PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 28, 2026

Ratings: Moody's: "Aa3"
S&P: "AA-"
(See "OTHER INFORMATION – Ratings")

NEW ISSUE – Book-Entry-Only

In the opinion of Orrick, Herrington & Sutcliffe LLP, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds (see "TAX MATTERS" herein).

$248,135,000*
COLLEGE OF THE MAINLAND
(A political subdivision of the State of Texas located in Galveston County, Texas)
LIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2026

Dated Date: October 1, 2026 **Due: August 15, as shown on inside cover page**
Interest to Accrue from Date of Delivery

PAYMENT TERMS . . . Interest on the $248,135,000* College of the Mainland Limited Tax General Obligation and Refunding Bonds, Series 2026 (the "Bonds") will accrue from their date of initial delivery to the Underwriters (defined below), will be payable on February 15 and August 15 of each year commencing February 15, 2027, 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 principal 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 Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (see "THE BONDS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the authority conferred by and in conformity with the Constitution and laws of the State of Texas, particularly Section 130.122, Texas Education Code, as amended, and Chapters 1207 and 1371, Texas Government Code, as amended (collectively, the "Act"), an election held in and for the College of the Mainland (the "College") on May 6, 2023; and an order authorizing the Bonds delegated to a pricing officer of the College authority to complete the sale of the Bonds adopted by the Board of Trustees (the "Board") of the College on July 27, 2026 (the "Order") (see "THE BONDS – Authority for Issuance" and "THE BONDS – Security and Source of Payment and Tax Rate Limitation").

SECURITY . . . The Bonds are direct obligations of the College, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located in the College.

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purposes of (i) the construction, renovation, acquisition and equipment of school buildings for the College and the purchase of the necessary sites for school buildings, (ii) refunding all or a portion of the outstanding limited tax notes (the "Refunded Notes"), and (iii) paying the cost of issuing the Bonds, all pursuant to the Constitution and laws of the State of Texas including Chapters 1207 and 1371, Texas Government Code, Section 130.122, Texas Education Code, and the Order (see "THE BONDS – Purpose" and "THE BONDS – Use of Proceeds").

See Principal Amounts, Maturities, Interest Rates, and Prices on the Inside Cover Page

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LEGALITY. . . The Bonds are offered for delivery when, as, and if issued and received by the underwriters listed below (the "Underwriters") and subject to the approving opinions of the Attorney General of Texas and the opinion of Orrick, Herrington & Sutcliffe LLP, Houston, Texas ("Bond Counsel") (see "APPENDIX B – Form of Legal Opinion of Bond Counsel"). Certain legal matters will be passed upon for the Underwriters by Jackson Walker LLP, Houston, Texas, as Counsel to the Underwriters.

DELIVERY. . . It is expected that the Bonds will be available for delivery through DTC on or about October 28, 2026 (the "Date of Delivery").

J.P. Morgan

Frost Bank **HilltopSecurities** **Raymond James**

TRB Securities, LLC **Wells Fargo Securities**

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* Preliminary, subject to change.

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND PRICES

$248, 135,000* LIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2026

Principal Amount	Maturity (August 15)[(a)]	Interest Rate	Initial Yield[(b)]	CUSIP No. (19427P)[(c)]
	2027			
	2028			
	2029			
	2030			
	2031			
	2032			
	2033			
	2034			
	2035			
	2036			
	2037			
	2038			
	2039			
	2040			
	2041			
	2042			
	2043			
	2044			
	2045			
	2046			
	2047			
	2048			
	2049			
	2050			
	2051			
	2052			
	2053			
	2054			
	2055			
	2056			

(Interest accrues from the date of delivery)

____

* Preliminary, subject to change.

(a) The Bonds maturing on and after August 15, 20__, are subject to optional redemption, in whole or in part, on August 15, 20__, or any date thereafter, at a price equal to the par value thereof, plus accrued interest from the most recent interest payment date to the date of redemption (see "THE BONDS – Redemption – *Optional Redemption*"). If two or more serial bonds of consecutive maturity are combined into one or more "term" Bonds (the "Term Bonds"), such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order (see "THE BONDS – Redemption").

(b) The initial yields and prices are established by, and are the sole responsibility of, the Underwriters and may subsequently be changed. The initial yields shown above represent the lower of the yields resulting when priced to maturity or the first optional redemption date.

(c) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. None of the College, the Municipal Advisor (hereinafter defined), nor the Underwriters is responsible for the selection or correctness of the CUSIP numbers set forth herein.

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the College with respect to the Bonds that has been deemed "final" by the College as of its date except for the omission of no more than the information permitted by the Rule.

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "final official statement" of the College with respect to the Bonds, as such term is defined in the Rule.

No dealer, broker, salesman or other person has been authorized by the College, the Municipal 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 College, the Municipal 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 College 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 Municipal 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 College 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 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.

NEITHER THE COLLEGE, THE MUNICIPAL ADVISOR, OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK ENTRY ONLY SYSTEM.

The agreements of the College 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.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. SEE "OTHER INFORMATION – FORWARD-LOOKING STATEMENTS" HEREIN.

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.

References to website 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 offering document.

TABLE OF CONTENTS

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 College .... The College of the Mainland (the "College") is a political subdivision of the State of Texas located in Galveston County, Texas. The College's main campus consists of 19 buildings on nearly 115 acres in Texas City, Texas. The College also operates seven programs in two leased facilities, COM League City and COM City Centre, totaling more than 12 acres.

The Bonds .... The College is issuing its $248,135,000* Limited Tax General Obligation and Refunding Bonds, Series 2026 (the "Bonds"). The Bonds are issued as serial Bonds maturing on August 15 in each of the years 20__ through 20__ (see "THE BONDS – Description of the Bonds").

Payment of Interest .... Interest on the Bonds accrues from the date of initial delivery to the underwriters listed on the cover page hereof (the "Underwriters") and is payable initially on February 15, 2027, and each August 15 and February 15 thereafter until stated maturity or prior redemption (see "THE BONDS – Description of the Bonds").

Authority for Issuance .... The Bonds are being issued pursuant to the authority conferred by and in conformity with the Constitution and laws of the State of Texas, particularly Section 130.122, Texas Education Code, as amended, and Chapters 1207 and 1371, Texas Government Code, as amended (collectively, the "Act"), an election held in and for the College on May 6, 2023; and an order authorizing the Bonds delegated to a pricing officer of the College authority to complete the sale of the Bonds adopted by the Board of Trustees (the "Board") of the College on July 27, 2026 (the "Order") (see "THE BONDS – Authority for Issuance" and "– Security and Source of Payment and Tax Rate Limitation").

Security for the Bonds .... The Bonds are direct obligations of the College, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located in the College (see "THE BONDS – Security and Source of Payment and Tax Rate Limitation").

Redemption .... The College reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 20__, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 20__, 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 specified in the Order, which provisions will be disclosed in the final Official Statement (see "THE BONDS – Redemption").

* Preliminary, subject to change.

Ratings	The Bonds have been assigned a rating of "AA-" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC and a rating of "Aa3" by Moody's Ratings ("Moody's"). An explanation of the significance of such ratings may be obtained from the respective company providing the rating (see "OTHER INFORMATION – Ratings").
Use of Proceeds	Proceeds from the sale of the Bonds will be used for the purposes of (i) the construction, renovation, acquisition and equipment of school buildings for the College and the purchase of the necessary sites for school buildings, (ii) refunding all or a portion of the outstanding limited tax notes (the "Refunded Notes"), and (iii) paying the cost of issuing the Bonds (see "THE BONDS – Purpose" and "THE BONDS – Use of Proceeds").
The Refunded Notes	The College will deposit certain proceeds of the sale of the Bonds, together with other lawfully available funds of the College, if any, with Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas as the paying agent (the "Paying Agent"), in the amount necessary, together with investment earnings, if any, to accomplish the discharge and final payment of the Refunded Notes (see "THE BONDS – The Refunded Notes").
Tax Exemption	In the opinion of Orrick, Herrington & Sutcliffe LLP, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. . Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds (see "TAX MATTERS").
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 principal 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 Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, the initial paying agent/registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System").
Payment Record	The College has never defaulted in payment of its tax supported debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 8/31	Net Taxable Assessed Valuation[a]	Tax Levy[b] [c]	% Current Collections	% Current and Delinquent Collections
2022	$17,292,194,526	$36,578,684	98.0%	98.0%
2023	18,819,812,163	42,903,967	97.9%	98.0%
2024	20,226,678,846	47,723,184	97.7%	98.0%
2025	21,455,992,202	49,869,871	97.9%	99.3%
2026	21,696,429,109	56,600,907 [d]	In Process of Collection	

(a) Source: Galveston Central Appraisal District
(b) Source: Audited Financial Statements 2021-2025
(c) Based on taxable value as of January 1
(d) Unaudited estimate

REVENUES, EXPENSES AND CHANGES IN NET POSITION CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended August 31				
	2025	**2024**	**2023**	**2022**	**2021**
Operating Revenues	$16,847,025	$14,612,072	$15,219,684	$18,207,979	$15,892,398
Operating Expenses	(73,210,366)	(64,648,754)	(59,570,022)	(55,090,119)	(50,763,661)
Non-Operating Revenues/Expenses	65,556,211	62,751,802	54,012,625	44,011,091	37,548,607
Increase in Net Position	9,192,870	12,715,120	9,662,287	7,128,951	2,677,344
Net Position, Beginning	4,367,098	(8,348,022)	(18,010,309)	(25,139,260)	(27,816,604)
Net Position, Ending	$13,559,968	$4,367,098	($8,348,022)	($18,010,309)	($25,139,260)

Source: Audited Financial Statements 2021-2025

For additional information regarding the College, please contact:

Dr. Belinda Aaron
Interim Vice President of Fiscal Affairs
College of the Mainland
1200 Amburn Road
Texas City, Texas 77591
(409) 933-8151
baaron@com.edu

Clarence Grier
Managing Director
RBC Capital Markets, LLC
609 Main Street, Suite 3600
Houston, Texas 77002
(713) 853-0823
clarence.grier@rbccm.com

COLLEGE OFFICIALS, STAFF AND CONSULTANTS

Elected Officials

Board of Trustees	Length of Service	Term Expires (May 31)	Occupation
Melissa Skipworth, Board Chair, Position 5	9 Years	2029	Tax Resource Manager
Kyle Dickson, Vice Chair, Position 3	11 Years	2027	Attorney
Dr. Kimberly Dodson, Secretary, Position 4	1 Year	2031	Professor
Wilma Clark Green, Position 1	1 Year	2031	Retired Educator
Patti Hanssard, Position 2	1 Year	2027	Real Estate Agent
Dr. William McGarvey, Position 6	7 Years	2031	Business Owner
Donald Gartman, Position 7	9 Years	2029	Retired Utility Executive

Selected Administrative Staff

Name	Position
Dr. Helen Brewer	President
Dr. Belinda Aaron	Interim Vice President of Fiscal Affairs (1)
Dr. Heather Rhodes	Vice President for Academic Affairs
Michael McGee	Vice President for Administrative Services
Dianne Burkett	Vice President for Strategic Initiatives
Michelle Brezina	Vice President for Student Affairs & Enrollment Management
Tige Cornelius	Executive Director for COM Foundation & Institutional Advancement
Freda Davis	Controller

(1) The College is conducting a national search for a Vice President of Fiscal Affairs.

Consultants and Advisors

Bond Counsel .... Orrick, Herrington & Sutcliffe LLP
Houston, Texas

Certified Public Accountants .... Whitley Penn LLP
Houston, Texas

Municipal Advisor .... RBC Capital Markets, LLC
Houston, Texas

OFFICIAL STATEMENT

RELATING TO

$248,135,000*
COLLEGE OF THE MAINLAND
(A political subdivision of the State of Texas located in Galveston County, Texas)
LIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2026

INTRODUCTION

This Official Statement, which includes Appendices A, B, and C hereto, provides certain information regarding the issuance of $248,135,000* College of the Mainland Limited Tax General Obligation and Refunding Bonds, Series 2026 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order (defined herein), except as otherwise indicated herein.

The College of the Mainland (the "College") is located in Galveston County, Texas (the "County"). The College 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 College's residents.

There follows in this Official Statement descriptions of the Bonds, the Order, and security for the Bonds, and certain information about the College 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 College or the Municipal Advisor upon request via 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 College's undertaking to provide certain information on a continuing basis).

THE BONDS

Description of the Bonds

The Bonds are dated October 1, 2026, and mature on August 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds accrues from the date of initial delivery of the Bonds to the underwriters listed on the cover page hereof (the "Underwriters"), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15, commencing February 15, 2027. 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").

Authority for Issuance

The Bonds are being issued pursuant to the authority conferred by and in conformity with the Constitution and laws of the State of Texas, particularly Section 130.122, Texas Education Code, as amended, and Chapters 1207 and 1371, Texas Government Code, as amended (collectively, the "Act"), an election held in and for the College on May 6, 2023; and an order authorizing the Bonds delegated to a pricing officer of the College authority to complete the sale of the Bonds adopted by the Board of Trustees (the "Board") of the College of the Mainland (the "College") on July 27, 2026 (the "Order") (see "THE BONDS – Authority for Issuance" and "– Security and Source of Payment and Tax Rate Limitation").

Purpose

Proceeds from the sale of the Bonds will be used for the purposes of (i) the construction, renovation, acquisition and equipment of school buildings for the College and the purchase of the necessary sites for school buildings, (ii) refunding all or a portion

* Preliminary, subject to change.

of the outstanding limited tax notes (the "Refunded Notes"), and (iii) paying the cost of issuing the Bonds, all pursuant to the Constitution and laws of the State of Texas including Chapters 1207 and 1371, Texas Government Code, Section 130.122, Texas Education Code, and the Order (see "THE BONDS – Use of Proceeds").

Refunded Notes

The Order provides that the College will deposit certain proceeds of the sale of the Bonds, together with other lawfully available funds of the College, if any, directly with Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Refunded Notes Paying Agent") in an amount sufficient to provide for the payment or redemption of the Refunded Notes. Such funds will be held by the Paying Agent irrevocably pledged to the payment of the principal of and interest on the Refunded Notes. Prior to the issuance of the Bonds, the College will give irrevocable instructions to give appropriate notice to the owners of the Refunded Notes that the Refunded Notes will be redeemed prior to stated maturity on the redemption date set forth on Schedule I attached hereto, on which date money will be made available to redeem the Refunded Notes from funds held by the Paying Agent.

By the deposit of the certain proceeds of the sale of the Bonds, together with other lawfully available funds of the College, if any, shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Notes. Upon the issuance of the Bonds herein authorized and the deposit of funds referred to above, the Refunded Notes shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the orders authorizing the issuance of the Refunded Notes shall be, with respect to the Refunded Notes, discharged, terminated and defeased.

The Refunded Notes were issued under the College's Limited Tax Revolving Note Program (the "Note Program"). In June 2023, the College approved an order establishing the Note Program and authorized the issuance of program obligations, from time to time, in an aggregate principal amount not to exceed $100,000,000 outstanding at any one time. In December 2025, the College executed a Note Purchase Agreement which extended the commitment expiration date and increased the aggregate principal amount not to exceed $250,000,000 outstanding at any one time. The Refunded Notes bear interest at a rate based on Daily SOFR (Secured Overnight Financing Rate). As of August 31, 2025, the College had $75,000,000 outstanding under the Note Program. Subsequent to August 31, 2025, the College issued additional notes under the Note Program, bringing the total outstanding to $175,000,000 as reflected in Schedule I hereto. The Note Program was established to provide interim financing for capital projects authorized at the May 6, 2023 bond election pending the issuance of the Bonds. Upon issuance of the Bonds, the Refunded Notes will be redeemed, and the Note Program will be terminated.

Robert Thomas CPA LLC (the "Verification Agent"), a firm of independent certified public accountants, will verify at the time of delivery of the Bonds to the Underwriter that from the proceeds of the sale of the Bonds, together with other lawfully available funds of the College, if any, there shall be deposited with the Refunded Notes Paying Agent the amounts necessary to accomplish the discharge and final payment of the Refunded Notes. The amount so deposited with the Refunded Notes Paying Agent will be in the form of cash, will be held uninvested and will be in an amount sufficient to provide for the payment of the principal of and interest on the Refunded Notes due on the Closing Date. As part of such sufficiency report, the Verification Agent may assume, as needed, a rate not to exceed the maximum rate allowed by Chapter 1204, Texas Government Code, as amended for the interest rate of the Refunded Notes. Such amounts will not be available to pay debt service on the Bonds.

The Verification Agent relied on the accuracy, completeness and reliability of all information provided to it by and on all decisions and approvals of the College. In addition, the Verification Agent has relied on any information provided to it by the College's retained advisors, consultants or legal counsel. The sufficiency report will be relied upon by Bond Counsel in rendering their opinions with respect to the defeasance of the Refunded Notes.

Security and Source of Payment and Tax Rate Limitation

The Bonds are direct obligations of the College, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located in the College. By local referendum held on May 16, 1970, the College is limited to a total tax rate of not to exceed $0.60 per $100 statutory taxable assessed valuation for maintenance and operations and debt service purposes. The College's existing 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 for voter approved Bonds) on ad valorem tax rates for community college districts permitted by Section 130.122, as amended, Texas Education Code. Though the College is permitted by law to hold an election to consider an increase in the maximum ad valorem tax it may levy and collect, it has no current plans to do so. For the fiscal year ending August 31, 2026, the College levied an ad valorem tax for local maintenance and operations purposes at the rate of $0.1394 per $100 of taxable assessed valuation (see "APPENDIX A – Table 4"). The

College currently levies a tax rate of $0.1244 for debt service purposes. The College has covenanted in the Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax within the limitations prescribed by law (including the College's self-imposed combined maximum tax rate of $0.60 per $100 statutory taxable assessed valuation) which, when added to other funds legally available to the College for payment of outstanding maintenance tax debt obligations, is adequate to provide funds to pay the principal of and interest on the Bonds.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the taxes granted by the College under the Order, and such pledge is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the taxes granted by the College under the Order is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the College has agreed in the Order to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

Redemption*

Optional Redemption. The College reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 20__, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. In addition, any Bonds structured as one or more term Bonds (the "Term Bonds") will be subject to mandatory sinking fund redemption at the times and in the amounts specified in the Order, which provisions will be disclosed in the final Official Statement.

Mandatory Redemption. If two or more serial bonds of consecutive maturity are combined into one or more "term" Bonds (the "Term Bonds"), such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order.

Selection of Bonds for Redemption

If less than all of the Bonds are to be redeemed, the College 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 thirty (30) days prior to a redemption date for the Bonds, the College 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 REGISTERED OWNERS, 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 THE BONDS HAVE 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 College, so long as the Book-Entry-Only System is used for the Bonds, will send any notice of redemption (with respect to the Bonds), notice of proposed amendment to the Order or other notices with respect to

* Preliminary, subject to change.

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 College 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 Order and will not be conducted by the College or the Paying Agent/Registrar. Neither the College 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 for redemption. See "THE BONDS – Book-Entry-Only System" herein.

Defeasance

The Order 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, and/or (2) Government Obligations (defined below), certified, in the case of a net defeasance, by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds; provided, however, that no certification by an independent accounting firm of the sufficiency of deposits shall be required in connection with a gross defeasance of Bonds. The College has additionally reserved the right in the Order, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Obligations for the Government Obligations originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the College money in excess of the amount required for such defeasance. The Order 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 College 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 College 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. 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 College has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Order does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the College 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 purposes 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 College to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that, the College's right to redeem Bonds defeased to stated maturity is not extinguished if the College 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 College: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendments

The College may amend the Order 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 College 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 Order; 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 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 College, the Municipal Advisor, and the Underwriters believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

The College 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 security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the College 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).

Redemption proceeds, principal and interest 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 College or the Paying Agent/Registrar of each series, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar of each series, or the College, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the College or Paying Agent/Registrar of each series, 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 College or the respective Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained certificates representing each Stated Maturity of the Bonds are required to be printed and delivered.

The College may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor 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 Order and summarized under "THE BONDS – Transfer, Exchange and Registration" below.

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 Order will be given only to DTC.

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

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 Order 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 College 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 College and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The College may require payment of taxes, governmental charges, and other expenses in connection with such replacement.

Paying Agent/Registrar

The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas. In the Order, the College retains the right to replace the Paying Agent/Registrar. The College 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 College 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 College reserves the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the College, 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 College 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 College 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. Neither the College nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall 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 College. 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

The Order does not provide for the appointment of a trustee to represent the interests of the registered owners upon any failure of the College to perform in accordance with the terms of the Order or upon any other condition and, in the event of any such failure to perform, the registered owners would be responsible for the initiation and cost of any legal action to enforce performance of the Order. Furthermore, the Order does not establish specific events of default with respect to the Bonds and, under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the College to observe any covenant under the Order. A registered owner of Bonds could seek a judgment against the College if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the College and a suit for monetary damages could be vulnerable to the defense of sovereign immunity. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the College to levy, assess, and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due or perform other material terms and covenants contained in the Order. In general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform legally imposed ministerial duties necessary for the performance of a valid contract, and Texas law provides that, following their approval by the Attorney General and issuance, the Bonds are valid and binding obligations for all purposes according to their terms. However, the enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. 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, Texas Government Code, as amended ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the College, permits the College to waive sovereign immunity in the proceedings authorizing its bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds (as further described under the subcaption "THE BONDS – Authority for Issuance"), the College has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas legislature has effectively waived the College's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the College for breach of the Bonds or Order covenants in the absence of College action. Even if a judgment against the College could be obtained, it could not be enforced by direct levy and execution against the College's property. The College is also 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 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 College 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 Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

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Use of Proceeds

The proceeds from the sale of the Bonds, together with additional College funds, if any, will be applied approximately as follows:

Sources of Funds	
Par Amount	$
College Contribution	
[Net] Original Issue Premium	
Total Sources	$
Uses of Funds	
Refunding of Refunded Notes	$
Deposit to Project Fund	
Costs of Issuance[(a)]	
Underwriters' Discount	
Total Uses	$

(a) Includes the fees and expenses of the Municipal Advisor, Bond Counsel, Verification Agent, the Paying Agent/Registrar, the rating agency and other costs related to the issuance of the Bonds.

