

The District recognizes the accrued liability for annual leave as a liability in the Statements of Net Position (see also Note 7). The current portion of the annual leave liability is that which is projected to be paid during the next fiscal year and is based on a five-year average. The total accrued at August 31, 2024 and 2023 for annual leave was approximately \$9,200,000, and \$8,200,000, respectively.

14. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables at August 31, 2024 and 2023 were as follows:

	2024	2023
Tuition and fees receivable	\$ 16,938,549	\$ 18,495,210
Taxes receivable	13,796,219	12,069,895
Contracts and grants receivable	28,879,918	25,699,258
Interest receivable	1,141,330	1,442,667
Other receivables	6,078,291	3,578,205
Subtotal	<u>66,834,307</u>	<u>61,285,236</u>
Less allowance for doubtful accounts:		
Tuition and fees receivable	12,790,633	13,563,565
Taxes receivable	11,118,847	10,031,450
Other receivables	<u>190,129</u>	<u>197,769</u>
Net accounts receivable and notes receivable	<u>\$ 42,734,698</u>	<u>\$ 37,492,451</u>

Other receivables include amounts due from external entities, employees and students, including returned checks receivable, travel advances and other miscellaneous receivables.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

14. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES (continued)

Accounts payable and accrued liabilities at August 31, 2024 and 2023 were as follows:

	2024	2023
Accounts payable to vendors	\$ 21,235,397	\$ 24,103,237
Accrued liabilities:		
Salaries and benefits	13,620,274	18,924,989
Construction retainage	8,294,998	11,706,693
Bond interest	2,054,594	2,300,978
Workers' compensation claims	863,890	863,890
Other	736,526	645,181
Total accounts payable and accrued liabilities	\$ 46,805,679	\$ 58,544,968

15. FUNDS HELD FOR OTHERS

The District holds unapplied Federal Direct Loan Program funds, funds for certain students and funds for student and staff organizations. These amounts are reflected in the Statements of Net Position as funds held for others in the amount of \$1,175,230 and \$1,094,225 as of August 31, 2024 and 2023, respectively.

16. CONTRACT AND GRANT AWARDS

Contract and grant revenue for which funds have been expended is included in the Statements of Revenues, Expenses and Changes in Net Position. Contract and grant awards for which funds have been expended but not yet collected are included in Accounts Receivable in Exhibit 1, Statements of Net Position. Contract and grant awards for which funds have been received but not yet expended are included in unearned income in the Statements of Net Position. Contract and grant awards that are not yet funded and for which the District has not yet performed services are not included in the financial statements. Contract and grant award funds already committed, e.g., multi-year awards, or funds awarded during fiscal years ended August 31, 2024 and 2023 for which no expenses have been incurred, totaled approximately \$170,500,000 and \$180,200,000, respectively.

17. SELF-INSURED AND RISK MANAGEMENT PLANS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District fully insures its buildings, structures, contents and equipment with the purchase of commercial insurance.

The District's Workers' Compensation Self-Insurance Fund (the Fund) is administered by a third party. Through the Fund, the District self-insures workers' compensation claims up to \$450,000 per occurrence. Individual losses of over \$450,000 are covered by a specific excess insurance policy up to the maximum statutory benefit per occurrence. Additionally, \$3,278,495 of unrestricted net position has been designated by the District to cover losses in excess of those covered by insurance and the Fund. The Fund pays the premium for the specific excess insurance policy and assumes all workers' compensation claims and expenses not covered by the policy. The District transfers the workers' compensation standard premium calculated for the District into the Fund.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

17. SELF-INSURED AND RISK MANAGEMENT PLANS (continued)

Claims and administrative expenses are paid from the Fund, and the balance is reserved toward future claims. The accrued liability in the Fund presented below represents a provision for unpaid expected claims of approximately \$864,000 and \$864,000 at August 31, 2024 and 2023, respectively, and is recorded in accounts payable and accrued liabilities in the accompanying Statements of Net Position. These liabilities are generally based on an actuarial valuation and the present value of unpaid expected claims. The discount rate used to calculate the present value of liabilities was 5.30% for both August 31, 2024 and 2023.

Fiscal Year	Beginning of Year Liability	Additions	Deductions	End of Year Liability
2024	\$ 863,890	\$ 313,007	\$ (313,007)	\$ 863,890
2023	\$ 780,267	\$ 559,563	\$ (475,940)	\$ 863,890

18. HEALTH CARE AND LIFE INSURANCE BENEFITS

The State of Texas pays certain health care and life insurance benefits for active employees. These benefits are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's contribution per eligible full-time employee or retiree was between approximately \$625 and \$1,223 per month for the year ended August 31, 2024 and between approximately \$623 and \$1,220 per month for the year ended August 31, 2023.

The table below depicts the cost of providing health care benefits to the District's retired and active employees, and the amount appropriated to the District from the State of Texas. Payments of these benefits by the State were recognized as restricted state appropriations with an equal amount recognized as restricted benefit expenses. These payments do not flow through the District's cash accounts.

Cost of Providing Health Care Insurance	2024	2023
Number of Retirees	1,447	1,437
Cost of Health Benefits for Retirees	\$ 10,763,887	\$ 9,873,131
Number of Active Full-time Employees	2,750	2,597
Cost of Health Benefits for Active Full-time Employees	\$ 22,753,525	\$ 22,415,860
State Appropriation for Health Insurance	\$ 15,209,243	\$ 14,482,056
District's Expense for Health Insurance	\$ 18,308,169	\$ 17,806,935

19. OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description: The District participates in a cost-sharing, multiple employer, defined benefit other postemployment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP), also referred to as the State Retiree Health Plan (SRHP), is administered by the Employees Retirement System of Texas (ERS or System). 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 District and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

OPEB Plan Fiduciary Net Position: Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.ers.texas.gov/about-ers/reports-and-studies/reports-on-overall-ers-operations-and-financial-ma/2023-acfr>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

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. An eligible retiree who has retired from full-time employment does not contribute toward the cost of coverage for himself/herself, but he/she pays a portion of the cost if he/she covers an eligible spouse or dependent child. The GBP also provides 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, (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium, which is based on a blended rate, for the measurement years ended August 31, 2023, and 2022. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
For the Measurement Years Ended August 31, 2023 and 2022

	2023	2022
Retiree only	\$ 624.82	\$ 624.82
Retiree & spouse	1,340.82	1,339.90
Retiree & children	1,104.22	1,103.58
Retiree & family	1,820.22	1,818.66

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

Premium contributions to the GBP plan for the year ended August 31, 2024 by source are summarized in the following table.

Premium Contributions by Source
Group Benefits Program Plan
For the Year Ended August 31, 2023

FY2024 Member (Employee) Contributions	\$	6,158,495
FY2024 District Contributions		5,718,243
FY2023 State of Texas (NECE) Contributions*		14,482,056

*NECE contributions include both active members and retirees.

Premium contributions to the GBP plan for the year ended August 31, 2023 by source are summarized in the following table.

Premium Contributions by Source
Group Benefits Program Plan
For the Year Ended August 31, 2022

FY2023 Member (Employee) Contributions	\$	6,059,513
FY2023 District Contributions		5,271,176
FY2022 State of Texas (NECE) Contributions*		14,482,055

*NECE contributions include both active members and retirees.

