

**McLennan County Junior College District**  
Annual Financial Report  
August 31, 2025 and 2024



**M<sup>o</sup>CLENNAN**  
COMMUNITY COLLEGE

## **Introductory Section**



**MCCLENNAN**  
**COMMUNITY COLLEGE**

# 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	2031
Members:	
K. Paul Holt, Waco, Texas	2027
Jonathan Hill, Waco, Texas	2029
Ilda Sabido, Waco, Texas	2029
Dr. Dennis Clark, Moody, Texas	2031

### *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**

## 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, 2025 and 2024, 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, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our 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, 2025 and 2024, 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 issuance 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 63, the schedule of the District's contributions to the Teacher Retirement System of Texas on page 64, the schedule of the District's proportionate share of the OPEB liability on page 65, and the schedule of the District's contributions to the Employee Retirement System of Texas on page 66 (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 4, 2025, 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 4, 2025

## 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, 2025 and 2024. 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 liabilities and deferred inflow of resources by approximately \$51.5 million, \$43.3 million, and \$37.2 million as of August 31, 2025, 2024 and 2023 respectively. Of these amounts, unrestricted net position was (\$32.1) million for 2025, (\$32.9) million for 2024 and (\$31.7) million for 2023.
- The District's total net position increased by approximately \$8.2 million for 2025, \$6.1 million for 2024, and \$9.6 million for 2023. Of these amounts, unrestricted net position increased by approximately \$0.8 million for 2025 and \$4.2 million for 2023. Unrestricted net position decreased by approximately \$1.2 million for 2024.
- The total assessed value of property increased by approximately \$2.3 billion or 6.1% from 2024 to 2025, by \$4.5 billion or 14.0% from 2023 to 2024, and by \$4.6 billion or 16.5% from 2022 to 2023.
- Capital assets (net) increased by approximately \$6.9 million in 2025 and by \$1.1 million in 2024. Capital assets (net) decreased by approximately \$1.3 million in 2023.
- Bonds decreased by approximately \$5.6 million in 2025, \$4.5 million in 2024, and \$4.6 million in 2023.

- During 2025 the unduplicated head count of credit students increased by 786 students, and semester credit hours increased by approximately 16,166 hours. During 2024 the unduplicated head count of credit students increased by 515 students, and semester credit hours increased by approximately 3,519 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 District. 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)

	2025	2024	2023	Increase (Decrease)	
				2024 to 2025	2023 to 2024
<b>Assets</b>					
Current assets	\$ 48,958	47,702	46,649	1,256	1,053
Noncurrent assets:					
Capital assets, net of depreciation	133,595	126,657	125,556	6,938	1,101
Total assets	182,553	174,359	172,205	8,194	2,154
<b>Deferred outflows of resources</b>	9,673	12,757	15,418	(3,084)	(2,661)
<b>Liabilities</b>					
Current liabilities	24,014	22,922	22,423	1,092	499
Noncurrent liabilities	105,565	106,173	111,929	(608)	(5,756)
Total liabilities	129,579	129,095	134,352	484	(5,257)
<b>Deferred inflows of resources</b>	11,099	14,721	16,075	(3,622)	(1,354)
<b>Net Position</b>					
Net investment in capital assets	81,563	74,414	67,897	7,149	6,517
Restricted, expendable	2,093	1,770	989	323	781
Unrestricted	(32,108)	(32,884)	(31,690)	776	(1,194)
Total net position	\$ 51,548	43,300	37,196	8,248	6,104

**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 \$8.2 million from 2024 to 2025. Cash and cash equivalents increased by \$1.1 million as explained below in the "Statement of Cash Flow" section. There was approximately \$6.7 million in capital assets, excluding right-of-use assets, added during 2025. Significant additions included completing the renovation project for Cameron Hall of \$2.8 million. Right-of-use assets increased \$5.9 million in 2025 related to athletic housing and Colleague software. Depreciation and amortization expense of \$5.7 million was incurred which resulted in a \$6.9 million increase in total capital assets, net of depreciation. 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, excluding right-of-use assets, added during 2024. Significant additions included 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. There were no significant additions to right-of use assets in 2024. 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 deferred outflows of resources decreased by approximately \$3.1 million from 2024 to 2025. Total deferred outflows of resources decreased by approximately \$2.7 million from 2023 to 2024. These outflows for 2025 and 2024 include deferred charges on bond refundings, changes in pension/OPEB contributions, changes in actuarial assumptions, differences between projected and actual investment earnings, changes in proportionate contributions, and differences between expected and actual economic experience of the pension and OPEB plans.

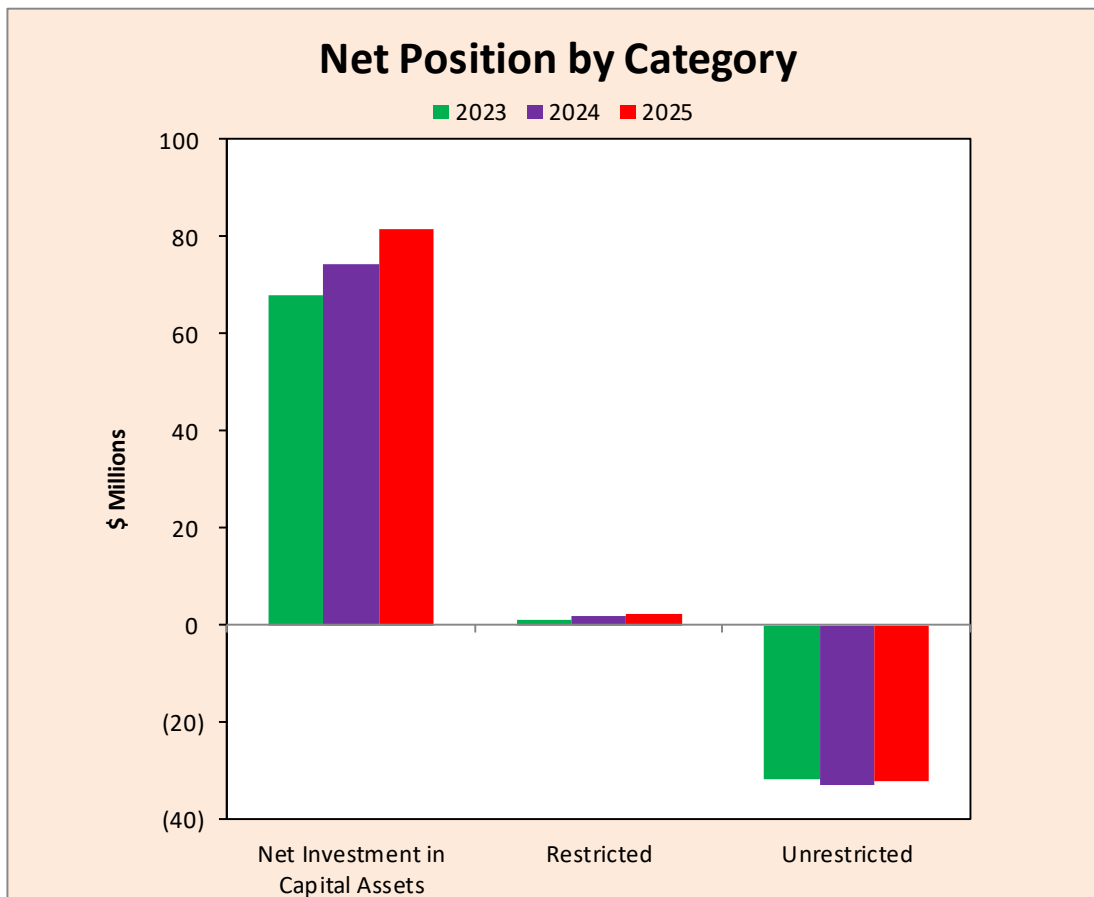
Total liabilities increased by approximately \$0.5 million from 2024 to 2025. Principal payments on bonds approximated \$5.6 million in 2025. The District's net pension liability decreased approximately \$2.0 million and the OPEB liability increased approximately \$3.7 million from 2024 to 2025. Lease liabilities increased by \$2.7 million as a result of a new lease agreement for athletic housing. Subscription liabilities increased by \$2.3 million as a result of a new agreement for the Colleague software. Additionally, the District had an increase in accrued liabilities of \$1.0 million due to the timing of payments at year end. 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.

**Statement of Net Position** (continued)

Total deferred inflows of resources decreased by approximately \$3.6 million from 2024 to 2025 and \$1.4 million from 2023 to 2024. 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 actuarial assumptions, and changes in proportionate contributions to the pension and OPEB plans.

Of the \$51.5 million in net position in 2025, approximately \$81.6 million is net investment in capital assets. This is an increase of \$7.1 million from 2024. Net position in 2024 related to net investment in capital assets increased \$6.5 million from 2023 to 2024.

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, 2025, 2024 and 2023. This summary indicates the operating loss and the overall increase in net position for each of the years displayed.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues:			
Tuition and fees, net	\$ 12,134	11,856	11,513
Other	<u>2,576</u>	<u>2,515</u>	<u>1,955</u>
	<u>14,710</u>	<u>14,371</u>	<u>13,468</u>
Operating expenses:			
Instruction	36,717	35,634	32,373
Public service	2,143	2,283	2,375
Academic support	5,093	4,528	3,849
Student services	6,658	6,310	6,744
Institutional support	16,064	15,695	14,481
Operation and maintenance of plant	5,660	6,096	5,379
Scholarships and fellowships	13,351	10,130	8,036
Auxiliary enterprises	4,569	3,548	3,085
Depreciation and amortization	<u>5,672</u>	<u>5,777</u>	<u>5,647</u>
	<u>95,927</u>	<u>90,001</u>	<u>81,969</u>
Operating loss	<u>(81,217)</u>	<u>(75,630)</u>	<u>(68,501)</u>
Non-operating revenues (expenses):			
State appropriations	19,313	18,580	15,848
Ad valorem taxes	39,606	35,990	34,139
Grants and contracts	28,560	24,182	28,264
Interest on debt	(1,417)	(1,698)	(2,124)
Other	<u>3,403</u>	<u>4,680</u>	<u>1,932</u>
	<u>89,465</u>	<u>81,734</u>	<u>78,059</u>
Increase in net position	<u>\$ 8,248</u>	<u>6,104</u>	<u>9,558</u>

## **Operating and Non-operating Revenues**

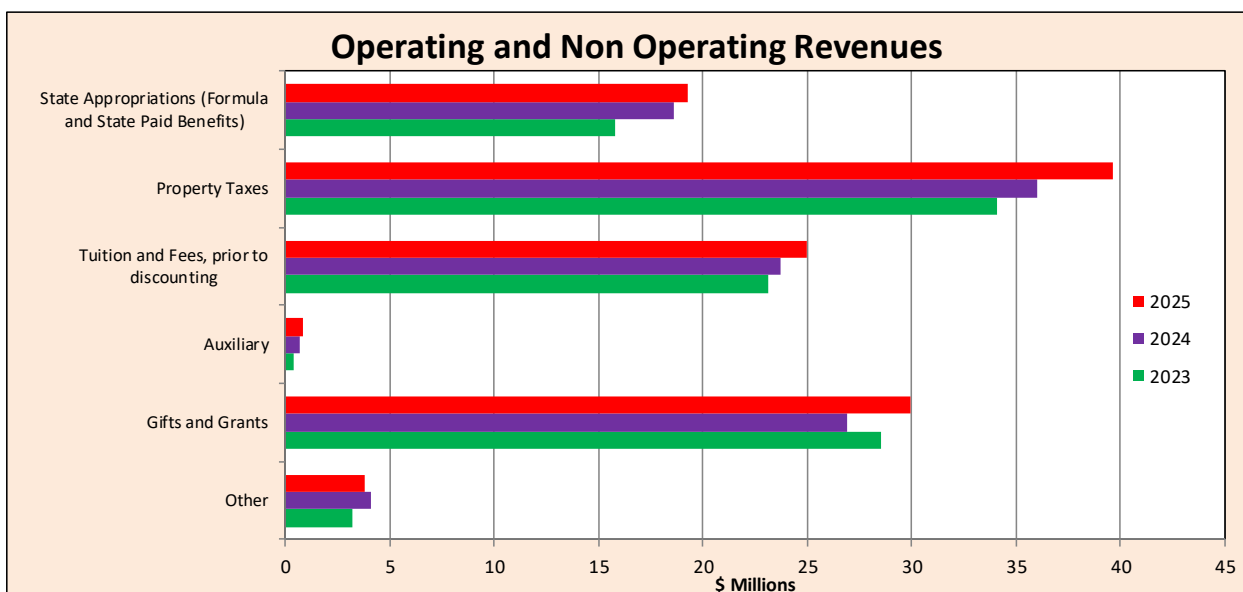
Major changes in operating and non-operating revenue are as follows:

- Gross tuition and fee revenue for 2025 was \$25.0 million and increased from 2024 amounts by approximately \$1.3 million or 5.5%. Credit tuition increased by approximately \$0.9 million, and state funded continuing education tuition decreased \$0.2 million. There was a decrease in dual credit student tuition from \$106 per semester credit hour to \$55 per semester credit hour due to the District's participation in the Financial Aid for Swift Transfer (FAST) program. Gross tuition and fee revenue for 2024 was \$23.7 million, an increase from 2023 amounts by approximately \$0.6 million or 2.6%. Credit tuition increased by approximately \$0.6 million, and state funded continuing education tuition was flat. Tuition and fee rates remained the same in 2024 from 2023. During 2023, the District generated a gross total of \$23.1 million in tuition and fees charged to credit and non-credit students attending classes at the District.
- State appropriated revenue for 2025 was \$19.3 million, an increase of \$0.7 million from 2024. Of the total increase, \$0.5 million represents the portion of pension and OPEB expense that was recognized by the State of Texas on behalf of the District, and \$0.2 million represents state appropriations as determined by the legislature. 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 \$1.6 million represents state appropriations as determined by the legislature. State appropriated revenue for 2023 was \$15.8 million.
- Property tax revenue was \$39.6 million in 2025 which exceeded the prior year by approximately \$3.6 million or 10.0%. Property tax revenue was \$36.0 million in 2024 which exceeded 2023 by approximately \$1.9 million or 5.4%. Tax revenue for 2023 was \$34.1 million. The combined tax rate was \$0.131974 per \$100 of valuation in 2025 and \$0.128509 per \$100 of valuation for 2024. Tax rates for maintenance and operations increased plus there were large increases in assessed taxable property values that continue to increase each year resulting in increases in 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 2025 Federal Pell grants were \$20.6 million which was an increase of \$5.2 million from 2024. The increase is attributable to increases in enrollment as well as changes in the Pell grant program that provide opportunities for eligible students to receive more funding than in prior years. Federal Pell grants were \$15.4 million and \$14.0 million, respectively, for 2024 and 2023. The increase is attributable to increases in enrollment. State grants in 2025 were \$2.3 million, a decrease of approximately \$0.3 million from 2024. State grants were \$2.7 million and \$1.5 million, respectively, for 2024 and 2023. The increase is attributable to the new funding model in 2024 related to the TEOG program which increased the

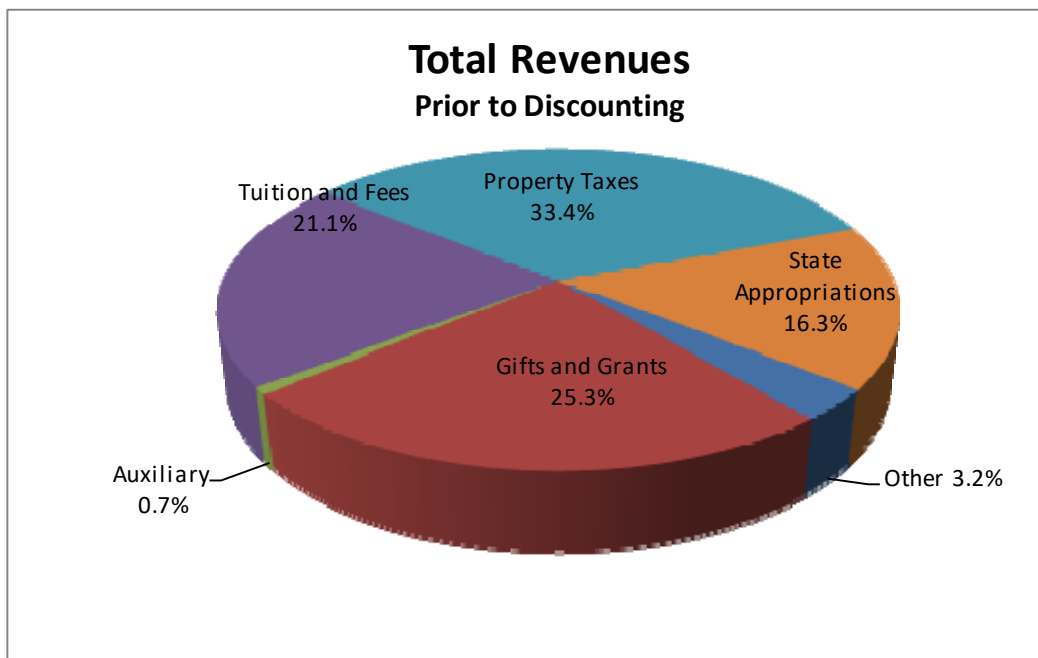
**Operating and Non-operating Revenues** (continued)

District’s award amount. Gifts were \$1.3 million in 2025 compared to \$2.7 million in 2024. Gifts were \$0.2 million in 2023. \$2.4 million of gifts in 2024 related to amounts raised by the Foundation and gifts to the District for the Cameron Hall renovation project. This project was completed in 2025.

The following presentation graphically displays revenue trends.

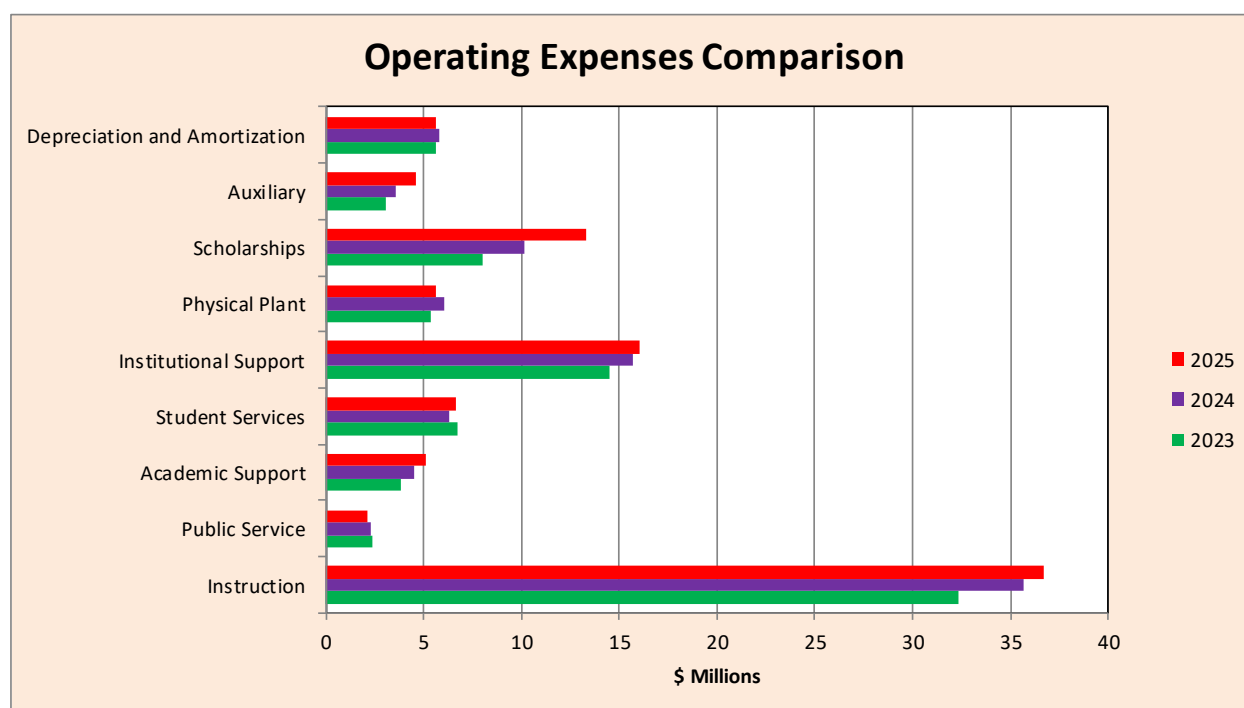


The following chart reflects revenues from all sources for 2025. For purposes of this presentation, tuition and fees revenues are shown prior to scholarship discounts. The Statements of Revenues, Expenses and Changes in Net Position reflect these revenues net of scholarships.



## 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 2025 expenses compared to the 2024 and 2023 expenses.



Total operating expenses for 2025 increased by approximately \$5.9 million. Much of the increase is due to continued increases in salaries and higher costs of products and services across the board along with a continued increase in scholarships as experienced from 2023 to 2024. Total operating expenses were \$90.0 million for 2024, an increase of approximately \$8.0 million from 2023. Total operating expenses were \$82.0 million in 2023.

## 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)

	2025	2024	2023
Cash and cash equivalents provided by (used in):			
Operating activities	\$ (69,212)	(64,277)	(58,007)
Noncapital financing activities	76,711	68,601	71,470
Capital and related financing activities	(7,646)	(7,486)	(7,020)
Investing activities	1,289	2,299	1,709
Changes in cash and cash equivalents	\$ 1,142	(863)	8,152

**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/subscriptions, and capital asset additions.

Cash flows from investing activities are related to 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)

	2025	2024	2023
Land	\$ 6,815	6,815	6,815
Construction in progress	1,623	3,842	1,433
Buildings and building improvements	152,666	146,993	147,393
Buildings - right-of-use lease assets	2,792	-	1,381
Other real estate improvements	43,521	41,025	38,276
Library books	1,768	1,793	1,680
Furniture and equipment	11,620	11,127	9,923
Furniture and equipment - right-of-use lease assets	-	-	5
Software - right-of-use subscription assets	4,207	1,111	3,324
	<u>\$ 225,012</u>	<u>212,706</u>	<u>210,230</u>

### **Capital Assets and Debt Administration** (continued)

Capital asset additions totaled \$12.6 million and \$7.0 million in 2025 and 2024, respectively. The major additions in 2025 were the completion of the Cameron Hall renovation, the new athletic housing lease, and the Colleague software contract. Depreciation and amortization expense of \$5.7 million was incurred in 2025. The major additions in 2024 were 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 were 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 District had outstanding debt of approximately \$50.1 million and \$50.6 million as of August 31, 2025 and 2024, respectively.

#### **Schedule of Outstanding Debt** (In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
General obligation bonds	\$ 34,020	38,150	41,210
Revenue bonds	10,410	11,895	13,335
Lease liabilities	2,742	-	334
Subscription liabilities	<u>2,940</u>	<u>597</u>	<u>1,100</u>
	<u>\$ 50,112</u>	<u>50,642</u>	<u>55,979</u>

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 21.1% of the District's total (operating and non-operating) revenue, while state appropriations and local taxes account for 16.3% and 33.4%, respectively.

In fiscal year 2025, the District saw its state funding stay relatively flat after receiving a correction appropriation payment halfway through the fiscal year. The current funding model is a dynamic, student outcomes-based formula that forecasts out the expected outcomes of the upcoming fiscal year. The forecast is based on historical data that uses different models to predict the future outcomes using the model that has the best fit. Corrections to prior state appropriations will be made utilizing actual outcomes in future years. The funding model for Texas community colleges

### **Economic Factors That Will Affect the Future** (continued)

adjusts to allocate money based on two tiers - base and performance. The base tier is a calculation that determines if colleges have the funds to meet their base educational expenses. The District has never received any base tier funding since the current funding model went into effect. Instead, all the District's funding came from the performance tier which is based on student completion and transfers. The current 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 current funding model including ways to increase completion and transfer rates. 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 8,250 students during the Fall 2025 semester. The District's Office of Institutional Research and academic program chairs monitor course demand and utilization daily during registration to tailor offerings to meet student demand.

There was a change to dual credit called the Financial Aid for Swift Transfer (FAST) program that the District joined starting in fiscal year 2025. Under the FAST program, the state would pay \$56.87 per credit hour in 2025 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 has been minimal.

The District has one of the lower maintenance and operations tax rates in the state with a rate of \$0.113681 per \$100 valuation for fiscal year 2025. 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 if the state legislature does not reduce the cap on annual tax revenue increases (currently set at 8%).

A change in 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 2025, total enrollment was up 4.7%. 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.