THE COLLEGE

Description

Established in 1966, the College is celebrating its 60th anniversary in 2026. The College is a Hispanic Serving Institution, a Military Friendly Institution, and a Houston Guided Pathways for Success member. The College is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate and baccalaureate degrees and certificates.

The College taxing district includes most of the mainland portion of the County except for the far northern portion of the County (immediately south of Harris County, Texas). The College's main campus consists of 19 buildings on nearly 115 acres in Texas City, Texas (81.22 acres North of Monticello, 29.36 acres South of Monticello, 4.35 acres new CCC across Amburn). The College also operates seven programs in two leased facilities, COM League City and COM City Centre, totaling more than 12 acres (COM City Centre is 9.08 acres and COM League City is 3.15 acres). The COM City Centre offers programs in Cosmetology, Culinary Arts, and Lifelong Learning programs. The COM League City offers programs in Dual Credit, General Education, and Adult Education (ESL, GED), with periodic use of the Fire Academy. Additionally, the College offers dual credit classes at six (6) local high schools.

Students at the College pursue degrees and certificates in over 40 areas ranging from accounting to welding. The College offers two (2) bachelor's degree programs in Applied Science and Science Nursing, while two (2) of the associate degree programs (Criminal Justice and General Studies), seven (7) of the certificates, and the Bachelor of Science Nursing can be obtained entirely through online studies. The College also offers non-credit programs, such as GED classes, as well as hosts a range of workforce programs designed to help develop marketable skills and provide employers with trained workers. The College has frequently been recognized in the academic community for the opportunities it provides to its students. In 2026, the College opened its new Corporate Training Center which will provide industry-driven training. The College also celebrated its first Surgical Technology graduating cohort in 2026.

Governance

Policy-making and supervisory functions are the responsibility of and are vested in the Board of Trustees (the "Board"). The Board consists of seven members. Positions 1-5 are elected from Single-Member Districts, and Positions 6-7 are At-Large. All board members serve without salary. The Board can call an election of a Trustee or appoint a successor Trustee when a vacancy exists on the Board. Upon election, Trustees are presented with an official Certificate of Election and an appropriate emblem of office during a Board ceremony. College monies cannot be spent on individual campaigns. Trustees are elected to serve terms of six years and can be removed from office only as allowed by law. The Board delegates administrative responsibilities to the President of the College and the staff. Various supporting services are provided by independent consultants and advisors. (see "COLLEGE OFFICIALS, STAFF AND CONSULTANTS – Elected Officials and – Selected Administrative Staff" herein).

Coordinating Board

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

Sources of Funding for the College

The College, like all other Texas community colleges, has historically received its funding from three primary sources of revenue: appropriations from the State, ad valorem tax collections, and student tuition, fees and other charges. Since state appropriations and property taxes are classified as non-operating revenues (per the GASB requirement), all Texas community colleges will display an operating deficit before considering other sources of revenue. Essentially, this operating deficit represents the net cost of services to students that must be covered by state appropriations, local property taxation, and other sources of revenue. Therefore, total revenues and total expenses should be considered in assessing the change in the College's financial position.

State Appropriations. Texas House Bill 8 (HB 8) was signed into law by the governor of Texas in 2023 changing how the State funds community colleges by shifting from a static model to a performance-based model. The new model is based on student outcomes and is intended to align with the State's workforce needs. The law includes the following funding metrics: 1) Credentials of value: Colleges receive financial rewards for students who earn credentials that have value in the workforce. These credentials can include college degrees, certificates, certifications, licenses, or digital badges. 2) High-demand fields: Colleges receive bonus incentives for students who earn credentials in high-demand fields. These fields are identified using labor market data. 3) Successful transfers: Colleges receive funding for students who transfer to four-year public universities after earning at least 15 semester credit hours at a community college. 4) Dual credit: Colleges receive funding for high school students who complete at least 15 hours of college credit through dual credit courses. 5) Student needs: Colleges receive additional funding to support students with specific needs, such as those experiencing economic or academic disadvantage.

HB 8 has several potential impacts on the College, especially regarding funding and strategic planning. Some key points to consider are how the performance-based funding model ties state funding to specific performance metrics. This means that improving these metrics will lead to increased funding, incentivizing the College to enhance student support services and academic programs. HB 8 also emphasizes alignment with workforce needs. Overall, HB 8 represents an opportunity for the College to enhance its funding and programs, but it also necessitates a focused strategy to meet the new performance expectations.

Amounts received from state appropriations, generally, may not be used to pay debt service on bonds (including the Bonds) or any other indebtedness of the College. The availability and levels of State and federal funding for government operations and programs have become increasingly uncertain as a result of financial and political pressures at the State and federal levels of government. State appropriations for operations and employee benefits comprised approximately 14.9% of the College's total revenues for the fiscal year ending August 31, 2025 and approximately 15.4% for fiscal year ending August 31, 2024 (as reported in the College's annual financial statements). Although the College expects enrollment and contact hours to increase slightly over the next two academic years (2025-26 and 2026-27), budgeted state appropriations are expected to decrease by 4% for the 2026-27 academic year.

Ad Valorem Tax Collections. Pursuant to Chapter 130, Texas Education Code, and the 1964 Election and subject to the approval of voters in the College, the College is authorized to levy annual ad valorem taxes to support its operations and the maintenance of its facilities. The maximum annual ad valorem tax rate shall never exceed $0.60 on the $100 valuation of taxable property in the College. In addition, the College is authorized to levy and pledge annual ad valorem taxes sufficient to pay the principal of and interest on voted ad valorem tax-secured bonds (including the Bonds) as the same come due; provided, that the annual bond tax shall never exceed $0.50 on the $100 valuation of taxable property in the College, and the annual bond tax, together with the annual maintenance and operations tax, shall never exceed $0.60 on the $100 valuation of taxable property in the College. At this time, the College has not taken action to increase its maximum bond tax rate or its maximum combined maintenance tax rate and bond tax rate beyond the currently authorized limit of $0.60 per $100 assessed valuation of taxable property in the College.

Student Tuition, Fees and Other Charges. Tuition and fees are collected from all students (except certain small categories of students exempt by law) enrolled at the College. In addition, the College collects revenues from other sources, including bookstore revenues, vending concessions, testing fees, and other miscellaneous revenues. Also, Federal funds are allocated for specific program support or specific student classification such as veterans or handicapped students (see "Table 10 – CHANGE IN NET POSITION" and "APPENDIX C – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDING AUGUST 31, 2025"). Revenues generated from the collection of tuition, fees and other charges are not pledged to secure the payment of debt service on the College's limited tax bonds.

State Tuition Freeze. On November 13, 2024, the Governor sent a letter to all State colleges and universities prohibiting increases to undergraduate tuition and fees for the 2025-2026 and 2026-2027 academic years, extending a tuition freeze signed into law in 2023. The tuition freeze is set to expire at the end of fiscal year 2027; however, the College cannot predict whether such a freeze will be extended beyond that date. While the tuition freeze is in effect, the College may not increase the tuition or fees charged to students. However, the tuition freeze does not limit the College's total revenues. As a result, the total revenues of the College may still increase due to increases in enrollment and other sources of revenue not impacted by the freeze. While the freeze is in place, the College would have to rely on increases in property tax and state appropriation revenues to offset losses in tuition revenues if enrollment were to slow or decline.

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Enrollment History

Unduplicated Headcount

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Credit Students	5,413	5,257	5,424	6,116	6,762	7,160
Dual Credit*	1,760	1,578	1,604	1,933	2,210	2,203
Non-credit Students**	1,643	1,581	626	1,712	1,722	1,754
Total Students Unduplicated	7,029	6,838	6,147	7,837	8,431	8,841

*Dual credit is a subset of Credit Students and includes Collegiate High School.
**Includes non-state-funded; excludes adult basic education and non-courses such as gym memberships and new student orientation.
Sources: Texas Higher Education Coordinating Board CBM001 and institutional data

Full-Time Enrollment (FTE)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Credit Students	6,450	6,376	6,731	7,611	8,332	8,749

Source: Texas Higher Education Coordinating Board CBM001 (FTSE is calculated by dividing total semester credit hours by 12 for fall and spring and dividing total semester credit hours by 4 for the summer sessions).

Total Semester Credit Hours by Tuition Status (includes flex and unfunded)

Tuition Status	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
In-District	51,843	52,070	56,584	63,639	68,535	71,489
Out-of-District	24,751	23,407	23,072	26,026	29,076	30,846
Nonresident	561	547	515	582	787	777
Other	244	485	607	1,084	1,591	1,875

Source: Texas Higher Education Coordinating Board CBM001

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 meets in regular session in odd-numbered years for 140 days. When the Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has called and the Legislature has concluded two special sessions since the conclusion of the 89th Regular Session (such special sessions, together with the 89th Regular Session, are collectively referred to herein as the "2025 Legislative Sessions"). Additional special sessions may be called by the Governor. During such sessions, the Legislature may enact laws that materially change current law as it relates to the College's finances and operations. The College is still in the process of reviewing legislation passed during the 2025 Legislative Sessions. At this time, the College cannot make any representations as to the full impact of such legislation. Further, the College can make no representations or predictions regarding the scope of legislation that may be considered in any future special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the College is the responsibility of the Galveston Central Appraisal District (the "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 (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised (see "APPENDIX A - Table 1" for the reduction in taxable valuation attributable to the 10% Homestead Cap).

Through December 31, 2026, an appraisal district is prohibited from increasing the appraised value of real property during the current tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5.16 million (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office, or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year, (b) the appraised value of the Subjected Property for the preceding tax year, and (c) the market value of all new improvements to the Subjected Property. 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.

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 ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land (see "APPENDIX A - Table 1" for the reduction in taxable valuation attributable to valuation by Productivity Value).

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 College, in establishing their tax rolls and tax rates (see "– College and Taxpayer Remedies").

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, (1) a $25,000 exemption of the market value of all homesteads, (2) a $10,000 exemption of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled, and (3) 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 (see "APPENDIX A – Table 1" for the reduction in taxable valuation attributable to state-mandated homestead exemptions).

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 market 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 (see "APPENDIX A – Table 1" for the reduction in taxable valuation, if any, attributable to local option homestead exemptions). 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 (see "APPENDIX A – Table 1" for the reduction in taxable valuation attributable to the freeze on taxes for the elderly and disabled).

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.

Legislation passed by the State Legislature during the 89th Regular Session and approved by the voters provides 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 Exemption

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 (see "APPENDIX A – Table 1" for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions).

Other Exempt Property

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

Tax Increment Reinvestment Zones

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

Tax Abatement Agreements

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

For a discussion of how the various exemptions described above are applied by the College, see "AD VALOREM PROPERTY TAXATION – College Application of Tax Code" herein. For additional information, see "APPENDIX C - Note 18 of the College's Annual Financial and Compliance Report for the years ended August 31, 2025 and 2024."

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. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code, as amended.

Levy and Collection of Taxes

The College 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 College. 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 College may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

College's Rights in the Event of Tax Delinquencies

Taxes levied by the College 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 College, having power to tax the property. The College'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 College 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 College 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 College 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.

The College's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (its "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (its "debt service tax rate"). Under State law, the assessor for the College must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the College to the governing body of the College by August 1 or as soon as practicable thereafter.

The governing body of the College must annually calculate and prominently post on its internet website, and submit to the College tax assessor-collector its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller. The governing body of the College must adopt a tax rate before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the College, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If the College fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the College for the preceding tax year.

As described below, the Property Tax Code provides that if a college district adopts a tax rate that exceeds the voter-approval tax rate, an election must be held to determine whether or not to reduce the adopted tax rate to the 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 College 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 College may not adopt a tax rate that exceeds the voter-approval tax rate.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the College's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the College's tax-supported debt obligations, including the Bonds.

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.

College and Taxpayer Remedies

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

Owners of certain property (being (i) commercial real and personal property, (ii) real and personal property of utilities, (iii) industrial and manufacturing real and personal property, and (iv) multifamily residential real property) with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $62,883,169 for the 2026 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the College and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "– Public Hearing and Maintenance and Operation Tax Rate Limitations".) The Property Tax Code also establishes a procedure for 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.

College Application of Tax Code

The College has granted a residence homestead of persons 65 years of age or older and disabled in the amount of $24,000. The College has granted a residential homestead exemption for disabled veterans in an amount up to $12,000. The College has granted an Optional Percentage homestead exemption of 20% of the market value of residence homesteads. The College has entered into five tax abatement agreements (see "APPENDIX A – Table 1 – VALUATION AND TAX SUPPORTED DEBT").

The College does tax nonbusiness personal property.

The College does permit split payments.

The College does not permit discounts.

The College does grant the freeport exemption.

The College does not tax goods-in-transit.

Tax Supported Debt Limitation

By local referendum held on May 16, 1970, the College is limited to a total tax rate not to exceed $0.60 per $100 taxable assessed valuation for maintenance and operations and debt service purposes. The College's voter approved 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 of voter approved Bonds) on ad valorem tax rates for community college districts permitted by Section 130.122, as amended, Texas Education Code. Though the College is permitted by law to hold an election to consider an increase in the maximum ad valorem tax it may levy and collect, it has no current plans to do so. The College currently has ad valorem tax debt outstanding as set forth in (see "APPENDIX A – Table 7 – TAX SUPPORTED DEBT SERVICE REQUIREMENTS").

Pension Fund and Other Post-Employment Benefits

The College contributes to the Teacher Retirement System of Texas ("TRS"), a cost-sharing, multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us, under the TRS Publications heading. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) a state statute prohibits benefit improvements or contribution reductions 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. State law provides for a member contribution rate of 8.25% for fiscal years 2025 and 2024 and a state contribution rate of 8.25% for fiscal years 2025 and 2024. In certain instances, the reporting district is required to make all or a portion of the state's 8.25% contribution for fiscal years 2025 and 2024.

In addition, the College also allows participation in an Optional Retirement Program. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The Optional Retirement Program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.6% and 6.65%, respectively. The College contributes 8.5% for employees who were participating in the Optional Retirement Program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the State for the College was $81,484 and $77,035 for the fiscal years ended August 31, 2025 and 2024, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College. The total payroll for all College employees was $29,904,200 and $28,044,293 for the fiscal years ended August 31, 2025 and 2024, respectively. The total payroll of employees covered by the Teacher Retirement System was $22,624,657 and $22,244,919 and the total payroll of employees covered by the Optional Retirement Program was $2,469,225 and $2,334,392 for the fiscal years ended August 31, 2025 and 2024, respectively. Additional information can be found in APPENDIX C - Note 10 of the College's Annual Financial and Compliance Report for the years ended August 31, 2025 and 2024.

Financial Policies

The following description of financial and accounting policies is based on implementation of accounting standards under Governmental Accounting Standards Board ("GASB") Statement No. 34 and No. 35 and is applicable to financial reports for fiscal year 2002 and thereafter (as reflected in APPENDIX A – Table 10 and Table 11).

Implementation of New Accounting Standard. Effective September 1, 2001, the College adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, GASB No. 37, *Basic Financial Statements – and Management's Discussion Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

The College is now classified as a special purpose government with all financial data of the College reflected as one business-type activity. The Statement of Net Position displays the financial position of the College at the end of the fiscal year and the Statement of Revenues, Expenses and Changes in Net Position displays the operation of the College for the year. The financial statements are now prepared using the economic resources measurement focus and the full accrual method of accounting. This change in accounting focus also required the depreciation of capital assets. In addition, a Statement of Cash Flows and a Management's Discussion and Analysis have been added to the basic financial statements.

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 and Junior Colleges*. The College applies all applicable GASB pronouncements and all applicable Financial Accounting Standard Board ("FASB") statements and interpretations issued on or before November 30, 1989 unless they conflict with or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. For financial reporting purposes, the College is considered a special-purpose government engaged in business-type activities.

Tuition Discounting. The College's tuition discounting is classified as follows:

Texas Public Education Grants. Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set-aside, called the Texas Public Education Grant ("TPEG"), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code Section 56.0333). 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 College to pass-through to students. These funds are received by the College and recorded as revenue. When a student uses the award for tuition and fees, the amount is recorded as tuition discount. When the award is used for purposes other than tuition and fees, the amount is recorded as a scholarship expense.

Other Tuition Discounts. The College awards tuition and fee scholarships from institutional funds to students who qualify. When these funds are used for tuition and fees, the awards are recorded as tuition discount. When these awards are used for purposes other than tuition and fees, the amounts are recorded as scholarship expense.

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

Investments. In accordance with GASB 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments are reported at fair value. Fair values are based on published market rates. Short-term investment have an original maturity less than one year at time of purchase. Long-term investments include original maturities greater than one year at the time of purchase. The College intends to hold these investments until maturity.

Investments

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

Legal Investments

Under Texas law, the College is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent, (6) (a) certificates of deposit and share certificates issued by a depository institution that has its main office or branch office in the State of Texas, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, or are secured as to principal by obligations described in clauses (1) through (5) and clause (13) or in any other manner and amount provided by law for College deposits, and in addition (b) the College is authorized, subject to certain conditions, to invest in certificates of deposit with a depository institution that has its main office or branch office in the State of Texas and that participates in the Certificate of Deposit Account Registry Service® network (CDARS®) and as further provided by Texas law, (7) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (8) bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (9) commercial paper that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (10) no-load money market mutual funds regulated by the United States Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, (11) no-load mutual funds registered with the United States Securities and Exchange Commission that: have an average weighted maturity of less than two years; invests exclusively in obligations described in the preceding clauses; and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent, (12) bonds issued, assumed, or guaranteed by the State of Israel, and (13) guaranteed investment contracts secured by obligations of the United States of America or its agencies and instrumentalities, other than the prohibited obligations described in the next succeeding paragraph.

Entities such as the College may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (5) and clause (13) above, (b) pledged irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (5) and clause (13) above, clause (9) above and clauses (10) and (11) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to such investing entity or a third party designated by such investing entity; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

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

Under Texas law, the College may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the College retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the College must do so by order, ordinance or resolution.

Investment Policies

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

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

Additional Provisions

Under Texas law, the College is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the College to: (a) receive and review the College's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the College and the business organization that are not authorized by the College's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the College's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the College and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the College's investment policy; (6) provide specific investment training for the Investment Officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the College's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the College.

No funds of the College 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 College by reference to published quotations, dealer bids, and comparable information) was approximately 100% of book value.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bonds, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The College has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future federal or state legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the College or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The College has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the College or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Bonds is difficult, obtaining an independent review of IRS positions with which the College legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the College or the Beneficial Owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. Holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the College has made the following agreement for the benefit of the beneficial owners of the Bonds. The College is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the College 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.

Annual Reports

The College 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 College of the general type included in this Official Statement in APPENDIX A (Tables 1 through 5 and 7 through 12) and APPENDIX C. The College will update and provide this information within six months after the end of each fiscal year.

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 College commissions an audit and the audit is completed by the required time. If audited financial statements are not provided with annual information, the College 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 A or such other accounting principles as the College may be required to employ from time to time pursuant to State law or regulation.

The College'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 College changes its fiscal year. If the College changes its fiscal year, it will file notice of the change with the MSRB.

Notice of Certain Events

The College 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 federal income 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 College, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the College 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 College or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the College or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the College or obligated person, any of which reflect financial difficulties. Neither the Bonds nor the Order make any provision for debt service reserves, credit enhancement or liquidity enhancement for the Bonds. In addition, the College will provide timely notice of any failure by the College to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports". The College 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 College 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 College, 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 College, and (b) the College intends the words used in the immediately preceding clauses (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

Availability of Information

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

Limitations and Amendments

The College has agreed to update information and to provide notices of specified events only as described above. The College 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 College 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 College 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 College to comply with its agreement.

The College 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 College, 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 College (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered owners of the Bonds. The College 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 College 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 College has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule.

OTHER INFORMATION

Oil & Gas Industry

The College is located in Galveston County near major petrochemical refining and manufacturing operations along the Texas Gulf Coast. In the past, the greater Houston-Galveston area has been affected by adverse conditions in the oil and gas and petrochemical industries. Declines in oil prices in the United States and globally may lead to adverse conditions in these industries. Such adverse conditions may result in reduced revenues, declines in capital and operating expenditures, business failures, and the layoff of workers within the oil and gas and petrochemical sectors. Adverse conditions in these industries and spillover effects into other industries could adversely impact demand for residential and commercial property in the College's taxing district, possibly resulting in a reduction in property tax revenue. The Bonds are secured by a limited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds. Reductions in oil and gas revenues may also have an adverse effect on State revenues available during the next biennium, which may impact how the State funds education. Many of the College's technical educational programs prepare students for careers in the petrochemical and industrial sectors; adverse conditions in such industries may negatively affect interest and enrollment in such programs.

Severe Weather Events

The College is less than 20 miles from the Texas Gulf Coast and, as it has in the past, could be impacted by high winds, heavy rains, and flooding caused by hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the College, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the College or an increase in the College's tax rates (see "AD VALOREM PROPERTY TAXATION").

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the College that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the College would be adversely affected. There can be no assurance the College will not sustain damage from weather-related events.