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

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

Actuarial Assumptions: For the year ended August 31, 2024, 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:

Valuation date	August 31, 2023
Actuarial cost method	Entry age
Last experience study	7-year period from September 1, 2010 to August 31, 2017
Discount rate	3.81%
Projected annual salary increase (includes inflation)	2.30% to 8.95%
Annual healthcare trend rate	5.60% for FY25; 5.30% for FY26; 5.00% for FY27; 4.75% for FY28; 4.60% for FY29, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY32 and later years
Inflation assumption rate	2.30%
Ad hoc postemployment benefit changes	None
Mortality assumptions: Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of 4 per 100 male members and 2 per 100 female members
Active members	Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

For the year ended August 31, 2023, the total OPEB liability was determined by an actuarial valuation as of August 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	August 31, 2022
Actuarial cost method	Entry age
Last experience study	7-year period from September 1, 2010 to August 31, 2017
Discount rate	3.59%
Projected annual salary increase (includes inflation)	2.30% to 8.95%
Annual healthcare trend rate	5.60% for FY24; 5.30% for FY25; 5.00% for FY26; 4.75% for FY27; 4.60% for FY28, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY31 and later years
Inflation assumption rate	2.30%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of 4 per 100 male members and 2 per 100 female members
Active members	Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuary as of August 31, 2019 and the TRS retirement plan actuary as of August 31, 2021.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

Changes Since the Prior Actuarial Valuation: Changes to the actuarial assumptions or other inputs that affected the measurement of the total OPEB liability since the prior measurement period were as follows:

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

Discount Rate: Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. 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 discount rate was changed from 3.59% to 3.81% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality that is roughly equivalent to Moody's Investors Service's Aa2 rating and S&P Global Ratings Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis: The following schedule shows the impact on the District's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than or 1 percent greater than the discount rate that was used (3.81%) in measuring the net OPEB liability reported at August 31, 2024.

	1% Decrease (2.81%)	Single Discount Rate (3.81%)	1% Increase (4.81%)
District's proportionate share of the net OPEB liability	\$ 185,113,837	\$ 159,531,889	\$ 138,955,671

The following schedule shows the impact on the District's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than or 1 percent greater than the discount rate that was used (3.59%) in measuring the net OPEB liability reported at August 31, 2023.

	1% Decrease (2.59%)	Single Discount Rate (3.59%)	1% Increase (4.59%)
District's proportionate share of the net OPEB liability	\$ 197,004,697	\$ 168,913,939	\$ 146,448,084

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

Healthcare Trend Rate Sensitivity Analysis: For fiscal year 2024, the initial healthcare trend rate is 5.60% and the ultimate rate is 4.30%. The following schedule shows the impact on the District's proportionate share of the collective net OPEB liability if the healthcare cost trend rate used was 1 percent less than or 1 percent greater than the healthcare cost trend rate that was used (5.60% decreasing to 4.30%) in measuring the net OPEB liability reported at August 31, 2024.

	1% decrease in Healthcare Cost Trend Rates (4.60% decreasing to 3.30%)	Current Healthcare Cost Trend Rates (5.60% decreasing to 4.30%)	1% increase in Healthcare Cost Trend Rates (6.60% decreasing to 5.30%)
District's proportionate share of the net OPEB liability	\$ 137,219,598	\$ 159,531,889	\$ 187,868,612

For fiscal year 2023, the initial healthcare trend rate was 5.60% and the ultimate rate was 4.30%. The following schedule shows the impact on the District's proportionate share of the collective net OPEB liability if the healthcare cost trend rate used was 1 percent less than or 1 percent greater than the healthcare cost trend rate that was used (5.60% decreasing to 4.30%) in measuring the net OPEB liability reported at August 31, 2023.

	1% decrease in Healthcare Cost Trend Rates (4.60% decreasing to 3.30%)	Current Healthcare Cost Trend Rates (5.60% decreasing to 4.30%)	1% increase in Healthcare Cost Trend Rates (6.60% decreasing to 5.30%)
District's proportionate share of the net OPEB liability	\$ 144,651,575	\$ 168,913,939	\$ 199,890,428

Changes of Benefit Terms Since Prior Measurement Date: Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2024, are provided for in the FY2024 Assumed Per Capita Health Benefit Costs.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The District reported a liability of \$159,531,889 and \$168,913,939 for its proportionate share of the ERS's net OPEB liability at August 31, 2024 and 2023, respectively. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District at August 31, 2024 and 2023 were as follows:

	FY24	FY23
District's proportionate share of the collective net OPEB liability	\$ 159,531,889	\$ 168,913,939
State's proportionate share that is associated with District	129,745,947	139,914,890
Total	\$ 289,277,836	\$ 308,828,829

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 District's proportion of the net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

At the measurement date of August 31, 2023, the District's proportion of the collective net OPEB liability was 0.59710569%, which was an increase of 0.00415402% from its proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the District recognized negative OPEB expense of \$2,285,665 and an additional on-behalf offset to OPEB expense and revenue of \$3,850,457 for support provided by the State. For the year ended August 31, 2023, the District recognized OPEB expense of \$648,717 and an additional on-behalf offset to OPEB expense and revenue of \$5,096,382 for support provided by the State.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 4,219,704
Changes in actuarial assumptions	5,321,811	49,823,934
Net difference between projected and actual investment earnings	12,888	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	7,206,611	219,939
Contributions paid to ERS subsequent to the measurement date*	3,786,834	-
	<u>\$ 16,328,144</u>	<u>\$ 54,263,577</u>

*Represents the amount of the District's employer contributions that were transferred into the SRHP plan by ERS. Actual contributions were \$5,718,243, as reported in the Schedule of OPEB Contributions in the RSI section of this ACFR. For additional information, see the Notes to RSI - Net OPEB Liability.

At August 31, 2023, the District reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 5,329,438
Changes in actuarial assumptions	9,924,367	52,212,897
Net difference between projected and actual investment earnings	29,135	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	13,668,172	366,370
Contributions paid to ERS subsequent to the measurement date*	3,447,983	-
	<u>\$ 27,069,657</u>	<u>\$ 57,908,705</u>

*Represents the amount of the District's employer contributions that were transferred into the SRHP plan by ERS. Actual contributions were \$5,271,176, as reported in the Schedule of OPEB Contributions in the RSI section of this ACFR. For additional information, see the Notes to RSI - Net OPEB Liability.

The \$3,786,834 amount reported at August 31, 2024 as deferred outflows of resources related to OPEB resulting from District contributions to the OPEB plan made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2025.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

19. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

The net amounts of the District's balances of deferred outflows of resources and deferred inflows of resources related to OPEB, other than deferred outflows of resources related to contributions made subsequent to the measurement date of the net OPEB liability, will be recognized in OPEB expense as follows:

Year ending August 31,	OPEB Expense Amount
2025	\$ (11,361,121)
2026	(10,869,762)
2027	(10,230,044)
2028	(7,835,147)
2029	(1,426,193)
Thereafter	-

20. AD VALOREM TAX

The District's ad valorem property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and business property located in Bexar County. General information follows for the years ended August 31, 2024 and 2023.

