

McLennan County Junior College District
Annual Financial Report
August 31, 2024 and 2023



M^oCLENNAN
COMMUNITY COLLEGE

Introductory Section



MCCLENNAN
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McLennan County Junior College District

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McLennan County Junior College District

Board of Trustees

| | <u>Term Expires</u> |
|---|---------------------|
| Officers: | |
| Earl Stinnet, Sr. - Chairman Waco, Texas | 2027 |
| Ricky Turman – Vice Chairman Waco, Texas | 2027 |
| Dr. Elizabeth Palacios – Secretary Waco, Texas | 2025 |
| Members: | |
| Jonathan Hill, Waco, Texas | 2029 |
| K. Paul Holt, Waco, Texas | 2027 |
| Ilda Sabido, Waco, Texas | 2029 |
| Dr. Dennis Clark, Moody, Texas | 2025 |

Principal Administrative Officers

| | |
|-----------------|---|
| Johnette McKown | President |
| Mark Harmsen | Vice President, Finance and Administration |
| Chad Eggleston | Vice President, Instruction and Student Engagement |
| Laura Wichman | Vice President, Strategic Planning and Enrollment |
| Grayson Meek | Comptroller |

Financial Section



MCCLENNAN
COMMUNITY COLLEGE



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Certified Public Accountants
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P.O. Box 7616 | Waco, TX 76714
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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
McLennan County Junior College District:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of McLennan County Junior College District (the District) as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the McLennan Community College Foundation, a discretely presented component unit of the District, as of and for the years ended August 31, 2024 and 2023, were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16, the schedule of the District's proportionate share of the net pension liability on page 61, the schedule of the District's contributions to the Teacher Retirement System of Texas on page 62, the schedule of the District's proportionate share of the OPEB liability on page 63, and the schedule of the District's contributions to the Employee Retirement System of Texas on page 64 (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by 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 *Texas Grant Management Standards* and are also not a required part of the basic financial statements.

The supplemental information and the schedules of expenditures of federal and state awards 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 information and schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 2, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements and Financial Analysis

The Management's Discussion and Analysis (MD&A) is designed to provide an easy to read analysis of McLennan County Junior College District's (the District) financial activities for the years ended August 31, 2024 and 2023. This overview is based on facts, decisions and conditions known as of the date of the independent auditor's report. There are three financial statements presented: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows. These statements provide both long-term and short-term financial information on the District as a whole and should be read in conjunction with the Notes to Financial Statements.

Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers.

Financial statements for the District's component unit, McLennan Community College Foundation (the Foundation), are issued independently of the District. The Foundation's financial information is shown in separate columns on the District's basic financial statements. More details on the Foundation are in Note 1 in the Notes to Financial Statements.

Financial and Enrollment Highlights

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$43.4 million, \$37.2 million, and \$27.6 million as of August 31, 2024, 2023 and 2022 respectively. Of these amounts, unrestricted net position was (\$32.8) million for 2024, (\$31.7) million for 2023 and (\$35.9) million for 2022.
- The District's total net position increased by approximately \$6.2 million for 2024, \$9.6 million for 2023, and \$12.7 million for 2022. Of these amounts, unrestricted net position increased by approximately \$1.1 million for 2024 and \$4.2 million for 2023. Unrestricted net position decreased by approximately \$4.6 million for 2022.
- The total assessed value of property increased by approximately \$4.8 billion or 14.0% from 2023 to 2024, by \$4.6 billion or 16.5% from 2022 to 2023, and by \$1.7 billion or 6.5% from 2021 to 2022.
- Capital assets (net) increased by approximately \$1.1 million in 2024 and approximately \$2.6 million in 2022. Capital assets (net) decreased by approximately \$1.3 million in 2023.
- Bonds decreased by approximately \$4.5 million in 2024, \$4.6 million in 2023 and \$5.1 million in 2022.

- During 2024 the unduplicated head count of credit students increased by 515 students, and contact hours increased by 90,301 hours. During 2023 the unduplicated head count of credit students decreased by 152 students, and contact hours decreased by 146,721 hours.

Statement of Net Position

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector organizations. Net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflow of resources – is one way to measure the financial health of the District. Over time, increases or decreases in net position are indicators of the financial improvement or erosion of the District.

From the data presented, readers of the Statement of Net Position are able to determine the resources that are available to continue the operations of the institution. Finally, the Statement of Net Position provides a picture of net position and its availability for expenditures by the District.

Condensed Statements of Net Position (In Thousands)

| | 2024 | 2023 | 2022 | Increase (Decrease) | |
|---------------------------------------|-----------|----------|----------|---------------------|-----------------|
| | | | | 2023 to 2024 | 2022 to 2023 |
| Assets | | | | | |
| Current assets | \$ 47,702 | 46,649 | 41,531 | 1,053 | 5,118 |
| Noncurrent assets: | | | | | |
| Capital assets, net of depreciation | 126,657 | 125,556 | 126,869 | 1,101 | (1,313) |
| Total assets | 174,359 | 172,205 | 168,400 | 2,154 | 3,805 |
| Deferred outflows of resources | 12,757 | 15,418 | 17,104 | (2,661) | (1,686) |
| Liabilities | | | | | |
| Current liabilities | 22,861 | 22,423 | 22,963 | 438 | (540) |
| Noncurrent liabilities | 106,172 | 111,929 | 119,360 | (5,757) | (7,431) |
| Total liabilities | 129,033 | 134,352 | 142,323 | (5,319) | (7,971) |
| Deferred inflows of resources | 14,721 | 16,075 | 15,543 | (1,354) | 532 |
| Net Position | | | | | |
| Net investment in capital assets | 74,414 | 67,897 | 62,958 | 6,517 | 4,939 |
| Restricted, expendable | 1,770 | 989 | 582 | 781 | 407 |
| Unrestricted | (32,822) | (31,690) | (35,902) | (1,132) | 4,212 |
| Total net position | \$ 43,362 | 37,196 | 27,638 | 6,166 | 9,558 |

Statement of Net Position (continued)

Net position is divided into three major categories. The first category, net investment in capital assets, reflects the District's equity in capital assets less the related debt. The next category, restricted net assets, is divided into nonexpendable and expendable. The District does not have any nonexpendable net position. Expendable restricted net position is available for expenditure by the District, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, which is available to the District for any lawful purpose.

Total assets increased by \$2.1 million from 2023 to 2024. Cash and cash equivalents decreased by \$0.9 million as explained below in the "Statement of Cash Flow" section. There was approximately \$6.7 million in capital assets added during 2024. Significant additions include renovation projects on the Counseling Center of \$0.7 million and Cameron Hall of \$2.4 million that were not yet completed at year-end, and completing the renovation of the MTA roof of \$0.7 million. Depreciation and amortization expense of \$5.8 million was incurred which resulted in a \$1.1 million increase in total capital assets, net of depreciation. Total assets increased by \$3.8 million from 2022 to 2023. Cash and cash equivalents increased by \$8.1 million as explained below in the "Statement of Cash Flow" section. There were approximately \$4.3 million in capital assets added during 2023. Significant additions include renovation projects on the Gym HVAC and Cameron Hall of \$1.4 million that were not yet completed at year-end, and completing the renovation of the baseball and softball fields for \$1.3 million. Depreciation and amortization expense of \$5.6 million was incurred which resulted in a \$1.3 million decrease in total capital assets, net of depreciation

Total deferred outflows of resources decreased by approximately \$2.7 million from 2023 to 2024. Total deferred outflows of resources decreased by approximately \$1.7 million from 2022 to 2023. These outflows for 2024 and 2023 include deferred charges on bond refundings, pension/OPEB contributions subsequent to the measurement date, changes in assumptions, differences between projected and actual earnings, changes in proportion and differences in District contributions and proportionate share of contributions, and differences between expected and actual economic experience of the pension and OPEB plans.

Total liabilities decreased by approximately \$5.3 million from 2023 to 2024. Principal payments on bonds approximated \$4.1 million in 2024. The District's net pension liability increased approximately \$3.5 million and the OPEB liability decreased approximately \$1.9 million from 2023 to 2024. Additionally, the District had an increase in accounts payable of \$1.3 million due to the timing of payments at year end. Total liabilities decreased approximately \$8.0 million from 2022 to 2023. Principal payments on bonds approximated \$4.6 million in 2023. The District's net pension liability increased approximately \$9.4 million and the OPEB liability decreased approximately \$10.6 million from 2022 to 2023. Additionally, the District had a reduction in accounts payable of \$1.8 million due to the timing of payments at year end.

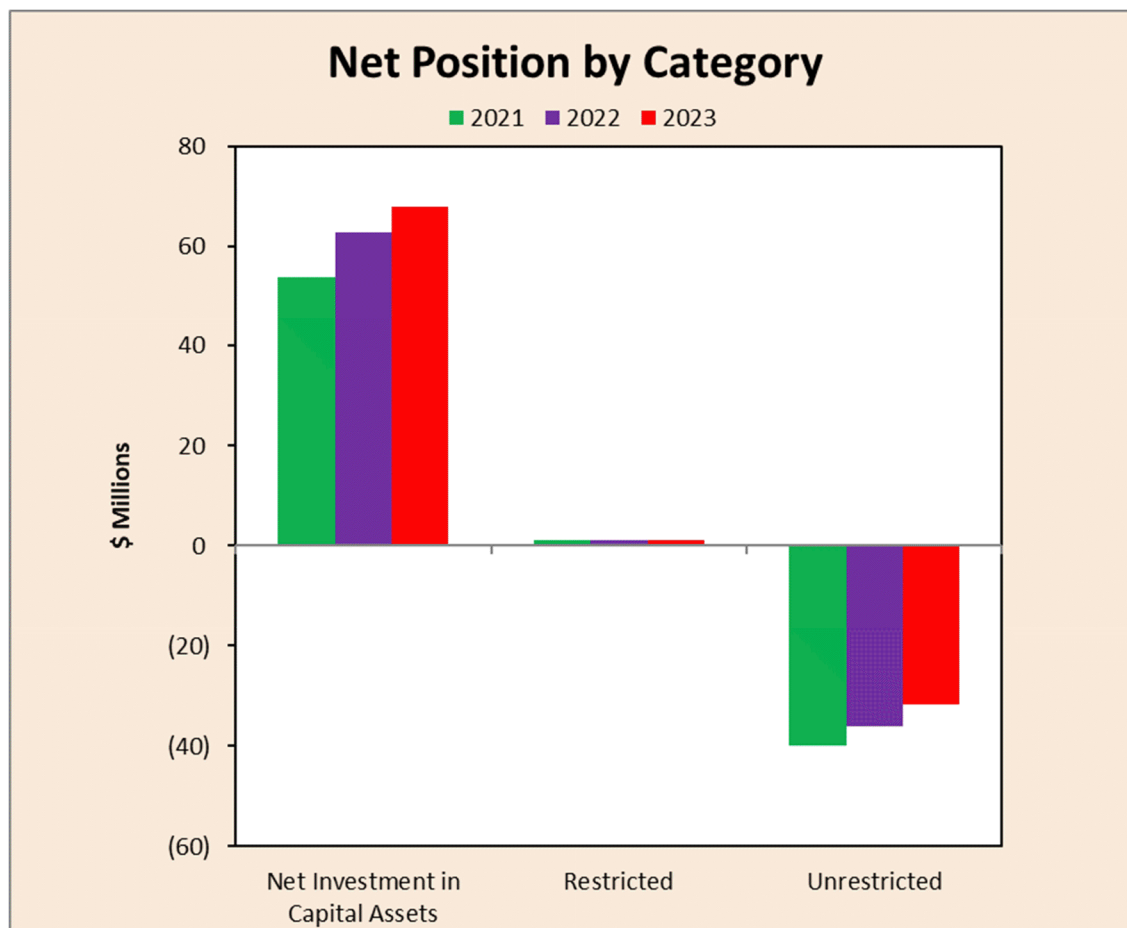
Total deferred inflows of resources decreased by approximately \$1.4 million from 2023 to 2024. Total deferred inflows of resources increased by approximately \$0.5 million from 2022 to 2023.

Statement of Net Position (continued)

These deferred inflows include deferred gains on bond refundings, deferred inflows from leases, differences between projected and actual investment earnings, differences between expected and actual economic experience, changes in assumptions, and changes in proportion and differences in District contributions and proportionate share of contributions to the pension and OPEB plans.

Of the \$43.4 million in net position in 2024, approximately \$74.4 million is net investment in capital assets. This is an increase of \$6.5 million from 2023. Net position in 2023 related to net investment in capital assets increased \$4.9 million from 2022 to 2023.

The following graph illustrates the comparative changes in net assets by category over the past three years. Unrestricted net position is critical to support the District's overall mission; therefore, it is important that unrestricted net position be adequately maintained. The chart illustrates that unrestricted net position has grown in a consistent manner (exclusive of the adoption of GASB Nos. 68 and 75) and that the District has not been required to use these resources to fund operations. The adoption of GASB No. 68 did not put the District in a deficit unrestricted net position; however, the adoption of GASB No. 75 did result in a deficit net position. Restricted net position represents balances of funds that have been received to fund specific projects. Accordingly, these balances will increase and decrease as funds are received and subsequently disbursed to fund these specific projects.



Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the District, as well as the non-operating revenues and expenses. Generally, operating revenues are those revenues received in exchange for the District providing goods and services. Operating expenses are those amounts paid to acquire or produce the goods and services in return for the operating revenues. Non-operating revenues are funds received with no direct relationship to the goods and services being provided. Accordingly, state appropriations and ad valorem taxes, while budgeted for operations, are classified as non-operating revenue for financial reporting purposes.

The following table reflects a summary of the Statement of Revenues, Expenses and Changes in Net Position for the years ended August 31, 2024, 2023 and 2022. This summary indicates the operating loss and the overall increase (decrease) in net position for each of the years displayed.

Condensed Statements of Revenues, Expenses, and Changes in Net Position (In Thousands)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---------------------------------------|-----------------|-----------------|-----------------|
| Operating revenues: | | | |
| Tuition and fees, net | \$ 11,856 | 11,513 | 11,610 |
| Other | 2,515 | 1,955 | 1,959 |
| | <u>14,371</u> | <u>13,468</u> | <u>13,569</u> |
| Operating expenses: | | | |
| Instruction | 35,572 | 32,373 | 30,071 |
| Public service | 2,283 | 2,375 | 2,154 |
| Academic support | 4,528 | 3,849 | 3,442 |
| Student services | 6,310 | 6,744 | 13,144 |
| Institutional support | 15,695 | 14,481 | 16,880 |
| Operation and maintenance of plant | 6,096 | 5,379 | 5,389 |
| Scholarships and fellowships | 10,130 | 8,036 | 8,277 |
| Auxiliary enterprises | 3,548 | 3,085 | 2,795 |
| Depreciation and amortization | 5,777 | 5,647 | 5,401 |
| | <u>89,939</u> | <u>81,969</u> | <u>87,553</u> |
| Operating loss | <u>(75,568)</u> | <u>(68,501)</u> | <u>(73,984)</u> |
| Non-operating revenues (expenses): | | | |
| State appropriations | 18,580 | 15,848 | 15,746 |
| Ad valorem taxes | 35,990 | 34,139 | 31,093 |
| Grants and contracts | 24,182 | 28,264 | 39,633 |
| Interest on debt | (1,698) | (2,124) | (2,046) |
| Other | 4,680 | 1,932 | 2,234 |
| | <u>81,734</u> | <u>78,059</u> | <u>86,660</u> |
| Increase in net position | <u>\$ 6,166</u> | <u>9,558</u> | <u>12,676</u> |

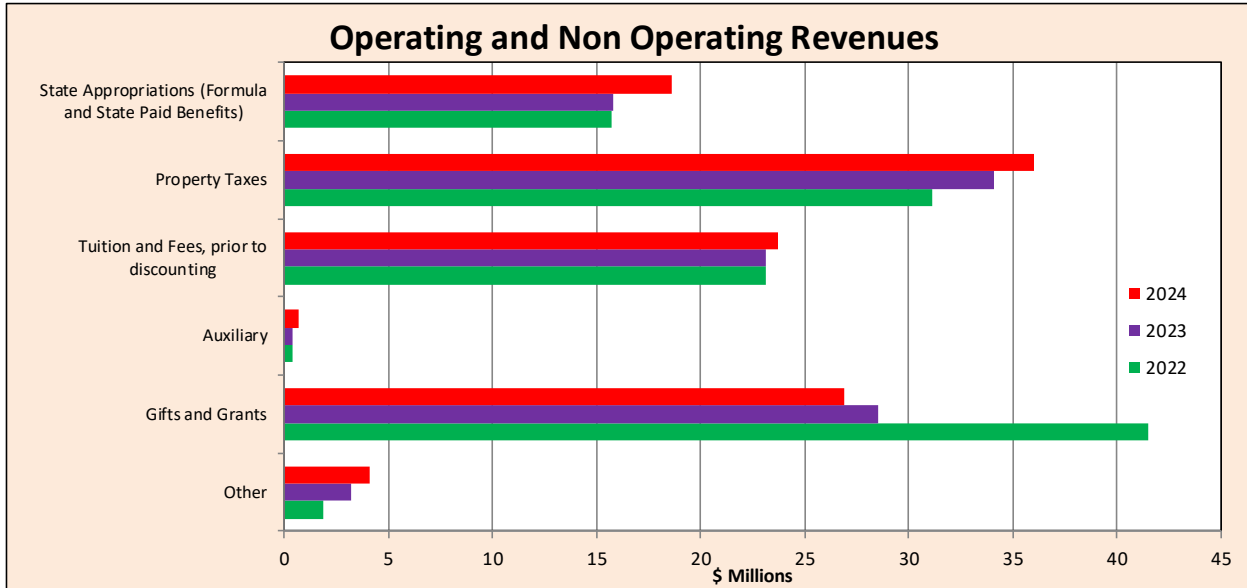
Operating and Non-operating Revenues

Major changes in operating and non-operating revenue are as follows:

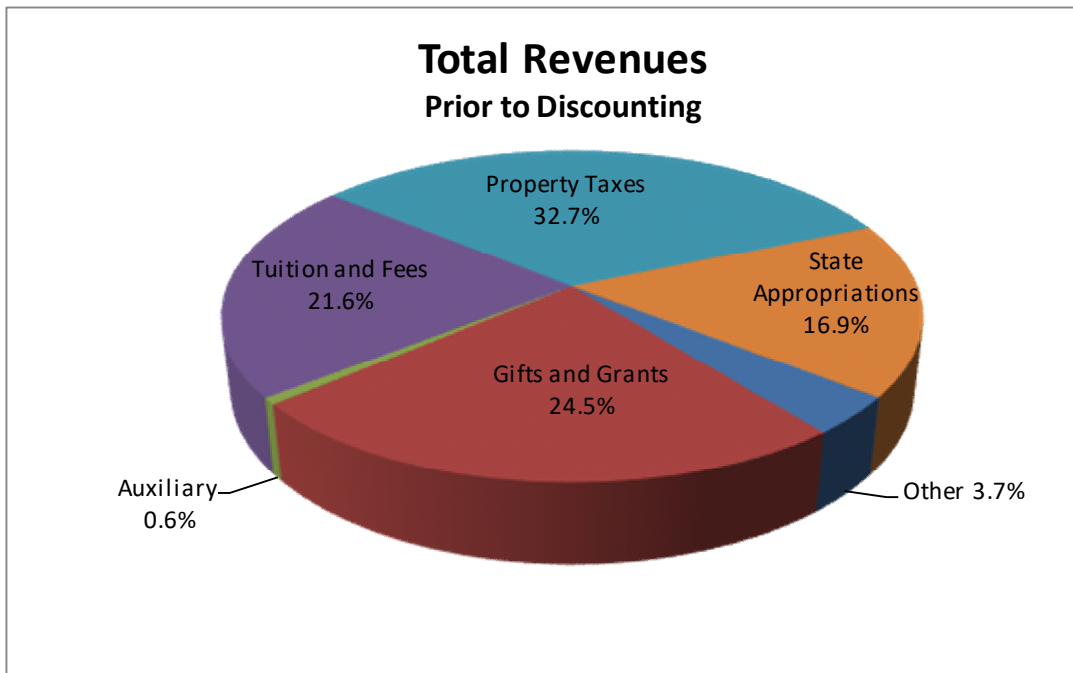
- Gross tuition and fee revenue for 2024 was \$23.7 million and increased from 2023 amounts by approximately \$0.6 million or 2.6%. Credit tuition increased by approximately by \$0.6 million, and state funded continuing education tuition was flat. Tuition and fee rates remained the same in 2024. Gross tuition and fee revenue for 2023 was \$23.1 million and only a slight decrease from 2022 amounts by approximately \$0.1 million or less than 1%. Credit tuition decreased by approximately by \$0.4 million, and state funded continuing education tuition increased by \$0.2 million. Tuition and fee rates remained the same in 2023. During 2022, the District generated a gross total of \$23.2 million of fees charged to credit and non-credit students attending classes at the District.
- State appropriated revenue for 2024 was \$18.6 million which was an increase of \$2.7 million from 2023. Of the total increase, \$1.1 million represents the portion of pension and OPEB expense that was recognized by the State of Texas on behalf of the District, and an increase of \$1.6 million in state appropriations as determined by the legislature. State appropriated revenue for 2023 was \$15.8 million which was an increase of \$0.1 million from 2022. State appropriated revenue for 2022 was \$15.7 million.
- Property tax revenue was \$36.0 million in 2024 which exceeded the prior year by approximately \$1.9 million or 5.4%. Tax revenue was \$34.1 million in 2023 which exceeded the prior year by approximately \$3.0 million or 9.8%. Tax revenue for 2022 was \$31.1 million. The combined tax rate was \$0.128509 per \$100 of valuation in 2024 and \$0.139074 per \$100 of valuation for 2023. Tax rates for maintenance and operations decreased but were offset by the large increase in assessed taxable property values that continue to increase each year resulting in increases to revenues.
- Revenues from gifts, grants and contracts are not consistent from year to year, as private funds are given for specific purposes and many governmental grants are non-recurring. In 2024 Federal Pell grants were \$15.4 million which was an increase of \$1.4 million from 2023. Federal Pell grants were \$14.0 million and \$14.4 million, respectively, for 2023 and 2022.
- State grants in 2024 were \$2.7 million and increased by approximately \$1.2 million from 2023. State grants were \$1.5 million and \$1.1 million, respectively, for 2023 and 2022.

The following presentation graphically displays revenue trends.

Operating and Non-operating Revenues (continued)

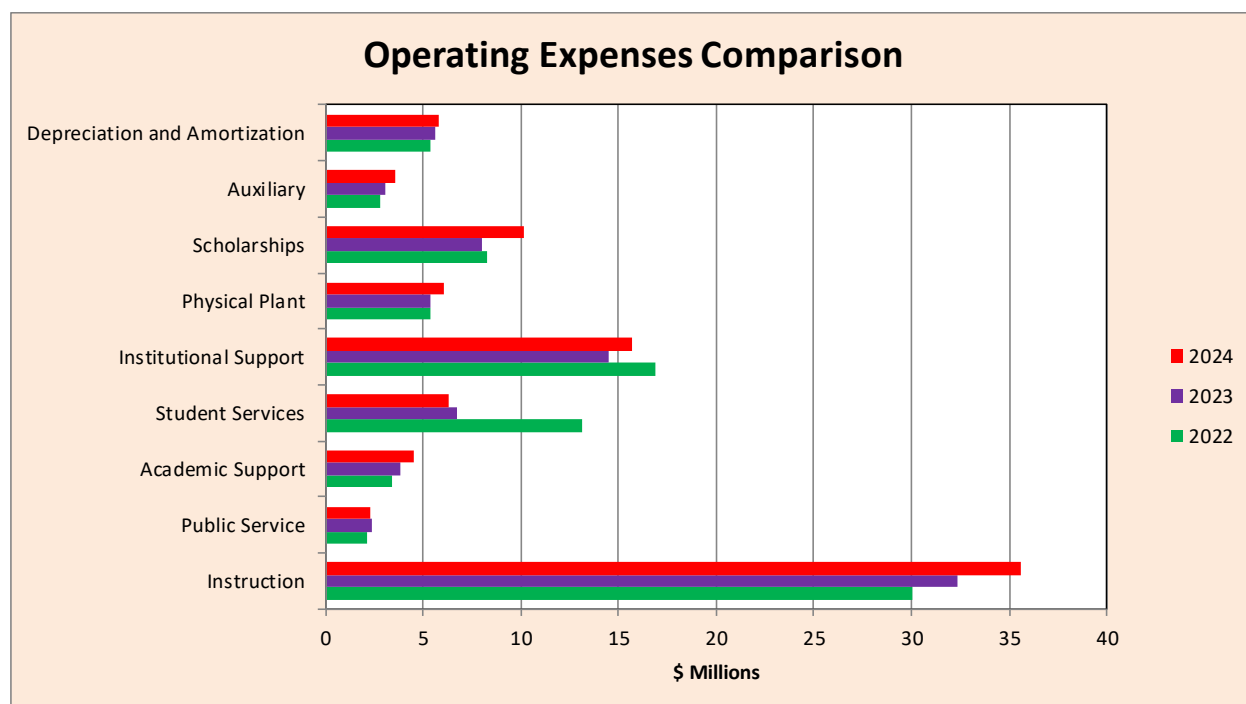


The following chart reflects revenues from all sources for 2024. For purposes of this presentation, tuition and fees revenues are shown prior to scholarship discounts. The Statements of Revenues, Expenses and Changes in Net Position reflect these revenues net of scholarships.