Cybersecurity

Computer networks and data transmission and collection are vital to the operations of the College. Information technology and infrastructure of the College may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the College. To mitigate these risks, the College continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture, including required training for College staff and administration.

Ratings

The Bonds have been assigned a rating of "AA-" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") and "Aa3" by Moody's Ratings ("Moody's"). An explanation of the significance of such ratings may be obtained from the respective company providing the rating. The rating reflects only the view of S&P and Moody's, and the College makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by either S&P or Moody's, if in the judgment of S&P or Moody's, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Neither the Underwriters nor the College have undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of the rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Bonds.

No Litigation Certificate

The College 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 College, would have a material adverse effect on the financial statements or operations of the College. At the time of the initial delivery of the Bonds, the College will provide the Underwriters with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale, or delivery of said Bonds.

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 College assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments 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 College 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 College 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 College, 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 Order 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. The form of legal opinion of Bond Counsel is attached to this Official Statement as Appendix B. Though it represents the Municipal 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 College 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 "THE BONDS" (excluding the information under the subcaptions "Book-Entry-Only System", "Bondholders' Remedies", and "Use of 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", 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 (excluding the caption "TAX MATTERS") 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 Order. 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, Jackson Walker LLP, Houston, 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.

Municipal Advisor

RBC Capital Markets, LLC, is employed as the Municipal Advisor to the College in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. RBC Capital Markets, LLC, in its capacity as Municipal Advisor, is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the College, 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 sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with their 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 Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the College and to persons and entities with relationships with the College, 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 College (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the College.

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.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, N.A. Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the SEC as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), an Underwriter of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided by the College, that are not purely historical, are forward-looking statements, including statements regarding the College'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 College on the date hereof, and the College assumes no obligation to update any such forward-looking statements. The College'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 College. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Miscellaneous

The financial data and other information contained herein have been obtained from the College'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 Order authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriters.

SCHEDULE I

SCHEDULE OF THE REFUNDED NOTES*

Note No.	Issue Date	Principal Amount ($)	Interest Rate Mode	Date of Redemption	Redemption Price
R-7	09/03/2026	$100,000,000	Daily SOFR	10/28/2026	100%
R-6	07/20/2026	25,000,000	Daily SOFR	10/28/2026	100%
R-5	07/16/2026	25,000,000	Daily SOFR	10/28/2026	100%
R-4	07/09/2026	25,000,000	Daily SOFR	10/28/2026	100%
		$175,000,000			

*Preliminary, subject to change.

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APPENDIX A

FINANCIAL INFORMATION REGARDING THE COLLEGE OF THE MAINLAND

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TABLE 1 - VALUATION AND TAX SUPPORTED DEBT

2026/27 Total Market Value (Excludes Fully Exempt Property)			**$ 30,868,012,493**
Less Exemptions/Reductions:			
	General Homestead	$ 2,251,838,752	
	Over 65 or Disabled	404,285,215	
	Surviving Spouse	25,801,321	
	Veterans	495,116,241	
	Community Housing Development	17,875,000	
	Exempt	2,213,437,270	
	Exempt Prorations	496,911	
	Pollution Control (EPA)	480,809,395	
	Charitable Functions	5,139,348	
	Freeport	69,001,371	
	Solar	5,527,220	
	Abatement	591,408,997	
	Unemployment	288,980	
	Productivity Loss	840,449,298	
	Homestead Cap	1,567,350,008	
	Exempt - Single Situs	177,831,680	
	Exempt - Multiple Situs	24,926,377	
	Total Exemptions		9,171,583,384
2026/27 Taxable Assessed Valuation			**$ 21,696,429,109**

Debt Payable from Ad Valorem Taxes:		
	Outstanding Ad Valorem Tax Supported Debt (as of September 15, 2026)	$ 138,635,000
	Plus: The Bonds*	248,135,000
	Less: Interest & Sinking Fund Balance (as of June 30, 2026)	6,081,950
Total Net Debt Payable from Ad Valorem Taxes		**$ 380,688,050**

Ratio Net Funded Debt to Taxable Assessed Valuation 1.755%

2026 Estimated Population	143,000
Estimated Per Capita Taxable Assessed Valuation	$151,723
Estimated Per Capita Tax Debt	$2,662

Source: Galveston Central Appraisal District as of certification on July 17, 2026.
*Preliminary, subject to change

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Tax Year 2026		Tax Year 2025		Tax Year 2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 16,462,644,410	53.3%	$ 16,361,270,978	54.5%	$ 15,644,113,343	54.0%
Real, Residential, Multi-Family	816,110,501	2.6%	859,165,491	2.9%	929,805,973	3.2%
Real, Vacant Platted Lots/Tracts	957,803,635	3.1%	866,205,588	2.9%	797,926,207	2.8%
Real, Acreage (Land Only)	847,740,487	2.7%	777,675,867	2.6%	701,011,152	2.4%
Real, Farm And Ranch Improvement	787,004,600	2.5%	718,402,141	2.4%	628,707,207	2.2%
Real, Commercial And Industrial	5,711,221,058	18.5%	5,467,274,000	18.2%	5,536,271,141	19.1%
Real, Oil, Gas, And Other Mineral Reserves	20,800,403	0.1%	17,684,166	0.1%	12,874,899	0.0%
Real & Intangible Personal, Utilities	676,984,600	2.2%	637,949,944	2.1%	619,651,930	2.1%
Tangible Personal, Business	2,103,672,501	6.8%	2,054,683,400	6.8%	1,759,761,415	6.1%
Tangible Personal, Other	104,790,581	0.3%	108,135,019	0.4%	83,608,778	0.3%
Real, Inventory	84,294,698	0.3%	163,620,610	0.5%	55,120,873	0.2%
Special Inventory	57,996,490	0.2%	47,960,520	0.2%	49,575,290	0.2%
Exempt	2,236,948,529	7.2%	1,944,614,951	6.5%	2,129,065,190	7.4%
Total Appraised Value	$ 30,868,012,493	100.0%	$ 30,024,642,675	100.0%	$ 28,947,493,398	100.0%
Less: Exemptions/Reductions	(9,171,583,384)		(8,568,650,473)		(8,720,814,552)	
Net Taxable Assessed Value	$ 21,696,429,109		$ 21,455,992,202		$ 20,226,678,846	

	Tax Year 2023		Tax Year 2022		Tax Year 2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 14,592,754,193	55.3%	$ 12,608,899,079	53.9%	$ 11,022,449,964	54.6%
Real, Residential, Multi-Family	935,649,084	3.5%	927,390,756	4.0%	697,630,315	3.5%
Real, Vacant Platted Lots/Tracts	506,132,290	1.9%	431,086,331	1.8%	433,442,527	2.1%
Real, Acreage (Land Only)	527,844,321	2.0%	357,344,704	1.5%	349,537,573	1.7%
Real, Farm And Ranch Improvement	459,684,640	1.7%	387,450,496	1.7%	321,428,437	1.6%
Real, Commercial And Industrial	4,459,510,916	16.9%	4,560,996,007	19.5%	3,851,948,445	19.1%
Real, Oil, Gas, And Other Mineral Reserves	11,280,340	0.0%	11,755,187	0.1%	6,305,532	0.0%
Real & Intangible Personal, Utilities	592,790,500	2.2%	524,455,466	2.2%	458,776,889	2.3%
Tangible Personal, Business	1,712,536,870	6.5%	1,890,040,061	8.1%	1,367,735,268	6.8%
Tangible Personal, Other	59,696,236	0.2%	53,166,824	0.2%	63,466,069	0.3%
Real, Inventory	75,877,556	0.3%	19,489,920	0.1%	17,682,100	0.1%
Special Inventory	46,895,540	0.2%	47,141,200	0.2%	46,221,580	0.2%
Exempt	2,389,317,460	9.1%	1,581,219,289	6.8%	1,536,884,103	7.6%
Total Appraised Value	$ 26,369,969,946	100.0%	$ 23,400,435,320	100.0%	$ 20,173,508,802	100.0%
Less: Exemptions/Reductions	(7,550,157,783)		(6,108,240,794)		(5,302,445,101)	
Net Taxable Assessed Value	$ 18,819,812,163		$ 17,292,194,526		$ 14,871,063,701	

Source: The College and Galveston Central Appraisal District.

TABLE 3 – VALUATION AND TAX SUPPORTED DEBT HISTORY

Tax Year	Fiscal Year Ended 8/31	Net Taxable Assessed Valuation	Change From Prior Year Amount	Change From Prior Year Percent	Tax Supported Debt Outstanding* at FYE	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Estimated Population	Per Capita Taxable Assessed Valuation	Tax Supported Debt Per Capita
2022	2023	$17,292,194,526	$2,421,130,825	16.281%	$160,240,000	0.927%	142,879	$121,027	$1,122
2023	2024	18,819,812,163	1,527,617,637	8.834%	150,260,000	0.798%	142,879	131,719	1,052
2024	2025	20,226,678,846	1,406,866,683	7.475%	146,565,000	0.725%	142,879	141,565	1,026
2025	2026	21,455,992,202	1,229,313,356	6.078%	138,635,000	0.646%	142,879	150,169	970
2026	2027	21,696,429,109	240,436,907	1.121%	380,688,050	1.755%	143,000	151,723	2,662

Source: The College and Galveston Central Appraisal District.
*Includes the Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Tax Year	Fiscal Year Ended 8/31	Tax Rate	Distribution Local Maintenance	Interest & Sinking Fund	Tax Levy[a][b]	Current Collections	Total Collections
2020	2021	0.24196	0.18677	0.05519	$24,017,007	98.3%	99.2%
2021	2022	0.26770	0.16530	0.10240	36,578,684	98.0%	98.0%
2022	2023	0.26762	0.15142	0.11620	42,903,967	97.9%	98.0%
2023	2024	0.26850	0.14410	0.12440	47,723,184	97.7%	98.0%
2024	2025	0.26710	0.14270	0.12440	49,869,871	97.9%	99.3%
2025	2026	0.26380	0.13940	0.12440	56,600,907 [c]	In Process of Collections	

(a) Excludes penalty and interest.
(b) Based on taxable value as of January 1.
(c) Unaudited estimate.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2026/27 Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
Blanchard Refining Co. LLC	Oil & Gas Refinery	$ 1,458,421,500	6.7%
Valero Refining - Texas LP	Oil & Gas Refinery	377,795,110	1.7%
Texas-New Mexico Power Co.	Electric Utility/Power Plant	261,513,620	1.2%
Union Carbide Corp.	Chemical Plant	166,569,740	0.8%
Vertus Energy Storage LLC	Renewable Energy	139,828,870	0.6%
Linde Inc.	Industrial Manufacturing	134,127,810	0.6%
CenterPoint Energy Houston	Electric Utility/Power Plant	118,669,060	0.5%
Wizard Energy Storage LLC	Industrial Manufacturing	100,111,990	0.5%
Evelyn Energy Storage LLC	Renewable Energy	99,895,010	0.5%
Ineos US Chemicals Company	Chemical Plant	82,773,810	0.4%
Total Top 10 Taxpayers		$ 2,939,706,520	13.5%
Total Taxable Assessed Valuation		$ 21,696,429,109	

Source: Galveston Central Appraisal District as of certification on July 17, 2026.

(a) For tax year 2026, approximately 13.5% of the College's taxable assessed valuation is concentrated in the top ten taxpayers. Adverse developments impacting the top ten taxpayers or the energy section could adversely impact taxable assessed valuation in the College, resulting in a decrease in tax revenues available to the College requiring an increase in tax rates to maintain current revenue levels. If any major taxpayer, or a combination of top taxpayers, were to default in the payment of taxes, the ability of the College to make timely payment of debt service on the Bonds may be dependent on its ability to enforce and liquidate its tax lien, which is a time consuming process that may only occur annually.

TABLE 6 - ESTIMATED OVERLAPPING DEBT

Political Subdivision	Outstanding Tax Supported Debt	As of	Estimated % Overlapping	Amount Overlapping
Bacliff MUD	$ 33,310,000	08/31/2026	100.00%	$ 33,310,000
Dickinson ISD	416,310,000	08/31/2026	100.00%	416,310,000
Dickinson, City of	4,645,000	08/31/2026	100.00%	4,645,000
Flamingo Isles MUD	3,355,000	08/31/2026	100.00%	3,355,000
Galveston Co	126,960,000	08/31/2026	36.94%	46,899,024
Galveston FWSD # 6	14,610,000	08/31/2026	100.00%	14,610,000
Galveston Co MUD # 12	3,970,000	08/31/2026	100.00%	3,970,000
Galveston Co MUD # 31	20,830,000	08/31/2026	100.00%	20,830,000
Galveston Co MUD # 32	19,685,000	08/31/2026	100.00%	19,685,000
Galveston Co MUD # 43	22,380,000	08/31/2026	31.07%	6,953,466
Galveston Co MUD # 44	25,960,000	08/31/2026	100.00%	25,960,000
Galveston Co MUD # 45	47,240,000	08/31/2026	0.69%	325,956
Galveston Co MUD # 52	5,425,000	08/31/2026	100.00%	5,425,000
Galveston Co MUD # 56	96,570,000	08/31/2026	100.00%	96,570,000
Galveston Co MUD # 59	41,080,000	08/31/2026	100.00%	41,080,000
Galveston Co MUD # 66	18,065,000	08/31/2026	100.00%	18,065,000
Galveston Co MUD # 73	21,905,000	08/31/2026	98.37%	21,547,949
Galveston Co MUD # 79	4,440,000	08/31/2026	100.00%	4,440,000
Galveston WC&ID # 1	35,675,000	08/31/2026	100.00%	35,675,000
Galveston WC&ID # 8	12,145,000	08/31/2026	100.00%	12,145,000
Hitchcock ISD	62,561,228	08/31/2026	100.00%	62,561,228
Hitchcock, City of	26,695,000	08/31/2026	100.00%	26,695,000
La Marque, City of	33,263,451	08/31/2026	100.00%	33,263,451
League City, City of	228,255,000	08/31/2026	17.08%	38,985,954
San Leon MUD	31,555,000	08/31/2026	100.00%	31,555,000
Santa Fe ISD	56,660,000	08/31/2026	100.00%	56,660,000
Santa Fe, City of	2,405,000	08/31/2026	100.00%	2,405,000
Texas City ISD	268,795,000	08/31/2026	100.00%	268,795,000
Texas City, City of	78,015,000	08/31/2026	100.00%	78,015,000

Total Net Overlapping Debt	$ 1,430,737,027
College of the Mainland Ad Valorem Tax Supported Debt[(a)]	380,688,050
Total Direct and Overlapping Tax Supported Debt	**$ 1,811,425,077**
Total Taxable Assessed Valuation	$ 21,696,429,109
Ratio of Direct and Overlapping Debt to Taxable Assessed Valuation	8.35%
Direct and Overlapping Per Capita Debt	12,667

Source: The Municipal Advisory Council of Texas

(a) Includes the Bonds. Preliminary, subject to change.

TABLE 7 - TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Outstanding Debt Principal	Outstanding Debt Interest	Plus: The Bonds[(a)] Principal	Plus: The Bonds[(a)] Interest	Total Debt Service Requirements	Total Principal Retired
2027	$4,260,000	$5,649,700	$2,730,000	$10,876,503	$23,516,203	
2028	4,475,000	5,436,700	765,000	13,506,500	24,183,200	
2029	4,695,000	5,212,950	1,380,000	13,468,250	24,756,200	
2030	4,925,000	4,978,200	1,925,000	13,399,250	25,227,450	
2031	5,145,000	4,757,200	2,385,000	13,303,000	25,590,200	9.40%
2032	5,385,000	4,526,200	2,735,000	13,183,750	25,829,950	
2033	5,585,000	4,324,800	2,875,000	13,047,000	25,831,800	
2034	5,800,000	4,110,050	3,020,000	12,903,250	25,833,300	
2035	6,020,000	3,886,950	3,170,000	12,752,250	25,829,200	
2036	6,250,000	3,655,300	3,335,000	12,593,750	25,834,050	20.70%
2037	6,490,000	3,414,750	3,500,000	12,427,000	25,831,750	
2038	5,745,000	3,164,850	4,680,000	12,243,250	25,833,100	
2039	5,970,000	2,938,850	4,925,000	11,997,550	25,831,400	
2040	6,205,000	2,700,050	5,190,000	11,738,988	25,834,038	
2041	6,450,000	2,451,850	5,465,000	11,466,513	25,833,363	34.68%
2042	6,710,000	2,193,850	5,750,000	11,179,600	25,833,450	
2043	6,980,000	1,925,450	6,050,000	10,877,725	25,833,175	
2044	7,260,000	1,646,250	6,365,000	10,560,100	25,831,350	
2045	7,550,000	1,355,850	6,700,000	10,225,938	25,831,788	
2046	6,680,000	1,044,275	8,235,000	9,874,188	25,833,463	52.15%
2047	6,365,000	778,700	9,245,000	9,441,850	25,830,550	
2048	6,700,000	531,475	9,665,000	8,933,375	25,829,850	
2049	6,990,000	271,350	10,170,000	8,401,800	25,833,150	
2050	-	-	16,615,000	7,842,450	24,457,450	
2051	-	-	17,530,000	6,928,625	24,458,625	73.46%
2052	-	-	18,495,000	5,964,475	24,459,475	
2053	-	-	19,555,000	4,901,013	24,456,013	
2054	-	-	20,680,000	3,776,600	24,456,600	
2055	-	-	21,870,000	2,587,500	24,457,500	
2056	-	-	23,130,000	1,329,975	24,459,975	100.00%
Total	$138,635,000	$70,955,600	$248,135,000	$301,732,015	$759,457,615	

Average Annual Debt Service Requirements….. $25,315,254
Maximum Annual Debt Service Requirements…... $25,834,050

(a) Preliminary, subject to change.

TABLE 8 - AUTHORIZED BUT UNISSUED TAX BONDS

The following table illustrates the bonds authorized, issued, and remaining authorized but unissued.

Date Authorized	Proposition/Purpose	Amount Authorized	Amount Issued to Date	Amount Being Issued [(a)]	Authorized But Unissued
05/06/2023	Prop A - School Building & Security	$250,000,000	$0	$250,000,000	$0

(a) The "Amount Being Issued" includes the Bonds and an allocation of the original issue premium relating hereto being applied toward the amount of authorization. Preliminary, subject to change.

TABLE 9 - OTHER OBLIGATIONS

Currently, the College has no revenue debt outstanding secured by the consolidated revenues of the College. Revenue bonds are not general obligations of the College and are not secured by a pledge of ad valorem taxes of the College.

The College may incur financial obligations including additional maintenance tax notes, ad valorem tax-supported bonds (after an approving election), public property finance contractual obligations, delinquent tax notes, and leases for various purposes payable from state appropriations and surplus maintenance taxes.

TABLE 10 - CHANGE IN NET POSITION

	Fiscal Year Ended August 31				
	2025	2024	2023	2022	2021
ASSETS					
Current Assets					
Cash and cash equivalents	$ 33,935,938	$ 25,596,156	$ 17,182,538	$ 19,764,326	$ 20,147,060
Accounts receivable	5,836,834	4,652,950	5,040,040	5,044,075	3,939,368
Due from others	-	-	-	-	845
Prepaid expenses	2,503,311	2,647,247	1,140,281	1,104,000	793,663
Total Current Assets	**$ 42,276,083**	**$ 32,896,353**	**$ 23,362,859**	**$ 25,912,401**	**$ 24,880,936**
Noncurrent Assets					
Restricted cash and cash equivalents	$ 16,787,271	$ 18,639,767	$ 5,439,983	$ 23,314,538	$ 59,427,757
Loans receivable (net)	26,875	27,197	27,814	28,048	28,984
Capital assets (net)	253,641,105	198,203,964	187,509,577	175,375,708	145,784,901
Total noncurrent assets	**270,455,251**	**216,870,928**	**192,977,374**	**198,718,294**	**205,241,642**
Total Assets	**$ 312,731,334**	**$ 249,767,281**	**$ 216,340,233**	**$ 224,630,695**	**$ 230,122,578**
Deferred outflows of resources					
Deferred outflows related to pensions	$ 2,406,067	$ 4,813,019	$ 4,680,054	$ 3,175,096	$ 4,394,482
Deferred outflows related to OPEB activities	4,076,179	2,435,106	3,766,714	4,635,430	4,859,843
Total deferred outflows of resources	**$ 6,482,246**	**$ 7,248,125**	**$ 8,446,768**	**$ 7,810,526**	**$ 9,254,325**
LIABILITIES					
Current Liabilities					
Accounts payable	$ 10,751,582	$ 1,833,978	$ 2,024,979	$ 5,842,917	$ 9,402,024
Accrued liabilities	1,718,791	1,017,940	1,013,949	960,920	921,645
Compensated absences and severance payable - current	136,028	136,328	126,187	253,346	265,112
Funds held for others	94,732	110,836	183,918	148,240	120,550
Bond anticipation notes payable	75,000,000	25,000,000	-	-	-
Unearned income	5,679,013	5,264,907	4,604,501	4,672,850	4,306,123
Leases payable - current	1,045,063	1,011,557	727,887	818,706	956,648
SBITA payable - current	101,951	576,099	634,357	417,223	-
Bond payable - current	4,060,000	3,870,000	3,695,000	5,265,000	4,745,000
Net OPEB liability - current	740,118	623,787	650,245	639,408	999,511
Total Current Liabilities	**$ 99,327,278**	**$ 39,445,432**	**$ 13,661,023**	**$ 19,018,610**	**$ 21,716,613**
Noncurrent Liabilities					
Compensated absences and severance payable - noncurrent	$ 770,823	$ 772,534	$ 715,067	$ 651,462	$ 681,716
Leases payable	6,143,854	7,169,398	5,698,600	6,426,491	7,376,235
SBITA payable	110,201	212,152	848,524	930,584	-
Net pension liability	11,677,254	13,077,598	11,320,935	5,009,836	11,231,118
Net OPEB liability - noncurrent	25,333,115	21,677,086	24,361,216	30,472,818	28,965,060
Bond payable	154,052,045	158,786,898	163,304,673	172,334,997	179,186,962
Total Noncurrent Liabilities	**$ 198,087,292**	**$ 201,695,666**	**$ 206,249,015**	**$ 215,826,188**	**$ 227,441,091**
Total Liabilities	**$ 297,414,570**	**$ 241,141,098**	**$ 219,910,038**	**$ 234,844,798**	**$ 249,157,704**
Deferred inflows of resources					
Deferred gain on refunding	$ 515,870	$ 558,860	$ 601,850	$ 644,839	$ 687,828
Deferred inflows related to pensions	595,037	1,081,282	1,576,116	6,102,487	1,917,595
Deferred inflows related to OPEB activities	7,128,135	9,867,068	11,047,019	8,859,406	12,753,036
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 8,239,042**	**$ 11,507,210**	**$ 13,224,985**	**$ 15,606,732**	**$ 15,358,459**
NET POSITION					
Net Investment in capital assets	$ 22,241,402	$ 16,268,879	$ 9,231,599	$ 7,524,421	$ 6,314,888
Restricted for:					
Expendable:					
Grants and donor restrictions	1,205,939	1,275,468	1,389,915	1,397,012	1,892,551
Loan funds	26,875	27,197	27,814	28,048	28,984
Debt service	28,664,873	17,438,378	6,442,454	4,954,337	130,023
Unrestricted	(38,579,121)	(30,642,824)	(25,439,804)	(31,914,127)	(33,505,706)
Total Net Assets	**$ 13,559,968**	**$ 4,367,098**	**$ (8,348,022)**	**$ (18,010,309)**	**$ (25,139,260)**

Source: The College's Audited Financial Statements.