	2024 ⁽¹⁾	2023 ⁽²⁾
Assessed valuation of the District	\$ 285,617,496,468	\$ 251,786,375,171
Less : Exemptions	(37,734,191,131)	(27,140,857,060)
Tax increment financings	(390,714,748)	(362,749,527)
Net assessed valuation of the District	<u>\$ 247,492,590,589</u>	<u>\$ 224,282,768,584</u>

(1) Based on most recent Supplement to the Certified Total (ARB Approved 2022 supplement 253)

(2) Based on most recent Supplement to the Certified Total (ARB Approved 2021 supplement 241)

The authorized and assessed property tax rates for the years ended August 31, 2024 and 2023 are as follows:

	2024			2023		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Tax rate per \$100 valuation (authorized)	\$ -	\$ -	\$ 0.25000000	\$ -	\$ -	\$ 0.25000000
Tax rate per \$100 valuation (assessed)	\$ 0.10776000	\$ 0.04139000	\$ 0.14915000	\$ 0.10776000	\$ 0.04139000	\$ 0.14915000

Taxes levied for the years ended August 31, 2024 and 2023 were \$344,263,311 and 308,255,579, respectively. State law automatically places a tax lien on all taxable property on January 1 of each year to secure payment. Taxes are due on October 1 of each year and are delinquent if not paid before February 1 of the year following the year in which imposed and are subject to penalties and interest.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

20. AD VALOREM TAX (continued)

The tax collection detail at August 31, 2024 and 2023 is as follows:

	2024			2023		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes	\$ 251,234,347	\$ 96,498,180	\$ 347,732,527	\$ 225,939,392	\$ 86,782,026	\$ 312,721,418
Tax increment financings payment	(537,254)	-	(537,254)	(651,726)	-	(651,726)
Delinquent taxes collected	1,247,457	481,198	1,728,655	1,692,643	652,572	2,345,214
Penalties and interest	2,407,864	925,548	3,333,412	2,013,431	746,215	2,759,646
Total	\$ 254,352,413	\$ 97,904,927	\$ 352,257,340	\$ 228,993,740	\$ 88,180,812	\$ 317,174,552

Tax collections for the years ended August 31, 2024 and 2023 were 98.3% and 98.5%, respectively, of the current year's original unadjusted tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and operations and/or general obligation debt service.

21. INCOME TAXES

The District is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The District had no unrelated business income tax liability for the years ended August 31, 2024 or 2023.

22. OTHER OPERATING REVENUES

Other operating revenues include rental income, paper recycling revenue, dual credit cost-share revenue, revenue from various fundraising activities and other revenues not applicable to any other revenue category.

23. COMMITMENTS AND CONTINGENCIES

As of August 31, 2024 and 2023, various lawsuits and claims involving the District were pending. While the ultimate liability with respect to litigation and other claims asserted against the District cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the District.

The District has entered into contracts for construction, various renovation projects and for operations. At August 31, 2024 and 2023, the District was committed for approximately \$178,998,894 and \$62,619,000, respectively.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The District's management believes disallowances, if any, will not have a significant financial impact on the District's financial position.

24. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued and no changes were necessary to be made to the financial statements as a result of this evaluation.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

25. ALAMO COLLEGES FOUNDATION, INC. – DISCRETE COMPONENT UNIT

The following footnotes (25A – 25P) are from the audited financial statements of the Alamo Colleges Foundation, Inc. (Foundation) for the years ended December 31, 2023 and 2022.

A – ORGANIZATION

The Alamo Colleges Foundation, Inc. (the “Foundation”) was organized in the State of Texas in 1985 to function as a nonprofit foundation. The purposes for which the Foundation was organized are (1) to maintain, develop, increase and extend the facilities and services of the Alamo Colleges District (the “District”); (2) to provide broad educational opportunities to the District’s students, staff, faculty and the residents of the geographical area that the District serves; (3) to solicit and receive by gift, grant, devise, or otherwise, property, both real and personal, and to manage and administer the same; and (4) to make contributions, grants, gifts and transfers of property to or for the benefit of the District, or to the benefit of tax-exempt organizations identified and associated with the District.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an Amendment of GASB Statement No. 14*, the Foundation is considered to be a component unit of the Alamo Colleges District because of the nature and significance of its relationship with the District. The economic resources received or held by the Foundation are almost entirely for the direct benefit of the District; the District is entitled to, or can otherwise access, a majority of these resources; and the resources received or held by the Foundation are significant to the District.

B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP) under Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958, *Presentation of Financial Statements of Not-for-Profit Organizations*. Under FASB Accounting Standards Update (ASU) 2016-14, the Foundation’s net assets, support and revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of the Foundation are classified and reported as follows:

- **Net assets without donor restrictions** – These are net assets that are not subject to donor-imposed restrictions and may be used for any operating purpose of the Foundation. The Foundation’s board may designate net assets without restrictions for specific purposes from time to time.
- **Net assets with donor restrictions** – These are net assets that are subject to donor-imposed stipulations that require the passage of time and/or the occurrence of a specific event, for them to be used. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Still, other net assets are required to be maintained in perpetuity, with only the income used for operating activities, due to donor-imposed restrictions.

In addition, the Foundation is required by FASB ASC Topic 958-205 to present a statement of cash flows in its separately issued financial statements.

Cash and cash equivalents

The Foundation considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. The Foundation maintains cash and cash equivalents at financial institutions, which at times may not be federally insured or may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on such accounts.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are reported in the statements of activities as changes in net assets without donor restrictions, unless restricted by donor or law. Donated marketable securities are recorded as contributions at their estimated fair value at the date of the donation. Investment returns are presented net of investment fees.

The investments of the Foundation are managed under agreement with Morgan Stanley Smith Barney LLC in a manner consistent with the investment goals and policies established by the Board of Directors of the Foundation.

Under the laws of the State of Texas, the Board of Directors may appropriate for expenditure, for the uses and purposes for which the endowment was established, a prudent rate of spending considering the duration and preservation of the endowment. The Board of Directors determines the amount of such appropriation annually. The aggregate accumulated unallocated gains and losses on donor-restricted endowment net assets balances are included in net assets with donor restrictions in the financial statements.

Contributions receivable

Contributions received are recorded as with donor restrictions and without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions receivable are amounts recorded for unconditional or conditional promises to give by third parties. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year. Amounts that are expected to be collected in future years are discounted to estimate the present value of future cash flows, if material. Conditional promises to give are recorded as refundable advances when received, and are recognized as revenues when the conditions have been met. The Foundation received conditional grants of \$225,000 that have not been recognized at December 31, 2023, because conditions have not been met.

If contributions receivable become doubtful of collection, allowances are made to the extent the amounts are determined to be doubtful and are charged to expense. If doubtful amounts are subsequently determined to be uncollectible, they are written off against allowances in the period determined. Contributions are recorded when received in cash as with donor restriction and without donor restriction support, depending on the existence and/or nature of donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction reported in the statements of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value. The Foundation considers contributions receivable to be fully collectible.

Fixed assets

The Foundation operates from facilities provided by the District and does not own any buildings, equipment or other capital assets. See Note I for an estimated amount of in-kind contributions provided by the District that includes an estimate of donated rent. Donated rents are reported in the financial statements as in-kind revenue under net assets without donor restrictions.

Presentation of expenses

The cost of providing the various programs and activities of the Foundation has been summarized on a functional basis in the accompanying statements of activities.

- Program Support and Scholarships - consists of scholarships and program support payments made to the District for tuition and books on behalf of specified students, staff and faculty of the District and the residents of the geographical area that the District serves; and to maintain, develop, increase and extend the facilities and services of the District.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- General and Administrative - consists of general supporting services that are necessary for the Foundation's daily operations and coordination of program activities and includes salaries and benefits related to administrative personnel.
- Fundraising - activities are directed at soliciting and receiving funds, gifts, grants and property to enable the Foundation to fulfill its purpose. It also includes salaries and benefits paid to fundraising personnel.