Operating Expenses

Functional classifications are the traditional categories that have been used to show expenses. They represent the type of programs and services provided. The following chart shows the District's 2024 expenses compared to the 2023 and 2022 expenses.



Total operating expenses for 2024 increased by approximately \$8.0 million. Much of the increase is due to increases in salaries and higher costs of products and services across the board. Total operating expenses were \$82.0 million for 2023, a decrease of approximately \$5.6 million from 2022. Total operating expenses were \$87.6 million in 2022.

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also helps users assess the District's ability to generate net cash flows needed to meet its obligations as they come due and its need for external financing.

Condensed Statements of Cash Flows (In Thousands)

| | 2024 | 2023 | 2022 |
|--|-------------|----------|----------|
| Cash and cash equivalents provided by (used in): | | | |
| Operating activities | \$ (64,939) | (58,007) | (62,882) |
| Noncapital financing activities | 68,601 | 71,470 | 75,772 |
| Capital and related financing activities | (6,824) | (7,020) | (9,143) |
| Investing activities | 2,299 | 1,709 | 190 |
| Changes in cash and cash equivalents | \$ (863) | 8,152 | 3,937 |

Statement of Cash Flows (continued)

The primary cash receipts from operating activities consist of tuition and fees and student loans. Cash outlays from operating activities include payment of wages, benefits, supplies, utilities and scholarships/loans.

State allocations, ad valorem taxes for maintenance and operations, and grants and contracts were the primary sources of non-capital financing. Accounting standards require that we reflect this source of revenue as non-operating, even though these resources are classified as operating revenues in the District's budget.

Cash flows from capital and related financing activities include receipts from taxes for debt service, interest and principal payments of capital debt and leases, and capital asset additions.

Cash flows from investing activities include proceeds from sales or maturities of investments, purchased investments, and related interest earned on investments.

Capital Assets and Debt Administration

The table below reflects the District's year-end capital asset balances, before accumulated depreciation.

Schedule of Capital Assets (In Thousands)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---|-------------------|----------------|----------------|
| Land | \$ 6,815 | 6,815 | 6,815 |
| Construction in progress | 3,842 | 1,433 | 3,233 |
| Buildings and building improvements | 146,993 | 147,393 | 147,393 |
| Buildings - right-of-use lease assets | - | 1,381 | 1,381 |
| Other real estate improvements | 41,025 | 38,276 | 33,037 |
| Library books | 1,793 | 1,680 | 2,675 |
| Furniture and equipment | 11,127 | 9,923 | 9,298 |
| Furniture and equipment - right-of-use lease assets | - | 5 | 119 |
| Software - right-of-use subscription assets | 1,111 | 3,324 | 3,366 |
| | <u>\$ 212,706</u> | <u>210,230</u> | <u>207,317</u> |

Capital Assets and Debt Administration (continued)

Capital asset additions totaled \$6.7 million and \$4.3 million in 2024 and 2023, respectively. The major additions in 2024 was the MTA roof, progress on the Counseling Center, and progress on the Cameron Hall renovation. Depreciation and amortization expense of \$5.8 million was incurred in 2024. The major additions in 2023 was the completion of the baseball and softball fields, progress on the Gym HVAC renovation, and progress on the Cameron Hall renovation. Depreciation and amortization expense of \$5.6 million was incurred in 2023. The major additions in 2022 were the CSC E HVAC upgrade, CSC E restroom and floor renovations, LTC 3rd floor renovation, BPAC plaza renovation, and construction in progress on the Baseball and Softball fields, BPAC stage replacement, and CSC F AHU replacement. Depreciation and amortization expense of \$5.4 million was incurred in 2022.

The District had outstanding debt of approximately \$50.6 million and \$56.0 million as of August 31, 2024 and 2023, respectively.

Schedule of Outstanding Debt (In Thousands)

| | 2024 | 2023 | 2022 |
|--------------------------|-----------|--------|--------|
| General obligation bonds | \$ 38,150 | 41,210 | 44,450 |
| Revenue bonds | 11,895 | 13,335 | 14,705 |
| Lease liabilities | - | 334 | 700 |
| Subscription liabilities | 597 | 1,100 | 1,060 |
| | \$ 50,642 | 55,979 | 60,915 |

For additional information concerning capital assets and debt administration, see Notes 6 through 8 in the Notes to the Financial Statements.

Economic Factors That Will Affect the Future

The District relies upon three primary revenue sources: local taxes, tuition and fees, and state appropriations. Over the past several years, the District has responded to declining state funds by reducing costs and taking advantage of increased tax valuations. Currently, tuition and fees (before discounts) account for approximately 21.5% of the District's total (operating and non-operating) revenue, while state appropriations and local taxes account for 17.0% and 32.7%, respectively.

In fiscal year 2024, the District saw an increase in state funding as the Texas state legislature passed legislation changing how community colleges were funded statewide. The new funding model shifts away from a static system tied primarily to students' time in class to a dynamic, student outcomes-based formula. The funding model for Texas community colleges was also adjusted to allocate money based on two tiers: base and performance. The base tier is a calculation

Economic Factors That Will Affect the Future (continued)

that determines if colleges have the funds to meet its base educational expenses. The District did not receive any base tier funding in fiscal years 2024 or 2025. Instead, all of the District's funding came from the performance tier which is based on student completion and transfers. This led to an overall increase in funding for the District from fiscal year 2023. While the old model set the District's state appropriations for two years in a row, the new model gets recalculated every year. This creates more uncertainty around the amount of funding received by the District, but also benefits colleges with increasing enrollment, completions and transfers. The District continues to look at initiatives that will benefit from the new funding model including ways to increase completion and transfer rates.

The fiscal year 2025 funding model added a future year forecasting component. Because the state utilized years in their forecasting model where the District saw declining enrollment, the District saw a decline in state appropriations by \$1.2 million. However, actual enrollments and outcomes from fiscal year 2024 and year-to-date fiscal year 2025 are higher than the state's forecasted outcomes. Corrections to prior state appropriations will be made utilizing actual outcomes which should benefit the District in future years. The District continues to evaluate its course offerings based on student demand. The District's enrollment peaked at 10,180 students in Fall 2010 and currently stands at more than 8,100 students during the Fall 2024 semester. The District's Office of Institutional Research and academic program chairs monitor course demand and utilization on a daily basis during registration to tailor offerings to meet student demand.

In addition to this new funding model, there was a change to dual credit called the Financial Aid for Swift Transfer (FAST) program. Under the FAST program, the state would pay \$56.87 per credit hour for students who are considered "educationally disadvantaged." Educationally disadvantaged students are those students eligible for the national free/reduced-price lunch program in any of the four school years prior to the academic year in which the student is enrolled in an eligible dual credit course. The District cannot charge eligible students for tuition, fees, or books and is limited to charging non-FAST eligible students \$56.87 per credit hour in tuition. Because the District had been providing free tuition and fees for dual credit students on free/reduced lunch, the net financial effect of participating in the FAST program should be minimal. The District entered the program in Fall 2024.

The District has one of the lower maintenance and operations tax rates with a rate of \$0.109841 per \$100 valuation for fiscal year 2024. The District is ranked in the middle of the 50 community college districts in terms of total tax rate. The District has the authority to raise its tax rate to as much as \$0.25 cents per \$100 valuation. Consequently, the District has considerable capability to offset future declining state funds through local tax adjustments as long as the state legislature does not reduce the cap on annual tax revenue increases (currently set at 8%).

A change in the student enrollment represents potential challenges for Texas community colleges. Currently there is an increase in overall enrollment experienced by nearly all community colleges in Texas. For fall 2024, total enrollment was up 8%. Additionally, graduation and transfer rates are increasing, leading to more students moving on to complete a bachelor's degree or going into

the workforce. The District is focused on retaining current students and beginning a strategic goal to increase the percentage of returning students by 10% over the next five years.

The District is also seeking new academic opportunities for students. The cost of attending the District is approximately 36% less than the cost to attend a typical state four-year institution. In response to these findings, the District continues the process of expanding its University Center by adding new bachelor degree programs and/or offerings through Texas Tech University and Tarleton State University. The District is planning for the continued expansion of these initiatives, which is expected to increase demand for the District's current course offerings.

The most significant potential impacts are the actions of the new administration in Washington D.C. related to the Department of Education, the Texas legislature in imposing additional unfunded mandates or limiting the ability of the District to increase revenue from taxes, and future competition if service areas are ever eliminated. While community colleges currently have a tax rate increase cap of 8%, it is possible that there will be future pressure on legislators to reduce this cap, similar to what other taxing entities have experienced. The District is not aware of any additional facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during subsequent years.

McLennan County Junior College District

Statements of Net Position
(Exhibit 1)

August 31, 2024 and 2023

| <u>Assets</u> | McLennan County Junior College District | | Component Unit McLennan Community College Foundation | |
|--|--|--------------|--|------------|
| | 2024 | 2023 | 2024 | 2023 |
| | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 33,453,862 | 34,344,419 | 315,126 | 192,185 |
| Accounts receivable, net | 13,022,880 | 11,257,614 | 140,000 | 176,668 |
| Prepaid expenses | 424,482 | 286,975 | 73,010 | 53,235 |
| Restricted cash and cash equivalents | 785,732 | 758,365 | - | - |
| Inventories | 15,393 | 1,839 | - | - |
| Total current assets | 47,702,349 | 46,649,212 | 528,136 | 422,088 |
| Noncurrent assets: | | | | |
| Restricted cash, cash equivalents, and investments | - | - | 36,793,341 | 32,243,824 |
| Capital assets, net | 126,657,290 | 125,556,265 | - | - |
| Other assets | - | - | 23,914 | 23,693 |
| Total noncurrent assets | 126,657,290 | 125,556,265 | 36,817,255 | 32,267,517 |
| Total assets | 174,359,639 | 172,205,477 | 37,345,391 | 32,689,605 |
| <u>Deferred Outflows of Resources</u> | | | | |
| Deferred outflows of resources | 12,757,458 | 15,417,791 | - | - |
| <u>Liabilities</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable | 2,805,952 | 1,481,308 | 1,790,637 | 91,362 |
| Accrued liabilities | 4,944,611 | 5,835,434 | - | - |
| Funds held for others | 497,008 | 248,008 | - | - |
| Unearned revenue | 8,767,441 | 9,630,155 | - | - |
| Lease liabilities - current portion | - | 334,111 | - | - |
| Subscription liabilities - current portion | 231,029 | 794,437 | - | - |
| Bonds payable - current portion | 5,615,000 | 4,100,000 | - | - |
| Total current liabilities | 22,861,041 | 22,423,453 | 1,790,637 | 91,362 |
| Noncurrent liabilities: | | | | |
| Lease liabilities | - | - | - | - |
| Subscription liabilities | 366,198 | 305,205 | - | - |
| Bonds payable | 47,626,803 | 55,085,693 | - | - |
| Net pension liability | 20,224,465 | 16,731,431 | - | - |
| OPEB liability | 37,955,153 | 39,806,777 | - | - |
| Total noncurrent liabilities | 106,172,619 | 111,929,106 | - | - |
| Total liabilities | 129,033,660 | 134,352,559 | 1,790,637 | 91,362 |
| <u>Deferred Inflows of Resources</u> | | | | |
| Deferred inflows of resources | 14,721,554 | 16,074,515 | - | - |
| <u>Net Position</u> | | | | |
| Net position: | | | | |
| Net investment in capital assets | 74,413,951 | 67,896,835 | - | - |
| Restricted for: | | | | |
| Nonexpendable: | | | | |
| Scholarships and fellowships | - | - | 12,455,767 | 12,166,009 |
| Other | - | - | 832,317 | 832,039 |
| Expendable: | | | | |
| Scholarships and fellowships | 1,102,058 | 1,146,935 | 20,909,811 | 16,152,248 |
| Debt service | 668,465 | (157,882) | - | - |
| Other | - | - | 1,311,386 | 3,402,474 |
| Unrestricted | (32,822,591) | (31,689,694) | 45,473 | 45,473 |
| Total net position | \$ 43,361,883 | 37,196,194 | 35,554,754 | 32,598,243 |

See accompanying notes to the financial statements.

McLennan County Junior College District

Statements of Revenues, Expenses, and Changes in Net Position
(Exhibit 2)

Years Ended August 31, 2024 and 2023

| | McLennan County Junior College District | | Component Unit | |
|---|--|---------------------|--|-------------------|
| | | | McLennan Community College Foundation | |
| | 2024 | 2023 | 2024 | 2023 |
| Operating revenues: | | | | |
| Tuition and fees (net of scholarship allowances and discounts of \$11,824,471 and \$11,607,604, respectively) | \$ 11,856,089 | 11,512,886 | - | - |
| Gifts | - | - | 1,333,205 | 3,378,999 |
| Sales and services of educational activities | 1,276,295 | 1,200,435 | - | - |
| Auxiliary enterprises | 713,621 | 427,998 | - | - |
| Other operating revenues | 525,469 | 326,749 | - | - |
| Total operating revenues | <u>14,371,474</u> | <u>13,468,068</u> | <u>1,333,205</u> | <u>3,378,999</u> |
| Operating expenses: | | | | |
| Instruction | 35,572,558 | 32,372,871 | - | - |
| Public service | 2,282,959 | 2,375,184 | - | - |
| Academic support | 4,527,704 | 3,849,067 | - | - |
| Student services | 6,310,505 | 6,743,955 | - | - |
| Institutional support | 15,694,932 | 14,481,142 | 800,071 | 688,261 |
| Operation and maintenance of plant | 6,095,882 | 5,379,515 | 2,462,749 | 34,068 |
| Scholarships and fellowships | 10,129,992 | 8,035,607 | 676,002 | 643,399 |
| Auxiliary enterprises | 3,548,403 | 3,084,880 | - | - |
| Depreciation and amortization | 5,776,927 | 5,646,711 | - | - |
| Total operating expenses | <u>89,939,862</u> | <u>81,968,932</u> | <u>3,938,822</u> | <u>1,365,728</u> |
| Operating income (loss) | <u>(75,568,388)</u> | <u>(68,500,864)</u> | <u>(2,605,617)</u> | <u>2,013,271</u> |
| Nonoperating revenues (expenses): | | | | |
| State appropriations | 18,580,138 | 15,848,161 | - | - |
| Ad valorem taxes for maintenance and operations | 30,642,433 | 28,267,499 | - | - |
| Ad valorem taxes for debt service | 5,347,905 | 5,871,699 | - | - |
| Federal grants and contracts | 21,362,788 | 25,947,573 | - | - |
| State grants and contracts | 2,699,074 | 1,527,090 | - | - |
| Local grants and contracts | 120,483 | 789,128 | - | - |
| Investment income | 2,281,413 | 1,692,106 | 5,562,128 | 2,224,968 |
| Gifts | 2,744,007 | 244,287 | - | - |
| Interest on capital asset-related debt, leases and subscriptions | (1,698,541) | (2,123,857) | - | - |
| Other nonoperating revenues (expenses), net | <u>(345,623)</u> | <u>(4,443)</u> | <u>-</u> | <u>-</u> |
| Net nonoperating revenues | <u>81,734,077</u> | <u>78,059,243</u> | <u>5,562,128</u> | <u>2,224,968</u> |
| Increase in net position | 6,165,689 | 9,558,379 | 2,956,511 | 4,238,239 |
| Net position - beginning of year | <u>37,196,194</u> | <u>27,637,815</u> | <u>32,598,243</u> | <u>28,360,004</u> |
| Net position - end of year | <u>\$ 43,361,883</u> | <u>37,196,194</u> | <u>35,554,754</u> | <u>32,598,243</u> |

See accompanying notes to the financial statements.

McLennan County Junior College District

Statements of Cash Flows
(Exhibit 3)

Years Ended August 31, 2024 and 2023

| | Primary Government | |
|---|--------------------|--------------|
| | 2024 | 2023 |
| Cash flows from operating activities | | |
| Receipts from students and other customers: | | |
| Tuition and fees | \$ 11,331,351 | 11,742,031 |
| Auxiliary enterprises and educational activities | 232,232 | 2,439,506 |
| Receipts from third-party student loans | 6,887,553 | 7,093,917 |
| Other receipts | 525,469 | 326,749 |
| Loans issued to students | (6,887,553) | (7,093,917) |
| Payments to employees | (43,439,841) | (40,952,358) |
| Payments to suppliers and students | (33,588,241) | (31,562,633) |
| Net cash used in operating activities | (64,939,030) | (58,006,705) |
| Cash flows from noncapital financing activities | | |
| Receipts of state appropriations | 13,590,950 | 11,929,443 |
| Receipts from ad valorem taxes for maintenance and operation | 30,575,777 | 28,208,260 |
| Receipts of grants and contracts | 24,137,721 | 30,868,119 |
| Receipts from gifts for other than capital purposes | 296,265 | 464,308 |
| Net cash provided by noncapital financing activities | 68,600,713 | 71,470,130 |
| Cash flows from capital and related financing activities | | |
| Receipts from ad valorem taxes for debt service | 5,345,335 | 5,863,336 |
| Purchases of capital assets | (4,274,686) | (4,181,338) |
| Payments on capital debt, lease, and subscription principal | (5,653,548) | (5,702,661) |
| Payments on capital debt, lease, and subscription interest | (2,407,105) | (3,001,515) |
| Other receipts | 166,426 | 1,688 |
| Net cash used in capital and related financing activities | (6,823,578) | (7,020,490) |
| Cash flows from investing activities | | |
| Receipts from interest on investments | 2,298,705 | 1,709,137 |
| Net cash provided by investing activities | 2,298,705 | 1,709,137 |
| Net increase (decrease) in cash and cash equivalents | (863,190) | 8,152,072 |
| Cash and cash equivalents - beginning of year | 35,102,784 | 26,950,712 |
| Cash and cash equivalents - end of year | \$ 34,239,594 | 35,102,784 |
| Reconciliation of operating loss to net cash used in operating activities: | | |
| Operating loss | \$ (75,568,388) | (68,500,864) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation and amortization expense | 5,776,927 | 5,646,711 |
| On-behalf payments | 4,989,188 | 3,918,718 |
| Contributions in excess of pension and OPEB expense | 1,005,642 | 386,423 |
| Change in assets and liabilities: | | |
| Receivables, net | (2,392,605) | 544,187 |
| Inventories | (13,554) | 20,036 |
| Prepaid expenses | (137,507) | 731,210 |
| Accounts payable | 1,324,644 | (1,848,329) |
| Accrued liabilities | (33,560) | 599,172 |
| Funds held for others | 249,000 | 138,998 |
| Unearned revenue | (138,817) | 357,033 |
| Net cash used in operating activities | \$ (64,939,030) | (58,006,705) |
| Noncash capital, financing and investing activities: | | |
| State appropriations on-behalf payments | \$ 4,989,188 | 3,918,718 |
| Purchase of subscription right-of-use assets | \$ 317,022 | 148,861 |
| Issuance of bonds through refunding | \$ 14,920,000 | - |

See accompanying notes to the financial statements.



MCLENNAN
COMMUNITY COLLEGE

McLennan County Junior College District

Notes to Financial Statements

August 31, 2024 and 2023

(1) Nature of Operations and Reporting Entity

McLennan County Junior College District (the District) was established in 1965, in accordance with the laws of the State of Texas, to serve the education needs of McLennan County. The District offers courses which are transferable to senior colleges and universities. Students may also choose to earn associate degrees or certifications in a wide range of technical fields, including those leading to careers in business, health and service. The District is considered to be a primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity Omnibus: An Amendment of GASB Statements No. 14 and No. 34*. While the District receives funding from local, state, and federal sources and must comply with the spending, reporting, and record-keeping requirements of these entities, it is not a component unit of any other governmental entity. The accompanying financial statements present the District and its component unit described below. The discretely presented component unit is reported in a separate column to emphasize that it is legally separate from the District.

McLennan Community College Foundation (the Foundation) is a legally separate, tax-exempt entity organized to solicit and receive support for purposes of developing and extending the facilities of the District and enhancing the educational opportunities of residents in the geographical area the District serves. The Foundation receives a significant portion of its revenue from individuals and businesses in the Central Texas area. The District does not control the timing or amount of receipts from the Foundation. However, the majority of resources or income thereon that the Foundation holds and invests is for the benefit of the District or its constituents. Because the net position of the Foundation compared to the District is significant, because substantially all resources held by the Foundation can only be used by, or for the benefit of, the District, and because the Foundation has historically provided resources to the District or its constituents, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements. During the years ended August 31, 2024 and 2023, the Foundation expended \$3,322,913 and \$804,690, respectively, directly to the District or to the District on behalf of students. Complete financial statements for the Foundation can be obtained from the Foundation office at 1400 College Drive, Waco, Texas 76708.

The District is reported as a special-purpose government engaged in business-type activities. The significant accounting policies followed by the District in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. These accounting policies basically conform to generally accepted accounting principles applicable to government units.

McLennan County Junior College DistrictNotes to Financial Statements
(Continued)(2) Summary of Significant Accounting Policies(a) Basis of Accounting

The financial statements of the District have been prepared using the economic resource measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when a liability has been incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The District distinguishes operating revenues and expenses from nonoperating items. The primary consideration in classifying revenues and expenses is how individual transactions are categorized for purposes of preparing the statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as components of nonoperating income. The principal operating revenue of the District results from providing education services to students and consists of tuition and fees, as well as sales and services of educational activities and auxiliary goods and services. Operating expenses include the cost of providing educational services, auxiliary goods and services, and administrative expenses. All revenues and expenses not meeting this definition – including gifts, contributions, and grants from nonexchange and exchange-like transactions – are reported as nonoperating revenues and expenses. The principal nonoperating revenues of the District consist of state appropriations, property taxes, and grants and contracts. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The Foundation is a nonprofit organization that reports under Financial Accounting Standards Board standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

McLennan County Junior College DistrictNotes to Financial Statements
(Continued)(2) Summary of Significant Accounting Policies (continued)(b) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrances outstanding at year-end that were provided for in the subsequent year's budget are reported as designations of net position since they do not constitute expenditures or liabilities.

(c) Scholarship Allowances and Discounts

Student tuition and fee revenues are reported net of scholarship allowances and discounts in the statements of revenues, expenses, and changes in net position. Scholarship allowances and discounts are the difference between the stated charge for goods and services provided by the District and the amount that is paid by students. Certain governmental grants, such as Pell grants and other federal, state or nongovernmental programs, are recorded as nonoperating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees, the District has recorded a scholarship allowance and discount.

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 as a separate set aside in accordance with the Texas Education Code. When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount.

Title IV Program Funds and Other Tuition Discounts: Certain Title IV Program funds are received by the District to pass through to the students. In addition, the District awards tuition and fee scholarships from institutional funds to students who qualify. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and corresponding amounts are recorded as tuition discounts.

McLennan County Junior College District
Notes to Financial Statements
(Continued)

(2) Summary of Significant Accounting Policies (continued)

(d) Cash and Cash Equivalents

Cash equivalents of \$128,901 and \$94,102 at August 31, 2024 and 2023, respectively, consist of public funds investment pools. Cash equivalents are considered to be highly liquid debt instruments with original maturities of three months or less from the date of acquisition.

Restricted cash and cash equivalents represent resources accumulated for debt service payments for the Series 2015, 2021, and 2024 limited tax bonds payable and 2017, 2019, and 2021 revenue bonds payable at August 31, 2024 and 2023.

(e) Investments

Investments are reported at fair value except for governmental investment pools. Fair values are based on published market prices. The governmental investment pools operate in accordance with appropriate state laws and regulations. The value of the pools is reported at amortized cost which, in most cases, approximates the fair values of the pool shares.

(f) Inventories

Inventories, consisting of consumable office supplies and physical plant supplies, are valued at the lower of cost or market using the first-in, first-out method and are charged to expense as consumed.

(g) Capital Assets

Capital assets, which include land, buildings, library books, furniture, equipment and other improvements, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Renovations to buildings and other improvements that significantly increase the value or extend the useful life of such assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend asset lives are charged to operating expense in the year in which the expense is incurred. The District reports depreciation under a single line item as a business-type unit.