(a) Non-Operating Revenues, comprised of property tax revenues, state appropriations, federal revenues, investment income, and foreign trade zone fees, offset the operating loss in each year, resulting in an increase in net assets.

TABLE 11 - STATEMENT OF NET POSITION

	Fiscal Year Ended August 31				
	2025	2024	2023	2022	2021
Operating Revenues					
Tuition and fees (net of discounts)	$ 8,263,975	$ 7,361,998	$ 6,956,510	$ 6,578,600	$ 6,302,278
Federal grants and contracts	4,691,906	3,553,100	5,064,766	9,064,879	7,707,627
State grants and contracts	1,691,711	1,029,160	454,204	706,524	472,254
Private grants and contracts	1,361,566	1,736,514	1,364,318	1,198,838	982,622
Sales and services of educational activities	22,129	24,548	20,711	20,430	11,965
Auxiliary enterprises (net of discounts)	351,165	337,319	326,862	256,764	246,024
General operating revenues	464,573	569,433	1,032,313	381,944	169,628
Total Operating Revenues	**$ 16,847,025**	**$ 14,612,072**	**$ 15,219,684**	**$ 18,207,979**	**$ 15,892,398**
Operating Expenses					
Instruction	$ 19,745,483	$ 18,258,334	$ 14,164,470	$ 14,241,762	$ 15,568,340
Public service	1,527,588	1,357,352	1,148,759	1,199,859	1,377,028
Academic support	5,870,246	6,593,955	7,060,185	4,781,852	4,809,715
Student services	7,822,057	6,626,626	5,552,956	4,822,964	4,756,132
Institutional support	11,483,229	11,181,118	10,347,086	8,937,217	8,910,175
Operation and maintenance of plant	8,001,129	4,736,211	6,425,833	5,469,420	5,475,663
Scholarships and fellowships	10,947,619	8,805,280	7,607,325	9,297,419	5,663,864
Auxiliary enterprises	353,813	257,032	290,155	216,626	88,331
Depreciation expense	7,459,202	6,832,846	6,973,253	6,123,000	4,114,413
Total Operating Expenses	**$ 73,210,366**	**$ 64,648,754**	**$ 59,570,022**	**$ 55,090,119**	**$ 50,763,661**
Operating Income (Loss)	**(56,363,341)**	**(50,036,682)**	**(44,350,338)**	**(36,882,140)**	**(34,871,263)**
Non-Operating Revenues (Expenses)					
State appropriations	$ 12,237,979	$ 11,883,298	$ 9,716,984	$ 8,720,843	$ 9,610,650
Maintenance ad valorem taxes	25,653,775	24,994,775	23,763,027	22,252,912	23,626,866
Debt service ad valorem taxes	23,204,672	21,929,056	18,511,994	14,098,493	7,068,868
Federal revenue, non-operating	8,188,681	7,070,356	5,784,155	4,727,835	3,854,073
Investment income	2,590,333	2,692,523	1,702,687	323,868	109,892
Foreign trade zone fees	1,029,265	883,022	547,722	357,062	531,472
Interest and fees on capital related debt	(7,348,494)	(6,701,228)	(6,013,944)	(6,469,922)	(7,253,214)
Net Non-Operating Revenues (Expenses)	**$ 65,556,211**	**$ 62,751,802**	**$ 54,012,625**	**$ 44,011,091**	**$ 37,548,607**
Increase in Net Assets	**$ 9,192,870**	**$ 12,715,120**	**$ 9,662,287**	**$ 7,128,951**	**$ 2,677,344**
Net Assets					
Net Assets - Beginning of Year	$ 4,367,098	$ (8,348,022)	$ (18,010,309)	$ (25,139,260)	$ (27,816,604)
Change in accounting principle	-	-	-	-	-
Net Assets - End of Year	**$ 13,559,968**	**$ 4,367,098**	**$ (8,348,022)**	**$ (18,010,309)**	**$ (25,139,260)**

Source: The College's Audited Financial Statements.

(a) Non-Operating Revenues, comprised of property tax revenues, state appropriations, federal revenues, investment income, and foreign trade zone fees, offset the operating loss in each year, resulting in an increase in net assets.

TABLE 12 - CURRENT INVESTMENTS

Type of Security	% Portfolio	Fair Value	Weighted Avg Maturity (Days)
Local Government Investment Pools:			
TexPool	66.2%	$ 32,783,470	28
LOGIC	33.8%	16,756,482	54
Total Fair Value	100.0%	$ 49,539,952	37

Source: The College's Audited Financial Statements as of August 31, 2025.

APPENDIX B

FORM OF LEGAL OPINION OF BOND COUNSEL

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Orrick, Herrington & Sutcliffe LLP
609 Main Street
40th Floor
Houston, TX 77002

+1 713 652 6400
orrick.com

[________], 2026

We have acted as bond counsel to the College of the Mainland (the "Issuer") in connection with the issuance of $[_________] aggregate principal amount of bonds designated as "College of the Mainland Limited Tax General Obligation and Refunding Bonds, Series 2026" (the "Bonds"). The Bonds are authorized by an order adopted by the Board of Trustees of the Issuer (the "Board") on July 27, 2026, authorizing the issuance of the Bonds and the pricing certificate executed on the date of the sale of the Bonds finalizing the terms thereof (together, the "Bond Order"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Order.

We have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income under federal income tax law. In such capacity, we have examined the Constitution and laws of the State of Texas; federal income tax law; the Bond Order; the tax certificate of the Issuer dated the date hereof (the "Tax Certificate"); and a transcript of certain certified proceedings pertaining to the issuance of the Bonds and the bonds that are being refunded (the "Refunded Notes") with the proceeds of the Bonds. The transcript contains the report (the "Sufficiency Report") of Robert Thomas CPA LLC, which verifies the sufficiency of the deposits made with the paying agent/registrar for the Refunded Notes for the defeasance thereof and the mathematical accuracy of certain computations of the yield on the Bonds and the obligations acquired with the proceeds of the Bonds; certain certifications and representations and other material facts within the knowledge and control of the Issuer, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the Refunded Notes. We have also examined executed Bond No. R-1 with respect to the Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bond Order and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Bond Order and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against issuers in the State of Texas. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds, if any, and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect. The Bonds constitute valid and legally binding obligations of the Issuer, and the Bonds have been authorized and delivered in accordance with law.

2. The Bonds are payable, both as to principal and interest, from the receipts of an annual ad valorem tax levied, without legal limit as to rate or amount, upon taxable property located within the Issuer, which taxes have been pledged irrevocably to pay the principal of and interest on the Bonds.

3. The deposit made with the Refunded Notes Paying Agent constitutes the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Notes; in reliance upon the accuracy of the calculations contained in the Sufficiency Report, the Refunded Notes, having been discharged and paid, are no longer outstanding and the lien on and pledge of ad valorem taxes and other revenues as set forth in the orders authorizing their issuance will be appropriately and legally defeased; the holders of the Refunded Notes may obtain payment of the principal of, redemption premium, if any, and interest on the Refunded Notes only out of the funds provided therefor to the Refunded Notes Paying Agent; and

therefore the Refunded Notes are deemed to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided to the Refunded Notes Paying Agent.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of federal alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

ORRICK, HERRINGTON & SUTCLIFFE LLP

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APPENDIX C

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDING AUGUST 31, 2025

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COLLEGE OF THE MAINLAND

ANNUAL FINANCIAL AND COMPLIANCE REPORT

Years Ended August 31, 2025 and 2024
with Independent Auditor's Report

COLLEGE OF THE MAINLAND
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COLLEGE OF THE MAINLAND

ORGANIZATIONAL DATA

For the Fiscal Year Ended August 31, 2025

BOARD OF TRUSTEES

OFFICERS AND MEMBERS

			Term Expires May 31,
Melissa Skipworth	Board Chair	District 5	2029
Kyle Dickson	Vice Chair	District 3	2027
Dr. Kimberly Dodson	Secretary	District 4	2031
Donald G. Gartman	Member	At Large	2029
Dr. William (Bill) McGarvey	Member	At Large	2031
Wilma Clark Green	Member	District 1	2031
Patti Hanssard	Member	Position 2	2027

PRINCIPAL ADMINISTRATIVE OFFICERS

Dr. Helen Castellanos Brewer .... President
Dr. Heather Rhodes .... Vice President for Academic Affairs
Michael McGee........ Vice President for Administrative Services
Michelle Brezina .... Vice President for Student Affairs and Enrollment Management
Diane Burkett........ Vice President for Strategic Initiatives
Dr. David Wesse........ Vice President for Fiscal Affairs
Trudy Trochesset .... Controller
Tige Cornelius .... Executive Director of COM Foundation and Institutional Advancement

Houston Office
3737 Buffalo Speedway
Suite 1600
Houston, Texas 77098
713.621.1515 Main

whitleypenn.com

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
College of the Mainland

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of August 31, 2025 and 2024, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited the College of the Mainland Foundation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other post-employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Trustees
College of the Mainland

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Supplemental Schedules A through D, as required by the Texas Higher Education Coordinating Board's (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges,* the Schedule of Expenditures of Federal Awards (Schedule E), as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Expenditures of State Awards (Schedule F), as required by the *Texas Grant Management Standards* are presented for additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
December 8, 2025

In June 1999, the Governmental Accounting Standards Board ("GASB") released Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments," which established a new reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities," which applies the new reporting standards to public colleges and universities. College of the Mainland (the "College") is a local government entity and falls under GASB Standards for accounting and financial reporting. The College also falls under the financial reporting standards of the Texas Higher Education Coordinating Board (the "Coordinating Board"), and as directed by GASB 34, the Coordinating Board implemented the new accounting standards for fiscal year 2002.

The following analysis provides an overview of the College's financial activities for fiscal year 2025 and 2024. The purpose of this overview is to present an "objective and easily readable analysis of the financial activities based on currently known facts, decisions, or conditions." The analysis conforms to topics covered in GASB Statement 34, paragraph 4, and reflects transactions, events, legislation and conditions that are presented in the College's financial report.

The College is a comprehensive public community college funded primarily through state appropriations, tuition and fees, taxes, and grant income. The College is coterminous with the boundaries of five school districts; Dickinson ISD, Hitchcock ISD, La Marque ISD, Santa Fe ISD, and Texas City ISD. It has a service area that covers the whole of mainland Galveston County, Texas. The College employs approximately 340 full time staff and several hundred part-time staff and student workers.

Three financial statements are required to be presented under the new GASB requirements and they are: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. Management's discussion will address all three (3).

The Statement of Net Position

The Statement of Net Position represents the financial position of the College and presents all assets, deferred outflows/inflows of resources and liabilities using the accrual basis of accounting.

The College's assets and deferred outflows exceeded its liabilities and deferred inflows in 2025 resulting in net position of $13.6 million. The College's assets and deferred outflows exceeded its liabilities and deferred inflows in 2024 resulting in net position of $4.4 million. These amounts were primarily the result of the recognition of the net pension and net other post-employment benefits (OPEB) liabilities and related deferred amounts. The combined negative impact of these amounts was $39.0 million and $39.1 million in 2025 and 2024, respectively. Net position increased by $9.2 million in fiscal year 2025, compared to fiscal year 2024 when the College experienced an increase of $12.7 million.

Current liabilities increased by $59.9 million in 2025 primarily due to increasing the outstanding balance on the revolving note by a net $50.0 million, plus an increase in accounts payable due to significant construction projects outstanding at fiscal year-end. Current liabilities increased by $25.8 million in 2024 primarily due to increasing the outstanding balance on the revolving note by $25.0 million.

Noncurrent liabilities decreased by $3.6 million in fiscal year 2025 due to a decrease of $4.7 million in bonds payable due in greater than one year and an increase of $2.3 million in the net pension liability and net OPEB liability due in more than one year. Noncurrent liabilities decreased by $4.6 million in fiscal year 2024 due to a decrease of $4.5 million in bonds payable due in greater than one year and a decrease of $0.9 million in the net pension liability and net OPEB liability due in more than one year.

Summary data for the Statement of Net Position is provided in the table below for fiscal years 2025, 2024, and 2023.

	2025	2024	2023
Current assets	$ 42,276,083	$ 32,896,353	$ 23,362,859
Capital assets (net)	253,641,105	198,203,964	187,509,577
Other non-current assets	16,814,146	18,666,964	5,467,797
Total Assets	312,731,334	249,767,281	216,340,233
Deferred Outflows of Resources	6,482,246	7,248,125	8,446,768
Current liabilities	99,327,278	39,445,432	13,661,023
Non-current liabilities	198,087,292	201,695,666	206,249,015
Total Liabilities	297,414,570	241,141,098	219,910,038
Deferred Inflows of Resources	8,239,042	11,507,210	13,224,985
Net investment in capital assets	22,241,402	16,268,879	9,231,599
Restricted net position	29,897,687	18,741,043	7,860,183
Unrestricted net position	(38,579,121)	(30,642,824)	(25,439,804)
Total Net Position	$ 13,559,968	$ 4,367,098	$ (8,348,022)

Capital Assets

The College's capital assets increased by $55.4 million in fiscal year 2025 as a result of additions of $62.9 million, net of depreciation/amortization expense of $7.5 million. The College's capital assets increased by $10.7 million in fiscal year 2024 as a result of additions of $17.6 million, net of depreciation/amortization expense of $6.8 million.

Details about the College's capital assets can be found in Note 5.

Long-Term Debt

The College's bonds payable decreased by $4.5 million in fiscal year 2025 as a result of scheduled principal payments on bonds. The College's bonds payable decreased by $4.3 million in fiscal year 2024 as a result of scheduled principal payments on bonds.

Details about the College's long-term debt can be found in Note 6.

Statement of Revenues, Expenses, and Changes in Net Position

This statement represents the operating activity of the College, which reflects revenue, expenses, gains and losses during the year. In 2025, the College's net position increased by $9.2 million. The details of the operating and non-operating revenues and expenses are described below.

Operating Revenue

Operating revenue for fiscal year 2025 increased by $2.2 million from the prior year. Tuition and fees revenue increased by $0.9 million and federal grants and contracts increased by $1.1 million as the College received additional Federal Pell grant revenue during the year.

Operating revenue for fiscal year 2024 decreased by $0.6 million from the prior year. Tuition and fees revenue increased by $0.4 million and federal grants and contracts decreased by $1.5 million as the College recognized $1.3 million less in federal grants related to the Higher Education Emergency Relief Fund (HEERF).

Tuition and fees made up 49% and 50% of total operating revenues in 2025 and 2024, respectively. Federal grants and contracts made up 28% and 24% of total operating revenues in 2025 and 2024, respectively.

Operating Expenses

In 2025, operating expenses increased by $8.6 million compared to the prior year. Expenses in Instruction increased by $1.5 million. Scholarships and fellowships increased by $2.1 million. Operation and maintenance of plant increased by $2.1 million.

In 2024, operating expenses increased by $5.1 million compared to the prior year. Expenses in Instruction increased by $4.1 million. Scholarships and fellowships increased by $1.2 million. Operation and maintenance of plant decreased by $1.7 million.

Non-Operating Revenues (Expenses)

During fiscal year 2025, non-operating revenues (net of non-operating expense) increased by $2.8 million from the prior fiscal year primarily as a result of an increase of $1.9 million in property tax revenues, net of an increase of $0.4 million in state appropriations. Comparing fiscal year 2025 to 2024, the M&O tax rate decreased by 1% from $0.144100 to $0.142700, the I&S tax rate decreased by 0% from $0.124400 to $0.124400. Therefore, the total tax rate decreased by 0.5% from $0.268500 to $0.267100 when compared to the prior fiscal year.

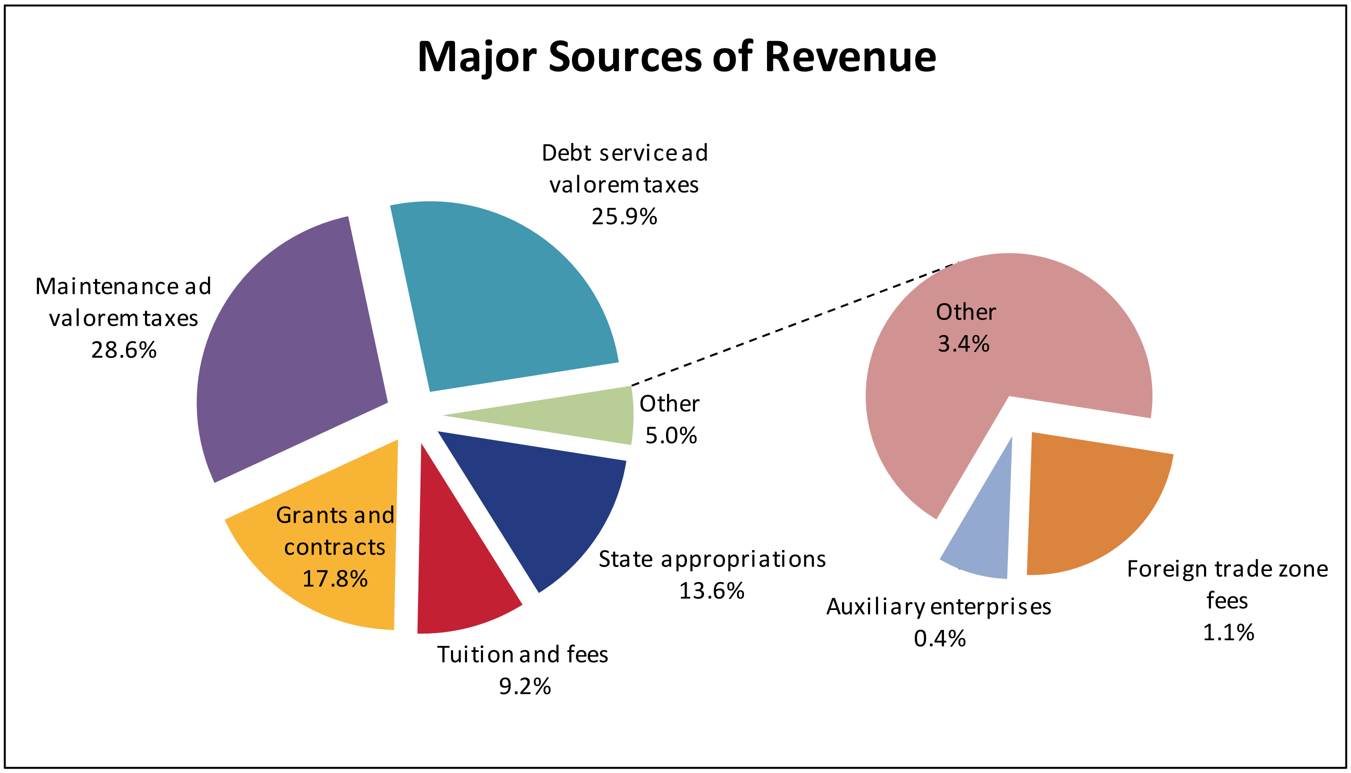
During fiscal year 2024, non-operating revenues (net of non-operating expense) increased by $8.7 million from the prior fiscal year primarily as a result of an increase of $4.6 million in property tax revenues, net of an increase of $2.2 million in state appropriations. Comparing fiscal year 2024 to 2023, the M&O tax rate decreased by 5% from $0.151420 to $0.144100, the I&S tax rate increased by 7% from $0.116200 to $0.124400. Therefore, the total tax rate increased by 0.3% from $0.267620 to $0.268500 when compared to the prior fiscal year

	2025	2024	2023
Operating revenues	$ 16,847,025	$ 14,612,072	$ 15,219,684
Operating expenses	(73,210,366)	(64,648,754)	(59,570,022)
Net operating income (loss)	(56,363,341)	(50,036,682)	(44,350,338)
Non-operating revenues (expenses)	65,556,211	62,751,802	54,012,625
Total Increase (Decrease) in Net Position	$ 9,192,870	$ 12,715,120	$ 9,662,287

The College's combined operating and non-operating revenues by major source for fiscal years 2025, 2024 and 2023 are shown in the table below.