**Economic Factors That Will Affect the Future** (continued)

The District is also seeking new academic opportunities for students. The cost of attending the District is approximately 45% 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)

Years Ended August 31, 2025 and 2024

<b>Assets</b>	McLennan County Junior College District		Component Unit McLennan Community College Foundation	
	2025	2024	2025	2024
<b>Current assets:</b>				
Cash and cash equivalents	\$ 34,307,166	33,453,862	216,493	315,126
Accounts receivable, net	13,039,632	13,022,880	298,031	140,000
Prepaid expenses	519,789	424,482	61,022	73,010
Restricted cash and cash equivalents	1,074,196	785,732	-	-
Inventories	16,822	15,393	-	-
Total current assets	<u>48,957,605</u>	<u>47,702,349</u>	<u>575,546</u>	<u>528,136</u>
<b>Noncurrent assets:</b>				
Restricted cash, cash equivalents, and investments	-	-	37,649,607	36,793,341
Capital assets, net	133,595,468	126,657,290	-	-
Other assets	-	-	23,914	23,914
Total noncurrent assets	<u>133,595,468</u>	<u>126,657,290</u>	<u>37,673,521</u>	<u>36,817,255</u>
Total assets	<u>182,553,073</u>	<u>174,359,639</u>	<u>38,249,067</u>	<u>37,345,391</u>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred outflows of resources	<u>9,673,128</u>	<u>12,757,458</u>	-	-
<b><u>Liabilities</u></b>				
<b>Current liabilities:</b>				
Accounts payable	2,088,203	2,805,952	295,418	1,790,637
Accrued liabilities	6,011,704	5,006,014	-	-
Funds held for others	346,795	497,008	-	-
Unearned revenue	8,687,503	8,767,441	-	-
Lease liabilities - current portion	457,010	-	-	-
Subscription liabilities - current portion	677,807	231,029	-	-
Bonds payable - current portion	5,745,000	5,615,000	-	-
Total current liabilities	<u>24,014,022</u>	<u>22,922,444</u>	<u>295,418</u>	<u>1,790,637</u>
<b>Noncurrent liabilities:</b>				
Lease liabilities	2,285,270	-	-	-
Subscription liabilities	2,262,053	366,198	-	-
Bonds payable	41,204,136	47,626,803	-	-
Net pension liability	18,179,644	20,224,465	-	-
OPEB liability	41,634,015	37,955,153	-	-
Total noncurrent liabilities	<u>105,565,118</u>	<u>106,172,619</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>129,579,140</u>	<u>129,095,063</u>	<u>295,418</u>	<u>1,790,637</u>
<b><u>Deferred Inflows of Resources</u></b>				
Deferred inflows of resources	<u>11,098,627</u>	<u>14,721,554</u>	-	-
<b><u>Net Position</u></b>				
<b>Net position:</b>				
Net investment in capital assets	81,562,925	74,413,951	-	-
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	-	-	13,012,101	12,455,887
Other	-	-	832,437	832,197
Expendable:				
Scholarships and fellowships	1,137,635	1,102,058	22,895,940	20,909,811
Debt service	955,628	668,465	-	-
Other	-	-	1,167,549	1,311,386
Unrestricted	<u>(32,107,754)</u>	<u>(32,883,994)</u>	<u>45,622</u>	<u>45,473</u>
Total net position	<u>\$ 51,548,434</u>	<u>43,300,480</u>	<u>37,953,649</u>	<u>35,554,754</u>

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, 2025 and 2024

	McLennan County Junior College District		Component Unit	
			McLennan Community College Foundation	
	2025	2024	2025	2024
<b>Operating revenues:</b>				
Tuition and fees (net of scholarship allowances and discounts of \$12,848,406 and \$11,824,471, respectively)	\$ 12,133,989	11,856,089	-	-
Gifts	-	-	2,030,642	1,333,205
Sales and services of educational activities	1,274,169	1,276,295	-	-
Auxiliary enterprises	817,724	713,621	-	-
Other operating revenues	483,676	525,469	-	-
Total operating revenues	<u>14,709,558</u>	<u>14,371,474</u>	<u>2,030,642</u>	<u>1,333,205</u>
<b>Operating expenses:</b>				
Instruction	36,716,682	35,633,961	-	-
Public service	2,142,405	2,282,959	-	-
Academic support	5,093,008	4,527,704	-	-
Student services	6,657,592	6,310,505	-	-
Institutional support	16,064,002	15,694,932	1,064,162	800,071
Operation and maintenance of plant	5,660,460	6,095,882	911,483	2,462,749
Scholarships and fellowships	13,350,880	10,129,992	689,522	676,002
Auxiliary enterprises	4,569,078	3,548,403	-	-
Depreciation and amortization	5,672,488	5,776,927	-	-
Total operating expenses	<u>95,926,595</u>	<u>90,001,265</u>	<u>2,665,167</u>	<u>3,938,822</u>
Operating loss	<u>(81,217,037)</u>	<u>(75,629,791)</u>	<u>(634,525)</u>	<u>(2,605,617)</u>
<b>Nonoperating revenues (expenses):</b>				
State appropriations	19,313,334	18,580,138	-	-
Ad valorem taxes for maintenance and operations	33,983,735	30,642,433	-	-
Ad valorem taxes for debt service	5,622,248	5,347,905	-	-
Federal grants and contracts	26,041,359	21,362,788	-	-
State grants and contracts	2,340,429	2,699,074	-	-
Local grants and contracts	178,114	120,483	-	-
Investment income	2,052,587	2,281,413	3,033,420	5,562,128
Gifts	1,345,480	2,744,007	-	-
Interest on capital asset-related debt, leases and subscriptions	(1,417,194)	(1,698,541)	-	-
Other nonoperating revenues (expenses), net	4,899	(345,623)	-	-
Net nonoperating revenues	<u>89,464,991</u>	<u>81,734,077</u>	<u>3,033,420</u>	<u>5,562,128</u>
Increase in net position	8,247,954	6,104,286	2,398,895	2,956,511
Net position - beginning of year	<u>43,300,480</u>	<u>37,196,194</u>	<u>35,554,754</u>	<u>32,598,243</u>
Net position - end of year	<u>\$ 51,548,434</u>	<u>43,300,480</u>	<u>37,953,649</u>	<u>35,554,754</u>

See accompanying notes to the financial statements.

## McLennan County Junior College District

### Statements of Cash Flows (Exhibit 3)

Years Ended August 31, 2025 and 2024

	Primary Government	
	2025	2024
<b>Cash flows from operating activities</b>		
Receipts from students and other customers:		
Tuition and fees	\$ 11,970,867	11,331,351
Auxiliary enterprises and educational activities	2,903,968	232,232
Receipts from third-party student loans	7,002,479	6,887,553
Other receipts	483,676	525,469
Loans issued to students	(7,002,479)	(6,887,553)
Payments to employees	(45,476,206)	(41,710,393)
Payments to suppliers and students	(39,094,305)	(34,655,286)
Net cash used in operating activities	(69,212,000)	(64,276,627)
<b>Cash flows from noncapital financing activities</b>		
Receipts of state appropriations	13,845,763	13,590,950
Receipts from ad valorem taxes for maintenance and operation	33,925,702	30,575,777
Receipts of grants and contracts	28,488,393	24,137,721
Receipts from gifts for other than capital purposes	450,787	296,265
Net cash provided by noncapital financing activities	76,710,645	68,600,713
<b>Cash flows from capital and related financing activities</b>		
Receipts from ad valorem taxes for debt service	5,619,226	5,345,335
Purchases of capital assets	(5,796,513)	(4,274,686)
Payments on capital debt, lease, and subscription principal	(6,468,089)	(5,653,548)
Payments on capital debt, lease, and subscription interest	(1,024,237)	(3,069,508)
Other receipts	23,441	166,426
Net cash used in capital and related financing activities	(7,646,172)	(7,485,981)
<b>Cash flows from investing activities</b>		
Receipts from interest on investments	1,289,295	2,298,705
Net cash provided by investing activities	1,289,295	2,298,705
Net increase (decrease) in cash and cash equivalents	1,141,768	(863,190)
Cash and cash equivalents - beginning of year	34,239,594	35,102,784
Cash and cash equivalents - end of year	\$ 35,381,362	34,239,594
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (81,217,037)	(75,629,791)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	5,672,488	5,776,927
On-behalf payments	5,467,571	4,989,188
Change in assets and liabilities:		
Receivables, net	738,979	(2,392,605)
Inventories	(1,429)	(13,554)
Prepaid expenses	(95,307)	(137,507)
Accounts payable	(717,749)	1,324,644
Accrued liabilities	889,381	27,843
Funds held for others	(150,213)	249,000
Unearned revenue	60,187	(138,817)
Net pension and OPEB liabilities	1,634,041	1,641,410
Deferred outflows	2,130,015	1,471,404
Deferred inflows	(3,622,927)	(1,444,769)
Net cash used in operating activities	\$ (69,212,000)	(64,276,627)
<b>Noncash capital, financing and investing activities:</b>		
State appropriations on-behalf payments	\$ 5,467,571	4,989,188
Purchase of lease right-of-use assets	\$ 2,791,680	-
Purchase of subscription right-of-use assets	\$ 3,146,322	317,022
Issuance of bonds through refunding	\$ -	14,920,000

See accompanying notes to the financial statements.



**MCCLENNAN**  
**COMMUNITY COLLEGE**

**McLennan County Junior College District**

## Notes to Financial Statements

August 31, 2025 and 2024

(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, 2025 and 2024, the Foundation expended \$2,045,940 and \$3,322,913, 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 District**Notes 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 District**Notes 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 \$480,805 and \$128,901 at August 31, 2025 and 2024, 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 2021, and 2024 limited tax bonds payable and 2017, 2019, and 2021 revenue bonds payable at August 31, 2025 and 2024.

(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, 2025 and 2024 consist of the following:

	2025	2024
<b>Deferred Outflows</b>		
Deferred charges on bond refundings	\$ 1,455,697	1,663,653
Pension related:		
Contributions subsequent to measurement date	1,768,854	1,659,342
Changes in actuarial assumptions	938,654	1,912,838
Change in proportionate contributions	565,373	705,160
Differences between projected and actual investment earnings, net	110,507	2,943,151
Differences between expected and actual economic experience	1,002,037	720,605

**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)

	2025	2024
OPEB related:		
Contributions subsequent to measurement date	\$ 1,013,654	872,891
Changes in actuarial assumptions	2,279,443	1,266,143
Changes in proportionate contributions	538,909	1,010,609
Differences between projected and actual investment earnings, net	-	3,066
	\$ 9,673,128	12,757,458
<b>Deferred Inflows</b>		
Deferred gain on bond refunding	\$ 87,900	102,549
Leases	769,064	8,056
Pension related:		
Changes in actuarial assumptions	125,841	468,115
Changes in proportionate contributions	433,095	630,216
Differences between expected and actual economic experience, net	141,938	244,896
OPEB related:		
Changes in actuarial assumptions	8,293,811	11,853,900
Differences between expected and actual economic experience	686,913	1,003,934
Differences between projected and actual investment earnings, net	1,591	-
Changes in proportionate contributions	558,474	409,888
	\$ 11,098,627	14,721,554

**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, 2025 and 2024 consists of the following:

	2025	2024
Tuition and fees	\$ 8,640,146	8,579,959
Federal grants	-	147,066
Local grants	47,357	40,416
	\$ 8,687,503	8,767,441

(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)(l) 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.

(m) Change in Accounting Principle

Effective September 1, 2024, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes recognition and disclosure requirements for leave for which employees may receive cash payments when the leave is used for time off or upon termination, or that may be settled through noncash payments. Accordingly, the implementation of this standard required that the District increase the 2024 compensated absences liability by \$61,403 resulting in a decrease to 2024 net position in the accompanying financial statements. Due to insignificance of amount, the District chose not to record and reflect a cumulative effect of change in accounting principle for GASB 101 as of September 1, 2023.

(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.

**McLennan County Junior College District**

Notes to Financial Statements  
(Continued)

(4) Deposits and Investments

Deposits and investments of the District at August 31, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
<u>Deposits</u>		
Cash - demand deposits	\$ 21,161,333	21,041,964
Cash - certificates of deposit	13,736,464	13,066,116
Cash - petty cash on hand	2,760	2,613
Total deposits	<u>34,900,557</u>	<u>34,110,693</u>
<u>Investments - cash equivalents</u>		
Texas Range Local Government Investment Program (Pool)	\$ 10,244	9,794
Texas Local Government Investment Pool	470,331	118,887
Lone Star Investment Pool	230	220
Total investments - cash equivalents	<u>480,805</u>	<u>128,901</u>
Total deposits and investments	<u>\$ 35,381,362</u>	<u>34,239,594</u>

Deposits and investments of the Foundation at August 31, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
<u>Deposits</u>		
Cash - demand deposits	\$ 811,103	1,486,836
Cash - certificates of deposit	104,793	103,556
Total deposits	<u>915,896</u>	<u>1,590,392</u>
<u>Investments</u>		
Equity securities	\$ 6,888,582	31,405,543
Other investments	30,061,622	4,112,532
Total investments	<u>36,950,204</u>	<u>35,518,075</u>
Total deposits and investments	<u>\$ 37,866,100</u>	<u>37,108,467</u>

## McLennan County Junior College District

### Notes to Financial Statements (Continued)

#### (4) Deposits and Investments (continued)

The weighted average maturity of investments (in days) of the District at August 31, 2025 and 2024 consists of the following:

	2025	2024
Texas Range Local Government Investment Program (Pool)	51	42
Texas Local Government Investment Pool	42	36
Lone Star Investment Pool	44	39

*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.

*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, 2025 and 2024, 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, 2025 and 2024, 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.

**McLennan County Junior College District**Notes to Financial Statements  
(Continued)(4) Deposits and Investments (continued)

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.

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.