McLennan County Junior College District
Notes to Financial Statements
(Continued)

(2) Summary of Significant Accounting Policies (continued)

(g) Capital Assets (continued)

Depreciation is computed using the straight-line method over the following estimated useful lives:

| | |
|-------------------------|--------------|
| Buildings | 50 years |
| Other improvements | 20 years |
| Library books | 15 years |
| Furniture and equipment | 5 - 10 years |

(h) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows and inflows as of August 31, 2024 and 2023 consist of the following:

| | 2024 | 2023 |
|--|--------------|-----------|
| Deferred Outflows | | |
| Deferred charges on bond refundings | \$ 1,663,653 | 2,852,582 |
| Pension related: | | |
| Contributions subsequent to measurement date | 1,659,342 | 1,492,163 |
| Changes in assumptions | 1,912,838 | 3,117,610 |
| Change in proportionate contributions | 705,160 | 451,441 |
| Differences between projected and actual investment earnings, net | 2,943,151 | 1,653,012 |
| Differences between expected and actual economic experience | 720,605 | 242,604 |

McLennan County Junior College District
Notes to Financial Statements
(Continued)

(2) Summary of Significant Accounting Policies (continued)

(h) Deferred Outflows and Inflows of Resources (continued)

| | 2024 | 2023 |
|---|---------------|------------|
| OPEB related: | | |
| Contributions subsequent to measurement date | \$ 872,891 | 847,896 |
| Changes in assumptions | 1,266,143 | 2,338,807 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 1,010,609 | 2,414,810 |
| Differences between projected and actual investment earnings | 3,066 | 6,866 |
| | \$ 12,757,458 | 15,417,791 |
| Deferred Inflows | | |
| Deferred gain on bond refunding | \$ 102,549 | - |
| Leases | 8,056 | 18,797 |
| Pension related: | | |
| Changes in assumptions | 468,115 | 776,996 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 630,216 | 827,337 |
| Differences between expected and actual economic experience | 244,896 | 364,777 |
| OPEB related: | | |
| Changes in assumptions | 11,853,900 | 12,304,652 |
| Differences between expected and actual economic experience | 1,003,934 | 1,255,952 |
| Changes in proportion and differences between the District's contributions and the proportionate share of contributions | 409,888 | 526,004 |
| | \$ 14,721,554 | 16,074,515 |

McLennan County Junior College District
Notes to Financial Statements
(Continued)

(2) Summary of Significant Accounting Policies (continued)

(i) Unearned Revenue

Unearned revenue of the District at August 31, 2024 and 2023 consists of the following:

| | <u>2024</u> | <u>2023</u> |
|------------------|---------------------|------------------|
| Tuition and fees | \$ 8,579,959 | 8,436,653 |
| Federal grants | 147,066 | 872,620 |
| Scholarships | - | 282,123 |
| Local grants | <u>40,416</u> | <u>38,759</u> |
| | <u>\$ 8,767,441</u> | <u>9,630,155</u> |

(j) Pensions

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

(k) Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employee Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and the full accrual basis of accounting. This includes for purpose of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities, and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and payable in accordance with benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

McLennan County Junior College District
Notes to Financial Statements
(Continued)

(2) Summary of Significant Accounting Policies (continued)

(1) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(3) Authorized Investments

The District is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. The District is also required to follow specific investment practices prescribed by the Public Funds Investment Act (the Act) related to establishment of appropriate investment policies and management reports.

(4) Deposits and Investments

Deposits and investments of the District at August 31, 2024 and 2023 consist of the following:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|-------------------|
| <u>Deposits</u> | | |
| Cash - demand deposits | \$ 21,041,964 | 22,610,286 |
| Cash - certificates of deposit | 13,066,116 | 12,391,984 |
| Cash - petty cash on hand | 2,613 | 6,412 |
| Total deposits | <u>34,110,693</u> | <u>35,008,682</u> |
| <u>Investments - cash equivalents</u> | | |
| Texas Range Local Government Investment Program (Pool) | \$ 9,794 | 9,286 |
| Texas Local Government Investment Pool | 118,887 | 84,608 |
| Lone Star Investment Pool | 220 | 208 |
| Total investments-cash equivalents | <u>128,901</u> | <u>94,102</u> |
| Total deposits and investments | <u>\$ 34,239,594</u> | <u>35,102,784</u> |

McLennan County Junior College District
Notes to Financial Statements
(Continued)

(4) Deposits and Investments (continued)

Deposits and investments of the Foundation at August 31, 2024 and 2023 consist of the following:

| | 2024 | 2023 |
|--------------------------------|---------------|------------|
| <u>Deposits</u> | | |
| Cash - demand deposits | \$ 1,486,836 | 2,155,081 |
| Cash - certificates of deposit | 103,556 | 102,609 |
| Total deposits | 1,590,392 | 2,257,690 |
| <u>Investments</u> | | |
| Equity securities | \$ 31,405,543 | 26,439,778 |
| Other investments | 4,112,532 | 3,738,541 |
| Total investments | 35,518,075 | 30,178,319 |
| Total deposits and investments | \$ 37,108,467 | 32,436,009 |

The weighted average maturity of investments (in days) of the District at August 31, 2024 and 2023 consists of the following:

| | 2024 | 2023 |
|--|------|------|
| Texas Range Local Government | | |
| Investment Program (Pool) | 42 | 36 |
| Texas Local Government Investment Pool | 36 | 23 |
| Lone Star Investment Pool | 39 | 32 |

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. Money market mutual funds must have a dollar weighted average stated maturity of 90 days or less. The maximum allowable stated maturity of any other individual investment owned by the District cannot exceed the limits established by the Act. If no maximum allowable stated maturity is provided for a particular investment, the maximum allowable stated maturity for such investment cannot exceed five years except for the purchase of investments related to the refunding of bonds in which case the maturity of the escrowed amount cannot exceed the life of the bond.

McLennan County Junior College District
Notes to Financial Statements
(Continued)

(4) Deposits and Investments (continued)

Credit Risk. Credit risk is the risk that an investment issuer or other counterparty to an investment will not fulfill obligations related to the investment. It is the District's policy to limit its investments in a manner that ensures the preservation of capital in the overall portfolio. Specifically, public funds investment pools must be rated not less than AAA or an equivalent rating by at least one nationally recognized rating service. At August 31, 2024 and 2023, public funds investment pools held by the District were rated AAAM by Standard & Poor's.

As indicated above, investments of the District at August 31, 2024 and 2023 include deposits in the Texas Local Government Investment Pool, Texas Range Local Government Investment Program (Pool), and Lone Star Investment Pool (collectively, the Pools). These Pools are public funds investment pools created pursuant to the Interlocal Cooperation Act of the State of Texas. The District has delegated the authority to hold legal title to the Pools as custodians and to make investment purchases with the District's funds. The District does not own specific, identifiable investment securities within the Pools.

The State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool (TexPool). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. There are no maximum transaction amounts and withdrawals may be made daily. TexPool uses amortized cost rather than fair value to report net assets to compute share prices.

Texas Range Local Government Investment Program (Pool) is a public funds investment pool organized under a common investment contract managed by an elected advisory board. Texas Range Local Government Investment Program (Pool) is a non-taxable investment fund established for local governments in Texas under the provisions of the Texas Interlocal Cooperation Act. The pool offers two investment portfolios, Texas Range and TexasDAILY. The District has investments in the TexasDAILY portfolio. TexasDAILY uses amortized cost rather than the fair value to report net assets to compute share prices.

McLennan County Junior College District
Notes to Financial Statements
(Continued)

(4) Deposits and Investments (continued)

Lone Star Investment Pool (Lone Star) is a member-owned, member-governed public funds investment pool offering three funds: Government Overnight Fund, Corporate Overnight Fund, and Corporate Overnight Fund Plus. The Board of Trustees, who has governance responsibilities, is comprised of participants in Lone Star and members of the Texas Association of School Business Officials. The District has investments in the Corporate Overnight Fund of Lone Star. The Corporate Overnight Fund uses amortized cost rather than the fair value to report net assets to compute share prices.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in the securities of a single issuer. The District's investment policy includes an investment objective of seeking diversification to avoid unreasonable risk.

Interest Rate and Credit Risks of McLennan Community College Foundation. The Foundation has general investment policies to seek reasonable income, preserve capital, and, in general, avoid speculative investments. However, the Foundation does not have a specific policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Also, the Foundation does not have a specific policy to limit the risk that an issuer or other counterparty to its mutual funds will not fulfill its obligations.

(5) Disaggregation of Accounts Receivable and Accrued Liabilities

Accounts receivable at August 31, 2024 and 2023 consisted of the following:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|----------------------|--------------------|
| Auxiliary and other | \$ 11,366,640 | 9,647,870 |
| Tuition and fees | 7,759,326 | 7,124,405 |
| Taxes | 1,519,098 | 1,369,938 |
| Federal and state grants | 460,544 | 832,844 |
| | <u>21,105,608</u> | <u>18,975,057</u> |
| Less allowance for doubtful accounts | <u>(8,082,728)</u> | <u>(7,717,443)</u> |
| Accounts receivable, net | <u>\$ 13,022,880</u> | <u>11,257,614</u> |

McLennan County Junior College District
Notes to Financial Statements
(Continued)

(5) Disaggregation of Accounts Receivable and Accrued Liabilities (continued)

Accrued liabilities at August 31, 2024 and 2023 consisted of the following:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------|---------------------|------------------|
| Salaries and benefits payable | \$ 1,255,858 | 1,151,604 |
| Claims liability | 201,481 | 273,292 |
| Interest payable | 220,299 | 1,077,562 |
| Other payables | <u>3,266,973</u> | <u>3,332,976</u> |
| Accrued liabilities | <u>\$ 4,944,611</u> | <u>5,835,434</u> |

(6) Capital Assets

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

| | <u>Balance September 1, 2023</u> | <u>Additions</u> | <u>Transfers and Retirements</u> | <u>Balance August 31, 2024</u> |
|--|--|------------------|--|--|
| Capital assets not being depreciated: | | | | |
| Land | \$ 6,814,770 | - | - | 6,814,770 |
| Construction in progress | <u>1,432,699</u> | <u>3,500,134</u> | <u>(1,091,102)</u> | <u>3,841,731</u> |
| | <u>8,247,469</u> | <u>3,500,134</u> | <u>(1,091,102)</u> | <u>10,656,501</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and building improvements | 147,392,908 | - | (400,185) | 146,992,723 |
| Buildings - right-of-use lease assets | 1,380,775 | - | (1,380,775) | - |
| Other real estate improvements | <u>38,276,321</u> | <u>1,794,944</u> | <u>953,596</u> | <u>41,024,861</u> |
| Total buildings and other real estate improvements | 187,050,004 | 1,794,944 | (827,364) | 188,017,584 |
| Library books | 1,679,619 | 113,748 | - | 1,793,367 |
| Furniture and equipment | 9,923,533 | 1,313,671 | (109,736) | 11,127,468 |
| Furniture and equipment - right-of-use lease assets | 5,527 | - | (5,527) | - |
| Software - right-of-use subscription assets | <u>3,324,191</u> | <u>317,022</u> | <u>(2,530,607)</u> | <u>1,110,606</u> |
| Total buildings and other capital assets | <u>201,982,874</u> | <u>3,539,385</u> | <u>(3,473,234)</u> | <u>202,049,025</u> |

McLennan County Junior College District
Notes to Financial Statements
(Continued)

(6) Capital Assets

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

| | Balance September 1, 2023 | Additions | Transfers and Retirements | Balance August 31, 2024 |
|---|---------------------------------|--------------------|---------------------------------|-------------------------------|
| Less accumulated depreciation and amortization: | | | | |
| Buildings and building improvements | 55,338,981 | 2,567,010 | (396,508) | 57,509,483 |
| Buildings - right-of-use lease assets | 1,064,348 | 316,428 | (1,380,776) | - |
| Other real estate improvements | 17,851,488 | 1,462,091 | 4,364 | 19,317,943 |
| Total buildings and other real estate improvements | 74,254,817 | 4,345,529 | (1,772,920) | 76,827,426 |
| Library books | 1,015,885 | 86,784 | - | 1,102,669 |
| Furniture and equipment | 7,083,549 | 682,889 | (93,714) | 7,672,724 |
| Furniture and equipment - right-of-use lease assets | 4,146 | 1,382 | (5,528) | - |
| Software - right-of-use subscription assets | 2,315,681 | 660,343 | (2,530,607) | 445,417 |
| Total accumulated depreciation/amortization | 84,674,078 | 5,776,927 | (4,402,769) | 86,048,236 |
| | <u>117,308,796</u> | <u>(2,237,542)</u> | <u>929,535</u> | <u>116,000,789</u> |
| Net capital assets | \$ <u>125,556,265</u> | <u>1,262,592</u> | <u>(161,567)</u> | <u>126,657,290</u> |
| Capital assets not being depreciated: | | | | |
| Land | \$ 6,814,770 | - | - | 6,814,770 |
| Construction in progress | 3,232,708 | 1,348,961 | (3,148,970) | 1,432,699 |
| | <u>10,047,478</u> | <u>1,348,961</u> | <u>(3,148,970)</u> | <u>8,247,469</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings and building improvements | 147,392,908 | - | - | 147,392,908 |
| Buildings - right-of-use lease assets | 1,380,775 | - | - | 1,380,775 |
| Other real estate improvements | 33,037,572 | 2,089,781 | 3,148,968 | 38,276,321 |
| Total buildings and other real estate improvements | 181,811,255 | 2,089,781 | 3,148,968 | 187,050,004 |
| Library books | 2,675,022 | 106,848 | (1,102,251) | 1,679,619 |
| Furniture and equipment | 9,298,537 | 641,180 | (16,184) | 9,923,533 |
| Furniture and equipment - right-of-use lease assets | 119,185 | - | (113,658) | 5,527 |
| Software - right-of-use subscription assets | 3,366,060 | 148,861 | (190,730) | 3,324,191 |
| Total buildings and other capital assets | <u>197,270,059</u> | <u>2,986,670</u> | <u>1,726,145</u> | <u>201,982,874</u> |

McLennan County Junior College District
Notes to Financial Statements
(Continued)

(6) Capital Assets (continued)

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

| | Balance September 1, 2022 | Additions | Transfers and Retirements | Balance August 31, 2023 |
|---|---------------------------------|-------------|---------------------------------|-------------------------------|
| Less accumulated depreciation and amortization: | | | | |
| Buildings and building improvements | 52,670,231 | 2,591,583 | 77,167 | 55,338,981 |
| Buildings - right-of-use lease assets | 712,586 | 351,762 | - | 1,064,348 |
| Other real estate improvements | 16,630,819 | 1,297,836 | (77,167) | 17,851,488 |
| Total buildings and other real estate improvements | 70,013,636 | 4,241,181 | - | 74,254,817 |
| Library books | 2,033,227 | 84,909 | (1,102,251) | 1,015,885 |
| Furniture and equipment | 6,480,707 | 617,340 | (14,498) | 7,083,549 |
| Furniture and equipment - right-of-use lease assets | 103,478 | 14,325 | (113,657) | 4,146 |
| Software - right-of-use subscription assets | 1,817,456 | 688,955 | (190,730) | 2,315,681 |
| Total accumulated depreciation/amortization | 80,448,504 | 5,646,710 | (1,421,136) | 84,674,078 |
| | 116,821,555 | (2,660,040) | 3,147,281 | 117,308,796 |
| Net capital assets | \$ 126,869,033 | (1,311,079) | (1,689) | 125,556,265 |

Construction in progress at August 31, 2024 consists of:

| | Spent to Date | Remaining Commitment |
|--|------------------|-------------------------|
| Cameron Hall Renovation/Replacement | \$ 2,789,338 | 2,629,696 |
| Cosmetology Renovation | 21,933 | 321,092 |
| Field House Batting Cages | 9,158 | 176,000 |
| Student Services Elevator Upgrade | 39,153 | 39,153 |
| Mathematics, Wellness and Fitness Elevator Upgrade | 39,730 | 39,730 |
| Design Control Panels | 60,555 | 3,000 |
| Science Building Vent Hoods | 201,590 | 48,463 |
| Counselling Center Renovation | 680,274 | 28,082 |
| | \$ 3,841,731 | 3,285,216 |

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(7) Long-Term Liabilities

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

| | Balance September 1, 2023 | Additions | Reductions | Balance August 31, 2024 | Current Portion |
|---|---------------------------------|-------------------|-------------------|-------------------------------|--------------------|
| Bonds payable: | | | | | |
| Revenue bonds payable | \$ 13,335,000 | - | 1,440,000 | 11,895,000 | 1,485,000 |
| Refunding limited tax bonds payable | 41,210,000 | 14,920,000 | 17,980,000 | 38,150,000 | 4,130,000 |
| Bond issuance premiums and discounts | 4,640,693 | 649,050 | 2,092,940 | 3,196,803 | - |
| Lease liabilities | 334,111 | - | 334,111 | - | - |
| Subscription liabilities | 1,099,642 | 317,022 | 819,437 | 597,227 | 231,029 |
| Net pension liability | 16,731,431 | 3,493,034 | - | 20,224,465 | - |
| OPEB liability | 39,806,777 | - | 1,851,624 | 37,955,153 | - |
| | <u>\$ 117,157,654</u> | <u>19,379,106</u> | <u>24,518,112</u> | <u>112,018,648</u> | <u>5,846,029</u> |

Long-term liability activity for the year ended August 31, 2023 was as follows:

| | Balance September 1, 2022 | Additions | Reductions | Balance August 31, 2023 | Current Portion |
|---|---------------------------------|------------------|-------------------|-------------------------------|--------------------|
| Bonds payable: | | | | | |
| Revenue bonds payable | \$ 14,705,000 | - | 1,370,000 | 13,335,000 | 2,660,000 |
| Refunding limited tax bonds payable | 44,450,000 | - | 3,240,000 | 41,210,000 | 1,440,000 |
| Bond issuance premiums and discounts | 5,792,805 | - | 1,152,112 | 4,640,693 | - |
| Lease liabilities | 700,299 | - | 366,188 | 334,111 | 334,111 |
| Subscription liabilities | 1,677,254 | 148,861 | 726,473 | 1,099,642 | 794,437 |
| Net pension liability | 7,293,846 | 9,437,585 | - | 16,731,431 | - |
| OPEB liability | 50,443,572 | - | 10,636,795 | 39,806,777 | - |
| | <u>\$ 125,062,776</u> | <u>9,586,446</u> | <u>17,491,568</u> | <u>117,157,654</u> | <u>5,228,548</u> |

Bonds

Bonds payable are comprised of the following individual issues:

\$14,920,000 Refunding Limited Tax Bonds – Series 2024

To advance refund \$15,320,000 of outstanding Refunding Limited Tax Bonds – Series 2015; issued August 29, 2024; all authorized bonds have been issued; due in installments through 2031; secured by property tax revenues; no bond reserve fund is required.

McLennan County Junior College DistrictNotes to Financial Statements
(Continued)(7) Long-Term Liabilities (continued)\$2,135,000 Refunding Revenue Bonds – Series 2021

To refund \$2,385,000 of outstanding Revenue Bonds – Series 2010; issued May 15, 2021; all authorized bonds have been issued; due in installments through 2030; secured by pledged revenues of tuition, facility fees, net revenues from the District's bookstore, cafeteria and vending machine operations, interest earnings and revenues of any revenue-producing facilities acquired or constructed with bond proceeds; no bond reserve fund is required.

\$24,505,000 Refunding Limited Tax Bonds – Series 2021

To advance refund \$4,605,000 of outstanding Limited Tax Bonds – Series 2013 and \$19,900,000 of outstanding Refunding Limited Tax Bonds – Series 2015; issued May 15, 2021; all authorized bonds have been issued; due in installments through 2032; secured by property tax revenues; no bond reserve fund is required.

\$6,600,000 Revenue Bonds – Series 2019

To acquire, purchase, construct, improve, enlarge, equip, operate, and maintain structures, property, buildings and facilities; issued March 26, 2019; all authorized bonds have been issued; due in installments through 2034; secured by tuition revenue; call year 2029.

\$9,050,000 Refunding Revenue Bonds – Series 2017

To advance refund \$9,050,000 of outstanding Revenue Bonds – Series 2009 and 2010; issued August 11, 2017; all authorized bonds have been issued; due in installments through 2030; secured by pledged revenues of tuition, facility fees, net revenues from the District's bookstore, cafeteria and vending machine operations, interest earnings and revenues of any revenue-producing facilities acquired or constructed with bond proceeds; no bond reserve fund is required; call year 2027.

\$52,765,000 Refunding Limited Tax Bonds – Series 2015

To advance refund \$55,825,000 of outstanding Limited Tax Bonds – Series 2007; issued March 10, 2015; all authorized bonds have been issued; due in installments through 2032; secured by property tax revenues; no bond reserve fund is required.

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(7) Long-Term Liabilities (continued)

Bonds payable are due in annual installments varying from \$155,000 to \$2,180,000 with interest rates from 0.3% to 5% with the final installment in 2034. Debt service requirements to amortize bonds payable as of August 31, 2024, are as follows:

| For the Year Ended August 31, | Revenue Bonds | | Tax Bonds | |
|----------------------------------|----------------------|------------------|-------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 1,485,000 | 449,550 | 4,130,000 | 1,349,284 |
| 2026 | 1,535,000 | 399,000 | 4,210,000 | 1,292,526 |
| 2027 | 1,590,000 | 346,350 | 4,555,000 | 1,085,428 |
| 2028 | 1,645,000 | 291,400 | 4,590,000 | 903,228 |
| 2029 | 1,710,000 | 225,600 | 4,880,000 | 720,808 |
| 2030-2034 | 3,930,000 | 376,600 | 15,785,000 | 962,021 |
| | <u>\$ 11,895,000</u> | <u>2,088,500</u> | <u>38,150,000</u> | <u>6,313,295</u> |

The District has pledged certain future tuition and fees to repay \$11.9 million in revenue bonds issued in 2021, 2019, and 2017. Proceeds from the bonds provided financing for the remodel of the business and technology building, construction of parking garage facilities, and refunding of the 1995, 2009, and 2010 revenue bonds which provided funds for campus facility improvements. Annual principal and interest payments on the bonds are expected to require 40% of the pledged tuition and fees. The total principal and interest remaining to be paid on the bonds is \$13.9 million. Principal and interest paid for the current year and total of pledged tuition and fees were approximately \$1.9 million and \$5.1 million, respectively.

Leases

The District leased register equipment under a lease agreement through August 2024. In addition, the District leases housing for its athletes under a lease agreement with an initial lease term through July 31, 2024 with month-to-month lease renewals thereafter.

Subscription-Based Information Technology Arrangements

The District contracts for the use of various software under certain information technology arrangements through 2029. The arrangements utilize an incremental borrowing rate of 6.45%.

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(7) Long-Term Liabilities (continued)

Future principal and interest requirements for subscription liabilities as of August 31, 2024, are as follows:

| For the Year Ended August 31, | Principal | Interest |
|----------------------------------|-------------------|---------------|
| 2025 | \$ 231,029 | 46,737 |
| 2026 | 195,557 | 22,651 |
| 2027 | 65,026 | 9,974 |
| 2028 | 69,287 | 5,713 |
| 2029 | <u>36,328</u> | <u>1,172</u> |
| | <u>\$ 597,227</u> | <u>86,247</u> |

(8) Refunding of Bonds

In August 2024, the District issued \$14.9 million of Refunding Limited Tax Bonds, Series 2024 to refund \$15.3 million of outstanding Refunding Limited Tax Bonds, Series 2015. Approximately \$15.4 million of proceeds were deposited in an irrevocable trust to provide for all future debt service on the refunded bonds. As a result, the Refunding Limited Tax Bonds, Series 2015 is considered defeased, and the District has removed the liability from the accompanying Statement of Net Position. The net carrying amount of the refunded debt exceeded the reacquisition price by \$102,549. This amount is reflected as a deferred gain on refunding and will be amortized over the remaining life of the refunded debt. This refunding was undertaken to reduce total debt service payments over the next seven years by \$292,916 and resulted in an economic gain of \$256,330.

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(9) Defeased Bonds Outstanding

During 2024 and 2021, the District defeased certain bonds payable by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At August 31, 2024, the following bonds outstanding are considered defeased:

| | Year Refunded | Balance Outstanding |
|---|------------------|------------------------|
| Refunding Limited Tax Bonds - Series 2015 | 2021 | \$ 19,900,000 |
| Refunding Limited Tax Bonds - Series 2015 | 2024 | 15,320,000 |
| | | \$ 35,220,000 |

(10) Employees' Retirement Plan

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

All employees of public, state-supported education 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 TRS's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/aboutpublications.aspx>, by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698, or by calling (512) 542-6592.

McLennan County Junior College District

Notes to Financial Statements (Continued)

(10) Employees' Retirement Plan (continued)

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, 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 the date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the plan description above.

Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by 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 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% 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. Contribution rates were as follows:

| <u>Year</u> | <u>Member</u> | | <u>State</u> | | <u>District</u> | |
|-------------|---------------|---------------|--------------|---------------|-----------------|---------------|
| | <u>Rate</u> | <u>Amount</u> | <u>Rate</u> | <u>Amount</u> | <u>Rate</u> | <u>Amount</u> |
| 2024 | 8.25% | \$ 2,560,375 | 8.25% | \$ 777,814 | 8.25% | \$ 2,558,770 |
| 2023 | 8.0% | 2,306,204 | 8.0% | 673,334 | 8.0% | 2,305,523 |
| 2021 | 8.0% | 2,055,309 | 7.8% | 665,351 | 7.8% | 1,991,081 |

McLennan County Junior College DistrictNotes to Financial Statements
(Continued)(10) Employees' Retirement Plan (continued)

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation 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 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 educational service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2.0% in fiscal year 2025.
- When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(10) Employees' Retirement Plan (continued)

Actuarial Assumptions. The total pension liability in the August 31, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions:

| | Valuation Date | |
|---|--|--|
| | August 31, 2022 rolled forward to August 31, 2023 | August 31, 2021 rolled forward to August 31, 2022 |
| Actuarial cost method | Individual entry age, normal | Individual entry age, normal |
| Asset valuation method | Fair value | Fair value |
| Actuarial assumptions: | | |
| Single discount rate | 7.00% | 7.00% |
| Long-term expected investment rate of return | 7.00% | 7.00% |
| Municipal bond rate | 4.13% | 3.91% |
| Salary increases | 2.95% to 8.95% (includes inflation of 2.3%) | 2.95% to 8.95% (includes inflation of 2.3%) |
| Benefit changes during the year | None | None |
| Ad hoc post-employment benefit changes | None | None |

The actuarial methods and assumptions used in the determination of the total pension liability as of August 31, 2023 and 2022 are the same, except as indicated otherwise above. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability as of August 31, 2023 and 2022. 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 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on 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.