	2025	2024	2023
State appropriations	$ 12,237,979	$ 11,883,298	$ 9,716,984
Tuition and fees (net of discounts)	8,263,975	7,361,998	6,956,510
Grants and contracts	15,933,864	13,389,130	12,667,443
Maintenance ad valorem taxes	25,653,775	24,994,775	23,763,027
Debt service ad valorem taxes	23,204,672	21,929,056	18,511,994
Foreign trade zone fees	1,029,265	883,022	547,722
Auxiliary enterprises	351,165	337,319	326,862
Other revenues	3,077,035	3,286,504	2,755,711
Total Revenues	$ 89,751,730	$ 84,065,102	$ 75,246,253

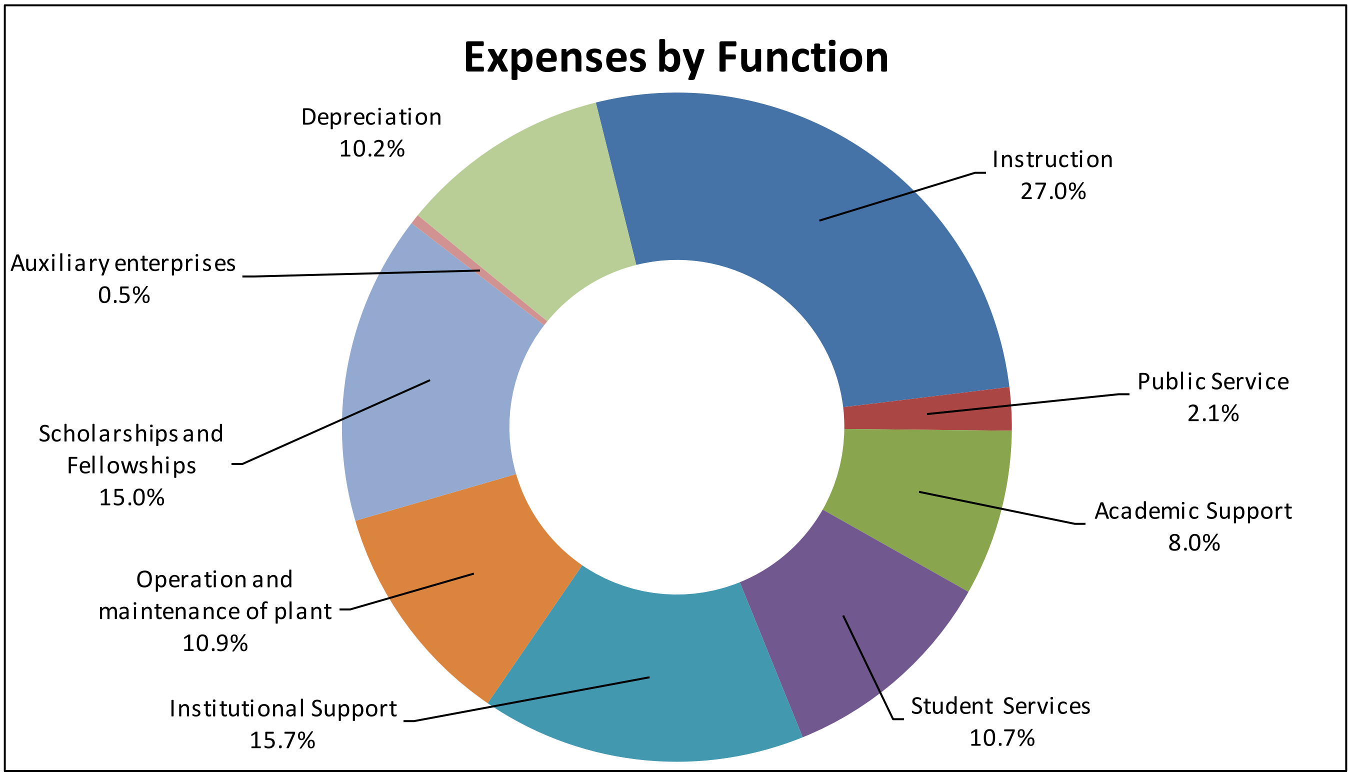
The table data for operating and non-operating for 2025 is shown graphically below.



Operating expenses are reported in the financial statement by functional classification and are presented below in the table for fiscal years 2025, 2024 and 2023.

	2025	2024	2023
Instruction	$ 19,745,483	$ 18,258,334	$ 14,164,470
Public Service	1,527,588	1,357,352	1,148,759
Academic Support	5,870,246	5,478,463	7,060,185
Student Services	7,822,057	6,626,626	5,552,956
Institutional Support	11,483,229	11,181,118	10,347,086
Operation and maintenance of plant	8,001,129	5,851,703	6,425,833
Scholarships and Fellowships	10,947,619	8,805,280	7,607,325
Auxiliary enterprises	353,813	257,032	290,155
Depreciation	7,459,202	6,832,846	6,973,253
Total Operating Expenses	$ 73,210,366	$ 64,648,754	$ 59,570,022

Please see the graphical depiction for the table data above for fiscal year 2025.



Statement of Cash Flows

In fiscal year 2025, cash from operations increased by $5.1 million primarily as a result of an increase of $2.0 million for receipts from grants and contracts.

In fiscal year 2024, cash from operations decreased by $0.2 million primarily as a result of a decrease of $1.9 million for receipts from grants and contracts.

Conclusion

Since 1966, College of the Mainland (COM) has served as a cornerstone of academic excellence and community partnership. As it enters FY 2025-26, COM continues to move forward with purpose by delivering innovative programs, modernizing facilities and advancing student success to meet the region's growing educational and workforce needs.

8-Week Advantage
The full implementation of the COM 8-Week Advantage is transforming how students engage with learning. The model allows them to focus on fewer classes at a time and begin courses more frequently. Early results show strong gains in retention and completion, positioning COM as a leader in student-centered academic delivery.

House Bill 8
At the same time, House Bill 8's new performance-based funding model and the Financial Aid for Swift Transfer (FAST) program are expanding access for thousands of dual credit students. These initiatives are reducing barriers and accelerating pathways into higher education.

Bond Projects
Bond-funded projects are also progressing under the COMPASS 2025 Master Plan. Construction is underway on the Corporate Training Center, Public Safety Center and Library & Learning Center. These new facilities will strengthen COM's ability to deliver state-of-the-art workforce training, high-demand academic programs and enhanced student services for years to come.

Academic Programs
COM's academic portfolio continues to grow with new offerings in health care, skilled trades and advanced technologies. Recent additions include Surgical Technology, Instrumentation and Electrical, and a forthcoming Bachelor of Applied Science in Operations Management. Each program reflects the College's commitment to preparing students for high-value careers and supporting the region's economic growth.

As COM advances into FY 2025-26, the College remains committed to innovation, accountability and student achievement. Every initiative is designed to strengthen both the institution and the community it serves.

BASIC FINANCIAL STATEMENTS

COLLEGE OF THE MAINLAND

STATEMENTS OF NET POSITION
August 31, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	$ 33,935,938	$ 25,596,156
Accounts receivable (net)	5,836,834	4,652,950
Prepaid expenses	2,503,311	2,647,247
Total current assets	42,276,083	32,896,353
Noncurrent assets:		
Restricted cash and cash equivalents	16,787,271	18,639,767
Loans receivable (net)	26,875	27,197
Capital assets (net)	253,641,105	198,203,964
Total noncurrent assets	270,455,251	216,870,928
Total Assets	312,731,334	249,767,281
Deferred Outflows of Resources		
Deferred outflows related to pension activities	2,406,067	4,813,019
Deferred outflows related to OPEB activities	4,076,179	2,435,106
Total Deferred Outflows of Resources	6,482,246	7,248,125
Liabilities		
Current liabilities:		
Accounts payable	10,751,582	1,833,978
Accrued liabilities	1,718,791	1,017,940
Compensated absences and severance payable - current	136,028	136,328
Funds held for others	94,732	110,836
Bond anticipation notes payable	75,000,000	25,000,000
Unearned income	5,679,013	5,264,907
Leases payable - due within one year	1,045,063	1,011,557
SBITA payable - due within one year	101,951	576,099
Bond payable - due within one year	4,060,000	3,870,000
Net OPEB liability - current	740,118	623,787
Total current liabilities	99,327,278	39,445,432
Noncurrent liabilities:		
Compensated absences and severance payable	770,823	772,534
Leases payable	6,143,854	7,169,398
SBITA payable	110,201	212,152
Net pension liability	11,677,254	13,077,598
Net OPEB liability	25,333,115	21,677,086
Bonds payable	154,052,045	158,786,898
Total noncurrent liabilities	198,087,292	201,695,666
Total Liabilities	297,414,570	241,141,098
Deferred Inflows of Resources		
Deferred gain on refunding	515,870	558,860
Deferred inflows related to pension activities	595,037	1,081,282
Deferred inflows related to OPEB activities	7,128,135	9,867,068
Total Deferred Inflows of Resources	8,239,042	11,507,210
Net Position		
Net Investment in capital assets	22,241,402	16,268,879
Restricted for:		
Expendable:		
Grants and donor restrictions	1,205,939	1,275,468
Loan Funds	26,875	27,197
Debt service	28,664,873	17,438,378
Unrestricted	(38,579,121)	(30,642,824)
Total Net Position (Schedule D)	$ 13,559,968	$ 4,367,098

COLLEGE OF THE MAINLAND ***Exhibit 1A***

DISCRETELY PRESENTED COMPONENT UNIT
STATEMENTS OF FINANCIAL POSITION
College of the Mainland Foundation
August 31, 2025 and 2024

	August 31, 2025	August 31, 2024
Assets		
Cash and cash equivalents	$ 839,649	$ 864,839
Contributions receivable, net	156,143	97,997
Restricted assets:		
Cash and cash equivalents	1,694,945	1,349,370
Investments, at fair value	6,912,368	6,336,224
Total Assets	$ 9,603,105	$ 8,648,430
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 293,657	$ 371,704
Total Liabilities	293,657	371,704
Net Assets:		
Without Donor Restrictions:		
Undesignated	848,147	945,198
With Donor Restrictions	8,461,301	7,331,528
Total Net Assets	9,309,448	8,276,726
Total Liabilities and Net Assets	$ 9,603,105	$ 8,648,430

COLLEGE OF THE MAINLAND

Exhibit 2

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended August 31, 2025 and August 31, 2024

	2025	2024
Operating Revenues		
Tuition and fees (net of discounts of $464,891 and $1,721,784)	$ 8,263,975	$ 7,361,998
Federal grants and contracts	4,691,906	3,543,362
State grants and contracts	1,691,711	1,038,898
Private grants and contracts	1,361,566	1,736,514
Sales and services of educational activities	22,129	24,548
Auxiliary enterprises (net of discounts)	351,165	337,319
General operating revenues	464,573	569,433
Total Operating Revenues (Schedule A)	16,847,025	14,612,072
Operating Expenses		
Instruction	19,745,483	18,258,334
Public service	1,527,588	1,357,352
Academic support	5,870,246	5,478,463
Student services	7,822,057	6,626,626
Institutional support	11,483,229	11,181,118
Operation and maintenance of plant	8,001,129	5,851,703
Scholarships and fellowships	10,947,619	8,805,280
Auxiliary enterprises	353,813	257,032
Depreciation/amortization expense	7,459,202	6,832,846
Total Operating Expenses (Schedule B)	73,210,366	64,648,754
Operating Income (Loss)	(56,363,341)	(50,036,682)
Non-Operating Revenues (expenses)		
State appropriations	12,237,979	11,883,298
Maintenance ad valorem taxes	25,653,775	24,994,775
Debt service ad valorem taxes	23,204,672	21,929,056
Federal revenue, non-operating	8,188,681	7,070,356
Investment income	2,590,333	2,692,523
Foreign trade zone fees	1,029,265	883,022
Interest and fees on capital-related debt	(7,348,494)	(6,701,228)
Non-Operating Revenue (expenses) (Schedule C)	65,556,211	62,751,802
Increase (decrease) in net position	9,192,870	12,715,120
Net Position - Beginning of Year	4,367,098	(8,348,022)
Net Position - End of Year	$ 13,559,968	$ 4,367,098

COLLEGE OF THE MAINLAND

Exhibit 2A

DISCRETELY PRESENTED COMPONENT UNIT

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

College of the Mainland Foundation - Fiscal Year August 31, 2025 with Comparative Totals for 2024

	Without Donor Restrictions	With Donor Restrictions	Year Ended August 31, 2025	Year Ended August 31, 2024
Revenues, Gains, and Support:				
Contributions	$ 77,605	$ 1,053,719	$ 1,131,324	$ 1,089,102
In-kind contributions	336,002	-	336,002	401,961
Interest and investment income	-	295,757	295,757	285,949
Net realized and unrealized gain on investments	-	438,671	438,671	632,338
Net assets released from restrictions	658,374	(658,374)	-	-
Total Revenues, Gains and Support	1,071,981	1,129,773	2,201,754	2,409,350
Expenses:				
Program expenses:				
Student scholarships	645,543	-	645,543	1,033,725
Institutional support	12,369	-	12,369	277,130
Other operating expenses	37,905	-	37,905	55,215
Supporting services:				
In-kind personnel and benefits	293,686	-	293,686	359,185
In-kind general, facilities and equipment	42,316	-	42,316	42,776
Management and general:				
Fundraising	848	-	848	-
Other management and general	136,365	-	136,365	81,211
Total Expenses	1,169,032	-	1,169,032	1,849,242
Changes in Net Assets	(97,051)	1,129,773	1,032,722	560,108
Net Assets, Beginning of Year	945,198	7,331,528	8,276,726	7,716,618
Net Assets, End of Year	$ 848,147	$ 8,461,301	$ 9,309,448	$ 8,276,726

COLLEGE OF THE MAINLAND *Exhibit 3*

STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Receipts from students and other customers	$ 8,628,962	$ 9,700,768
Receipts from grants and contracts	7,824,901	5,825,354
Payments to suppliers for goods and services	(6,884,509)	(15,050,262)
Payments to or on behalf of employees	(34,018,047)	(32,993,208)
Payments for scholarships and fellowships	(10,947,619)	(8,805,280)
Other receipts (payments)	(247,383)	547,490
Net Cash (Used) by Operating Activities	(35,643,695)	(40,775,138)
Cash flows from Non-Capital Financing Activities:		
Receipts from state appropriations	8,036,938	7,738,497
Receipts from ad valorem taxes	48,729,214	46,509,787
Receipts from foreign trade zone participants	1,029,265	883,022
Receipts from Non-Operating Federal Revenue	8,188,681	7,070,356
Payments to student organization and other agency transactions	(16,104)	(73,082)
Other receipts (payments)	(26,851)	121,208
Loans made to others	322	617
Net Cash Provided by Non-Capital Financing Activities	65,941,465	62,250,405
Cash Flows from Capital and Related Financing Activities:		
Proceeds from bond anticipation notes	50,000,000	25,000,000
Purchase of capital assets	(62,872,264)	(14,940,076)
Payments on bonds - principal	(3,870,000)	(3,695,000)
Payments on leases - principal	(1,016,117)	(832,689)
Payments on SBITAs - principal	(576,099)	(694,630)
Payments on long-term debt - interest and fees	(8,066,337)	(7,391,993)
Net Cash Provided (Used) by Capital and Related Financing Activities	(26,400,817)	(2,554,388)
Cash Flows from Investing Activities:		
Investment income	2,590,333	2,692,523
Net Cash Provided (Used) by Investing Activities	2,590,333	2,692,523
Increase (decrease) in cash and cash equivalents	6,487,286	21,613,402
Cash and Cash Equivalents, Beginning of Year	44,235,923	22,622,521
Cash and Cash Equivalents, End of Year	$ 50,723,209	$ 44,235,923
Components of Cash and Cash Equivalents		
Cash and cash equivalents	$ 33,935,938	$ 25,596,156
Restricted cash and cash equivalents	16,787,271	18,639,767
Total Cash and Cash Equivalents	$ 50,723,209	$ 44,235,923
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	$ (56,363,341)	$ (50,036,682)
Adjustments:		
Depreciation expense and amortization	7,459,202	6,832,846
Bad debt expense	26,851	(121,208)
Payments made directly by state for benefits	4,201,041	4,144,801
Changes in assets and liabilities:		
(Increase) decrease in receivables (net)	(1,054,651)	801,134
(Increase) decrease in prepaid expenses	143,936	(1,506,966)
(Increase) decrease in pension/OPEB related deferred outflows	765,879	1,198,643
Increase (decrease) in accounts payable	8,917,604	(191,001)
Increase (decrease) in accrued liabilities	700,851	3,991
Increase (decrease) in unearned income	414,106	660,406
Increase (decrease) in compensated absences payable	(2,011)	67,608
Increase (decrease) in net pension liability	(1,400,344)	1,756,663
Increase (decrease) in net OPEB liability	3,772,360	(2,710,588)
Increase (decrease) in pension/OPEB related deferred inflows	(3,225,178)	(1,674,785)
Net Cash (Used) by Operating Activities	$ (35,643,695)	$ (40,775,138)
Schedule of Non-Cash Capital and Related Financing Activities		
Issuance of debt - leases	$ 24,079	$ 2,587,157

COLLEGE OF THE MAINLAND *Exhibit 3A*

DISCRETELY PRESENTED COMPONENT UNIT

STATEMENTS OF CASH FLOWS

College of the Mainland Foundation - Year Ended August 31, 2025 with Comparative Totals for 2024

	Year Ended August 31, 2025	2024
Cash Flows Provided (Used) by From Operating Activities		
Cash received from contributions, grants and events	$ 1,073,178	$ 1,154,171
Cash paid for scholarships and grants	(773,864)	(1,090,071)
Cash paid for management and general expenses	(137,213)	(81,211)
Net Cash Provided (Used) by Operating Activities	162,101	(17,111)
Cash Flows Provided (Used) by Investing Activities		
Proceeds from sales and maturities of investments	438,671	632,338
Purchases of investments	(280,387)	(1,958,468)
Net Cash Provided (Used) by Investing Activities	158,284	(1,326,130)
Net change in cash and cash equivalents	320,385	(1,343,241)
Cash and Cash Equivalents at Beginning of Year	2,214,209	3,557,450
Cash and Cash Equivalents at End of Year	$ 2,534,594	$ 2,214,209
Presented on Statement of Financial Position as Follows:		
Cash and cash equivalents	$ 839,649	$ 864,839
Restricted cash and cash equivalents	1,694,945	1,349,370
Cash and Cash Equivalents at End of Year	$ 2,534,594	$ 2,214,209
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Change in net assets	$ 1,032,722	$ 560,108
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Interest and investment income	(295,757)	(285,949)
Net unrealized and realized gain in investments	(438,671)	(632,338)
(Increase) decrease in contribution receivables	(58,146)	65,069
Increase (decrease) in accounts payable	(78,047)	275,999
Net Cash Provided by Operating Activities	$ 162,101	$ (17,111)

Note 1 - Reporting Entity

College of the Mainland (the "College") was established in 1966, in accordance with the laws of the State of Texas, to serve the educational needs of Texas City and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board ("GASB") Statement 61, *The Financial Reporting Entity: Omnibus (*an amendment of GASB Statements No 14. and No. 34). While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

The College of the Mainland Foundation (the "Foundation") is a non-profit organization established in 1996 for the purpose of providing benefits, such as scholarships and grants, to the College through private funds raised by the Foundation. Under GASB Statement No. 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statements No. 14 and No. 34*, and GASB 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 government unit. Accordingly, the Foundation's most recent fiscal year-end comparative Statements of Financial Position, Statements of Activities and Changes in Net Assets, and Statements of Cash Flows, which are prepared in accordance with the standards of the Financial Accounting Standards Board, are included in the College's annual comprehensive financial report as a discretely presented component unit. Complete financial statements for the Foundation may be obtained by contacting the Foundation's business office at 1200 Amburn Road, Texas City, TX 77591.

Note 2 - Summary of Significant Accounting Policies

Reporting Guidelines

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

Tuition Discounting

***Title IV, Higher Education Act Program Funds* -** certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

***Texas Public Education Grants* -** certain tuition amounts are required to be set aside for the use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG) is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code Section 56.0333). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

***Other Tuition Discounts* -** the College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as tuition discounts. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Basis of Accounting

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

Note 2 - Summary of Significant Accounting Policies (continued)

Net Position
The College's net position categories are classified as follows:

Net Investment in Capital Assets
This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component net investment in capital assets.

Restricted Net Position - Expendable
Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted Net Position
Unrestricted net position represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. The pension related items such as the deferred outflows and inflows of resources and net pension liability are included in unrestricted net position.

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

Cash and Cash Equivalents
The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

The College reports all investments at fair value, except for investment pools. The College's investment pools are valued and reported at amortized cost, which approximates fair value. The College categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which as three levels, is based on the valuation inputs used to measure as asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The College's local government investment pools are recorded at amortized costs as permitted by GASB Statement no. 79, *Certain Investment Pools and Pool Participants*.