**McLennan County Junior College District**

Notes to Financial Statements  
(Continued)

(5) Disaggregation of Accounts Receivable and Accrued Liabilities

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

	<u>2025</u>	<u>2024</u>
Auxiliary and other	\$ 11,408,903	11,366,640
Tuition and fees	7,832,422	7,759,326
Taxes	1,665,724	1,519,098
Federal and state grants	496,183	460,544
	<u>21,403,232</u>	<u>21,105,608</u>
Less allowance for doubtful accounts	<u>(8,363,600)</u>	<u>(8,082,728)</u>
Accounts receivable, net	<u>\$ 13,039,632</u>	<u>13,022,880</u>

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

	<u>2025</u>	<u>2024</u>
Salaries and benefits payable	\$ 1,390,255	1,317,261
Claims liability	190,286	201,481
Interest payable	336,608	220,299
Other payables	<u>4,094,555</u>	<u>3,266,973</u>
Accrued liabilities	<u>\$ 6,011,704</u>	<u>5,006,014</u>

## McLennan County Junior College District

### Notes to Financial Statements (Continued)

#### (6) Capital Assets

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

	Balance September 1, 2024	Additions	Transfers and Retirements	Balance August 31, 2025
Capital assets not being depreciated:				
Land	\$ 6,814,770	-	-	6,814,770
Construction in progress	3,841,731	1,622,933	(3,841,732)	1,622,932
	<u>10,656,501</u>	<u>1,622,933</u>	<u>(3,841,732)</u>	<u>8,437,702</u>
Capital assets, being depreciated/amortized:				
Buildings and building improvements	146,992,723	2,884,085	2,789,339	152,666,147
Buildings - right-of-use lease assets	-	2,791,680	-	2,791,680
Other real estate improvements	41,024,861	1,504,670	991,837	43,521,368
Total buildings and other real estate improvements	188,017,584	7,180,435	3,781,176	198,979,195
Library books	1,793,367	117,458	(142,748)	1,768,077
Furniture and equipment	11,127,468	562,062	(69,084)	11,620,446
Software - right-of-use subscription assets	1,110,606	3,146,322	(49,915)	4,207,013
Total buildings and other capital assets	<u>202,049,025</u>	<u>11,006,277</u>	<u>3,519,429</u>	<u>216,574,731</u>
Less accumulated depreciation and amortization:				
Buildings and building improvements	57,509,483	2,490,745	-	60,000,228
Buildings - right-of-use lease assets	-	46,528	-	46,528
Other real estate improvements	19,317,943	1,591,167	-	20,909,110
Total buildings and other real estate improvements	76,827,426	4,128,440	-	80,955,866
Library books	1,102,669	84,466	(142,748)	1,044,387
Furniture and equipment	7,672,724	647,041	(111,096)	8,208,669
Software - right-of-use subscription assets	445,417	812,541	(49,915)	1,208,043
Total accumulated depreciation/amortization	<u>86,048,236</u>	<u>5,672,488</u>	<u>(303,759)</u>	<u>91,416,965</u>
	<u>116,000,789</u>	<u>5,333,789</u>	<u>3,823,188</u>	<u>125,157,766</u>
Net capital assets	<u>\$ 126,657,290</u>	<u>6,956,722</u>	<u>(18,544)</u>	<u>133,595,468</u>

## McLennan County Junior College District

### Notes to Financial Statements (Continued)

#### (6) Capital Assets (continued)

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
Capital assets not being depreciated:				
Land	\$ 6,814,770	-	-	6,814,770
Construction in progress	1,432,699	3,500,134	(1,091,102)	3,841,731
	<u>8,247,469</u>	<u>3,500,134</u>	<u>(1,091,102)</u>	<u>10,656,501</u>
Capital assets, being depreciated/amortized:				
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	38,276,321	1,794,944	953,596	41,024,861
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	3,324,191	317,022	(2,530,607)	1,110,606
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>
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	<u>84,674,078</u>	<u>5,776,927</u>	<u>(4,402,769)</u>	<u>86,048,236</u>
	<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>

**McLennan County Junior College District**

Notes to Financial Statements  
(Continued)

(6) Capital Assets (continued)

Construction in progress at August 31, 2025 consists of:

	Spent to Date	Remaining Commitment
Cameron House Landscaping	\$ 183,149	40,295
Boiler Renovation	709,896	376,409
Campus Lock Upgrade	33,423	931,628
CSC F Roof	293,599	116,749
MAC Building Roof	212,908	24,999
HPN Building Roof	189,957	196,882
	\$ 1,622,932	1,686,962

(7) Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2025 was as follows:

	Balance September 1, 2024	Additions	Reductions	Balance August 31, 2025	Current Portion
Bonds payable:					
Revenue bonds payable	\$ 11,895,000	-	1,485,000	10,410,000	1,535,000
Refunding limited tax bonds payable	38,150,000	-	4,130,000	34,020,000	4,210,000
Bond issuance premiums and discounts	3,196,803	-	677,667	2,519,136	-
Lease liabilities	-	2,791,680	49,400	2,742,280	457,010
Subscription liabilities	597,227	3,146,322	803,689	2,939,860	677,807
Net pension liability	20,224,465	-	2,044,821	18,179,644	-
OPEB liability	37,955,153	3,678,862	-	41,634,015	-
	\$ 112,018,648	9,616,864	9,190,577	112,444,935	6,879,817

**McLennan County Junior College District**

Notes to Financial Statements  
(Continued)

(7) Long-Term Liabilities (continued)

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>

***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.

\$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.

**McLennan County Junior College District**

Notes to Financial Statements  
(Continued)

(7) Long-Term Liabilities (continued)

\$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.

Bonds payable are due in annual installments varying from \$200,000 to \$3,090,000 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, 2025, are as follows:

For the Year Ended August 31,	Revenue Bonds		Tax Bonds	
	Principal	Interest	Principal	Interest
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	1,780,000	157,200	5,075,000	525,608
2031-2034	<u>2,150,000</u>	<u>219,400</u>	<u>10,710,000</u>	<u>436,416</u>
	<u>\$ 10,410,000</u>	<u>1,638,950</u>	<u>34,020,000</u>	<u>4,964,014</u>

**McLennan County Junior College District**

Notes to Financial Statements  
(Continued)

(7) Long-Term Liabilities (continued)

The District has pledged certain future tuition and fees to repay \$10.4 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 \$12.0 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 leases housing for its athletes under a lease agreement with an initial lease term through July 31, 2026 with month-to-month lease renewals thereafter through July 31, 2030. The lease utilizes an incremental borrowing rate of 5.43% and contains monthly payment terms ranging from \$49,400 to \$57,000.

Future principal and interest requirements for lease liabilities as of August 31, 2025, are as follows:

For the Year Ended August 31,	Principal	Interest
2026	\$ 457,010	137,690
2027	505,829	111,671
2028	557,365	82,935
2029	611,771	51,329
2030	610,305	16,694
	\$ 2,742,280	400,319

***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 ranging from 5.79% to 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, 2025, are as follows:

For the Year Ended August 31,	Principal	Interest
2026	\$ 677,807	175,131
2027	901,645	127,069
2028	698,133	76,990
2029	<u>662,275</u>	<u>38,541</u>
	<u>\$ 2,939,860</u>	<u>417,731</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 was considered defeased, and the District 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 is 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 were 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

The bonds were redeemed in full during fiscal year 2025.

(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/learning-resources/publications.aspx>, by writing to TRS at Attention Finance Division, PO Box 149676, Austin, Texas 78714-0185, or by calling 1-800-223-8778.

**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. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc COLA.

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

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

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

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

## McLennan County Junior College District

### Notes to Financial Statements (Continued)

#### (10) Employees' Retirement Plan (continued)

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 86<sup>th</sup> 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>
2025	8.25%	\$ 2,780,379	8.25%	\$ 861,701	8.25%	\$ 2,784,905
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

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

**McLennan County Junior College District**

Notes to Financial Statements  
(Continued)

(10) Employees' Retirement Plan (continued)

- 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 1.9% of the member's salary beginning in fiscal year 2024, 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.

*Actuarial Assumptions.* The total pension liability in the August 31, 2024 and 2023 actuarial valuations was determined using the following actuarial assumptions:

	Valuation Date	
	August 31, 2023 rolled forward to August 31, 2024	August 31, 2022 rolled forward to August 31, 2023
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	3.87%	4.13%
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

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

The actuarial methods and assumptions used in the determination of the total pension liability as of August 31, 2024 are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2023.

*Discount Rate.* A single discount rate of 7.00% was used to measure the total pension liability as of August 31, 2024 and 2023. 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 legislative session. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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

## McLennan County Junior College District

### Notes to Financial Statements (Continued)

#### (10) Employees' Retirement Plan (continued)

Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2024 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%	4.4%	1.0%
Non-U.S. Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity*	14.0%	6.7%	1.2%
Stable Value:			
Government Bonds	16.0%	1.9%	0.4%
Stable Value Hedge Funds	5.0%	3.0%	0.2%
Absolute Return*	-	4.0%	-
Real Return:			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources and Infrastructure	6.0%	5.6%	0.4%
Commodities	-	2.5%	-
Risk Parity:			
Risk Parity	8.0%	4.0%	0.4%
Asset Allocation Leverage:			
Cash	2.0%	1.0%	-
Asset Allocation Leverage	-6.0%	1.3%	-0.1%
Inflation Expectation			2.4%
Volatility Drag ****	-		-0.7%
Expected Return	<u>100.0%</u>		<u>7.9%</u>

\* Absolute Return includes Credit Sensitive Investments.

\*\* Target allocations are based on the FY 2024 policy model.

\*\*\* Capital Market Assumptions come from 2024 SAA Study CMA Survey (as of December 31, 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 2024 net pension liability:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 29,037,498	18,179,644	9,183,140

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:

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

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At August 31, 2025 and 2024, the District reported a liability of \$18,179,644 and \$20,224,465, 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, 2025 and 2024 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:

	2025	2024
District's proportionate share of the net pension liability	\$ 18,179,644	20,224,465
State's proportionate share of the net pension liability associated with the District	9,340,366	10,394,131
Total	\$ 27,520,010	30,618,596

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

The 2025 net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2023 through August 31, 2024.

The District's proportion of the collective net pension liability was 0.030% which was consistent with its proportion measured as of August 31, 2024.

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.

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

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

For the years ended August 31, 2025 and 2024, the District recognized total pension expense of \$1,984,826 and \$3,452,309, respectively. Of the total pension expense for the years ended August 31, 2025 and 2024, the District recognized pension expense of \$1,116,330 and \$1,569,424, respectively, and revenue of \$861,701 and \$777,814, 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, 2025 and 2024, 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:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,002,037	141,938
Changes in actuarial assumptions	938,654	125,841
Differences between projected and actual investment earnings, net	110,507	-
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	565,373	433,095
Contributions paid to TRS subsequent to the measurement date	1,768,854	-
Total	\$ 4,385,425	700,874
	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

The \$1,768,854 reported as deferred outflows of resources at August 31, 2025 related to contributions paid to TRS subsequent to the measurement date at August 31, 2024 will be recognized as a reduction of the net pension liability in fiscal year 2026.

**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 <u>August 31,</u>	Pension <u>Expense (Benefit)</u>
2025	\$ 61,180
2026	1,887,402
2027	255,890
2028	(369,012)
2029	80,237

*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. SB 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 2023, 2024 and 2025 are shown in the table below.

<u>Year</u>	<u>Member</u>		<u>State</u>	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
2025	6.6%	\$ 567,116	3.3%	\$ 278,043
2024	6.6%	603,311	3.3%	297,953
2023	6.6%	597,134	3.3%	296,523

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

The total payroll for all District employees was \$45,690,329, \$43,544,095, and \$41,059,563 for the years ended August 31, 2025, 2024, and 2023, respectively. The total payroll of employees covered by ORP was \$8,592,662, \$9,141,081, and \$9,047,487 for the years ended August 31, 2025, 2024, and 2023, respectively.

(11) Compensated Absences

Full-time employees earn annual vacation leave of 6.67 hours per month. The District's policy is that any employee may carry accrued vacation leave forward from one fiscal year to another fiscal year with a maximum number of paid hours upon termination of 160. The District recognized accrued vacation liability for unpaid leave of \$997,557 and \$954,320 at August 31, 2025 and 2024, respectively. Eligible full-time employees earn sick leave of 8 hours per month. Unused sick leave can accumulate up to 960 hours; however, there is no payment of accumulated sick leave upon termination. The District recognized a liability for the portion of accumulated sick leave that is expected to be used in the next fiscal year of \$88,553 and \$61,403 at August 31, 2025 and 2024, 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.