McLennan County Junior College District

Notes to Financial Statements (Continued)

(10) Employees' Retirement Plan (continued)

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2023 are summarized below:

| Asset Class | Target Allocation % ** | Long-Term Expected Geometric Real Rate of Return *** | Expected Contribution to Long-Term Portfolio Returns |
|--|---------------------------|---|---|
| Global Equity: | | | |
| U.S.A. | 18.0% | 4.0% | 1.00% |
| Non-U.S. Developed | 13.0% | 4.5% | 0.90% |
| Emerging Markets | 9.0% | 4.8% | 0.70% |
| Private Equity* | 14.0% | 7.0% | 1.50% |
| Stable Value: | | | |
| Government Bonds | 16.0% | 2.5% | 0.50% |
| Absolute Return* | - | 3.6% | - |
| Stable Value Hedge Funds | 5.0% | 4.1% | 0.20% |
| Real Return: | | | |
| Real Estate | 15.0% | 4.9% | 1.10% |
| Energy, Natural Resources and Infrastructure | 6.0% | 4.8% | 0.40% |
| Commodities | - | 4.4% | - |
| Risk Parity: | | | |
| Risk Parity | 8.0% | 4.5% | 0.40% |
| Asset Allocation Leverage: | | | |
| Cash | 2.0% | 3.7% | 0.00% |
| Asset Allocation Leverage | -6.0% | 4.4% | -0.10% |
| Inflation Expectation | | | 2.30% |
| Volatility Drag **** | - | | -0.90% |
| Expected Return | <u>100.00%</u> | | <u>8.00%</u> |

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY 2023 policy model.

*** Capital Market Assumptions come from Aon Hewitt (as of June 30, 2023).

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

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(10) Employees' Retirement Plan (continued)

Discount Rate Sensitivity Analysis. The following schedule shows the impact to the District's net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the 2023 net pension liability:

| | <u>1% Decrease</u> <u>(6.00%)</u> | <u>Current Rate</u> <u>(7.00%)</u> | <u>1% Increase</u> <u>(8.00%)</u> |
|---|--------------------------------------|---------------------------------------|--------------------------------------|
| District's proportionate share of the net pension liability | \$ <u>30,236,695</u> | <u>20,224,465</u> | <u>11,899,290</u> |

The following schedule shows the impact to the District's net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the 2022 net pension liability:

| | <u>1% Decrease</u> <u>(6.00%)</u> | <u>Current Rate</u> <u>(7.00%)</u> | <u>1% Increase</u> <u>(8.00%)</u> |
|---|--------------------------------------|---------------------------------------|--------------------------------------|
| District's proportionate share of the net pension liability | \$ <u>26,027,763</u> | <u>16,731,431</u> | <u>9,196,318</u> |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2024 and 2023, the District reported a liability of \$20,224,465 and \$16,731,431, respectively, for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District at August 31, 2024 and 2023 as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District is as follows:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|-------------------|
| District's proportionate share of the net pension liability | \$ 20,224,465 | 16,731,431 |
| State's proportionate share of the net pension liability associated with the District | <u>10,394,131</u> | <u>8,566,566</u> |
| Total | \$ <u>30,618,596</u> | <u>25,297,997</u> |

McLennan County Junior College DistrictNotes to Financial Statements
(Continued)(10) Employees' Retirement Plan (continued)

The 2024 net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

The District's proportion of the collective net pension liability was 0.029% which was consistent with its proportion measured as of August 31, 2023.

The 2023 net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all participating employers to the plan for the period September 1, 2021 to August 31, 2022.

The District's proportion of the collective net pension liability was 0.028% which was consistent with its proportion measured as of August 31, 2022.

There were no changes in assumptions since the prior measurement date.

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

For the years ended August 31, 2024 and 2023, the District recognized total pension expense of \$3,452,309 and \$1,205,290, respectively. Of the total pension expense for the years ended August 31, 2024 and 2023, the District recognized pension expense of \$1,569,424 and \$818,867, respectively, and revenue of \$777,814 and \$673,334, respectively, for support provided by the State.

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(10) Employees' Retirement Plan (continued)

At August 31, 2024 and 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2024 | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual economic experience | \$ 720,605 | 244,896 |
| Changes in actuarial assumptions | 1,912,838 | 468,115 |
| Differences between projected and actual investment earnings, net | 2,943,151 | - |
| Changes in proportion and differences between the District's contributions and the proportionate share of contributions | 705,160 | 630,216 |
| Contributions paid to TRS subsequent to the measurement date | 1,659,342 | - |
| Total | \$ 7,941,096 | 1,343,227 |
| | 2023 | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual economic experience | \$ 242,604 | 364,777 |
| Changes in actuarial assumptions | 3,117,610 | 776,996 |
| Differences between projected and actual investment earnings, net | 1,653,012 | - |
| Changes in proportion and differences between the District's contributions and the proportionate share of contributions | 451,441 | 827,337 |
| Contributions paid to TRS subsequent to the measurement date | 1,492,163 | - |
| Total | \$ 6,956,830 | 1,969,110 |

The \$1,659,342 reported as deferred outflows of resources at August 31, 2024 related to contributions paid to TRS subsequent to the measurement date at August 31, 2023 will be recognized as a reduction of the net pension liability in fiscal year 2025.

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(10) Employees' Retirement Plan (continued)

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

| Measurement Year Ended August 31, | Pension Expense |
|--------------------------------------|--------------------|
| 2024 | \$ 1,094,159 |
| 2025 | 567,254 |
| 2026 | 2,373,586 |
| 2027 | 760,708 |
| 2028 | 142,820 |

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state and each participant are 3.3% and 6.6%, respectively.

The District supplements an additional 5.2%. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Senate Bill 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

Contribution rates as a percentage of compensation and contributions made for ORP for 2022, 2023 and 2024 are shown in the table below.

| Year | Member | | State | |
|------|--------|------------|-------|------------|
| | Rate | Amount | Rate | Amount |
| 2024 | 6.6% | \$ 603,311 | 3.3% | \$ 297,953 |
| 2023 | 6.6% | 597,134 | 3.3% | 296,523 |
| 2022 | 6.6% | 609,630 | 3.3% | 297,604 |

McLennan County Junior College DistrictNotes to Financial Statements
(Continued)(10) Employees' Retirement Plan (continued)

The total payroll for all District employees was \$43,544,095, \$41,059,563, and \$37,979,524 for the years ended August 31, 2024, 2023, and 2022, respectively. The total payroll of employees covered by ORP was \$9,141,081, \$9,047,487, and \$9,236,821 for the years ended August 31, 2024, 2023, and 2022, respectively.

(11) Compensated Absences

Full-time employees earn annual leave of 6.67 hours per month. The District's policy is that any employee may carry accrued leave forward from one fiscal year to another fiscal year with a maximum number of paid hours upon termination of 160. The District recognized an accrued liability for the unpaid annual leave of \$954,320 and \$907,922 at August 31, 2024 and 2023, respectively. It is the District's policy to classify the entire amount of compensated absences as a current liability since substantially all is used in the following fiscal year and is reflected as such in the accompanying Statements of Net Position. Sick leave, which can be accumulated up to 960 hours, is earned at the rate of eight hours per month. The District's policy is to recognize the cost of sick leave when paid. A liability for unpaid sick leave is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal and benefits are not vested.

(12) Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There were no significant reductions in insurance in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years. The District has established a limited risk management program for workers' compensation. A liability for workers' compensation claims is reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess commercial insurance policy covers individual workers' compensation claims in excess of \$208,271. The claim liability includes an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Estimated future payments for incurred claims are charged to operating expenses.

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(12) Risk Management (continued)

Changes in the balance of claims liability included in accrued liabilities during the past two years are as follows:

| | 2024 | 2023 |
|---|------------|----------|
| Unpaid claims, beginning of year | \$ 273,292 | 269,511 |
| Incurred claims (including IBNR) and changes to prior year estimates | 22,533 | 92,189 |
| Claim payments | (94,344) | (88,408) |
| Unpaid claims, end of year | \$ 201,481 | 273,292 |

(13) Other Post-Employment Benefits (OPEB)

Plan Description. The District participates in a cost-sharing, multiple-employer defined-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 Annual Comprehensive Financial Report that includes financial statements, notes to the financial statements, and required supplementary information. That report may be obtained online; by writing to ERS at 200 East 18th Street, Austin, Texas, 78701; or by calling (877) 275-4377.

Benefits Provided. Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least 10 years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(13) Other Post-Employment Benefits (OPEB) (continued)

Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

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

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium, which is based on a blended rate as of the measurement period. 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.

| | <u>2024</u> | <u>2023</u> |
|--------------------|-------------|-------------|
| Retiree only | \$ 624.82 | 624.82 |
| Retiree & Spouse | 1,340.82 | 1,339.90 |
| Retiree & Children | 1,104.22 | 1,103.58 |
| Retiree & Family | 1,820.22 | 1,818.66 |

McLennan County Junior College District

Notes to Financial Statements (Continued)

(13) Other Post-Employment Benefits (OPEB) (continued)

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

| <u>Year</u> | <u>State Amount</u> | <u>District Amount</u> |
|-------------|-------------------------|----------------------------|
| 2024 | \$ 1,166,063 | \$ 1,393,059 |
| 2023 | 1,134,748 | 1,361,014 |
| 2022 | 1,076,817 | 1,317,050 |

Actuarial Assumptions. The total OPEB liability in the August 31, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | Valuation Date | |
|---|--|---|
| | August 31, 2023 | August 31, 2022 |
| Actuarial cost method: | Entry Age normal | Entry age normal |
| Amortization method | Level percent of payroll, open | Level percent of payroll, open |
| Amortization period | 30 years | 30 years |
| Actuarial assumptions: | | |
| Discount rate | 3.81% | 3.59% |
| Salary increases | 2.30% to 8.95% (includes inflation of 2.3%) | 2.30% to 8.95% (includes inflation of 2.3%) |
| Annual healthcare trend rates | 5.60% for fiscal year 2025, 5.30% for fiscal year 2026, 5.00% for fiscal year 2027, 4.75% for rate fiscal year 2028, 4.60% for fiscal year 2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for fiscal year 2032 and later years | 5.60% for fiscal year 2024, 5.30% for fiscal year 2025, 5.00% for fiscal year 2026, 4.75% for fiscal year 2027, 4.60% for fiscal year 2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for fiscal year 2031 and later years |
| Mortality Assumptions: | | |
| Service Retirees, Survivors, and Other Inactive Members | Tables based on TRS experience with Ultimate MP Projection Scale from the year 2021 | Tables based on TRS experience with Ultimate MP Projection Scale from the year 2021 |
| Disability Retirees | Tables based on TRS experience with Ultimate MP Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members | Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of 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 Projection Scale from the year 2010. | Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010. |

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(13) Other Post-Employment Benefits (OPEB) (continued)

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2017 for higher education members.

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 in August 2022 to require that all funds in the plan be invested in cash and equivalent securities. The expected rate of return on these investments was 4.1%.

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.59%. The discount rate used to determine the total OPEB liability as of the end of the measurement year was 3.81%, which amounted to an increase of 0.22%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and, therefore, the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis. The following schedule shows the impact to the District's proportionate share of the collective OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.81%) in measuring the 2023 OPEB liability:

| | 1% Decrease <u>(2.81%)</u> | Current Rate <u>(3.81%)</u> | 1% Increase <u>(4.81%)</u> |
|--|-------------------------------|--------------------------------|-------------------------------|
| District's proportionate share of the 2023 OPEB liability | \$ <u>44,041,502</u> | <u>37,955,153</u> | <u>33,059,746</u> |

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(13) Other Post-Employment Benefits (OPEB) (continued)

The following schedule shows the impact to the District's proportionate share of the collective OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.59%) in measuring the 2022 OPEB liability:

| | <u>1% Decrease (2.59%)</u> | <u>Current Rate (3.59%)</u> | <u>1% Increase (4.59%)</u> |
|--|--------------------------------|---------------------------------|--------------------------------|
| District's proportionate share of the 2022 OPEB liability | \$ <u>46,426,731</u> | \$ <u>39,806,777</u> | <u>34,512,406</u> |

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 5.60% and the ultimate rate is 4.3%. The following schedule shows the impact to the District's proportionate share of the collective OPEB liability if the healthcare cost trend rate used was 1% less than and 1% greater than the healthcare cost trend rate that was used (5.60% decreasing to 4.3%) in measuring the 2023 OPEB liability:

| | <u>Current Healthcare Cost Trend Rates (4.60% decreasing to 3.3%)</u> | <u>Current Healthcare Cost Trend Rates (5.60% decreasing to 4.3%)</u> | <u>Current Healthcare Cost Trend Rates (6.60% decreasing to 5.3%)</u> |
|--|---|---|---|
| District's proportionate share of the 2023 OPEB liability | \$ <u>32,646,706</u> | <u>37,955,153</u> | <u>44,696,905</u> |

The initial healthcare trend rate is 5.60% and the ultimate rate is 4.3%. The following schedule shows the impact to the District's proportionate share of the collective OPEB liability if the healthcare cost trend rate used was 1% less than and 1% greater than the healthcare cost trend rate that was used (5.60% decreasing to 4.3%) in measuring the 2022 OPEB liability:

| | <u>Current Healthcare Cost Trend Rates (4.60% decreasing to 3.3%)</u> | <u>Current Healthcare Cost Trend Rates (5.60% decreasing to 4.3%)</u> | <u>Current Healthcare Cost Trend Rates (6.60% decreasing to 5.3%)</u> |
|--|---|---|---|
| District's proportionate share of the 2022 OPEB liability | \$ <u>34,089,034</u> | <u>39,806,777</u> | <u>47,106,792</u> |

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(13) Other Post-Employment Benefits (OPEB) (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2024 and 2023, the District reported a liability of \$37,955,153 and \$39,806,777, respectively, for its proportionate share of the ERS's OPEB liability. This liability reflects an increase in State support provided to the District for OPEB. The amount recognized by the District at August 31, 2024 and 2023 as its proportionate share of the OPEB liability, the related State support, and the total portion of the OPEB liability that was associated with the District were as follows:

| | 2024 | 2023 |
|---|---------------|------------|
| District's proportionate share of the net OPEB liability | \$ 37,955,153 | 39,806,777 |
| State's proportionate share of the net OPEB liability associated with the District | 29,444,673 | 31,752,425 |
| Total | \$ 67,399,826 | 71,559,202 |

The 2024 OPEB liability was measured as of August 31, 2023 and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022 to August 31, 2023. At the measurement date of August 31, 2023, the District's proportion of the collective OPEB liability was 0.1421%, which was an increase of 0.0023% from its proportion measured as of August 31, 2022.

The 2023 OPEB liability was measured as of August 31, 2022 and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 to August 31, 2022. At the measurement date of August 31, 2022, the District's proportion of the collective OPEB liability was 0.1397%, which was a decrease of 0.0009% from its proportion measured as of August 31, 2021.

For the years ended August 31, 2024 and 2023, the District recognized total OPEB benefit of \$1,086,509 and \$928,715, respectively. Of the total benefit, for the years ended August 31, 2024 and 2023, the District recognized OPEB benefit of \$873,826 and \$1,156,578, respectively, and revenue of \$1,166,063 and \$1,134,748, respectively, for support provided by the State.

McLennan County Junior College DistrictNotes to Financial Statements
(Continued)(13) Other Post-Employment Benefits (OPEB) (continued)

Changes Since the 2022 Actuarial Valuation: The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period.

Demographic Assumptions: 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.
- The percentage 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.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee.

Economic Assumptions: Assumptions for assumed per capita health benefit costs and health benefit cost and retiree contribution and expense trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.

The discount rate assumption was changed from 3.59% as of August 31, 2022 to 3.81% as of August 31, 2023 as a result of requirements 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.

Benefit Terms: There are no significant changes to benefit terms.

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(13) Other Post-Employment Benefits (OPEB) (continued)

At August 31, 2024 and 2023, the District reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2024 | |
|---|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual economic experience | \$ - | 1,003,934 |
| Changes in actuarial assumptions | 1,266,143 | 11,853,900 |
| Differences between projected and actual investment earnings | 3,066 | - |
| Changes in proportion and differences between the District's contributions and the proportionate share of contributions | 1,010,609 | 409,888 |
| Contributions paid to ERS subsequent to the measurement date | 872,891 | - |
| Total | \$ 3,152,709 | 13,267,722 |
| | 2023 | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual economic experience | \$ - | 1,255,952 |
| Changes in actuarial assumptions | 2,338,807 | 12,304,652 |
| Differences between projected and actual investment earnings | 6,866 | - |
| Changes in proportion and differences between the District's contributions and the proportionate share of contributions | 2,414,810 | 526,004 |
| Contributions paid to ERS subsequent to the measurement date | 847,896 | - |
| Total | \$ 5,608,379 | 14,086,608 |

The \$872,891 reported as deferred outflows of resources related to contributions paid to ERS subsequent to the measurement date at August 31, 2023 will be recognized as a reduction of the OPEB liability beginning in fiscal year 2025.

McLennan County Junior College District

Notes to Financial Statements (Continued)

(13) Other Post-Employment Benefits (OPEB) (continued)

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

| Measurement Year Ended August 31, | OPEB Expense (Benefit) |
|--------------------------------------|---------------------------|
| 2024 | \$ (2,884,984) |
| 2025 | (3,021,240) |
| 2026 | (2,828,673) |
| 2027 | (1,956,238) |
| 2028 | (296,769) |

(14) Related Parties

During the years ended August 31, 2024 and 2023, the District furnished office space, utilities and staffing amounting to approximately \$523,000 and \$487,000, respectively, at no cost to the Foundation. Amounts owed from the Foundation for scholarships and gifts at August 31, 2024 and 2023, respectively, approximated \$1.6 million and \$79,000.

The following list of related party transactions of the District (i.e. the primary government) for the years ended August 31, 2024, and 2023, is provided solely to comply with the Financial Responsibility, Administrative Capability, Certification Procedures, Ability to Benefit regulation promulgated by the U.S. Department of Education:

| 2024 | | | | |
|---|--------------|--|---|--|
| Name | Location | Description | Transaction | Amount |
| McLennan Community College Foundation | Waco, Texas | Nonprofit organization and component unit of the District | Received in-kind services from the District Funds held by the District for the Foundation Owed the District for scholarships and gifts Expended for scholarships, capital facilities, professional development, and other programs to the District | \$ 523,000 13,000 1,600,000 3,300,000 |
| Equine Performance Veterinarians, PLLC | Moody, Texas | Veterinary owned by a board member | Veterinary services and supplies to the District | 385 |
| 2023 | | | | |
| Name | Location | Description | Transaction | Amount |
| McLennan Community College Foundation | Waco, Texas | Nonprofit organization and component unit of the District | Received in-kind services from the District Funds held by the District for the Foundation Owed the District for scholarships and gifts Expended for scholarships, capital facilities, professional development, and other programs to the District | \$ 487,000 25,000 79,000 805,000 |

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(15) Ad Valorem Property Taxes

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

| | <u>2024</u> | <u>2023</u> |
|--|---------------------------------|------------------------------|
| Assessed valuation of the District | \$ 37,092,333,759 | 32,331,464,128 |
| Less: Exemptions | <u>8,311,298,513</u> | <u>7,297,526,327</u> |
| Net assessed valuation of the District | \$ <u><u>28,781,035,246</u></u> | <u><u>25,033,937,801</u></u> |

Tax rates authorized and assessed during fiscal year 2024 are as follows:

| | <u>Current Operations</u> | <u>Debt Service</u> | <u>Total</u> |
|---|-------------------------------|-------------------------|--------------|
| Tax rate per \$100 valuation authorized | \$ 0.250000 | 0.500000 | 0.750000 |
| Tax rate per \$100 valuation for assessed | 0.109841 | 0.018668 | 0.128509 |

Tax rates authorized and assessed during fiscal year 2023 were as follows:

| | <u>Current Operations</u> | <u>Debt Service</u> | <u>Total</u> |
|---|-------------------------------|-------------------------|--------------|
| Tax rate per \$100 valuation authorized | \$ 0.250000 | 0.500000 | 0.750000 |
| Tax rate per \$100 valuation for assessed | 0.115691 | 0.023383 | 0.139074 |

McLennan County Junior College District

Notes to Financial Statements
(Continued)

(15) Ad Valorem Property Taxes (continued)

Taxes levied for the year ended August 31, 2024 are \$37,220,995. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Tax collections for the year ended August 31, 2024 are as follows:

| | <u>Current Operations</u> | <u>Debt Service</u> | <u>Total</u> |
|----------------------------------|-------------------------------|-------------------------|-------------------|
| Current taxes collected | \$ 31,087,804 | 5,283,514 | 36,371,318 |
| Delinquent taxes collected | 42,155 | 13,149 | 55,304 |
| Penalties and interest collected | <u>261,477</u> | <u>48,873</u> | <u>310,350</u> |
| Total collections | <u>\$ 31,391,436</u> | <u>5,345,536</u> | <u>36,736,972</u> |

Taxes levied for the year ended August 31, 2023 were \$34,891,355. Tax collections for the year ended August 31, 2023 were as follows:

| | <u>Current Operations</u> | <u>Debt Service</u> | <u>Total</u> |
|----------------------------------|-------------------------------|-------------------------|-------------------|
| Current taxes collected | \$ 28,514,305 | 5,763,199 | 34,277,504 |
| Delinquent taxes collected | 167,582 | 40,208 | 207,790 |
| Penalties and interest collected | <u>282,994</u> | <u>62,877</u> | <u>345,871</u> |
| Total collections | <u>\$ 28,964,881</u> | <u>5,866,284</u> | <u>34,831,165</u> |

Current tax collections for the years ended August 31, 2024 and 2023 were approximately 94% and 95% of the current tax levy, respectively. An allowance for uncollectible taxes is based upon the historical experience in collecting property taxes.

(16) Tax Abatements

The District enters into property tax abatement agreements with local businesses in conjunction with those entered into by the City of Waco, Texas (the City). The City Council grants abatements for the City when they create economic development opportunities. The District is able to approve a similar abatement to what was approved by the City with terms commensurate with their taxing authority.

For the fiscal years ended August 31, 2024 and 2023, the District, did not enter into any tax abatement agreements.

McLennan County Junior College DistrictNotes to Financial Statements
(Continued)(17) Budgets

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 budget, which is prepared on the accrual basis of accounting, is adopted by the District's Board of Trustees. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

(18) Income Taxes

The District is exempt from income taxes under Internal Revenue Code Section 115, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B). The District had no unrelated business income tax liability for 2024 or 2023.

The Foundation is an organization generally exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

(19) Commitments and Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Effective May 27, 2008, the District entered into a ten-year agreement with a corporation for the management and operation of its bookstore. The agreement provides for the District to receive a percentage of gross revenues from the operation of the bookstore. The agreement was renewed effective June 9, 2018 for an additional ten year term.

McLennan County Junior College DistrictNotes to Financial Statements
(Continued)(20) Contracts and Grants

Contract and grant revenues are recognized as earned in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. For contract and grant awards, funds expended but not collected are reported as accounts receivable in the accompanying Statements of Net Position. Contract and grant awards that are not yet funded, and for which the District has not yet performed services, are not included in the financial statements. Such contract and grant awards already committed total \$768,915 and \$3,877,650 at August 31, 2024 and 2023, respectively, for federal contract and grant awards; and \$315,698 and \$59,830 at August 31, 2024 and 2023, respectively, for state contract and grant awards.

(21) Business Concentrations and Uncertainties

The District generally serves the McLennan County area; consequently, it is impacted by the general economy of the area. Also, the District receives a substantial portion of its funding from federal and state sources; consequently, the District is dependent upon continued funding from these sources.

(22) Authoritative Pronouncements Not Yet Effective

The following pronouncements were issued by the Governmental Accounting Standards Board (GASB) which may impact the District but are not yet effective. The District has not yet determined the effects of the adoption on its financial statements.

GASB Statement No. 101, *Compensated Absences* (issued June 2022) – the 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 through a unified recognition and measurement model and amendment of certain previously required disclosures. The requirements of this statement are effective for financial statements for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures* (issued December 2023) – the 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 that is essential to their analyses for making decisions or assessing accountability. The requirements of this statement are effective for financial statements for fiscal years beginning after June 15, 2024.

McLennan County Junior College DistrictNotes to Financial Statements
(Continued)(22) Authoritative Pronouncements Not Yet Effective (continued)

GASB Statement No. 103, *Financial Reporting Model Improvements* (issued April 2024) – the objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this statement are effective for financial statements for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (issued September 2024) – the objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for financial statements for fiscal years beginning after June 15, 2025.

(23) Subsequent Events

The District has evaluated subsequent events from the date of the statements of net position through December 2, 2024, the date on which the financial statements were available to be issued, and has determined that there are no items to disclose.