Income taxes

The Foundation is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended, as an organization described in Section 501(c)(3) of the Code. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under Section 511 of the Code. The Foundation did not conduct any unrelated business activities in the current fiscal year. Therefore, the Foundation made no provision for federal income taxes in the accompanying financial statements. Accordingly, contributions to the Foundation are tax deductible within the limitations prescribed by the Code. The Foundation has also been classified as a publicly supported organization which is not a private foundation under Section 509(a) Code. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Donated materials, services and facilities

The salaries of certain Foundation employees were donated by the Alamo Colleges District. The District also provides office space and equipment at no cost to the Foundation. The value of these contributed services is provided in Note I and is reported in the financial statements as in-kind revenue under net assets without donor restriction.

Revenue recognition

The Foundation records contributions at fair value when an unconditional commitment is received from the donor. Contributions that are restricted by the donor and are to be used in future periods are reported as an increase in net assets with donor restrictions in the reporting period in which the contribution is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted in perpetuity by the donor are recorded as net assets with donor restrictions. In accordance with donor restrictions, income earned from net assets with donor restrictions are recorded as net assets with donor restrictions until such income is released from restrictions.

Concentrations

The Foundation maintains a portion of its cash balance in accounts which, at times, may exceed Federal Deposit Insurance Corporation (FDIC) limits. One account held by the Foundation was over the FDIC limit in the amount of \$519,707 and \$453,763, at December 31, 2023 and 2022, respectively.

At December 31, 2023, seven donors made up 85% of contribution receivables. At December 31, 2022, 6 donors made up 89% of contribution receivables.

Use of estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. Estimates that have the most impact on financial position and results of operations primarily relate to the collectability and present value of contributions receivable, the fair value of investments and the allocation of expenses among functional areas.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principle

On January 1, 2023, the Foundation adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under (CECL) is applicable to financial assets measured at amortized cost, including trade account receivables. The adoption of this standard did not have material impact on the Foundation's financial statements but did change how the allowance for credit loss is determined.

C – LIQUIDITY

The Foundation maintains a liquid cash balance in checking accounts in an amount necessary to meet anticipated expenditures for at least the next 30 days. Cash in excess of this amount is invested in short-term investments. The Foundation reconciles the balance of financial assets subject to donor restrictions monthly. Investments are identified and monitored separately as part of the Foundation's monthly financial reporting procedures.

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures as of December 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Financial assets, at year end	\$ 79,105,647	\$ 67,992,284
Less those unavailable for general expenditure within one year due to:		
Endowments invested in perpetuity	(24,966,744)	(22,839,785)
Restricted by donor with time or purpose restrictions	(53,560,278)	(44,757,920)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 578,625</u>	<u>\$ 394,579</u>

Included in restricted fund amounts are amounts that can be spent for scholarships and program support in FY24. In addition, the Foundation also receives in-kind contributions from the Alamo Colleges District for personnel costs and donated office space, as described in Note I, which helps to offset costs for general expenditures.

D – CONTRIBUTIONS RECEIVABLE

The Foundation reports pledges receivable expected to be collected within one year at net realizable value. Pledges expected to be collected in future years are initially reported at fair value determined using the discounted present value of future contributions. The Foundation provides an allowance for doubtful collections, which is based upon a review of outstanding pledge receivables, historical collection information and existing economic conditions. Pledge receivables are considered past due if they are not received by their payment instrument due date. Delinquent pledges are written off based on individual credit evaluation and specific circumstances of the donor.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

D – CONTRIBUTIONS RECEIVABLE (continued)

Total contributions receivable at December 31, 2023 and 2022 were as follows:

	2023	2022
Promises to give expected to be collected in:		
Less than one year	\$ 1,450,917	\$ 3,041,481
One to five years	345,000	715,000
	<u>1,795,917</u>	<u>3,756,481</u>
Less discount on promises to give	(17,260)	(37,733)
Less allowance for uncollectible accounts	(36,813)	(74,131)
Net contributions receivable	<u>\$ 1,741,844</u>	<u>\$ 3,644,617</u>

The discount rates used in discounting contributions receivable ranged between 3.93% and 4.79% as of December 31, 2023. The discount rates used in discounting contributions receivable ranged 4.41% and 4.73% as of December 31, 2022.

The increases in contributions receivable and non-endowed net assets relate primarily to fundraising for the AlamoPROMISE program which makes college more accessible to graduating seniors by providing the support necessary to earn a certificate or associate's degree at one of the five Alamo Colleges: Northeast Lakeview College, Northwest Vista College, Palo Alto College, San Antonio College, and St. Philip's College.

E – INVESTMENTS

The composition of the Foundation's investments as of December 31, 2023 and 2022 is as follows:

Type of Security	2023 Fair Value	2022 Fair Value
Fixed income securities	\$ 15,081,513	\$ 13,793,743
Mutual funds/exchange-traded funds	52,780,727	42,958,989
Marketable securities	<u>7,555,342</u>	<u>6,233,813</u>
Total	<u>\$ 75,417,582</u>	<u>\$ 62,986,545</u>

Net investment income for the years ended December 31, 2023 and 2022 is comprised of the following:

	2023	2022
Interest and dividend income	\$ 1,535,406	\$ 1,107,117
Net gain on investments	<u>7,859,258</u>	<u>(11,378,858)</u>
Total	<u>\$ 9,394,664</u>	<u>\$ (10,271,741)</u>

The Foundation elects to net investment expenses with earnings from investments. Total investment expenses in 2023 and 2022 were \$229,961 and \$227,133, respectively.

The Foundation invests in various investment instruments which are exposed to various risks such as interest rate, market and credit risks. In FY22 there was a significant decline in investments due to market conditions. However, in FY23 market conditions improved and there was a gain on investments.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

F – FUNCTIONAL EXPENSES

The costs of providing the various programs and activities of the Foundation have been summarized on a functional basis in the accompanying statements of activities. Expenses are charged directly to program support or general and administrative based on time spent on the various activities with the exception of salaries and benefits, professional services, and other. This expense is split between program support and general and administrative based on an allocation of the number of hours spent on each function.

Functional expenses categorized by program support and scholarships, general and administrative and fundraising costs for the year ended December 31, 2023 are as follows:

	Program Support and Scholarships	General and Administrative	Fundraising	Total
Year ended December 31, 2023:				
Scholarships and educational support	\$ 5,550,276	\$ -	\$ -	\$ 5,550,276
Salaries and benefits	256,424	659,188	448,769	1,364,381
Rent	8,994	18,005	15,740	42,739
Professional services	-	13,800	-	13,800
Software	16,652	33,335	29,142	79,129
Professional development, fees and subscriptions	2,994	5,993	5,240	14,227
Other	25,131	48,286	43,982	117,399
Total	<u>\$ 5,860,471</u>	<u>\$ 778,607</u>	<u>\$ 542,873</u>	<u>\$ 7,181,951</u>

Functional expenses categorized by program support and scholarships, general and administrative and fundraising costs for the year ended December 31, 2022 are as follows:

	Program Support and Scholarships	General and Administrative	Fundraising	Total
Year ended December 31, 2022:				
Scholarships and educational support	\$ 5,141,490	\$ -	\$ -	\$ 5,141,490
Salaries and benefits	234,036	550,782	386,991	1,171,809
Rent	9,562	17,366	15,811	42,739
Professional services	-	13,100	-	13,100
Software	17,435	31,665	28,829	77,929
Professional development, fees and subscriptions	2,436	4,423	4,028	10,887
Other	16,214	31,475	28,012	75,701
Total	<u>\$ 5,421,173</u>	<u>\$ 648,811</u>	<u>\$ 463,671</u>	<u>\$ 6,533,655</u>

G – NET ASSETS

The Foundation's endowment consists of 222 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

G – NET ASSETS (continued)

The Board of Directors of the Foundation has interpreted the Texas Uniform Prudent Management Institutional Funds Act of 2007 (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Act.