(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 \$179,114. 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:

	2025	2024
Unpaid claims, beginning of year	\$ 201,481	273,292
Incurred claims (including IBNR) and changes to prior year estimates	71,852	22,533
Claim payments	(83,047)	(94,344)
Unpaid claims, end of year	\$ 190,286	201,481

(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>2025</u>	<u>2024</u>
Retiree only	\$ 624.82	624.82
Retiree & Spouse	1,340.82	1,340.82
Retiree & Children	1,104.22	1,104.22
Retiree & Family	1,820.22	1,820.22

## 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>
2025	\$ 1,217,884	\$ 1,442,041
2024	1,166,063	1,393,059
2023	1,134,748	1,361,014

*Actuarial Assumptions.* The total OPEB liability in the August 31, 2024 and 2023 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	Valuation Date	
	August 31, 2024	August 31, 2023
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	3.87%	3.81%
Salary increases	2.30% to 8.95% (includes inflation of 2.30%)	2.30% to 8.95% (includes inflation of 2.30%)
Annual healthcare trend rates	5.60% for fiscal year 2026, 5.60% for fiscal year 2027, 5.25% for fiscal year 2028, 5.00% for fiscal year 2029, 4.75% for fiscal year 2030, 4.50% for fiscal year 2031 decreasing 10 basis points per year to an ultimate rate of 4.30% for fiscal year 2033 and later years	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
Mortality Assumptions:		
Service Retirees, Survivors, and Other Inactive Members	Tables based on TRS experience with Ultimate MP 2024 Projection Scale from the year 2021	Tables based on TRS experience with Ultimate MP 2021 Projection Scale from the year 2021
Disability Retirees	Tables based on TRS experience with Ultimate MP 2024 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 2021 Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP 2021 Projection Scale from the year 2010.	Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP 2021 Projection Scale from the year 2010.

**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 ending August 31, 2023 and August 31, 2021 for higher education members, respectively.

*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 3.81%. The discount rate used to determine the total OPEB liability as of the end of the measurement year was 3.87%, which amounted to an increase of 0.06%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's 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 (3.87%) in measuring the 2024 OPEB liability:

	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the 2024 OPEB liability	\$ 48,441,417	41,634,015	36,170,999

**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 (3.81%) in measuring the 2023 OPEB liability:

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

*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 2024 OPEB liability:

	Current Healthcare Cost Trend Rates (4.60% decreasing to 3.3%)	Current Healthcare Cost Trend Rates (5.60% decreasing to 4.3%)	Current Healthcare Cost Trend Rates (6.60% decreasing to 5.3%)
District's proportionate share of the 2024 OPEB liability	\$ 35,724,078	41,634,015	49,167,591

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:

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

**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, 2025 and 2024, the District reported a liability of \$41,634,015 and \$37,955,153, 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, 2025 and 2024 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:

	2025	2024
District's proportionate share of the net OPEB liability	\$ 41,634,015	37,955,153
State's proportionate share of the net OPEB liability associated with the District	30,922,098	29,444,673
Total	\$ 72,556,113	67,399,826

The 2025 OPEB liability was measured as of August 31, 2024 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, 2023 to August 31, 2024. At the measurement date of August 31, 2024, the District's proportion of the collective OPEB liability was 0.1421%, which was the same as the proportion measured as of August 31, 2023.

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.

For the years ended August 31, 2025 and 2024, the District recognized total OPEB benefit of \$731,326 and \$1,086,509, respectively. Of the total benefit, for the years ended August 31, 2025 and 2024, the District recognized OPEB benefit of \$6,372 and \$873,826, respectively, and revenue of \$1,217,884 and \$1,166,063, respectively, for support provided by the State.

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

*Changes Since the 2023 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 future retirees assumed to be married and electing coverage for their spouse.
- 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 3.81% as of August 31, 2023 to 3.87% as of August 31, 2024 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, 2025 and 2024, 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:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	686,913
Changes in actuarial assumptions	2,279,443	8,293,811
Differences between projected and actual investment earnings, net	-	1,591
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	538,909	558,474
Contributions paid to ERS subsequent to the measurement date	1,013,654	-
Total	\$ 3,832,006	9,540,789
	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, net	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

The \$1,013,654 reported as deferred outflows of resources related to contributions paid to ERS subsequent to the measurement date at August 31, 2024 will be recognized as a reduction of the OPEB liability beginning in fiscal year 2026.

## 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)
2025	\$ (2,717,332)
2026	(2,524,751)
2027	(1,652,268)
2028	7,289
2029	164,625

#### (14) Related Parties

During the years ended August 31, 2025 and 2024, the District furnished office space, utilities and staffing amounting to approximately \$515,000 and \$523,000, respectively, at no cost to the Foundation. Amounts owed from the Foundation for scholarships and gifts at August 31, 2025 and 2024, respectively, approximated \$295,000 and \$1.6 million.

The following list of related party transactions of the District (i.e. the primary government) for the years ended August 31, 2025, and 2024, 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:

2025				
Name	Location	Description	Transaction	Amount (Rounded)
McLennan Community College Foundation	Waco, Texas	Nonprofit organization and component unit of the District	Received in-kind services from the District	\$ 515,000
			Funds held by the District for the Foundation	24,000
			Owed the District for scholarships and gifts	295,000
			Expended for scholarships, capital facilities, professional development, and other programs to the District	2,046,000
Equine Performance Veterinarians, PLLC	Moody, Texas	Veterinary owned by a board member	Veterinary services and supplies to the District	2,338
2024				
Name	Location	Description	Transaction	Amount (Rounded)
McLennan Community College Foundation	Waco, Texas	Nonprofit organization and component unit of the District	Received in-kind services from the District	\$ 523,000
			Funds held by the District for the Foundation	13,000
			Owed the District for scholarships and gifts	1,600,000
			Expended for scholarships, capital facilities, professional development, and other programs to the District	3,300,000
Equine Performance Veterinarians, PLLC	Moody, Texas	Veterinary owned by a board member	Veterinary services and supplies to the District	385

**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:

	2025	2024
Assessed valuation of the District	\$ 39,365,945,519	37,092,333,759
Less: Exemptions	8,830,317,173	8,311,298,513
Net assessed valuation of the District	\$ 30,535,628,346	28,781,035,246

Tax rates authorized and assessed during fiscal year 2025 are as follows:

	Current Operations	Debt Service	Total
Tax rate per \$100 valuation authorized	\$ 0.250000	0.500000	0.750000
Tax rate per \$100 valuation for assessed	0.113681	0.018293	0.131974

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

	Current Operations	Debt Service	Total
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

**McLennan County Junior College District**

Notes to Financial Statements  
(Continued)

(15) Ad Valorem Property Taxes (continued)

Taxes levied for the year ended August 31, 2025 are \$40,566,258. 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, 2025 are as follows:

	Current Operations	Debt Service	Total
Current taxes collected	\$ 34,221,128	5,506,693	39,727,821
Delinquent taxes collected	301,734	58,046	359,780
Penalties and interest collected	279,986	52,544	332,530
Total collections	\$ 34,802,848	5,617,283	40,420,131

Taxes levied for the year ended August 31, 2024 were \$37,220,995. Tax collections for the year ended August 31, 2024 were as follows:

	Current Operations	Debt Service	Total
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	261,477	48,873	310,350
Total collections	\$ 31,391,436	5,345,536	36,736,972

Current tax collections for the years ended August 31, 2025 and 2024 were approximately 95% and 94% 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, 2025 and 2024, the District, did not enter into any tax abatement agreements.

**McLennan County Junior College District**Notes 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 2025 or 2024.

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 District**Notes 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 \$985,604 and \$768,915 at August 31, 2025 and 2024, respectively, for federal contract and grant awards; and \$91,330 and \$315,698 at August 31, 2025 and 2024, 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. 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 4, 2025, 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**



**MCLENNAN**  
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>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>
District's proportion of the net pension liability	0.000297616	0.000294429	0.000281828	0.000286410	0.000303627	0.000308727	0.000282722	0.000276629	0.000267743	0.000275359
District's proportionate share of the net pension liability	\$ 18,179,644	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
State's proportionate share of the net pension liability associated with the District	<u>9,340,366</u>	<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>
Total	\$ <u>27,520,010</u>	<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>
District's 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>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>58.6%</u>	<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>
Plan's fiduciary net position as a percentage of the total pension liability	<u>77.5%</u>	<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>

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>2025</u>	<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>
Contractually required contributions	\$ 1,768,854	1,659,342	1,492,163	1,292,233	1,210,521	1,222,284	1,046,048	931,282	884,894	829,573
Contributions in relation to the contractually required contribution	<u>1,768,854</u>	<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>
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>33,701,565</u>	<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>
Contributions as a percentage of covered payroll	<u>\$ 5.25%</u>	<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>

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>2024</u>	<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	0.001420685	0.001420609	0.001397368	0.001406073	0.001424360	0.001404568	0.001358867	0.001097339
District's proportionate share of the OPEB liability	\$ 41,634,015	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>30,922,098</u>	<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>72,556,113</u>	<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>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>27,333,926</u>	<u>26,351,878</u>
District's proportionate share of the OPEB liability as a percentage of its covered payroll	<u>118.9%</u>	<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>0.5%</u>	<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.

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

**McLennan County Junior College District**

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

Last Ten Fiscal Years

	<u>2025</u>	<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>
Contractually required contributions	\$ 1,013,654	872,891	847,896	720,680	1,261,618	1,210,216	1,186,782	1,127,197	1,034,845	840,485
Contributions in relation to the contractually required contribution	<u>1,442,041</u>	<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>
Contribution deficiency (excess)	<u>(428,387)</u>	<u>(520,168)</u>	<u>(513,118)</u>	<u>(596,370)</u>	-	-	-	-	-	-
Covered payroll	<u>\$ 36,222,914</u>	<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>
Contributions as a percentage of covered payroll	<u>\$ 3.98%</u>	<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>

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, 2025

(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, 2024, 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 future retirees assumed to be married and electing coverage for their spouse.
- 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 3.81% as of August 31, 2023 to 3.87% as of August 31, 2024 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<sup>C</sup>LENNAN**  
**COMMUNITY COLLEGE**

## McLennan County Junior College District

### Schedule of Operating Revenues (Schedule A)

Year Ended August 31, 2025

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

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Total	
					2025	2024
<b>Tuition and fees:</b>						
State funded credit courses:						
In-district resident tuition	\$ 10,949,598	-	10,949,598	-	10,949,598	10,578,971
Out-of-district resident tuition	4,880,299	-	4,880,299	-	4,880,299	4,480,915
Non-resident tuition	2,726,007	-	2,726,007	-	2,726,007	2,570,120
TPEG - credit (set aside)	1,048,871	-	1,048,871	-	1,048,871	1,002,946
State funded continuing education	163,296	-	163,296	-	163,296	348,186
TPEG - non-credit (set aside)	8,583	-	8,583	-	8,583	8,786
Non-state funded educational programs	13,817	-	13,817	-	13,817	22,392
<b>Total tuition</b>	<b>19,790,471</b>	<b>-</b>	<b>19,790,471</b>	<b>-</b>	<b>19,790,471</b>	<b>19,012,316</b>
<b>Fees:</b>						
Installment plan fees	75,446	-	75,446	-	75,446	43,227
Facility fees	1,055,829	-	1,055,829	-	1,055,829	948,179
General fees	1,759,422	-	1,759,422	-	1,759,422	1,565,871
Laboratory fees	1,092,039	-	1,092,039	-	1,092,039	901,605
Other fees	1,209,188	-	1,209,188	-	1,209,188	1,209,362
<b>Total fees</b>	<b>5,191,924</b>	<b>-</b>	<b>5,191,924</b>	<b>-</b>	<b>5,191,924</b>	<b>4,668,244</b>
<b>Scholarship allowances and discounts:</b>						
Remissions and exemptions	(1,511,646)	-	(1,511,646)	-	(1,511,646)	(2,228,988)
Title IV federal grants	(8,810,466)	-	(8,810,466)	-	(8,810,466)	(6,924,429)
TPEG awards	(879,086)	-	(879,086)	-	(879,086)	(1,048,491)
Other state grants	(823,760)	-	(823,760)	-	(823,760)	(791,637)
Other local grants	(823,448)	-	(823,448)	-	(823,448)	(830,926)
<b>Total scholarship allowances</b>	<b>(12,848,406)</b>	<b>-</b>	<b>(12,848,406)</b>	<b>-</b>	<b>(12,848,406)</b>	<b>(11,824,471)</b>
<b>Total net tuition and fees</b>	<b>12,133,989</b>	<b>-</b>	<b>12,133,989</b>	<b>-</b>	<b>12,133,989</b>	<b>11,856,089</b>
<b>Additional operating revenues:</b>						
Sales and services of educational activities	1,274,169	-	1,274,169	-	1,274,169	1,276,295
General operating revenues	483,676	-	483,676	-	483,676	525,469
<b>Total additional operating revenues</b>	<b>1,757,845</b>	<b>-</b>	<b>1,757,845</b>	<b>-</b>	<b>1,757,845</b>	<b>1,801,764</b>
<b>Auxiliary enterprises:</b>						
Bookstore (outsourced)	-	-	-	130,525	130,525	140,392
Other auxiliary enterprises	-	-	-	687,199	687,199	573,229
<b>Total net auxiliary enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>817,724</b>	<b>817,724</b>	<b>713,621</b>
<b>Total operating revenues</b>	<b>\$ 13,891,834</b>	<b>-</b>	<b>13,891,834</b>	<b>817,724</b>	<b>14,709,558</b>	<b>14,371,474</b>

In accordance with Education Code 56.033, \$1,057,454 and \$1,011,732 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2025 and 2024, respectively.