Required Supplementary Information



M^oCLENNAN
COMMUNITY COLLEGE

McLennan County Junior College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System of Texas
Last Ten Measurement Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| District's proportion of the net pension liability | 0.000294429 | 0.000281828 | 0.000286410 | 0.000303627 | 0.000308727 | 0.000282722 | 0.000276629 | 0.000267743 | 0.000275359 | 0.000315418 |
| District's proportionate share of the net pension liability | \$ 20,224,465 | 16,731,431 | 7,293,846 | 16,261,639 | 16,048,584 | 15,561,725 | 8,845,093 | 10,117,620 | 9,733,576 | 8,425,251 |
| State's proportionate share of the net pension liability associated with the District | <u>10,394,131</u> | <u>8,566,566</u> | <u>3,970,528</u> | <u>8,650,513</u> | <u>7,960,368</u> | <u>8,157,571</u> | <u>4,484,587</u> | <u>5,023,253</u> | <u>5,097,186</u> | <u>4,294,738</u> |
| Total | <u>\$ 30,618,596</u> | <u>25,297,997</u> | <u>11,264,374</u> | <u>24,912,152</u> | <u>24,008,952</u> | <u>23,719,296</u> | <u>13,329,680</u> | <u>15,140,873</u> | <u>14,830,762</u> | <u>12,719,989</u> |
| District's covered payroll | <u>\$ 28,827,553</u> | <u>25,691,368</u> | <u>25,026,038</u> | <u>25,349,666</u> | <u>23,661,343</u> | <u>21,172,101</u> | <u>19,754,585</u> | <u>18,323,250</u> | <u>18,057,981</u> | <u>17,546,985</u> |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | <u>70.2%</u> | <u>65.1%</u> | <u>29.1%</u> | <u>64.1%</u> | <u>67.8%</u> | <u>73.5%</u> | <u>44.8%</u> | <u>55.2%</u> | <u>53.9%</u> | <u>48.0%</u> |
| Plan's fiduciary net position as a percentage of the total pension liability | <u>73.2%</u> | <u>75.6%</u> | <u>88.8%</u> | <u>75.5%</u> | <u>75.2%</u> | <u>73.7%</u> | <u>82.2%</u> | <u>78.0%</u> | <u>78.4%</u> | <u>83.3%</u> |

See accompanying independent auditor's report.

McLennan County Junior College District
Schedule of the District's Contributions to the
Teacher Retirement System of Texas
Last Ten Fiscal Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually required contributions | \$ 1,659,342 | 1,492,163 | 1,292,233 | 1,210,521 | 1,222,284 | 1,046,048 | 931,282 | 884,894 | 829,573 | 803,507 |
| Contributions in relation to the contractually required contribution | <u>1,659,342</u> | <u>1,492,163</u> | <u>1,292,233</u> | <u>1,210,521</u> | <u>1,222,284</u> | <u>1,046,048</u> | <u>931,282</u> | <u>884,894</u> | <u>829,573</u> | <u>803,507</u> |
| Contribution deficiency (excess) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Covered payroll | \$ <u>31,034,843</u> | <u>28,827,553</u> | <u>25,691,368</u> | <u>25,026,038</u> | <u>25,349,666</u> | <u>23,661,343</u> | <u>21,172,101</u> | <u>19,754,585</u> | <u>18,323,250</u> | <u>18,057,981</u> |
| Contributions as a percentage of covered payroll | <u>\$ 5.35%</u> | <u>5.18%</u> | <u>5.03%</u> | <u>4.84%</u> | <u>4.82%</u> | <u>4.42%</u> | <u>4.40%</u> | <u>4.48%</u> | <u>4.53%</u> | <u>4.45%</u> |

See accompanying independent auditor's report.

McLennan County Junior College District

Schedule of the District's Proportionate Share of the OPEB Liability
Employee Retirement System of Texas

Last Ten Measurement Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| District's proportion of the OPEB liability | 0.001420609 | 0.001397368 | 0.001406073 | 0.001424360 | 0.001404568 | 0.001358867 | 0.001097339 |
| District's proportionate share of the OPEB liability | \$ 37,955,153 | 39,806,777 | 50,443,572 | 47,067,445 | 48,545,614 | 40,273,748 | 37,389,647 |
| State's proportionate share of the OPEB liability associated with the District | <u>29,444,673</u> | <u>31,752,425</u> | <u>37,216,564</u> | <u>34,272,215</u> | <u>36,655,189</u> | <u>30,841,481</u> | <u>30,343,586</u> |
| Total | <u>\$ 67,399,826</u> | <u>71,559,202</u> | <u>87,660,136</u> | <u>81,339,660</u> | <u>85,200,803</u> | <u>71,115,229</u> | <u>67,733,233</u> |
| District's covered payroll | <u>\$ 33,267,230</u> | <u>30,297,975</u> | <u>29,605,912</u> | <u>30,153,598</u> | <u>28,661,998</u> | <u>27,333,926</u> | <u>26,351,878</u> |
| District's proportionate share of the OPEB liability as a percentage of its covered payroll | <u>114.1%</u> | <u>131.4%</u> | <u>170.4%</u> | <u>156.1%</u> | <u>169.4%</u> | <u>147.3%</u> | <u>141.9%</u> |
| Plan's fiduciary net position as a percentage of the total OPEB liability | <u>0.6%</u> | <u>0.6%</u> | <u>0.4%</u> | <u>0.3%</u> | <u>0.2%</u> | <u>1.3%</u> | <u>2.0%</u> |

Note:

Information for measurement years prior to 2017 is not available.

McLennan County Junior College District

Schedule of the District's Contributions to the
Employee Retirement System of Texas

Last Ten Fiscal Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually required contributions | \$ 872,891 | 847,896 | 720,680 | 1,261,618 | 1,210,216 | 1,186,782 | 1,127,197 | 1,034,845 | 840,485 | 800,432 |
| Contributions in relation to the contractually required contribution | <u>1,393,059</u> | <u>1,361,014</u> | <u>1,317,050</u> | <u>1,261,618</u> | <u>1,210,216</u> | <u>1,186,782</u> | <u>1,127,197</u> | <u>1,034,845</u> | <u>840,485</u> | <u>800,432</u> |
| Contribution deficiency (excess) | <u>(520,168)</u> | <u>(513,118)</u> | <u>(596,370)</u> | - | - | - | - | - | - | - |
| Covered payroll | <u>\$ 35,029,318</u> | <u>33,267,230</u> | <u>30,297,975</u> | <u>29,605,912</u> | <u>30,153,598</u> | <u>28,661,998</u> | <u>27,333,296</u> | <u>26,351,878</u> | <u>25,744,015</u> | <u>25,413,858</u> |
| Contributions as a percentage of covered payroll | <u>\$ 3.98%</u> | <u>4.09%</u> | <u>4.35%</u> | <u>4.26%</u> | <u>4.01%</u> | <u>4.14%</u> | <u>4.12%</u> | <u>3.93%</u> | <u>3.26%</u> | <u>3.15%</u> |

See accompanying independent auditor's report and notes to required supplementary information – Employee Retirement System of Texas.

McLennan County Junior College District

Notes to Required Supplementary Information – Employee Retirement System of Texas

Year Ended August 31, 2024

(1) Changes in Benefit Terms

Any plan changes that have been adopted and communicated to plan members by the time the valuation is prepared must be included in the valuation. Accordingly, this valuation reflects the benefit changes that will become effective September 1, 2023, since these changes were communicated to plan members in advance of the preparation of the latest valuation report.

There are no significant changes to benefit terms.

(2) Changes in Assumptions

Demographic Assumptions: 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.
- The percentage 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.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee.

Economic Assumptions: Assumptions for assumed per capita health benefit costs and health benefit cost and retiree contribution and expense trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.

The discount rate assumption was changed from 3.59% as of August 31, 2022 to 3.81% as of August 31, 2023 as a result of requirements 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 Information



M^CLENNAN
COMMUNITY COLLEGE

McLennan County Junior College District

Schedule of Operating Revenues (Schedule A)

Year Ended August 31, 2024
(With Memorandum Totals for the Year Ended August 31, 2023)

| | Unrestricted | Restricted | Total Educational Activities | Auxiliary Enterprises | Total | |
|--|----------------------|------------|------------------------------------|--------------------------|---------------------|---------------------|
| | | | | | 2024 | 2023 |
| Tuition and fees: | | | | | | |
| State funded credit courses: | | | | | | |
| In-district resident tuition | \$ 10,578,971 | - | 10,578,971 | - | 10,578,971 | 10,247,669 |
| Out-of-district resident tuition | 4,480,915 | - | 4,480,915 | - | 4,480,915 | 4,426,947 |
| Non-resident tuition | 2,570,120 | - | 2,570,120 | - | 2,570,120 | 2,408,259 |
| TPEG - credit (set aside) | 1,002,946 | - | 1,002,946 | - | 1,002,946 | 958,573 |
| State funded continuing education | 348,186 | - | 348,186 | - | 348,186 | 350,907 |
| TPEG - non-credit (set aside) | 8,786 | - | 8,786 | - | 8,786 | 8,133 |
| Non-state funded educational programs | 22,392 | - | 22,392 | - | 22,392 | 25,170 |
| Total tuition | <u>19,012,316</u> | <u>-</u> | <u>19,012,316</u> | <u>-</u> | <u>19,012,316</u> | <u>18,425,658</u> |
| Fees: | | | | | | |
| Installment plan fees | 43,227 | - | 43,227 | - | 43,227 | 65,625 |
| Facility fees | 948,179 | - | 948,179 | - | 948,179 | 917,443 |
| General fees | 1,565,871 | - | 1,565,871 | - | 1,565,871 | 1,510,923 |
| Laboratory fees | 901,605 | - | 901,605 | - | 901,605 | 991,476 |
| Other fees | 1,209,362 | - | 1,209,362 | - | 1,209,362 | 1,209,365 |
| Total fees | <u>4,668,244</u> | <u>-</u> | <u>4,668,244</u> | <u>-</u> | <u>4,668,244</u> | <u>4,694,832</u> |
| Scholarship allowances and discounts: | | | | | | |
| Remissions and exemptions | (2,228,988) | - | (2,228,988) | - | (2,228,988) | (2,105,182) |
| Title IV federal grants | (6,924,429) | - | (6,924,429) | - | (6,924,429) | (7,203,747) |
| TPEG awards | (1,048,491) | - | (1,048,491) | - | (1,048,491) | (1,024,834) |
| Other state grants | (791,637) | - | (791,637) | - | (791,637) | (408,875) |
| Other local grants | (830,926) | - | (830,926) | - | (830,926) | (864,966) |
| Total scholarship allowances | <u>(11,824,471)</u> | <u>-</u> | <u>(11,824,471)</u> | <u>-</u> | <u>(11,824,471)</u> | <u>(11,607,604)</u> |
| Total net tuition and fees | <u>11,856,089</u> | <u>-</u> | <u>11,856,089</u> | <u>-</u> | <u>11,856,089</u> | <u>11,512,886</u> |
| Additional operating revenues: | | | | | | |
| Sales and services of educational activities | 1,276,295 | - | 1,276,295 | - | 1,276,295 | 1,200,435 |
| General operating revenues | 525,469 | - | 525,469 | - | 525,469 | 326,749 |
| Total additional operating revenues | <u>1,801,764</u> | <u>-</u> | <u>1,801,764</u> | <u>-</u> | <u>1,801,764</u> | <u>1,527,184</u> |
| Auxiliary enterprises: | | | | | | |
| Bookstore (outsourced) | - | - | - | 140,392 | 140,392 | 108,506 |
| Other auxiliary enterprises | - | - | - | 573,229 | 573,229 | 319,492 |
| Total net auxiliary enterprises | <u>-</u> | <u>-</u> | <u>-</u> | <u>713,621</u> | <u>713,621</u> | <u>427,998</u> |
| Total operating revenues | <u>\$ 13,657,853</u> | <u>-</u> | <u>13,657,853</u> | <u>713,621</u> | <u>14,371,474</u> | <u>13,468,068</u> |

In accordance with Education Code 56.033, \$1,011,732 and \$966,706 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2024 and 2023, respectively.

See accompanying independent auditor's report.

McLennan County Junior College District

Schedule of Operating Expenses by Object
(Schedule B)

Year Ended August 31, 2024

(With Memorandum Totals for the Year Ended August 31, 2024)

| | Operating Expenses | | | | Total | |
|---|-----------------------|------------------|------------------|-------------------|-------------------|-------------------|
| | Salaries and Wages | Benefits | | Other Expenses | 2024 | 2023 |
| | | State | Local | | | |
| Unrestricted - educational activities: | | | | | | |
| Instruction | \$ 24,336,186 | - | 4,750,250 | 2,150,066 | 31,236,502 | 29,143,040 |
| Public service | 210,047 | - | 22,810 | 205,300 | 438,157 | 443,584 |
| Academic support | 2,343,857 | - | 457,504 | 530,988 | 3,332,349 | 3,013,071 |
| Student services | 3,654,505 | - | 713,333 | 401,476 | 4,769,314 | 4,434,192 |
| Institutional support | 6,897,199 | - | 1,346,286 | 6,190,081 | 14,433,566 | 12,430,859 |
| Operation and maintenance of plant | 1,840,693 | - | 921,900 | 3,325,864 | 6,088,457 | 5,353,214 |
| Scholarships and fellowships | - | - | - | 3,215,778 | 3,215,778 | 2,937,258 |
| Total unrestricted educational activities | <u>39,282,487</u> | <u>-</u> | <u>8,212,083</u> | <u>16,019,553</u> | <u>63,514,123</u> | <u>57,755,218</u> |
| Restricted - educational activities: | | | | | | |
| Instruction | 274,181 | 3,261,137 | 51,354 | 749,384 | 4,336,056 | 3,229,831 |
| Public service | 1,259,780 | - | 271,240 | 313,782 | 1,844,802 | 1,931,600 |
| Academic support | 587,509 | 314,085 | 90,722 | 203,039 | 1,195,355 | 835,996 |
| Student services | 601,091 | 489,717 | 129,291 | 321,092 | 1,541,191 | 2,309,763 |
| Institutional support | 87,196 | 924,251 | 13,578 | 236,341 | 1,261,366 | 2,050,283 |
| Operation and maintenance of plant | 7,425 | - | - | - | 7,425 | 26,301 |
| Scholarships and fellowships | - | - | - | 6,914,214 | 6,914,214 | 5,098,349 |
| Total restricted educational activities | <u>2,817,182</u> | <u>4,989,190</u> | <u>556,185</u> | <u>8,737,852</u> | <u>17,100,409</u> | <u>15,482,123</u> |
| Total educational activities | <u>42,099,669</u> | <u>4,989,190</u> | <u>8,768,268</u> | <u>24,757,405</u> | <u>80,614,532</u> | <u>73,237,341</u> |
| Auxiliary enterprises | <u>1,444,426</u> | <u>-</u> | <u>518,577</u> | <u>1,585,400</u> | <u>3,548,403</u> | <u>3,084,880</u> |
| Depreciation and amortization expense: | | | | | | |
| Buildings and other improvements | - | - | - | 4,345,529 | 4,345,529 | 4,241,180 |
| Software | - | - | - | 660,343 | 660,343 | 688,955 |
| Equipment and furniture | - | - | - | 684,271 | 684,271 | 631,667 |
| Library books | - | - | - | 86,784 | 86,784 | 84,909 |
| Total depreciation expense | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,776,927</u> | <u>5,776,927</u> | <u>5,646,711</u> |
| Total operating expenses | <u>\$ 43,544,095</u> | <u>4,989,190</u> | <u>9,286,845</u> | <u>32,119,732</u> | <u>89,939,862</u> | <u>81,968,932</u> |

See accompanying independent auditor's report.

McLennan County Junior College District
Schedule of Nonoperating Revenues and Expenses
(Schedule C)
Year Ended August 31, 2024
(With Memorandum Totals for the Year Ended August 31, 2023)

| | Unrestricted | Restricted | Auxiliary Enterprises | Total | |
|---|----------------------|-------------------|--------------------------|-------------------|-------------------|
| | | | | 2024 | 2023 |
| Nonoperating revenues: | | | | | |
| State appropriations: | | | | | |
| Education and general state support | \$ 13,526,367 | - | - | 13,526,367 | 11,913,318 |
| State group insurance | - | 2,343,997 | - | 2,343,997 | 2,129,994 |
| State retirement matching | - | 2,645,191 | - | 2,645,191 | 1,788,724 |
| Hazelwood Legacy Act | 64,583 | - | - | 64,583 | 16,125 |
| Total state appropriations | <u>13,590,950</u> | <u>4,989,188</u> | <u>-</u> | <u>18,580,138</u> | <u>15,848,161</u> |
| Maintenance ad valorem taxes | 30,642,433 | - | - | 30,642,433 | 28,267,499 |
| Debt service ad valorem taxes | - | 5,347,905 | - | 5,347,905 | 5,871,699 |
| Federal grants and contracts | - | 21,362,788 | - | 21,362,788 | 25,947,573 |
| State grants and contracts | - | 2,699,074 | - | 2,699,074 | 1,527,090 |
| Local grants and contracts | 120,483 | - | - | 120,483 | 789,128 |
| Investment income | 2,102,405 | 179,008 | - | 2,281,413 | 1,692,106 |
| Gifts | 2,744,007 | - | - | 2,744,007 | 244,287 |
| Total nonoperating revenues | <u>49,200,278</u> | <u>34,577,963</u> | <u>-</u> | <u>83,778,241</u> | <u>80,187,543</u> |
| Nonoperating expenses: | | | | | |
| Interest on capital related debt, leases and subscriptions | - | 1,698,541 | - | 1,698,541 | 2,123,857 |
| Loss on disposal of capital assets | - | 140,448 | - | 140,448 | 188 |
| Other nonoperating expenses | - | 205,175 | - | 205,175 | 4,255 |
| Total nonoperating expenses | <u>-</u> | <u>2,044,164</u> | <u>-</u> | <u>2,044,164</u> | <u>2,128,300</u> |
| Net nonoperating revenues | <u>\$ 49,200,278</u> | <u>32,533,799</u> | <u>-</u> | <u>81,734,077</u> | <u>78,059,243</u> |

See accompanying independent auditor's report.

McLennan County Junior College District
Schedule of Net Position by Source and Availability
(Schedule D)
Year Ended August 31, 2024

| | Detail by Source | | | | Available for Current Operation | | |
|--|------------------|------------|--------------------|-------------------------------------|------------------------------------|--------------|------------|
| | Unrestricted | Restricted | | Net Investment in Capital Assets | Total | Yes | No |
| | | Expendable | Non- Expendable | | | | |
| Current: | | | | | | | |
| Unrestricted | \$ (45,072,907) | - | - | - | (45,072,907) | (45,072,907) | - |
| Scholarships and fellowships | - | 1,102,058 | - | - | 1,102,058 | - | 1,102,058 |
| Plant: | | | | | | | |
| Capital projects | 12,308,476 | - | - | - | 12,308,476 | - | 12,308,476 |
| Debt service | - | 668,465 | - | - | 668,465 | - | 668,465 |
| Investment in plant | (58,160) | - | - | 74,413,951 | 74,355,791 | - | 74,355,791 |
| Total net position, August 31, 2024 | (32,822,591) | 1,770,523 | - | 74,413,951 | 43,361,883 | (45,072,907) | 88,434,790 |
| Total net position, August 31, 2023 | (31,689,694) | 989,053 | - | 67,896,835 | 37,196,194 | (40,394,638) | 77,590,832 |
| Net increase (decrease) in net position | \$ (1,132,897) | 781,470 | - | 6,517,116 | 6,165,689 | (4,678,269) | 10,843,958 |

See accompanying independent auditor's report.

McLennan County Junior College District

Schedule of Expenditures of Federal Awards (Schedule E)

Year Ended August 31, 2024

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|--|--|--|---------------------------------------|----------------------------------|
| U.S. Department of Education: | | | | |
| Direct Programs: | | | | |
| Student Financial Assistance Cluster: | | | | |
| Federal Supplemental Education Opportunity Grant Program | | | | |
| | 84.007 | | \$ - | \$ 201,452 |
| | 84.033 | | - | 209,534 |
| | 84.063 | | - | 15,434,970 |
| | 84.268 | | - | 6,714,793 |
| Total Student Financial Assistance Cluster | | | - | 22,560,749 |
| Developing Hispanic-Serving Institutions Program - Title V: | | | | |
| First Year Focus | 84.031S | | - | 629,099 |
| Cultivating Student Success | 84.031S | | - | 223,257 |
| Total Developing Hispanic-Serving Institutions Program - Title V | | | - | 852,356 |
| TRIO Cluster: | | | | |
| TRIO - Student Support Services | 84.042A | | - | 387,593 |
| TRIO - Upward Bound | 84.047A | | - | 395,665 |
| TRIO - McLennan Educational Opportunity Center | 84.066A | | - | 173,525 |
| Total TRIO Cluster | | | - | 956,783 |
| Fund for the Improvement of Postsecondary Education: | | | | |
| Basic Needs for Students Program | 84.116N | | - | 196,381 |
| Fund for the Improvement of Postsecondary Education | 84.116Z | | - | 658,525 |
| Total Fund for the Improvement of Postsecondary Education | | | - | 854,906 |
| Pass Through From: | | | | |
| Baylor University: | | | | |
| Baylor Cyber Initiative | 84.116Z | P116Z220034 | - | 13,750 |
| Total Baylor Cyber Initiative | | | - | 13,750 |
| Education Stabilization Fund: | | | | |
| COVID-19 Higher Education Emergency Relief Fund - Institutional Resilience | 84.425P | | - | 96,353 |
| Pass Through From: | | | | |
| Governor's Emergency Education Relief Fund | 84.425C | 24611 | - | 17,960 |
| Total Education Stabilization Fund | | | - | 114,313 |
| Pass Through From: | | | | |
| Texas Workforce Commission: | | | | |
| Adult Education & Family Literacy Act | 84.002A | 1318ALAE00 | - | 121,916 |
| Adult Education & Family Literacy Act | 84.002A | 1318ALAF00 | - | 729,687 |
| Adult Education & Family Literacy Act | 84.002A | 2924ALAO21 | - | 149,530 |
| Total Adult Education & Family Literacy Act | | | - | 1,001,133 |
| Pass Through From: | | | | |
| Texas Higher Education Coordinating Board: | | | | |
| Carl Perkins - Career and Technical Education | 84.048 | 29717 | - | 632,203 |
| Total Carl Perkins - Career and Technical Education | | | - | 632,203 |
| Total U. S. Department of Education | | | - | 26,986,193 |
| U. S. Department of Agriculture: | | | | |
| Pass Through From: | | | | |
| Secondary Ag Education Challenge Grants Program: | | | | |
| Texas A&M AgriLife Research | 10.226 | M2300408 | - | 4,992 |
| Total U. S. Department of Agriculture | | | - | 4,992 |

McLennan County Junior College District
Schedule of Expenditures of Federal Awards
(Schedule E)
(Continued)

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|---|--|--|---------------------------------------|----------------------------------|
| <u>U.S. Department of Treasury:</u> | | | | |
| Pass Through From: | | | | |
| Texas Higher Education Coordinating Board: | | | | |
| Texas Reskilling and Upskilling | 21.027 | 27280 | \$ - | \$ 23,404 |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Fund | 21.027 | A2-604165-1 | - | 463,332 |
| Total U.S. Department of Treasury | | | - | 486,736 |
| <u>U. S. Small Business Administration:</u> | | | | |
| Pass Through From: | | | | |
| North Texas Small Business Development Center: | | | | |
| Small Business Development Center | 59.037 | SBAOEDSB-240124 | - | 157,443 |
| Small Business Development Center | 59.037 | SBAHQ-23-B-0053 | - | 95,857 |
| Total U. S. Small Business Administration | | | - | 253,300 |
| <u>U.S. Department of Health and Human Services:</u> | | | | |
| Pass Through From: | | | | |
| Texas Workforce Commission: | | | | |
| CCDF Cluster: | | | | |
| Child Care Quality Improvement | 93.575 | 1323MMCM14 | - | 13,938 |
| Total U.S. Department of Treasury | | | - | 13,938 |
| <u>Corporation for National and Community Service:</u> | | | | |
| Direct Programs: | | | | |
| Heart of Texas Retired Senior Volunteer Program | 94.002 | | - | 81,636 |
| Total Corporation for National and Community Service | | | - | 81,636 |
| Total Federal Awards | | | \$ - | \$ 27,826,795 |

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

McLennan County Junior College District

Notes to Schedule of Expenditures of Federal Awards

Year Ended August 31, 2024

(1) Federal Revenue Reconciliation

Federal revenues for 2024 are reported in the basic financial statements as follows:

| | |
|---|----------------------|
| Federal grants and contracts per Exhibit 2 | \$ 21,362,788 |
| Add: Federal Direct Student Loans made | 6,714,793 |
| Less: Amounts not subject to single audit | <u>(250,786)</u> |
| Total per Schedule of Expenditures of Federal Awards | <u>\$ 27,826,795</u> |

(2) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of McLennan County Junior College District (the District) under programs of the federal government for the year ended August 31, 2024. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

(3) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

(4) Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

McLennan County Junior College District

Schedule of Expenditures of State Awards
(Schedule F)

Year Ended August 31, 2024

| Grantor Agency/Program Title | Grant Contract Number | Passed Through to Subrecipients | Indirect Costs and Expenditures |
|---|-----------------------------|---------------------------------------|--|
| Texas Higher Education Coordinating Board | | | |
| State Work Study | | \$ - | \$ 39,746 |
| Texas Education Opportunity Grant | | - | 1,804,076 |
| CAL Loans | | - | 6,000 |
| Total Texas Higher Education Coordinating Board | | <u>-</u> | <u>1,849,822</u> |
| Texas Workforce Commission | | | |
| Child Care Group - Quality Sustainability Award | | - | 4,869 |
| Child Care Apprenticeship | 13230407 | - | 27,413 |
| Pre-Apprenticeship Pilot | 13220404 | - | 7,397 |
| Reskilling TRUE Grant | | - | 111,327 |
| Skills Development | 1323SDF001 | - | 255,279 |
| Total Texas Workforce Commission | | <u>-</u> | <u>406,285</u> |
| Small Business Development Center | | | |
| Small Business Development Center | SBAOEDSB-240124 | - | 75,375 |
| Small Business Development Center | SBAHQ-23-B-0053 | - | 36,745 |
| Total Small Business Development Center | | <u>-</u> | <u>112,120</u> |
| Texas Health and Human Services Commission | | | |
| RSVP | HHS000871100015 | - | 59,830 |
| Total State Awards | | <u>\$ -</u> | <u>\$ 2,428,057</u> |

See accompanying independent auditor's report and notes to schedule of expenditures of state awards.