Note 2 - Summary of Significant Accounting Policies (continued)

Capital Assets
Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life in excess of one year, including intangible capital assets (right-to-use lease assets and subscription assets). Renovations of $100,000 to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation/amortization is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following estimated useful lives are used:

Buildings	50 years
Facilities and other improvements	20 years
Furniture, machinery, vehicles and other equipment	10 years
Telecommunications and peripheral equipment	5 years
Library books	15 years

The right-to-use lease assets are amortized over the lesser of the underlying asset's useful life and the lease term. The right-to-use subscription assets are amortized over the contract term.

Deferred Inflows/Outflows of Resources
In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense) until then. The College has two items that qualify for reporting in this category. These items are the deferred amounts related to pension and the deferred amounts related to OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The College has three items that qualify for reporting in this category. These items are the deferred gain on refunding, deferred amounts related to pension, and deferred amounts related to OPEB. The deferred gain on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price, which is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Unearned Revenues
Tuition, fees, and other revenues received that are related to the period after August 31, 2025 are reported as unearned revenues. Those amounts are as follows:

	2025	2024
Tuition and fees	$ 3,640,901	$ 3,424,497
Federal, state and local grants	1,894,551	1,736,575
Other	143,561	103,835
	$ 5,679,013	$ 5,264,907

Note 2 - Summary of Significant Accounting Policies (continued)

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

Application of Restricted and Unrestricted Resources
The College's policy is to first apply an expense against restricted resources then toward unrestricted resources, when both restricted and unrestricted resources are available to pay an expense.

Operating and Non-Operating Revenue and Expense Policy
The College distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets.

Presentation of State Benefit Payments on Cash Flow Statements
In response to guidance from the Texas Higher Education Coordinating Board, benefit payments made by the state directly to the Employees' Retirement System of Texas (ERS) on behalf of the College are excluded from cash flows from operating activities on the Statement of Cash Flows. Instead, these payments are now included as reconciling items in the reconciliation of operating loss to net cash used by operating activities.

Pensions
The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined based on the flow of economic resource 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, and 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.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The College's policy for recognizing a liability for each type of leave made available by the District is as follows:

Sick Leave

All 100 percent full-time equivalent employees of the College earn one day of sick leave for each month of service. Sick leave benefits are earned by benefit eligible employees that are less than 100 percent full-time equivalent on a pro-rata basis. The maximum amount employees that are 100 percent full-time equivalent are eligible to accrue is 960 hours. Upon termination or retirement from the College, all accumulated sick leave is forfeited by the employee. The College evaluated the potential liability for the estimated value of sick leave that will be used by employees as time off. Based on historical experience, annual usage is less than the amount of sick leave earned each year and the College does not have a policy with a requirement to use the oldest sick leave hours earned first. Therefore, the College determined that employees are more likely to not use sick leave hours already earned and accrued. As a result, there is no amount for sick leave included in the compensated absences liability.

Vacation Leave

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

Leases and Subscription-Based Information Technology Arrangements (SBITAs)

The College is under contract for various agreements for leases for the right-to-use lease assets and SBITAs for the right-to-use subscription assets (software). The agreements are noncancellable, and the College recognizes a liability and an intangible right-to-use asset for agreements with an initial, individual value of $5,000 or more.

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

- The College uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate.
- The term includes the non-cancellable period of the right-to-use the intangible capital asset and payments included in the measurement of the liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Reclassifications
Certain amounts for 2024 have been reclassified to conform to current year reporting requirements.

Risk Disclosures - Concentrations and Constraints
In accordance with GASB Statement No. 102, *Certain Risk Disclosures*, the College evaluates whether it has vulnerabilities due to concentrations or constraints that could make it susceptible to a substantial impact. A concentration is defined as a lack of diversity related to an aspect of a significant inflow or outflow of resources, such as reliance on a single revenue source or vendor. A constraint is a limitation imposed by an external party or by formal action of the government's highest level of decision-making authority, such as statutory spending caps or debt limits. The College assesses whether the concentration or constraint is known prior to issuance of the financial statements, whether it makes the College vulnerable to a substantial impact, and whether an event associated with the concentration or constraint has occurred, begun to occur, or is more likely than not to occur within 12 months of the issuance date. If all three criteria are met, the College discloses in the notes the nature of the concentration or constraint, the event or events that could cause a substantial impact, and the actions taken to mitigate the risk prior to issuance. If mitigating actions eliminate these conditions before issuance, disclosure is not required. The College had no concentrations or constraints meeting the requirements for disclosure.

Implementation of New Standards
GASB issued Statement No. 101, *Compensated Absences,* was issued in June 2022. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and the impact is reflected in the financial statements. A restatement to beginning net position as of September 1, 2024 or 2023, was not required for proper presentation in accordance with GASB 101.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and did not impact the financial statements. Note 2 was updated to describe the College's accounting policies in accordance with GASB 102.

Note 3 - Authorized Investments

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

Note 4 - Deposits and Investments

At August 31, 2025 and 2024, the carrying amounts of the bank balances exceeded the federal depository insurance of $250,000, but were properly covered by collateral pledged in the College's name as of August 31, 2025 and 2024.

The College holds investments in two government investment pools: (1) TexPool and (2) LOGIC. Texpool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (the "Trust Company") to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of or obligations guaranteed by the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; commercial paper and fully collateralized direct repurchase agreements secured by U.S. Government agency securities and placed through a primary government securities dealer. The Trust Company was incorporated by the State Treasurer upon authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep and invests public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC (Local Government Investment Cooperative) is organized and exists as a business trust under the laws of the State of Texas with all Participants funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the Participants.

The investment pools use amortized cost rather than fair value to report net position to compute share prices. Therefore, the fair value of the position in each investment pool is the same as the value of the investment pool shares. Accordingly, the College's investment pools are stated at amortized cost, which approximates fair value.

Cash and Deposits as reported on Exhibit 1, Statement of Net Position, consist of the items reported below:

	2025	2024
Cash and Deposits:		
Bank Deposits:		
Demand deposits	$ 1,181,497	$ 2,044,498
Cash on cash equivalents:		
Petty cash on hand and change funds	1,760	1,760
Total Cash and Deposits	$ 1,183,257	$ 2,046,258

Note 4 - Deposits and Investments (continued)

Reconciliation of Deposits and Investments to Exhibit 1:

	Fair Value	
Type of Security	**2025**	**2024**
Investments:		
Government Investment Pools:		
TexPool	$ 32,783,470	$ 23,579,335
LOGIC	16,756,482	18,610,330
Total Investments	49,539,952	42,189,665
Total Cash and Deposits	1,183,257	2,046,258
Total Deposits and Investments	$ 50,723,209	$ 44,235,923
Cash and Temporary Investments (Exhibit 1):		
Cash and cash equivalents	$ 33,935,938	$ 25,596,156
Restricted cash and cash equivalents	16,787,271	18,639,767
Total Deposits and Investments	$ 50,723,209	$ 44,235,923

As of August 31, 2025, the College had the following investments and maturities:

	Fair Value	Credit Quality Rating	Percentage of Investments	Weighted Average Maturity (Days)
Investment Type:				
Local Government Investment Pools:				
TexPool	$ 32,783,470	AAAm	66.2%	28
LOGIC	16,756,482	AAAm	33.8%	54
Total Local Government Investment Pools	49,539,952		100.0%	
Total Investments	$ 49,539,952		100.0%	

Interest Rate Risk
The College has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate changes.

Credit Risk
State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. As of August 31, 2025, the College's investment in TexPool and LOGIC (public funds investment pools) were rated AAAm by Standard and Poor's.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* both TexPool and LOGIC do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Concentration of Credit Risk
The College places no limit on the amount that may be invested in any one issuer. One hundred percent (100%) of the College's investments were invested in public investment pools as of August 31, 2025.

Note 4 - Deposits and Investments (continued)

Custodial Credit Risk
The College's deposits are subject to custodial credit risk as total deposits were uninsured but collateralized by securities held by the pledging financial institutions agent in the College's name. The College’s deposits were fully collateralized at year-end and through-out the year.

Investment income for 2025 and 2024 was as follows:

	2025	2024
Interest income	$ 2,590,333	$ 2,692,523
Total Investment Earnings	$ 2,590,333	$ 2,692,523

As of August 31, 2025 and 2024, cash and cash equivalents was restricted for the following purposes:

	2025	2024
Unspent bond proceeds	$ 16,787,271	$ 18,639,767
Total Restricted Cash and Cash Equivalents	$ 16,787,271	$ 18,639,767

Note 5 - Disaggregation of Receivables and Payables Balances

Accounts receivable at August 31, 2025 and 2024, consisted of the following:

	2025	2024
Property taxes receivable	$ 3,594,213	$ 3,447,720
Allowance for uncollectible property taxes	(1,252,629)	(1,235,369)
Total Property Taxes Receivable, Net	2,341,584	2,212,351
Tuition and fees receivable	3,587,896	3,138,632
Allowance for uncollectible tuition and fees	(1,769,342)	(1,742,491)
Total Tuition and Fees Receivable, Net	1,818,554	1,396,141
Grants Receivable:		
Federal	578,342	465,318
State	-	121,062
Local	294,772	366,452
Grants Receivable	873,114	952,832
Financial Aid for Swift Transfer (FAST)	323,306	-
Other receivables	480,276	91,626
Total Receivables, Net	$ 5,836,834	$ 4,652,950

Accrued liabilities at August 31, 2025, and 2024, consisted of the following:

	2025	2024
Accrued interest payable	$ 498,619	$ 361,129
Salaries & benefits payable	1,216,224	653,271
Other accrued liabilities	3,948	3,540
Total Accrued Liabilities	$ 1,718,791	$ 1,017,940

Note 6 - Capital Assets

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

	Balance 09/01/24	Additions	Retirements	Transfers	Balance 08/31/25
Capital Assets, Not Being Depreciated					
Land	$ 372,145	$ -	$ -	$ -	$ 372,145
Construction in progress	10,735,312	59,773,764	-	(2,202,591)	68,306,485
Total Capital Assets, Not Being Depreciated	11,107,457	59,773,764	-	(2,202,591)	68,678,630
Capital Assets, Being Depreciated					
Buildings and building improvements	192,797,363	1,323,910	-	2,202,591	196,323,864
Improvements other than buildings	19,650,066	-	-	-	19,650,066
Furniture, equipment and vehicles	10,758,795	1,372,399	-	-	12,131,194
Telecommunication equipment	9,452,870	348,919	-	-	9,801,789
Intangible assets:					
Lease assets - buildings	10,369,184	-	-	-	10,369,184
Lease assets - equipment	-	24,079	-	-	24,079
Subscription assets	2,453,481	-	(1,890,051)	-	563,430
Library books	2,187,344	53,272	-	-	2,240,616
Total Capital Assets, Being Depreciated	247,669,103	3,122,579	(1,890,051)	2,202,591	251,104,222
Accumulated Depreciation:					
Buildings and building improvements	(25,720,324)	(3,689,911)	-	-	(29,410,235)
Improvements other than buildings	(14,987,121)	(520,664)	-	-	(15,507,785)
Furniture, equipment and vehicles	(5,748,381)	(902,345)	-	-	(6,650,726)
Telecommunication equipment	(8,112,678)	(687,705)	-	-	(8,800,383)
Intangible assets:					
Lease assets - buildings	(2,656,976)	(1,036,938)	-	-	(3,693,914)
Lease assets - equipment	-	(4,816)	-	-	(4,816)
Subscription assets	(1,579,454)	(562,919)	1,890,051	-	(252,322)
Library books	(1,767,662)	(53,904)	-	-	(1,821,566)
Total Accumulated Depreciation	(60,572,596)	(7,459,202)	1,890,051	-	(66,141,747)
Net Capital Assets	$ 198,203,964	$ 55,437,141	$ -	$ -	$ 253,641,105

Commitments related to construction projects as of August 31, 2025 are as follows:

	Budget	Construction in Progress	Remaining Balance
Program Wide Management	$ 9,670,000	$ 5,174,247	$ 4,495,753
Academic Classroom Building	41,810,240	100,000	41,710,240
Public Services Center	34,189,360	17,457,598	16,731,762
Corporate & Continuing Ed Building	15,579,344	8,090,639	7,488,705
Welding & Industrial Ed Building	15,788,882	11,758,710	4,030,172
College Services Building	904,373	205,260	699,113
Infrastructure Upgrades	29,724,315	535,742	29,188,573
Parking Lots ABC & Utilities	16,442,029	7,856,093	8,585,936
Deferred Maint Buildings	166,455	142,492	23,963
Library Classroom Building	132,766,054	16,985,704	115,780,350
	$ 297,041,052	$ 68,306,485	$ 228,734,567

Note 6 - Capital Assets (continued)

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

	Balance 09/01/23	Additions	Retirements	Transfers	Balance 08/31/24
Capital Assets, Not Being Depreciated					
Land	$ 372,145	$ -	$ -	$ -	$ 372,145
Construction in progress	540,786	13,158,685	-	(2,964,159)	10,735,312
Total Capital Assets, Not Being Depreciated	912,931	13,158,685	-	(2,964,159)	11,107,457
Capital Assets, Being Depreciated					
Buildings and building improvements	189,602,841	230,363	-	2,964,159	192,797,363
Improvements other than buildings	19,650,066	-	-	-	19,650,066
Furniture, equipment and vehicles	9,641,863	1,116,932	-	-	10,758,795
Telecommunication equipment	9,072,988	379,882	-	-	9,452,870
Intangible assets:					
Lease assets - buildings	7,782,027	2,587,157	-	-	10,369,184
Subscription assets	2,458,943	52,800	(58,262)	-	2,453,481
Library books	2,127,668	59,676	-	-	2,187,344
Total Capital Assets, Being Depreciated	240,336,396	4,426,810	(58,262)	2,964,159	247,669,103
Accumulated Depreciation:					
Buildings and building improvements	(22,103,109)	(3,617,215)	-	-	(25,720,324)
Improvements other than buildings	(14,462,872)	(524,249)	-	-	(14,987,121)
Furniture, equipment and vehicles	(5,172,360)	(576,021)	-	-	(5,748,381)
Telecommunication equipment	(7,501,883)	(610,795)	-	-	(8,112,678)
Intangible assets:					
Lease assets - buildings	(1,801,872)	(855,104)	-	-	(2,656,976)
Subscription assets	(981,525)	(597,929)	-	-	(1,579,454)
Library books	(1,716,129)	(51,533)	-	-	(1,767,662)
Total Accumulated Depreciation	(53,739,750)	(6,832,846)	-	-	(60,572,596)
Net Capital Assets	$ 187,509,577	$ 10,752,649	$ (58,262)	$ -	$ 198,203,964

The College's net investment in capital assets consisted of the following amounts as of August 31, 2025 and 2024:

	2025	2024
Capital Assets, Net	$ 253,641,105	$ 198,203,964
Less:		
Bonds payable	(158,112,045)	(162,656,898)
Bond anticipation note	(75,000,000)	(25,000,000)
Deferred gain	(515,870)	(558,860)
Leases payable	(7,188,917)	(8,180,955)
SBITAs payable	(212,152)	(788,251)
Non-debt, capital-related liabilities	(7,157,990)	(3,389,888)
Plus unspent bond proceeds	16,787,271	18,639,767
	$ 22,241,402	$ 16,268,879

Note 7 - Long-term Debt

Noncurrent liabilities activity for the year ended August 31, 2025, was as follows:

	Restated Balance 09/01/24	Additions	Retirements	Balance 08/31/25	Current Portion
Bonds Payable:					
General obligation bonds	$ 146,565,000	$ -	$ (3,870,000)	$ 142,695,000	$ 4,060,000
Premium	16,091,898	-	(674,853)	15,417,045	-
Total Bonds Payable	162,656,898	-	(4,544,853)	158,112,045	4,060,000
Other Liabilities:					
Compensated absences *	908,862	-	(2,011)	906,851	136,028
Leases payable	8,180,955	24,079	(1,016,117)	7,188,917	1,045,063
SBITA payable	788,251	-	(576,099)	212,152	101,951
Total Noncurrent Liabilities	$ 172,534,966	$ 24,079	$ (6,139,080)	$ 166,419,965	$ 5,343,042

* Amount shown above for compensated absences is the net change for the year.

Noncurrent liabilities activity for the year ended August 31, 2024, was as follows:

	Restated Balance 09/01/23	Additions	Retirements	Restated Balance 08/31/24	Current Portion
Bonds Payable:					
General obligation bonds	$ 150,260,000	$ -	$ (3,695,000)	$ 146,565,000	$ 3,870,000
Premium	16,739,673	-	(647,775)	16,091,898	-
Total Bonds Payable	166,999,673	-	(4,342,775)	162,656,898	3,870,000
Other Liabilities:					
Compensated absences *	841,254	67,608	-	908,862	136,328
Leases payable	6,426,487	2,587,157	(832,689)	8,180,955	1,011,557
SBITA payable	1,482,881	-	(694,630)	788,251	576,099
Total Noncurrent Liabilities	$ 175,750,295	$ 2,654,765	$ (5,870,094)	$ 172,534,966	$ 5,593,984

* Amount shown above for compensated absences is the net change for the year.

Note 7 - Long-term Debt (continued)

Series 2019 Limited Tax General Obligation Bonds
On March 20, 2019, the College issued Limited Tax General Obligation Bonds, Series 2019 in the amount of $89,930,000 and at a premium of $6,309,510. The bonds will be used for construction, renovation, acquisition and equipment of school buildings for the College and the purchase of the necessary sites for school buildings and for paying all costs associated with the issuance of the bonds. The interest rate ranges from 3.00 percent to 5.00 percent. The bonds mature in 2049.

In February 2021 the College partially defeased $1,000,000 of the Limited Tax General Obligation Bonds, Series 2019 with a contribution of $1,388,000, to pay for principal, interest and other fees associated with the defeasance. In September 2021, the College partially defeased $1,000,000 of the Limited Tax General Obligation Bonds, Series 2019 with a contribution of $1,149,107, to pay for principal, interest and other fees associated with the defeasance. In August 2023, the College partially defeased $4,715,000 of the Limited Tax General Obligation Bonds, Series 2019 with a contribution of $5,081,619, to pay for principal, interest and other fees associated with the defeasance. The following details the payments due through maturity as of August 31, 2025:

Fiscal Year	Principal	Interest	Totals
2026	$ 1,980,000	$ 3,085,150	$ 5,065,150
2027	2,075,000	2,992,650	5,067,650
2028	2,180,000	2,888,900	5,068,900
2029	2,285,000	2,779,900	5,064,900
2030	2,400,000	2,665,650	5,065,650
2031 - 2035	13,755,000	11,588,650	25,343,650
2036 - 2040	16,735,000	8,600,050	25,335,050
2041 - 2045	20,345,000	4,987,650	25,332,650
2046 - 2050	12,800,000	1,205,002	14,005,002
	$ 74,555,000	$ 40,793,602	$ 115,348,602

Series 2020 Limited Tax General Obligation Bonds
On March 4, 2020, the College issued Limited Tax General Obligations Bonds, Series 2020 with a par value of $66,625,000 and a premium of $10,644,016. The bonds were used for construction, renovation, acquisition and equipment of school buildings for the College and the purchase of the necessary sites for school buildings and for paying all costs associated with the issuance of the bonds. The interest rate ranges from 2.36 to 5.00 percent. The following details the payments due through maturity as of August 31, 2025:

Fiscal Year	Principal	Interest	Totals
2026	$ 1,440,000	$ 2,397,350	$ 3,837,350
2027	1,515,000	2,325,350	3,840,350
2028	1,590,000	2,249,600	3,839,600
2029	1,670,000	2,170,100	3,840,100
2030	1,750,000	2,086,600	3,836,600
2031 - 2035	9,865,000	9,324,800	19,189,800
2036 - 2040	12,010,000	7,187,200	19,197,200
2041 - 2045	14,605,000	4,585,600	19,190,600
2046 - 2050	13,935,000	1,420,800	15,355,800
	$ 58,380,000	$ 33,747,400	$ 92,127,400

Note 7 - Long-term Debt (continued)

Series 2021 Limited Tax General Obligation Refunding Bonds
On August 4, 2021, the College issued $12,005,000 Limited Tax General Obligation Refunding Bonds, Series 2021 at a premium of $2,051,831. The bonds were used to refund $13,500,000 Maintenance Tax Notes Series, 2017. The net present value savings were $3.7 million. The refunding resulted in a deferred gain on refunding of $0.7 million. The following details the payments due through maturity as of August 31, 2025:

Fiscal Year	Principal	Interest	Totals
2026	$ 640,000	$ 363,700	$ 1,003,700
2027	670,000	331,700	1,001,700
2028	705,000	298,200	1,003,200
2029	740,000	262,950	1,002,950
2030	775,000	225,950	1,000,950
2031 - 2035	4,315,000	691,750	5,006,750
2036 - 2040	1,915,000	86,550	2,001,550
	$ 9,760,000	$ 2,260,800	$ 12,020,800

Total General Obligation Bonds
The following details the payments due through maturity for all bonds outstanding as of August 31, 2025:

Fiscal Year	Principal	Interest	Totals
2026	$ 4,060,000	$ 5,846,200	$ 9,906,200
2027	4,260,000	5,649,700	9,909,700
2028	4,475,000	5,436,700	9,911,700
2029	4,695,000	5,212,950	9,907,950
2030	4,925,000	4,978,200	9,903,200
2031 - 2035	27,935,000	21,605,200	49,540,200
2036 - 2040	30,660,000	15,873,800	46,533,800
2041 - 2045	34,950,000	9,573,250	44,523,250
2046 - 2050	26,735,000	2,625,802	29,360,802
	$ 142,695,000	$ 76,801,802	$ 219,496,802

The amount of bonds authorized but unissued as of August 31, 2025 is $250,000,000. See Note 8 for information related to the Limited Tax Revolving Note Program.