In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. General economic conditions
2. The possible effects of inflation and deflation
3. The expected tax consequences, if any, of investment decisions or strategies
4. The role that each investment or course of action plays within the overall investment portfolio of the Foundation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The needs of the Foundation and the fund to make distributions and to preserve capital
8. An asset's special relationship or special value, if any, to the charitable purposes of the Foundation

Realized and unrealized investment gains/losses are recorded as net assets with donor restrictions.

Net assets and classifications of related unappropriated income at December 31, 2023 and 2022 are as follows:

	Net assets without Donor Restrictions	Non-endowed Funds	Accumulated Gains	Endowed Funds	Total
As of December 31, 2023					
Endowment funds	<u>\$ 421,867</u>	<u>\$ 43,432,716</u>	<u>\$ 10,127,562</u>	<u>\$ 24,966,744</u>	<u>\$ 78,948,889</u>
As of December 31, 2022					
Endowment funds	<u>\$ 332,357</u>	<u>\$ 39,043,947</u>	<u>\$ 5,713,973</u>	<u>\$ 22,839,785</u>	<u>\$ 67,930,062</u>

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

G – NET ASSETS (continued)

The changes in net assets and related income classification for the year ended December 31, 2023 are as follows:

	Net assets without Donor Restrictions	Net Assets with Donor Restrictions			Total
		Non-endowed Funds	Accumulated Gains	Endowed Funds	
Beginning of year	\$ 332,357	\$ 39,043,947	\$ 5,713,973	\$ 22,839,785	\$ 67,930,062
Contributions	201,412	5,720,510	44,530	1,205,961	7,172,413
In-kind revenue	1,633,701	-	-	-	1,633,701
Investment return:					
Interest and dividends	7,076	601,238	927,092	-	1,535,406
Gain on investments	-	3,588,817	4,270,441	-	7,859,258
Net assets released from restrictions	5,504,817	(4,681,760)	(823,057)	-	-
Total revenues	7,347,006	5,228,805	4,419,006	1,205,961	18,200,778
Expenses and appropriation of endowment assets for expenditure	(7,181,951)	-	-	-	(7,181,951)
Deductions:					
Designated transfers	(75,545)	(840,036)	(5,417)	920,998	-
(Decrease) increase in net assets	89,510	4,388,769	4,413,589	2,126,959	11,018,827
End of year	<u>\$ 421,867</u>	<u>\$ 43,432,716</u>	<u>\$ 10,127,562</u>	<u>\$ 24,966,744</u>	<u>\$ 78,948,889</u>

The changes in net assets and related income classification for the year ended December 31, 2022 are as follows:

	Net assets without Donor Restrictions	Net Assets with Donor Restrictions			Total
		Non-endowed Funds	Accumulated Gains	Endowed Funds	
Beginning of year	\$ 196,336	\$ 43,205,785	\$ 11,514,253	\$ 21,662,221	\$ 76,578,595
Contributions	105,555	5,659,237	45,656	957,476	6,767,924
In-kind revenue	1,388,939	-	-	-	1,388,939
Investment return:					
Interest and dividends	2,265	469,777	635,075	-	1,107,117
Gain on investments	-	(5,455,875)	(5,922,983)	-	(11,378,858)
Net assets released from restrictions	5,129,295	(4,410,426)	(718,869)	-	-
Total revenues	6,626,054	(3,737,287)	(5,961,121)	957,476	(2,114,878)
Expenses and appropriation of endowment assets for expenditure	(6,533,655)	-	-	-	(6,533,655)
Deductions:					
Designated transfers	43,622	(424,551)	160,841	220,088	-
(Decrease) increase in net assets	136,021	(4,161,838)	(5,800,280)	1,177,564	(8,648,533)
End of year	<u>\$ 332,357</u>	<u>\$ 39,043,947</u>	<u>\$ 5,713,973</u>	<u>\$ 22,839,785</u>	<u>\$ 67,930,062</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Foundation to retain as a fund of perpetual duration, referred to as underwater endowments. As of December 31, 2023 and 2022, the Foundation did not have any such deficiencies.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

G – NET ASSETS (continued)

endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds.

The Board of Directors, through its Investments Committee, has adopted a specific investments objective for the Foundation. The investments objective is to invest all endowment and other available funds to optimize the return on investment to the extent possible, balanced with the appropriate level of risk.

Under the laws of the State of Texas, the Board of Directors may appropriate for expenditure, for the uses and purposes for which the endowment was established, a prudent rate of spending considering the duration and preservation of the endowment. The Board of Directors determines the amount of such appropriation annually. The rate for 2023 and 2022 was 4.4% and 4.9%, respectively. The rate for 2024 has been set at 4.4%.

H – NON-ENDOWED NET ASSETS

Net assets with donor restrictions (non-endowed funds) consist of amounts for the following programs at December 31:

	2023	2022
Academic Support	\$ 37,665,932	\$ 35,159,643
Scholarships	5,766,784	3,884,304
Net assets with donor restrictions (non-endowed funds)	<u>\$ 43,432,716</u>	<u>\$ 39,043,947</u>

Net assets with donor restrictions (non-endowed funds) released from restriction related to the following programs for the years ended December 31:

	2023	2022
Academic Support	\$ 2,654,348	\$ 1,151,105
Scholarships	2,027,412	3,259,321
Net assets with donor restrictions (non-endowed funds) released from restriction	<u>\$ 4,681,760</u>	<u>\$ 4,410,426</u>

I – CONTRIBUTED NONFINANCIAL ASSETS

The Foundation received the following significant in-kind contributions of time and other nonfinancial assets related program operations, general and administrative activities and fundraising activities and campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the contributions. The services recognized were determined using the actual salaries for the fiscal year, then estimating the percentage of time spent on Foundation activities. The resulting amounts were further subdivided into program support, general and administrative and fundraising activities per Foundation management staff.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

I – CONTRIBUTED NONFINANCIAL ASSETS (continued)

For the years ended December 31, contributed nonfinancial assets recognized within the statement of activities included:

Contributed Nonfinancial Assets	2023	2022
Salaries and benefits	\$ 1,364,381	\$ 1,171,809
Rent	42,739	42,739
Advertising and promotions	23,993	51,486
Professional Services	13,800	13,100
Software	79,129	77,929
Professional Development, fees and subscri	14,227	10,887
Other	95,432	20,989
Total	<u>\$ 1,633,701</u>	<u>\$ 1,388,939</u>

All of the Foundation employee costs and benefits are provided by Alamo Colleges District. During fiscal year 2023, the Foundation received donated services for management, fundraising activities and campaigns, day to day operations including cashiering and accounting for donations, donor relations, managing donor activity, donor tax information, managing and distributing scholarships and program support, accounting, and other operational services.