McLennan County Junior College District

Notes to Schedule of Expenditures of State Awards

Year Ended August 31, 2024

(1) State Revenue Reconciliation

State revenues for 2024 are reported in the basic financial statements as follows:

| | |
|--|---------------------|
| State grants and contracts per Exhibit 2 | \$ 2,699,074 |
| Add: CAL Loans made | 6,000 |
| Less: Amounts not subject to single audit | <u>(277,017)</u> |
| Total per Schedule of Expenditures of State Awards | <u>\$ 2,428,057</u> |

(2) Basis of Presentation

The accompanying Schedule of Expenditures of State Awards (the Schedule) includes the state grant activity of McLennan County Junior College District (the District) under programs of the state government for the year ended August 31, 2024. The information in this Schedule is presented in accordance with the requirements of the *Texas Grant Management Standards*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

(3) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Texas Grant Management Standards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Statistical Section



MCCLENNAN
COMMUNITY COLLEGE

Statistical Section

Financial Trends Information

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Net Position by Component

Revenues by Source

Expenses by Function and Changes in Net Position

Revenue Capacity Information

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its primary revenues.

Tuition and Fees

Assessed Value and Estimated Actual Value of Taxable Property

Direct and Overlapping Property Tax Rates

State Appropriation per FTSE and Contact Hour

Principal Taxpayers

Property Tax Levies and Collections

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the District's current levels of debt and the District's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type

Legal Debt Margin Information

Pledged Revenue Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with each other.

Demographic and Economic Statistics

Principal Employers

Operating Information

These schedules contain other information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

Faculty, Staff, and Administrators Statistics

Enrollment Details

Student Profile

Student Transfers to Senior Institutions

Capital Asset Information

McLennan County Junior College District
Net Position by Component

Last Ten Years
(dollars expressed in thousands)
(Unaudited)

| | | For the Year Ended August 31, | | | | | | | | |
|---|----|-------------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Net investment in capital assets | \$ | 74,414 | 67,897 | 62,958 | 54,140 | 51,211 | 45,097 | 49,289 | 47,878 | 46,140 |
| Restricted | | 1,770 | 989 | 582 | 1,338 | 5,797 | 10,317 | 3,444 | 2,837 | 2,698 |
| Unrestricted | | <u>(32,822)</u> | <u>(31,690)</u> | <u>(35,902)</u> | <u>(40,454)</u> | <u>(47,803)</u> | <u>(45,420)</u> | <u>(44,410)</u> | <u>2,720</u> | <u>3,152</u> |
| Total primary government net position | \$ | <u><u>43,362</u></u> | <u><u>37,196</u></u> | <u><u>27,638</u></u> | <u><u>15,024</u></u> | <u><u>9,205</u></u> | <u><u>9,994</u></u> | <u><u>8,323</u></u> | <u><u>53,435</u></u> | <u><u>51,990</u></u> |

Note:

It is not practical for the District to restate years prior to 2018 for adoption of GASB 75 in fiscal year 2018 which results in the recording of net OPEB liability deferred inflows and outflows of resources and OPEB expense for the OPEB plan with the Employees Retirement System of Texas.

McLennan County Junior College District
Revenues by Source
Last Ten Fiscal Years
(Unaudited)

| | | For the Year Ended August 31, (Dollars expressed in thousands) | | | | | | | | | |
|--|----|---|--------|---------|--------|--------|--------|--------|--------|--------|--------|
| | | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Operating revenues: | | | | | | | | | | | |
| Tuition and fees (net of discounts) | \$ | 11,856 | 11,513 | 11,610 | 12,876 | 12,672 | 13,454 | 13,493 | 14,191 | 16,062 | 15,666 |
| Sales and services of educational activities | | 1,276 | 1,200 | 1,101 | 1,079 | 878 | 1,016 | 867 | 918 | 945 | 846 |
| Auxiliary enterprises | | 714 | 428 | 408 | 244 | 354 | 403 | 456 | 476 | 476 | 503 |
| Other operating revenues | | 525 | 327 | 450 | 414 | 86 | 137 | 213 | 232 | 130 | 156 |
| Total operating revenues | | 14,371 | 13,468 | 13,569 | 14,613 | 13,990 | 15,010 | 15,029 | 15,817 | 17,613 | 17,171 |
| Nonoperating revenues: | | | | | | | | | | | |
| State appropriations | | 18,580 | 15,848 | 15,746 | 17,245 | 17,761 | 17,139 | 18,241 | 15,659 | 15,687 | 16,750 |
| Ad valorem taxes | | 35,991 | 34,139 | 31,093 | 29,470 | 27,463 | 25,824 | 24,227 | 22,275 | 20,999 | 19,956 |
| Federal grants and contracts | | 21,363 | 25,948 | 38,095 | 26,898 | 24,774 | 20,420 | 19,903 | 18,609 | 18,597 | 20,370 |
| State grants and contracts | | 2,699 | 1,527 | 1,133 | 1,461 | 1,045 | 1,488 | 1,949 | 1,950 | 3,272 | 2,850 |
| Local grants and contracts | | 120 | 789 | 405 | 100 | 196 | 233 | 152 | 212 | 218 | 94 |
| Investment income | | 2,281 | 1,692 | 224 | 148 | 314 | 479 | 318 | 99 | 62 | 47 |
| Gifts | | 2,744 | 244 | 1,854 | 363 | 255 | 299 | 400 | 433 | 181 | 466 |
| Other nonoperating revenues | | - | - | 161 | - | - | - | - | 19 | - | 19 |
| Total nonoperating revenues | | 83,778 | 80,187 | 88,711 | 75,685 | 71,808 | 65,882 | 65,190 | 59,256 | 59,016 | 60,552 |
| Total revenue | \$ | 98,149 | 93,655 | 102,280 | 90,298 | 85,798 | 80,892 | 80,219 | 75,073 | 76,629 | 77,723 |

| | | For the Year Ended August 31, (Dollars expressed in thousands) | | | | | | | | | |
|--|--|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Operating revenues: | | | | | | | | | | | |
| Tuition and fees (net of discounts) | | 12.08% | 12.29% | 11.35% | 14.26% | 14.77% | 16.63% | 16.82% | 18.90% | 21.61% | 20.16% |
| Sales and services of educational activities | | 1.30% | 1.28% | 1.08% | 1.19% | 1.02% | 1.26% | 1.08% | 1.22% | 1.23% | 1.09% |
| Auxiliary enterprises | | 0.73% | 0.46% | 0.40% | 0.27% | 0.41% | 0.50% | 0.57% | 0.63% | 0.62% | 0.65% |
| Other operating revenues | | 0.53% | 0.35% | 0.44% | 0.46% | 0.10% | 0.17% | 0.27% | 0.31% | 0.17% | 0.20% |
| Total operating revenues | | 14.64% | 14.38% | 13.27% | 16.18% | 16.31% | 18.56% | 18.73% | 21.07% | 23.63% | 22.09% |
| Nonoperating revenues: | | | | | | | | | | | |
| State appropriations | | 18.93% | 16.92% | 15.39% | 19.10% | 20.70% | 21.19% | 22.74% | 20.86% | 20.47% | 21.55% |
| Ad valorem taxes | | 36.67% | 36.45% | 30.40% | 32.64% | 32.01% | 31.92% | 30.20% | 29.67% | 27.40% | 25.68% |
| Federal grants and contracts | | 21.77% | 27.71% | 37.25% | 29.79% | 28.87% | 25.24% | 24.81% | 24.79% | 24.27% | 26.21% |
| State grants and contracts | | 2.75% | 1.63% | 1.11% | 1.62% | 1.22% | 1.84% | 2.43% | 2.60% | 4.27% | 3.67% |
| Local grants and contracts | | 0.12% | 0.84% | 0.40% | 0.11% | 0.23% | 0.29% | 0.19% | 0.28% | 0.28% | 0.12% |
| Investment income | | 2.32% | 1.81% | 0.22% | 0.16% | 0.37% | 0.59% | 0.40% | 0.13% | 0.08% | 0.06% |
| Gifts | | 2.80% | 0.26% | 1.81% | 0.40% | 0.30% | 0.37% | 0.50% | 0.58% | 0.24% | 0.60% |
| Other nonoperating revenues | | 0.00% | 0.00% | 0.16% | 0.00% | 0.00% | 0.00% | 0.00% | 0.03% | 0.00% | 0.02% |
| Total nonoperating revenues | | 85.36% | 85.62% | 86.73% | 83.82% | 83.69% | 81.44% | 81.27% | 78.93% | 77.02% | 77.91% |
| Total revenue | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.65% | 100.00% |

McLennan County Junior College District Expenses by Function and Changes in Net Position

Last Ten Fiscal Years (Unaudited)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|------------------------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Operating expenses: | | | | | | | | | | |
| Instruction | \$ 35,572 | 32,373 | 30,071 | 32,101 | 34,173 | 32,987 | 33,616 | 30,934 | 32,344 | 31,286 |
| Public service | 2,283 | 2,375 | 2,154 | 2,257 | 2,097 | 2,265 | 2,186 | 2,058 | 1,912 | 1,806 |
| Academic support | 4,528 | 3,252 | 3,442 | 3,256 | 3,132 | 2,871 | 2,743 | 2,489 | 2,526 | 2,775 |
| Student services | 6,310 | 6,744 | 13,144 | 8,681 | 8,149 | 5,270 | 4,911 | 4,384 | 4,148 | 3,932 |
| Institutional support | 15,695 | 15,078 | 16,880 | 13,983 | 12,955 | 10,797 | 10,074 | 9,466 | 8,962 | 9,123 |
| Operation and maintenance of plant | 6,096 | 5,379 | 5,389 | 5,658 | 6,724 | 5,774 | 5,770 | 5,760 | 5,270 | 5,335 |
| Scholarships and fellowships | 10,130 | 8,036 | 8,277 | 9,096 | 9,738 | 9,895 | 9,841 | 9,459 | 10,497 | 11,827 |
| Auxiliary enterprises | 3,548 | 3,085 | 2,795 | 2,064 | 2,372 | 2,546 | 2,006 | 2,011 | 1,718 | 1,638 |
| Depreciation | 5,777 | 5,647 | 5,401 | 4,709 | 4,529 | 4,118 | 4,275 | 4,300 | 3,897 | 4,196 |
| Total operating expenses | 89,939 | 81,969 | 87,553 | 81,805 | 83,869 | 76,523 | 75,422 | 70,861 | 71,274 | 71,918 |
| Nonoperating expenses: | | | | | | | | | | |
| Interest on capital related debt | 1,698 | 2,124 | 2,046 | 2,159 | 2,693 | 2,546 | 2,414 | 2,763 | 2,970 | 3,434 |
| Loss on disposal of fixed assets | 140 | - | - | 100 | 33 | - | 64 | - | 322 | - |
| Gift expense | - | - | - | - | - | - | 386 | - | - | - |
| Other non-operating expenses | 206 | 4 | 5 | 415 | 4 | 152 | 174 | 4 | 9 | 543 |
| Total nonoperating expenses | 2,044 | 2,128 | 2,051 | 2,674 | 2,730 | 2,698 | 3,038 | 2,767 | 3,301 | 3,977 |
| Total expenses | 91,983 | 84,097 | 89,604 | 84,479 | 86,599 | 79,221 | 78,460 | 73,628 | 74,575 | 75,895 |
| Change in net position | \$ 6,166 | 9,558 | 12,676 | 5,819 | (801) | 1,671 | 1,759 | 1,445 | 2,054 | 1,828 |

For the Year Ended August 31,
(dollars expressed in thousands)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Operating expenses: | | | | | | | | | | |
| Instruction | 38.67% | 38.49% | 33.56% | 38.00% | 39.46% | 41.64% | 42.84% | 42.01% | 43.37% | 41.22% |
| Public service | 2.48% | 2.82% | 2.40% | 2.67% | 2.42% | 2.86% | 2.79% | 2.80% | 2.56% | 2.38% |
| Academic support | 4.92% | 3.87% | 3.84% | 3.85% | 3.62% | 3.62% | 3.50% | 3.38% | 3.39% | 3.66% |
| Student services | 6.86% | 8.02% | 14.67% | 10.28% | 9.41% | 6.65% | 6.26% | 5.95% | 5.56% | 5.18% |
| Institutional support | 17.06% | 17.93% | 18.84% | 16.55% | 14.96% | 13.63% | 12.84% | 12.86% | 12.02% | 12.02% |
| Operation and maintenance of plant | 6.63% | 6.40% | 6.01% | 6.70% | 7.76% | 7.29% | 7.35% | 7.82% | 7.07% | 7.03% |
| Scholarships and fellowships | 11.01% | 9.56% | 9.24% | 10.77% | 11.24% | 12.49% | 12.54% | 12.85% | 14.08% | 15.58% |
| Auxiliary enterprises | 3.86% | 3.67% | 3.12% | 2.44% | 2.74% | 3.21% | 2.56% | 2.73% | 2.30% | 2.16% |
| Depreciation | 6.28% | 6.71% | 6.03% | 5.57% | 5.23% | 5.20% | 5.45% | 5.84% | 5.23% | 5.53% |
| Total operating expenses | 97.78% | 97.47% | 97.71% | 96.83% | 96.85% | 96.59% | 96.13% | 96.24% | 95.57% | 94.76% |
| Nonoperating expenses: | | | | | | | | | | |
| Interest on capital related debt | 1.85% | 2.53% | 2.28% | 2.56% | 3.11% | 3.21% | 3.08% | 3.75% | 3.98% | 4.52% |
| Loss on disposal of fixed assets | 0.15% | 0.00% | 0.00% | 0.12% | 0.04% | 0.00% | 0.08% | 0.00% | 0.43% | 0.00% |
| Gift expense | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.49% | 0.00% | 0.00% | 0.00% |
| Other non-operating expenses | 0.22% | 0.00% | 0.01% | 0.49% | 0.00% | 0.19% | 0.22% | 0.01% | 0.01% | 0.72% |
| Total nonoperating expenses | 2.22% | 2.53% | 2.29% | 3.17% | 3.15% | 3.41% | 3.87% | 3.76% | 4.43% | 5.24% |
| Total expenses | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Note:

It is not practical for the District to restate years prior to 2018 for adoption of GASB 75 in fiscal year 2018 which results in the recording of net OPEB liability and related deferred inflows and outflows of resources and OPEB expense for the OPEB plan with the Employees Retirement System of Texas.

McLennan County Junior College District
Tuition and Fees

Last Ten Academic Years
(Unaudited)

Resident Students
Fees per Semester Credit Hour (SCH)

| Academic Year (Fall) | In-District Tuition | Out-of-District Tuition | General Services Fees | Facility Fees | Cost for 12 SCH | | Increase from Prior Year | | SCH Resident |
|----------------------------|------------------------|----------------------------|-----------------------------|------------------|-----------------|-----------------|--------------------------|-----------------|-----------------|
| | | | | | In-District | Out-of-District | In-District | Out-of-District | |
| 2023 | \$ 106 | 124 | 10 | 6 | 1,464 | 1,680 | - | - | 122,893 |
| 2022 | 106 | 124 | 10 | 6 | 1,464 | 1,680 | - | - | 112,812 |
| 2021 | 106 | 124 | 10 | 6 | 1,464 | 1,680 | - | - | 116,965 |
| 2020 | 106 | 124 | 10 | 6 | 1,464 | 1,680 | 6.09% | 5.26% | 112,154 |
| 2019 | 106 | 124 | 3 | 6 | 1,380 | 1,596 | - | - | 132,499 |
| 2018 | 106 | 124 | 3 | 6 | 1,380 | 1,596 | - | - | 136,987 |
| 2017 | 106 | 124 | 3 | 6 | 1,380 | 1,596 | - | - | 137,682 |
| 2016 | 106 | 124 | 3 | 6 | 1,380 | 1,596 | - | - | 137,033 |
| 2015 | 106 | 124 | 3 | 6 | 1,380 | 1,596 | - | - | 136,874 |
| 2014 | 106 | 124 | 3 | 6 | 1,380 | 1,596 | - | - | 132,964 |

Non - Resident Students
Fees per Semester Credit Hour (SCH)

| Academic Year (Fall) | Tuition - Out- of-State | Tuition - International | General Services Fees | Facility Fees | Cost for 12 SCH | | Increase from Prior Year | | SCH Non- Resident |
|----------------------------|----------------------------|----------------------------|-----------------------------|------------------|-----------------|---------------|--------------------------|---------------|----------------------|
| | | | | | Out-of-State | International | Out-of-State | International | |
| 2023 | \$ 181 | 181 | 10 | 6 | 2,364 | 2,364 | - | - | 35,588 |
| 2022 | 181 | 181 | 10 | 6 | 2,364 | 2,364 | - | - | 32,150 |
| 2021 | 181 | 181 | 10 | 6 | 2,364 | 2,364 | - | - | 42,344 |
| 2020 | 181 | 181 | 10 | 6 | 2,364 | 2,364 | 3.68% | 3.68% | 44,730 |
| 2019 | 181 | 181 | 3 | 6 | 2,280 | 2,280 | - | - | 50,401 |
| 2018 | 181 | 181 | 3 | 6 | 2,280 | 2,280 | - | - | 49,709 |
| 2017 | 181 | 181 | 3 | 6 | 2,280 | 2,280 | - | - | 49,037 |
| 2016 | 181 | 181 | 3 | 6 | 2,280 | 2,280 | - | - | 49,046 |
| 2015 | 181 | 181 | 3 | 6 | 2,280 | 2,280 | - | - | 45,329 |
| 2014 | 181 | 181 | 3 | 6 | 2,280 | 2,280 | - | - | 54,909 |

Note: Includes basic enrollment tuition and fees, but excludes course based fees such as laboratory fees, testing fees and certification fees.

McLennan County Junior College District
Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(dollars expressed in thousands)
(Unaudited)

| Fiscal Year | Real Property | Personal and Other Property | Total Assessed Valuation of Property | Less: Abatements and Exemptions | Taxable Assessed Value | Ratio of Taxable Assessed Value to Assessed Value | Estimated Actual Value | Direct Tax Rate | | |
|-------------|---------------|--------------------------------|--|------------------------------------|---------------------------|---|---------------------------|-----------------------------|-----------------|----------|
| | | | | | | | | Maintenance & Operations | Debt Service | Total |
| 2024 | \$ 32,411,515 | 4,680,819 | 37,092,334 | 8,311,299 | 28,781,035 | 77.59% | \$ 29,368,403 | 0.109841 | 0.018668 | 0.128509 |
| 2023 | 28,654,105 | 3,895,351 | 32,549,456 | 7,313,426 | 25,236,030 | 77.53% | 25,751,051 | 0.115691 | 0.023383 | 0.139074 |
| 2022 | 24,434,490 | 3,513,907 | 27,948,397 | 6,256,834 | 21,691,563 | 77.61% | 22,134,248 | 0.124795 | 0.024987 | 0.149782 |
| 2021 | 22,891,906 | 3,321,596 | 26,213,502 | 5,968,324 | 20,245,178 | 77.23% | 20,658,345 | 0.121741 | 0.028041 | 0.149782 |
| 2020 | 21,419,638 | 3,431,909 | 24,851,547 | 5,754,932 | 19,096,615 | 76.84% | 19,486,342 | 0.117287 | 0.030409 | 0.147696 |
| 2019 | 19,899,921 | 3,189,413 | 23,089,334 | 5,457,148 | 17,632,186 | 76.37% | 17,992,027 | 0.115431 | 0.032265 | 0.147696 |
| 2018 | 18,043,611 | 3,041,546 | 21,085,157 | 5,052,284 | 16,032,873 | 76.04% | 16,360,074 | 0.115041 | 0.035305 | 0.150346 |
| 2017 | 17,561,465 | 3,004,334 | 20,565,799 | 4,975,662 | 15,590,137 | 75.81% | 15,908,303 | 0.112102 | 0.036796 | 0.148898 |
| 2016 | 16,134,880 | 2,888,247 | 19,023,127 | 4,487,435 | 14,535,692 | 76.41% | 14,832,339 | 0.108894 | 0.04083 | 0.149724 |
| 2015 | 15,115,891 | 2,699,317 | 17,815,208 | 4,072,246 | 13,742,962 | 77.14% | 14,023,431 | 0.104343 | 0.045187 | 0.149530 |

Source: McLennan County Appraisal District

Notes: Taxable assessed value is approximately 98% of fair market value per McLennan County Appraisal District. Used this percentage to estimate actual value.

McLennan County Junior College District
Direct and Overlapping Property Tax Rates
per \$100 of Assessed Value

Last Ten Fiscal Years
(Unaudited)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| McLennan County Junior College District | \$ 0.128509 | 0.139074 | 0.149782 | 0.149782 | 0.147696 | 0.147696 | 0.150346 | 0.148898 | 0.149724 | 0.149530 |
| Overlapping Rates | | | | | | | | | | |
| McLennan County | 0.329805 | 0.376355 | 0.425000 | 0.468719 | 0.485293 | 0.485293 | 0.505293 | 0.525293 | 0.535293 | 0.535293 |
| Special Districts: | | | | | | | | | | |
| McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District No. 1 | 0.022423 | 0.022874 | 0.024271 | 0.024183 | 0.024778 | 0.024780 | 0.025200 | 0.025156 | 0.025156 | 0.025156 |
| Castleman Creek Watershed | 0.070993 | 0.081360 | 0.088649 | 0.090878 | 0.092720 | 0.093769 | 0.096027 | 0.099940 | 0.101020 | 0.101020 |
| Elm Creek Watershed | 0.025000 | 0.287000 | 0.031400 | 0.032700 | 0.032700 | 0.032700 | 0.032700 | 0.032700 | 0.032700 | 0.032700 |
| Waco Public Improvement District No. 1 | 0.100000 | 0.100000 | 0.100000 | 0.100000 | 0.100000 | 0.100000 | 0.100000 | 0.100000 | 0.100000 | 0.100000 |
| McGregor Public Improvement District No. 1 | 0.100000 | 0.100000 | 0.100000 | 0.100000 | 0.100000 | N/A | N/A | N/A | N/A | N/A |
| Cities: | | | | | | | | | | |
| Bellmead | 0.323169 | 0.323169 | 0.375187 | 0.377854 | 0.359999 | 0.319999 | 0.299990 | 0.303761 | 0.307610 | 0.298608 |
| Beverly Hills | 0.466020 | 0.485415 | 0.485415 | 0.473550 | 0.467077 | 0.484596 | 0.490145 | 0.490145 | 0.490145 | 0.452719 |
| Bruceville-Eddy | 0.460000 | 0.460000 | 0.500000 | 0.500000 | 0.500000 | 0.500000 | 0.500000 | 0.498159 | 0.498159 | 0.498159 |
| Crawford | 0.490000 | 0.490000 | 0.490000 | 0.460000 | 0.427271 | 0.462000 | 0.499900 | 0.499900 | 0.499900 | 0.499900 |
| Gholson | 0.046510 | 0.046510 | 0.100000 | 0.140000 | 0.170000 | 0.209488 | 0.209488 | 0.209488 | 0.213483 | 0.213483 |
| Golinda | 0.250000 | 0.213360 | 0.239524 | 0.236515 | 0.250000 | N/A | N/A | N/A | N/A | N/A |
| Hallsburg | 0.052297 | 0.054436 | 0.060188 | 0.075655 | 0.076576 | 0.068401 | 0.070690 | 0.068199 | 0.065082 | 0.061004 |
| Hewitt | 0.546736 | 0.540102 | 0.540102 | 0.547838 | 0.539677 | 0.539677 | 0.539677 | 0.539677 | 0.539677 | 0.539677 |
| Lacy-Lakeview | 0.331411 | 0.297547 | 0.352624 | 0.362236 | 0.340064 | 0.352628 | 0.352628 | 0.352628 | 0.359537 | 0.357195 |
| Leroy | 0.129365 | 0.143586 | 0.178016 | 0.196853 | 0.209027 | 0.228601 | 0.250000 | N/A | N/A | N/A |
| Lorena | 0.537289 | 0.571145 | 0.533460 | 0.543604 | 0.566994 | 0.560680 | 0.592300 | 0.609000 | 0.590000 | 0.561400 |
| Mart | 0.652234 | 0.711500 | 0.759232 | 0.759232 | 0.759231 | 0.759231 | 0.759233 | 0.759233 | 0.759233 | 0.739915 |
| McGregor | 0.543591 | 0.548028 | 0.546945 | 0.578954 | 0.601413 | 0.594010 | 0.594010 | 0.595000 | 0.595000 | 0.595000 |
| Moody | 0.447607 | 0.492412 | 0.589167 | 0.645817 | 0.684484 | 0.659919 | 0.640232 | 0.599624 | 0.618546 | 0.634898 |
| Riesel | 0.242906 | 0.279879 | 0.296113 | 0.287022 | 0.314510 | 0.336568 | 0.364347 | 0.335416 | 0.373515 | 0.350000 |
| Robinson | 0.442378 | 0.460000 | 0.507000 | 0.533700 | 0.494500 | 0.484500 | 0.494500 | 0.499500 | 0.505321 | 0.480376 |
| Valley Mills | 0.380600 | 0.399900 | 0.413944 | 0.413900 | 0.442200 | 0.479900 | 0.482600 | 0.452800 | 0.447500 | 0.447500 |
| Waco | 0.755000 | 0.760000 | 0.767282 | 0.776232 | 0.776232 | 0.776232 | 0.776232 | 0.776232 | 0.776232 | 0.776232 |
| West | 0.600000 | 0.520522 | 0.552472 | 0.582561 | 0.604272 | 0.606477 | 0.606477 | 0.606477 | 0.606477 | 0.577006 |
| Woodway | 0.373701 | 0.417174 | 0.470000 | 0.450000 | 0.450000 | 0.450000 | 0.470000 | 0.470000 | 0.470000 | 0.470000 |