See accompanying independent auditor's report.

**McLennan County Junior College District**

Schedule of Operating Expenses by Object  
(Schedule B)

Year Ended August 31, 2025

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

	Operating Expenses				Total	
	Salaries and Wages	Benefits		Other Expenses	2025	2024
		State	Local			
<b>Unrestricted - educational activities:</b>						
Instruction	\$ 26,018,679	-	4,136,502	2,250,270	32,405,451	31,297,905
Public service	230,782	-	20,971	194,877	446,630	438,157
Academic support	2,435,115	-	381,045	368,772	3,184,932	3,332,349
Student services	3,930,197	-	626,095	404,411	4,960,703	4,769,314
Institutional support	7,063,228	-	1,129,094	6,584,835	14,777,157	14,433,566
Operation and maintenance of plant	1,759,630	-	836,378	3,056,111	5,652,119	6,088,457
Scholarships and fellowships	-	-	-	2,402,542	2,402,542	3,215,778
Total unrestricted educational activities	<u>41,437,631</u>	<u>-</u>	<u>7,130,085</u>	<u>15,261,818</u>	<u>63,829,534</u>	<u>63,575,526</u>
<b>Restricted - educational activities:</b>						
Instruction	222,265	3,605,543	12,642	470,781	4,311,231	4,336,056
Public service	1,157,069	-	258,362	280,344	1,695,775	1,844,802
Academic support	593,713	337,447	79,805	897,111	1,908,076	1,195,355
Student services	594,928	545,730	132,481	423,750	1,696,889	1,541,191
Institutional support	46,870	978,850	5,634	255,491	1,286,845	1,261,366
Operation and maintenance of plant	8,341	-	-	-	8,341	7,425
Scholarships and fellowships	-	-	-	10,948,338	10,948,338	6,914,214
Total restricted educational activities	<u>2,623,186</u>	<u>5,467,570</u>	<u>488,924</u>	<u>13,275,815</u>	<u>21,855,495</u>	<u>17,100,409</u>
Total educational activities	<u>44,060,817</u>	<u>5,467,570</u>	<u>7,619,009</u>	<u>28,537,633</u>	<u>85,685,029</u>	<u>80,675,935</u>
<b>Auxiliary enterprises</b>	<u>1,629,512</u>	<u>-</u>	<u>458,719</u>	<u>2,480,847</u>	<u>4,569,078</u>	<u>3,548,403</u>
<b>Depreciation and amortization expense:</b>						
Buildings and other improvements	-	-	-	4,128,440	4,128,440	4,345,529
Software	-	-	-	812,541	812,541	660,343
Equipment and furniture	-	-	-	647,041	647,041	684,271
Library books	-	-	-	84,466	84,466	86,784
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,672,488</u>	<u>5,672,488</u>	<u>5,776,927</u>
Total operating expenses	<u>\$ 45,690,329</u>	<u>5,467,570</u>	<u>8,077,728</u>	<u>36,690,968</u>	<u>95,926,595</u>	<u>90,001,265</u>

See accompanying independent auditor's report.

**McLennan County Junior College District**  
**Schedule of Nonoperating Revenues and Expenses**  
**(Schedule C)**  
**Year Ended August 31, 2025**  
**(With Memorandum Totals for the Year Ended August 31, 2024)**

	Unrestricted	Restricted	Auxiliary Enterprises	Total	
				2025	2024
<b>Nonoperating revenues:</b>					
State appropriations:					
Education and general state support	\$ 13,786,161	-	-	13,786,161	13,526,367
State group insurance	-	3,211,497	-	3,211,497	2,343,997
State retirement matching	-	2,256,074	-	2,256,074	2,645,191
Hazelwood Legacy Act	59,602	-	-	59,602	64,583
Total state appropriations	<u>13,845,763</u>	<u>5,467,571</u>	<u>-</u>	<u>19,313,334</u>	<u>18,580,138</u>
Maintenance ad valorem taxes	33,983,735	-	-	33,983,735	30,642,433
Debt service ad valorem taxes	-	5,622,248	-	5,622,248	5,347,905
Federal grants and contracts	-	26,041,359	-	26,041,359	21,362,788
State grants and contracts	-	2,340,429	-	2,340,429	2,699,074
Local grants and contracts	178,114	-	-	178,114	120,483
Investment income	1,883,932	168,655	-	2,052,587	2,281,413
Gifts	1,345,480	-	-	1,345,480	2,744,007
Gain on disposal of capital assets	-	9,224	-	9,224	-
Total nonoperating revenues	<u>51,237,024</u>	<u>39,649,486</u>	<u>-</u>	<u>90,886,510</u>	<u>83,778,241</u>
<b>Nonoperating expenses:</b>					
Interest on capital related debt, leases and subscriptions	-	1,417,194	-	1,417,194	1,698,541
Loss on disposal of capital assets	-	-	-	-	140,448
Other nonoperating expenses	-	4,325	-	4,325	205,175
Total nonoperating expenses	<u>-</u>	<u>1,421,519</u>	<u>-</u>	<u>1,421,519</u>	<u>2,044,164</u>
Net nonoperating revenues	<u>\$ 51,237,024</u>	<u>38,227,967</u>	<u>-</u>	<u>89,464,991</u>	<u>81,734,077</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, 2025**

	Detail by Source				Available for Current Operation		
	Unrestricted	Restricted		Net Investment in Capital Assets	Total	Yes	No
		Expendable	Non- Expendable				
Current:							
Unrestricted	\$ (43,042,173)	-	-	-	(43,042,173)	(43,042,173)	-
Scholarships and fellowships	-	1,137,635	-	-	1,137,635	-	1,137,635
Plant:							
Capital projects	10,298,629	-	-	-	10,298,629	-	10,298,629
Debt service	-	955,628	-	-	955,628	-	955,628
Investment in plant	635,790	-	-	81,562,925	82,198,715	-	82,198,715
 Total net position, August 31, 2025	 (32,107,754)	2,093,263	-	81,562,925	51,548,434	(43,042,173)	94,590,607
 Total net position, August 31, 2024	 (32,883,994)	1,770,523	-	74,413,951	43,300,480	(45,134,310)	88,434,790
 Net increase in net position	 \$ 776,240	322,740	-	7,148,974	8,247,954	2,092,137	6,155,817

See accompanying independent auditor's report.

## McLennan County Junior College District

### Schedule of Expenditures of Federal Awards (Schedule E)

Year Ended August 31, 2025

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
<b>U.S. Department of Education:</b>				
Direct Programs:				
Student Financial Assistance Cluster:				
Federal Supplemental Education Opportunity				
Grant Program	84.007		\$ -	\$ 279,212
Federal Work Study Program	84.033		-	229,316
Federal Pell Grant Program	84.063		-	20,560,911
Federal Direct Student Loans	84.268		-	6,828,993
Total Student Financial Assistance Cluster			-	27,898,432
Developing Hispanic-Serving Institutions Program - Title V:				
First Year Focus	84.031S		-	825,461
Cultivating Student Success	84.031S		-	625,784
Total Developing Hispanic-Serving Institutions Program - Title V			-	1,451,245
TRIO Cluster:				
TRIO - Student Support Services	84.042A		-	443,106
TRIO - Upward Bound	84.047A		-	406,306
TRIO - McLennan Educational Opportunity Center	84.066A		-	275,499
Total TRIO Cluster			-	1,124,911
Fund for the Improvement of Postsecondary Education:				
Basic Needs for Students Program	84.116N		-	163,324
Fund for the Improvement of Postsecondary Education	84.116Z		-	262,121
Total Fund for the Improvement of Postsecondary Education			-	425,445
Pass Through From:				
Baylor University:				
Baylor Cyber Initiative	84.116Z	P116Z220034	-	12,570
Total Baylor Cyber Initiative			-	12,570
Education Stabilization Fund:				
COVID-19 Higher Education Emergency Relief Fund - Institutional Resilience	84.425P		-	18,565
Total Education Stabilization Fund			-	18,565
Pass Through From:				
Texas Workforce Commission:				
Adult Education & Family Literacy Act	84.002A	2924ALA021	-	839,230
Total Adult Education & Family Literacy Act			-	839,230
Pass Through From:				
Texas Higher Education Coordinating Board:				
Carl Perkins - Career and Technical Education	84.048	254232	-	489,282
Total Carl Perkins - Career and Technical Education			-	489,282
Total U.S. Department of Education			-	32,259,680
<b>U.S. Department of Agriculture:</b>				
Direct Programs:				
Agriculture and Food Research Initiative	10.310		-	108,524
Total U.S. Department of Agriculture			-	108,524

**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>Corporation for National Security Agency:</u>				
Pass Through From:				
Fayetteville Technical Community College	12.905	H98230-1003	\$ -	\$ 18,101
Total Corporation for National Security Agency			-	18,101
<u>U.S. Department of Treasury:</u>				
Pass Through From:				
Texas Higher Education Coordinating Board: COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	A2-604165-1	-	117,651
Total U.S. Department of Treasury			-	117,651
<u>U.S. Small Business Administration:</u>				
Pass Through From:				
Dallas Community College: Small Business Development Center	59.037	SBAOEDSB-240124	-	90,055
Small Business Development Center	59.037	SBAOEDSB-250192	-	145,201
Total U.S. Small Business Administration			-	235,256
<u>U.S. Department of Health and Human Services:</u>				
Pass Through From:				
Texas Workforce Commission: CCDF Cluster: Child Care Quality Improvement	93.575	1324MMCM14	-	19,765
Total U.S. Department of Treasury			-	19,765
<u>Corporation for National and Community Service:</u>				
Direct Programs:				
Heart of Texas Retired Senior Volunteer Program	94.002		-	80,028
Total Corporation for National and Community Service			-	80,028
<u>U.S. Department of Homeland Security:</u>				
Direct Programs:				
State and Local Cybersecurity Grant Program	97.137		-	31,347
Total U.S. Department of Homeland Security			-	31,347
Total Federal Awards			\$ -	\$ 32,870,352

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, 2025

(1) Federal Revenue Reconciliation

Federal revenues for 2025 are reported in the basic financial statements as follows:

Federal grants and contracts per Exhibit 2	\$ 26,041,359
Add: Federal Direct Student Loans made	<u>6,828,993</u>
 Total per Schedule of Expenditures of Federal Awards	 \$ <u><u>32,870,352</u></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, 2025. 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 up to the 15% 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, 2025

Grantor Agency/Program Title	Grant Contract Number	Passed Through to Subrecipients	Indirect Costs and Expenditures
Texas Higher Education Coordinating Board			
State Work Study		\$ -	\$ 42,228
Nursing Shortage Reduction Regular Programs		-	22,009
Reskilling TRUE Grant	302	-	21,691
Reskilling TRUE Grant	1500	-	108,918
Nursing Students Scholarship		-	122,302
Texas Education Opportunity Grant		-	1,822,186
CAL Loans		-	8,402
Texas First Scholarship		-	1,256
Total Texas Higher Education Coordinating Board		<u>-</u>	<u>2,148,992</u>
Texas Workforce Commission			
Child Care Group - Quality Sustainability Award		-	1,269
Child Care Group - Texas Rising Star		-	6,219
Early Education Apprenticeship	13240405	-	43,184
Skills Development	1323SDF001	-	(20,721)
Total Texas Workforce Commission		<u>-</u>	<u>29,951</u>
Small Business Development Center			
Small Business Development Center	SBAOEDSB-240124	-	42,895
Small Business Development Center	SBAOEDSB-250192	-	67,163
Total Small Business Development Center		<u>-</u>	<u>110,058</u>
Corporation for National and Community Services			
RSVP	HHS001373500015	-	59,830
Total State Awards		<u>\$ -</u>	<u>\$ 2,348,831</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, 2025

(1) State Revenue Reconciliation

State revenues for 2025 are reported in the basic financial statements as follows:

State grants and contracts per Exhibit 2	\$ 2,340,429
Add: CAL Loans made	<u>8,402</u>
Total per Schedule of Expenditures of State Awards	<u><u>\$ 2,348,831</u></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, 2025. 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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**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

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net investment in capital assets	\$ 81,563	74,414	67,897	62,958	54,140	51,211	45,097	49,289	47,878	46,140
Restricted	2,093	1,770	989	582	1,338	5,797	10,317	3,444	2,837	2,698
Unrestricted	<u>(32,108)</u>	<u>(32,884)</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>51,548</u>	 <u>43,300</u>	 <u>37,196</u>	 <u>27,638</u>	 <u>15,024</u>	 <u>9,205</u>	 <u>9,994</u>	 <u>8,323</u>	 <u>53,435</u>	 <u>51,990</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 and related deferred inflows and outflows of resources and OPEB expense for the OPEB plan with the Employees Retirement System of Texas.