Non-salary contributions include office rent, travel, advertising, supplies, software maintenance, professional development, and funding external auditing and tax preparation services.

Donated space is valued at the fair value of similar properties available in commercial real estate listings. Donated rent was computed at \$42,739 and was allocated to the functional categories.

All recognized donated services and assets were utilized by the Foundation's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and nonfinancial assets.

In-kind gifts of assets and services accepted by the Foundation, but for which Alamo Colleges District receives all operational benefits, are recorded by Alamo Colleges District. In fiscal year 2023 and 2022, the approximate amount of those donations were \$194,901 and \$1,754,050, respectively.

J – FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC Topic 820-10, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. FASB ASC Topic 820-10 also establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources (observable inputs) and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs).

The fair value hierarchy in FASB ASC Topic 820 prioritizes fair value measurements into three levels based on the nature of the inputs. The three levels of the fair value hierarchy under FASB ASC Topic 820-10 are as follows:

Level 1 – Investments in this category are valued based on quoted prices in active markets for identical assets that are accessible at the measurement date. An active market is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

J – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 2 - Investments in this category are valued based on inputs, in the absence of actively quoted market prices, which are observable for the asset, either directly or indirectly. Level 2 inputs include: (a) quoted prices for similar assets in active markets, (b) quoted prices for identical or similar assets in markets that are not active, (c) inputs other than quoted prices that are observable for the asset such as interest rates and yield curves observable at commonly quoted intervals, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Investments in this category are valued based on unobservable inputs for the asset. Unobservable inputs are used to the extent observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.

The fair value hierarchy of investments at December 31, 2023 is as follows:

	2023			
	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ -	\$ 15,081,513	\$ -	\$ 15,081,513
Mutual funds / exchange-traded funds	52,780,727	-	-	52,780,727
Marketable securities	7,555,342	-	-	7,555,342
Total	<u>\$ 60,336,069</u>	<u>\$ 15,081,513</u>	<u>\$ -</u>	<u>\$ 75,417,582</u>

The fair value hierarchy of investments at December 31, 2022 is as follows:

	2022			
	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ -	\$ 13,793,743	\$ -	\$ 13,793,743
Mutual funds / exchange-traded funds	42,958,989	-	-	42,958,989
Marketable securities	6,233,813	-	-	6,233,813
Total	<u>\$ 49,192,802</u>	<u>\$ 13,793,743</u>	<u>\$ -</u>	<u>\$ 62,986,545</u>

K – SUPPORT AGREEMENT AND RELATED PARTY TRANSACTIONS

By agreement, the Alamo Colleges District provides administrative support for Foundation activities at a level determined to be appropriate, but only to the extent of availability of funds within the District's budget. Administrative support provided includes office space and an Executive Director and staff for the Foundation. The total support provided by the

District to the Foundation in the fiscal years ended December 31, 2023 and 2022 was valued at approximately \$1,633,701 and \$1,388,939, respectively, and is included in the financial statements as net assets without restrictions in-kind revenue.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

K – SUPPORT AGREEMENT AND RELATED PARTY TRANSACTIONS (continued)

From time to time the Foundation remits scholarship funds to the District to cover tuition, books, and other student fees for specified students. During the years ended December 31, 2023 and 2022, the Foundation remitted a total of \$2,123,209 and \$2,242,276 to the District to fund approximately 3,464 and 3,430 scholarships, respectively.

In addition, for the years ended December 31, 2023 and 2022, the Foundation remitted \$1,867,346 and \$1,665,902 respectively, to the District for program related costs.

L – FUTURE COMMITMENTS

At December 31, 2023, there are no outstanding donor match commitments for the Alamo Colleges Foundation.

M – COMMITMENTS

The Parent-Child Scholarship Program provides multi-generational scholarships. Parents who are eligible under this program and complete all requirements qualify their first-born child. The Foundation has not determined what amount, if any, will eventually be payable under this program.

N – RESTRICTED TITLE III AND TITLE V FUNDS

In compliance with federal grant restrictions, Title III and Title V grant funds are deposited into segregated bank accounts and/or other investment accounts.

O – NET ASSETS WITHOUT RESTRICTIONS

Net assets without restrictions are comprised of net assets that are not subject to donor-imposed stipulations. The balances comprising net assets without restrictions as of December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions / undesignated	<u>\$ 421,867</u>	<u>\$ 332,357</u>

P – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 6, 2024, the date the financial statements were available to be issued and no changes were necessary to be made to the financial statements as a result of this evaluation.

26. ACCD PUBLIC FACILITY CORPORATION – DISCRETE COMPONENT UNIT

The following footnotes (26A – 26E) are from the audited financial statements of ACCD Public Facility Corporation (PFC) for the years ended August 31, 2024 and 2023.

A – REPORTING ENTITY

The ACCD Public Facility Corporation (PFC) is a public non-profit corporation formed under the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended; it is also a public corporation within the meaning of the U.S. Treasury Department rulings of the Internal Revenue Service per sections 103 and 141 of the IRS Code of 1986, as amended. The PFC was incorporated on September 23, 2011 exclusively for the purpose of assisting the Alamo Community College District (the “District” or “Alamo Colleges District”) in financing, refinancing, or providing public facilities and is a component unit of the District.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

A – REPORTING ENTITY (continued)

The PFC is governed by a three-member Board consisting of the Chairperson, Vice-Chairperson and Secretary of the District Board of Trustees. The PFC may finance the acquisition of District obligations; provide for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing and placement in service of public facilities of the District; issue bonds as permitted by the Act; and perform other such activities on behalf of the District as provided in the Certificate of Formation. The PFC does not have authority to levy taxes.

The financial reporting of the PFC is defined by the Governmental Accounting Standards Board (GASB) to consist of the (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the PFC are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) established by GASB. These financial statements 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.

Cash

Cash consists solely of demand deposits held at a bank fully insured by the Federal Deposit Insurance Corporation (FDIC). At August 31, 2024 and 2023, the PFC had \$0 in excess of the FDIC insurance limit.

Capital Assets

Assets meeting the applicable capitalization threshold with useful lives extending beyond one year are recorded at cost on the date of acquisition, except for assets transferred within the same financial reporting entity which have been recorded at the carrying value of the transferor. Improvements which significantly add value or extend the useful life of a structure are capitalized if they meet the applicable capitalization threshold. Capital assets consist of land purchased from an unrelated party and from the PFC's primary government, the District; and land improvements, building and building improvements, furniture, fixtures and equipment, and construction in progress.

The following table lists the capitalization thresholds and useful lives for each asset category:

Class of Asset	Capitalization Threshold	Useful Life (Years)
Non-depreciable assets:		
Land	\$ 5,000	Not depreciated
Buildings	100,000	40
Other real estate improvements:		
Building improvements	100,000	10-20
Land improvements	100,000	7
Furniture, fixtures & equipment:	5,000	5

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net position is the residual of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The PFC maintains the following classifications of net position:

- Net Investment in Capital Assets – This category of net position represents capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair, or improvement of those assets.
- Restricted – This category of net position represents any net positions subject to the externally imposed conditions. The PFC has no externally restricted net position.
- Unrestricted – This category of net position represents any net position not recorded as Net Investment in Capital Assets or Restricted.

Operating and Non-operating Revenues

Operating revenues generally result from providing services in connection with the PFC's principal ongoing operations. The principal operating revenues are from lease payments. Non-operating revenues include interest income earned on cash deposits.