McLennan County Junior College District
Direct and Overlapping Property Tax Rates
per \$100 of Assessed Value
(Continued)

Last Ten Fiscal Years
(Unaudited)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| School Districts: | | | | | | | | | | |
| Axtell Independent School District | \$ 0.757500 | 0.942900 | 0.960300 | 1.027200 | 1.068300 | 1.170000 | 1.170000 | 1.170000 | 1.170000 | 1.170000 |
| Bosqueville Independent School District | 1.204180 | 1.147299 | 1.178300 | 1.233088 | 1.322389 | 1.379229 | 1.429973 | 1.441544 | 1.507102 | 1.478175 |
| Bruceville-Eddy Independent School District | 0.900872 | 1.082466 | 1.151900 | 1.185500 | 1.223350 | 1.325000 | 1.325000 | 1.325000 | 1.325000 | 1.325000 |
| China Spring Independent School District | 1.021380 | 1.174065 | 1.265760 | 1.257416 | 1.294110 | 1.358720 | 1.387194 | 1.421381 | 1.516068 | 1.538834 |
| Connally Independent School District | 0.980300 | 1.087309 | 1.215509 | 1.234741 | 1.266457 | 1.367955 | 1.374409 | 1.251212 | 1.281628 | 1.274394 |
| Crawford Independent School District | 1.096601 | 1.145699 | 1.163078 | 1.207373 | 1.293160 | 1.230500 | 1.230500 | 1.230495 | 1.230495 | 1.241360 |
| Gholson Independent School District | 0.669200 | 0.854600 | 0.872000 | 0.926400 | 0.970000 | 1.040000 | 1.040000 | 1.040000 | 1.040000 | 1.040000 |
| Hallsburg Independent School District | 0.770143 | 0.967200 | 1.008800 | 1.091559 | 1.160908 | 1.234768 | 1.262052 | 1.250541 | 1.293860 | 1.290991 |
| LaVega Independent School District | 1.007507 | 1.188151 | 1.261350 | 1.299955 | 1.290269 | 1.394040 | 1.413532 | 1.422100 | 1.459000 | 1.465000 |
| Lorena Independent School District | 0.956775 | 1.164540 | 1.200310 | 1.332666 | 1.435210 | 1.534000 | 1.554090 | 1.579090 | 1.640000 | 1.640000 |
| Mart Independent School District | 1.170000 | 1.286500 | 1.303870 | 1.396270 | 1.401870 | 1.472800 | 1.226894 | 1.209469 | 1.238841 | 1.229484 |
| McGregor Independent School District | 0.875120 | 1.037681 | 1.112970 | 1.167280 | 1.276100 | 1.330000 | 1.330000 | 1.333800 | 1.355000 | 1.355000 |
| Midway Independent School District | 0.939200 | 1.124600 | 1.164300 | 1.236400 | 1.250000 | 1.320000 | 1.320000 | 1.320000 | 1.320000 | 1.320000 |
| Moody Independent School District | 1.050500 | 1.235901 | 1.219600 | 1.219600 | 1.284950 | 1.361800 | 1.361750 | 1.391000 | 1.416000 | 1.341300 |
| Oglesby Independent School District | 0.789700 | 0.942900 | 0.960300 | 0.971000 | 1.068350 | 1.170000 | 1.170000 | 1.101580 | 1.098290 | 1.113700 |
| Riesel Independent School District | 1.036079 | 1.249098 | 1.386456 | 1.418863 | 1.533300 | 1.423900 | 1.450300 | 1.468200 | 1.395000 | 1.310000 |
| Robinson Independent School District | 0.946640 | 1.124384 | 1.172632 | 1.260930 | 1.286700 | 1.406135 | 1.406135 | 1.470000 | 1.510000 | 1.510000 |
| Valley Mills Independent School District | 0.930110 | 1.115510 | 1.169020 | 1.266070 | 1.353210 | 1.425400 | 1.454000 | 1.314000 | 1.314000 | 1.314000 |
| Waco Independent School District | 1.028587 | 1.241869 | 1.244640 | 1.263953 | 1.302450 | 1.404080 | 1.302450 | 1.400000 | 1.400000 | 1.353240 |
| West Independent School District | 0.970600 | 1.147534 | 1.370100 | 1.129275 | 1.186480 | 1.261417 | 1.290656 | 1.317548 | 1.283129 | 1.270000 |

Source: McLennan County Tax Office

Note: Overlapping rates are those of other governments that apply to property owners within the McLennan County Junior District. Not all overlapping rates apply to all District property owners; for example, although the McLennan County tax rates apply to all District property owners, the Axtell Independent School District rates apply only to a small portion of District property owners whose property is located within the school district's geographic boundaries.

McLennan County Junior College District
State Appropriation per FTSE and Contact Hour

Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | State Appropriation | Appropriation per FTSE | | Appropriation per Contact Hour | | | |
|-------------|------------------------|---------------------------------|------------------------------------|--------------------------------|---------------------------|------------------------|--|
| | | Full-Time Student Equivalent | State Appropriation per FTSE | Academic Contact Hours | Voc/Tech Contact Hours | Total Contact Hours | State Appropriation per Contact Hour |
| 2024 | \$ 13,526,367 | 5,141 | \$ 2,631 | 2,219,372 | 768,246 | 2,987,618 | \$ 4.53 |
| 2023 | 11,913,318 | 5,002 | 2,382 | 2,162,776 | 735,645 | 2,898,421 | 4.11 |
| 2022 | 11,913,320 | 5,061 | 2,354 | 2,351,434 | 809,948 | 3,161,382 | 3.77 |
| 2021 | 12,503,711 | 4,110 | 3,042 | 2,303,936 | 705,024 | 3,008,960 | 4.16 |
| 2020 | 12,504,514 | 5,147 | 2,429 | 2,703,552 | 849,444 | 3,552,996 | 3.52 |
| 2019 | 12,347,526 | 6,305 | 1,958 | 2,737,136 | 907,776 | 3,644,912 | 3.39 |
| 2018 | 12,347,526 | 6,501 | 1,899 | 2,724,028 | 938,960 | 3,662,988 | 3.37 |
| 2017 | 12,118,902 | 6,523 | 1,858 | 2,698,812 | 967,256 | 3,666,068 | 3.31 |
| 2016 | 12,099,894 | 6,676 | 1,812 | 2,624,792 | 990,464 | 3,615,256 | 3.35 |
| 2015 | 13,456,451 | 6,056 | 2,222 | 2,640,603 | 1,214,919 | 3,855,522 | 3.49 |

Note:

Full time student equivalent (FTSE) is defined as the total number semester credit hours divided by 30.

McLennan County Junior College District
Principal Taxpayers

Last Ten Years
(Unaudited)

| Taxpayer | Type of Business | Taxable Assessed Value (dollars expressed in thousands) | | | | | | | | | | |
|--|------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| | | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | |
| Amazon.com Services | Processing | \$ 305,873 | - | - | - | - | - | - | - | - | - | - |
| Caterpillar Logistics | Manufacturing | 274,722 | 160,106 | 127,864 | 121,825 | 126,285 | 111,589 | 123,748 | 133,346 | 144,579 | 134,587 | |
| Oncor Electric | Utility | 269,448 | 249,828 | 219,842 | 193,208 | 161,166 | 152,949 | 144,123 | 141,952 | 148,047 | 144,211 | |
| Coca-Cola | Processing | 222,347 | 180,932 | 140,960 | 95,445 | 106,600 | 86,457 | 75,147 | 72,242 | 63,516 | 55,919 | |
| Sandy Creek Energy (Real Property) | Utility | 221,100 | 215,346 | 209,834 | 389,390 | 341,215 | 306,850 | 247,151 | 524,137 | 524,137 | 545,373 | |
| USRE Diana | Processing | 142,888 | - | - | - | - | - | - | - | - | - | |
| Mars Wrigley Confectionary | Processing | 142,421 | 121,072 | 103,865 | 116,068 | 170,940 | 122,259 | 111,080 | 105,111 | 95,268 | 97,170 | |
| Sherwin Williams | Distributor | 128,175 | - | 79,273 | 84,597 | 71,369 | - | - | - | - | - | |
| Allergan | Manufacturing | 123,311 | 157,637 | 158,200 | 120,956 | 135,405 | 137,092 | 124,375 | 111,584 | 94,810 | 88,235 | |
| Atmos Energy/Mid-Tex Distribution | Utility | 105,169 | 87,205 | 75,258 | - | - | - | - | - | - | - | |
| Ferguson Enterprises | Distributor | - | 96,832 | 78,501 | 97,746 | 96,019 | 78,765 | 70,338 | 70,646 | 69,480 | 76,264 | |
| L3Harris | Processing | - | 84,647 | 70,901 | 72,849 | - | 72,802 | 77,641 | 75,821 | 74,492 | 68,830 | |
| Tractor Supply | Distributor | - | 79,960 | - | - | - | - | - | - | - | - | |
| Owens Brockway | Manufacturing | - | - | - | - | 74,702 | 71,419 | 74,786 | 77,743 | - | - | |
| Sanderson Farms | Processing | - | - | - | 74,828 | 71,109 | 70,034 | 75,644 | 75,294 | 84,428 | 81,431 | |
| Associated Hygiene Products | Manufacturing | - | - | - | - | - | - | - | - | 72,507 | - | |
| Sandy Creek Energy (Personal property) | Utility | - | - | - | - | - | - | - | - | - | 57,325 | |
| Inland Western | Real Estate | - | - | - | - | - | - | - | - | - | - | |
| Totals | | \$ 1,935,454 | 1,433,565 | 1,264,498 | 1,366,912 | 1,354,810 | 1,210,216 | 1,124,033 | 1,387,876 | 1,371,264 | 1,349,345 | |
| Total Taxable Assessed Value | | \$ 28,781,035 | 25,236,030 | 21,691,563 | 20,245,178 | 19,096,615 | 17,632,186 | 16,032,873 | 15,590,137 | 14,535,692 | 13,742,962 | |

McLennan County Junior College District
Principal Taxpayers
(Continued)
Last Ten Years
(Unaudited)

| Taxpayer | Type of Business | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Amazon.com Services | Processing | 1.21% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Caterpillar Logistics | Manufacturing | 0.95% | 0.63% | 0.59% | 0.60% | 0.66% | 0.63% | 0.77% | 0.86% | 0.99% | 0.98% |
| Oncor Electric | Utility | 0.94% | 0.99% | 1.01% | 0.95% | 0.84% | 0.87% | 0.90% | 0.91% | 1.02% | 1.05% |
| Coca-Cola | Processing | 0.77% | 0.72% | 0.65% | 0.47% | 0.56% | 0.49% | 0.47% | 0.46% | 0.44% | 0.41% |
| Sandy Creek Energy (Real Property) | Utility | 0.77% | 0.85% | 0.97% | 1.92% | 1.79% | 1.74% | 1.54% | 3.36% | 3.61% | 3.97% |
| URSE Diana | Processing | 0.57% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Mars Wrigley Confectionary | Processing | 0.49% | 0.48% | 0.48% | 0.57% | 0.90% | 0.69% | 0.69% | 0.67% | 0.66% | 0.71% |
| Sherwin Williams | Distributor | 0.45% | 0.00% | 0.37% | 0.42% | 0.37% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Allergan | Manufacturing | 0.43% | 0.62% | 0.73% | 0.60% | 0.71% | 0.78% | 0.78% | 0.72% | 0.65% | 0.64% |
| Atmos Energy/Mid-Tex Distribution | Utility | 0.37% | 0.35% | 0.35% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Ferguson Enterprises | Distributor | 0.00% | 0.38% | 0.36% | 0.48% | 0.50% | 0.45% | 0.44% | 0.45% | 0.48% | 0.55% |
| L3Harris | Processing | 0.00% | 0.34% | 0.33% | 0.36% | 0.00% | 0.41% | 0.48% | 0.49% | 0.51% | 0.50% |
| Tractor Supply | Distributor | 0.00% | 0.32% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Owens Brockway | Manufacturing | 0.00% | 0.00% | 0.00% | 0.00% | 0.39% | 0.41% | 0.47% | 0.50% | 0.00% | 0.00% |
| Sanderson Farms | Processing | 0.00% | 0.00% | 0.00% | 0.37% | 0.37% | 0.40% | 0.47% | 0.48% | 0.58% | 0.59% |
| Associated Hygiene Products | Manufacturing | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.50% | 0.00% |
| Sandy Creek Energy (Personal property) | Utility | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.42% |
| Inland Western | Real Estate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | Totals | 6.95% | 5.68% | 5.83% | 6.75% | 7.09% | 6.86% | 7.01% | 8.90% | 9.43% | 9.82% |

McLennan County Junior College District
Property Tax Levies and Collections

Last Ten Tax Years
(dollars expressed in thousands)
(Unaudited)

| Fiscal Year | Total Tax Levy for Fiscal Year | Collected Within Fiscal Year of | | Collections in Subsequent Year | Total Collections to Date | |
|-------------|-----------------------------------|---------------------------------|--------------------|-----------------------------------|---------------------------|-----------------------|
| | | Amount | Levy Percentage | | Amount | Percentage of Levy |
| 2024 | \$ 36,914 | 36,371 | 98.53% | 55 | 36,426 | 98.68% |
| 2023 | 34,891 | 34,278 | 98.24% | 208 | 34,486 | 98.84% |
| 2022 | 32,243 | 31,855 | 98.80% | 217 | 32,072 | 99.47% |
| 2021 | 30,167 | 29,672 | 98.36% | 485 | 30,157 | 99.97% |
| 2020 | 28,329 | 27,705 | 97.80% | 95 | 27,800 | 98.13% |
| 2019 | 26,522 | 25,892 | 97.62% | 217 | 25,824 | 97.37% |
| 2018 | 24,722 | 24,398 | 98.69% | 244 | 24,641 | 99.67% |
| 2017 | 23,274 | 22,381 | 96.16% | 228 | 22,609 | 97.14% |
| 2016 | 21,773 | 20,987 | 96.39% | 342 | 21,239 | 97.55% |
| 2015 | 20,562 | 19,777 | 96.18% | 276 | 20,053 | 97.52% |

Note: Property tax collections only - does not include penalties and interest

McLennan County Junior College District
Ratios of Outstanding Debt by Type

Last Ten Fiscal Years
(dollars expressed in thousands)
(Unaudited)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| General Bonded Debt | | | | | | | | | | |
| General obligation bonds | \$ 38,150 | 41,210 | 44,450 | 48,245 | 52,080 | 55,350 | 58,460 | 61,495 | 64,440 | 67,370 |
| Other Debt | | | | | | | | | | |
| Revenue bonds | 11,895 | 13,335 | 14,705 | 16,030 | 17,600 | 18,875 | 13,190 | 14,260 | 15,095 | 15,900 |
| Lease liabilities | - | 334 | 700 | 1,067 | - | - | - | - | - | - |
| Subscription liabilities | 597 | 1,100 | 1,060 | - | - | - | - | - | - | - |
| Total Other Debt | 12,492 | 14,769 | 16,465 | 17,097 | 17,600 | 18,875 | 13,190 | 14,260 | 15,095 | 15,900 |
| Total Outstanding Debt | \$ 50,642 | 55,979 | 60,915 | 65,342 | 69,680 | 74,225 | 71,650 | 75,755 | 79,535 | 83,270 |
| General Bonded Debt Ratios | | | | | | | | | | |
| Per Capita | Not available | 153 | 167 | 183 | 201 | 216 | 230 | 245 | 260 | 274 |
| Per Student | \$ 7,421 | 8,239 | 8,783 | 11,738 | 10,119 | 8,779 | 8,992 | 9,211 | 9,652 | 11,125 |
| As a percentage of Taxable Assessed Value | 0.13% | 0.16% | 0.20% | 0.24% | 0.27% | 0.31% | 0.36% | 0.39% | 0.44% | 0.49% |
| Total Outstanding Debt Ratios | | | | | | | | | | |
| Per Capita | Not available | 203 | 228 | 248 | 268 | 289 | 281 | 302 | 321 | 339 |
| Per Student | \$ 9,851 | 11,191 | 12,036 | 15,898 | 13,538 | 11,772 | 11,021 | 11,196 | 11,755 | 13,750 |
| As a percentage of Taxable Assessed Value | 0.18% | 0.22% | 0.28% | 0.32% | 0.36% | 0.42% | 0.45% | 0.49% | 0.55% | 0.61% |
| As a percentage of personal income | Not available | 0.42% | 0.47% | 0.55% | 0.64% | 0.71% | 0.72% | 0.08% | 0.08% | 0.09% |

Note:

Debt per student calculated using full time equivalent enrollment.

Information for per capita not available for 2024.

Information for total outstanding debt as a percentage of personal income not available for 2024.

McLennan County Junior College District
Legal Debt Margin Information

Last Ten Fiscal Years
(dollars expressed in thousands)
(Unaudited)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Taxable Assessed Value | \$ <u>28,781,035</u> | <u>25,236,030</u> | <u>21,691,563</u> | <u>20,245,178</u> | <u>19,096,615</u> | <u>17,632,186</u> | <u>16,032,873</u> | <u>15,590,137</u> | <u>14,535,692</u> | <u>13,742,962</u> |
| Statutory Tax Levy Limit for general obligation debt service | \$ 143,905 | 126,180 | 108,458 | 101,226 | 95,483 | 88,161 | 80,164 | 77,951 | 72,678 | 68,715 |
| Current Year Debt Service Requirements | <u>5,479</u> | <u>5,675</u> | <u>5,677</u> | <u>5,508</u> | <u>5,719</u> | <u>5,639</u> | <u>5,644</u> | <u>5,641</u> | <u>5,729</u> | <u>6,110</u> |
| Excess of Statutory Limit for Debt Service over Current Requirements | \$ <u>138,426</u> | <u>120,505</u> | <u>102,781</u> | <u>95,718</u> | <u>89,764</u> | <u>82,522</u> | <u>74,520</u> | <u>72,310</u> | <u>66,949</u> | <u>62,605</u> |
| Net Current Requirements as a percentage of Statutory Limit | <u>3.81%</u> | <u>4.50%</u> | <u>5.23%</u> | <u>5.44%</u> | <u>5.99%</u> | <u>6.40%</u> | <u>7.04%</u> | <u>7.24%</u> | <u>7.88%</u> | <u>8.89%</u> |

Note: Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable assessed valuation.

McLennan County Junior College District
Pledged Revenue Coverage

Last Ten Fiscal Years
(dollars expressed in thousands)
(Unaudited)

| Fiscal Year | Pledged Revenues | | | | | | | | Debt Service Requirements | | | Coverage Ratio |
|-------------|------------------|---------------|--------------------------|-----------------|--------------------|----------------------|----------------|-------|---------------------------|----------|-------|----------------|
| | Tuition | Facility Fees | Community Education Fees | Interest Income | Vending Commission | Bookstore Commission | Other Revenues | Total | Principal | Interest | Total | |
| 2024 | \$ 1,074 | 948 | 94 | 2,102 | 32 | 141 | 750 | 5,141 | 1,440 | 507 | 1,947 | 2.64 |
| 2023 | 1,047 | 917 | 93 | 1,487 | 31 | 109 | 750 | 4,434 | 1,370 | 562 | 1,932 | 2.30 |
| 2022 | 1,066 | 943 | 56 | 194 | 32 | 167 | 750 | 3,208 | 1,330 | 602 | 1,932 | 1.66 |
| 2021 | 1,090 | 973 | 93 | 133 | 16 | 171 | 750 | 3,226 | 1,565 | 658 | 2,223 | 1.45 |
| 2020 | 1,277 | 1,135 | 56 | 212 | 29 | 294 | 750 | 3,753 | 1,275 | 714 | 1,989 | 1.89 |
| 2019 | 1,298 | 1,136 | 120 | 361 | 42 | 338 | 750 | 4,045 | 915 | 477 | 1,392 | 2.91 |
| 2018 | 1,275 | 1,128 | 140 | 281 | 38 | 392 | - | 3,254 | 1,020 | 390 | 1,410 | 2.31 |
| 2017 | 1,253 | 1,123 | 108 | 81 | 38 | 409 | - | 3,012 | 835 | 605 | 1,440 | 2.09 |
| 2016 | 1,233 | 1,100 | 222 | 50 | 39 | 406 | - | 3,050 | 805 | 636 | 1,441 | 2.12 |
| 2015 | 1,207 | 1,093 | 204 | 40 | 33 | 435 | - | 3,012 | 775 | 663 | 1,438 | 2.09 |

McLennan County Junior College District
Demographic and Economic Statistics

Last Ten Fiscal Years
(Unaudited)

| Calendar Year | Population | Personal Income (thousands of dollars) | Personal Income Per Capita | Unemployment Rate |
|------------------|------------|---|-------------------------------------|----------------------|
| 2023 | 268,583 | Not available | Not available | 3.7% |
| 2022 | 266,836 | \$ 13,417,604 | \$ 50,284 | 3.6% |
| 2021 | 263,115 | 13,027,403 | 49,512 | 4.9% |
| 2020 | 259,730 | 11,888,309 | 45,772 | 7.2% |
| 2019 | 256,623 | 10,818,901 | 42,159 | 3.3% |
| 2018 | 254,607 | 10,503,574 | 41,254 | 3.6% |
| 2017 | 251,259 | 9,985,065 | 39,740 | 3.9% |
| 2016 | 247,934 | 9,452,592 | 38,125 | 3.9% |
| 2015 | 245,671 | 9,153,701 | 37,260 | 4.1% |
| 2014 | 243,441 | 8,634,139 | 35,647 | 5.1% |

Sources:

Population from U.S. Bureau of the Census.

Personal income from U.S. Bureau of Economic Analysis.

Unemployment rate from Texas Labor Market Information.

Notes:

Information for 2024 not yet available

McLennan County Junior College District
Principal Employers
Last Ten Fiscal Years
(Unaudited)

| Employer | Number of Employees | | | | | | | | | |
|--|---------------------|-------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Baylor University | 4,034 | 3,757 | 5,698 | 2,835 | 3,253 | 2,986 | 2,901 | 2,901 | 2,746 | 2,675 |
| Baylor Scott & White/Hillcrest Health System | 2,711 | 2,711 | 2,283 | 1,685 | 1,736 | 2,177 | 1,725 | 1,725 | 1,970 | 1,800 |
| Waco ISD | 2,373 | 2,373 | 2,373 | 2,373 | 2,373 | 2,373 | 2,471 | 2,471 | 2,290 | 2,500 |
| HEB (all Waco locations) | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 1,600 | 1,600 | 1,500 | 1,500 |
| City of Waco | 1,639 | 1,611 | 1,522 | 1,500 | 1,518 | 1,578 | 1,456 | 1,456 | 1,487 | 1,506 |
| Midway ISD | 1,484 | 1,484 | 1,302 | 1,157 | 1,081 | 1,081 | 1,282 | 1,282 | 1,102 | 1,067 |
| Ascension Providence | 1,396 | 2,081 | 2,518 | 2,530 | 1,622 | 2,397 | 2,401 | 2,401 | 2,311 | 2,397 |
| Veterans Regional Office | 1,395 | 1,275 | 796 | 796 | 796 | 796 | 849 | 849 | 788 | 650 |
| L3Harris | 1,178 | 1,178 | 843 | 843 | 774 | 752 | 1,349 | 1,349 | 1,850 | 2,300 |
| Wal-Mart (all stores) | 1,174 | 1,174 | 1,174 | 1,174 | 1,174 | 947 | 1,026 | 1,026 | 1,015 | 1,656 |
| Sanderson Farms, Inc. | 1,168 | 1,025 | 1,200 | 1,120 | 1,200 | 1,200 | 1,215 | 1,215 | 1,041 | 1,041 |
| McLennan County | 1,127 | 1,089 | 1,088 | 1,133 | 1,201 | 964 | Not Available | Not Available | Not Available | Not Available |
| Veterans Administration Medical Center | 1,015 | 862 | 886 | 886 | 886 | 886 | 831 | 831 | 777 | 800 |
| Amazon | 1,000 | 750 | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available |
| Mars Wrigley Confectionary | 922 | 910 | 885 | 695 | 700 | 775 | 600 | 600 | 575 | 525 |
| SpaceX | 729 | 729 | 590 | 590 | 590 | Not Available | Not Available | Not Available | Not Available | Not Available |
| AbbVie | 723 | 747 | 747 | 747 | 785 | 708 | 710 | 710 | Not Available | Not Available |
| American Income Life | 693 | 693 | 693 | 693 | 693 | 693 | 712 | 712 | Not Available | Not Available |
| McLennan Community College | 679 | 656 | 679 | 666 | 719 | 705 | 683 | 683 | 869 | 793 |
| Versalift | 632 | 627 | 638 | 481 | 518 | 526 | Not Available | Not Available | Not Available | Not Available |
| Big Creek Construction | 612 | 618 | 617 | 704 | 250 | 583 | Not Available | Not Available | Not Available | Not Available |
| Cargill Foods, Inc. | 603 | 603 | 603 | 601 | 646 | 646 | 707 | 707 | 708 | 685 |
| Pilgrim's | 600 | 560 | 571 | 523 | 480 | Not Available | Not Available | Not Available | Not Available | Not Available |
| Magnolia Market | 585 | 536 | 549 | 467 | 675 | 675 | Not Available | Not Available | Not Available | Not Available |
| Waco Family Medicine | 577 | 577 | 581 | 572 | 510 | 519 | Not Available | Not Available | Not Available | Not Available |
| Clayton homes | 570 | 551 | 620 | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available |
| Brazos Masonry, Inc. | 566 | 450 | 450 | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available |
| Texas State Technical Institute* | 553 | 553 | 553 | 553 | 1,706 | 1,706 | 630 | 600 | 600 | 672 |
| Texas Department of Human Services | 549 | 549 | 549 | 549 | 549 | 549 | Not Available | Not Available | Not Available | Not Available |
| Tractor Supply Distribution Center | 541 | 609 | 585 | 640 | 640 | Not Available | Not Available | Not Available | Not Available | Not Available |
| Howmet Fastening Systems | 512 | 486 | 463 | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available |

Source:

Greater Waco Area Chamber of Commerce

*TSTC employee numbers reported in 2019 and 2020 are system-wide. Waco only numbers were not available.