Note 7 - Long-term Debt (continued)

Leases
The College has four leases outstanding as of August 31, 2025 for the right to use buildings.

Description	Start Date	End Date	Interest Rate	Original Amount	Lease Liability as of August 31, 2025	Lease Liability as of August 31, 2024
Buildings:						
Mainland City Centre	8/15/21	12/31/31	1.890%	$ 4,232,409	$ 2,744,326	$ 3,132,369
Culinary School	4/1/24	1/31/33	2.644%	2,432,498	2,090,156	2,329,677
1411 Main	9/1/20	8/31/31	1.048%	3,549,652	2,211,070	2,566,259
1501 Amburn Road	5/7/24	4/30/29	2.636%	154,659	123,847	152,650
Equipment:						
Copiers				24,079	19,518	-
				$ 10,393,297	$ 7,188,917	$ 8,180,955

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

Fiscal Year	Principal	Interest	Totals
2026	$ 1,045,063	$ 125,550	$ 1,170,613
2027	1,071,711	106,398	1,178,109
2028	1,098,994	86,685	1,185,679
2029	1,115,063	66,438	1,181,501
2030	1,114,049	46,331	1,160,380
2031 - 2035	1,744,037	35,490	1,779,527
	$ 7,188,917	$ 466,892	$ 7,655,809

Subscription-Based Information Technology Arrangements (SBITAs)
The College has three SBITAs outstanding as of August 31, 2025 for the right to use subscription assets.

Description	Start Date	End Date	Interest Rate	Original Amount	SBITA Liability as of August 31, 2025	SBITA Liability as of August 31, 2024
ERP Software	09/01/20	08/31/25	5.000%	$ 1,773,197	$ -	$ 481,917
Educational Software	06/30/23	08/31/28	5.000%	568,892	212,152	306,334
				$ 2,342,089	$ 212,152	$ 788,251

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

Fiscal Year	Principal	Interest	Totals
2026	$ 101,951	$ 10,608	$ 112,559
2027	110,201	5,510	115,711
	$ 212,152	$ 16,118	$ 228,270

Note 8 - Short-term Debt

The College used short-term debt in the form of bond anticipation notes (BANs) for the fiscal year ended August 31, 2025. The notes were used since expenses related to the bonds authorized in fiscal year 2023 were to occur prior to issuance of the bonds.

Limited Tax Revolving Note Program

In June 2023, the College approved an order establishing the College of the Mainland Limited Tax Revolving Note Program and authorized the issuance of program obligations, from time to time, in an aggregate principal amount not to exceed $100,000,000 outstanding at any one time. The interest & sinking fund (I&S) tax rate is the funding source, accessed through a note purchase agreement or bank line. In October 2023, the College paid approximately $660,621 in loan origination costs and fees. A summary of the outstanding revolving notes are as follows:

				Outstanding Balance	
Issuance Date	Maturity Date	Interest Rate	Original Amount	August 31, 2024	August 31, 2025
10/26/23	10/24/24	4.817%	$ 25,000,000	$ 25,000,000	$ -
10/24/24	10/23/25	3.870%	25,000,000	-	25,000,000
01/29/25	01/28/26	3.874%	25,000,000	-	25,000,000
05/30/25	05/29/26	3.919%	25,000,000	-	25,000,000
				$ 25,000,000	$ 75,000,000

Activity related to the notes for the year ended August 31, 2025 and 2024, was as follows:

	2025	2024
Beginning Balance	$ 25,000,000	$ -
Additions	75,000,000	25,000,000
Reductions	(25,000,000)	-
Ending Balance	$ 75,000,000	$ 25,000,000
Unused amount	$ 25,000,000	$ 75,000,000

Note 9 - Defined Benefit Pension Plan

Plan Description

The College participates in a multiple-employer, cost-sharing, defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). The TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position

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

Note 9 - Defined Benefit Pension Plan (continued)

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

One-Time Stipends

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

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

Cost-of-Living Adjustment

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

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the TRS actuary.

Contributions

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

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

Note 9 - Defined Benefit Pension Plan (continued)

Contributions (continued)

	Fiscal Year Contribution Rates	
	2025	2024
Employer (College)	8.25%	8.25%
Employee (Member)	8.25%	8.25%
Non-employer Contributing Entity (State)	8.25%	8.25%

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

	Fiscal Year Contributions	
	2025	2024
Employer (College)	$ 1,031,823	$ 1,076,593
Employee (Member)	1,866,535	1,835,207
Non-employer Contributing Entity (State)	894,319	852,639

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate, times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year, reduced by the amounts described below which are paid by the employers. Employers (public schools, junior colleges, other entities, or the State of Texas as the employer for senior colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% 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, there is a surcharge an employer is subject to.

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

Note 9 - Defined Benefit Pension Plan (continued)

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

Component	Result
Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2024	3.87% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2023.

Discount Rate
A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 9 - Defined Benefit Pension Plan (continued)

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

Asset Class	Target Allocation[2]	Long-Term Expected Geometric Real Rate of Return[3]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity[1]	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return[1]	0.00%	4.00%	0.00%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources & Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag[4]			-0.70%
Expected Return	100.00%		7.90%

[1] Absolute Return includes Credit Sensitive Investments.
[2] Target allocations are based on the fiscal year 2024 policy model.
[3] Capital Market Assumptions (CMA) come from 2024 AAA Study CMA Survey (as of 12/31/2023).
[4] The volatility drag results from the conversion between arithmetic and geometric mean returns.

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
College's proportional share of the net pension liability	$ 18,651,534	$ 11,677,254	$ 5,898,568

Note 9 - Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
At August 31, 2025, the College reported a liability of $11,677,254 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the net pension liability	$	11,677,254
State's proportionate share of the net pension liability associated with the College		8,525,479
Total	$	20,202,733

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

At August 31, 2025, the employer's proportion of the collective net pension liability was 0.0191%, which was an increase of 0.0001% from its proportion measured as of August 31, 2024.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation
The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

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

For the year ended August 31, 2025, the College recognized pension expense of $1,552,883. The College also recognized on-behalf pension expense and revenue of $1,018,937 for support provided by the State.

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

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	643,634	$	(91,170)
Changes of assumptions		602,922		(80,831)
Net difference between projected and actual earnings on plan investments		70,981		-
Changes in proportion and differences between College contributions and proportionate share of contributions		56,708		(423,036)
College contributions subsequent to the measurement date		1,031,822		-
Total	$	2,406,067	$	(595,037)

Note 9 - Defined Benefit Pension Plan (continued)

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation (continued)

The College recognized $1,031,822 as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the College's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending August 31	Amount
2026	$ (121,088)
2027	1,086,252
2028	64,099
2029	(294,049)
2030	43,994
	$ 779,208

Note 10 - Optional Retirement Plan

Plan Description

The state has also established an optional retirement program for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.6% and 6.65%, respectively. The College contributes 8.5% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

	Fiscal Year	
	2025	2024
State On-Behalf Retirement Expense	$ 81,484	$ 77,035
Covered Payroll - TRS Employees	22,624,657	22,244,919
Covered Payroll - ORP Employees	2,469,225	2,334,392
Covered Payroll - All Employees	29,904,200	28,044,293

The retirement expense to the State for the College represents the portion of expended appropriations made by the State Legislature on behalf of the College.

Note 11 - Other Post-Employment Benefit Plan (OPEB)

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

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

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

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 the ERS staff and consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated, and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

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

Maximum monthly contribution by the employer for fiscal years 2025 and 2024 were as follows:

	Fiscal Year	
	2025	**2024**
Retiree only	$624.82	$624.82
Retiree & Spouse	1,340.36	1,340.36
Retiree & Children	1,104.22	1,104.22
Retiree & Family	1,820.22	1,820.22

Note 11 - Other Post-Employment Benefit Plan (OPEB) (continued)

Contributions (continued)

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

	2025	2024
Employer (College)	$ 737,133	$ 656,776
Employee (Member)	171,724	158,153
Non-employer Contributing Entity (State)	2,209,164	2,209,164

Actuarial Assumptions

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

Valuation Date	August 31, 2024
Actuarial Cost Method	Entry age
Amortization Method/Period	Level of percentage of payroll, open
Asset Valuation Method	Not applicable
Inflation	2.30%
Salary Increases	2.30% to 8.95%, including inflation
Discount Rate	3.87%
Aggregate Payroll Growth	2.7%
Retirement Age	Experience-based tables of rates that are specific to the class of employee.

Healthcare Cost Trend Rates	
Medication (HealthSelect)	5.60% for FY2026, 5.60% for FY2027, 5.25% for FY2028, 5.00% for FY2029, 4.75% for FY2030, 4.5% for FY2031, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2033 and later years
Medical (HealthSelect Medicare Advantage)	36.00% for FY2026, 8.00% for FY2027, 5.25% for FY2028, 5.00% for FY2029, 4.75% for FY2030, 4.50% for FY2031 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2033 and later years
Pharmacy	10.00% for FY2026, 10.00% for FY2027, decreasing 100 basis points per year to 5.00% for FY2032 and 4.30% for FY2033 and later years

Mortality	
Service Retirees, Survivors, and Other Inactive Members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021.
Disability Retirees	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
Active Members	Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP-2021 Projection Scale from the year 2010.

Note 11 - Other Post-Employment Benefit Plan (OPEB) (continued)

Investment Policy

The SRHP is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The ERS's Board of Trustees amended the investment policy statement in August 2022 to require that all funds in the SRHP be invested in cash and equivalent securities.

Discount Rate

Because the SRHP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rates. The discount rate used to determine the total OPEB liability as of the end of the measurement year was 3.87% to reflect the requirements of GASB 75. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA rating. Projected cash flows into the SRHP are equal to projected benefit payments out of the plan. Because SRHP operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return, as applicable, is zero years.

Discount Rate Sensitivity Analysis

The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.81%) in measuring the net OPEB Liability.

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
College's proportional share of the net OPEB liability	$ 30,336,357	$ 26,073,233	$ 22,652,029

Healthcare Trend Rate Sensitivity Analysis

The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used in measuring the net OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
College's proportional share of the net OPEB liability	$ 22,372,145	$ 26,073,233	$ 30,791,123

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

At August 31, 2025, the College reported a liability of $26,073,233 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportion of the net OPEB liability	0.08897017%
College's proportionate share of the net OPEB liability	$ 26,073,233
State's proportionate share of the net OPEB liability associated with the College	21,229,247
Total	$ 47,302,480

Note 11 - Other Post-Employment Benefit Plan (OPEB) (continued)

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

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

At the measurement date of August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.0890% which was an increase of 0.0055% from the previous year. For the year ended August 31, 2025, the College recognized OPEB expense of $130,997 and an additional negative on-behalf revenue and expense of $2,863 for support provided by the State.

Changes Since the Prior Actuarial Valuation – The Actuarial Assumptions are used to project the demographic events and economic forces that affect the cost of the plan. Since the last valuation was prepared for this plan, demographic assumptions (including the mortality projection scale for all State Agency members; base mortality for Judges; assumed rates of retirement for certain members who are Regular Class, Elected Class or Certified Peace Officers/Custodial Officers (CPO/CO); assumed rates of termination for certain members who are Regular Class, Judges or Certified Peace Officers/Custodial Officers (CPO/CO); and assumed rates of disability for all State Agency members) have been updated to reflect assumptions recently adopted by the ERS Trustees. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary. In addition, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short-term expectations. In addition, (a) the percentage of future retirees assumed to be married and electing coverage for their spouse, (b) the proportion of future retirees assumed to elect health coverage at retirement and the proportion of future retirees expected to receive the Opt-Out Credit at retirement, and (c) the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee have been updated to reflect recent plan experience and expected trends. Lastly, the discount rate was changed from 3.81% to 3.87% as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (430,178)
Changes of assumptions	1,427,497	(5,193,986)
Net difference between projected and actual earnings on plan investments	-	(997)
Changes in proportion and differences between College contributions and proportionate share of contributions	1,911,549	(1,502,974)
College contributions subsequent to the measurement date	737,133	-
Total	$ 4,076,179	$ (7,128,135)

Note 11 - Other Post-Employment Benefit Plan (OPEB) (continued)

OPEB Liabilities, OPEB Expense, and Deferred/Inflows of Resources Related to OPEB (continued)
The deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the measurement year ended August 31, 2025 or fiscal year ending August 31, 2026. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending August 31		Amount
2026	$	(1,685,008)
2027		(1,659,157)
2028		(954,752)
2029		209,158
2030		300,670
	$	(3,789,089)

Note 12 - Deferred Compensation Program

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

Note 13 - Pending Lawsuits and Claims

On August 31, 2025, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College 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 College.

Note 14 - Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities.* Funds received, but not expended during the reporting period, are unearned. Revenues are recognized on Exhibit 2 as funds are actually expended. For federal and state contract and grant awards, funds expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements.

Note 15 - Self-Insured Plans

Workers' Compensation Pool
During the year ended August 31, 2025 and 2024, College of the Mainland met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of $2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2024, the Fund carries a discounted reserve of $50,247,590 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2025, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

Note 15 - Self-Insured Plans (continued)

Workers' Compensation Pool (continued)
The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Auto, Liability, and/or Property Programs
During the years ended August 31, 2025 and 2024, College of the Mainland participated in the following TASB Risk Management Fund (the Fund) programs: Auto Liability, Auto Physical Damage, Privacy & Information Security, and School Liability.

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2025, the Fund anticipates that College of the Mainland has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Unemployment Compensation Pool
During the years ended August 31, 2025 and 2024, College of the Mainland provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2025, the Fund anticipates that College of the Mainland has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Note 16 - Property Tax

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

	2025	2024
Assessed Valuation of the College:	$ 25,686,659,716	$ 24,066,036,171
Less: Exemptions	(8,350,898,323)	(7,263,682,115)
Net Assessed Valuation of the College	$ 17,335,761,393	$ 16,802,354,056

	2025			2024		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized Tax Rate per $100 Valuation	$ 0.600000	$ 0.500000	$ 1.100000	$ 0.600000	$ 0.500000	$ 1.100000
Assessed Tax Rate per $100 Valuation	$ 0.142700	$ 0.124400	$ 0.267100	$ 0.144100	$ 0.124400	$ 0.268500

The maximum combined authorized tax rate approved by voters in the College district is $0.60. No separate limit is imposed on the tax rate specifically for current operations or debt service. However, pursuant to Texas Education Code Section 130.122 *Junior College Districts - Tax Bonds and Maintenance Tax*, the debt service portion of the combined tax rate may not exceed $0.50.

Taxes levied for the years ended August 31, 2025 and 2024 amounted to $49,869,871 and $47,723,184 respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Tax collections for the years ended August 31, 2025 and 2024 approximated 97.86% of the current year levy for 2025 and 97.69% for 2024. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes.

Note 17 - Income Taxes

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

Note 18 - Tax Abatements

The City of Texas City operates a Foreign Trade Zone (#199) in accordance with the Foreign Trade Zone Act, which was created to “expedite and encourage foreign commerce” in the United States. The primary mission of Foreign Trade Zone #199 is to provide the local petrochemical industries and other enterprises engaging in international commerce with a competitive global marketing advantage that stimulates expansion of their operations and enhances the local, state, and national economies. A U.S.-based manufacturer can bring foreign-sourced parts or materials into the Zone, pay no duty, incorporate those parts or materials into a finished product using U.S. parts and labor, and, if the finished product entered the U.S. commerce, pay duty on the value of the foreign non-duty-paid content only. The City of Texas City oversees Foreign Trade Zone #199 and allows interested parties to create a subzone that is then operated by the business and then provides reports to the City. There are several consultants and sources with information as to how the ability of a company to create a subzone for a Foreign Trade Zone is available. The City of Texas City will work with the company after an agreement is prepared. Local Ad Valorem taxes are still paid under the agreement, but all other benefits of the Foreign Trade Zone are provided to the business. Below is a brief summary:

- Duty Exemption on Re-exports: If merchandise is re-exported after being placed in a FTZ or shipped to another FTZ and then re-exported, then no duty is ever paid.
- Relief from Inverted Tariffs: Generally, if foreign merchandise is brought into a FTZ or Subzone and manufactured into a product that carries a lower duty rate, then the lower rate applies.
- Duty Elimination on Waste and Scrap: No duty is charged on most waste and scrap from production in FTZs.
- No Duty on Rejected or Defective Parts: Merchandise found to be defective or faulty may be returned to the country of origin for repair or simply destroyed. Whichever choice is taken, no duty is paid. Many companies suffer from the "double duty crunch”. That is, they pay duty on imported merchandise, find it to be faulty and return it to the country of origin for repair, and then pay duty again when the merchandise reenters the United States. If you are a FTZ user or Subzone, the "double duty crunch" is never a problem, because your merchandise never enters the commerce of the United States.
- Duty Deferral: No duty is ever charged on merchandise while it is in a FTZ, and there is no limit on the length of time merchandise may be kept in a FTZ. By deferring the duty, capital is freed for more important needs.
- No Duty on Domestic Content or Value Added: The "value added" to a product in a FTZ (including manufacture using domestic parts, cost of labor, overhead and profit) is not included in its dutiable value when the final product leaves the Zone. Final duties are assessed on foreign content only.
- No Duty on Sales to the U.S. Military or NASA: No duty is charged on merchandise sold from a FTZ to the U.S. Military or NASA, returned to the country of origin for repair or simply destroyed. Whichever choice is taken, no duty is paid.

Inventory within the Foreign Trade Zone totaled $314.5 million and $328.9 million as of August 31, 2025 and August 31, 2024, respectively. The College received a tax equivalency payments of $1,029,265 and $883,022 for fiscal years 2025 and 2024, respectively.

Note 19 - Component Unit - College of the Mainland Foundation (Related Party)

The College of the Mainland Foundation (the "Foundation") was organized in the State of Texas in 1972 to function as a legally separate, not-for-profit 501(c)(3), tax-exempt organization and is controlled by a separate Board of Trustees. The College does not appoint any of the Foundation board members nor does it fund or is it obligated to pay debt related to the Foundation. The duration of the Foundation is perpetual. The Foundation was established to raise private funds for the College for charitable, scientific, literary, and educational purposes, which are to be administered by the Foundation solely for the benefit of the College, and to account for and enhance the value of funds submitted to it in support of the educational mission of the College.

Using the criteria established by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statement No. 14 and No. 34*, and GASB No. 39*, Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, the College's management has determined that the Foundation should be reported as a discretely presented component unit of the College because of the nature and significance of its relationship with the College. The Foundation raises and holds economic resources for the direct benefit of the College. Accordingly, the Foundation's financial statements are included in the College's annual financial report as a discretely presented component as: Statements of Financial Position (Exhibit 1A), Statements of Activities and Changes in Net Assets (Exhibit 2A), and Statements of Cash Flows (Exhibit 3A).

Note 20 - Related Party Disclosure Required by the U.S. Department of Education

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

REQUIRED SUPPLEMENTARY INFORMATION

(RSI) SCHEDULES

COLLEGE OF THE MAINLAND

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS

Last Ten Measurement Years

	2024	2023	2022	2021	2020
College's proportion of the net pension liability	0.0191%	0.0190%	0.0191%	0.0197%	0.0210%
College's proportionate share of the net pension liability	$ 11,677,254	$ 13,077,598	$ 11,320,935	$ 5,009,836	$ 11,231,118
State's proportionate share of the net pension liability associated with the College	8,525,479	9,567,264	15,983,626	3,819,626	8,423,778
Total	$ 20,202,733	$ 22,644,862	$ 27,304,561	$ 8,829,462	$ 19,654,896
College's covered payroll (for Measurement Year)	$ 22,244,919	$ 20,804,386	$ 19,524,009	$ 19,113,934	$ 19,605,266
College's proportionate share of the net pension liability as a percentage of covered payroll	52.49%	62.86%	57.98%	26.21%	57.29%
Plan fiduciary net position as a percentage of the total pension liability *	77.51%	73.15%	75.65%	88.79%	75.54%
Plan's net pension liability as a percentage of covered payroll *	102.39%	122.32%	112.72%	51.08%	110.36%

	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.0217%	0.0207%	0.0194%	0.0181%	0.0187%
College's proportionate share of the net pension liability	$ 11,299,584	$ 11,375,668	$ 6,198,638	$ 6,846,918	$ 6,610,980
State's proportionate share of the net pension liability associated with the College	7,825,217	7,847,889	4,624,171	5,339,118	5,279,379
Total	$ 19,124,801	$ 19,223,557	$ 10,822,809	$ 12,186,036	$ 11,890,359
College's covered payroll (for Measurement Year)	$ 18,525,427	$ 16,914,824	$ 16,048,298	$ 14,959,647	$ 14,576,449
College's proportionate share of the net pension liability as a percentage of covered payroll	60.99%	67.25%	38.62%	45.77%	45.40%
Plan fiduciary net position as a percentage of the total pension liability *	75.24%	73.74%	82.17%	78.00%	78.43%
Plan's net pension liability as a percentage of covered payroll *	114.93%	126.11%	75.93%	92.75%	91.94%

The amounts presented for each Plan year which ends the preceding August 31 of the College's fiscal year.

* Per TRS' ACFR

COLLEGE OF THE MAINLAND

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Contractually required contributions	$ 1,031,823	$ 1,076,593	$ 978,170	$ 890,348	$ 839,421
Contributions in relation to the contractual required contributions	1,031,823	1,076,593	978,170	890,348	839,421
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 22,624,657	$ 22,244,919	$ 20,804,386	$ 19,524,009	$ 19,113,934
Contributions as a percentage of covered payroll	4.56%	4.84%	4.70%	4.56%	4.39%

	2020	2019	2018	2017	2016
Contractually required contributions	$ 862,530	$ 760,637	$ 693,320	$ 635,854	$ 574,687
Contributions in relation to the contractual required contributions	862,530	760,637	693,320	635,854	574,687
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 19,605,266	$ 18,525,427	$ 16,914,824	$ 16,048,298	$ 14,959,647
Contributions as a percentage of covered payroll	4.40%	4.11%	4.10%	3.96%	3.84%

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending 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.