The District did not restate years prior to 2024 for adoption of GASB 101 in fiscal year 2025 due to the immateriality of additional compensated absences liability as a result of this standard.



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

### Last Ten Fiscal Years (Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Operating expenses:</b>										
Instruction	\$ 36,717	35,634	32,373	30,071	32,101	34,173	32,987	33,616	30,934	32,344
Public service	2,143	2,283	2,375	2,154	2,257	2,097	2,265	2,186	2,058	1,912
Academic support	5,093	4,528	3,252	3,442	3,256	3,132	2,871	2,743	2,489	2,526
Student services	6,658	6,310	6,744	13,144	8,681	8,149	5,270	4,911	4,384	4,148
Institutional support	16,064	15,695	15,078	16,880	13,983	12,955	10,797	10,074	9,466	8,962
Operation and maintenance of plant	5,660	6,096	5,379	5,389	5,658	6,724	5,774	5,770	5,760	5,270
Scholarships and fellowships	13,351	10,130	8,036	8,277	9,096	9,738	9,895	9,841	9,459	10,497
Auxiliary enterprises	4,569	3,548	3,085	2,795	2,064	2,372	2,546	2,006	2,011	1,718
Depreciation	5,672	5,777	5,647	5,401	4,709	4,529	4,118	4,275	4,300	3,897
Total operating expenses	95,927	90,001	81,969	87,553	81,805	83,869	76,523	75,422	70,861	71,274
<b>Nonoperating expenses:</b>										
Interest on capital related debt	1,417	1,698	2,124	2,046	2,159	2,693	2,546	2,414	2,763	2,970
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
Total nonoperating expenses	1,417	2,044	2,128	2,051	2,674	2,730	2,698	3,038	2,767	3,301
Total expenses	97,344	92,045	84,097	89,604	84,479	86,599	79,221	78,460	73,628	74,575
Change in net position	\$ 8,248	6,104	9,558	12,676	5,819	(801)	1,671	1,759	1,445	2,054

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Operating expenses:</b>										
Instruction	37.72%	38.71%	38.49%	33.56%	38.00%	39.46%	41.64%	42.84%	42.01%	43.37%
Public service	2.20%	2.48%	2.82%	2.40%	2.67%	2.42%	2.86%	2.79%	2.80%	2.56%
Academic support	5.23%	4.92%	3.87%	3.84%	3.85%	3.62%	3.62%	3.50%	3.38%	3.39%
Student services	6.84%	6.86%	8.02%	14.67%	10.28%	9.41%	6.65%	6.26%	5.95%	5.56%
Institutional support	16.50%	17.05%	17.93%	18.84%	16.55%	14.96%	13.63%	12.84%	12.86%	12.02%
Operation and maintenance of plant	5.81%	6.62%	6.40%	6.01%	6.70%	7.76%	7.29%	7.35%	7.82%	7.07%
Scholarships and fellowships	13.72%	11.01%	9.56%	9.24%	10.77%	11.24%	12.49%	12.54%	12.85%	14.08%
Auxiliary enterprises	4.69%	3.85%	3.67%	3.12%	2.44%	2.74%	3.21%	2.56%	2.73%	2.30%
Depreciation	5.83%	6.28%	6.71%	6.03%	5.57%	5.23%	5.20%	5.45%	5.84%	5.23%
Total operating expenses	98.54%	97.78%	97.47%	97.71%	96.83%	96.85%	96.59%	96.13%	96.24%	95.57%
<b>Nonoperating expenses:</b>										
Interest on capital related debt	1.46%	1.84%	2.53%	2.28%	2.56%	3.11%	3.21%	3.08%	3.75%	3.98%
Loss on disposal of fixed assets	0.00%	0.15%	0.00%	0.00%	0.12%	0.04%	0.00%	0.08%	0.00%	0.43%
Gift expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.49%	0.00%	0.00%
Other non-operating expenses	0.00%	0.22%	0.00%	0.01%	0.49%	0.00%	0.19%	0.22%	0.01%	0.01%
Total nonoperating expenses	1.46%	2.22%	2.53%	2.29%	3.17%	3.15%	3.41%	3.87%	3.76%	4.43%
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.

The District did not restate years prior to 2024 for adoption of GASB 101 in fiscal year 2025 due to the immateriality of additional compensated absences liability as a result of this standard.

**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	
2024	\$ 106	124	10	6	1,464	1,680	-	-	121,750
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

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	
2024	\$ 181	181	10	6	2,364	2,364	-	-	38,071
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

**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
2025	\$ 34,133,808	5,232,138	39,365,946	8,830,317	30,535,629	77.57%	\$ 31,158,805	0.113681	0.018293	0.131974
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

**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**  
**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
2025	\$ 13,328,529	5,589	\$ 2,385	2,453,704	855,171	3,308,875	\$ 4.03
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

**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)										
		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Amazon.com Services	Processing	\$ 379,277	305,873	-	-	-	-	-	-	-	-	-
Caterpillar Logistics	Manufacturing	297,293	274,722	160,106	127,864	121,825	126,285	111,589	123,748	133,346	144,579	
Oncor Electric	Utility	259,482	269,448	249,828	219,842	193,208	161,166	152,949	144,123	141,952	148,047	
Coca-Cola	Processing	223,031	222,347	180,932	140,960	95,445	106,600	86,457	75,147	72,242	63,516	
Sandy Creek Energy (Real Property)	Utility	152,878	221,100	215,346	209,834	389,390	341,215	306,850	247,151	524,137	524,137	
USRE Diana	Processing	147,213	142,888	-	-	-	-	-	-	-	-	
Mars Wrigley Confectionary	Processing	142,413	142,421	121,072	103,865	116,068	170,940	122,259	111,080	105,111	95,268	
Sherwin Williams	Distributor	139,919	128,175	-	79,273	84,597	71,369	-	-	-	-	
Allergan	Manufacturing	139,270	123,311	157,637	158,200	120,956	135,405	137,092	124,375	111,584	94,810	
Atmos Energy/Mid-Tex Distribution	Utility	126,813	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	
L3Harris	Processing	-	-	84,647	70,901	72,849	-	72,802	77,641	75,821	74,492	
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	
Associated Hygiene Products	Manufacturing	-	-	-	-	-	-	-	-	-	72,507	
Sandy Creek Energy (Personal property)	Utility	-	-	-	-	-	-	-	-	-	-	
Inland Western	Real Estate	-	-	-	-	-	-	-	-	-	-	
<b>Totals</b>		<b>\$ 2,007,589</b>	<b>1,935,454</b>	<b>1,433,565</b>	<b>1,264,498</b>	<b>1,366,912</b>	<b>1,354,810</b>	<b>1,210,216</b>	<b>1,124,033</b>	<b>1,387,876</b>	<b>1,371,264</b>	
<b>Total Taxable Assessed Value</b>		<b>\$ 30,535,629</b>	<b>28,781,035</b>	<b>25,236,030</b>	<b>21,691,563</b>	<b>20,245,178</b>	<b>19,096,615</b>	<b>17,632,186</b>	<b>16,032,873</b>	<b>15,590,137</b>	<b>14,535,692</b>	

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

Taxpayer	Type of Business	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Amazon.com Services	Processing	1.24%	1.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Caterpillar Logistics	Manufacturing	0.97%	0.95%	0.63%	0.59%	0.60%	0.66%	0.63%	0.77%	0.86%	0.99%
Oncor Electric	Utility	0.85%	0.94%	0.99%	1.01%	0.95%	0.84%	0.87%	0.90%	0.91%	1.02%
Coca-Cola	Processing	0.73%	0.77%	0.72%	0.65%	0.47%	0.56%	0.49%	0.47%	0.46%	0.44%
Sandy Creek Energy (Real Property)	Utility	0.50%	0.77%	0.85%	0.97%	1.92%	1.79%	1.74%	1.54%	3.36%	3.61%
URSE Diana	Processing	0.48%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mars Wrigley Confectionary	Processing	0.47%	0.49%	0.48%	0.48%	0.57%	0.90%	0.69%	0.69%	0.67%	0.66%
Sherwin Williams	Distributor	0.46%	0.45%	0.00%	0.37%	0.42%	0.37%	0.00%	0.00%	0.00%	0.00%
Allergan	Manufacturing	0.46%	0.43%	0.62%	0.73%	0.60%	0.71%	0.78%	0.78%	0.72%	0.65%
Atmos Energy/Mid-Tex Distribution	Utility	0.42%	0.37%	0.35%	0.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ferguson Enterprises	Distributor	0.00%	0.00%	0.38%	0.36%	0.48%	0.50%	0.45%	0.44%	0.45%	0.48%
L3Harris	Processing	0.00%	0.00%	0.34%	0.33%	0.36%	0.00%	0.41%	0.48%	0.49%	0.51%
Tractor Supply	Distributor	0.00%	0.00%	0.32%	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%	0.00%	0.39%	0.41%	0.47%	0.50%	0.00%
Sanderson Farms	Processing	0.00%	0.00%	0.00%	0.00%	0.37%	0.37%	0.40%	0.47%	0.48%	0.58%
Associated Hygiene Products	Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%
Sandy Creek Energy (Personal property)	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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	<u>6.57%</u>	<u>6.72%</u>	<u>5.68%</u>	<u>5.83%</u>	<u>6.75%</u>	<u>7.09%</u>	<u>6.86%</u>	<u>7.01%</u>	<u>8.90%</u>	<u>9.43%</u>

**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 Levy		Collections in Subsequent Year	Total Collections to Date	
		Amount	Percentage		Amount	Percentage of Levy
2025	\$ 40,348	39,728	98.46%	360	40,088	99.36%
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%

**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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>General Bonded Debt</b>										
General obligation bonds	\$ 34,020	38,150	41,210	44,450	48,245	52,080	55,350	58,460	61,495	64,440
<b>Other Debt</b>										
Revenue bonds	10,410	11,895	13,335	14,705	16,030	17,600	18,875	13,190	14,260	15,095
Lease liabilities	2,742	-	334	700	1,067	-	-	-	-	-
Subscription liabilities	2,940	597	1,100	1,060	-	-	-	-	-	-
Total Other Debt	16,092	12,492	14,769	16,465	17,097	17,600	18,875	13,190	14,260	15,095
Total Outstanding Debt	\$ 50,112	50,642	55,979	60,915	65,342	69,680	74,225	71,650	75,755	79,535
<b>General Bonded Debt Ratios</b>										
Per Capita	Not available	141	153	167	183	201	216	230	245	260
Per Student	\$ 6,087	7,421	8,239	8,783	11,738	10,119	8,779	8,992	9,211	9,652
As a percentage of Taxable Assessed Value	0.11%	0.13%	0.16%	0.20%	0.24%	0.27%	0.31%	0.36%	0.39%	0.44%
<b>Total Outstanding Debt Ratios</b>										
Per Capita	Not available	187	208	228	248	268	289	281	302	321
Per Student	\$ 8,968	9,851	11,191	12,036	15,898	13,538	11,772	11,021	11,196	11,755
As a percentage of Taxable Assessed Value	0.16%	0.18%	0.22%	0.28%	0.32%	0.36%	0.42%	0.45%	0.49%	0.55%
As a percentage of personal income	Not available	0.35%	0.42%	0.47%	0.55%	0.64%	0.71%	0.72%	0.08%	0.08%

**Note:**

Debt per student calculated using full time equivalent enrollment.

Information for per capita not available for 2025.

Information for total outstanding debt as a percentage of personal income not available for 2025.