Detailed information on employer size and total employment for 2012 to 2020 was not available for certain employers.

McLennan County Junior College District
Faculty, Staff, and Administrators Statistics

Last Ten Fiscal Years
(Unaudited)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|-------------------------------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Faculty | | | | | | | | | | |
| Full-Time | 195 | 203 | 201 | 205 | 215 | 213 | 218 | 218 | 220 | 225 |
| Part-Time | 167 | 165 | 181 | 163 | 209 | 242 | 215 | 184 | 174 | 189 |
| Total | <u>362</u> | <u>368</u> | <u>382</u> | <u>368</u> | <u>424</u> | <u>455</u> | <u>433</u> | <u>402</u> | <u>394</u> | <u>414</u> |
| Percent: | | | | | | | | | | |
| Full-Time | <u>53.9%</u> | <u>55.2%</u> | <u>52.6%</u> | <u>55.7%</u> | <u>50.7%</u> | <u>46.8%</u> | <u>50.3%</u> | <u>54.2%</u> | <u>55.8%</u> | <u>54.3%</u> |
| Part-Time | <u>46.1%</u> | <u>44.8%</u> | <u>47.4%</u> | <u>44.3%</u> | <u>49.3%</u> | <u>53.2%</u> | <u>49.7%</u> | <u>45.8%</u> | <u>44.2%</u> | <u>45.7%</u> |
| Staff and Administrators | | | | | | | | | | |
| Full-Time | 350 | 342 | 338 | 333 | 353 | 342 | 332 | 334 | 325 | 326 |
| Part-Time | 92 | 55 | 98 | 93 | 93 | 58 | 70 | 64 | 108 | 53 |
| Total | <u>442</u> | <u>397</u> | <u>436</u> | <u>426</u> | <u>446</u> | <u>400</u> | <u>402</u> | <u>398</u> | <u>433</u> | <u>379</u> |
| Percent: | | | | | | | | | | |
| Full-Time | <u>79.2%</u> | <u>86.1%</u> | <u>77.5%</u> | <u>78.2%</u> | <u>79.1%</u> | <u>85.5%</u> | <u>82.6%</u> | <u>83.9%</u> | <u>75.1%</u> | <u>86.0%</u> |
| Part-Time | <u>20.8%</u> | <u>13.9%</u> | <u>22.5%</u> | <u>21.8%</u> | <u>20.9%</u> | <u>14.5%</u> | <u>17.4%</u> | <u>16.1%</u> | <u>24.9%</u> | <u>14.0%</u> |
| Students per Full-time Faculty | <u>37</u> | <u>34</u> | <u>37</u> | <u>38</u> | <u>40</u> | <u>42</u> | <u>45</u> | <u>40</u> | <u>38</u> | <u>37</u> |
| Students per Full-Time Staff Member | <u>21</u> | <u>20</u> | <u>22</u> | <u>23</u> | <u>25</u> | <u>26</u> | <u>34</u> | <u>26</u> | <u>26</u> | <u>29</u> |
| Average Annual Faculty Salary | \$ <u>83,143</u> | <u>80,728</u> | <u>75,746</u> | <u>72,554</u> | <u>70,135</u> | <u>69,688</u> | <u>65,485</u> | <u>66,018</u> | <u>66,392</u> | <u>64,162</u> |

McLennan County Junior College District
Enrollment Details
Last Ten Fiscal Years
(Unaudited)

| Student Classification | Fall 2023 | | Fall 2022 | | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | | Fall 2014 | |
|----------------------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Freshman | 4,578 | 63.59% | 4,265 | 61.70% | 2,675 | 36.09% | 4,603 | 59.45% | 5,439 | 62.48% | 5,572 | 62.22% | 5,417 | 61.00% | 5,027 | 57.18% | 4,547 | 54.75% | 4,418 | 53.27% |
| Sophomore | 1,576 | 21.89% | 1,589 | 22.99% | 1,056 | 14.25% | 1,954 | 25.24% | 1,984 | 22.79% | 2,042 | 22.80% | 2,086 | 23.49% | 2,204 | 25.07% | 2,271 | 27.34% | 2,249 | 27.12% |
| Unclassified | 1,045 | 14.52% | 1,058 | 15.31% | 3,682 | 49.67% | 1,185 | 15.31% | 1,282 | 14.73% | 1,341 | 14.97% | 1,377 | 15.51% | 1,560 | 17.75% | 1,487 | 17.90% | 1,627 | 19.62% |
| Total | 7,199 | 100.00% | 6,912 | 100.00% | 7,413 | 100.00% | 7,742 | 100.00% | 8,705 | 100.00% | 8,955 | 100.00% | 8,880 | 100.00% | 8,791 | 100.00% | 8,305 | 100.00% | 8,294 | 100.00% |
| Semester Hour Load | | | | | | | | | | | | | | | | | | | | |
| Less than 3 | 39 | 0.54% | 36 | 0.52% | 64 | 0.86% | 43 | 0.56% | 44 | 0.51% | 38 | 0.42% | 47 | 0.53% | 66 | 0.75% | 61 | 0.73% | 43 | 0.52% |
| 3-5 semester hours | 1,516 | 21.06% | 1,322 | 19.13% | 1,315 | 17.74% | 1,856 | 23.97% | 1,908 | 21.92% | 1,994 | 22.27% | 1,861 | 20.96% | 1,767 | 20.10% | 1,615 | 19.45% | 1,493 | 18.00% |
| 6-8 Semester hours | 1,714 | 23.81% | 1,628 | 23.55% | 1,874 | 25.28% | 2,015 | 26.03% | 2,205 | 25.33% | 2,078 | 23.20% | 1,923 | 21.66% | 1,958 | 22.27% | 1,773 | 21.35% | 1,703 | 20.53% |
| 9-11 semester hours | 1,216 | 16.89% | 1,207 | 17.46% | 1,225 | 16.53% | 1,674 | 21.62% | 1,802 | 20.70% | 1,507 | 16.83% | 1,569 | 17.67% | 1,531 | 17.42% | 1,401 | 16.87% | 1,489 | 17.95% |
| 12-14 semester hours | 2,268 | 31.50% | 2,252 | 32.58% | 2,442 | 32.94% | 1,864 | 24.08% | 2,349 | 26.98% | 2,840 | 31.71% | 2,934 | 33.04% | 2,895 | 32.93% | 2,817 | 33.92% | 2,952 | 35.59% |
| 15-17 semester hours | 395 | 5.49% | 413 | 5.98% | 456 | 6.15% | 260 | 3.36% | 348 | 4.00% | 445 | 4.97% | 488 | 5.50% | 507 | 5.77% | 558 | 6.72% | 535 | 6.45% |
| 18 & over | 51 | 0.71% | 54 | 0.78% | 37 | 0.50% | 30 | 0.39% | 49 | 0.56% | 53 | 0.59% | 58 | 0.65% | 67 | 0.76% | 80 | 0.96% | 79 | 0.95% |
| Total | 7,199 | 100.00% | 6,912 | 100.00% | 7,413 | 100.00% | 7,742 | 100.00% | 8,705 | 100.00% | 8,955 | 100.00% | 8,880 | 100.00% | 8,791 | 100.00% | 8,305 | 100.00% | 8,294 | 100.00% |
| Average course load | 8.8 | | 8.2 | | 9.0 | | 8.2 | | 8.79 | | 9.6 | | 9.6 | | 9 | | 9.2 | | 9.4 | |
| Tuition Status | | | | | | | | | | | | | | | | | | | | |
| Texas Resident (in-District) | 5,748 | 79.84% | 5,406 | 78.21% | 5,721 | 77.18% | 5,879 | 75.94% | 6,894 | 79.20% | 7,411 | 82.76% | 7,229 | 81.41% | 7,145 | 81.28% | 6,518 | 82.05% | 6,528 | 82.24% |
| Texas Resident (out-of-District) | 1,244 | 17.28% | 1,278 | 18.49% | 1,374 | 18.54% | 1,289 | 16.65% | 1,519 | 17.45% | 1,235 | 13.79% | 1,336 | 15.05% | 1,362 | 15.49% | 1,230 | 15.48% | 1,224 | 15.42% |
| Non-Resident Tuition | 207 | 2.88% | 228 | 3.30% | 318 | 4.29% | 574 | 7.41% | 292 | 3.35% | 309 | 3.45% | 315 | 3.55% | 284 | 3.23% | 196 | 2.47% | 186 | 2.34% |
| Total | 7,199 | 100.00% | 6,912 | 100.00% | 7,413 | 100.00% | 7,742 | 100.00% | 8,705 | 100.00% | 8,955 | 100.00% | 8,880 | 100.00% | 8,791 | 100.00% | 7,944 | 100.00% | 7,938 | 100.00% |

McLennan County Junior College District Student Profile

Last Ten Fiscal Years (Unaudited)

| Gender | Fall 2023 | | Fall 2022 | | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | | Fall 2014 | |
|----------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Female | 4,827 | 67.05% | 4,680 | 67.71% | 5,083 | 68.57% | 5,265 | 68.01% | 5,742 | 65.96% | 5,979 | 66.77% | 5,838 | 65.74% | 5,794 | 65.91% | 5,427 | 65.35% | 5,450 | 65.71% |
| Male | 2,372 | 32.95% | 2,232 | 32.29% | 2,330 | 31.43% | 2,477 | 31.99% | 2,963 | 34.04% | 2,976 | 33.23% | 3,042 | 34.26% | 2,997 | 34.09% | 2,878 | 34.65% | 2,844 | 34.29% |
| Total | 7,199 | 100.00% | 6,912 | 100.00% | 7,413 | 100.00% | 7,742 | 100.00% | 8,705 | 100.00% | 8,955 | 100.00% | 8,880 | 100.00% | 8,791 | 100.00% | 8,305 | 100.00% | 8,294 | 100.00% |
| Ethnic Origin | | | | | | | | | | | | | | | | | | | | |
| White | 3,146 | 43.70% | 3,146 | 45.52% | 3,383 | 45.64% | 3,599 | 46.49% | 4,146 | 47.63% | 4,407 | 49.21% | 4,492 | 50.59% | 4,597 | 52.29% | 4,449 | 53.57% | 4,602 | 55.49% |
| Hispanic | 2,577 | 35.80% | 861 | 12.46% | 2,521 | 34.01% | 2,645 | 34.16% | 2,978 | 34.21% | 2,872 | 32.07% | 1,089 | 12.26% | 2,629 | 29.91% | 2,352 | 28.32% | 2,142 | 25.83% |
| African American | 912 | 12.67% | 2,384 | 34.49% | 998 | 13.46% | 965 | 12.46% | 1,050 | 12.06% | 1,086 | 12.13% | 2,734 | 30.79% | 1,059 | 12.05% | 1,072 | 12.91% | 1,156 | 13.94% |
| Asian | 129 | 1.79% | 115 | 1.66% | 116 | 1.56% | 126 | 1.63% | 126 | 1.45% | 148 | 1.65% | 141 | 1.59% | 126 | 1.43% | 113 | 1.36% | 118 | 1.42% |
| Foreign | 3 | 0.04% | 3 | 0.04% | 39 | 0.53% | 3 | 0.04% | - | 0.00% | - | 0.00% | 1 | 0.01% | - | 0.00% | 4 | 0.05% | 2 | 0.02% |
| Native Hawaiian | 11 | 0.15% | 4 | 0.06% | 4 | 0.05% | 7 | 0.09% | 6 | 0.07% | 4 | 0.04% | 3 | 0.03% | 3 | 0.03% | 6 | 0.07% | 4 | 0.05% |
| American Indian | 39 | 0.54% | 47 | 0.68% | 29 | 0.39% | 27 | 0.35% | 24 | 0.28% | 29 | 0.32% | 25 | 0.28% | 31 | 0.35% | 17 | 0.20% | 21 | 0.25% |
| Multiracial | 242 | 3.36% | 261 | 3.78% | 284 | 3.83% | 281 | 3.63% | 297 | 3.41% | 316 | 3.53% | 285 | 3.21% | 252 | 2.87% | 249 | 3.00% | 213 | 2.57% |
| Unknown/unreported | 140 | 1.94% | 91 | 1.32% | 39 | 0.53% | 89 | 1.15% | 78 | 0.90% | 93 | 1.04% | 110 | 1.24% | 94 | 1.07% | 43 | 0.52% | 36 | 0.43% |
| Total | 7,199 | 100.00% | 6,912 | 100.00% | 7,413 | 100.00% | 7,742 | 100.00% | 8,705 | 100.00% | 8,955 | 100.00% | 8,880 | 100.00% | 8,791 | 100.00% | 8,305 | 100.00% | 8,294 | 100.00% |
| Age | | | | | | | | | | | | | | | | | | | | |
| Under 18 | 1,938 | 26.92% | 1,737 | 25.13% | 1,695 | 22.87% | 2,055 | 26.54% | 1,878 | 21.57% | 1,879 | 20.98% | 1,631 | 18.37% | 1,433 | 16.30% | 1,411 | 16.99% | 1,167 | 14.07% |
| 18 - 21 | 2,764 | 38.39% | 2,630 | 38.05% | 2,738 | 36.94% | 2,844 | 36.73% | 3,451 | 39.64% | 3,574 | 39.91% | 3,661 | 41.23% | 3,542 | 40.29% | 3,294 | 39.66% | 3,155 | 38.04% |
| 22 - 24 | 696 | 9.67% | 699 | 10.11% | 830 | 11.20% | 765 | 9.88% | 1,082 | 12.43% | 1,017 | 11.36% | 1,112 | 12.52% | 1,117 | 12.71% | 1,015 | 12.22% | 1,084 | 13.07% |
| 25 - 35 | 1,149 | 15.96% | 1,168 | 16.90% | 1,383 | 18.66% | 1,345 | 17.37% | 1,452 | 16.68% | 1,586 | 17.71% | 1,569 | 17.67% | 1,711 | 19.46% | 1,597 | 19.23% | 1,750 | 21.10% |
| 36 - 50 | 544 | 7.56% | 559 | 8.09% | 627 | 8.46% | 590 | 7.62% | 661 | 7.59% | 688 | 7.68% | 702 | 7.91% | 760 | 8.65% | 764 | 9.20% | 864 | 10.42% |
| 51 & over | 108 | 1.50% | 119 | 1.72% | 140 | 1.89% | 143 | 1.85% | 181 | 2.08% | 211 | 2.36% | 205 | 2.31% | 228 | 2.59% | 224 | 2.70% | 274 | 3.30% |
| Total | 7,199 | 100.00% | 6,912 | 100.00% | 7,413 | 100.00% | 7,742 | 100.00% | 8,705 | 100.00% | 8,955 | 100.00% | 8,880 | 100.00% | 8,791 | 100.00% | 8,305 | 100.00% | 8,294 | 100.00% |
| Average Age | 23 | | 23 | | 23 | | 23 | | 23 | | 24 | | 24 | | 24 | | 24 | | 25 | |

McLennan County Junior College District Student Transfers to Senior Institutions

Last Ten Fiscal Years (Unaudited)

| | Fall 2023 | | Fall 2022 | | Fall 2021 | | Fall 2020 | | Fall 2019 | | Fall 2018 | | Fall 2017 | | Fall 2016 | | Fall 2015 | | Fall 2014 | |
|------------------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|
| | Total Transfer Students | % of Transfer Students | Total Transfer Students | % of Transfer Students | Total Transfer Students | % of Transfer Students | Total Transfer Students | % of Transfer Students | Total Transfer Students | % of Transfer Students | Total Transfer Students | % of Transfer Students | Total Transfer Students | % of Transfer Students | Total Transfer Students | % of Transfer Students | Total Transfer Students | % of Transfer Students | Total Transfer Students | % of Transfer Students |
| Tarleton State University | 465 | 40.36% | 521 | 43.67% | 110 | 71.43% | 399 | 54.14% | 696 | 51.56% | 561 | 49.47% | 633 | 46.89% | 667 | 58.82% | 655 | 48.06% | 411 | 32.41% |
| Texas A&M University | 177 | 15.36% | 193 | 16.18% | 14 | 9.09% | 91 | 12.35% | 199 | 14.74% | 137 | 12.08% | 205 | 15.19% | 198 | 17.46% | 182 | 13.35% | 133 | 10.49% |
| Texas Tech University | 151 | 13.11% | 126 | 10.56% | 2 | 1.30% | 3 | 0.41% | 18 | 1.33% | 10 | 0.88% | 60 | 4.44% | 60 | 5.29% | 53 | 3.89% | 98 | 7.73% |
| Texas State University | 87 | 7.55% | 49 | 4.11% | 4 | 2.60% | 46 | 6.24% | 85 | 6.30% | 73 | 6.44% | 86 | 6.37% | 46 | 4.06% | 88 | 6.46% | 81 | 6.39% |
| UT Arlington | 82 | 7.12% | 92 | 7.71% | 17 | 11.04% | 71 | 9.63% | 81 | 6.00% | 100 | 8.82% | 115 | 8.52% | 108 | 9.52% | 102 | 7.48% | 58 | 4.57% |
| UT Austin | 67 | 5.82% | 64 | 5.36% | 1 | 0.65% | 46 | 6.24% | 77 | 5.70% | 51 | 4.50% | 69 | 5.11% | 29 | 2.56% | 74 | 5.43% | 61 | 4.81% |
| University of North Texas | 49 | 4.25% | 53 | 4.44% | 5 | 3.25% | 22 | 2.99% | 74 | 5.48% | 64 | 5.64% | 58 | 4.30% | 67 | 5.91% | 58 | 4.26% | 56 | 4.42% |
| Sam Houston State University | 34 | 2.95% | 45 | 3.77% | 1 | 0.65% | 26 | 3.53% | 62 | 4.59% | 67 | 5.91% | 64 | 4.74% | 25 | 2.20% | 58 | 4.26% | 47 | 3.71% |
| Stephen F. Austin State University | 11 | 0.95% | 17 | 1.42% | - | 0.00% | 8 | 1.09% | 34 | 2.52% | 32 | 2.82% | 29 | 2.15% | 25 | 2.20% | 34 | 2.49% | 22 | 1.74% |
| University of Houston | 12 | 1.04% | 15 | 1.26% | - | 0.00% | 12 | 1.63% | 3 | 0.22% | 17 | 1.50% | 18 | 1.33% | 22 | 1.94% | 21 | 1.54% | 12 | 0.95% |
| University of Texas--San Antonio | 17 | 1.48% | 18 | 1.51% | - | 0.00% | 13 | 1.76% | 21 | 1.56% | 22 | 1.94% | 26 | 1.93% | 21 | 1.85% | 22 | 1.63% | 12 | 0.95% |
| Totals | 1,152 | 100.00% | 1,193 | 100.00% | 154 | 100.00% | 737 | 100.00% | 1,350 | 100.00% | 1,134 | 100.00% | 1,363 | 100.96% | 1,268 | 111.82% | 1,347 | 98.85% | 991 | 78.15% |

Notes:
Does not include in-state private institutions, out-of-state institutions, or individuals who could not be located.

Source: Texas Higher Education Coordinating Board and National Student Clearinghouse

McLennan County Junior College District
Capital Asset Information
Last Ten Fiscal Years
(Unaudited)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Academic buildings | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Square footage (in thousands) | 564 | 564 | 564 | 564 | 564 | 564 | 564 | 564 | 564 | 564 |
| Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Square footage (in thousands) | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 |
| Number of Volumes (in thousands) | 31 | 32 | 53 | 54 | 60 | 75 | 75 | 75 | 76 | 82 |
| Administrative and support buildings | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Square footage (in thousands) | 676 | 676 | 676 | 676 | 676 | 676 | 676 | 676 | 676 | 676 |
| Dining Facilities | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 |
| Square footage (in thousands) | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Average daily customers | 389 | 233 | 29 | 29 | 79 | 737 | 747 | 850 | 853 | 926 |
| Athletic Facilities | | | | | | | | | | |
| Square footage (in thousands) | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 43 |
| Stadiums | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Gymnasiums | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fitness Centers | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Tennis Court | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Plant facilities | | | | | | | | | | |
| Square footage (in thousands) | 1,077 | 1,077 | 1,077 | 1,077 | 1,077 | 1,077 | 1,077 | 1,077 | 1,077 | 1,077 |
| Transportation | | | | | | | | | | |
| Cars | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Light Trucks/Vans | 9 | 9 | 8 | 8 | 9 | 9 | 9 | 8 | 8 | 8 |
| SUV's | 8 | 8 | 8 | 9 | 11 | 7 | 8 | 8 | 8 | 9 |
| Large Vehicles | 3 | 3 | 3 | 3 | 3 | 1 | 1 | 2 | 2 | 2 |

**Overall Compliance, Internal Control and
Federal and State Awards Section**



M^oCLENNAN
COMMUNITY COLLEGE



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**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***

The Board of Trustees
McLennan County Junior College District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of McLennan County Junior College District (the District) as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2024. The financial statements of McLennan Community College Foundation, a discretely presented component unit of the District, 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 McLennan Community College Foundation.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 financial statements. 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* or the *Public Funds Investment Act*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jaynes, Keitmeier, Boyd & Threlkett, P.C.

December 2, 2024



JAYNES REITMEIER BOYD & THERRELL, P.C.
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**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
TEXAS GRANT MANAGEMENT STANDARDS***

The Board of Trustees
McLennan County Junior College District:

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited McLennan County Junior College District’s (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Texas Grant Management Standards* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended August 31, 2024. The District’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 District 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, 2024.

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 (*Government Auditing Standards*); 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 *Texas Grant Management Standards*. Our responsibilities under those standards and the Uniform Guidance 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 District 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 District’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 District's federal and state programs.

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 District'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, *Government Auditing Standards*, the Uniform Guidance, and *Texas Grant Management Standards* 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 District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and *Texas Grant Management Standards*, 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 District'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 District'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 *Texas Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of the District'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 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.

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 *Texas Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

Jaynes, Reitzmeier, Boyd & Theuvsen, P.C.

December 2, 2024

McLennan County Junior College District Schedule of Findings and Questioned Costs

Year Ended August 31, 2024

(1) Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance and the Texas Grant Management Standards? _____ yes x no

Identification of major federal programs:

Assistance Listing Number(s) Name of Federal Program or Cluster

| Student Financial Assistance Cluster: | |
|--|--|
| 84.007 | Federal Supplemental Educational Opportunity Grant Program |
| 84.033 | Federal Work Study Program |
| 84.063 | Federal Pell Grant Program |
| 84.268 | Federal Direct Student Loans Program |
| Developing Hispanic-Serving Institutions Programs - Title V: | |
| 84.031S | First Year Focus |
| 84.031S | Cultivating Student Success |
| Fund for the Improvement of Postsecondary Education: | |
| 84.116N | Basic Needs for Students Program |
| 84.116Z | Fund for the Improvement of Postsecondary Education |
| 84.116Z | Baylor Cyber Initiative |
| 84.002A | Adult Education & Family Literacy Act |

Identification of major state programs:

Grant Number(s) Name of State Program or Cluster

| |
|-----------------------------------|
| Texas Education Opportunity Grant |
|-----------------------------------|

Dollar threshold used to distinguish between type A and type B federal programs: _____ \$750,000

Dollar threshold used to distinguish between type A and type B state programs: _____ \$750,000

Auditee qualified as low-risk auditee for federal programs? _____ yes x no

Auditee qualified as low-risk auditee for state programs? x yes _____ no

McLennan County Junior College District
Schedule of Findings and Questioned Costs
(Continued)

(2) Financial Statement Findings

None noted.

(3) Federal Award Findings and Questioned Costs

None noted.

(4) State Award Findings and Questioned Costs

None noted.