Capital Contributions

For the year ended August 31, 2024, there were no capital contributions recorded. For the year ended August 31, 2023, capital contributions consisted of assets transferred from the PFC's lessee, 1415 N. Main LLC.

Revenue Recognition and Unearned Revenues

Revenue is recorded when earned.

Operating and Non-operating Expenses

The PFC distinguishes operating expenses from non-operating expenses. For the years ended August 31, 2024 and 2023, operating expenses consist of bank charges related to the operating cash account and depreciation on capital assets.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

C – CAPITAL ASSETS

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

	Balance 9/1/2023	Increases	Decreases	Balance 8/31/2024
<u>Not Depreciated:</u>				
Land	\$ 5,099,847	\$ -	\$ -	\$ 5,099,847
Construction in progress	-	-	-	-
Subtotal	5,099,847	-	-	5,099,847
<u>Subject to Depreciation:</u>				
Land improvements	2,480,904	-	-	2,480,904
Building	25,639,287	-	-	25,639,287
Building improvements	4,496,639	-	-	4,496,639
Furniture, fixtures & equipment	1,801,809	-	-	1,801,809
Total subject to depreciation	34,418,639	-	-	34,418,639
Total capital assets	39,518,486	-	-	39,518,486
<u>Accumulated Depreciation:</u>				
Land improvements	2,232,813	248,090	-	2,480,903
Building	5,766,180	640,982	-	6,407,162
Building improvements	336,150	416,198	-	752,348
Furniture, fixtures & equipment	1,769,378	11,701	-	1,781,079
Total accumulated depreciation	10,104,521	1,316,971	-	11,421,492
Net capital assets	\$ 29,413,965	\$ (1,316,971)	\$ -	\$ 28,096,994

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

C – CAPITAL ASSETS (continued)

Capital assets activity for the year ended August 31, 2023 was as follows:

	Balance 9/1/2022	Increases	Decreases	Balance 8/31/2023
Not Depreciated:				
Land	\$ 5,099,847	\$ -	\$ -	\$ 5,099,847
Construction in progress	1,400,013	2,577,191	3,977,204	-
Subtotal	6,499,860	2,577,191	3,977,204	5,099,847
Subject to Depreciation:				
Land improvements	2,480,904	-	-	2,480,904
Building	25,639,287	-	-	25,639,287
Building improvements	538,040	3,958,599	-	4,496,639
Furniture, fixtures & equipment	1,783,204	18,605	-	1,801,809
Total subject to depreciation	30,441,435	3,977,204	-	34,418,639
Total capital assets	36,941,295	6,554,395	3,977,204	39,518,486
Accumulated Depreciation:				
Land improvements	1,984,723	248,090	-	2,232,813
Building	5,125,198	640,982	-	5,766,180
Building improvements	191,748	144,402	-	336,150
Furniture, fixtures & equipment	1,758,996	10,382	-	1,769,378
Total accumulated depreciation	9,060,665	1,043,856	-	10,104,521
Net capital assets	\$ 27,880,630	\$ 5,510,539	\$ 3,977,204	\$ 29,413,965

Increases to capital assets of \$6,554,395 include \$3,977,204 of capital assets contributed to the PFC from the lessee 1415 N. Main LLC.

D – NONCURRENT LIABILITIES

Noncurrent liabilities consist of a note payable and related interest to the District for the purchase of land.

- The PFC has no unused line of credit related to this direct borrowing.
- The PFC has no assets pledged as collateral for the debt.
- Events of default with finance-related consequences:
 - The note contains a provision that in the event of default the holder has the option to make the note immediately due and payable.
- Subjective acceleration clause:
 - The note contains a provision which accelerates the maturity of the note under the existence of any authorizing condition.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

D – NONCURRENT LIABILITIES (continued)

There are no required annual payments on the note payable, and the interest rate to maturity is zero percent.

As of August 31, 2024, noncurrent liabilities are \$1,362,860 with activity for the fiscal year as follows:

	Note Payable			
	Balance 9/1/23	Additions	Reductions	Balance 8/31/24
Note payable to Alamo Community College District	\$ 1,362,860	\$ -	\$ -	\$ 1,362,860
Total note payable	\$ 1,362,860	\$ -	\$ -	\$ 1,362,860

As of August 31, 2023, noncurrent liabilities are \$1,362,860 with activity for the fiscal year as follows:

	Note Payable			
	Balance 9/1/22	Additions	Reductions	Balance 8/31/23
Note payable to Alamo Community College District	\$ 1,362,860	\$ -	\$ -	\$ 1,362,860
Total note payable	\$ 1,362,860	\$ -	\$ -	\$ 1,362,860

E – INCOME TAXES

Income earned by the PFC can be excluded from gross income for federal tax purposes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, because its income is from the performance of an essential governmental function and it accrues to a political subdivision.





Required Supplementary Information

ALAMO COMMUNITY COLLEGE DISTRICT

Schedule of District's Proportionate Share of Net Pension Liability Last Ten Fiscal Years

Fiscal year ended August 31*,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of collective net pension liability (%)	0.1533243562%	0.1503604816%	0.1491190618%	0.1466583601%	0.1465692386%	0.1513076223%	0.1709877316%	0.1591812086%	0.162917000%	0.181406100%
District's proportionate share of collective net pension liability (\$)	\$ 105,319,038	\$ 89,265,151	\$ 37,975,348	\$ 78,547,226	\$ 76,191,272	\$ 83,283,387	\$ 54,672,665	\$ 60,152,212	\$ 57,588,991	\$ 48,456,078
State's proportionate share of net pension liability associated with District	86,067,918	72,592,477	32,006,223	66,451,167	62,672,785	67,075,692	31,367,944	34,396,610	31,874,468	25,023,180
Total	191,386,956	161,857,628	69,981,571	144,998,393	138,864,057	150,359,079	86,040,609	94,548,822	89,463,459	73,479,258
District's covered payroll	\$ 181,562,648	\$ 165,846,480	\$ 156,470,787	\$ 149,218,481	\$ 139,439,475	\$ 135,309,910	\$ 128,722,459	\$ 116,013,872	\$ 109,267,415	\$ 101,833,288
District's proportionate share of collective net pension liability as a percentage of covered payroll	58.01%	53.82%	24.27%	52.64%	54.64%	61.55%	42.47%	51.85%	52.70%	47.58%
TRS fiduciary net position as percentage of the 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 for the respective fiscal year.

ALAMO COMMUNITY COLLEGE DISTRICT

Schedule of District Contributions for Pensions Last Ten Fiscal Years

Fiscal year ended August 31*,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Legally required contributions	\$ 9,232,518	\$ 7,889,279	\$ 7,015,286	\$ 6,363,260	\$ 6,051,648	\$ 5,128,423	\$ 5,091,852	\$ 5,603,980	\$ 5,057,590	\$ 4,824,042
Actual contributions	9,232,518	7,889,279	7,015,286	6,363,260	6,051,648	5,128,423	5,091,852	5,603,980	5,057,590	4,824,042
Contributions deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 207,481,380	\$ 181,562,648	\$ 165,846,480	\$ 156,470,787	\$ 149,218,481	\$ 139,439,475	\$ 135,309,910	\$ 128,722,459	\$ 116,013,872	\$ 109,267,415
Contributions as a percentage of covered payroll	4.45%	4.35%	4.23%	4.07%	4.06%	3.68%	3.76%	4.35%	4.36%	4.41%

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

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Required Supplementary Information Net Pension Liability For Year Ended August 31, 2024

Changes since Prior Actuarial Valuation

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the previous actuarial valuation as of August 31, 2022. For a full description of these assumptions, see the actuarial valuation report dated November 22, 2022 at the following link: <https://www.trs.texas.gov/TRS%20Documents/2023-actuarial-valuation-pension-fund.pdf>.