**McLennan County Junior College District**  
**Legal Debt Margin Information**

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Taxable Assessed Value	\$ <u>30,535,629</u>	<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>
Statutory Tax Levy Limit for general obligation debt service	\$ 152,678	143,905	126,180	108,458	101,226	95,483	88,161	80,164	77,951	72,678
Current Year Debt Service Requirements	<u>5,503</u>	<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>
Excess of Statutory Limit for Debt Service over Current Requirements	\$ <u>147,175</u>	<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>
Net Current Requirements as a percentage of Statutory Limit	<u>3.60%</u>	<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>

**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	
2025	\$ 1,219	1,056	51	1,835	34	131	750	5,076	1,485	450	1,935	2.62
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	2.09

**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
2024	270,358	Not available	Not available	3.8%
2023	268,583	\$ 14,487,764	\$ 53,941	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%

**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 2025 not yet available

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

Employer	Number of Employees									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Baylor University	4,059	4,034	3,757	5,698	2,835	3,253	2,986	2,901	2,901	2,746
Waco ISD	2,373	2,373	2,373	2,373	2,373	2,373	2,373	2,471	2,471	2,290
Baylor Scott & White/Hillcrest Health System	2,202	2,711	2,711	2,283	1,685	1,736	2,177	1,725	1,725	1,970
HEB (all Waco locations)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,600	1,600	1,500
City of Waco	1,652	1,639	1,611	1,522	1,500	1,518	1,578	1,456	1,456	1,487
Midway ISD	1,484	1,484	1,484	1,302	1,157	1,081	1,081	1,282	1,282	1,102
Ascension Providence	1,396	1,396	2,081	2,518	2,530	1,622	2,397	2,401	2,401	2,311
Veterans Regional Office	1,361	1,395	1,275	796	796	796	796	849	849	788
Veterans Administration Medical Center	1,280	1,015	862	886	886	886	886	831	831	777
Sanderson Farms, Inc.	1,250	1,168	1,025	1,200	1,120	1,200	1,200	1,215	1,215	1,041
Wal-Mart (all stores)	1,174	1,174	1,174	1,174	1,174	1,174	947	1,026	1,026	1,015
McLennan County	1,127	1,127	1,089	1,088	1,133	1,201	964	Not Available	Not Available	Not Available
Amazon	1,000	1,000	750	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
L3Harris	875	1,178	1,178	843	843	774	752	1,349	1,349	1,850
AbbVie	798	723	747	747	747	785	708	710	710	Not Available
McLennan Community College	704	679	656	679	666	719	705	683	683	869
American Income Life	675	693	693	693	693	693	693	712	712	Not Available
Cargill Foods, Inc.	675	603	603	603	601	646	646	707	707	708
Waco Family Medicine	667	577	577	581	572	510	519	Not Available	Not Available	Not Available
Mars Wrigley Confectionary	620	922	910	885	695	700	775	600	600	575
SpaceX	620	729	729	590	590	590	Not Available	Not Available	Not Available	Not Available
Big Creek Construction	612	612	618	617	704	250	583	Not Available	Not Available	Not Available
Pilgrim's	600	600	560	571	523	480	Not Available	Not Available	Not Available	Not Available
Tractor Supply Distribution Center	582	541	609	585	640	640	Not Available	Not Available	Not Available	Not Available
Brazos Masonry, Inc.	566	566	450	450	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Texas State Technical Institute*	553	553	553	553	553	1,706	1,706	630	600	600
Clayton homes	552	570	551	620	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Texas Department of Human Services	549	549	549	549	549	549	549	Not Available	Not Available	Not Available
Magnolia Market	535	585	536	549	467	675	675	Not Available	Not Available	Not Available
Howmet Fastening Systems	515	512	486	463	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Versalift	510	632	627	638	481	518	526	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 2016 to 2022 was not available for certain employers.

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

Last Ten Fiscal Years  
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Faculty</b>										
Full-Time	201	195	203	201	205	215	213	218	218	220
Part-Time	196	167	165	181	163	209	242	215	184	174
Total	397	362	368	382	368	424	455	433	402	394
Percent:										
Full-Time	50.6%	53.9%	55.2%	52.6%	55.7%	50.7%	46.8%	50.3%	54.2%	55.8%
Part-Time	49.4%	46.1%	44.8%	47.4%	44.3%	49.3%	53.2%	49.7%	45.8%	44.2%
<b>Staff and Administrators</b>										
Full-Time	355	350	342	338	333	353	342	332	334	325
Part-Time	100	92	55	98	93	93	58	70	64	108
Total	455	442	397	436	426	446	400	402	398	433
Percent:										
Full-Time	78.0%	79.2%	86.1%	77.5%	78.2%	79.1%	85.5%	82.6%	83.9%	75.1%
Part-Time	22.0%	20.8%	13.9%	22.5%	21.8%	20.9%	14.5%	17.4%	16.1%	24.9%
Students per Full-time Faculty	39	37	34	37	38	40	42	45	40	38
Students per Full-Time Staff Member	22	21	20	22	23	25	26	34	26	26
Average Annual Faculty Salary	\$ 85,481	83,143	80,728	75,746	72,554	70,135	69,688	65,485	66,018	66,392

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

Student Classification	Fall 2024		Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Freshman	5,031	64.47%	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%
Sophomore	1,697	21.75%	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%
Unclassified	1,076	13.79%	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%
<b>Total</b>	<b>7,804</b>	<b>100.00%</b>	<b>7,199</b>	<b>100.00%</b>	<b>6,912</b>	<b>100.00%</b>	<b>7,413</b>	<b>100.00%</b>	<b>7,742</b>	<b>100.00%</b>	<b>8,705</b>	<b>100.00%</b>	<b>8,955</b>	<b>100.00%</b>	<b>8,880</b>	<b>100.00%</b>	<b>8,791</b>	<b>100.00%</b>	<b>8,305</b>	<b>100.00%</b>
<b>Semester Hour Load</b>																				
Less than 3	38	0.49%	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%
3-5 semester hours	1,675	21.46%	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%
6-8 Semester hours	1,904	24.40%	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%
9-11 semester hours	1,683	21.57%	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%
12-14 semester hours	2,100	26.91%	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%
15-17 semester hours	362	4.64%	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%
18 & over	42	0.54%	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%
<b>Total</b>	<b>7,804</b>	<b>100.00%</b>	<b>7,199</b>	<b>100.00%</b>	<b>6,912</b>	<b>100.00%</b>	<b>7,413</b>	<b>100.00%</b>	<b>7,742</b>	<b>100.00%</b>	<b>8,705</b>	<b>100.00%</b>	<b>8,955</b>	<b>100.00%</b>	<b>8,880</b>	<b>100.00%</b>	<b>8,791</b>	<b>100.00%</b>	<b>8,305</b>	<b>100.00%</b>
Average course load	8.58		8.8		8.2		9.0		8.2		8.79		9.6		9.6		9		9.2	
<b>Tuition Status</b>																				
Texas Resident (in-District)	6,171	79.07%	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%
Texas Resident (out-of-District)	1,402	17.97%	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%
Non-Resident Tuition	231	2.96%	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%
<b>Total</b>	<b>7,804</b>	<b>100.00%</b>	<b>7,199</b>	<b>100.00%</b>	<b>6,912</b>	<b>100.00%</b>	<b>7,413</b>	<b>100.00%</b>	<b>7,742</b>	<b>100.00%</b>	<b>8,705</b>	<b>100.00%</b>	<b>8,955</b>	<b>100.00%</b>	<b>8,880</b>	<b>100.00%</b>	<b>8,791</b>	<b>100.00%</b>	<b>7,944</b>	<b>100.00%</b>

## McLennan County Junior College District Student Profile

### Last Ten Fiscal Years (Unaudited)

Gender	Fall 2024		Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	5,239	67.13%	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%
Male	2,565	32.87%	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%
<b>Total</b>	<b>7,804</b>	<b>100.00%</b>	<b>7,199</b>	<b>100.00%</b>	<b>6,912</b>	<b>100.00%</b>	<b>7,413</b>	<b>100.00%</b>	<b>7,742</b>	<b>100.00%</b>	<b>8,705</b>	<b>100.00%</b>	<b>8,955</b>	<b>100.00%</b>	<b>8,880</b>	<b>100.00%</b>	<b>8,791</b>	<b>100.00%</b>	<b>8,305</b>	<b>100.00%</b>
<b>Ethnic Origin</b>																				
White	3,330	42.67%	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%
Hispanic	2,806	35.96%	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%
African American	1,005	12.88%	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%
Asian	163	2.09%	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%
Foreign	3	0.04%	3	0.04%	3	0.04%	39	0.53%	3	0.04%	-	0.00%	-	0.00%	1	0.01%	-	0.00%	4	0.05%
Native Hawaiian	11	0.14%	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%
American Indian	35	0.45%	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%
Multiracial	229	2.93%	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%
Unknown/unreported	222	2.84%	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%
<b>Total</b>	<b>7,804</b>	<b>100.00%</b>	<b>7,199</b>	<b>100.00%</b>	<b>6,912</b>	<b>100.00%</b>	<b>7,413</b>	<b>100.00%</b>	<b>7,742</b>	<b>100.00%</b>	<b>8,705</b>	<b>100.00%</b>	<b>8,955</b>	<b>100.00%</b>	<b>8,880</b>	<b>100.00%</b>	<b>8,791</b>	<b>100.00%</b>	<b>8,305</b>	<b>100.00%</b>
<b>Age</b>																				
Under 18	1,935	24.79%	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%
18 - 21	3,141	40.25%	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%
22 - 24	813	10.42%	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%
25 - 35	1,233	15.80%	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%
36 - 50	554	7.10%	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%
51 & over	128	1.64%	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%
<b>Total</b>	<b>7,804</b>	<b>100.00%</b>	<b>7,199</b>	<b>100.00%</b>	<b>6,912</b>	<b>100.00%</b>	<b>7,413</b>	<b>100.00%</b>	<b>7,742</b>	<b>100.00%</b>	<b>8,705</b>	<b>100.00%</b>	<b>8,955</b>	<b>100.00%</b>	<b>8,880</b>	<b>100.00%</b>	<b>8,791</b>	<b>100.00%</b>	<b>8,305</b>	<b>100.00%</b>
Average Age	23		23		23		23		23		23		24		24		24		24	

## McLennan County Junior College District Student Transfers to Senior Institutions

### Last Ten Fiscal Years (Unaudited)

	Fall 2024		Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2015		Fall 2014		Fall 2013	
	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	444	36.22%	465	40.36%	521	43.67%	110	71.43%	399	54.14%	696	51.56%	561	76.12%	633	46.89%	667	58.82%	655	48.06%
Texas A&M University	244	19.90%	177	15.36%	193	16.18%	14	9.09%	91	12.35%	199	14.74%	137	18.59%	205	15.19%	198	17.46%	182	13.35%
Texas Tech University	146	11.91%	151	13.11%	126	10.56%	2	1.30%	3	0.41%	18	1.33%	10	1.36%	60	4.44%	60	5.29%	53	3.89%
Texas State University	67	5.46%	87	7.55%	49	4.11%	4	2.60%	46	6.24%	85	6.30%	73	9.91%	86	6.37%	46	4.06%	88	6.46%
UT Arlington	77	6.28%	82	7.12%	92	7.71%	17	11.04%	71	9.63%	81	6.00%	100	13.57%	115	8.52%	108	9.52%	102	7.48%
UT Austin	72	5.87%	67	5.82%	64	5.36%	1	0.65%	46	6.24%	77	5.70%	51	6.92%	69	5.11%	29	2.56%	74	5.43%
University of North Texas	53	4.32%	49	4.25%	53	4.44%	5	3.25%	22	2.99%	74	5.48%	64	8.68%	58	4.30%	67	5.91%	58	4.26%
Sam Houston State University	50	4.08%	34	2.95%	45	3.77%	1	0.65%	26	3.53%	62	4.59%	67	9.09%	64	4.74%	25	2.20%	58	4.26%
Stephen F. Austin State University	22	1.79%	11	0.95%	17	1.42%	-	0.00%	8	1.09%	34	2.52%	32	4.34%	29	2.15%	25	2.20%	34	2.49%
University of Houston	22	1.79%	12	1.04%	15	1.26%	-	0.00%	12	1.63%	3	0.22%	17	2.31%	18	1.33%	22	1.94%	21	1.54%
University of Texas--San Antonio	29	2.37%	17	1.48%	18	1.51%	-	0.00%	13	1.76%	21	1.56%	22	2.99%	26	1.93%	21	1.66%	22	1.61%
<b>Totals</b>	<b>1,226</b>	<b>100.00%</b>	<b>1,152</b>	<b>100.00%</b>	<b>1,193</b>	<b>100.00%</b>	<b>154</b>	<b>100.00%</b>	<b>737</b>	<b>100.00%</b>	<b>1,350</b>	<b>100.00%</b>	<b>1,134</b>	<b>153.87%</b>	<b>1,363</b>	<b>100.96%</b>	<b>1,268</b>	<b>111.62%</b>	<b>1,347</b>	<b>98.83%</b>

**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)

	<u>2025</u>	<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>
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)	28	31	32	53	54	60	75	75	75	76
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	3
Square footage (in thousands)	15	15	15	15	15	15	15	15	15	15
Average daily customers	389	389	233	29	29	79	737	747	850	853
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	3	4	4	4	4	4
Light Trucks/Vans	10	9	9	8	8	9	9	9	8	8
SUV's	8	8	8	8	9	11	7	8	8	8
Large Vehicles	3	3	3	3	3	3	1	1	2	2

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



**MCCLENNAN**  
**COMMUNITY COLLEGE**

**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, 2025, 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 4, 2025. 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.

Handwritten signature in black ink that reads "JRBT, PC".

December 4, 2025



JRBT, PC  
Certified Public Accountants  
5400 Bosque Blvd., Ste. 600 | Waco, TX 76710  
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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, 2025. 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, 2025.

***Basis for Opinion on Each Major Federal and State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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.

*JRBT, PC*

December 4, 2025

**McLennan County Junior College District**  
**Schedule of Findings and Questioned Costs**

Year Ended August 31, 2025

(1) Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- o Material weakness(es) identified? \_\_\_\_\_ yes      x   no
- o 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:

- o Material weakness(es) identified? \_\_\_\_\_ yes      x   no
- o 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

Identification of major state programs:

Grant Number(s)    Name of State Program or Cluster

Texas Education Opportunity Grant	
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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.