Measurement Year 2020: 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 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

Measurement Year 2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

Measurement Year 2022: The discount rate changed from 7.25% to 7.00%.

Measurement Year 2023: None.

Measurement Year 2024: None.

COLLEGE OF THE MAINLAND

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
For the Last Eight Measurement Years ended August 31 (1)

	2024	2023	2022	2021
College's proportion of the net OPEB liability	0.0890%	0.0835%	0.0878%	0.0867%
College's proportionate share of the net OPEB liability	$ 26,073,233	$ 22,300,873	$ 25,011,462	$ 31,112,227
State's proportionate share of the net OPEB liability associated with the College	21,229,247	14,821,943	22,309,162	27,747,972
Total	$ 47,302,480	$ 37,122,816	$ 47,320,624	$ 58,860,199
College's covered-employee payroll (for Measurement Year)	$ 22,244,919	$ 20,804,386	$ 19,524,009	$ 19,837,004
College's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	117.21%	107.19%	128.11%	156.84%
Plan fiduciary net position as a percentage of the total OPEB liability *	0.47%	0.63%	0.57%	0.38%
Plan's net OPEB liability as a percentage of covered-employee payroll *	190.84%	194.10%	223.71%	285.03%

	2020	2019	2018	2017
College's proportion of the net OPEB liability	0.0907%	0.0835%	0.0894%	0.1097%
College's proportionate share of the net OPEB liability	$ 29,964,571	$ 28,848,767	$ 26,498,202	$ 37,388,442
State's proportionate share of the net OPEB liability associated with the College	25,552,721	27,566,035	22,486,778	31,831,667
Total	$ 55,517,292	$ 56,414,802	$ 48,984,980	$ 69,220,109
College's covered-employee payroll (for Measurement Year)	$ 19,378,778	$ 18,495,216	$ 17,111,319	$ 16,683,458
College's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	154.63%	155.98%	154.86%	224.10%
Plan fiduciary net position as a percentage of the total OPEB liability *	0.32%	0.17%	1.27%	2.04%
Plan's net OPEB liability as a percentage of covered-employee payroll *	261.11%	280.54%	246.01%	290.10%

The amounts presented for each Plan year which ends the preceding August 31 of the College's fiscal year.
* Per Employees Retirement System of Texas' comprehensive annual financial report.
(1) Ten year of data should be presented in this schedule, but data was unavailable prior to 2017
Net OPEB liability and related ratios will be presented as data becomes available.

COLLEGE OF THE MAINLAND

SCHEDULE OF THE COLLEGE'S OPEB CONTRIBUTIONS
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
For the Last Ten Fiscal Years

	2025	2024	2023	2022	2020
Contractually required contributions	$ 737,133	$ 656,776	$ 643,915	$ 589,028	$ 653,072
Contributions in relation to the contractual required contributions	737,133	656,776	643,915	589,028	653,072
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 22,624,657	$ 22,244,919	$ 20,804,386	$ 19,524,009	$ 19,837,004
Contributions as a percentage of covered payroll	3.26%	2.95%	3.10%	3.02%	3.29%

	2019	2018	2017	2016	2015
Contractually required contributions	$ 351,791	$ 352,293	$ 1,049,808	$ 1,029,156	$ 939,421
Contributions in relation to the contractual required contributions	351,791	352,293	1,049,808	1,029,156	939,421
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 19,378,778	$ 18,495,216	$ 17,111,319	$ 16,683,458	$ 16,889,962
Contributions as a percentage of covered payroll	1.82%	1.90%	6.14%	6.17%	5.56%

Changes Since Prior Actuarial Valuation

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

- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to cover dependent children.
- The 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 our short-term expectations.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee have been updated to reflect recent plan experience and expected trends.
- The discount rate was changed from 3.81% as of August 31, 2023, to 3.87% as of August 31, 2024, as a result of requirements by GASB No. 74 to 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.

SUPPLEMENTAL SCHEDULES

COLLEGE OF THE MAINLAND

Schedule A

SCHEDULE OF OPERATING REVENUES
For the Year Ended August 31, 2025
With Memorandum Totals for the Year Ended August 31, 2024

	Educational Activities			Auxiliary	Total	
	Unrestricted	**Restricted**	**Total**	**Enterprises**	**2025**	**2024**
Tuition						
State funded credit courses:						
In-district resident tuition	$ 4,312,193	$ -	$ 4,312,193	$ -	$ 4,312,193	$ 3,171,820
Out-of-district resident tuition	2,690,410	-	2,690,410	-	2,690,410	2,510,908
Non-resident tuition	229,777	-	229,777	-	229,777	184,771
TPEG- credit (set aside)*	456,397	-	456,397	-	456,397	189,157
State funded continuing education	453,204	36,087	489,291	-	489,291	311,297
Non-state funded educational programs	144,577	26,015	170,592	-	170,592	202,954
Total Tuition	8,286,558	62,102	8,348,660	-	8,348,660	6,570,907
Fees						
Campus fees	-	-	-	-	-	159,622
Facility fees	-	-	-	-	-	866,524
Laboratory fees	120,571	-	120,571	-	120,571	183,398
Processing fees	-	-	-	-	-	456,678
Other fees	259,635	-	259,635	-	259,635	846,653
Total Fees	380,206	-	380,206	-	380,206	2,512,875
Scholarship Allowances and Discounts						
Remissions and exemptions - state	(117,635)	-	(117,635)	-	(117,635)	(99,147)
Remissions and exemptions - local	(87,591)	-	(87,591)	-	(87,591)	(1,355,788)
TPEG awards	(259,665)	-	(259,665)	-	(259,665)	(266,849)
Total Scholarship Allowances and Discounts	(464,891)	-	(464,891)	-	(464,891)	(1,721,784)
Total Net Tuition and Fees	8,201,873	62,102	8,263,975	-	8,263,975	7,361,998
Additional Operating Revenues						
Federal grants and contracts	59,727	4,632,179	4,691,906	-	4,691,906	3,553,100
State grants and contracts	49,086	1,642,625	1,691,711	-	1,691,711	1,029,160
Private grants and contracts	-	1,361,566	1,361,566	-	1,361,566	1,736,514
Sales and services of educational activities	22,129	-	22,129	-	22,129	24,548
General operating revenues	464,573	-	464,573	-	464,573	569,433
Total Additional Operating Revenues	595,515	7,636,370	8,231,885	-	8,231,885	6,912,755
Auxiliary Enterprises						
Bookstore	-	-	-	306,866	306,866	117,371
Other auxiliary	-	-	-	44,299	44,299	219,948
Total Net Auxiliary	-	-	-	351,165	351,165	337,319
Total Operating Revenues	$ 8,797,388	$ 7,698,472	$ 16,495,860	$ 351,165	$ 16,847,025	$ 14,612,072

*In accordance with Education Code 56.033, $259,665 and $266,849 of tuition was set aside for Texas Public Education Grants (TPEG) for the current and prior year, respectively.

COLLEGE OF THE MAINLAND

Schedule B

SCHEDULE OF OPERATING EXPENSES BY OBJECT
For the Year Ended August 31, 2025
With Memorandum Totals for the Year Ended August 31, 2024

	Operating Expenses					
	Salaries and	Benefits		Other	Total	
	Wages	State	Local	Expenses	2025	2024
Unrestricted - Educational Activities						
Instruction	$ 13,815,266	$ -	$ 1,589,304	$ 1,525,813	$ 16,930,383	$ 15,236,421
Public service	514,971	-	104,551	110,940	730,462	654,514
Academic support	3,267,407	-	558,577	1,402,137	5,228,121	4,849,401
Student services	3,801,439	-	595,278	712,855	5,109,572	4,395,106
Institutional support	5,519,783	-	1,792,901	3,201,600	10,514,284	9,767,663
Operation and maintenance of plant	750,045	-	175,161	6,865,871	7,791,077	5,643,640
Scholarships and fellowships	-	-	14	-	14	54
Total Unrestricted Educational Activities	27,668,911	-	4,815,786	13,819,216	46,303,913	40,546,799
Restricted - Educational Activities						
Instruction	795,615	1,848,459	-	171,026	2,815,100	3,021,913
Public service	447,250	126,031	-	223,845	797,126	702,838
Academic support	-	546,135	-	95,990	642,125	629,062
Student services	877,997	714,177	-	1,120,311	2,712,485	2,231,520
Institutional support	-	756,187	-	212,758	968,945	1,413,455
Operation and maintenance of plant	-	210,052	-	-	210,052	208,063
Scholarships and fellowships	91,551	-	-	10,856,054	10,947,605	8,805,226
Total Restricted Educational Activities	2,212,413	4,201,041	-	12,679,984	19,093,438	17,012,077
Total Educational Activities	29,881,324	4,201,041	4,815,786	26,499,200	65,397,351	57,558,876
Auxiliary Enterprises	22,876	129	1,054	329,754	353,813	257,032
Depreciation/Amortization Expense:						
Building and other real estate improvements	-	-	-	4,210,575	4,210,575	4,141,464
Equipment and furniture	-	-	-	1,590,050	1,590,050	1,186,816
Library books	-	-	-	53,904	53,904	51,533
Right-to-use lease assets	-	-	-	1,041,754	1,041,754	855,104
Right-to-use subscription assets	-	-	-	562,919	562,919	597,929
Total Depreciation/Amortization Expense	-	-	-	7,459,202	7,459,202	6,832,846
Total Operating Expenses	$ 29,904,200	$ 4,201,170	$ 4,816,840	$ 34,288,156	$ 73,210,366	$ 64,648,754

COLLEGE OF THE MAINLAND

Schedule C

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

			Total	
	Unrestricted	**Restricted**	**2025**	**2024**
Non-Operating Revenues:				
State appropriations:				
Education and general state support	$ 8,036,938	$ -	$ 8,036,938	$ 7,738,497
State group insurance	-	2,206,301	2,206,301	1,770,553
State retirement matching	-	1,994,740	1,994,740	2,374,248
Total state appropriations	8,036,938	4,201,041	12,237,979	11,883,298
Maintenance and ad valorem taxes	25,653,775	-	25,653,775	24,994,775
Interest and sinking ad valorem taxes	-	23,204,672	23,204,672	21,929,056
Federal revenue, non-operating	10,395	8,178,286	8,188,681	7,070,356
Investment income	1,652,818	937,515	2,590,333	2,692,523
Foreign trade zone fees	1,029,265	-	1,029,265	883,022
Total Non-Operating Revenues	36,383,191	36,521,514	72,904,705	69,453,030
Non-Operating Expenses				
Interest and fees on capital-related debt	(169,960)	(7,178,534)	(7,348,494)	(6,701,228)
Total Non-Operating Expenses	(169,960)	(7,178,534)	(7,348,494)	(6,701,228)
Net Non-Operating Revenues (Expenses)	$ 36,213,231	$ 29,342,980	$ 65,556,211	$ 62,751,802
			(Exhibit 2)	(Exhibit 2)

COLLEGE OF THE MAINLAND

Schedule D

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

Year Ended August 31, 2025

With Memorandum Totals for the Year Ended August 31, 2024

	Detail by Source				Available for Current Operations	
	Unrestricted	**Restricted Expendable**	**Net Investment in Capital Assets**	**Total**	**Yes**	**No**
Current						
Unrestricted:						
Net pension liability	$ (11,677,254)	$ -	$ -	$ (11,677,254)	$ -	$ (11,677,254)
Net OPEB liability	(26,073,233)	-	-	(26,073,233)	-	(26,073,233)
Other	1,353,818	-	-	1,353,818	1,353,818	-
Auxiliary enterprises	(2,182,452)	-	-	(2,182,452)	(2,182,452)	-
Restricted:						
Grants and donor restrictions	-	1,205,939	-	1,205,939	1,205,939	-
Loan funds	-	26,875	-	26,875	-	26,875
Plant:						
Debt Service	-	28,664,873	-	28,664,873	28,664,873	-
Investment in plant	-	-	22,241,402	22,241,402	-	22,241,402
Total Net Position, End of Year	(38,579,121)	29,897,687	22,241,402	13,559,968 Exhibit 1	29,042,178	(15,482,210)
Total Net Position, Beginning of Year	(30,642,824)	18,741,043	16,268,879	4,367,098 Exhibit 1	(1,550,507)	5,917,605
Net Increase (Decrease) in Net Position	$ (7,936,297)	$ 11,156,644	$ 5,972,523	$ 9,192,870 (Exhibit 2)	$ 30,592,685	$ (21,399,815)

On-Behalf Revenues Recognized as Non-Operating Revenues

A reconciliation of the amounts recognized as non-operating revenues for support received by the State on-behalf of the College is as follows:

	Estimated Payments Made by State On-Behalf of College	Pension/OPEB Expense Incurred by State On-Behalf of College	Total
State Group Insurance:			
ERS	$ 2,209,164	$ (2,863)	$ 2,206,301
Total State Group Insurance:	2,209,164	(2,863)	2,206,301
State Retirement Matching:			
TRS	894,319	1,018,937	1,913,256
ORP	81,484	-	81,484
Total State Retirement Matching:	975,803	1,018,937	1,994,740
Total Non-Operating Revenues Related to Pension/OPEB	$ 3,184,967	$ 1,016,074	$ 4,201,041

FEDERAL AND STATE AWARDS SECTION

Houston Office
3737 Buffalo Speedway
Suite 1600
Houston, Texas 77098
713.621.1515 Main

whitleypenn.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
College of the Mainland

We have audited the financial statements of the business-type activities, and the discretely presented component unit of the of College of the Mainland (the "College"), as of and for the years ended August 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise of the College's basic financial statements, and have issued our report thereon dated December 8, 2025. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States. The financial statements of College of the Mainland Foundation were not audited in accordance with *Government Auditing* Standards and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with College of the Mainland Foundation.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Trustees
College of the Mainland

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the *Public Funds Investment Act (*Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Whitley Penn LLP

Houston, Texas
December 8, 2025

Houston Office
3737 Buffalo Speedway
Suite 1600
Houston, Texas 77098
713.621.1515 Main

whitleypenn.com

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

To the Board of Trustees
College of the Mainland

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

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

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

To the Board of Trustees
College of the Mainland

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, GAS, the Uniform Guidance, and the TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, GAS, the Uniform Guidance, and the TxGMS, we:

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

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

Report on Internal Control Over Compliance

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

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

To the Board of Trustees
College of the Mainland

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

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

Whitley Penn LLP

Houston, Texas
December 8, 2025

COLLEGE OF THE MAINLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2025

I. Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major program(s):

Name of Program or Cluster	Assistance Listing Number (ALN)
Student Financial Aid Cluster	84.007, 84.033, 84.063, 84.268

Dollar Threshold Considered Between Type A and Type B Programs	$750,000
Auditee qualified as low-risk auditee?	Yes

State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with TxGMS?	No

Identification of major program(s):

<u>Name of Program</u>

Texas Education Opportunity Grant

Dollar Threshold Considered Between Type A and Type B Programs	$750,000
Auditee qualified as low-risk auditee?	Yes

COLLEGE OF THE MAINLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2025

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.

III. State Award Findings and Questioned Costs

None reported.

COLLEGE OF THE MAINLAND *Schedule E*

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2025

Federal Grantor / Pass-through Grantor / Program Title	ALN	Pass-Through Grantor's Number	Expenditures
U.S. Department of Labor			
Pass-Through from Texas Workforce Commission:			
Electric Apprenticeship	17.278	2825ATP001	$ 3,626
Total WIOA Cluster (ALN 17.278)			3,626
Electric Apprenticeship	17.285	2825ATP001	2,472
Total U.S. Department of Labor			**6,098**
National Science Foundation			
Robotic Process Automation Career Training	47.076	2202036	93,906
Total Research and Development Cluster (ALN 47.076)			93,906
Total National Science Foundation			**93,906**
U.S. Department of Education			
Supplemental Educational Opportunity Grant	84.007	P007A243984	230,000
Federal College Work-Study Program	84.033	P033A233984	1,096
Federal College Work-Study Program	84.033	P033A243984	83,543
Federal College Work-Study Program	84.033	P033A253984	6,216
Federal Pell Grant	84.063	P063P242888	9,190,470
Federal Pell Grant ACA	84.063	P063Q242888	10,395
Federal Direct Loan Program	84.268	P268K252888	733,244
Total Student Financial Aid Cluster (84.007, 84.033, 84.063, 84.268)			10,254,964
TRIO - Student Support Services	84.042A	P042A201150	254,879
TRIO - Upward Bound	84.047A	P047A221380	360,001
Total TRIO Cluster (ALN 84.042, 84.047)			614,880
Title V - Pathways Accelerating STEM Success	84.031S	P031S200014	440,175
Title V - Pasos Hacia el Futuro: Improving Achievement Through Culture, Community, and Care	84.031S	P031S220133	664,892
Title V - Semillas: Planting the Seeds for a Brighter Tomorrow	84.031S	P031S230264	649,909
Total Higher Education Institutional Aid (ALN 84.031)			1,754,976
Pass-Through from Texas Higher Education Coordination Board:			
Carl Perkins Vocational Education	84.048	254202067110001/ THECB #01188	270,603
Pass-Through from Texas Workforce Commission:			
Adult Education and Family Literacy	84.002A	2924ALA007	554,157
Total U.S. Department of Education			**13,449,580**
U.S. Department of Health and Human Services:			
Temporary Assistance for Needy Families	93.558	2924ALA007	64,247
Total U.S. Department of Health and Human Services			**64,247**
Total Schedule of Expenditures of Federal Awards			**$ 13,613,831**

COLLEGE OF THE MAINLAND

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2025

Note 1 - Reconciliation

Federal Grants and Contracts Revenue (Schedule A)	$ 4,691,906
Non-Operating Federal Revenue (Schedule C)	8,188,681
Total Federal Revenues Per Statement of Revenues, Expenses and Changes and Net Position	12,880,587
Add: Direct Students Loans	733,244
Total Federal Revenues Per Schedule of Expenditures of Federal Awards	$ 13,613,831

Note 2 - Significant Accounting Policies and Procedures

The expenditures included in Schedule E are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported on Schedule E represent funds that have been expended by the College for the purposes of the award. The expenditures reported on Schedule E may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

In accordance with 2 CFR 200.414(f), recipients and subrecipients that do not have a current Federal negotiated indirect cost rate may elect to charge a de minimis rate of up to 10 percent of modified total direct costs (MTDC). For federal awards issued on or after October 1, 2024, revisions to the Uniform Guidance increased the allowable de minimis rate to 15 percent. The College did not elect to use the de minimis indirect cost rate of 10 percent or 15 percent.

Note 3 - Expenditures not Subject to Federal Single Audit

N/A

Note 4 - Student Loans

N/A

Note 5 - Nonmonetary Assistance

N/A

Note 6 - Amounts Passed Through to Others

N/A

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

Grantor Agency / Program Title	Grantor / Project Number	Expenditures
Texas Comptroller of Public Accounts		
LEOSE	N/A	$ 958
Total Texas Comptroller of Public Accounts		958
Texas Higher Education Coordinating Board		
Texas Education Opportunity Grant	N/A	809,866
Nursing Shortage Reduction Program - Regular	N/A	150
Nursing & Allied Health-Nursing Innovation Grant Program	N/A	25,188
2023 College Readiness and Success Models	N/A	85,152
The Texas Reskilling and Upskilling through Education 2023 Grant Program	N/A	222,552
Professional Nursing Shortage Reduction Program	N/A	61,719
Student Success Acceleration Program	N/A	6,714
Total Texas Higher Education Coordinating Board		1,211,341
Texas Workforce Commission		
Electric Apprenticeship	2823ATP002	26,302
Jobs and Education for Texas	2824AJET002	303,557
Adult Education and Family Literacy	2924ALA007	149,553
Total Texas Workforce Commission		479,412
Total Expenditures of State Awards		$ 1,691,711

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

Note 1 - Reconciliation

State Grants and Contracts (Schedule A)	$	1,691,711
Total State Revenues per Schedule of Expenditures of State Awards	$	1,691,711

Note 2 - Significant Accounting Policies and Procedures

The expenditures included in Schedule F are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported on Schedule F represent funds that have been expended by the College for the purposes of the award. The expenditures reported on Schedule F may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

In accordance with TxGMS, recipients and subrecipients that do not have a current State negotiated indirect cost rate may elect to charge a de minimis rate of up to 10 percent of modified total direct costs (MTDC). For state awards issued on or after October 1, 2024, revisions to the TxGMS increased the allowable de minimis rate to 15 percent. The College did not elect to use the de minimis indirect cost rate of 10 percent or 15 percent.

Note 3 - Expenditures not Subject to State Single Audit

N/A

Note 4 - Student Loans

N/A

Note 5 - Nonmonetary Assistance

N/A

Note 6 - Amounts Passed Through to Others

N/A

COLLEGE OF THE MAINLAND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2025

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, “The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings.” The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit’s schedule of findings and questioned costs and
- All audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None Noted

COLLEGE OF THE MAINLAND
CORRECTIVE ACTION PLAN
For the Year Ended August 31, 2025

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare a corrective action plan to address each audit finding included in the auditor's report for the current year. The corrective action plan must be a document separate from the auditor's findings described in § 200.516."

I. Corrective Action Plan

Not Applicable

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