Factors that Significantly Affect Trends in Pension RSI Schedules

2024: Changes of assumptions: There were no changes in assumptions since the prior measurement date.

2023: Changes of assumptions: The discount rate was changed from 7.25% to 7.00%.

2022: Changes of assumptions: The public education employer contribution rate changed from 1.5% in measurement year 2020 to 1.6% in measurement year 2021.

2021: Changes of assumptions: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in measurement year 2019 and it changed in measurement year 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

2020: None.

2019: Changes of assumptions: The discount rate changed from 8.0% as of the August 31, 2017 measurement date to a blended rate of 6.907% as of the August 31, 2018 measurement date. The long-term assumed rate of return changed from 8.0% as of the August 31, 2017 measurement date to 7.25% as of the August 31, 2018 measurement date. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ended August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

ALAMO COMMUNITY COLLEGE DISTRICT

Schedule of District's Proportionate Share of Net OPEB Liability Last 7 Fiscal Years**

Fiscal year ended August 31*,	2024	2023	2022	2021	2020	2019	2018
District's proportionate share of collective net OPEB liability (%)	0.59295167%	0.59295167%	0.57490306%	0.55109854%	0.54897548%	0.54929788%	0.46476038%
District's proportionate share of collective net OPEB liability (\$)	\$ 159,531,889	\$ 168,913,939	\$ 206,249,390	\$ 182,108,484	\$ 189,740,609	\$ 162,799,490	\$ 158,357,860
State's proportionate share of net OPEB liability associated with District	129,745,947	139,914,890	171,379,645	157,821,125	163,945,598	138,602,473	138,445,196
Total	289,277,836	308,828,829	377,629,035	339,929,609	353,686,207	301,401,963	296,803,056
District's covered employee payroll	\$ 200,795,566	\$ 185,032,712	\$ 172,319,143	\$ 167,098,184	\$ 156,063,712	\$ 154,055,166	\$ 150,672,061
District's proportionate share of collective net OPEB liability as a percentage of covered employee payroll	79.45%	91.29%	119.69%	108.98%	121.58%	105.68%	105.10%
ERS fiduciary net position as percentage of the total OPEB liability	0.63%	0.57%	0.38%	0.32%	0.17%	2.04%	2.04%

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

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

ALAMO COMMUNITY COLLEGE DISTRICT

Schedule of District Contributions for OPEB Last 7 Fiscal Years**

Fiscal year ended August 31*,	2024	2023	2022	2021	2020	2019	2018
Legally required contributions	\$ 5,718,243	\$ 5,271,176	\$ 5,124,159	\$ 4,847,826	\$ 4,771,778	\$ 4,629,201	\$ 4,465,565
Actual contributions***	5,718,243	5,271,176	5,124,159	4,847,826	4,771,778	4,629,201	4,465,565
Contributions deficiency (excess)	-	-	-	-	-	-	-
District's covered employee payroll	\$ 218,102,991	\$ 200,795,566	\$ 185,032,712	\$ 172,319,143	\$ 167,098,184	\$ 156,063,712	\$ 154,055,166
Contributions as a percentage of covered employee payroll	2.62%	2.63%	2.77%	2.81%	2.86%	2.97%	2.90%

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

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

***Due to a change in accounting principle implemented by ERS in FY19, District employer contributions transferred into the SRHP plan for postemployment benefits were \$3,786,834, as reported in Footnote 19.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Required Supplementary Information Net OPEB Liability For the Year Ended August 31, 2024

Changes since Prior Actuarial Valuation

The following changes to actuarial assumptions and other inputs affected the measurement of the amounts reported in the RSI schedules related to OPEB:

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

Changes to Benefit Terms

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2024, are provided for in the FY2024 Assumed Per Capita Health Benefit Costs.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

August 27, 2025

Norton Rose Fulbright US LLP
Frost Tower
111 West Houston Street, Suite 1800
San Antonio, Texas 78205-3792
United States

Tel +1 210 224 5575
Fax +1 210 270 7205
nortonrosefulbright.com

DRAFT

IN REGARD to the authorization and issuance of the “Alamo Community College District Limited Tax and Refunding Bonds, Series 2025” (the *Bonds*), dated August 15, 2025, in the aggregate principal amount of \$_____, we have reviewed the legality and validity of the issuance thereof by the Alamo Community College District (the *Issuer*). The Bonds are issuable in fully registered form only, in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), and have Stated Maturities of August 15 in each of the years 20__ through 20__, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Bonds. Interest on the Bonds accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the resolution (the *Resolution*) authorizing the issuance of the Bonds. Capitalized terms used herein without definition shall have the applicable meaning ascribed thereto in the Resolution.

WE HAVE SERVED AS BOND COUNSEL for the Issuer solely to pass upon the legality and validity of the issuance of the Bonds under the laws of the State of Texas, the defeasance and discharge of the Issuer’s obligations being refunded by the Bonds, and with respect to the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Bonds. Our role in connection with the Issuer’s Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the Issuer in connection with the issuance of the Bonds, including the Resolution and the Escrow Deposit Letter (the *Escrow Agreement*) between the Issuer and BOKF, NA, Dallas, Texas (the *Escrow Agent*), and a Verification Report of Public Finance Partners LLC concerning the sufficiency of the cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement; (2) customary certifications and opinions of officials of the Issuer; (3) certificates executed by officers of the Issuer relating to the expected use and investment of proceeds of the Bonds and certain other funds of the Issuer, and to certain other facts solely within the knowledge and control of the Issuer; and (4) such other documentation, including an

Legal Opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, in connection with the authorization and issuance of “ALAMO COMMUNITY COLLEGE DISTRICT LIMITED TAX AND REFUNDING BONDS, SERIES 2025”

examination of the Bond executed and delivered initially by the Issuer, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Escrow Agreement has been duly authorized, executed, and delivered by the Issuer and, assuming due authorization, execution, and delivery thereof by the Escrow Agent, is a valid and binding obligation, enforceable in accordance with its terms (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), and that the outstanding obligations refunded, discharged, paid, and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in trust with the Escrow Agent, pursuant to the Escrow Agreement, the District resolutions authorizing their respective issuance, and in accordance with the provisions of Chapter 1207, as amended, Texas Government Code. In rendering this opinion, we have relied upon the Certificate of Sufficiency by the Financial Advisor concerning the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Bonds are valid and legally binding obligations of the District 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. The Bonds are payable from the proceeds of an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the District.

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that, assuming continuing compliance after the date hereof by the Issuer with the provisions of the Resolution and in reliance upon Verification Report of Public Finance Partners LLC concerning the sufficiency of the cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement and upon the representations and certifications of the Issuer made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds under existing statutes, regulations, published rulings, and court decisions (1) interest on the Bonds will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code, and (2) interest on the Bonds will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

Legal Opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, in connection with the authorization and issuance of “ALAMO COMMUNITY COLLEGE DISTRICT LIMITED TAX AND REFUNDING BONDS, SERIES 2025”

WE EXPRESS NO OTHER 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 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.

Norton Rose Fulbright US LLP